

# ANNUAL REPORT AND ACCOUNTS 2006

Report  junction.com



## WPIL Limited

## FINANCIAL HIGHLIGHTS

(Rs. Lacs)

Particulars	2006	2005	2004	2003*	2001
<b>Financial Positions</b>					
Share Capital	797	797	797	797	797
Reserves & Surplus (Net of Revaluation Reserve)	143	58	14	14	14
Net Worth	940	855	811	811	811
Gross Block	2471	2394	2400	2723	2693
Accumulated Depreciation	1526	1422	1376	1602	1412
Net Block	945	972	1024	1121	1281
<b>Summary of Operations</b>					
Total Income	7802	5429	4004	5449	3950
Profit before Interest, Depreciation and Tax	501	457	483	795	517
Interest	292	281	329	573	464
Depreciation	102	112	113	187	130
Profit/(Loss) before Tax	107	64	41	35	(77)
Profit/(Loss) after Tax	52	64	41	35	(77)
Dividend	Nil	Nil	Nil	Nil	Nil
Earning Per Share (Rs.)	0.66	0.81	0.51	0.44	(0.96)

\* Year 2003 represent 18 months' operation.

## WPIL LIMITED

### DIRECTORS

P. AGARWAL  
— *Managing Director*  
V. N. AGARWAL  
SUPRIYO MUKHERJEE  
K. K. GANERIWALA  
SUBIR DASGUPTA  
C. K. PASARI  
SAMARENDRA NATH ROY

### AUDITORS

V. SINGHI & ASSOCIATES  
*Chartered Accountants*

### SECRETARY

AKASH MISHRA

### BANKERS

STATE BANK OF BIKANER AND JAIPUR  
CENTRAL BANK OF INDIA  
ALLAHABAD BANK  
VIJAYA BANK

### REGISTRAR

MCS LIMITED  
77/2A, HAZRA ROAD, KOLKATA - 700 029  
PHONE NO. : (033) 2476 7350-54; 2454 1892/93  
FAX NO. : (033) 2454 1961/2474 7674  
E-MAIL : [mcscal@cal2.vsnl.net.in](mailto:mcscal@cal2.vsnl.net.in)

### REGISTERED OFFICE

FOUR MANGOE LANE  
SURENDRA MOHAN GHOSH SARANI  
KOLKATA - 700 001

### CORPORATE AND EASTERN REGION OFFICE

22 FERRY FUND ROAD, PANIHATI, SODEPUR,  
KOLKATA - 700 114 (W.B.)

### WESTERN REGION OFFICE

10 & 11 BHAGTANI ENCLAVE  
SONAPUR LANE  
OFF. L. B. S. MARG  
BHANDUP WEST  
MUMBAI - 400 078

### SOUTHERN REGION OFFICE

1B, 1ST FLOOR, MANDIRA APARTMENT  
23 - A DR. B. N. ROAD  
T. NAGAR  
CHENNAI - 600 017

### NORTHERN REGION OFFICE

A-5 SECTOR 22, MEERUT ROAD  
GHAZIABAD - 201 003 (UP)

### MANUFACTURING FACILITIES

22 FERRY FUND ROAD, PANIHATI, SODEPUR  
KOLKATA - 700 114, (W.B.)  
A-5 SECTOR 22, MEERUT ROAD  
GHAZIABAD - 201 003 (UP)

**WPIL****WPIL Limited****NOTICE OF THE ANNUAL GENERAL MEETING TO THE MEMBERS**

---

NOTICE is hereby given that the Fifty second Annual General Meeting of the Company will be held on Tuesday, the 12th day of September, 2006 at "Kala Kunj", Kalamandir (Basement), 48 Shakespeare Sarani, Kolkata - 700 017 at 10:00 A.M. to transact the following business :-

**ORDINARY BUSINESS**

1. To consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 2006, the Balance Sheet as on that date and the Directors' Report and Auditors' Report thereon.
2. a) To appoint a Director in place of Mr. K. K. Ganeriwala, who retires by rotation and being eligible, offers himself for re-appointment.  
b) To appoint a Director in place of Mr. Subir Dasgupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

Registered Office :  
Four Mangoe Lane  
Surendra Mohan Ghosh Sarani  
Kolkata - 700 001

By Order of the Board  
WPIL Limited

Date : 26th June, 2006  
Place : Kolkata

Akash Mishra  
Company Secretary

**NOTES :—**

- a) A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. However, in order to be effective, the Proxies must be lodged with the Registered Office of the Company at least 48 hours before the meeting.
- b) The Share Transfer Books of the Company will be closed from 4th September, 2006 to 12th September, 2006 (both days inclusive).
- c) Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
- d) Members are requested to quote the ledger folio or Client ID and DP ID numbers in all communications with the Company.
- e) Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- f) Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

**Details of the Directors seeking appointment/re-appointment at the Annual General Meeting**

<b>Name of the Director</b>	<b>Mr. K. K. Ganeriwala</b>	<b>Mr. Subir Dasgupta</b>
Date of Birth	27.03.1963	10.10.1945
Date of Appointment	26.02.2002	31.10.2003
Qualifications	B. Com. (Hons), AICWA, FCS, LLB	B.A.
Expertise in specific functional areas	Having 23 years of experience in Corporate Finance, Accounts, Taxation, Legal and other aspects of Corporate Management in diversified fields.	Expertise in International Marketing, primarily in Asia Pacific, Middle East and Africa regions. Besides this, expertise knowledge in Financial Restructuring, Production and Planning.
Other Directorships	Bengal Steel Industries Limited Hindusthan Parsons Limited Macneil Electricals Limited Tea Time Limited Orient International Limited Asutosh Enterprises Limited V. N. Enterprises Limited Bharath Oil & Chemical Industries Limited Neptune Exports Limited	NIL

**WPIL****DIRECTORS' REPORT  
TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting their Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2006.

**FINANCIAL RESULTS**

	<b>2005-06 (Rs. Lacs)</b>	2004-05 (Rs. Lacs)
Total Income	<b>7801.63</b>	5429.36
Profit before Interest & Depreciation	<b>501.56</b>	456.82
Less : Interest	<b>292.45</b>	280.67
Less : Depreciation	<b>101.96</b>	111.70
Operating Profit	<b>107.15</b>	64.45
Provision for Taxation	<b>54.67</b>	—
Profit after Taxation	<b>52.48</b>	64.45
Balance brought forward from previous year	<b>(171.48)</b>	(235.93)
	<b>(119.00)</b>	(171.48)
General Reserve	<b>247.52</b>	215.00
Balance carried forward	<b>128.52</b>	43.52

**OPERATIONS**

The turnover of the Company has reported a historic Rs. 78 Crores, registering a growth of 44% over that of the last year. The growth in absolute terms, as well as in relative terms, appears to be significant and satisfactory. Gross profit during the year is reported at Rs. 583.27 lacs, a 16% increase from Rs. 503.48 lacs during the last year. Profit after taxation has decreased due to higher tax provisioning as applicable.

The performance of the Company, in totality, has registered significant improvement over the previous year, and with immense growth potential and the continuity of present trend of growth, your Directors are confident to record an improved results in the next year.

**DIVIDEND**

Due to inadequate profit, your Directors regret their inability to recommend any Dividend for the year under review.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges is appended below : -

**INDUSTRY OUTLOOK**

Indian economy has finally taken its rightful place on the global stage with all round growth and development. The GDP growth in 2005-06 has been around 8%. This growth has created a vibrant domestic demand for product and services, which in turn has catalyzed industry to pursue large expansion plans. Besides industrial expansion, the GDP growth has boosted both Central and State Governments into undertaking large infrastructure and welfare projects. Due to the cascading effect of the above scenario, the entire Indian industry, especially the Capital Goods Sector is very buoyant.

In the infrastructure sector, we have seen the resumption of large irrigation projects undertaken by State Governments. Similarly, in the Power Sector, large Power Projects are being undertaken by NTPC, State Electricity Boards, independent power producers and the captive power segments. Due to Electricity Act 2003, the entire power industry is feeling more secured and has committed more resources to power generation - a must for development. Besides the above, both urban and rural India are seeing a large number of Water Supply Schemes being undertaken to fulfill the dream of potable water to every home.

Simultaneously, industry is expanding its capacity with large projects being announced and undertaken in Steel, Petrochemical, Cement and Paper.

The pump industry is very fortunate to be at the heart of all this growth as it is benefited by both infrastructure and industry. Hence, the future of the Indian pump industry is bright and particularly your Company which is predominant in both the sectors.

## **OPERATIONAL REVIEW**

Your Company has shown good growth over the last year and achieved a turnover of Rs.78 Crores. This has been achieved by good performance both at Panihati & Ghaziabad facilities and backed by the growing Project Division.

The Panihati unit has achieved a sales of Rs.33 Crores in the segment of engineered and large pumps while executing both some of the largest pumps in the country and some of the most technically advanced ones. The unit continues to forge ahead with its focus being on the premium segment and continues to be the industry favourite. Large CW pumps were executed for NTPC's Vindhyachal Project in record time alongwith other CW pumps supplied to L&T / Alstom / RRVUNL etc. Besides the above supplies to Power Sectors, the company has supplied very special pumps to Essar Oil for its Refinery Project and exported Sea Water Pumps to Australia for the mining industry. The unit continues to focus on quality and technology developments to stay ahead of its competitors.

Ghaziabad unit has been growing leaps and bounds, and achieved a turnover of Rs. 25 Crores during the year. The unit continues to dominate the premium submersible sector and is continuously increasing market share in the horizontal pump sector. The number of horizontal pumps being produced has been increasing and the Management feels that within next 3 years, the Company will be a dominant player in this sector too.

Finally, the Project Group has achieved a turnover of Rs.15 Crores during the year mainly by executing the NTPC Vindhyachal Project and the Bagjola Drainage Scheme, and is now gearing up for its expansion. The division has been strengthened and is now significantly operating in various business segments.

The Company remains the premium supplier in the pump industry and continues to focus on its various segments to attain both market share and technical superiority.

## **FUTURE OUTLOOK**

Going forward, the outlook is very bright for the Company both with an expanding market and its increasing market share and the Company should realize its potential and take rightful place as one of the leaders in the pump industry.

The market for the products is very buoyant and the Company has expanded its market network to realize these potentials.

Internally, the Company has undertaken expansion plan at its Ghaziabad unit to increase its Horizontal Pump capacity. It has undertaken modernization plan at Panihati and undertaken establishment of a new unit to meet the growing demand. These expansions in capacity will allow the company to meet the growth in demand.

## **Opportunities and Threats, Risks and Concerns**

Your Company's main strength is its technical superiority, competent, qualified and experienced personnel and full-fledged R&D, which is recognized by the Ministry of Science & Technology, Government of India. Furthermore, the Company has one of the largest testing facilities at Panihati allowing it to stay ahead of its competitors.

**WPIL**

The concerns facing the Company continues to be rising input cost wherein the prices of Steel, Nickel, Copper and Coke rise unabated to historic high. The escalation in input cost coupled with the rising interest rates will put immense pressure on the margin of the Company. However, by focusing on the premium segments on the market and utilizing its engineering strength, the Company endeavors to overcome these pressures and maintain / improve margins.

The prime threat faced by the Company is its capability to achieve all round development in creating capacity enhancement, developing human resources and maintaining technical superiority to meet the growing demand.

**Internal Control System**

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial reports and due compliance of status and Company policies and procedure.

**Human Resources and Industrial Relations**

The Industrial Relations climate was cordial during the year under review. At all levels, employees are fully committed to the growth of the Company and there was no loss of work due to any industrial relations problem during the year. There are 323 personnel employed in the Company as on 31st March, 2006.

**CORPORATE GOVERNANCE**

Your Company has always followed the principles of good Corporate Governance through accountability and transparency.

A separate report on Corporate Governance as prescribed by the Listing Agreement of the relevant Stock Exchanges forms part of the Annual Report 2005-06 along with the Auditor's Certificate on its compliance (Annexure - B).

The Managing Director has given the Declaration to the effect that all Directors of the Company and Senior Management personnel are in compliance with the Code of Conduct, implemented in the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows:-

- i) That for the preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors had prepared the annual accounts on a going concern basis.

**AUDITORS' COMMENTS**

The observations of the Auditors made in paragraph 3 of their Report has been fully explained in Note no. 5 and 6 of the attached Notes on Accounts and hence, are not being separately dealt with here.

**DIRECTORS**

During the year under review, Mr. Deepak Khaitan has resigned from the Board of Directors of the Company w.e.f. 27th October, 2005. The Board places on record its sincere appreciation for the excellent guidance and value management shown by him during his tenure in the Board of the Company.



---

Mr. K. K. Ganeriwala and Mr. Subir Dasgupta will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **AUDITORS**

Messrs V. Singhi & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

Your Company has received a certificate from them to the effect that the appointment, if made, will be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

#### **COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, as required under Companies (Disclosure in Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure - A.

#### **PARTICULARS OF EMPLOYEES**

Your Company has no employee of the category required to be listed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, during the year under review.

#### **ACKNOWLEDGEMENT**

Your Directors would like to place on record their sincere appreciation for the co-operation extended by the employees at all levels.

The Directors acknowledge with gratitude the co-operation and assistance received from the Central Government, various State Governments and Government Undertakings, Financial Institutions, Banks, Suppliers, Customers and all those associated with the Company during the year under review.

Your Directors also wish to thank the shareholders for their continued support towards the Company.

P. AGARWAL Managing Director

K. K. GANERIWALA Director

Place : Kolkata

Date : 26th June, 2006

**ANNEXURE TO DIRECTORS' REPORT****ANNEXURE - A****PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****A) CONSERVATION OF ENERGY**

Energy conservation measures taken are :

- A 25 KV Servo Voltage Stabilizer was installed at a cost of Rs. 37,000/- to save Office Equipments burnt out due to voltage fluctuation and also to save power at Ghaziabad Factory of the Company. This is expected to save at least 1 KVA per hour which amounts to Rs. 2,000/- per month.

**B) RESEARCH & DEVELOPMENT (R&D)**

Following are the specific areas in which R&D has been carried out by the Company during the year under review at Panihati :—

- Successful design, development and performance testing of 30 inch Bowl Size high head vertical turbine pump with specific speed 1700 US units.
- Review and analysis of past shop test results and identification of best performing models and also non-performing models. Root cause analysis for non-performance and taking corrective actions. This is a regular continuous improvement exercise.
- Design optimization and value engineering for existing range of vertical turbine pumps to compete in the present market in terms of performance and price.

Following are the specific areas in which R&D has been carried out by the Company during the year under review at Ghaziabad :—

- A 60 HP Tubular Submersible Pump was designed, developed and prototype tested successfully. This type of design will replace the conventional surface mounted Vertical Turbine Pump.
- New design of Horizontal Axial Split Casing Pump for 6000 Cu. Meter per hour against CESPO order has been developed and is under manufacturing.
- A special design for 20 WLN 26 Horizontal Axial Split Case Pump with bottom Suction was developed for Kolkata Municipal Corporation and is under manufacturing.

**C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Design and development of new 42 inch Bowl Size high head vertical turbine pump with specific speed of 2600 US units.
- Development on New value-engineered Thrust Bearing Housing with thrust range of 8000 Kg to 11000 Kg.

**FUTURE PLAN OF ACTION**

- Design and development of new 28 inch Bowl Size high head vertical turbine pump with specific speed of 2000 US units.
- Development of Electronic Data Acquisition System for shop testing of pumps. This will reduce testing duration of pumps and enhance the testing accuracy level. So, this will help in ascertaining the pump performance more accurately.
- Generation of 3-D models for Bowl Assembly of popular pump models and Fabrication Components of medium and large configurations. Purpose is to check and ensure assembly fitment while designing and value engineering.

**TRAINING**

- In-house training by external faculty arranged for R&D engineers on 3-D modeling software packages.