

101st ANNUAL REPORT 2008-2009



A Tradition of Engineering Excellence

WALCHANDNAGAR INDUSTRIES LIMITED



SETH WALCHAND HIRACHAND

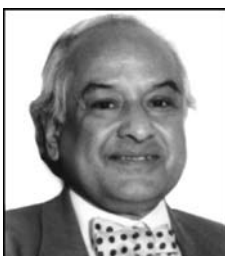
Seth Walchand Hirachand's life was truly a triumph of persistence over adversities.

Sardar Vallabbhai Patel

Board Of Directors



Chakor L. Doshi
Chairman



P. K. Basu
Director



R. M. Pande
Director



Dilip J. Thakkar
Director



A. U. Rijhsinghani
Director



J. L. Deshmukh
Managing Director & CEO



Arati H. Vissanji
Director



S. B. Das
Director



Chirag C. Doshi
Managing Director

Management Team

Name

Vice Admiral (Retd.) S. K. K. Krishnan
Mr. S. S. Gangavati
Mr. V. M. Parthasarathy
Mr. V. G. Ratnaparkhi
Mr. G. S. Prakash
Mr. J. N. Nandurkar
Mr. L. Ranganathan
Mr. Arvind Shore
Mr. R. Kumar
Mr. M. J. Devis
Mr. Kushal Saha
Vice Admiral (Retd.) N. M. Nadaph
Mr. V. R. Joshi
Mr. S. R. Deshmukh
Mr. M. H. Purwat
Mr. P. K. Mahadevan
Mr. P. C. Bhagwat
Mr. S. K. Gulati
Mr. G. S. Agrawal

Designation

Sr. President – Hydrocarbons & Defence
President – Strategic Planning & Market Research
President – Special Products
President – Business Processes & Quality Assurance
President – Boiler & Sugar
President – HR & Establishments
President – New Business Ventures
President – Mining & Bulk Materials Handling
President – Utility Boilers
President – Turbine Business Group
President – Foundry
President – Walchand Technology Group
Chief Financial Officer
Chief Information Officer
Sr. Vice President – Finance
Sr. Vice President – Materials
Vice President – Cement
Vice President – Mineral Processing
Company Secretary

Corporate Information

Registered Office

Walchandnagar Industries Ltd.
3, Walchand Terraces,
Tardeo Road,
Mumbai - 400 034
Tel. No. (022) 4028 7109 / 2369 2295

Pune Offices

Walchand House
167A, 2/8+2/9,
Karve Road, Kothrud, Pune - 411 038

Walchand Technology Centre
15/1/B, G. A. Kulkarni Path,
Kothrud, Pune - 411 038

Factories

Walchandnagar, Dist. Pune, Maharashtra
Satara Road, Dist. Satara, Maharashtra
Attikola, Dharwad, Karnataka.

Company Secretary

Mr. G. S. Agrawal

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel. No. (022) 25963838
Fax No. (022) 25946969
E-MAIL: mumbai@linkintime.co.in

Auditors

K.S. Aiyar & Co.,
Chartered Accountants

Principal Bankers

State Bank of India
Bank of India
ING Vysya Bank Ltd.
The Hongkong & Shanghai Banking Corporation Ltd.

CONTENTS

- 3** Letter from the Chairman
- 4** Notice to the Shareholders
- 7** Directors' Report
- 9** Management Discussion and Analysis
- 13** Report on Corporate Governance
- 23** Auditors' Report
- 26** Financials

Letter from the Chairman



Dear Members,

I welcome you all to this 101st Annual General Meeting and present the Annual Report of your company.

Financial year 2008-09 was a tough year, as experienced generally by various business sectors, due to many reasons including impact of the global economic situation. While this has led to reduction of revenues and profits, there is a noticeable improvement in the business enquiry flow. Furthermore, the company has consistently made investments in building capacity & technology capability; I am confident that the inherent strengths of your company coupled with strong order position, will enable your company to improve the performance in the coming years in line with the improvements in the global macro-economic indicators.

It is with this confidence about the coming years that the directors of your company have maintained the recommendation of dividend at 50%.

Key Achievements/Initiatives

- A. During the year, two of the nation's ambitious projects were launched successfully, with your company participating in both in a significant manner.
 - 1. **Chandrayaan – I** : Launch of India's first moon mission.
 - 2. **INS Arihant** : Launch of India's first indigenously built nuclear powered submarine.
- B. Establishment of Walchand Technology Centre, an initiative to take the engineering excellence of your company to the next level with the focus on high end technology in the fields, such as Nuclear Power, Aerospace, Non-Conventional Energy.
- C. Acquisition of 57 acres of waterfront land at Dahej to start a green field manufacturing facility for Hydrocarbons and Nuclear Power segment.

I take this opportunity to place on records my sincere thanks for your continued support and I expect similar confidence from the shareholding fraternity for years to come.

Thank You,

A handwritten signature in dark ink, appearing to read 'Chakor L. Doshi'.

Chakor L. Doshi
Chairman



NOTICE

Notice is hereby given that the 101st Annual General Meeting of members of Walchandnagar Industries Limited will be held as scheduled below:

Day : Wednesday
Date : 20th January, 2010
Time : 3.00 p.m.
Place : Walchand Hirachand Hall,
Indian Merchants' Chambers Building,
Churchgate, Mumbai - 400 020.

The Agenda for the meeting will be as under:

Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 30th September, 2009 and Profit & Loss Account for the year ended as on that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 30th September, 2009.
3. To appoint a Director in place of Dr. P. K. Basu, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Chakor L. Doshi, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution as required under Section 224 of the Companies Act, 1956, for appointment of Auditors:

"RESOLVED THAT M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company."

Special Business:

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 the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders of the Company be and is hereby accorded to Mr. Chakor L. Doshi, the Chairman of the Company and a relative of Mr. Chirag C. Doshi, Managing Director, to continue to provide professional services as Advisor/Consultant to the Company for an additional period of 2 years from 1st May, 2010 to 30th April, 2012 on payment of Rs. 80,000/- per day of Consultancy as the Consultancy Fee plus expenses on travelling, lodging and boarding and reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted

foreign exchange allowance and expenses in case of any assignments abroad.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to extend the period of consultancy for additional period of two years on the terms and conditions as the Board of Directors deem it fit in the interest of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act 1956, consent of the shareholders of the Company be and is hereby accorded to Mrs. Tanaz C. Doshi, wife of Mr. Chirag C. Doshi, Managing Director and daughter-in-law of Mr. Chakor L. Doshi, Chairman of the Company, to hold and continue to hold an office or place of profit under the Company with the designation as 'Special Executive' or such other designation as Mr. J. L. Deshmukh, Managing Director and CEO may from time to time decide on a Consolidated Salary of Rs. 20,000/- per month plus other benefits and perquisites as mentioned in the explanatory statement to this notice, with authority to Managing Director and CEO at his discretion to give increments as he may deem fit and proper and to sanction at his discretion and in due course promotion to next higher grade together with modifications in benefits and perquisites, subject to the maximum remuneration of Rs. 50,000/- per month including other benefits and perquisites as stated in the explanatory statement and such revision in remuneration together with other perquisites and benefits will be effective from the date as may be decided by Mr. J. L. Deshmukh, Managing Director and CEO of the Company."

By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai - 400 034

Date : 25th November, 2009

Notes

- (a) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Special business for Item Nos. 6 & 7 above is annexed hereto.
- (b) **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.**



- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 14th January, 2010 to Wednesday, the 20th January, 2010. (both days inclusive).
- (d) The Dividend, if declared at the meeting, will be paid within the stipulated period, to those members who hold shares in physical form and whose names appear on the Company's Register of members as on 20th January, 2010. In respect of Shares held in Electronic Form, the dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose at the end of business hours on 13th January, 2010.
- (e) Members who hold shares in physical form are requested to notify immediately change in their addresses, if any, to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., specifying Registered Folio Number and other relevant details. Members, who hold shares in Electronic Form are requested to notify change in their addresses to Depository Participants with whom they are maintaining their Beneficial Owner Account.
- (f) Members who have not encashed their dividend warrants for the financial years ended 30th September, 2002 and thereafter may immediately approach the Company for revalidation of unclaimed warrants as the amount of dividend remaining unpaid for a period of 7 years shall be transferred to Investors Education & Protection Fund as per provisions of Section 205A of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie with the Company in respect thereof.
- (g) Members, who hold shares in De-materialized form, are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
- (h) Members are requested to get the Shares transferred in joint names, if shares are held in a single name to avoid the inconvenience and also to send nomination form (available on request), if not sent earlier.
- (i) Members are requested to bring the copies of the Annual Report at the time of attending Annual General Meeting.
- (j) Members/Proxy Holders are requested to produce at the entrance of the hall admission slips forwarded to them duly completed and signed, in accordance with the specimen signature registered with the Company for admission to the Meeting Hall.
- (k) Dr. P. K. Basu and Mr. Chakor L. Doshi, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, the details of their qualifications and experience, and names of the other public Companies in which they hold Directorships and Memberships/Chairmanships of Board and its Committees, as stipulated under Clause 49 of the Listing Agreement with Stock Exchange are provided in the Report on Corporate Governance forming part of Annual Report. The Board of Directors recommends their respective re-appointments.
- (l) Information on shareholding of non-executive directors proposed to be appointed/re-appointed are as under:
Mr. Chakor L. Doshi holds 55,930 equity shares in the Company. No other Directors hold any share in the Company.
- (m) Documents relating to the items mentioned in the Notice and Explanatory Statement are available for inspection at the Registered Office of the Company on any working day (except Sunday) during business hours from 10.30 a.m. to 12.30 p.m.



EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 6

The Board in its meeting held on 19.11.2005 extended Consultancy Agreement for a further period of 2 years with Mr. Chakor L Doshi, Chairman of the Company and the same was ratified by the shareholders of the Company in the Annual General Meeting held on 16th January, 2006. The Consultancy Agreement with Mr. Chakor L. Doshi was subsequently extended by the Board as per the authority given to the Board at the Annual General Meeting held on 16th January, 2006 for a further period of 2 years w.e.f. 1st May, 2008 on payment of Rs. 50,000/- per day of consultancy as Consultancy Fee plus expenses on travelling, lodging and boarding and reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted foreign exchange allowance in case of any assignments abroad.

Considering the benefit the Company has drawn from his advice on Corporate matters relating to Company's business including Finance, Marketing, Organization Structure, Industrial Relations, New Projects, Corporate Planning, Exports, etc., Managing Director and CEO recommended to the Board that the period of Consultancy Agreement be extended for a further period of 2 years w.e.f. 1st May, 2010 on payment of Rs. 80,000/- per day of consultancy as Consultancy Fee plus expenses on travelling, lodging and boarding and reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted foreign exchange allowance and expenses in case of any assignments abroad. The said extension is made subject to the approval of shareholders of the Company in the ensuing Annual General Meeting.

The Board recommends passing the Special Resolution as set out in Item No. 6 of the accompanying Notice. None of the Directors except Mr. Chakor L. Doshi and Mr. Chirag C. Doshi is concerned/interested in the Resolution.

Item No. 7

Mrs. Tanaz C. Doshi has been associated with the Company since last 3 years. Presently, she is designated as 'Executive' and her appointment on part time basis was made as per the Resolution passed by the Board of Directors of the Company in the meeting held on 24th October, 2006. The remuneration inclusive of perquisites given to Mrs. Tanaz C. Doshi has not been revised since her appointment in 2006. Mrs. Doshi is a graduate in Arts and has vast experience in the field of Advertising, Publicity, Event

Management and Social Service and the services of Mrs. Tanaz C. Doshi is beneficial to the Company.

Mrs. Tanaz C. Doshi is related (wife) to Mr. Chirag C. Doshi, Managing Director and daughter-in-law of Mr. Chakor L. Doshi, Chairman of the Company and therefore approval of the members by way of Special Resolution is necessary for her to hold and continue to hold office or place of profit in the Company on part time basis with the designation 'Special Executive' and on the increased remuneration and benefits as stated below:

- (a) Consolidated Salary: Rs. 20,000/- per month with increments as the Managing Director and CEO may fix from year to year such that consolidated salary including perquisites shall not exceed Rs. 50,000/- per month.
- (b) Other benefits and perquisites:
 1. Provident Fund: 12% of Basic Salary.
 2. Gratuity: As per Company Rules.
 3. Leave Travel Assistance: One month's salary once in a year.
 4. House Rent Allowance: Rs. 10,000/- per month.
 5. Medical: Rs. 15,000/- per annum.
 6. Telephone: Expenses towards usage of telephones installed at residence will be reimbursed by the Company.
 7. Conveyance: Company car will be provided and reimbursement of salary of driver will be made.

The Directors recommend the Special Resolution as set out at Item No. 7 of the Notice for the approval of the shareholders. None of the Directors except Mr. Chakor L. Doshi and Mr. Chirag C. Doshi is concerned/interested in the Resolution.

By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai 400 034

Date : 25th November, 2009



DIRECTORS' REPORT

To:
The Members of
Walchandnagar Industries Limited

Your Directors have pleasure in presenting the 101st Annual Report with Audited Statement of Accounts for the year ended 30th September, 2009.

1. Performance for the Year in Retrospect:

	30.09.2009 Rs. in Lakhs	30.09.2008 Rs. in lakhs
Income	52,491.48	70,024.98
Profit before Depreciation and Interest	5,287.26	7,225.93
Less: Interest	697.37	463.34
Depreciation	1,052.55	709.45
Profit before Taxation	3,537.34	6,053.14
Less: Provision for Taxation	1,197.21	2,076.21
Profit after Tax	2,340.13	3,976.93
Surplus brought forward from the previous year	8,231.19	5,097.07
	10,571.32	9,074.00
Appropriations		
– General Reserve	234.01	397.70
– Proposed Dividend	380.70	380.45
– Income Tax on Proposed Dividend	64.70	64.66
– Surplus carried to Balance Sheet	9,891.91	8,231.19

During the year under review the income of the Company declined from Rs. 700.25 Crores to Rs. 524.91 Crores. This reflects a drop of 25% over the previous year. This is primarily on account of the difficult macroeconomic situation witnessed in India and globally for substantial part of the year 2008-09, which led to slow inflow of new orders in some business segments as well as delay in receiving clearances where the projects were already approved by the customers. Consequently, the profit before tax decreased by 41.6% from Rs. 60.53 Crores in the previous year to Rs. 35.37 Crores.

2. Current Year:

The orders on hand as on 1.10.2009 were at Rs. 1463.15 Crores as compared to Rs. 1219.52 Crores as on 1.10.2008.

3. Exports:

During the year the Company achieved the export turnover of Rs. 96.92 Crores as against Rs. 123.48 Crores, in the previous year. The export orders on hand as on 1.10.2009 are at Rs. 449.58 Crores. During the year, the Company executed

Orders for Mine Back Fill Plant & Waste Crushing Plant at Konkola Copper Mines (KCM), Zambia, Maweni Limestone Limited, Tanzania for 3500 TPD Cement plant etc.

4. Dividend:

Your Directors are pleased to recommend Dividend for the financial year 2008-2009 on Equity Shares of Rs. 2/- each at Re. 1/- per share equivalent to 50% (50% in the previous year) aggregating to Rs. 380.70 Lakhs. The Dividend Distribution Tax thereon works out to Rs. 64.70 Lakhs.

5. Management Discussion & Analysis:

Detailed Management Discussion and Analysis is enclosed by way of Annexure 'A' to this report.

6. Finance & Accounts:

i. Fixed Deposits:

The Fixed Deposits received from the shareholders and the public, outstanding as on 30th September, 2009, were at Rs. 3.40 Lakhs. Deposits due for repayment during the year have been paid in time and no deposits which were due for payment have remained unpaid as on 30th September, 2009.

ii. Income Tax Assessments:

The Company's Income Tax and Wealth Tax Assessments are completed up to the Assessment Year 2006-2007. Assessment for the year 2007-2008 is in progress. Various appeals before Appellate Authorities are being pursued.

iii. Auditors Report:

Observations made by the Auditors in Clause No. 4(vi) of their report are suitably clarified under Note No. D-4(iii) (c) of schedule 'O' forming part of the Accounts.

7. Employee Stock Purchase Scheme, 2008:

To recognize the efforts of employees in building the organization to the level it has reached today since inception, the Board of Directors of the Company, in their meeting held on 24th November, 2008 had proposed, subject to obtaining the approval of the shareholders in the Annual General Meeting, to implement Employee Stock Purchase Scheme. After the approval of the shareholders in the Annual General Meeting held on 29th January, 2009 the Allotment Committee of the Board of Directors of the Company had allotted 25,145 Shares of Rs. 2/- each at par to 1633 employees under an Employee Stock Purchase Scheme, 2008.

8. Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In preparation of the Annual Report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed.
- Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgment applied consistently, and estimates have been made so as to ensure that the accounts give a true and



fair view of the state of affairs of your Company as at 30th September, 2009 and the profit of the Company for the year ended on that date.

- iii. Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.
- v. The observations of the Auditors in their Report to the members have been adequately dealt with in the relevant Notes to the Accounts. Hence no additional explanation is considered necessary.

9. Corporate Governance:

The report of Corporate Governance along with Certificate from the auditors of the Company regarding compliance of conditions of corporate governance is enclosed by way of Annexure 'B' to this Report.

10. Energy, Technology & Foreign Exchange:

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, information on conservation of energy, technology absorption, foreign exchange earnings and out-go is given in the Annexure 'C' to this Report.

11. Personnel:

Employee relations remained harmonious and satisfactory during the year and your Board would like to place on record sincere appreciation for sustained efforts and valued contribution towards growth initiative made by all the employees of the Company.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report. As per the provisions of the Section 219(1)(b)(iv) of the Act, the Directors' Report and accounts are being sent to the shareholders excluding the statement giving particulars of employees under Section 217(2A) of the Act.

The copy of the said statement is available at the Registered Office for inspection. Any shareholder interested in obtaining a copy of the statement, may write to the Company Secretary at the Registered Office of the Company.

12. Subsidiaries:

The Company does not have any subsidiary.

13. Directors:

Mr. R. M. Pande resigned as Director of the Company w.e.f. 25th November, 2009. The Board places on record its appreciation of the valuable contribution and counsel rendered by Mr. R. M. Pande during his association with the Company as Director.

In accordance with the provisions of Companies Act, 1956 and Article 149 of the Articles of Association of the Company, Dr. P. K. Basu and Mr. Chakor L. Doshi are due to retire at the 101st Annual General Meeting and they being eligible offer themselves for reappointment.

14. Auditors:


M/s. K. S. Aiyar & Co., Chartered Accountants, Auditors of the Company will retire at the ensuing Annual General Meeting and they being eligible have offered themselves for reappointment. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

15. Acknowledgement:

Your Directors place on record their sincere appreciation of the assistance and co-operation that the Company has been receiving from the banks from time to time.

Your Directors also would like to thank the customers, suppliers and the shareholders, for their continued support and co-operation.

For & on behalf of the Board of Directors


Chakor L. Doshi
Chairman

Registered Office:

3, Walchand Terraces,
Tardeo Road,
Mumbai 400 034.

Date : 25th November, 2009



ANNEXURE "A" TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

The Financial Year October 2008 – September 2009 (Fiscal 2008-09) began on the note of a rapid onset of global recessionary pressures on the back of US Sub Prime crisis. Doubts were raised about the soundness of the global banking and financial systems and the general environment was that of uncertainty.

Against this backdrop, the fiscal 2008-09 can be said to have had three distinct phases, all within a span of one year. The study of these phases brings out an interesting case study of economic mood swings and the role financial community & the Policy makers play in influencing the same.

Phase I marked an interesting mixture of relatively stronger consumer demand and extreme caution exercised by the banking system in money supply. Second phase was the logical fall out of the first phase where the domestic demand did drop, exports continued to be soft & industry exercised severe restraint and care in announcing capital expenditure plans and the phase was set for the definite onset of recession. These two phases took away a significant part of the fiscal 2008-09. Much contrary to this picture, the last leg of Fiscal 2008-09 did set out with an initial positive outlook across most segments of industry and commerce. A significant part of this recovery is owing to the basic resilience of the Indian economy & Indian banking system and the economic stimulus packages announced by the Government to shore up the demand and continue to boost the confidence of the industrial and consumer sectors.

These are, of course, initial indicators and we have now moved into Fiscal 2009-10, again with a mixed bag of expectations involving strong industrial and infrastructure sector recovery and prospects of weak crop on the back of less than normal rainfall in many parts of the country. This makes the year ahead of us full of challenges.

Financial Overview

During the year, owing to tough macro-economic situation, the company witnessed a drop in sales & profitability compared to the Previous year. Following table will bring out the same.

Particulars	FY 2008-09	FY 2007-08
Total Revenue	52491	70025
EBIDTA	5287	7226
EBIDTA %	10.1	10.3
PBT	3537	6053
PBT %	6.7	8.6
PAT	2340	3977
Cash Profit	3666	4716
Fully diluted EPS	6.15	12.32

* all figures in rupees in lacs except EPS

The drop in sales & consequent drop in profitability is primarily on account of three reasons.

- Slow inflow of new orders
- Delays in technical clearances from the customers
- Delays in commercial clearances from the customers

The Sugar, EPC (Mineral Processing) and Cement business witnessed a slow influx of new orders on account of cyclical pressures, demand slowdown and deferment of the capital expenditure by several companies. On the other hand, certain projects in Boiler business received late clearances, primarily on account of technical reasons relating to readiness of sites, Environmental clearances etc.

Against this backdrop there are several positives on the order booking front which are noteworthy:

- The Company won the first EPC contract in the prestigious Petro chemical sector with the Oil PSU.
- The Company won the first high tech piping contract for the Nuclear Power sector.
- Overall order flow from the Aerospace, Defense and Nuclear Power segment remained strong.
- Whilst there were delays in commencement of the project, there were no cancellations, leading to a much healthier order book for the coming year.

Key Events

Proposed new Green Field manufacturing facility

Fields of Oil & Gas applications and Nuclear Power applications bear long term potential for the Company. The Oil & Gas applications can include the jobs for the on and off shore drilling applications, the nuclear power applications can be in the core equipment such as Calendria, End shields, Heat Exchangers etc. Your Company had identified that it would need a suitable land with waterfront for easy handling and transportation of such large and heavy components and structures. During the year, the Company acquired on lease, about 57 Acres of land at Dahej, near Bharuch in the state of Gujarat. This land is having necessary water front and is located in the well developed Dahej industrial area. Presently, the Company is in the process of completing the work relating to the detailed project report and obtaining various regulatory clearances with the intention of establishing a green field manufacturing facility capable of addressing the requirements of Oil & Gas, Nuclear Power and similar heavy engineering works.

Walchand Technology Center

Engineering strength and the untiring dedication to excel in this field has been the key focus of your Company over the decades. During the year, your company took a significant step forward and established Walchand Technology Group with diverse skill sets in several fields such as Nuclear Power, Aerospace, Thermal Design, Mechanical Engineering, Non-conventional Energy, Water Treatment and Water Solutions, etc. The Walchand Technology Group employs 70 professionals, which are qualified engineers in several disciplines of engineering. The group focuses on the research & development of engineering applications, for the potential business opportunities being pursued by the Company.



Employee Stock Purchase Scheme

During the year and on the occasion of the completion of the Centenary year, your Company offered and allotted between 5 to 25 equity shares each to its permanent employees under the Employees Stock Purchase Scheme. These shares were allotted at Par and in proportion to the number of years of service put in by the employee. Your Company, through this unique scheme, has enabled each and every permanent employee of the Company to also become a shareholder in the Company.

Participation in Chandrayaan I – India's maiden moon mission

Chandrayaan I, the maiden moon mission of India was launched on October 22nd 2008. Your Company participated significantly in the said mission with manufacturing and supply of several critical equipments for the launch vehicle. Your Company is proud of being a part of such important mission.

Participation in the building of INS Arihant, India's first nuclear submarine

During the year, your Company scored another first when the first indigenously built nuclear submarine, INS Arihant was launched at the auspicious hands of Smt. Gursharan Kaur, wife of Hon'ble Prime Minister Dr. Manmohan Singh. Your company carried out manufacturing of major critical components and integration thereof at the project site. Hon'ble Prime Minister of India Dr. Manmohan Singh was Chief Guest for the launch ceremony. Contribution of your company was appreciated by the Indian Navy.

Segment Review

Heavy Engineering

Heavy engineering division of your Company caters primarily to the capital goods segment within diverse fields such as Sugar Machinery, Boilers and Power plants, Cement Machinery and EPC Projects. During the year under review, the division was affected by the combined impact of slow influx of orders and delays in commencement of project. Consequently, the revenue of Heavy Engineering division reduced by 27% compared to the previous year. This drop was primarily a result of lower order inflow in the Sugar Machinery & Mineral Processing division, significant delays & deferments in the commencement of the projects in the boiler division. Cement Machinery and Aerospace, Defense and Nuclear Power businesses witnessed steady sales performance.

Foundry

The business of foundry is divided mainly into automotive sector where the division supplies the heavy grey and SG Iron dies for the automotive industry, industrial machinery and equipment applications and components required for the wind turbine manufacturing. During the year, the Foundry witnessed a drop in sales by about 14% compared to the previous year, primarily due to drop in the sales of automotive dies, due to severe recessionary pressures witnessed in the automotive sector for major part of Fiscal 2008-09. On the positive side, the sales of non dies applications, especially the industrial machinery and wind mill application increased compared to the previous year. These

sectors bear a significant potential for the Foundry Division and your Company is quite encouraged by the strong performance of this segment, despite tough market conditions.

Precision Instrument Division

The precision instrument division of the Company, though initially impacted by the slowdown in the automotive business, witnessed a strong turnaround in the sales, especially in the last few months of the Fiscal 2008-09, and ended the year with a drop of 10% in sales compared to the previous year.

Risk Management

The year gone by, has reinforced your Company's belief in having a sound risk management strategy encompassing business, performance and financial risks. With the complexities of business and progressive integration of the global markets, the key risks faced by your company are as follows:

Demand Cyclicity

The fiscal 2008-09, witnessed a period of shrinking demand, which was primarily the result of the global financial crisis and resultant crisis of confidence in the minds of individuals and businesses. Similarly, many end user industries such as Sugar, Cement etc. follow their own economic cycle leading to demand cyclicity in various segments. Your company's approach to mitigating this risk is three fold:

- Continuous up-gradation of skills and capabilities and moving up the value chain with infusion of technology.
- Diverse yet synergistic revenue model where your Company leverages the core strengths across a wide spectrum of end applications to minimize the impact of demand cyclicity.
- Focus on core industries such as Boilers and Power plants, Nuclear Power, Aerospace etc.

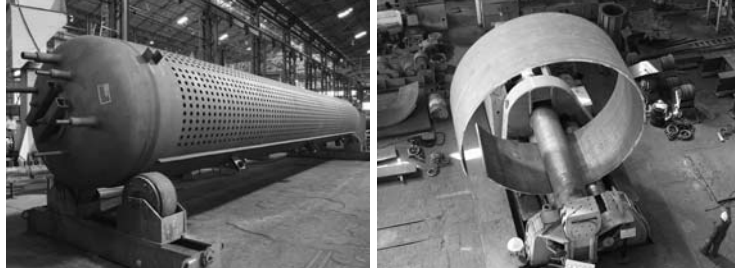
Liquidity & Financial Prudence

Your Company firmly believes that financial prudence is the key to survival in difficult times, as well as for sustained growth. The debt equity ratio based on net debt (Gross debt less the free cash in the books) is 0.35:1. The net debt to EBITDA ratio is 1.51 times. These ratios represent significant conservatism on the part of the company which will augur well to enable the Company to pursue the growth plans in the times to come.

Performance Risk

Your Company intends to execute projects in newer business areas as also executes projects of much larger sizes compared to the past. The necessary technology & project management capabilities are being augmented to enable the Company to do so. In such scenario the contract management and Performance Risk management assumes a much greater significance, than any time in the past. Your Company is taking effective steps to address this risk through a combination of the following:

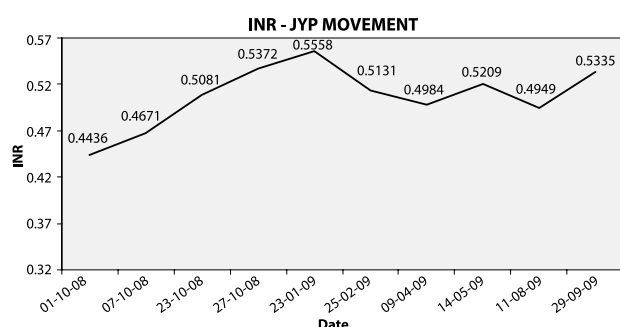
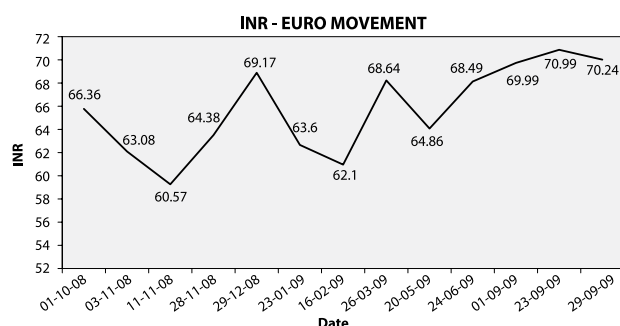
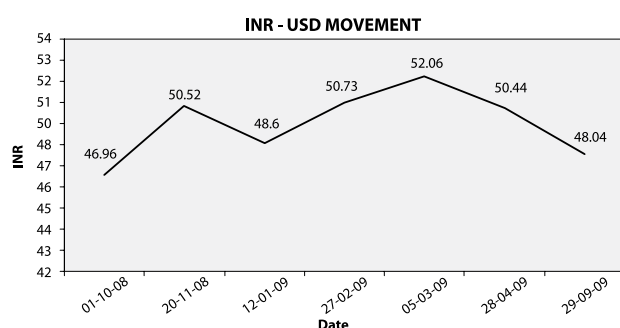
- Effective evaluation and review of project deliverables through Pre tender reviews.



- Ensuring appropriate technology capabilities to enable successful execution of the project.
- Regular monitoring of the techno commercial aspects of the contracts including the contractual rights and obligations, safeguard measures, budgetary controls on the projects etc.
- Effective mechanism for regular review of project documentation.

Currency Risks

Fiscal 2008-09 continued to be volatile in respect of the currency movement. Your Company's primary exposure is in US Dollar, Euro and Japanese Yen. All three currencies have demonstrated upward trend during the year. Following charts will demonstrate the movement of these currencies during fiscal 2008-09.



Your Company's fundamental policy on the exchange risk management still continues to be conservative where the Company does not enter into any exotic, leveraged or embedded, long term structures of hedging. The only instrument used for hedging is Forward contract strictly against the underlying asset

or liability. Further, your Company has created significant natural hedge between the exports outstanding and import and loan liability in USD terms.

Risk Mitigation

As regards risk mitigation, your Company has a well designed system to identify and address the risks which can affect its business and performance. Your Company addresses these risks through a combination of following key principles:

1. Conservative financial management approach.
2. Diversified yet synergistic business profile.
3. Strategy to move up the value ladder in the offerings. Your Company has entered into technical collaborations which enable it to offer larger capacity & sized projects. This enables your Company to significantly expand the offering.
4. Constant up-gradation of the essential skill sets such as technology, manufacturing capability, Project Management capability.

Internal Control & Audit

The Company has a well established system of internal controls and internal audit commensurate with its size and complexity of the business. The audit function works at four levels.

1. Transaction audit
2. Process audit
3. System audit
4. Compliance audit

The findings of the audit team are discussed internally on regular basis, as well as in the audit committee deliberations once in a quarter. The Company has in house internal audit department which covers the above activities. Specific need based assistance is obtained from the external agencies whenever required. During the year, your Company has implemented the concept of "Risk Based Internal Audit" (RBIA) where the focus is more on the audit of end to end processes, policy framework and identifying the Risk weight of various audit findings to ascertain their impact and the prioritization of actions. The RBIA complements the transaction and process audit conducted by the in-house internal audit department of the Company.

ERP implementation

In order to bring about the integration in the working of various functions and also bring about the system and process orientation in all facets of business processes, your Company is in the process of implementing SAP Enterprise Resource Planning solutions (ERP) at its Heavy engineering division at Walchandnagar.

The implementation is in the advanced stage of completion and expected to be completed in the January – March 2010 quarter. The ERP implementation will, among other things, enable your company to imbibe the global best practices in data, transaction and process management, eliminate manual processes and help your Company establish tighter process controls in its day to day planning and controls.



Outlook & Conclusion

Your Company has, during the period 2002-2007 posted a significant and sustained growth in Revenue and profitability. However, the global financial scenario and its direct and indirect impact on the Indian economy led to the drop in revenue during the fiscal 2008-09. The detailed assessment of the various causes which led to the drop has been elaborated earlier in the discussion. Your Company now sees positive signals in the form of following:

- Strong Order book as on September 30, 2009, which stands at Rs. 1463.15 Crores.
- Significantly high levels of enquiries in various businesses such as Sugar, Boiler & Power Projects and Cement business which can potentially enhance the order book further.
- Strong business outlook in the Nuclear power business.

Further, your Company has strong fundamentals for a sustainable growth.

- Well diversified yet synergistic business model.
- High end design, engineering, manufacturing capability.
- Significantly augmented project management capability.
- Technology tie-ups in critical areas.
- Strong financial fundamentals.

This would augur well for your Company's long term & sustainable growth.

Challenges posed by the developing global scenario & the learning

Fiscal 2008-09 witnessed a severe impact of global financial crisis, which in turn led to economic slowdown in various economies of the world. India was no exception and several sectors of India such as Automotive, Capital Goods, construction etc. witnessed the impact of the same. As elaborated in the earlier part of this report, your company's performance has also been impacted by the same.

Each such challenge is a great educator. Your Company has, over the years, drawn its lessons from it which are guiding and

influencing the operational and strategic actions of the Company. These could be summarized as follows:

- Focus on continued up-gradation of technology.
- Focus on enhancement of Project Management capability.
- Focus on sectors which are less susceptible to cyclicalities. Your Company is actively pursuing opportunities in sectors such as Hydro Carbon, non conventional energy, Nuclear Power and large sized EPC projects.
- Financial prudence & conservative financial policies.

Your Company has adopted these measures to stay resilient in the times of adverse economic situations & has still oriented itself to address the growth opportunities in its chosen fields of business. Despite such severe economic slowdown, your Company has been able to maintain the operating profit (EBIDTA) margin at 10.1%, for the fiscal 2008-09. Further the company is entering the fiscal 2009-10 with a strong order book. The flow of new enquiries is also strong and it is an encouraging indicator. The Company has also taken several initiatives for accelerating growth. In view of these, your Company is quite confident about the growth outlook in the coming years. This, of course, depends on the sustainability of the initial growth & turnaround indicators as witnessed as also the performance of the agricultural sector which is so vital to the overall economic growth of the country. Your Company is watching these developments closely and will respond with appropriate measures to the developing situations.

Cautionary Statement

This management discussion and analysis may contain Forward looking statements within the meaning of the applicable laws, rules and judicial pronouncements, relating to the business strategies, prospects, financial performance etc. The actual results may vary significantly or materially than those contemplated/implied in the analysis for various reasons including but not limited to the Government policy, macro economic situation, Business cycles, Financial & liquidity situation, demand slowdown, performance risk, material costs, interest costs, exchange rates etc. The company does not undertake to make any declarations/pronouncements of any such eventuality.



ANNEXURE "B" TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE:

(1) A brief statement on Company's philosophy on Code of Governance:

The Company's commitment for effective Corporate Governance continues and the Company has always been at the forefront of benchmarking its internal systems and policies within accepted standards so as to facilitate the creation of long term value for its shareholders. As reported earlier, the Company has Audit Committee, Shareholders' Grievance Committee, Remuneration Committee, Finance Committee, Allotment Committee and these Committees report to Board of Directors about the tasks assigned to them.

The Board adopted Code of Conduct for all Board Members and Senior Management of the Company vide Circular Resolution No. 01 dated 1st March, 2005. The said Code of Conduct is posted on the Website of the Company (www.walchand.com).

(2) Board of Directors:

As on 30th September, 2009, the Board of Directors comprised of a Non-Executive Chairman, a Managing Director & CEO,

a Managing Director and 6 other Non-Executive Directors. The Listing Agreement requirement of at least one-half of the Board to be of independent Directors, where the non-executive Chairman is a promoter of the Company is met by the Company in view of 5 directors being Independent Directors out of total 9 Directors as on 30th September, 2009. The Non-Executive Directors are professionals and have vast experience in the field of industry, finance, law and management bringing a wide range of expertise and experience to the Board.

As required under the Listing Agreement, the Directors' Report includes the Report on "Management Discussion and Analysis" as Annexure - 'A' to Directors' Report. The Board Members are presented with proper notes along with the Agenda papers well in advance before the meeting. Information covering the matters listed as per Annexure-1 to Clause 49 is provided to the Board as a part of Agenda papers.

The details of composition of the Board, the attendance at the Board Meetings during the financial year and at the last Annual General Meeting, number of Directorships, remuneration paid to/provided for Directors during 2008-2009 are given in the following table:

Information on Board of Directors

Name of Director	Status	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorship in other Public Ltd. Cos.	Chairmanship/ Membership of Committees in other Public Ltd. Cos.		Remuneration paid/payable to Directors Rs. (In Lakhs)			
						Chairmanship	Membership	Sitting Fees	Salaries & Perquisites	Commission	Total
Mr. Chakor L. Doshi	C-NED	4	4	YES	2	None	None	2.80	—	—	2.80
Dr. P. K. Basu	NED-I	4	3	YES	Nil	None	None	1.80	—	—	1.80
Mr. R. M. Pande	NED-I	4	4	YES	Nil	None	None	2.00	—	—	2.00
Mr. Dilip J. Thakkar	NED-I	4	4	YES	14	5	9	2.80	—	—	2.80
Mr. A. U. Rijhsinghani	NED	4	4	YES	Nil	None	None	0.80	—	—	0.80
Mr. J. L. Deshmukh	MD & CEO	4	4	YES	1	None	None	—	46.60	37.12	83.72
Ms. Arati H. Vissanji	NED-I	4	4	YES	Nil	None	None	1.40	—	—	1.40
Mr. Shashi B. Das	NED-I	4	3	YES	Nil	None	None	0.60	—	—	0.60
Mr. Chirag C. Doshi	MD	4	4	YES	1	None	None	—	38.85	37.12	75.97

- Notes: 1. "C-NED" Chairman – Non-Executive Director
 "NED" Non-Executive Director
 "MD & CEO" Managing Director & Chief Executive Officer
 "MD" Managing Director
 "NED-I" Non-Executive Director – Independent

- During the Financial Year 2008-2009, 4 Board Meetings were held on 24.11.2008, 29.01.2009, 27.04.2009 & 31.07.2009.
- Sitting fees paid to Directors include fees paid for attending all Board Meetings and all Sub-Committees thereof during the Financial Year.
- During the year, the professional fees amounting to Rs. 77.50 Lakhs & Rs. 28.85 Lakhs were paid to Mr. Chakor L. Doshi, Chairman and Mr. A. U. Rijhsinghani, Director respectively, in accordance with the approvals granted by the Shareholders. There were no other pecuniary relationship or transactions of Non Executive Directors vis-a-vis the Company.
- Information on Number of Directorship in other Public Limited Companies is as on 30.9.2009.



Code of Conduct:

The Company has formulated and implemented a Code of Conduct for its Directors and Senior Management Personnel of the Company in compliance with Clause 49(I)(D) of the Listing Agreement.

CEO/CFO Certification:

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director & CEO and Chief Financial Officer of the Company have certified to the Board the financial statements for the year ended 30.09.2009.

The information regarding details of Directors being re-appointed is given below pursuant to Clause 49 (IV) (G) of the Listing Agreement.

- (i) Dr. P. K. Basu aged 76 years, is B.A. ECO (Hons.) TRIPOS (CANTAB) M.A. (CANTAB), CBIM (London), PH.D. (Business Administration), CCMI (London) who initially joined Company as a Nominee Director of ICICI and continued as such till 20-08-1996 and then became a Director of the Company liable to retire by rotation. Dr. P. K. Basu was Secretary to Govt. of India in the Ministry of Finance (BPE), Steel, Mines, Coal, Planning, Program Implementations. He is having vast experience in the field of Business Administration in general.
- (ii) Mr. Chakor L. Doshi aged 62 years, is B.Sc. (Mathematics-Physics), Bombay University and MS "Operations Research & Industrial Engineering", University of Michigan (USA). Mr. Chakor L. Doshi is an Industrialist with more than 37 years of experience in the management of large industries. Mr. Doshi is the Chairman of the Company and has been associated with the Company for over 3 decades. He is also on the Board of 2 other Public Limited Companies viz. Bharat Hotels Ltd., Bombay Cycle & Motor Agency Ltd. and on the Board of 10 Private Limited Companies. Mr. Doshi is a Member and Chairman of Bombay Cycle & Motor Agency Ltd. He is also a Trustee of various Trusts.

Shareholding of Non-Executive Directors:

Mr. Chakor L. Doshi holds 55,930 equity shares of the Company. No other Non Executive Director holds any shares in the Company.

(3) Audit Committee:

The Audit Committee comprises of 4 Non-Executive Directors namely Mr. R. M. Pande, Dr. P. K. Basu, Mr. Chakor L. Doshi and Mr. Dilip J. Thakkar, out of which three are independent Directors including Mr. R. M. Pande, the Chairman of the Committee. The Committee is authorised by the Board in the manner as envisaged under Clause 49 (II)(C) of the Listing Agreement.

The Committee has been assigned task as listed under Clause 49(II)(D) of the Listing Agreement. The Committee reviews the information as listed under Clause 49(II)(E) of the Listing Agreement.

Attendance of Directors at the Audit Committee Meetings held during the Financial Year:

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. R. M. Pande	4	4
Dr. P. K. Basu	4	3
Mr. Chakor L. Doshi	4	4
Mr. Dilip J. Thakkar	4	4

Four Audit Committee Meetings were held during the year 2008-2009 on 24.11.2008, 29.01.2009, 27.04.2009, & 31.07.2009.

Mr. S. K. Singhvi, then Company Secretary attended the meeting as Secretary on 24.11.2008 & 29.01.2009 and Mr. G. S. Agrawal, Company Secretary attended the meeting on 27.04.2009 & 31.07.2009.

(4) Remuneration Committee:

The Committee comprises of Mr. Chakor L. Doshi and Four Independent Directors viz, Dr. P. K. Basu, Mr. R. M. Pande, Mr. Dilip J. Thakkar and Ms. Arati H. Vissanji. Dr. P. K. Basu is the Chairman of the Committee. The Remuneration Committee of the Company reviews the remuneration of Managing/ Executive Directors.

Remuneration Policy: The remuneration of Managing/Whole-Time Directors is approved by the Remuneration Committee based on criteria such as industry benchmarks, Company's performance vis-à-vis industry performance/track record of the Managing/Whole Time Director/appointee and is reported to the Board of Directors.

Employees Stock Purchase Scheme, 2008: The powers and responsibilities of Remuneration Committee were extended for implementation, administration and superintendence of the Employees Stock Purchase Scheme, 2008.

The Non-Executive Directors do not draw any remuneration from the Company except as mentioned in item no. 2 above. The total amount of sitting fees paid to Non-Executive Directors during the year was Rs. 12.20 Lakhs.

Attendance of Directors at the Remuneration Committee Meetings held during the Financial Year:

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. R. M. Pande	3	2
Dr. P. K. Basu	3	3
Mr. Chakor L. Doshi	3	3
Mr. Dilip J. Thakkar	3	3
Ms. Arati H. Vissanji*	2	2

* Inducted w.e.f. 29.01.2009

Three Remuneration Committee Meetings were held during the year 2008-2009 on 24.11.2008, 29.01.2009 & 16.02.2009.



Mr. S. K. Singhvi, then Company Secretary attended the meeting as Secretary on 24.11.2008 & 29.01.2009 and Mr. G. S. Agrawal, Company Secretary attended the meeting on 16.02.2009.

The details of remuneration paid/provided for Mr. J. L. Deshmukh for the financial year ended 30th September, 2009 is as follows:

Amount paid/payable (Rs. in Lakhs)

Details	Mr. J. L. Deshmukh Managing Director & CEO
Salary	24.00
Perquisites	14.97
Contribution to P.F. and Superannuation	6.48
Gratuity	1.15
Commissions	37.12
Total	83.72

The additional information in respect of Mr. J. L. Deshmukh, Managing Director & CEO is as under:

Service Contract : Five years.
 Notice Period : Six Months.
 Severance fees : Not Applicable.
 Stock options : Not Applicable.

The details of remuneration paid/provided to Mr. Chirag. C. Doshi for the financial year ended 30th September, 2009 is as follows:

Amount paid/payable (Rs. in Lakhs)

Details	Mr. Chirag C. Doshi Managing Director
Salary	16.80
Perquisites	16.70
Contribution to P. F. and Superannuation	4.54
Gratuity	0.81
Commission	37.12
Total	75.97

The additional information in respect of Mr. Chirag C. Doshi, Managing Director is as under:

Service Contract : Five years.
 Notice Period : Six Months.
 Severance fees : Not Applicable.
 Stock options : Not Applicable.

The Remuneration Committee also acts as Selection Committee by co-opting a suitable expert from respective field to consider and approve cases falling under section 314 of the Companies Act, 1956 and the Directors' Relatives (Office or Place of Profit) Rules, 2003.

(5) Shareholders' Grievance Committee:

Shareholders' Grievance Committee comprises of 2 Non-Executive Directors namely Mr. Chakor L. Doshi and Mr. Dilip J. Thakkar. Mr. Chakor L. Doshi is the Chairman of the Committee. The Committee is authorised to redress the shareholders' and Investors' complaints.

Mr. S. K. Singhvi, then Company Secretary acted as Compliance Officer till 29.01.2009 and attended the meeting as Secretary on 24.11.2008 and Mr. G. S. Agrawal, Company Secretary is appointed as Compliance Officer w.e.f. 30.01.2009.

During the financial year 2008-09, 157 complaints were received from shareholders and were resolved as per details given hereunder:

Sr. No.	Nature of query/ Complaint	Pending as on 01.10.08	Received during the year	Redressed during the year	Pending As on 30.09.09
1.	N/R of Share Certificates	—	26	26	—
2.	N/R of dividend warrants	—	72	72	—
3.	N/R of Annual Reports	—	08	08	—
4.	N/R of Demat Credit/Remat Cert.	—	02	02	—
5.	Rejected DRF	—	—	—	—
6.	N/R of Bonus Certificate	—	20	20	—
7.	N/R of Exchange Certificate	—	10	10	—
8.	N/R of replacement/ splitting/ consolidated/ duplicate share certificates	—	04	04	—
9.	Others	—	15	15	—
	TOTAL	—	157	157	—

Attendance of Directors at the Shareholders' Grievance Committee Meeting held on 24.11.2008 is as under:

Name of Director	No. of Meeting held	No. of Meeting attended
Mr. Chakor L. Doshi	1	1
Mr. Dilip J. Thakkar	1	1

(6) Share Transfer Matters:

In order to ensure prompt service to Shareholders, the Board of Directors has given authority to Managing Director & CEO and Managing Director of the Company and Link Intime India Pvt. Ltd., the Registrar & Share Transfer Agent of the Company to approve matters concerning share transfer/transmission, consolidation of shares etc. These matters are subsequently ratified by the Board of Directors. The Company did not have any Share Transfer application pending as on 30.09.2009.



(7) Finance Committee:

The Board of Directors formed Finance Committee to consider and approve borrowing proposals referred to it by the Board. The Committee comprises of three Directors viz. Mr. Chakor L. Doshi, Mr. Dilip J. Thakkar and Mr. J. L. Deshmukh. Mr. Chakor L. Doshi is Chairman of the Committee. During the financial year, one meeting of Finance Committee was held on 31-07-2009.

Attendance of Directors at the Finance Committee Meeting held on 31-07-2009 is as under:

Name of Director	No. of Meeting held	No. of Meeting attended
Mr. Chakor L. Doshi	1	1
Mr. Dilip J. Thakkar	1	1
Mr. J. L. Deshmukh	1	1

(8) Allotment Committee:

The Board of Directors constituted Allotment Committee for the purpose of allotment of equity shares on conversion of warrants to allottees specified with special resolution as approved by the shareholders. The powers and responsibilities of Allotment Committee were extended for issue and allotment of not more than 28,000 Equity Shares of the Company under the Employees Stock Purchase Scheme, 2008.

The Committee comprises of three Directors viz. Mr. Dilip J. Thakkar, Ms. Arati H. Vissanji and Mr. Chakor L. Doshi. Mr. Dilip J. Thakkar is Chairman of the Committee. During the financial year, one meeting of Allotment Committee was held on 17.03.2009.

Attendance of Directors at the Allotment Committee Meeting held on 17-03-2009 is as under:

Name of Director	No. of Meeting held	No. of Meeting attended
Mr. Dilip J. Thakkar	1	1
Ms. Arati H. Vissanji	1	1
Mr. Chakor L. Doshi	1	1

During the year, the Company has issued and allotted 25,145 Equity Shares to 1,633 employees under Employees Stock Purchase Scheme, 2008.

(9) General Body meetings:

(i) Location and time, where last three AGMs held:

Financial Year - 1st October to 30th September			
Year	Venue	Date	Time
2005-06	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai – 400 020	24-01-2007	03.30 p.m.
2006-07	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai – 400 020	30-01-2008	03.30 p.m.
2007-08	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai – 400 020	29-01-2009	04.00 p.m.

(ii) Location and time, where Extra Ordinary General Meetings were held in last three years:

Year	Venue	Date	Time
2006-07	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai – 400 020	23-11-2006	11.30 a.m.
2007-08	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai – 400 020	04-03-2008	03.30 p.m.

(iii) Special resolutions passed in the previous three AGMs:

- 2006-07
 - (a) Resolution Number 10, Resolution under section 94 for sub-division of each equity share of face value of Rs. 10/- to 5 equity shares of face value of Rs. 2/- and consequent amendments in the Memorandum of Association and Articles of Association of the Company.
 - (b) Resolution Number 11, Resolution under section 198 for issue and allotment of Bonus equity shares by capitalizing free reserves of the Company.
- 2007-08
 - Resolution Number 6, Resolution under section 81(1A) for issue and allotment of equity shares not more than 28,000 under an Employees Stock Purchase Scheme (ESPS)

All resolutions including special resolutions were passed by the members of the Company. No postal Ballots were used for voting at these meetings.



(iv) Special Resolution passed during financial year 2007-2008 through Postal Ballot – details of voting pattern

Details of postal ballot voting pattern:

Resolution Number	Particulars	Percentage of votes cast in favour of resolution
1.	Special resolution authorizing Board of Directors to make loans, give guarantees, provide securities and make investments exceeding the limits as specified in Section 372A of the Companies Act, 1956.	99.60%
2.	Special resolution for alteration of Object Clause of the Memorandum of Association of the Company by adding new Clause related to aviation business and allied activities and also undertaking infrastructure activities as per Section 17 of the Companies Act, 1956.	99.77%
3.	Special resolution for commencement of aviation business and allied activities and also infrastructure activities as specified in the new sub-clause 41 of the Memorandum of Association pursuant to Section 149 (2A) of the Companies Act, 1956	99.78%

(v) Person who conducted the postal ballot exercise

Mr. Vinayak N. Deodhar, Practicing Company Secretary was appointed as Scrutinizer to receive and scrutinize the Postal Ballot Forms received from the Members for conducting the Postal Ballot Process in a fair and transparent manner.

(10) Disclosures:

- (i) *Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, their Subsidiaries or Relatives, etc. that may have potential conflict with the interests of the Company at large:*

The Audit Committee and the Board consider periodically the statement of related party transactions with details together with the basis at their meetings. However these transactions are not likely to have any conflict with the interest of the Company.

As required by the Accounting Standards AS-18, the details of related party transactions are given in Schedule 'O-B' in Notes forming part of Accounts.

- (ii) *Management Disclosures:*

The Senior Management personnel have made disclosures to the Board relating to all material financial and commercial transactions, if any, where they may have personal interest that may have a potential conflict with the interest of the Company at large. Based on the disclosures received, none of the Senior Management personnel has entered into any such transactions during the year.

- (iii) *Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authorities, on any matter related to Capital markets during last three years:*

None.

- (iv) *Risk Management Framework:*

The Company has laid down procedures to apprise the Board of Directors regarding key risk assessment and risk mitigation mechanisms and the same has been reviewed periodically to ensure that executive management control risk through means of a properly defined framework.

- (v) *Proceeds from Public Issues, rights issues, preferential issues etc:*

During the financial year 2007-08, the Company had converted 8,00,000 convertible warrants issued on preferential basis. The Company has received entire amount of Rs. 5,072 Lakhs on conversion of the warrants into equity shares. The Company has utilized Rs. 1,184 Lakhs for capital expenditure, Rs. 2,780 Lakhs for working capital and the balance amount has been invested in Liquid & Debt schemes of Mutual Funds and Fixed Maturity Plans.



(11) Means of Communication:

- (i) Quarterly, Half Yearly and Annual Results are published in All India Edition of Financial Express in English & Mumbai Lakshadeep in Marathi News papers from Mumbai.
- (ii) The quarterly, half yearly and annual results and shareholding pattern are also posted on the website of the Company (www.walchand.com) and on Electronic Data Interpretation Filing and Retrieval System (EDIFAR) at www.sebiedifar.nic.in.
- (iii) The Company has designated 'investors@Walchand.com' as an email id for the purpose of registering complaints by investors and displayed the same on the Company's website.
- (iv) "Management Discussion and Analysis" is given in the Directors' Report.
- (v) No presentations were made to institutional investors or to the analysts during the year.

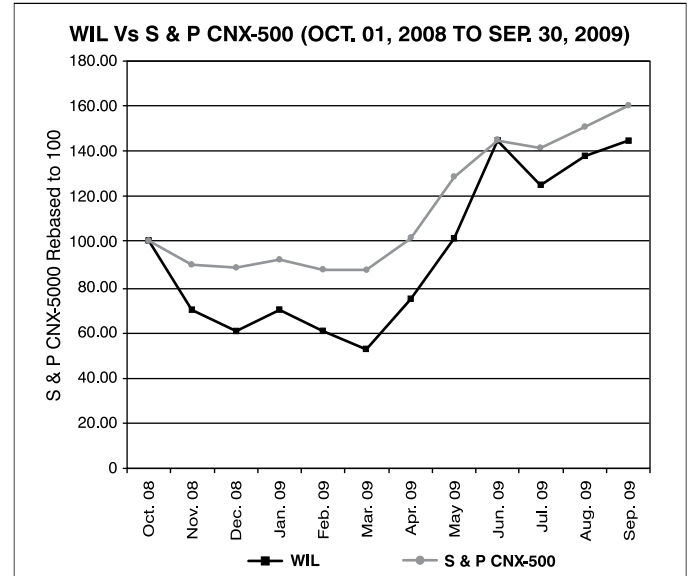
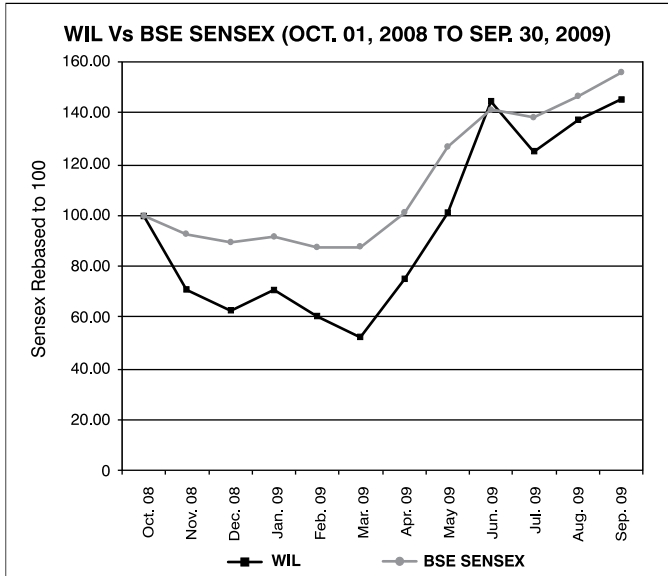
(12) General Shareholder information:

- (i) AGM: Date, Time & Venue : 20th January, 2010 – 3.00 p.m.
Walchand Hirachand Hall,
Indian Merchants' Chambers Building,
Churchgate,
Mumbai – 400 020
- (ii) Financial Calendar : The Company follows October to September as its Financial Year. The results for every quarter beginning from October is declared in the month following the quarter except for the last quarter, for which Annual Audited Results are declared within the period permitted under the Listing Agreement.
- (iii) Date of Book Closure : 14th January, 2010 to 20th January, 2010 (Both days inclusive).
- (iv) Dividend payment date : On or before 19th February, 2010
- (v) Listing on Stock Exchanges : Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. The Listing fees for the year 2009-2010 have been paid to both the Stock Exchanges.
- (vi) Stock Code : 507410 (BSE) and WALCHANNAG (NSE).
- (vii) Market Price Data: High, Low during each month in last financial year : BSE/NSE

Month	BSE		NSE	
	High	Low	High	Low
Oct. 08	229.00	82.00	228.80	81.00
Nov. 08	134.80	84.80	134.00	84.10
Dec. 08	116.00	77.75	115.90	73.00
Jan. 09	132.70	85.70	132.95	85.25
Feb. 09	110.00	78.50	110.00	78.05
Mar. 09	94.40	67.50	94.50	67.65
Apr. 09	144.40	87.55	144.40	87.80
May. 09	198.70	115.65	198.75	116.10
Jun. 09	258.80	191.20	259.75	190.85
Jul. 09	234.00	152.20	234.00	152.25
Aug. 09	235.95	191.10	236.00	191.00
Sep. 09	242.30	210.05	242.40	208.00



- (viii) Performance in comparison : The Chart shows the performance of the Company's Shares at BSE and NSE as compared to BSE SENSEX and S & P CNX - 500 during the year 2008-09:



- (ix) Registrar and Transfer Agents : M/s. Link Intime India Pvt. Ltd.
Unit: Walchandnagar Industries Ltd.
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai 400 078
Ph. No. (022) 25963838
Fax No. (022) 25946969
e-mail id: mumbai@linkintime.co.in
- (x) Share Transfer System : Shareholders are permitted to hold shares in Physical Form or in Demat Form. In case of Physical form, shareholders are informed to lodge the shares for transfer purpose to the Registrars and Share Transfer Agents and the Company is taking care to ensure that share transfer work gets completed as early as possible and not later than one month period. The transfers are being approved once in a week. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.
- (xi) Persons coming within the Definition of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

Mr. Chakor L. Doshi
Mrs. Champa C. Doshi
Mr. Chirag C. Doshi
Bombay Cycle & Motor Agency Ltd.
Walchand Great Achievers Pvt. Ltd.
Walchand Kamdhenu Commercials Pvt. Ltd.
Chiranika Trading Pvt. Ltd.
Rodin Holdings Inc.
Olsson Holdings Inc.

Smt. Lalitabai Lalchand Charity Trust
Walchand Charitable Trust
Lalchand Hirachand (HUF)
Chakor L. Doshi (HUF)

The above disclosure has been made inter-alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations as amended from time to time.



(xii) (a) Shareholding Pattern :
as on 30-09-2009

Category	No. of Shares	%
Promoters & Directors, Directors' Relatives & Group Companies/Group Trusts	20938613	55.00
Mutual Funds & Unit Trust of India	6500	0.02
Banks, Financial Institutions, State Government	128480	0.34
Insurance Companies	2698940	7.09
Private Corp. Bodies & Clearing Members	2378250	6.25
NRI/OCB/FII	179304	0.47
Public (Resident Indians/Trusts)	11740118	30.83
TOTAL	38070205	100.00

(b) Distribution of shareholding as on 30-09-2009

Shareholding of nominal value of Rs.	Number of Shareholders	% to Total	Amount in Rs.	% to Total
Upto 5000	95463	99.3682	19784448	25.9842
5001 to 10000	372	0.3872	2667890	3.5039
10001 to 20000	130	0.1353	1885378	2.4762
20001 to 30000	37	0.0385	899062	1.1808
30001 to 40000	16	0.0167	575996	0.7565
40001 to 50000	10	0.0104	450688	0.5919
50001 to 100000	26	0.0271	1738308	2.2830
100001 onwards	16	0.0167	48138640	63.2235
TOTAL	96070	100.0000	76140410	100.0000

(xiii) Dematerialization of Shares and Liquidity

: As stated earlier, the Company's shares are listed on the Stock Exchanges. As per the SEBI notifications, trading in Company's shares has been made compulsorily in Dematerialised form w.e.f. 26th December, 2000 and Company's Registrar & Transfer Agents have established connectivity with NSDL & CDSL. The ISIN No. is INE711A01022. As on 30.09.2009, 3,05,85,213 equity shares representing 80.34% of the total shares have been Dematerialised. The members holding shares in physical form are requested to get the shares converted into demat form as per the prescribed procedure.

Liquidity of shares

: The shares of the Company are traded in the "B" group. During the year, the National Stock Exchange of India has excluded the equity shares of the Company from the Futures and Option Segment (F & O) of the exchange with effect from 26.03.2009.

(xiv) Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments, Conversion date and likely impact on equity

: No instrument is outstanding for allotment or conversion.

(xv) Plant Locations

: The Company currently has 3 plants located as follows:

1. Walchandnagar, Dist. Pune, Maharashtra
2. Satara Road, Dist. Satara, Maharashtra
3. Attikola, Dharwad, Karnataka

(xvi) Address for correspondence

(a) For Correspondence relating to shares

: Link Intime India Pvt. Ltd.
Unit: Walchandnagar Industries Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400 078
Ph. No. (022) 25963838, Fax No. (022) 25946969

(b) For other matters (At Company's Registered Office)

: Walchandnagar Industries Ltd.
3, Walchand Terraces
Tardeo Road, Mumbai - 400 034
Tel: (022) 40287109, Fax: (022) 23634527



(xvii) Company Website : The Company has its website namely www.walchand.com. The website provides detailed information about the Company, its products and services offered, locations of its corporate offices and various sales offices etc. The Quarterly Results, Annual Reports and Shareholding patterns are updated on the website of the Company.

(13) Compliance of Non-Mandatory requirements as set out in Annexure I D to Clause 49 of the Listing Agreement:

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreement with the Stock Exchanges.

1. Chairman of the Board:

The Chairman's Office with required facilities is provided and maintained at Company's expense for use by its Non-Executive Chairman.

2. Remuneration Committee:

The Company has set up Remuneration Committee. Please refer aforesaid item no. 4 for further details.

AUDITORS' CERTIFICATE

The Auditor's Certificate on Corporate Governance is given hereunder.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Compliance of Code of Conduct for Directors and Senior Management Personnel pursuant to amended provision of Clause 49 of the Listing Agreement.

The Board laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company on 1st March, 2005. The Code of Conduct was also posted on the Website of the Company.

All the Board Members and Senior Management Personnel affirmed that they have complied with the said Code of Conduct on an annual basis in respect of the financial year ended 30-09-2009.

Date: 25th November, 2009

J. L. Deshmukh
Managing Director & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
Walchandnagar Industries Limited

We have examined the compliance of conditions of Corporate Governance by **Walchandnagar Industries Limited**, for the year ended 30th September, 2009 as stipulated in Clause 49 of Listing Agreement with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai
Dated: 25th November, 2009

For K. S. Aiyar & Co.
Chartered Accountants

Satish K. Kelkar
Partner
Membership No. 38934



ANNEXURE "C" TO THE DIRECTORS' REPORT (ADDITIONAL INFORMATION GIVEN IN TERMS OF NOTIFICATION NO.1029 OF 31-12-1988 ISSUED BY THE DEPARTMENT OF COMPANY AFFAIRS) (DISCLOSURES)

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- (1) Installed Online Tap Changer (OLTC) for power transformer (22/6.6 KV & 2000 KVA) to get controlled output voltage within $\pm 1.5\%$ thus saving in Energy about 5% and other intangible benefits such as reducing rewinding and repair cost.
- (2) Installed Thyristorised Controlled Welding MIG Machines against Motor Generator Sets thus saving of Idle running cost.
- (3) Overhauled the D. G. Power Set and improved the units generated per litre Diesel (2.8 to 3.2 units/Litre).
- (4) Reduced oversized Motors for 2 Nos. of Machine Tools during retrofitting.

(b) Energy Conservation Measures Proposed:

- (1) Installation of Automatic Power Factor Controller (APFC) to improve system power factor 0.96 lag to 0.99 lag.
- (2) Replacement of Oversized Motors to AC variable drives for 3 Nos. of machine tools.

(B) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

(1) Specific areas in which R&D has been carried out by the company:

- New product development
- Import substitution
- Process/equipment developments
- Value Engineering and Value Analysis (VEVA)

(2) Benefits derived as a result of R&D

- New Boiler Design for mustard husk firing which is one of the critical biomass fuel.
- External Dryer for existing coal mill to increase the production of coal mills.
- Successfully developed the cold forming technology for fabrication of complex shaped component made out of High Strength Alloy Steel HLES used in submarine application. Special Die & Punch required for forming were designed and developed in-house capabilities and using computer modeling.
- Developed the press working technology for contour forming of pull-outs for the Heat Exchanger Shells made of 316 LN Stainless Steel for use in Fast Breeder Nuclear Reactor.
- Established the welding techniques and procedures for critical welding of Nuclear Grade Borated Stainless Steel and 9 Cr 1 Mo (chrome-moly) Alloy Steels with use of Indigenous Welding Consumables. The components are required for the large type prototype fast breeder reactor being built for the first time in India.

(3) Future plan of Action

Orbital Welding technology for tube to tube welding of high strength alloy steel (9Cr 1 Mo).

(4) Expenditure on R&D

	Rs. in Lakhs
Capital (Development Expenditure)	111.00
Recurring	20.27
Total	131.27
Total R&D Expenditure	
Percentage to turnover	0.25

(5) Imported technology (imported during last 5 years reckoned from the beginning of the financial year).

- (a) Technology import:
Foster Wheeler North America Corporation New Jersey, USA for High Pressure Stroker Fired Boilers.
- (b) Year of Collaboration
2008-2009.
- (c) We have already started manufacturing and executing high pressure boilers.

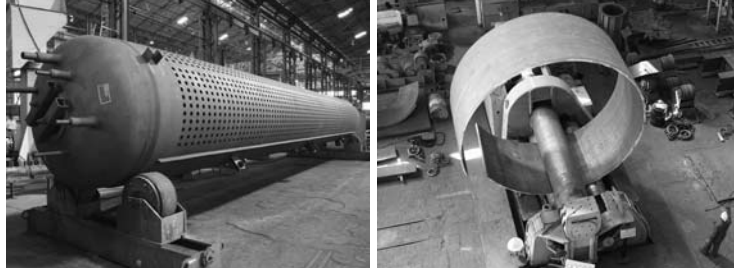
Technology absorption, adaptation and innovations:

- (1) Efforts in brief made towards technology absorption, adaptations & innovations:
 - Continuous monitoring of technology trends.
 - Continuous interaction and exchange of information with technical experts.
 - Deputing Engineers abroad for interaction & exchange of information.
 - Development efforts for technology adaptation in new areas.
- (2) Benefits derived as result of above efforts:
 - Improvement in manufacturing methods and quality standards.
 - Tending towards self sufficiency in engineering skills for manufacturing high-tech jobs.
 - Development of energy efficient cost effective, high performance engineering products.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange used and earned:

Earning in Foreign Exchange	Rs. 9,692.35 Lakhs
Foreign Exchange Outgo	Rs. 6,436.50 Lakhs



Auditors' Report

To the Members,
Walchandnagar Industries Ltd.

We have audited the attached Balance Sheet of **Walchandnagar Industries Limited**, as at 30th September, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns of the division at Zambia audited by overseas local auditors and relied on by us.

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the division at Zambia not visited by us. The division's overseas Auditor's Report has been forwarded to us and appropriately dealt with;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the division at Zambia;

- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 30th September, 2009 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 30th September, 2009, from being appointed as a Director, in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) *As stated in our earlier years' audit report, no provision has been made for the liability, if any, in respect of the Bank Guarantee invoked by the parties in earlier years, as explained in the Note No. D-4 (iii) (a) and (b) of the Schedule 'O' Since the matter is sub-judice we are unable to opine on the likelihood of these liabilities devolving on the Company and the consequent effect on Profit and the Reserves and Surplus.*

Subject to (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

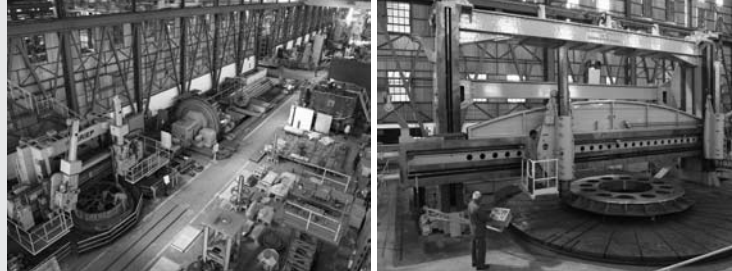
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2009;
- (b) in the case of the Profit and Loss account, of the Profit for the year ended on that date and
- (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For K. S. Aiyar & Co.
Chartered Accountants

Satish K. Kelkar
Partner

Place: Mumbai
Date: 25th November, 2009

Membership No. 38934



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date,

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the Fixed Assets.
 - (b) The Company has a programme for physical verification of the Fixed Assets, which in our opinion is reasonable having regards to the nature of the business. Accordingly, the Fixed Assets have been physically verified by the management at the end of the year and no material discrepancies were noticed on such verification.
 - (c) The Fixed Assets disposed off during the year were not substantial. According to the information and explanation given to us; we are of the opinion that the disposal of the Fixed Assets has not affected the going concern status of the Company.
- (ii)
 - (a) The Management has conducted physical verification of the inventory at reasonable intervals other than material lying with sub-contractors, which have been substantially confirmed by them.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared to the book records.
- (iii)
 - (a) The Company has not granted/taken any secured or unsecured loans to/from Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, sub-clauses (b), (c), (d), (e), (f) and (g) of (iii) of the said Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v)
 - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time.

However, with regard to the Management Service Contract with a party, as service is of specialized nature it is not possible to ascertain the market price for the same.

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vii) In our opinion, Company has an internal audit system commensurate with size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix)
 - (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise-Duty and Cess and other statutory dues applicable to it.
According to the information and explanations given to us, no undisputed amount payable in respect of Income-Tax, Wealth Tax, Service Tax, Sales-Tax, Custom Duty, Excise Duty and Cess were in arrears as at 30th September, 2009 for the period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, the disputed statutory dues on account of Sales Tax, Income-Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess that have not been deposited on account of matters pending before appropriate authority are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Denial of exemption availed under notification No. 6/2002, for supply of biomass based boilers	266.19 (Net of CENVAT reversal and payment)	March, 2000 to March, 2004	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty demand on bought out items supplied for centrifugals, which has already suffered duty at manufacturers end.	61.36 (Net of CENVAT reversal and payments)	June, 1983 to April, 2005	CESTAT, Mumbai
Maharashtra Land Revenue Code	N.A. Tax	66.61	1982 to 2003	Tehsildar, Indapur



- | | |
|--|---|
| <p>(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the current year and immediately preceding financial year.</p> <p>(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to the financial institutions or banks or debenture holders during the year.</p> <p>(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xvi) The term loans have been applied for the purpose for which they were raised.</p> | <p>(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.</p> <p>(xviii) According to the information and explanations given to us during the period covered by our audit report, the Company has not made any preferential allotment of shares to the parties and companies covered under the register maintained u/s. 301 of the Companies Act, 1956.</p> <p>(xix) According to the information and explanations given to us during the period covered by our audit report, the Company has not issued any debentures.</p> <p>(xx) According to the information and explanations given to us during the period covered by our audit report, the Company has not raised any money by public Issue.</p> <p>(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.</p> |
|--|---|

For K. S. Aiyar & Co.
Chartered Accountants

Satish K. Kelkar
Partner
Membership No. 38934

Place: Mumbai
Date: 25th November, 2009



BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

	Schedule	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
I. SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS:				
Share Capital	A	761.40		760.90
Reserves & Surplus	B	41,960.83		41,424.52
			42,722.23	42,185.42
2. DEFERRED TAX LIABILITY (Refer Note No. D-12 of Schedule 'O')			1,059.04	786.33
3. LOAN FUNDS:				
Secured Loans	C	10,992.01		7,315.73
Unsecured Loans	D	1,503.40		1,511.43
			12,495.41	8,827.16
TOTAL			56,276.68	51,798.91
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS:	E			
Gross Block		57,402.53		55,653.97
Less : Accumulated Depreciation		28,327.97		25,922.78
Net Block			29,074.56	29,731.19
Capital Work-in-progress			5,237.11	2,225.60
2. INVESTMENTS:	F		4,622.29	4,177.07
3. NET CURRENT ASSETS:				
CURRENT ASSETS, LOANS AND ADVANCES:	G			
Interest accrued and due		22.82		44.12
Inventories		17,172.59		12,048.45
Sundry Debtors		26,633.27		33,800.94
Cash & Bank Balances		4,148.54		1,048.33
Loans & Advances		10,870.38		8,017.69
		58,847.60		54,959.53
Less:				
CURRENT LIABILITIES AND PROVISIONS:	H			
Current Liabilities		40,732.87		37,878.36
Provisions		772.01		1,416.12
		41,504.88		39,294.48
NET CURRENT ASSETS:			17,342.72	15,665.05
TOTAL			56,276.68	51,798.91
Notes forming part of Accounts	O			

In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the values stated, if realised in the ordinary course of Business. Subject to the Notes, the provisions for depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary. There are no Contingent Liabilities to our knowledge except those stated in Schedule 'O'.

As per our report attached
For K. S. AIYAR & Co.
Chartered Accountants

J. L. Deshmukh
Managing Director & Chief Executive Officer

Chakor L. Doshi
Chairman
Chirag C. Doshi
Managing Director

Satish K. Kelkar
Partner

G. S. Agrawal
Company Secretary

V. R. Joshi
Chief Financial Officer

Dr. P. K. Basu
R. M. Pande
Dilip J. Thakkar
A. U. Rijhsinghani
S. B. Das
A. H. Vissanji
} Directors

Mumbai
25th November, 2009

Mumbai
25th November, 2009

M. H. Purwat
Sr. Vice President (Finance)


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2009

	Schedule	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
I. INCOME:				
1. Sales		46,602.84		66,808.59
Less: Excise Duty		1,270.56		3,165.57
		45,332.28		63,643.02
2. Erection, Job Work and Services		5,929.25		5,961.29
			51,261.53	69,604.31
3. Other Income	I		1,229.95	420.67
			52,491.48	70,024.98
II. EXPENDITURE:				
1. Raw Material & Components consumed		31,020.89		43,939.09
2. Payment to and provision to employees	J	5,320.47		4,985.55
3. Manufacturing, Administration & Selling expenses	K	14,226.27		13,508.50
4. Interest	L	697.37		463.34
		51,265.00		62,896.48
5. Less: Expenditure Capitalised		39.07		97.47
		51,225.93		62,799.01
6. Add/(Less): Decrease/(Increase) in stocks	M	(3,324.34)		463.38
			47,901.59	63,262.39
7. Profit before Depreciation & Tax			4,589.89	6,762.59
8. Depreciation for the year		2,429.00		2,187.71
9. Less: Transferred from Revaluation Reserve		1,376.45		1,478.26
			1,052.55	709.45
Profit Before Tax			3,537.34	6,053.14
10. Provision for Fringe Benefit Tax			34.00	59.00
11. Provision for Taxation			888.00	1,984.49
Provision for Wealth Tax			2.50	2.57
Deferred Tax Liability/(Asset)			272.71	30.15
12. Profit After Tax			2,340.13	3,976.93
13. Surplus brought forward from last year		8,231.19		5,097.07
			8,231.19	5,097.07
14. Surplus before appropriation			10,571.32	9,074.00
III. APPROPRIATION:				
General Reserve		234.01		397.70
Proposed Dividend		380.70		380.45
Tax on Proposed Dividend		64.70		64.66
			679.41	842.81
Surplus carried to Balance Sheet			9,891.91	8,231.19
Notes forming part of Accounts	O			
Earning Per Equity Share				
Basic			6.15	12.32
Diluted (Refer Note No. D-11 of Schedule 'O') (Computed Post subdivision & Bonus issue during the previous year)			6.15	12.32

As per our report attached

For K. S. AIYAR & Co.
Chartered Accountants

J. L. Deshmukh
Managing Director & Chief Executive Officer

Chakor L. Doshi

Chairman

Chirag C. Doshi

Managing Director

Satish K. Kelkar
Partner

G. S. Agrawal
Company Secretary

V. R. Joshi
Chief Financial Officer

Dr. P. K. Basu
R. M. Pande
Dilip J. Thakkar
A. U. Rijhsinghani
S. B. Das
A. H. Vissanji

Directors

Mumbai
25th November, 2009

Mumbai
25th November, 2009

M. H. Purwat
Sr. Vice President (Finance)



SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'A': SHARE CAPITAL

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
1. AUTHORISED:			
50000 10% Cumulative Preference Shares of Rs. 100 each	50.00		50.00
50000 Preference Shares of Rs. 100 each	50.00		50.00
		100.00	100.00
120000000 Equity Shares of Rs. 2 each		2,400.00	2,400.00
		2,500.00	2,500.00
2. ISSUED, SUBSCRIBED & PAID UP:			
38070205 (Previous Year 38045060) Equity Shares of Rs. 2 each Fully paid-up		761.40	760.90
TOTAL		761.40	760.90

NOTES:

Upto Previous year

(I) The Subscribed and paid-up capital includes the following:

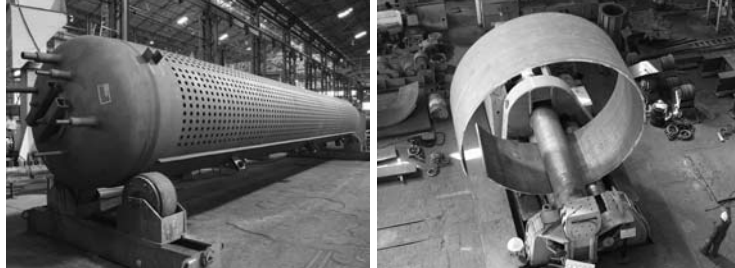
- (1) 2,47,95,020 Equity Shares issued as Bonus Shares out of Share Premium, General Reserve and Capital Reserve.
- (2) 2,50,000 Equity Shares issued for consideration other than for Cash, pursuant to a contract.
- (3) 1,21,300 Equity Shares issued on conversion of Debentures.
- (4) 17,28,740 Equity Shares issued without payment being received in cash to the share-holders of the erstwhile Cooper Engineering Ltd. and erstwhile Tiwac Industries Ltd., in terms of the Schemes of Amalgamation sanctioned by the Bombay High Court.
- (5) The Company subdivided its each Rs. 10 paid Equity Share into 5 Equity shares of Rs. 2 each. The company also issued Bonus Shares in the ratio of 1 fully paid equity share of Rs. 2 each for every Rs. 2 paid equity share held.
- (6) The allottees of the warrants on preferential basis, exercised their right of conversion. Accordingly the 8,00,000 warrants of Rs. 10 each were converted into 80,00,000 equity shares of Rs. 2 each (inclusive of Bonus in the ratio of 1:1 and subdivision in the ratio of 1:5).

During the Current Financial year

(II) On 17.03.2009 the Company has allotted 25,145 equity shares under Employees Stock Purchase Scheme, 2008 (ESPS) at par i.e. Rs. 2/- per Share to the permanent Employees.

SCHEDULE 'B': RESERVES AND SURPLUS

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
1. REVALUATION RESERVE (On Revaluation of Fixed Assets)			
Opening Balance	21,185.26		9,865.18
Add : On Revaluation during the year	—		12,820.54
Less: Adjustment on Account of Sale	—		22.20
Less: Depreciation on Revalued Assets Transferred to Profit & Loss Account	1,376.45		1,478.26
		19,808.81	21,185.26
2. CAPITAL REDEMPTION RESERVE		50.00	50.00
3. CONTINGENCY RESERVE		2,085.48	2,085.48
4. SECURITIES PREMIUM ACCOUNT	4,976.43		4,992.00
Less: Share Issue Expenses Adjusted (net of tax)	—		15.57
Add: On account of issue of shares under Employees Stock Purchase Scheme (Refer Note No. D-6 of Schedule 'O')	18.03		—
		4,994.46	4,976.43
5. GENERAL RESERVE	4,896.16		4,878.91
Less: Utilisation for issue of fully paid Bonus shares	—		380.45
Add : Transferred from Profit & Loss Account	234.01		397.70
		5,130.17	4,896.16
6. SURPLUS BALANCE IN PROFIT AND LOSS ACCOUNT		9,891.91	8,231.19
TOTAL		41,960.83	41,424.52

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET****SCHEDULE 'C' : SECURED LOANS**

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
(A) From Banks			
(I) Heavy Engineering Division, Walchandnagar			
(i) Term Loans (Payable within one year Rs. Nil; Previous year Rs. 129.15 Lakhs)	—		129.15
(ii) Buyer's Credit Loan (under Company's Letter of Credit Facility)	2,968.46		4,034.61
(iii) Working Capital Loans (Secured by hypothecation of all those tangible movable properties and assets, present and future, including all stocks of Raw Material, Components, Tools, Stores Materials, Work-in-progress, Finished Goods & Book Debts and equitable mortgage on fixed assets of Walchandnagar Division)	2,070.96		2,298.83
(iv) External Commercial Borrowings (Payable within year Nil) External Commercial Borrowings is proposed to be Secured by first pari passu charge on the fixed and current Assets of the Company's Walchandnagar Division and Foundry Division, which are presently charged to State Bank of India Consortium for Walchandnagar Division and State Bank of India for Foundry Division. This charge will be on pari passu basis with the existing charge holders of the company namely State Bank of India Consortium for Walchandnagar Division and State Bank of India for Foundry Division. In the Interim period, the Company has created lien on its Fixed deposits to the tune of Rs. 2,200 Lakhs as an interim security.	2,887.20		—
(v) Vehicle Loan (Secured by Assets Purchased there under) (Payable within one year Rs. 4.56 Lakhs; Previous year Rs. 25.08 Lakhs)	4.56		29.64
		7,931.18	6,492.23
(II) Foundry Division, Satara Road			
(i) Term Loan (Payable within one year Rs. 59.62 Lakhs; Previous year Rs. 90 Lakhs)	59.62		149.62
(ii) Working Capital Loans (Secured by hypothecation of all those tangible movable properties and assets, present and future, including all stocks of Raw Material, Components, Tools, Stores Materials, Work-in-progress, Finished Goods & Book Debts and equitable mortgage on fixed assets of Foundry Division)	500.00	559.62	662.02
			811.64
(B) Commercial Paper (Commercial Paper is issued within the overall approved working Capital facility under carving by the State Bank of India Consortium Banks)		2,500.00	—
(C) From Others (payable within one year Rs. 1.21 Lakhs; Previous year Rs. 10.65 Lakhs) (Secured by Cars purchased under Hire-Purchase agreement)		1.21	11.86
TOTAL		10,992.01	7,315.73

SCHEDULE 'D' : UNSECURED LOANS

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
(A) Fixed Deposits (payable within one year Rs. 3.40 Lakhs; Previous year Rs. 8.03 Lakhs)		3.40	11.43
(B) From Banks (Payable within one year Rs. 1,500 Lakhs; Previous year Rs. 1,500 Lakhs)		1,500.00	1,500.00
		1,503.40	1,511.43



SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'E' : FIXED ASSETS

(Rs. in Lakhs)

Particulars	Gross Block					Depreciation					Net Block	
	Cost/Book Value as at 01.10.2008	Addition	Added due to Revaluation	Deductions/ Adjustments	Cost/Book Value as at 30.09.2009	Depreciation upto 01.10.2008	Depreciation for the Year	Added due to Revaluation	Deduction/ Adjustments	Depreciation upto 30.09.2009	As at 30.09.2009	As at 30.09.2008
1. Land (Free Hold)	3,794.72	—	—	—	3,794.72	—	—	—	—	—	3,794.72	3,794.72
2. Buildings (i)	20,950.49	31.40	—	—	20,981.89	9,694.11	436.75	—	—	10,130.86	10,851.03	11,256.38
3. Plant and machinery	27,758.85	456.53	—	0.07	28,215.31	14,505.02	1,594.85	—	0.01	16,099.86	12,115.45	13,253.83
4. Laboratory Equipment	16.24	—	—	—	16.24	10.92	0.74	—	—	11.66	4.58	5.32
5. Furniture Fixtures, Office Equipments and Electrical Fittings	1,245.09	672.32	—	5.73	1,911.68	800.96	208.50	—	3.99	1,005.47	906.21	444.13
6. Patents	11.13	—	—	—	11.13	10.93	0.20	—	—	11.13	—	0.20
7. Vehicles	514.48	46.84	—	25.20	536.12	283.96	61.10	—	19.81	325.25	210.87	230.52
8. Road, Water Works and Drainage	1,163.95	23.83	—	—	1,187.78	596.13	46.66	—	—	642.79	544.99	567.82
9. Intangible Assets	199.02	550.49	—	1.85	747.66	20.75	80.20	—	—	100.95	646.71	178.27
Total	55,653.97	1,781.41	—	32.85	57,402.53	25,922.78	2,429.00	—	23.81	28,327.97	29,074.56	29,731.19
Previous Year	41,853.20	2,763.16	11,263.32	225.71	55,653.97	25,468.17	2,187.71	(1,557.22)	175.88	25,922.78	29,731.19	
(i) Includes cost of 5 shares of Rs. 50 each of Co-operative Housing Societies against acquisition of Flats.												
(ii) Refer Notes Nos. D-1 and D-2 of Schedule 'O'.												

SCHEDULE 'F' : INVESTMENTS (AT COST)

LONG TERM INVESTMENTS:

QUOTED:

Fully paid up Equity Shares

Housing Development Finance Corporation Ltd.,

1,66,180 Equity Shares of Rs. 10 each

Bombay Cycle & Motor Agency Ltd.

600 Equity Shares of Rs. 10 each

H D F C Bank Ltd.,

500 Equity Shares of Rs. 10 each

Bank of Baroda

12,000 equity shares of Rs. 10 each

UNQUOTED:

(1) EQUITY SHARES

Maharashtra State Co-operative Bank Ltd.

2 Equity Shares of Rs. 50 each

Shushrusha Citizen's Co-operative Hospital Ltd.

100 Equity Shares of Rs. 100 each

Walchand Terraces Co-Op. Housing Society Ltd.

20 Equity Shares of Rs. 50 each

Cooper Employees' Consumers' Co-op. Society Ltd.

100 Equity Shares of Rs. 25 each

Walchand Co-operative Housing Society Ltd.

10 Equity Shares of Rs. 50 each

Walchand Botanicals Pvt. Ltd.

481 Equity share of Rs. 100 each

Walchand Foundries Pvt. Ltd.

481 Equity share of Rs. 100 each

Actis Biologics Pvt. Ltd.

1,04,250 (P.Y. 1,04,250) Equity Shares of Rs. 10 each

	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
	21.86	21.86
	0.10	0.10
	0.05	0.05
	10.35	10.35
	0.01	0.01
	0.10	0.10
	0.01	0.01
	0.02	0.02
	0.01	0.01
	0.48	0.48
	0.48	0.48
	102.66	102.66

**SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET****SCHEDULE 'F' : INVESTMENTS (AT COST) (Contd.)**

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
Walchand Engineering Pvt. Ltd. (Previous year 1 Equity share of Rs. 100 each)		—	0.01
Walchand Projects Pvt. Ltd. (Previous year 1 Equity share of Rs. 100 each)		—	0.01
(2) FIXED MATURITY PLAN			
Birla Sunlife Interval Income Fund of Rs. 10 per unit (Previous year 10,00,000)		—	100.00
Birla Sunlife Interval Income INSTL S2 of Rs. 10 per unit (Previous year 30,20,238)		—	302.02
HDFC Fixed Maturity Plan 90D of Rs. 10 per unit (Previous year 30,00,000)		—	300.00
HSBC Interval Fund II of Rs. 10.0001 per unit (Previous year 30,22,520)		—	302.25
Kotak Interval Plan (Q) SR 2 (D) of Rs. 10 per unit (Previous year 20,40,944)		—	204.09
Kotak QIP Series 3 of Rs. 10 per unit (Previous year 10,16,903)		—	101.69
(3) LIQUID/LIQUID PLUS INVESTMENTS			
ICICI Prudential Flexible Income Plan Premium Weekly Dividend 38,07,409 (Previous year 69,19,420) Units at Rs. 10.5423 per unit		401.39	731.62
ING Liquid Plus Fund of Rs.10 per unit (Previous year 46,30,000)		—	463.00
Kotak Floater Long Term Weekly Dividend 39,03,201 (Previous year nil) Units at of Rs. 10.0786 per unit		393.39	—
Kotak Floater Long Term Daily Dividend 20,51,221 (Previous year nil) Units at of Rs. 17.0798 per unit		206.76	—
Templeton India Treasury Mgt. (Previous year 29,979.8236) of Rs. 1000.673 per unit.		—	300.00
SBI SHF Ultra Short Term Fund INST. Plan Weekly Dividend 24,90,567 (Previous year 31,18,441) Units of Rs. 10.080 per unit		251.05	312.00
ABN Amro Money Plus of Rs.10 per unit (Previous year 41,60,000)		—	416.00
HDFC Cash Management Fund Treasury Advantage Plan Weekly Dividend 1,00,74,214 (Previous year 20,40,970) Units of Rs. 10.021 per unit		1,009.58	204.43
Reliance Medium Term Fund Weekly Dividend 55,12,582 (Previous year 17,75,655) Units of Rs. 17.0996 per unit		942.63	303.82
IDFC Money Manager Fund Treasury Plan INSTB Weekly Dividend 33,08,417 (Previous year Nil) Units of Rs. 10.0184 per unit		331.45	—
Birla Sunlife Short Term Fund INSTL Daily Dividend 37,71,335 (Previous year Nil) Units of Rs. 10.0055 per unit		377.34	—
Birla Sunlife Savings Fund INSTL Weekly Dividend 57,22,475 (Previous year Nil) Units of Rs. 10.0057 per unit		572.57	—
TOTAL		4,622.29	4,177.07
Notes:			
1. Aggregate of Quoted Investments:			
At Cost		32.36	32.36
Market Value		4,660.77	3,604.69
2. Aggregate of Unquoted Investments:			
Book Value and/or at Cost		4,589.93	4,144.71



SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'G': CURRENT ASSETS, LOANS & ADVANCES

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
A. CURRENT ASSETS:			
1. Interest Accrued but not due		22.82	44.12
2. Inventories			
(a) Stores and Spares	1,066.11		1,008.73
(b) Goods in Transit, at cost	428.48		321.72
(c) Dies, Jigs, Tools, Mould Boxes & Patterns	759.30		721.37
(d) Stock in Trade			
(i) Raw materials and components	6,570.40		4,972.67
(ii) Finished Products	16.11		14.04
(iii) Work-in-progress (Manufacturing)	7,842.40		4,641.96
(iv) Work-in-progress – Expenditure on Uncompleted Contracts	489.79		367.96
		17,172.59	12,048.45
3. Sundry Debtors, Unsecured, Considered Good, unless otherwise stated			
Considered doubtful debts	31.91		60.24
Over six months	10,667.91		7,506.22
	10,699.82		7,566.46
Less : Provision for doubtful debts	31.91		60.24
	10,667.91		7,506.22
Others	15,965.36		26,294.72
		26,633.27	33,800.94
4. Cash and Bank Balances			
(a) Cash on hand	30.37		40.38
Cheques on hand	319.76		300.36
(b) With Scheduled Banks:			
(i) Fixed Deposits (Includes fixed deposits of Rs. 2,200 Lakhs pledged with Bank; Previous year Nil)	3,295.43		184.53
(ii) In Current Accounts	333.12		329.36
(iii) Margin Money Deposits	140.85		139.98
	4,119.53		994.61
(c) In Current Account with Non-Scheduled Banks:			
(i) Walchandnagar Sahakari Bank Ltd., Walchandnagar (Maximum Balance Rs. 15.73 Lakhs; Previous year Rs. 68.32 Lakhs)	1.84		1.65
(ii) Indo Zambia Bank Ltd. Zambia (Maximum Balance Rs. 52.07 Lakhs Previous year Rs. 198.07)	25.96		52.07
(iii) HSBC Bank Middle East Ltd. Abu Dhabi UAE (Maximum balance Rs. 28.18 Lakhs; Previous year Rs. Nil)	1.21		—
		4,148.54	1,048.33
B. LOANS AND ADVANCES			
Unsecured, Considered Good:			
1. Advance recoverable in Cash or in kind or for value to be received	9,466.26		7,333.09
2. Fringe Benefit Tax	5.42		—
3. Retention and Other Deposits	385.71		353.32
4. Balance with Customs, Excise and Others	1,012.99		331.28
		10,870.38	8,017.69
TOTAL		58,847.60	54,959.53



SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'H': CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
A. CURRENT LIABILITIES:			
Sundry Creditors		17,265.56	20,593.33
Advance against Orders and Customers' Credit balances		19,311.08	13,416.01
Other Liabilities		4,132.15	3,850.59
Unclaimed Dividend		24.08	18.43
(Amount transferable to investor education and protection fund, when due)			
TOTAL A		40,732.87	37,878.36
B. PROVISIONS:			
For Expenses		—	95.67
Leave Encashment		107.40	92.71
For Gratuity		55.80	325.01
For Income Tax (Net), Wealth Tax		163.41	442.58
(Net of advance payment of Income Tax)			
Provision for Fringe Benefit Tax		—	15.04
Proposed Dividend		380.70	380.45
Tax on Proposed Dividend		64.70	64.66
TOTAL B		772.01	1,416.12
TOTAL (A+B)		41,504.88	39,294.48

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE 'I' : OTHER INCOME

	Rupees in Lakhs	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
I. OTHER INCOME:			
1. Interest & Dividend (Gross)			
(a) Interest	458.28		59.35
(Tax deducted at source Rs. 80.41 Lakhs; Previous year Rs. 8.94 Lakhs)			
(b) Dividend	249.24		126.77
		707.52	186.12
2. Occupation fees	16.12		21.92
3. Rent	119.96		117.15
4. Miscellaneous Income	9.63		82.17
5. Profit on Sale of Fixed Assets	—		8.31
6. Creditors written back	181.84		—
7. Forfeited Customer Advance	29.50		5.00
8. Provision No Longer Required	65.00		—
9. Foreign Exchange Fluctuation gain (Net)	100.38		—
		522.43	—
TOTAL		1,229.95	420.67



SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE 'J': PAYMENT TO AND PROVISION FOR EMPLOYEES

	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
1. Salaries, Wages, Bonus and Gratuity	4,831.54	4,573.05
2. Contribution to Provident and other Funds	414.82	355.10
3. Welfare Expenses	74.11	57.40
TOTAL	<u>5,320.47</u>	<u>4,985.55</u>

SCHEDULE 'K': MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES

	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
1. Sub-contract and Processing charges	5,643.38	3,546.38
2. Stores and Spares Consumed	1,695.93	1,690.72
3. Power and Fuel	616.88	686.58
4. Repairs:		
Building	51.37	121.51
Machinery	63.19	76.72
Other Assets	189.49	190.15
5. Rent	252.92	62.37
6. Rates and Taxes	44.13	42.62
7. Insurance	131.91	96.37
8. Travelling and Conveyance	599.89	616.85
9. Legal and Professional Fees	497.17	514.40
10. Bank Charges	229.08	238.03
11. Electricity Charges	52.88	53.60
12. Site office Expenses	657.37	276.75
13. Telephone, Postage, Printing Expenses	305.14	300.01
14. Administrative & Other Expenses	573.44	521.54
15. Guarantee Charges	267.52	183.80
16. Selling Commission	910.60	1,593.86
17. Forwarding, Selling & Services	1,320.32	2,182.67
18. Exchange Fluctuation Loss	—	446.21
19. Donations	2.50	5.00
20. Provision for Doubtful debts	31.91	60.24
21. Royalty and Patent Fee	85.77	—
22. Loss on sale of Fixed Assets	1.20	—
23. Loss on sale of Investments	2.28	—
24. Excise Duty	—	2.12
TOTAL	<u>14,226.27</u>	<u>13,508.50</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT****SCHEDULE 'L': INTEREST**

	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
INTEREST ON:		
On Fixed Loans	245.53	246.95
On Cash Credit	382.28	146.22
Others	69.56	70.17
	697.37	463.34

SCHEDULE 'M': (INCREASE)/DECREASE IN STOCK

	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
1. STOCK AT CLOSE:		
Finished Products	16.11	14.04
Work-in-progress — (Manufacturing)	7,842.40	4,641.96
Work-in-progress — (Expenditure on uncompleted Contracts)	489.79	367.96
	8,348.30	5,023.96
2. STOCK AT COMMENCEMENT:		
Finished Products	14.04	12.75
Work-in-progress — (Manufacturing)	4,641.96	5,068.42
Work-in-progress — (Expenditure on uncompleted contracts)	367.96	406.17
	5,023.96	5,487.34
3. (Increase)/Decrease in Stocks (1-2)	(3,324.34)	463.38

SCHEDULE 'N': STATEMENT OF COMPUTATION OF NET PROFIT UNDER SECTION 349 OF THE COMPANIES ACT, 1956 FOR THE COMMISSION PAYABLE TO THE MANAGING DIRECTORS FOR THE YEAR ENDED 30TH SEPTEMBER, 2009.

	Current Year Rupees in Lakhs	Previous Year Rupees in Lakhs
Profit before tax as per Profit & Loss Account	3,537.34	6,053.14
Add : Depreciation charged in the		
Accounts	1,052.55	709.45
Managerial Remuneration	159.69	189.64
Fees paid to Directors	12.20	14.40
Loss on sale of Assets	4.36	—
	1,228.80	913.49
	4,766.14	6,966.63
Less: Depreciation as per Section 350 of the Companies Act, 1956	1,052.55	709.45
Profit on Sale of Investments	0.88	—
	1,053.43	709.45
Net Profit as per Section 349 of the Companies Act, 1956	3,712.71	6,257.18
Commission payable @ 1.0% p.a. each to Managing Director & CEO and Managing Director	74.25	115.72



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER, 2009

SCHEDULE 'O'

A. SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting:

The Company maintains its accounts under the historical cost convention on an accrual basis and complies in all material respects with generally accepted accounting principles in India and relevant provisions of Companies Act, 1956.

2. Use of Estimates:

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

3. Revenue Recognition:

Income is recognised on accrual basis, except where mentioned otherwise, in particular:

- (i) Domestic sales of manufactured items are recognised on dispatch and are stated net of returns.
- (ii) Export sales are recognised on date of bill of lading/airway bill.
- (iii) Income on items delivered directly by suppliers/sub-contractors to the client is recognised on despatch and receipt of suppliers'/sub-contractors' invoices.
- (iv) Income from project site activities is recognised on acceptances by the client on the basis of the work performed.
- (v) Income on account of price variation is recognised on acceptance of the claim by the client and on certainty of its realization.
- (vi) Revenue from long term projects of Special Products Division involving despatch, commissioning and erection is recognized on the basis of milestone specified in the contracts.

4. Fixed Assets:

Fixed Assets are stated at cost, net of tax/duty credits availed, except in the case of certain items of land, buildings, plant and machinery and roads, water works, drainage, which are stated on the basis of the revalued cost.

5. Depreciation/Amortisation:

- (i) The depreciation is computed on the Straight-Line Method on certain Buildings, Plant & Machinery and Furniture and Fixtures of Heavy Engineering Division and of Foundry Division and all the fixed assets of Tiwac Division in the manner prescribed in Schedule XIV to the Companies Act, 1956.

The depreciation on all other fixed assets is computed on the Written Down Value method in the manner prescribed in Schedule XIV to the Companies Act, 1956.

In respect of Branches, which are integral foreign operations, depreciation is provided to write off the cost of assets in equal annual installments over their estimated useful lives over the contract period.

- (ii) Depreciation on Patents is provided on the basis of life of Patents as specified in the Patent Documents.
- (iii) Technical know-how is depreciated on Straight Line Basis in six equal installments.
- (iv) Computer software included in intangible assets is amortized over a period of three years.
- (v) Depreciation on additions to/deletions from the fixed assets during the year is calculated on pro-rata basis from the date of addition/deletion.

6. Capital Work-in-Progress:

Projects under commissioning and other Capital Work-in-Progress are carried at cost, comprising direct cost and related incidental expenses.

7. Impairment of Assets:

Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.



SCHEDULE 'O': Notes forming part of the accounts (Contd.)

8. Investments:

Investments of long term nature are stated at cost less permanent diminution in value, if any. Current Investments are stated at lower of cost or net realizable value.

9. Employee Benefits:

- (i) Short term employee benefits are those which are payable within twelve months of rendering service and are recognized as expense in the period in which the employee renders the related service.
- (ii) Contributions to the Provident Fund and Superannuation Fund which are defined contribution schemes are recognized as an expense in the Profit and Loss Account in the period in which the contribution is due.
- (iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of its' actuarial valuation using the projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.
- (iv) Long term compensated absences including leave encashment are provided for on the basis of actuarial valuation.

10. Taxes on Income:

Tax expenses comprise current and deferred tax.

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent periods and is quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. Borrowing Costs:

Borrowing costs attributable to acquisition, construction or production of qualifying assets are capitalized as part of such asset till the time the asset is ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

12. Inventories:

Inventories are valued after providing for obsolescence, if any, as under: -

- (a) Raw materials, Components, Stores and Spares at lower of cost or net realizable value. The cost includes freight inward, direct expenses, duties and taxes other than those subsequently recoverable. In case of Heavy Engineering Division, it is arrived at on "FIFO Method" and for others on "Weighted Average Method".
- (b) Dies, Jigs, Tools, Mould Boxes and patterns at lower of cost or net realizable value arrived at after providing for suitable diminution.
- (c) Goods in transit at cost incurred till date.
- (d) Work in Progress at lower of estimated cost or net realizable value. The cost includes direct material, direct labour, and appropriate overheads booked on normal level of activity. The expenditure on uncompleted contracts is amortised over the period of contract on the basis of sales booked.
- (e) Finished Goods at lower of cost or net realisable value. Cost includes related overheads and excise duty.

13. Foreign Currency Transactions:

Foreign Currency Transactions are accounted at the rates prevailing on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at the date of balance sheet and resultant exchange differences are recognized in the profit and loss account for the year.

In respect of branches, which are integral foreign operations, all transactions are translated at the rates prevailing on the date of transaction. Branch monetary Assets and Liabilities are restated at the year end rates, except for fixed assets and depreciation thereon which are restated at historical cost.

Premium or discount on forward exchange contracts is recognized in the profit and loss account over the period of contract.



SCHEDULE 'O' : Notes forming part of the accounts (Contd.)

14. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if:

- the Company has a present obligation as a result of past event;
- a probable outflow of resources is expected to settle the obligation, and
- the amount of the obligation can be reliably estimated.

Contingent Assets are neither recognised, nor disclosed.

Contingent Liabilities are not recognised, but are disclosed in Notes to Accounts.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

15. Research & Development Expenditure:

Revenue Expenditure is charged to Profit & Loss Account and Capital Expenditure is added to the cost of fixed assets in the year in which it is incurred.

16. Leases:

Assets acquired under leases where the significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases and lease rentals are charged to the profit & loss account on accrual basis.

Assets leased out under operating lease are capitalized. Rental Income is recognised on accrual basis over the lease term.

17. Earnings per share:

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20, "Earnings Per Share" issued by the Institute of Chartered Accountants of India (ICAI). Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earning per share is computed using the weighted average number of equity shares and potential dilutive equity shares outstanding at the year end.

18. Segment accounting policy: (Refer C).

B. RELATED PARTY DISCLOSURES:

Related party disclosures as required under Accounting Standard 18 issued by the ICAI are given below:

(a) Relationship:

- Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.

Mr. Chakor L. Doshi	:	Chairman
	:	Wife : Mrs. Champa C. Doshi
	:	Son : Mr. Chirag C. Doshi
	:	Daughter : Mrs. Kanika G. Sanger
	:	Daughter-in-Law : Mrs. Tanaz Chirag Doshi

- Key Management personnel and relatives:

Mr. J. L. Deshmukh	:	Managing Director & CEO
	:	Brother : Mr. Pratap L. Deshmukh
Mr. Chirag C. Doshi	:	Managing Director

- Enterprises over which any person described in (i) or (ii) above are able to exercise significant influence:

Bombay Cycle & Motor Agency Ltd.
Walchand Great Achievers Pvt. Ltd.
Walchand Kamdhenu Commercials Pvt. Ltd.
Chiranika Trading Pvt. Ltd.
Chiranika Enterprises
Chiranika Corporation



SCHEDULE 'O': Notes forming part of the accounts (Contd.)

Chiranika Properties
Walchand Botanicals Pvt. Ltd.
Rodin Holdings Inc.
Olsson Holdings Inc.
Vinod Shashank Chakor Pvt. Ltd.
Chirag Enterprises
Bharat Capital Services Pvt. Ltd.
Indpro Electronic System (India) Pvt. Ltd.
Walchand Engineers Pvt. Ltd.
Walchand Projects Pvt. Ltd.
Walchand Power Systems Pvt. Ltd.
Walchand Oil & Gas Pvt. Ltd.
Walchand Leisure Realty Pvt. Ltd.
Walchand BMH Pvt. Ltd.

- (b) The following transactions were carried out during the year with related parties in the ordinary course of business.

Details of transactions relating to the persons referred to in item (a)(i), (ii) and (iii) above.

(i)

Rs. in Lakhs

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Enterprises mentioned in (iii) above	Total
	Current Year	Current Year	Current Year	Current Year
	Previous Year	Previous Year	Previous Year	Previous Year
Purchases of Goods	—	—	14.43	14.43
	—	—	56.59	56.59
Receiving of Services	—	86.26	42.36	128.62
	—	72.47	42.36	114.83
Managerial Remuneration	159.69	—	—	159.69
	189.64	—	—	189.64
Leasing or Hire Purchase Arrangements	7.54	18.34	—	25.88
	12.58	17.92	—	30.50
Outstanding Payable	—	7.00	0.34	7.34
	—	6.50	20.67	27.17

- (ii) Issue and conversion of 8,00,000 Convertible Equity Warrants

Rs. in Lakhs

Sr. No.	Subscription to convertible equity warrants	Current Year	Previous Year
1.	Walchand Kamdhenu Commercials Pvt. Ltd.	—	1,711.80
2.	Rodin Holdings Inc.	—	1,710.13
3.	Olsson Holdings Inc.	—	1,140.09
	Total	—	4,562.02

C. SEGMENT REPORTING:

Information given in accordance with the requirements of Accounting Standard 17, on Segment Reporting issued by The Institute of Chartered Accountants of India.

The Company has identified business segments as the primary and Geographic segment as secondary segment. Segments have been identified after taking into account the nature of the products, differential risks and returns, the organizational structure and internal reporting system.



SCHEDULE 'O' : Notes forming part of the accounts (Contd.)

The Company's Primary business segments are organised on product lines as follows:

Heavy Engineering (also known as Industrial Machinery Division) – engaged in engineering, fabrication and manufacturing of Machinery for Sugar Plants, Cement Plants and Boilers, Heavy Duty Gears, Mineral Processing, EPC Petro Chemicals and Space, Defence and Nuclear Power Business.

Foundry & Machine Shop-Manufacturing of CI & SGI Castings required by various Industries and machining of components.

Others-Non-reportable segment, includes units manufacturing pressure and temperature gauges and Infotech Services.

Segment Accounting Policies:

Segment accounting policies are in line with the accounting policies of the Company. In addition the following specific accounting policies have been followed for segment reporting:

- Segment Revenue includes Sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. Expenses, which relate to the Company as a whole and not allocable to segments, are included under "Unallocated Expenditure".
- Income which relates to the Company as a whole and not allocable to segments is included in "Unallocated Income".
- Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.
- Inter-Segment Transfer Pricing
Segment Revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are agreed on a negotiated basis.
- The Company has identified geographical distribution between domestic sale and exports as the Secondary Segment. The Revenue, Assets & Liabilities, to the extent possible to be identified separately have been reported.

SEGMENT REPORTING

I. PRIMARY SEGMENTS

Rs. in Lakhs

Particulars	Heavy Engg.		Foundry M/c Shop		Others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue:								
Net Revenue	47,223.03	64,918.32	3,731.81	4,383.85	556.82	603.06	51,511.66	69,905.23
Less: Inter-segment Revenue			218.63	282.96	31.50	17.96	250.13	300.92
	47,223.03	64,918.32	3,513.18	4,100.89	525.32	585.10	51,261.53	69,604.31
Results:								
Segment Result	4,588.45	7,009.28	148.93	212.32	31.89	55.84	4,769.27	7,277.44
Unallocated Expenses							929.07	1,033.29
Unallocated Income							394.51	272.33
Operating Profit							4,234.71	6,516.48
Interest Expenses	589.32	370.90	108.05	92.44			697.37	463.34
Taxes on Income (including FBT)							1,197.21	2,076.21
Profit from ordinary activities							2,340.13	3,976.93
Other Information:								
Segment Assets	83,050.00	72,894.51	6,507.35	7,158.19	1,397.16	1,368.51	90,954.51	81,421.21
(including revaluation)								
Unallocated Corporate Assets							6,827.05	9,672.18
Total Assets							97,781.56	91,093.39
Segment Liabilities	52,178.55	45,499.87	971.23	1,809.12	176.76	129.31	53,326.54	47,438.30
Unallocated Corporate Liabilities							1,732.79	1,469.67
Total Liabilities							55,059.33	48,907.97

**SCHEDULE 'O': Notes forming part of the accounts (Contd.)**

Rs. in Lakhs

Particulars	Heavy Engg.		Foundry M/c Shop		Others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Capital Expenditure	4,637.16	3,846.71	135.93	92.21	6.54	5.46	4,779.63	3,944.38
Unallocated Capital Expenditure							13.29	47.62
							4,792.92	3,992.00
Depreciation (Net of revaluation)	822.78	473.98	103.66	99.97	4.22	4.06	930.66	578.01
Unallocated Depreciation							121.89	131.44
Total Depreciation							1,052.55	709.45
Non Cash Expenses other than depreciation	31.91	60.24					31.91	60.24
II. SECONDARY SEGMENTS								
External Revenue by Location of Customers							9,692.35	11,522.15
Total Carrying Amount of Segment Assets (To the extent allocable)							2,632.21	4,465.30
Total Cost incurred to acquire Segment Assets							29.15	34.11

D. NOTES FORMING PART OF THE ACCOUNTS:

- The Company has a practice of revaluing its certain assets at certain intervals. On the basis of valuation reports submitted by the approved valuers, certain fixed assets comprising Land, Building, Plant & Machinery, Roads, Water Works, etc., were revalued at Market Value/Current Replacement cost as at 01-10-2007 as follows:

Rs. in Lakhs

	Cost/Book Value as at 01-10-2007	Market value/ Replacement cost as at 01-10-2007	Gross Amount Written upto 01-10-2007	Accumulated Depreciation on value Written upto 01-10-2007	Net Appreciation Credited to Revaluation Reserve as on 01-10-2007
Land	1,377.94	3,776.98	2,399.04	—	2,399.04
Buildings	13,207.94	20,937.43	7,729.49	3,137.52	4,591.97
Plant & Machinery	24,753.40	25,317.39	563.99	(4,885.08)	5,449.07
Roads Water Works, etc.	581.72	1,152.52	570.80	190.33	380.47
	39,921.00	51,184.32	11,263.32	(1,557.23)	12,820.55

The depreciation for the year ended 30-09-2009 on Revalued Assets has been calculated on Straight Line Method on their residual technical life assessed by the Valuers. However, the amount of Depreciation charged to Profit & Loss Account is as per Schedule XIV to the Companies Act, 1956, on the cost of the assets.

- State Government has acquired some of the lands at Walchandnagar. The District Court has given an award of Rs. 285 Lakhs including interest in favour of the Company and has allowed the Company to withdraw the amount on furnishing of Bank Guarantee and Security Bond. However, as the matter is in appeal, the award is not accounted for as sale.
- Provision break up as per Accounting Standard (AS-29)

Rs. in Lakhs

Provisions	Balance at the beginning of the year	Additions during the year	Amount paid/ adjusted during the year	Balance at the end of the year
Provision for Expenses	95.67	—	95.67	—



SCHEDULE 'O' : Notes forming part of the accounts (Contd.)

4. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

	As at 30.09.2009 Rupees in Lakhs	As at 30.09.2008 Rupees in Lakhs
(i) Counter Guarantees by the Company in respect of guarantees given by the banks (including guarantee on account of erstwhile Machine Tool Division of Rs. 3.55 Lakhs).	24,617.75	16,961.98
(ii) Estimated amount of Contracts remaining to be executed on Capital Accounts & not provided for.	1,020.20	507.60
(iii) (a) Bank Guarantees amounting to Rs. 12.50 Lakhs (Previous year Rs. 12.50 Lakhs) were invoked in 1998, for which no provision has been made in the accounts as the Company has not accepted the liability and the matter is sub-judice.		
(b) The Performance and Retention Bank Guarantees (BG) of Rs. 588.64 Lakhs relating to Padang (Indonesia) Project, were invoked during the year 1986 by Project and Equipment Corporation of India Ltd. (PEC). As per the Supreme Court order and Undertaking given by PEC, the Consortium Banks have paid Rs. 400 Lakhs against the invoked BG. The principal amount and interest aggregating to Rs. 2,002.21 Lakhs is already paid to Banks and the same is shown as receivable from PEC under the head Loans and Advances. The matter is sub judice and liability is denied by Company based on legal opinion.		
(c) Even though Company has not accepted the liability as stated above, as a measure of abundant prudence, Contingency Reserve of Rs. 2,085.48 Lakhs is created to take care of the contingent liability.		
(d) Demand of NA Tax of Rs. 86.61 Lakhs is raised by Tahshildar, Indapur (Previous year Rs. 86.61 Lakhs) out of which Rs. 20 Lakhs is paid under protest by the Company. No provision has been made in the accounts as the Company has not accepted the liability and the matter is sub-judice.		
(iv) (a) The Central Excise Authorities have raised a demand of Rs. 266.19 Lakhs (Net of CENVAT reversal and payment) denying the exemption from the excise duty on non-conventional energy devices/systems supplied by the Company. The Company has disputed the demand and has preferred an appeal which is pending before 'CESTAT, Mumbai'. On the basis of legal opinion, the Company does not expect any liability.		
(b) The Central Excise Authorities have raised a demand of Rs. 61.36 Lakhs (Previous year Rs. 49.38 Lakhs) on bought out items supplied for centrifugals, which has already suffered duty at manufacturers end. The Company has disputed the demand and has preferred an appeal which is pending before 'CESTAT, Mumbai'. On the basis of legal opinion the Company does not expect any liability.		
5. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 23.11.2006 and in accordance with SEBI (DIP) Guidelines, the Company had issued 80,00,000 fully paid up Equity shares to the promoters on preferential Basis, post conversion of 8,00,000 convertible warrants and received the total amount of Rs. 5,072 Lakhs. Out of these Rs. 1,184 Lakhs (Previous year Rs. 77 Lakhs) has been utilized for capital expenditure, Rs. 2,780 Lakhs (Previous year Rs. 1,004 Lakhs) for working capital and the balance amount of Rs. 1,108 Lakhs (Previous year Rs. 3,991 Lakhs) is invested in Mutual Funds.		
6. Pursuant to the Resolution passed at the Annual General Meeting held on 29-01-2009 Company has allotted 25145 equity shares at Rs. 2 per share to the permanent employees under Employees Stock Purchase Scheme, 2008 as per SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.		

**SCHEDULE 'O': Notes forming part of the accounts (Contd.)**

	As at 30.09.2009 Rupees in Lakhs	As at 30.09.2008 Rupees in Lakhs
7. Operatings Leases (AS-19):		
(i) The Company has taken various residential/commercial premises on operating leases. The future minimum lease payments in respect of which as at 30th September, 2009 are as follows:		
Period		
Payable not later than one year	213.11	26.47
Payable later than one year and not later than five years	656.23	4.08
Payable later than five years	—	—
(ii) the lease agreements provide for an option to the Company to renew the lease period on mutually agreeable terms. There are no exceptional/restrictive covenants in the lease agreements.		
(iii) The Company has given property on lease and lease rentals receivable are as under:		
Period		
Not later than one year	120.71	115.26
Later than one year and not later than five years	193.20	313.92
8. Managerial Remuneration of Managing Directors:		
(i) Salary	40.80	38.20
(ii) Contribution towards Company's recognized Provident Fund and Superannuation Fund	11.02	10.31
(iii) Commission	74.25	115.72
(iv) Gratuity Provision	1.96	1.96
(v) Perquisites	31.66	23.45
	159.69	189.64
9. Administrative and other expenses include:		
(i) (a) Directors' sitting fees	12.20	14.40
(b) Professional fees to Directors	106.35	90.85
(ii) Break-up of payments to Statutory Auditors:		
(a) Audit Fees	7.00	7.00
(b) Taxation	3.00	3.00
(c) In other capacity (Certification, Limited Review etc.) (including Service Tax)	7.20	7.20
(d) Reimbursement of out of pocket expenses (including Service Tax)	1.00	0.60
(e) Service tax on fees	1.72	2.13
	19.92	19.93



SCHEDULE 'O' : Notes forming part of the accounts (Contd.)

	As at 30.09.2009 Rupees in Lakhs	As at 30.09.2008 Rupees in Lakhs
10. According to the information available with the Management, on the basis of intimations received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to Micro and Small Enterprises under the said Act as at 30th September, 2009 as follows:-		
(a) (i) Principal Amount remaining unpaid to any supplier	107.65	—
(ii) Interest due on above	Nil	—
(b) (i) The amount of principal paid beyond the appointed date	Nil	—
(ii) The amount of interest paid beyond the appointed date	Nil	—
(c) Amount of interest due and payable on delayed payments	Nil	—
(d) Amount of interest accrued and due as at 30th September, 2009	Nil	—
(e) Total Outstanding dues to Micro enterprises and small enterprises	107.65	—
11. Earnings per share:		
Basic		
(a) Profit/(Loss) after tax as per Profit & Loss Account	2,340.13	3,976.93
(b) Weighted average no. of Equity shares of Rs. 2 each outstanding during the year	3,80,58,700	3,22,79,808
(c) Earnings per share – Basic (Rs.)	6.15	12.32
Diluted		
(a) Profit/(Loss) after tax as per Profit & Loss Account	2,340.13	3,976.93
(b) Weighted average no. of Equity shares of Rs. 2 each for Basic Earnings per Share	3,80,58,700	3,22,79,808
(c) No. of Equity shares of Rs. 2 each for Diluted Earnings per Share	3,80,58,700	3,22,79,808
(d) Earnings Per Share - Diluted (Rs.)	6.15	12.32
12. Deferred Tax (Asset)/Liability:		
(a) Difference between book value of depreciable assets as per books of account and Written Down Value for tax purpose.	549.00	409.40
(b) Interest on invoked Bank Guarantees	544.58	544.58
(c) Gratuity	(18.69)	(110.47)
(d) Others	(15.85)	(57.18)
Total	1,059.04	786.33
Net incremental (Asset)/Liability charged to Profit & Loss Account	272.71	30.15


SCHEDULE 'O': Notes forming part of the accounts (Contd.)
13. Employee Defined Plan:

The disclosure in terms of AS-15 (revised) "Employees Benefit" has been given on the basis of Actuarial Valuation Certificate for the year ended 30th September, 2009 as below:

Sr. No.	Particulars	Gratuity October, 2008 to September, 2009 (Rs.)	Gratuity October, 2007 to September, 2008 (Rs.)
I.	Expense recognised in the statement of Profit & Loss Account for the year ended 30th September, 2009:		
	(a) Current Service Cost	97,52,678	1,24,15,907
	(b) Interest Cost	1,00,48,434	1,12,60,910
	(c) Actual return on plan assets	(1,07,16,176)	—
	(d) Actuarial Loss	77,16,095	1,97,17,340
	(e) Total Expense recognized in the Profit & Loss Account	1,68,01,031	4,33,94,157
II.	Net Liability recognized in the Balance Sheet as at 30.09.2009:		
	(a) Present Value Defined Benefit Obligation as on 30.09.2009	15,13,90,321	14,35,49,054
	(b) Fair Value of Plan Assets as at 30.09.2009	14,69,85,739	13,82,20,741
	(c) Net Assets/(Liabilities) as at 30.09.2009	44,04,582	53,28,313
III.	Change in Defined Benefit Obligation (DBO) during the year ended 30.09.2009:		
	(a) Present Value of Defined Benefit Obligation at the beginning of the period	14,35,49,054	12,82,06,635
	(b) Current Service Cost	97,52,678	1,24,15,907
	(c) Interest Cost	1,00,48,434	1,12,60,910
	(d) Actuarial Loss	77,16,095	1,97,17,340
	(e) Benefits Paid	1,96,75,940	2,80,51,738
	(f) Present Value of Defined Benefit Obligation at the year end	15,13,90,321	14,35,49,054
IV.	Change in the Fair Value of Plan Assets during the year ended 30.09.2009:		
	(a) Plan Assets at the beginning of the year (Previous year 01.10.2008)	13,82,20,741	13,99,07,985
	(b) Actual Return on Plan Assets	1,07,16,176	1,93,69,300
	(c) Actual Company Contributions	1,77,24,762	69,95,194
	(d) Benefits paid	1,96,75,940	2,80,51,738
	(e) Fair Value of Plan Assets as at 30.09.2009	14,69,85,739	13,82,20,741
V.	Actuarial Assumptions:		
	(a) Discount Rate (per annum)	7.00%	8.50%
	(b) Expected Rate of Return on Assets (per annum)	9.25%	9.00%
	(c) Rate of Increase in Compensation Levels (per annum)	5.50%	5.00%
	(d) Mortality Table	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE



SCHEDULE 'O' : Notes forming part of the accounts (Contd.)

14. Current Investments Purchased & Sold/Redeemed during the year.

Name of the scheme	No. of Units
Kotak Floater Long Term	1,62,07,573.10
Kotak Quarterly Interval Plan	31,27,750.41
ICICI Prudential Flexi Income Plan	72,75,642.53
ICICI Prudential Liquid Plan	64,71,754.63
ICICI Prudential Floating Rate Plan	1,20,67,742.93
IDFC Cash Fund	12,28,635.26
IDFC Money Manager Fund	40,61,292.52
Birla Sunlife Short Term Fund	1,06,07,678.73
BSL Interval Income Fund	40,66,200.77
Birla Sunlife Cash Plus	25,01,157.24
Birla Sunlife Savings Fund	87,16,204.70
HDFC Cash Management Fund	67,47,479.75
HDFC FMP 90 D	3,00,00,000.00
HDFC Cash Management Fund	9,97,774.96
Reliance Liquid Fund	6,54,202.05
Reliance Medium Term Fund	72,65,023.90
SBI Magnum Institutional Cash Fund	14,92,631.76

15. Installed Capacity/Production :

		Units	Installed (i)		Production (ii)	
			2008-2009	2007-2008	2008-2009	2007-2008
(A) HEAVY ENGINEERING DIVISION :						
Sugar Mill Machinery	Units	—	—	3	—	
Sugar Plants	Units	—	—	—	—	
Milling Plants	Units	—	—	—	—	
High Speed Centrifugals	Units	—	—	54	78	
Gear & Gear Boxes	Sets	—	—	61 (MT 681)	45 (MT 355)	
Water Tube Boilers	Units	—	—	3	4	
Cement Making Plants	Units	—	—	—	—	
Steam Accumulators	Units	—	—	—	—	
Nuclear & Chemical Machinery	M.T.	—	—	—	—	
				Not Quantified	Not Quantified	
(B) FOUNDRY DIVISION :						
Castings	M.T.	9000	9000	4922	5915	
(C) PRECISION INSTRUMENTS DIVISION :						
Pressure/Temperature Gauges	Nos.	—	—	228114	294083	

**SCHEDULE 'O': Notes forming part of the accounts (Contd.)**

- (D) (i) (a) The installed capacity of Heavy Engineering Division covers various items and hence given in terms of machine hours capacity based on double or triple shift as the case may be.

	2008-09	2007-08
	(Per annum)	(Per annum)
Lathe	169371	169371
Boring & Hobbing	172584	172584
Drilling	156213	151317
Gear Cutting & Grinding	50949	50949
Slotting	26163	26163
Planning	26163	26163
Milling	39474	39474
Furnace	92106	92106
Other Machine Tools	184212	184212
	917235	912339

- (b) Installed capacity of Foundry Division Workshops other than for Castings covers various items and hence given in terms of machine hours capacity based on the shifts.

	2008-09	2007-08
	(Per annum)	(Per annum)
Lathe	210432	210432
Boring	93023	93023
Drilling	146688	146688
Gear Cutting & Grinding	9792	9792
Slotting	9792	9792
Planning	19488	19488
Milling	137088	137088
Grinding	53856	53856
Other Machine Tools	73152	73152
	753311	753311

Note: The installed capacity is as certified by the Management and accepted by the Auditors, this being a technical matter.

- (ii) The break-up of Production is :

(a) Captive	MT 469
(Previous year)	(MT 456)
(b) Outside Customer's	
Castings	MT 4453
(Previous year)	(MT 5459)

- (iii) The nature of products under Heavy Engineering Division is such that it is not possible to evaluate the quantitative data in exact terms.



SCHEDULE 'O' : Notes forming part of the accounts (Contd.)

16. Particulars in respect of Finished Goods, Stocks & Sales.

PARTICULARS	Units	Opening Stock As on 1-10-2008		Closing Stock As at 30-09-2009		Sales for the year ended 30-09-2009	
		Quantity	Value	Quantity	Value	Quantity	Value
			Rs. in Lakhs		Rs. in Lakhs		Rs. in Lakhs
(A) HEAVY ENGINEERING DIVISION :							
Sugar Mill Machinery	Units	—	—	—	—	3	4,105.65
		(—)	(—)	(—)	(—)	(—)	(—)
Sugar Plants	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
Milling Plants	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(9,622.05)
High Speed Centrifugals	Units	—	—	—	—	54	2,107.98
		(—)	(—)	(—)	(—)	(78)	(2,267.90)
Material Handling Equipments	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
Gear Boxes	Sets	—	—	—	—	61	3,135.70
		(—)	(—)	(—)	(—)	(45)	(4,196.94)
Special Products	Units	—	—	—	—	—	6,864.76
		(—)	(—)	(—)	(—)	(—)	(7,487.36)
Water Tube Boilers	Units	—	—	—	—	3	4,358.98
		(—)	(—)	(—)	(—)	(4)	(8,616.40)
Cement Making Plant	Units	—	—	—	—	—	13,429.18
		(—)	(—)	(—)	(—)	(—)	(14,795.95)
Mineral Processing	Units	—	—	—	—	—	7,823.63
		(—)	(—)	(—)	(—)	(—)	(16,581.66)
(B) FOUNDRY DIVISION :							
Castings	M.T.	—	—	—	—	4,453	3,731.82
		(—)	(—)	(—)	(—)	(5,459)	(4,100.89)
(C) PRECISION INSTRUMENTS DIVISION :							
Pressure Guages	Nos.	7,131	12.27	14,184	14.88	2,28,087	495.04
		(6,379)	(10.94)	(7,131)	(12.27)	(2,93,331)	(541.97)
(D) ERECTION/JOB WORK/SERVICES/SPARES :							
		—	—	—	—	—	5,208.79
			(—)		(—)		(1,393.19)
Excise duty on Finished Goods			1.77		1.23		
			(1.81)		(1.77)		
Total			14.04	16.11		51,261.53	
			(12.75)	(14.04)		(69,604.31)	

Figures in brackets are for the Previous year.



17. Analysis of imported and indigenous raw materials, Stores and Spares consumed:

	Raw Materials & Components				Stores & Spares			
	2008-09		2007-08		2008-09		2007-08	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
	in Lakhs		in Lakhs		in Lakhs		in Lakhs	
Imported	2,752.88	8.87	3,698.65	8.42	208.91	12.32	69.08	4.09
Indigenous	28,268.01	91.13	40,240.44	91.58	1,487.02	87.68	1,621.64	95.91
Total	31,020.89	100.00	43,939.09	100.00	1,695.93	100.00	1,690.72	100.00

18. Details of raw materials consumed (including components)

	Units	2008-09		2007-08	
		Quantity	Rupees	Quantity	Rupees
			in Lakhs		in Lakhs
Plates, Sheets, Beams & Steel Materials	M.T.	6,582	3,345.30	8,962	5,060.49
Steel Scrap	M.T.	4,168	967.17	4,570	1,161.38
Castings	—	—	3,804.90	—	4,606.77
Pig Iron	M.T.	248	70.37	716	182.01
Ferro Alloys	M.T.	168	212.63	142	239.46
Bought out components etc.	—	—	22,620.52	—	32,688.98
Total			31,020.89		43,939.09

19. Earnings in Foreign Exchange:

Export of goods calculated on FOB basis	9,020.50	11,105.08
Others (Zambia)	671.85	1,243.06
Total	9,692.35	12,348.14

20. Value of Imports calculated on CIF basis:

Raw Materials	1,658.96	2,452.74
Components & Spares parts	3,161.59	862.17
Capital Goods	54.68	1,660.67
Total	4,875.23	4,975.58



21. Expenditure in Foreign Currencies:

Technical Fees (Net of Tax)

Travelling Expenses

Commission and Others

Others (Zambia)

(UAE)

Total

2008-09

**Rupees
in Lakhs**

92.86

87.21

392.02

894.12

95.06

1,561.27

2007-08

Rupees
in Lakhs

141.05

96.83

842.92

1,561.38

9.93

2,652.11

22. The figures for the Previous year are regrouped wherever necessary.

Additional information pursuant to provision of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act 1956 as certified by the Management.

As per our report attached

For K. S. AIYAR & Co.

Chartered Accountants

J. L. Deshmukh

Managing Director & Chief Executive Officer

Chakor L. Doshi

Chairman

Chirag C. Doshi

Managing Director

Satish K. Kelkar
Partner

G. S. Agrawal
Company Secretary

V. R. Joshi
Chief Financial Officer

Dr. P. K. Basu
R. M. Pande
Dilip J. Thakkar
A. U. Rijhsinghani
S. B. Das
A. H. Vissanji

Directors

Mumbai
25th November, 2009

Mumbai
25th November, 2009

M. H. Purwat
Sr. Vice President (Finance)



CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-09

Particulars	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs	Previous Year Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX		3,537.34		6,053.14
ADJUSTMENT FOR:				
Add: 1. Depreciation	1,052.55		709.45	
2. Interest	697.37		463.34	
3. Provision for doubtful debts & advance	31.91		60.24	
		1,781.83		1,233.03
		5,319.17		7,286.17
Less: 1. Interest/Dividend	707.52		186.12	
2. Profit/(Loss) on Sale of Investment	(2.28)		—	
3. Profit/(Loss) on Sale of Assets (Net)	(1.20)		8.31	
		704.04		194.43
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	I	4,615.13		7,091.74
ADJUSTMENT FOR:				
1. Trade and Other Receivables	4,341.70		(18,238.16)	
2. Inventories	(5,124.14)		(790.63)	
3. Trade and Other Payables	2,498.67		10,009.96	
		1,716.23		(9,018.83)
CASH GENERATED FROM OPERATING ACTIVITIES	I+II	6,331.36		(1,927.09)
Direct Taxes Net of Refund of Income Tax		1,224.13		2,334.06
NET CASH FROM OPERATING ACTIVITIES	A	5,107.23		(4,261.15)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of Investment (Net)	(445.22)		(3,641.87)	
Purchase of Fixed Assets	(4,792.92)		(3,992.00)	
Sale of Fixed Assets	9.71		35.93	
Interest Received	458.28		59.35	
Dividend Received	249.24		126.77	
NET CASH FROM INVESTING ACTIVITIES	B	(4,520.91)		(7,411.82)
	(A+B)	586.32		(11,672.97)
C. CASH FLOW FROM FINANCIAL ACTIVITIES				
Equity Share Capital	0.50		80.00	
Employee Stock Purchase Scheme (Non Cash Accretion to reserves)	(18.03)			
Against issue of Share Warrants	—		4,466.45	
(Decrease)/Increase in Borrowings	3,668.25		6,223.19	
Interest Paid	(697.37)		(463.34)	
Dividend Paid	(439.46)		(346.51)	
NET CASH USED IN FINANCING ACTIVITIES	C	2,513.89		9,959.79
NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	3,100.21		(1,713.18)
CASH AND CASH EQUIVALENTS AS AT 30.09.2008		1,048.33		2,761.51
CASH AND CASH EQUIVALENTS AS AT 30.09.2009		4,148.54		1,048.33
		3,100.21		(1,713.18)

As per our report attached

For K. S. AIYAR & Co.
Chartered Accountants

J. L. Deshmukh
Managing Director & Chief Executive Officer

Chakor L. Doshi

Chairman

Chirag C. Doshi

Managing Director

Satish K. Kelkar
Partner

G. S. Agrawal
Company Secretary

V. R. Joshi
Chief Financial Officer

Dr. P. K. Basu
R. M. Pande
Dilip J. Thakkar
A. U. Rijhsinghani
S. B. Das
A. H. Vissanji

Directors

Mumbai
25th November, 2009

Mumbai
25th November, 2009

M. H. Purwat
Sr. Vice President (Finance)



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

2	9	1	/	T	A
---	---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet Date

3	0	-	0	9	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

II. Capital Raised during the Year : (Amount in Rs. Thousands)

Public Issue

N	I	L
---	---	---

 E S P S

-	5	0
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

III. Position of Mobilisation & Deployment of Funds : (Amount in Rs. Thousands)

Total Liabilities

5	6	2	7	6	6	8
---	---	---	---	---	---	---

 Total Assets

5	6	2	7	6	6	8
---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital

7	6	1	4	0
---	---	---	---	---

 Reserve & Surplus

4	1	9	6	0	8	3
---	---	---	---	---	---	---

Against issue of Convertible Warrants

N	I	L
---	---	---

Secured Loans

1	0	9	9	2	0	1
---	---	---	---	---	---	---

 Unsecured Loans

1	5	0	3	4	0
---	---	---	---	---	---

Deferred Tax Liability

1	0	5	9	0	4
---	---	---	---	---	---

Application of Funds :

Net Fixed Assets

3	4	3	1	1	6	7
---	---	---	---	---	---	---

 Investment

4	6	2	2	2	9
---	---	---	---	---	---

Net Current Assets

1	7	3	4	2	7	2
---	---	---	---	---	---	---

 Miscellaneous Expenditure

N	I	L
---	---	---

IV. Performance of Company : (Amount in Rs. Thousands)

Turnover (Total Revenue)

5	2	4	9	1	4	8
---	---	---	---	---	---	---

 Total Expenditure

4	8	9	5	4	1	4
---	---	---	---	---	---	---

Profit Before Tax

3	5	3	7	3	4
---	---	---	---	---	---

Profit After Tax

2	3	4	0	1	3
---	---	---	---	---	---

 Earnings Per Share in Rs.

-	-	-	6	.	1	5
---	---	---	---	---	---	---

Dividend Rate %

-	5	0
---	---	---

V. Generic Names of three principal Products/Service of the Company (as per monetary terms)

Item Code No. (ITC Code)

8	4	3	8	3	0	9	0
---	---	---	---	---	---	---	---

Product Description

S	U	G	A	R		P	L	A	N	T		M	A	C	H	I	N	E	R	Y
---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

8	4	0	2	9	0	2	0
---	---	---	---	---	---	---	---

Product Description

B	O	I	L	E	R	S
---	---	---	---	---	---	---

Item Code No. (ITC Code)

8	4	7	4	9	0	0	0
---	---	---	---	---	---	---	---

Product Description

C	E	M	E	N	T		M	A	C	H	I	N	E	R	Y
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---



Important Statistical Data from 1908-09 to 2008-09

(Rupees in Lakhs)

Year	Paid up Capital		Reserves & Surplus	Debentures	Fixed Assets		Sales	Net Profit	Dividend paid on Pref. and Equity Shares	Equity Dividend
	Equity	Preference			Gross Block	Net Block				
1908-1909	2.50	2.83	–	–	3.50	3.50	10.14	0.28	0.93	4%
1909-1910	2.50	3.48	–	–	3.81	3.70	2.06	0.53	0.37	5%
1910-1911	2.50	3.50	–	–	4.08	3.95	2.11	0.71	0.39	6%
1911-1912	2.50	3.50	–	–	4.45	4.28	1.60	0.25	0.39	6%
1912-1913	2.50	3.50	–	–	4.34	4.18	1.58	0.34	0.24	–
1913-1914	2.50	3.50	–	–	4.88	3.90	2.71	1.10	0.39	6%
1914-1915	2.50	3.50	0.25	6.00	5.29	3.82	1.98	0.46	0.34	4%
1915-1916	2.50	3.50	0.25	5.75	5.17	3.60	2.35	0.82	0.34	4%
1916-1917	2.50	3.50	0.39	5.50	5.16	3.41	2.62	1.10	0.39	6%
1917-1918	2.50	3.50	0.64	5.25	5.33	3.34	1.97	0.40	0.24	–
1918-1919	2.50	3.50	0.64	4.75	5.31	2.88	2.03	0.44	0.12	–
1919-1920	2.50	3.50	0.64	4.75	5.31	2.88	2.03	0.44	0.12	–
1920-1921	2.50	3.50	0.91	4.50	5.61	3.27	3.53	1.56	0.64	6%
1921-1922	2.50	3.50	1.21	4.25	5.97	3.17	5.56	3.12	0.92	20%
1922-1923	2.50	3.50	2.16	4.00	6.11	3.01	3.32	1.32	0.42	7%
1923-1924	2.50	3.50	2.95	3.75	6.33	3.03	3.14	1.11	0.42	7%
1924-1925	2.50	3.50	3.27	3.50	5.98	2.19	3.42	1.17	0.48	8%
1925-1926	2.50	3.50	3.42	3.25	6.12	1.76	2.68	1.04	0.48	8%
1926-1927	2.50	3.50	3.41	–	6.60	1.96	1.85	0.47	0.24	–
1927-1928	2.50	3.50	3.76	–	6.75	1.94	1.27	0.23	0.24	–
1928-1929	2.50	3.50	3.75	–	6.89	2.08	0.55	0.02	–	–
1929-1930	2.50	3.50	3.38	–	6.16	1.61	0.14	–1.11	0.49	–
1930-1931	2.50	3.50	1.92	–	6.21	1.72	0.25	–0.01	0.24	–
1931-1932	2.50	3.50	1.97	–	5.86	1.37	0.32	–0.24	0.24	–
1932-1933	2.50	3.50	1.83	–	5.80	1.31	0.26	–0.01	0.24	–
1933-1934	2.50	3.50	2.01	4.00	13.37	8.88	0.07	–0.08	0.24	–
1934-1935	2.50	3.50	1.86	4.00	16.68	11.19	0.70	–0.12	0.24	–
1935-1936	2.50	3.50	1.06	4.00	17.19	17.19	1.38	0.01	0.24	–
1936-1937	2.50	3.50	1.09	3.67	19.16	19.16	15.66	0.26	–	–
1937-1938	2.50	3.50	1.57	3.20	19.74	19.49	19.67	0.73	0.53	–
1938-1939	10.00	3.50	3.99	3.03	22.89	15.19	20.55	3.14	2.24	20%
1939-1940	10.00	3.50	8.46	2.82	44.51	33.81	31.15	8.24	2.42	20%
1940-1941	10.00	3.50	12.56	23.22	51.11	36.66	54.61	6.52	2.82	24%
1941-1942	10.00	3.50	13.33	30.02	64.79	45.89	39.88	3.58	2.82	24%
1942-1943	10.00	3.50	25.87	30.02	71.09	47.94	54.89	15.38	4.02	36%
1943-1944	10.00	3.50	44.30	30.00	77.01	49.36	83.32	22.42	4.02	36%
1944-1945	23.50	3.50	51.72	48.26	83.19	51.54	78.12	14.13	6.45	36%
1945-1946	23.50	3.50	80.06	50.00	92.20	56.55	85.98	5.72	5.36	21%
1946-1947	50.50	3.50	51.68	50.00	107.09	66.94	75.50	0.70	0.24	–
1947-1948	101.00	3.50	28.27	50.00	128.27	78.12	151.55	40.07	10.47	10%
1948-1949	101.00	3.50	36.60	50.00	135.46	75.37	133.24	10.44	17.92	17.5%
1949-1950	101.00	3.50	33.62	50.00	157.64	89.23	147.72	14.72	12.36	12%
1950-1951	101.00	3.50	45.50	45.00	165.03	86.81	185.38	23.48	14.38	14%
1951-1952	101.00	3.50	59.20	45.00	177.67	91.12	216.26	25.52	14.38	14%
1952-1953	101.00	3.50	68.09	45.00	185.81	89.24	190.50	23.03	14.38	14%
1953-1954	101.00	3.50	79.40	45.00	190.33	85.90	196.24	25.47	16.40	16%
1954-1955	101.00	3.50	91.72	45.00	204.70	89.38	189.72	27.95	18.42	18%
1955-1956	101.00	3.50	110.22	25.76	228.81	129.62	214.63	33.00	21.46	21%
1956-1957	101.00	3.50	128.00	25.00	271.48	165.02	246.90	38.98	21.46	21%
1957-1958	101.00	3.50	122.12	25.00	295.28	177.60	354.05	27.96	21.46	21%
1958-1959	101.00	50.00	125.94	25.00	347.35	218.28	403.17	19.01	23.97	20%
1959-1960	101.00	50.00	135.33	100.00	426.90	280.79	390.72	19.92	20.15	15%
1960-1961	150.94	50.00	135.11	100.00	460.83	277.21	402.82	16.34	22.04	15%
1961-1962	151.49	50.00	128.43	100.00	498.28	288.76	538.39	14.38	23.12	12%
1962-1963	151.50	50.00	162.44	100.00	510.73	274.82	575.63	25.34	23.18	12%
1963-1964	151.50	50.00	72.36	100.00	520.54	268.37	550.69	30.21	26.21	14%
1964-1965	151.50	50.00	188.12	75.00	535.57	270.25	463.39	19.72	26.21	14%



(Rupees in Lakhs)

Year	Paid up Capital		Reserves & Surplus	Debentures	Fixed Assets		Sales	Net Profit	Dividend paid on Pref. and Equity Shares	Equity Dividend
	Equity	Preference			Gross Block	Net Block				
1965-1966	151.50	50.00	226.65	75.00	592.61	354.43	510.47	16.76	23.18	12%
1966-1967	181.80	50.00	203.15	75.00	624.84	357.01	559.21	10.33	23.18	10%
1967-1968	181.80	50.00	238.75	75.00	850.16	357.03	788.52	50.72	26.82	12%
1968-1969	181.80	50.00	231.56	75.00	667.18	342.72	1041.56	16.38	23.18	10%
1969-1970	181.80	50.00	110.85	75.00	714.09	392.12	1074.80	-95.32	-	-
1970-1971	181.80	50.00	182.61	75.00	729.20	379.12	997.74	7.17*	-	-
1971-1972	181.80	50.00	208.36	75.00	762.77	335.97	1300.06	64.47	10.00	-
1972-1973	181.80	50.00	306.46	75.00	801.21	333.03	1649.72	86.62	31.62	12%
1973-1974	181.80	50.00	331.70	75.00	873.04	357.31	2184.57	48.71	19.00	7.70%
1974-1975	181.80	50.00	393.41	75.00	959.60	395.57	2453.00	58.15	26.82	12%
1975-1976	181.80	50.00	423.49	75.00	1058.21	423.44	2421.71	96.07	32.27	15%
1976-1977	182.98	50.00	423.04	73.82	1081.47	379.54	1970.06	40.83	32.33	15%
1977-1978	200.30	50.00	572.12	98.79	1772.72	1017.81	3615.05	195.77	33.75	15%
1978-1979	200.30	50.00	808.57	98.79	1920.74	1087.31	5031.11	263.06	37.05	16%
1979-1980	200.30	50.00	898.16	94.13	2131.56	1189.78	5572.98	121.30	37.05	16%
1980-1981	200.30	50.00	1104.94	69.46	2307.98	1248.17	5958.51	203.11	37.05	16%
1981-1982	200.30	50.00	1175.52	54.75	2441.32	1260.11	5754.26	111.63	41.05	18%
1982-1984 (18 Months)	300.45	50.00	**5401.27	40.14	11118.29	@5446.17	12715.01	230.15	79.61	24%
1984-1985	300.45	50.00	4735.39	20.00	11233.15	5169.87	10763.79	125.64	53.07	16%
1985-1986	300.45	50.00	**4833.16	20.00	\$12388.57	\$56322.02	9132.83	797.64*	-	-
1986-1987 (18 Months)	300.45	50.00	3538.79	20.00	10104.10	4915.55	10720.82	288.05*	-	-
1987-1988	300.45	50.00	3425.37	20.00	10074.99	4874.42	6140.79	0.94*	-	-
1988-1989	300.45	50.00	2819.95	20.00	9319.14	4306.41	7595.22	16.14*	-	-
1989-1990	300.45	50.00	**5647.33	20.00	(i)12893.64	(ii)6995.49	7129.48	35.57*	-	-
1990-1991	300.45	50.00	5132.30	20.00	13003.87	6094.85	8892.12	202.29	***68.55	12%
1991-1992	300.45	50.00	**11174.24	8.00	(iii)20403.10	(iv)11308.30	8871.05	849.60	65.09	20%
1992-1993	300.45	-	1059.55	-	20399.72	10203.16	9214.26	516.21	63.37	20%
1993-1994	300.45	-	10363.94	-	20423.66	9283.57	11361.56	705.72	60.09	20%
1994-1995	300.45	-	10677.14	-	20746.33	8636.18	16492.32	1195.74	75.11	25%
1995-1996	300.45	-	11283.01	-	21304.33	8306.83	18899.01	1452.15	82.62	27.5%
1996-1997	300.45	-	18822.30	-	(v)30470.60	(vi)15925.70	16600.58	979.22	82.62	27.5%
1997-1998	300.45	-	18291.16	-	30730.43	14650.54	17466.30	795.01	82.62	27.5%
1998-1999	300.45	-	17504.50	-	30983.72	13221.69	21006.70	738.52	90.14	30%
1999-2000	300.45	-	17089.64	-	31264.84	12037.02	22021.88	894.19	99.15	33%
2000-2001	300.45	-	14376.07	-	31466.54	10875.89	22883.70	(723.29)	99.15	33%
2001-2002	300.45	-	21147.74	-	(vii)37089.76	17350.72	17951.34	249.73	75.11	25%
2002-2003	300.45	-	20255.68	-	37134.92	16059.72	15216.82	349.80	75.11	25%
2003-2004	300.45	-	19527.54	-	37438.77	15207.04	21618.25	398.72	82.62	27.5%
2004-2005	300.45	-	19297.32	-	38315.75	14945.35	25279.95	772.39	90.14	30%
2005-2006	300.45	-	19533.81	-	40188.42	15801.12	35855.63	1329.43	135.20	45%
2006-2007	300.45	-	21976.64	-	42849.96	17381.79	63279.94	3556.33	300.45	100%
2007-2008	760.90	-	41424.52	-	(viii)57879.57	31956.79	69604.31	3976.93	380.45	50%
2008-2009	761.40	-	41960.83	-	62639.64	34311.67	51261.53	2340.13	380.70	50%

NOTES:

- * Subject to Depreciation.
- ** Including the effect of Revaluation of certain fixed assets.
- Including the effect of Revaluation of certain fixed assets as at 30-09-90.
@ Gross amount written up Rs. 8432.67 lakhs.
@ Accumulated Depreciation written up Rs. 3775.62 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 31-03-86.
\$ Gross amount written up Rs. 906.89 lakhs.
\$\$ Accumulated Depreciation written up Rs. 11.21 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 30-09-90.
(i) Gross amount written up Rs. 3556.43 lakhs.
(ii) Accumulated Depreciation written up Rs. 334.16 lakhs.
- *** Includes Preference Dividend for the years. 1985-86, 1986-87, 1987-88, 1988-89, 1989-90.
- Including the effect of Revaluation of certain fixed assets as at 30-09-92.
(iii) Gross amount written up Rs. 7526.25 lakhs.
(iv) Accumulated Depreciation written up Rs. 1618.56 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 01-10-96.
(v) Gross amount written up Rs. 7985.90 lakhs.
(vi) Accumulated Depreciation written up Rs. 20.30 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 01-10-96 Rs. 7965.60 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 01-04-2002
(vii) Gross Amount written up Rs. 5449.30 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 01-10-2007
(viii) Gross Amount written up Rs. 11263.32 lakhs.



Notes





WALCHANDNAGAR INDUSTRIES LTD

Regd. Office : 3, Walchand Terraces, Tardeo Road, Mumbai-400 034

Intimation to Shareholders

Dear Shareholders,

Sub.: Payment of Dividend through NECS Mandate Form

We bring to your kind attention the following facilities in connection with payment of dividend, dematerialization of shares and consolidation of shares.

1. For the benefit of investors, Reserve Bank of India (RBI) has introduced National Electronic Clearing Service (NECS) in banking system to bring in further efficiency and uniformity in electronic credit. NECS ensures quick credit and no rejections. This facility provides instant credit of dividend amount to your Bank Account electronically and there is no limitations of location in India. This also eliminates delays in postal transit and fraudulent encashment of dividend warrants. NECS is operational for banks/bank branches leveraging on Core Banking System (CBS), which provide more than ten digit bank account number to its customers.
2. If you are still holding the shares in the physical form, we would request you to kindly consider the benefits of dematerialization and open a Demat Account with any Depository Participant to get your physical shares dematerialized.
3. In case you are holding the shares in more than one folio in the same name(s) and order, we would request you to kindly let us have your consent for consolidation of such multiple folios into one single folio. This will facilitate prompt service to you in future. In case you consent for folio consolidation, you will be required to send to the Registrar & Share Transfer Agents (Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078) all the share certificates, under different folios in your custody for our necessary action and return.
4. Shareholders holding shares in physical form desirous of using this facility are requested to submit, the NECS Mandate Form to the Registrar and Share Transfer Agent. (The Form is printed on the backside of this page). The said Form is also be available on Company's Website www.walchand.com.

The beneficial shareholders who are holding shares in demat form are requested to provide Bank details/NECS Mandate Form to their Depository Participants.

Yours faithfully,
For **WALCHANDNAGAR INDUSTRIES LTD.,**

G. S. Agrawal
Company Secretary

**MANDATE FORMS RECEIVED BY
REGISTRAR & SHARE TRANSFER
AGENTS UPTO 13TH JANUARY,
2010 SHALL BE CONSIDERED WHILE
EFFECTING DIVIDEND PAYMENT FOR
THE YEAR 2008-09**

Dated: 25th November, 2009



WALCHANDNAGAR INDUSTRIES LIMITED
Shareholder's Option to receive Dividend Payment through
Warrants favouring Bankers/National Electronic Clearing Service (NECS)

Folio No.(s):

No. of shares

1. I/We give below the necessary particulars

- | | | | |
|----|---|---|---|
| A. | Name of the Sole/First Shareholder | : | _____ |
| B. | Name of the Bank | : | _____ |
| C. | Name of the Branch | : | _____ |
| D. | Address of the Branch | : | _____ |
| E. | Telephone Number of Branch | : | _____ |
| F. | Type of Account
(Savings/Current/Cash Credit) | : | _____ |
| G. | Applicable Code No. (10/11/13)
(Saving – 10, Current – 11,
Cash Credit – 13) | : | _____ |
| H. | Account Number (min. 10 digits to max. 15 digits for
dividend payment through NECS) | : | _____ |
| I. | Ledger & Ledger Folio No.
(if any) of your bank account | : | _____ |
| J. | 9-Digit Code number appearing on the clear band
area at the bottom of MICR Cheque issued by Bank
(the code number is mentioned on the MICR band
next to the cheque number)
(Ensure a photocopy of a blank cheque is enclosed) | : | <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 5px;"></div> </div> |

2. I/We hereby opt for payment of dividend

- through physical warrants with Name and Account No. of my/our bank
- under NECS

(Please tick whichever is applicable)

3. I/We hereby declare that the above particulars are complete and correct. I/We also undertake to advise any change in the particulars of my/our account to facilitate Updation of records for payment of dividend. If the transaction is delayed or is not effected at all due to incomplete or incorrect information or for any reason beyond the control of the Company, I/We shall not hold the Company responsible.

Place :

Date :

Signature of the Sole/First named Shareholder

Encl.: A Photo copy of the cheque/a blank cheque duly cancelled

Note: In case it is not possible to attach a copy of cheque, the following certificate may please be furnished from your Bank:
Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

Signature of the Authorised Official of the Bank



WALCHANDNAGAR INDUSTRIES LIMITED

Regd. Office: 3, Walchand Terraces, Tardeo Road, Mumbai 400 034

ATTENDANCE SLIP

I hereby record my presence at the 101st ANNUAL GENERAL MEETING of the Company being held at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 on Wednesday, 20th January, 2010 at 3.00 p.m.

Member's/Proxy's Name
(in Capital Letters)

Folio No./DPID & Client ID No.

No. of Shares

.....
Member's/Proxy's Signature



WALCHANDNAGAR INDUSTRIES LIMITED

Regd. Office: 3, Walchand Terraces, Tardeo Road, Mumbai 400 034

FORM OF PROXY

I/We

of in the district of

being a Member/Members of the above-named Company hereby appoint Mr./Ms.....

of in the District of or

failing him/her Mr./Ms.

of in the District of or

failing him/her Mr./Ms.

of in the District of

as my/our Proxy to vote for me/us on my/our behalf at the 101st ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 20th January, 2010 at 3.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 and at any adjournment thereof.

Signed this day of 2010

Signed

Affix
15 Paise
Revenue
Stamp

Folio No./DPID & Client ID No.

No. of Shares

Note: The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.
A Proxy need not be a member.



New office premises at Walchand House, Pune



Mr. Chakor L. Doshi, Chairman inaugurating the new office at Pune



Regd. Office: 3, Walchand Terraces, Tardeo Road, Mumbai - 400 034
Website: www.walchand.com