

---

ANNUAL

---

REPORT

---

AND

---

ACCOUNTS

---

2007

---

Report  Junction.com



**WPIL Limited**

## FINANCIAL HIGHLIGHTS

(Rs. in Lac)					
Particulars	2007	2006	2005	2004	2003*
<b>Financial Positions</b>					
Share Capital	797	797	797	797	797
Reserves & Surplus (Net of Revaluation Reserve)	290	143	58	14	14
Net Worth	1087	940	855	811	811
Gross Block	2760	2471	2394	2400	2723
Accumulated Depreciation	1607	1526	1422	1376	1602
Net Block	1153	945	972	1024	1121
<b>Summary of Operations</b>					
Total Income	7009	7941	5429	4004	5449
Profit before Interest, Depreciation & Tax	678	502	457	483	795
Interest	287	293	281	329	573
Depreciation	99	102	112	113	187
Profit/(Loss) before Tax	292	107	64	41	35
Profit/(Loss) after Tax	148	52	64	41	35
Dividend	Nil	Nil	Nil	Nil	Nil
Earnings Per Share (Rs.)	1.85	0.66	0.81	0.51	0.44

\* Year 2003 represent 18 months' operation.

## WPIL LIMITED

---

### DIRECTORS

P. AGARWAL  
— *Managing Director*

V. N. AGARWAL

K. K. GANERIWALA

SAMARENDRA NATH ROY

SHYAMAL MITRA

BINAYA KAPOOR

### AUDITORS

V. SINGHI & ASSOCIATES

*Chartered Accountants*

### GENERAL MANAGER (Finance) AND COMPANY SECRETARY

U. CHAKRAVARTY

### BANKERS

STATE BANK OF BIKANER AND JAIPUR

CENTRAL BANK OF INDIA

ALLAHABAD 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 : mcscale@cal2.vsnl.net.in

### REGISTERED OFFICE

TRINITY PLAZA, 3RD FLOOR  
84/1A, TOPSIA ROAD (SOUTH)  
KOLKATA-700 046

### 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

CHAMBER 4, 1ST FLOOR  
K. L. K. ESTATE  
5-9-62, FATEH MAIDAN ROAD  
HYDERABAD-500 001

### NORTHERN REGION OFFICE

A-5, SECTOR 22, MEERUT ROAD  
GHAZIABAD-201 003 (U.P.)

### MANUFACTURING FACILITIES

- i) 22, FERRY FUND ROAD, PANIHATI, SODEPUR  
KOLKATA-700 114 (W.B.)
- ii) A-5, SECTOR 22, MEERUT ROAD  
GHAZIABAD-201 003 (U.P.)
- iii) 180/176, UPEN BANERJEE ROAD  
KOLKATA-700 060

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

**NOTICE** is hereby given that the FIFTY THIRD ANNUAL GENERAL MEETING of the members of the Company will be held at "Kala Kunj" (Basement) Hall, Kalamandir, 48, Shakespeare Sarani, Kolkata-700017 on Monday, the 27th day of August, 2007 at 10:00 A.M. to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. V. N. Agarwal, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Binaya Kapoor, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To re-appoint M/s.V. Singhi & Associates, Chartered Accountants, as the Auditors of the Company, who retire at the conclusion of this Annual General Meeting, to hold office till the conclusion of the next Annual General Meeting with authority to the Board of Directors of the Company to fix their remuneration.

**Special Business:**

5. To consider and, if thought fit to pass, with or without modification(s), the following resolutions as Special Resolution.

**"RESOLVED THAT** pursuant to provisions of Sections 198, 309 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to pay remuneration to the Non-Executive Directors of the company by the way of commission not exceeding 1% of the Net Profit of the Company in lieu of their service to the Company and that Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee which the Board may constitute to exercise its powers including powers conferred by this resolution) shall in their absolute discretion, decide the extent to which such remuneration is payable to each of the Non-Executive Directors based on their individual services to the Company within the ceiling limit of 1% of the Net profit of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate its powers conferred by this resolution to any Director or Directors or Remuneration Committee of Directors to determine the extent to which such remuneration is payable to each of the Non-Executive Directors based on their individual services to the Company."

6. To Consider and, if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows :

The following new Article 125(a) be inserted after the existing Article 125 :

125(a) Subject to the provisions of the Companies Act, 1956 and such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the company may pay remuneration to a Director (who is neither in the whole-time employment of the Company nor a Managing Director) either by the way of monthly, quarterly or annual payment or by the way of commission on percentage of the Net Profit of the Company."

Registered Office :

Trinity Plaza, 3rd Floor,  
84/1A, Topsia Road (South)  
Kolkata-700046.

Dated 22nd June, 2007

Place: Kolkata

By Order of the Board

U. Chakravarty  
General Manager (Finance)  
and Company Secretary

**NOTES :-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy in order to be effective must reach the Registered office of the Company at least 48 hours before the time fixed for the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 20th August 2007 to 27th August 2007 (both days inclusive).
3. Mr. U.Chakravarty, General Manager (Finance) and Company Secretary is the Compliance officer in terms of Clause 12B of the Listing Agreements with the Stock Exchanges. Members may communicate with the Compliance officer in relation to any query pertaining to their shareholdings.
4. As per the provisions of the Companies Act, 1956 the facility for making nominations is available to Members in respect of their shares in the Company. Nomination forms can be obtained from MCS Limited, Registrar and Share Transfer Agent of the Company, in case they hold shares in physical form. If they hold the shares in dematerialized form, they may contact their respective depositories for such nomination.
5. Members who holds the shares in physical form are requested to inform the R&T Agents, their Income Tax permanent Account Number (PAN)/General Index Register Number (GIR) if any, allotted to them by the Income Tax authorities.
6. Members holding shares in physical form are requested to notify change in addresses, if any, quoting their folio numbers to the R&T Agent of the Company.
7. Members holding shares in multiple folios are requested to submit their application to R&T Agent for consolidation of folios into single folio.
8. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.

**Request to the Members :**

1. Members desiring any relevant information on the Accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance, so as to enable the company to keep the information ready.
2. Member are requested to quote their Ledger Folio No. or Client ID and DP ID numbers in all communications with the Company.
3. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for ensuring easy identification of attendance at the Meeting.
5. For convenience of the Members, attendance slip is annexed to the proxy form. Members are requested to fill in and affix their signatures at the space provided therein and handover the Attendance slip at the entrance of the place of meeting. Proxy/Representative of a member should mark on the Attendance slip as "Proxy" or "Representative" as the case may be.

**WPIL**

---

## **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**

### **RESOLUTION AT ITEM NO. 5**

The Non-Executive Directors of the Company are required to render services to the Company from time to time, which are beneficial to the performance of the Company. With the growth of activities of the company it is important for the Company to utilize the expertise of the Non-Executive Directors as and when required. It is therefore proposed to pay remuneration to the Non-Executive Directors in lieu of their services to the Company by the way of commission not exceeding 1% of the net profit of the Company.

The Directors commend the Special Resolution for the approval of the members.

All the Directors except Mr. Prakash Agarwal are interested or concerned in the said Resolution.

### **RESOLUTION AT ITEM NO. 6**

A company, if so, authorised by its Articles of Association, may pay remuneration to a Director (who is neither in the whole-time employment of the Company nor a Managing Director) either by the way of monthly, quarterly or annual payment or by the way of commission on percentage of the Net Profit of the Company subject to provisions of Section 309 and 198 and other applicable provisions if any, of the Companies Act, 1956. New Article containing the provision to above effects are required for incorporation in the Articles of Association of the Company to give effect to resolution at item No. 5.

The Directors commend the Special Resolution for the approval of the members.

All the Directors except Mr. Prakash Agarwal are interested or concerned in the said Resolution.

Registered Office :  
Trinity Plaza, 3rd Floor,  
84/1A, Topsia Road (South)  
Kolkata- 700046.

Dated 22nd June, 2007  
Place: Kolkata

By Order of the Board

U. Chakravarty  
General Manager (Finance)  
and Company Secretary

**Details of Directors seeking appointment/re-appointment at the Annual General Meeting in pursuance of Clause 49VI(A)(G) of the listing Agreement**

<b>Name of the Director</b>	<b>Mr. V.N. Agarwal</b>	<b>Mr. Binaya Kapoor</b>
Date of Birth	15. 01. 1939	05. 07. 1935
Date of First Appointment	26. 04. 2001	21. 07. 2006
Qualifications	B.E.	B. Tech (Hons)
No. of Shares Held	NIL	NIL
Nature of Expertise	Having in depth exposure to and involvement in steering diverse business and has considerable experience and expertise in management of engineering Industries.	Having vast experience in Corporate Management and administration with expertise in the field of engineering and product line of the Company.
Other Directorships	Tea time Limited Neptune Exports Limited Orient international Limited Asutosh Enterprises Limited V.N. Enterprises Limited HSM Investments limited B K Commercial & Enterprises Pvt. Limited Sagarpriya Distributors Pvt. Limited Hindusthan Udyog Limited Bengal Steel Industries Limited Huwood India Limited Spaans Babcock India Limited AKA Washeries India Pvt.Ltd. Ichamati Investments Pvt.Ltd. Bengal Central Building Society Limited Northern Projects Limited	NIL

**WPIL****DIRECTORS' REPORT  
TO THE MEMBERS**

Your Directors have the pleasure in presenting their 53rd Annual Report on the business and operations of your Company for the financial year ended 31st March 2007.

**FINANCIAL HIGHLIGHTS**

	<b>2006-07</b> <b>(Rs.in Lacs)</b>	<b>2005-06</b> <b>(Rs.in Lacs)</b>
Total Income	<b>7008.80</b>	<b>7940.68</b>
Profit before interest, Depreciation and Taxation	<b>677.57</b>	<b>501.50</b>
Interest	<b>287.18</b>	<b>292.41</b>
Depreciation	<b>98.83</b>	<b>101.90</b>
Profit before Taxation	<b>291.56</b>	<b>107.19</b>
Provision for Taxation	<b>143.80</b>	<b>54.60</b>
Profit after Taxation	<b>147.76</b>	<b>52.48</b>
Balance brought from previous year	<b>(119.00)</b>	<b>(171.48)</b>
Balance Carried forward to Balance Sheet	<b>28.76</b>	<b>(119.00)</b>

**OPERATIONS**

The Operational results during the financial year posted a profit after Tax to the tune of Rs. 147.76 lacs as against Rs. 52.48 lac of last year which registered an increase of 181.55 % despite drop in turnover. The drop in revenue precipitated delayed execution of order of Project Division due to lack of necessary clearances from the Clients. Simultaneously, the Company planned to undertake a cautious marketing approach in the previous year while enlarging its manufacturing infrastructure. Now, with the expansion emanating fruits, the Company has become very aggressive which eventually culminated an order backlog of Rs. 100 Crores at the year-end. The outcome of these measures would lead to growth of revenue in the next financial year. Cash flow from operation grew by 17.61% to Rs. 634.52 lacs from Rs. 539.52 lacs of last year. The factors contributing to the performance are primarily attributable to change in sales mix and substantial growth in export turnover, which surpassed previous records of the Company albeit steep competition, and series of measures initiated during the year comprising productivity improvement and aggressive market share acquisition. Major efforts were undertaken to give full thrust to existing products and also to expand the product range within existing business. Stringent controls on quality and timely delivery have resulted customers' satisfaction, which would lead to growth in the market share and profitability of your Company.

**DIVIDEND**

Considering the past performance of the Company, the position of its Reserve and Surplus and necessity to augment working capital to sustain the growth of activities in the coming year, your Directors have not recommended dividend for the year ended 31st March 2007.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required by the Clause 49 of the Listing Agreement with Stock Exchanges, the Management discussion and analysis report for the year under review is appended below:

**A. BUSINESS**

The Company is engaged in the business of water handling – from supply of pumps to turnkey project execution. This includes supply of pumps of various types to the power sector / irrigation sector / water supply sector and industrial sector. Besides the



the Company provides turnkey execution for water handling projects in all the above sectors by leveraging its tremendous engineering capability and vast experience in the above fields.

## **B. INDUSTRY OUTLOOK**

The country is on a growth path, which is looking to exceed 10% by 2007-08. This robust growth is bringing all round prosperity and creating vibrancy never before experienced in India. The feel good factor is speculating to all sectors of the economy and creating demand for goods and services. Industry is reacting to this demand by resorting to capacity expansion on a scale unprecedented previously. In turn we in the capital goods sector are facing huge pressures to meet the industry's demand.

Simultaneously buoyancy in tax collection has lead to strong coffers of Central and State Governments leading to a slew of development projects. This initiative along with large infrastructural funding by various agencies has lead to the realization of planned infrastructure projects and finally we are seeing large investments in water supply/drainage under JNURNM schemes and irrigation projects by various State Governments. The industry is faced with the challenge to respond to the needs of the country and it is proceeding very aggressively to meet them.

## **C. OPERATIONAL REVIEW**

We are now a profitable Company again after struggling for a decade. Our carry forward losses have been wiped off and we are providing for taxation of Rs.143 lakhs. This has been the primary endeavour of the Company along with debt reduction. The Company is very confident of continuously improving its margins and enhancing profitability in the years to come. However, there has been reduction in revenue due to deferred billing, which will be surely improved upon with the huge order backlog.

The Kolkata Division of the Company executed some very large export orders including the very prestigious order, first by an Indian company, for seawater pumps to Saudi Arabia. It further maintained its market penetration in the circulating water sector. Its penetration in the irrigation sector was greatly increased with supplies to Andhra Pradesh and more growth is envisaged. This division ramped up its infrastructure and looks to grow both in sales and numbers.

Ghaziabad Division continues on its growth path and exceeded revenues of Rs.30 crores. The unit has made large investments in expanding its horizontal pump manufacturing capability along with establishment of a large test facility. Further, its development in the premium submersible sector continues with the development of 3.3 kv submersible motors in duplex stainless steel. The Company is further modernizing this division to create a balanced portfolio of products.

The Project Division of the Company continues to be the main focus of the Company and is making rapid progress with projects in NALCO, Maharashtra Irrigation, KMDA and J&K Irrigation. The division is working independently and providing much needed technical expertise in this business sector.

## **D. FUTURE OUTLOOK**

The Company has outlined growth plans for all the aforesaid divisions to meet the growing needs for its products and services. Future outlook is one of enhanced profitability and growing revenues as the Company continues on its growth path and improves both market share and creates new markets for its products and services. All 3 divisions are evidencing good order backlog, which should translate into higher sales in the future. The Management is planning for the future and making necessary investments to facilitate this growth.

## **E. OPPORTUNITIES AND THREAT, RISK AND CONCERNS.**

Your Company strength primarily lies in its technical superiority, competent, qualified and experienced personnel and fully equipped R&D., which is recognized by the Ministry of Science & Technology, Government of India. Existence of unique testing facilities both at its Panihati and Ghaziabad units allow your company to retain dominance and stay ahead of its competitors.

The biggest concern confronting your company is rising input costs wherein there has been substantial escalation in the cost of steel, nickel, Copper and coke. Uncertain Government policy for adequate investments in power sector, increase in operational cost are the cause of concern. Other concerns facing your Company are the availability of castings to feed its growing manufacturing capabilities and competitive price in the market place with all participants jolting to increase market shares.

**F. INTERNAL CONTROL SYSTEM**

Your Company has a well-structured Internal Control Mechanism and the same is monitored by the Internal Audit conducted by external professional audit firms, which independently reviews and strengthens the control measures. The internal audit teams regularly briefs the management and the Audit Committee on their findings and also recommend the steps to be taken with regard to deviations if any.

**G. HUMAN RESOURCES AND INDUSTRIAL RELATIONS.**

Your Company lays significant importance for all round developments of its Human Resources with special emphasis to train the employees at all levels to enhance their effectiveness in their contribution to the overall performance of the Company through skill up-gradation, knowledge improvement and attitudinal change. These enable the employees at all levels to cope with the competitive environment through which the Company is passing at present and to achieve the desired corporate objective.

The industrial relations climate in your Company continued to remain harmonious and cordial. Various welfare measures and recreational activities are also being continued side-by side of production to maintain such relations.

Your Company had 339 employees on the roll at the end of the year under review as against 323 last year.

**CORPORATE GOVERNANCE**

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

Necessary measures have been adopted to comply with the requirements of the Listing Agreements with Stock Exchanges wherein your Company's shares are listed. A separate report on Corporate Governance adopted by your Company, which is given in Annexure – B, forms part of this report.

A certificate from the Auditors of the Company regarding the compliance of the conditions of Corporate Governance is attached to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that;

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments 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) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the Annual Accounts on going concern basis; and
- (v) Both, the Managing Director and General Manager (Finance) and Company Secretary have furnished the necessary certification to the Board on these financial statements as required under the Clause 49 of the Listing Agreement(s) with the Stock Exchanges where the equity shares of the Company are listed.

**AUDITORS' COMMENTS**

The observations of the Auditors made in paragraph 3 of their report has been adequately explained in note no. 6 and 7 of the attached Notes on Accounts and hence, are not being separately dealt with here.

**DIRECTORS**

In accordance with the provisions of the Company's Article of Association Mr.V.N.Agarwal and Mr. Binaya Kapoor retire by rotation and, being eligible, offer themselves for re-appointment.