

102nd ANNUAL REPORT 2009-2010



A Tradition of Engineering Excellence

WALCHANDNAGAR INDUSTRIES LIMITED



SETH WALCHAND HIRACHAND

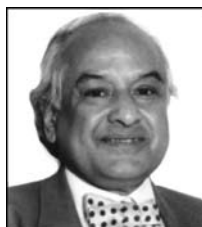
Seth Walchand Hirachand's life was truly a triumph of persistence over adversity.

Sardar Vallabbhai Patel

Board of Directors



Chakor L. Doshi
Chairman



Dr. P. K. Basu
Director



Dilip J. Thakkar
Director



A. U. Rijhsinghani
Director



Arati H. Vissanji
Director



S. B. Das
Director



J. L. Deshmukh
Managing Director & CEO



Chirag C. Doshi
Managing Director



Dr. Anil Kakodkar
Director



G. N. Bajpai
Director

Management Team

Name

Vice Admiral (Retd.) S. K. K. Krishnan
Mr. V. T. Pawar
Mr. S. S. Gangavati
Mr. V. M. Parthasarathy
Mr. V. G. Ratnaparakhi
Mr. G. S. Prakash
Mr. J. N. Nandurkar
Mr. L. Ranganathan
Mr. Arvind Shore
Mr. M. J. Devis
Mr. Kushal Saha
Mr. Swarup Mukherjee
Mr. P. K. Mahadevan
Mr. V. D. Vaingankar
Vice Admiral (Retd.) N. M. Nadaph
Mr. V. R. Joshi
Mr. S. R. Deshmukh
Mr. M. H. Purwat
Mr. P. C. Bhagwat
Mr. A. B. Kamlapur
Mr. G. S. Agrawal

Designation

Sr. President – Defence, Hydrocarbons & Gear
Sr. President – Sugar, Boiler & Financial Processes
President – Strategic Planning & Market Research
President – Special Products
President – Manufacturing Unit-Walchandnagar
President – Boiler & Sugar
President – Corporate H.R. & Special Projects
President – New Business Ventures
President – Mining & Bulk Materials Handling
President – Turbine Business Group
President – Foundry Division, Satara Road
President – Projects
President – Materials
President – Manufacturing Technology
President – Walchand Technology Group
Chief Financial Officer
Chief Information Officer
Sr. Vice President – Finance
Sr. Vice President – Cement
Vice President – Precision Instruments Division, Dharwad
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
Tel. No. (020) 3025 2400

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) 2596 3838
Fax No. (022) 2594 6969
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.

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Letter from the Chairman



Dear Members,

I welcome you all to this 102nd Annual General Meeting and present the Annual Report of your Company.

Global economic slowdown and its consequent effect on demand in the capital goods sector continued to impact the sales and profitability of the Company in the first three quarters of the financial year 2009-2010. This trend was reversed in quarter IV, where the Company crossed the highest sales turnover of any quarter so far. Likewise the order book of your Company has become much healthier and stood at ₹ 2452 Crores as on 30th September, 2010.

The strong order book coupled with stronger macro-economic parameters, could have a favorable impact on the performance of your company in the coming years.

It is with this optimistic confidence in the long term future, the Directors of your Company have maintained recommendation of dividend at 50%.

I now take this opportunity to appraise you of the key initiatives taken in the area of business development and system integration.

- A. **SAP** – Enterprise Resource Planning System was implemented during the year.
- B. Collaboration Agreement with **Kawasaki Heavy Industries, Japan** for manufacture, installation and sale of environment friendly Flow Dynamics Conveyor (FDC) systems for bulk material handling.
- C. Memorandum of Understanding with **DCNS France** to potentially manufacture specified components & sub-systems for naval applications.

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 102nd Annual General Meeting of members of Walchandnagar Industries Limited will be held as scheduled below:

Day : Thursday
Date : 10th February, 2011
Time : 4.00 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, 2010 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, 2010.
3. To appoint a Director in place of Mr. Dilip J. Thakkar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. B. Das, 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 an Ordinary Resolution:
"RESOLVED THAT Dr. Anil Kakodkar whose term of Office as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Ghyanendra Nath Bajpai whose term of Office as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai - 400 034

Date : 27th December, 2010

Notes:

- (a) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of special business Item Nos. 6 and 7 mentioned 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 Friday, the 4th February, 2011 to Thursday, the 10th February, 2011. (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 10th February, 2011. In respect of Shares held in Electronic Form, the dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for this purpose at the end of business hours on 3rd February, 2011.
- (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, 2003 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 Investors Education and Protection Fund (IEPF) as above, no claim shall lie against the Company or the IEPF 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) Mr. Dilip J. Thakkar and Mr. S. B. Das, 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) 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 Directors appointed Dr. Anil Kakodkar as an Additional Director of the Company w.e.f. 27-12-2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 133 of Articles of Association of the Company Dr. Anil Kakodkar holds the office only up to the date of this Annual General Meeting. A Notice has been received from a member as required under Section 257 of the Companies Act, 1956, alongwith required deposit of ₹ 500/- proposing Dr. Anil Kakodkar as candidate for office of the Director.

Dr. Anil Kakodkar, aged 67 years, BE (Mech. Engineering from Mumbai University) and M.Sc. (Experimental Stress Analysis from Nottingham University) is currently associated as DAE Homi Bhabha Chair Professor at Bhabha Atomic Research Centre (BARC). He was Chairman of Atomic Energy Commission and Secretary to Government of India, Department of Atomic Energy during 2000-2009.

A brief resume of Dr. Anil Kakodkar, details of his qualifications and experience and names of the Companies in which he holds Directorships, is provided in Report on Corporate Governance forming part of this Annual Report.

Considering the vast knowledge and experience of Dr. Anil Kakodkar, the Board of Directors considers it desirable that the Company should avail the benefit of his services as a Director of the Company and accordingly recommends the resolution as set out in Item No. 6 of the Notice for his appointment as a Director liable to retire by rotation for the approval of the shareholders.

Except Dr. Anil Kakodkar, no other Director is concerned or interested in this resolution.

Item No. 7

The Directors appointed Mr. Ghyanendra Nath Bajpai as an Additional Director of the Company w.e.f. 27-12-2010. Pursuant

to the provisions of Section 260 of the Companies Act, 1956 read with Article 133 of Articles of Association of the Company Mr. Ghyanendra Nath Bajpai holds the office only up to the date of this Annual General Meeting. A Notice has been received from a member as required under Section 257 of the Companies Act, 1956, alongwith required deposit of ₹ 500/- proposing Mr. Ghyanendra Nath Bajpai as candidate for office of the Director.

Mr. Ghyanendra Nath Bajpai, aged 68 years, B.Com, M.Com (University of Agra) and LL.B. (University of Indore), Ex-Chairman of Life Insurance Corporation of India (LIC) and Ex-Chairman of Securities and Exchange Board of India, (SEBI).

A brief resume of Mr. Ghyanendra Nath Bajpai, details of his qualifications and experience and names of the Companies in which he holds Directorships and Memberships/Chairmanships of Board Committees, is provided in Report on Corporate Governance forming part of this Annual Report.

Considering the vast knowledge and experience of Mr. Ghyanendra Nath Bajpai the Board of Directors considers it desirable that the Company should avail the benefit of his services as a Director of the Company and, accordingly, recommends the resolution as set out in Item No. 7 of the Notice for his appointment as a Director liable to retire by rotation for the approval of the shareholders.

Except Mr. Ghyanendra Nath Bajpai, no other Director is concerned or interested in this resolution.

By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai - 400 034

Date : 27th December, 2010

DIRECTORS' REPORT

To:
The Members of
Walchandnagar Industries Limited

Your Directors have pleasure in presenting the 102nd Annual Report with Audited Statement of Accounts for the year ended 30th September, 2010.

1. Performance for the Year in Retrospect:

	30.09.2010 ₹ in Lakhs	30.09.2009 ₹ in Lakhs
Income:	69,367.89	52,491.48
Profit before Depreciation, Interest and Exceptional Item	4,386.58	5,287.26
Less: Interest	749.01	697.37
Depreciation	1,335.20	1,052.55
Exceptional Item	112.77	—
Profit before Taxation	2,189.60	3,537.34
Less: (a) Provision for Taxation	430.00	924.50
(b) Deferred Tax Liability/(Asset)	(469.31)	272.71
Profit after Tax	2,228.91	2,340.13
Surplus brought forward from the previous year	9,891.91	8,231.19
	12,120.82	10,571.32
Appropriations:		
– General Reserve	222.89	234.01
– Proposed Dividend	380.70	380.70
– Income Tax on Proposed Dividend	63.23	64.70
– Surplus carried to Balance Sheet	11,454.00	9,891.91

During the year under review the income of the Company showed growth from ₹ 524.91 Crores to ₹ 693.68 Crores. This reflects a rise of 32% over the previous year. However, profit before tax declined from ₹ 35.37 Crores to ₹ 21.90 Crores due to increase in fixed costs in respect of depreciation, manpower and administrative costs that had to be incurred in order to be prepared for execution of large value orders for next year and effect of competitive pricing in the current market scenario.

2. Current Year:

The orders on hand as on 30.09.2010 were at ₹ 2452.22 Crores as compared to ₹ 1463.15 Crores as on 30.09.2009.

3. Exports & Overseas Projects:

During the year the Company achieved the export turnover of ₹ 59.95 Crores as against ₹ 96.92 Crores, in the previous year. The export orders on hand as on 30.09.2010 are at ₹ 482.52 Crores. During the year, the Company executed orders for Waste Crushing, Grinding and Pumping Plant of Konkola Copper Mines plc. Zambia, 3500 TPD Cement plant and 100 TPH Cement Clinker Grinding Unit of Maweni Limestone Limited, Tanzania, Sugar & Boiler projects in Ethiopia.

4. Dividend:

Your Directors are pleased to recommend Dividend for the financial year 2009-2010 on Equity Shares of ₹ 2/- each at ₹ 1/- per share equivalent to 50% (50% in the previous year) aggregating to ₹ 380.70 Lakhs. The Dividend Distribution Tax thereon works out to ₹ 63.23 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, 2010, were at ₹ 3.00 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, 2010.

ii. Income Tax Assessments:

The Company's Income Tax and Wealth Tax Assessments are completed up to the Assessment Year 2007-08. Assessment for the Assessment year 2008-09 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-3(iii) of schedule 'O' forming part of the Accounts.

7. Human Resources Development:

Your Company is a strong value based organization with a culture that promotes openness, empowerment and freedom to work. The organization believes that human capital is the key differentiator in business in a challenging and competitive environment. The Human Resource Practices of the Company are focussed on Talent Identification, Induction, Development & Retention.

Learning & Development Capability:

The Company undertakes continuous training & learning programs involving employees and officers. This includes

programs to supplement/augment job related skills as well as programs to address the personality development aspects.

8. Directors' Responsibility Statement:

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

- i. In preparation of the Annual Report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed.
- ii. Appropriate accounting policies have been selected and applied consistently, 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, 2010 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 Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements as set out by SEBI. The Ministry of Corporate Affairs recently announced a set of Voluntary Guidelines on Corporate Governance. The Company is evaluating the feasibility of these guidelines for its progressive implementation. 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. Social Responsibility:

Over the years, the Company has taken and continues to take several initiatives in order to fulfill its corporate social commitments.

Health:

To create health awareness in the township and nearby villages, the Company continued to organize various health schemes during the year. This year, free orthopedic checkup camp, free health checkup camp, eye checkup camp and dental checkup for school children were organized.

Education:

The schools established by the Company continued to impart education up to Higher Secondary grade for children staying

in Walchandnagar and the children staying in nearby villages also. The Company has kept the admission in the schools open for children from nearby villages in addition to children of employees.

Environment:

To maintain the pollution free atmosphere and spread awareness about environment protection, we have undertaken tree plantation involving school children and other social institutes and so far more than 5,000 trees have been planted.

Encouraging young talents in the sports field:

As a part of our commitment to the Society, your Company has been sponsoring All-India Ranking National Tennis Tournaments in Pune for boys and girls below 16 years of age for the past 3 years.

This year also this Tournament was held in Pune from 8th November to 13th November 2010, which was participated by prominent ranking tennis players from all over India.

11. 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.

12. 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 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.

13. Subsidiaries:

The Company does not have any subsidiary.

14. Directors:

Dr. Anil Kakodkar was appointed as an Additional Director under Section 260 of the Companies Act, 1956 w.e.f. 27.12.2010.

Mr. Ghyanendra Nath Bajpai was appointed as an Additional Director under Section 260 of the Companies Act, 1956 w.e.f. 27.12.2010.

As Additional Directors, Dr. Anil Kakodkar and Mr. Ghyanendra Nath Bajpai hold office upto the ensuing Annual General Meeting of the Company and as stated in the Notice for the 102nd Annual General Meeting, they are proposed to be appointed as Directors liable to retire by rotation.

In accordance with the provisions of Companies Act, 1956 and Article 149 of the Articles of Association of the Company, Mr. Dilip J. Thakkar and Mr. S. B. Das are due to retire at the 102nd Annual General Meeting and they being eligible offer themselves for reappointment.

15. 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.

16. 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 : 27th December, 2010

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

Economic Overview

The Financial Year October 2009 – September 2010 (Year 2009-10), began with a mixed impact of the severe US economic crisis and strong domestic market recovery. Thankfully, the Indian economy absorbed the impact of a potentially crippling economic slowdown witnessed in various parts of the world in 2008-09 with remarkable resilience and moved on to achieve growth parameters, with GDP Growth rate set to reach pre crisis levels by fiscal 2010-11.

Stock markets continued its bull run with 30 scrip sensitive index (SENSEX) of the Bombay Stock Exchange gained over 17% to cross 20000 mark by September, 2010.

Your Company operates in the capital goods sector where generally the impact of economic recovery is witnessed with a lag. In keeping with this trend, the sales performance of your Company improved during the year 2009-10 and especially in Quarter 4, where significant demand pull was witnessed from various end user segments.

Financial Overview

Sales & Profitability

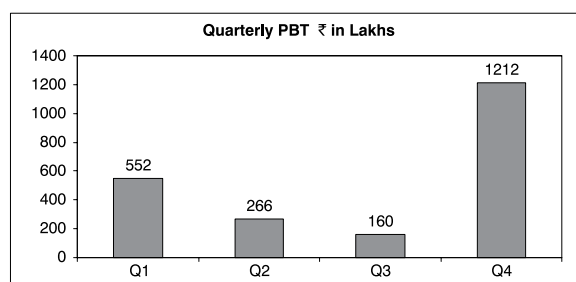
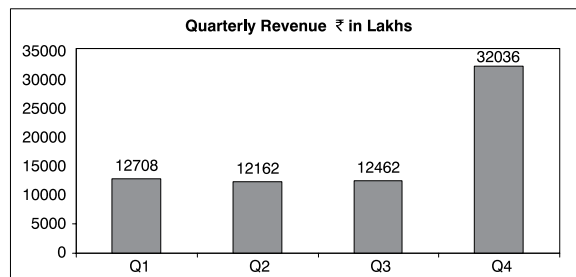
Following is the summary of sales & profitability for the year 2009-10 compared with previous year.

Particulars	FY 2009-10	FY 2008-09
Total Revenue	69368	52491
EBIDTA (After Exceptional Item)	4274	5287
EBIDTA %	6.2	10.1
Profit Before Tax (PBT)	2190	3537
PBT %	3.2	6.7
Profit After Tax (PAT)	2229	2340
Cash Profit	3095	3666
Fully diluted EPS	5.85	6.15

* all figures ₹ in lakhs except EPS

The PAT has the impact of the reversal of deferred tax liability created in earlier years upon final settlement of the dispute with Projects & Equipment Corporation (PEC) in the matter of Cement Project at Padang Indonesia.

The following graph will demonstrate the quarterly sales and profitability and the strong recovery witnessed in Quarter 4.



The revenue for the year as a whole has shown a growth of 32% over the previous year. However, there is a drop in the EBIDTA and PBT margin on account of the following:

- Increase in fixed costs in respect of depreciation, manpower and administrative costs in order to prepare for significantly larger revenue on the back of strong order book.
- Competitive pricing in the current market scenario.

Order Book

The Order Book of the Company has reached all time high level with the outstanding orders at ₹ 2452 Crores as on 30th September, 2010. Following are the highlights of the order book:

- It includes order for 12 Co-Gen Power Projects aggregating to 183 MW and Sugar plant modernization/expansion from Tamilnadu State Electricity Board (TNEB). This is the single largest order ever to be won by the Company.
- The order book underlines the strong engagement of your Company in the Nuclear Power sector with the orders for core machinery & components for 700 MW Nuclear Power Projects of NPCIL.
- The order book also has a strong export orientation with 20% of the orders comprising of Overseas Projects. This enables the Company to de-risk by diversifying the customer/geographic portfolio.

The Company is now targeting to build on the current order book. This will enable your Company to sustain the growth momentum

brought by the current strong order book position. The areas in which we are pursuing the new orders include:

- Energy Sector
- Nuclear Power, Aerospace and Defence
- Hydrocarbon (Oil and Gas and Petrochemicals)
- Cement Machinery

Key Events

Project KSHITIJ - Implementation of ERP

Looking to the growing operations of the Company, the need was felt to implement the Enterprise Resource Planning (ERP) solution for the heavy engineering division of the Company. SAP was selected to be the software and the implementation was carried out by implementation partner Price Waterhouse Coopers (PWC) in close co-ordination with the in house team. The Company is pleased to inform you that the Project Kshitij has been successfully implemented and "Go Live" was achieved on 1st January 2010. The system is under use with a dedicated team working closely with the users to ensure smooth functioning as well as bring about constant improvements by way of easing of operations and tightening of controls wherever required.

The ERP, in the long run is expected to give many benefits:

1. Fully integrated online system
2. Bring about strong system orientation
3. Effective MIS across the profit centers & projects of the Company
4. Effective control on costs & budgets
5. Effective controls on procurement & inventory
6. Various process automation in the form of Supply Chain Management, Payment automation to reduce document flows.

Collaboration Agreement with Kawasaki Heavy Industries, Japan (KHI)

Your Company concluded the Collaboration Agreement with KHI for manufacture, installation and sale of Flow Dynamics Conveyor Systems (FDC) in India. FDC is a technologically advanced product suitable for conveying bulk material in the ecologically sensitive areas. This is also compliant with the Environmental laws of India. Under this collaboration KHI will provide your Company with the designs as well as installation and implementation support.

Memorandum of Understanding with DCNS France

Your Company has entered into a MOU with DCNS for exploring the possibility of setting up suitable manufacturing facility in India to address the requirements of the Naval applications for specified components and sub systems. DCNS is a major shipbuilding company from France specializing in building surface ships for a wide range of defence applications as well as submarines.

New Business Initiatives

Your Company is exploring several new business opportunities to enhance its business profile. These opportunities are in the fields of Energy business, Hydrocarbons, EPC in the field of Solar Energy. The focus will be to leverage the core strengths of the Company in the areas of manufacturing, local domain knowledge and project execution and project management capabilities. To this end your Company is exploring several technical/techno commercial collaborations and JV opportunities with strong global players in these fields.

Segment Review

Heavy Engineering

Heavy engineering division of your company caters primarily to the capital goods segment in diverse fields such as Sugar Machinery, Boilers and Power plants, Cement Machinery, Aerospace, Defence, Nuclear Power and EPC. The revenue of the division was affected by the delays in commencement/clearances of projects for the first three quarters. However, during the same period the division achieved a strong order book of over ₹ 2400 Crores. This, together with the revival of the delayed projects, led to a significant recovery in the sales in Quarter 4 where the company clocked, for the first time, sales turnover of over ₹ 300 Crores in one quarter. For the year as a whole, the sales of Heavy Engineering division increased by 33% compared to the previous year. This increase was led primarily by the revival of Sugar business and strong growth witnessed in the boiler and power plant business. Cement business continued to be lean due to low off-take in the Indian market and continued delay in commencement of the projects in the overseas markets. The Mineral Processing (EPC) business also remained lean where the company focused on successfully commissioning the projects which were already in hand. The business in the Aerospace, Defence and Nuclear Power segment was also impacted mainly due to delay in clearances.

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
- components required for the wind turbine manufacturing

During the year, the foundry demonstrated a steady sales performance. The foundry suffered on account of rejections in its complex Ductile Iron casting applications leading to adverse impact on profitability. The foundry is witnessing strong demand flow from automotive as well as non automotive customers. The demand is also witnessed for fully machined castings. Keeping this changing customer trend in mind, your Company will take appropriate steps to meet this customer requirement.

Precision Instrument Division

The precision instrument division of the Company manufactures pressure and temperature gauges and sector mechanisms required for a range of process industry applications as well as automotive

applications. The division posted a smart recovery compared to the previous year by clocking sales growth of 60%. This was possible due to strong demand mainly from the automotive sector as well as efforts and initiatives taken internally to improve the productivity to effectively use the available infrastructure and capital and in house design & engineering efforts.

Risk Management

Your Company follows a conservative Risk Management policy. Whilst the broad framework of the Risk remains more or less same, the priorities do change in line with the changing business profile, economic scenario etc.

The business profile of your Company is evolving where:

- The focus is more on turnkey project execution as against pure supply of equipment
- Focus on overseas markets is also increasing with 20% of the outstanding orders comprising of Overseas Projects.
- The size of the project undertaken is growing

This changing business profile has necessitated a reprioritization of the risk management strategy.

Project Management and Contract Performance

As mentioned above, your Company has started executing more projects on a turnkey basis. The size of the projects is also increasing compared to the past. This, on one hand, enhances the opportunity to attain scale economies and other benefits, it exposes the Company to a larger value of retentions and guarantees. In such scenario the contract management and Performance Risk management assumes a much greater significance, than any time in the past. This entails three primary things:

- Robust estimation process
- Strong execution process encompassing Engineering, Procurement, manufacturing and site installation
- Sound Contract management process

Liquidity & Financial Prudence

Management of liquidity assumes even more importance when the size of the projects being handled goes up. This is to ensure adequate supply of funds for execution of the projects and entails the complete management of net working capital. Your Company is giving significant emphasis on this aspect with specific efforts to track receivables, inventories and payment to supply base. Further, your Company firmly believes that financial prudence is the key to survival in difficult times, as well as sustained growth. Year 2009-10 was among the most challenging years faced by your Company in the recent past. Despite this your Company has maintained key financial parameters at a prudent level.

- Total Loans remained at ₹ 103.92 Crores as against ₹ 124.95 Crores previous year.
- Gross Debt – Equity Ratio maintained at a healthy 0.46.

The Company has ₹ 45.40 Crores of free cash on its books, which is invested in safe instruments such as liquid/liquid plus mutual funds & fixed maturity plans of the reputed mutual funds.

It is pertinent to note that your Company's credit rating was maintained throughout the year 2009-10 and outlook now stands revised to "Positive" from "Stable" which points at a potential upgrade in the course of time subject to attainment of certain parameters.

Foreign Exchange Risk Management

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 and import and loan liability in USD terms.

Technology up-gradation

The key to sustained competitiveness is the availability of contemporary technologies. Your Company, over the years, has entered into collaboration arrangements with some of the world's renowned technology providers in its core field of activities. These included ongoing technology inputs as well as project specific technology support.

Demand Cyclicity

Demand cyclicity is a generic risk applicable almost across the spectrum. In case of your Company, this risk assumes significance since most of the end users of your Company follow a economic cycle of their own. This results in variation in the revenue drawn from different end user segments from year to year. Your Company's approach to mitigating this risk continues to be:

- Technology up-gradation and moving up the value chain
- Diverse yet synergistic revenue model
- Focus on core & less cyclical industries such as Boilers and Power plants, Nuclear Power, Aerospace, Defence etc.
- Growing focus on overseas business

Internal Control & Audit

The internal audit function of the Company can be broadly divided into the following:

- Risk Based Internal Audit (RBIA) wherein the focus is given on End to End processes and control points from the point of view of Systems, Processes and awareness of people.
- Transaction audit covering all individual transactions on a granular basis to check the accuracy, accounting, propriety and controls.
- Audit of various sub processes in SAP. This was started specifically during the year after the implementation of SAP with effect from 1st January, 2010. This entails identification of process gaps in SAP and correcting them from time to time.

- The findings of the audit are discussed in each audit committee meeting as well as in the internal meetings at a regular interval.

Outlook & Conclusion

Revenue

During the year 2009-10, your Company achieved a revenue growth of 32% over the previous year. This has been achieved on the backdrop of a significant drop in revenue in the previous year 2008-09. This has been possible with the growing demand pull from customers, especially in the sugar, boiler and power project business.

The strong sales performance in Quarter 4 has given the Company reasons to have favourable outlook for the next year:

- Strong Order book as on September 30, 2010, which stands at ₹ 2452 Crores.
- Strong business outlook in the Aerospace, Defence and Nuclear power segment. This business lends long term sustainability to the revenue model of the Company.
- Continued focus & efforts to build on the current strong order book position of the Company.

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

- Well diversified yet synergistic business model
- Strong manufacturing capability
- In house design engineering capability
- Project management capability
- Technology tie-ups in critical areas.

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

Profitability

Year 2009-10 witnessed a reduced profitability margin for the reasons mentioned elsewhere in these discussions. Your Company is taking steps to bring about improvement in the same for which following progressive steps are planned:

- Attain scale economies to effectively absorb overheads and expenses
- Significant focus on cost reduction & resource optimization
- Focus on the quality of orders & sectors.

Long term competitiveness

Your Company believes that it is well placed to attain long term growth and competitiveness and significant resilience to sustain in the periods of economic cyclicity and adversities. The key to this lies in the conservative, synergistic and technology focussed strategies adopted by your Company.

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. The Company has Audit Committee, Shareholders' Grievance Committee, Remuneration Committee, Finance Committee, Allotment Committee, Committee of Directors for Capital Issue 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, 2010, the Board of Directors comprised of a Non-Executive Chairman, a Managing Director & CEO,

a Managing Director and 5 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 4 directors being Independent Directors out of total 8 Directors as on 30th September, 2010. 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 2009-2010 are given in the following table:

Information on Board of Directors

Name of Director	Director Identification Number (DIN)	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 (₹ in Lakhs)			
							Chairmanship	Membership	Sitting Fees	Salaries & Perquisites	Commission	Total
Mr. Chakor L. Doshi §	00210949	C-NED	5	5	YES	2	None	None	2.60	—	—	2.60
Dr. P. K. Basu	01293663	NED-I	5	5	YES	Nil	None	None	1.80	—	—	1.80
Mr. R. M. Pande *	00289836	NED-I	2	1	NO	Nil	None	None	0.40	—	—	0.40
Mr. Dilip J. Thakkar	00007339	NED-I	5	5	YES	13	5	10	2.60	—	—	2.60
Mr. A. U. Rijhsinghani	00177091	NED	5	5	YES	Nil	None	None	1.00	—	—	1.00
Mr. J. L. Deshmukh	00267467	MD & CEO	5	5	YES	1	None	None	—	55.71	23.34	79.05
Mrs. Arati H. Vissanji	00012032	NED-I	5	5	YES	Nil	None	None	1.00	—	—	1.00
Mr. Shashi B. Das	01482141	NED-I	5	5	YES	Nil	None	None	1.00	—	—	1.00
Mr. Chirag C. Doshi §	00181291	MD	5	5	YES	1	None	None	—	44.85	23.34	68.19
Dr. Anil Kakodkar Ω	03057596	NED-I	Nil	Nil	Nil	Nil	None	None	Nil	Nil	Nil	Nil
Mr. G. N. Bajpai Ω	00946138	NED-I	Nil	Nil	Nil	14	5	5	Nil	Nil	Nil	Nil

- Notes:
- "C-NED" Chairman – Non-Executive Director
"NED-I" Non-Executive Director – Independent
"NED" Non-Executive Director
 - The Board meets atleast once in a quarter to review the financial results and other items on the agenda, which are distributed to all the Directors in advance. During the Financial Year 2009-2010, 5 Board Meetings were held on 28.10.2009, 25.11.2009, 20.01.2010, 28.04.2010 & 12.08.2010 and the maximum gap between the two Board meetings did not exceed four months.
 - 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 ₹ 101.90 Lakhs & ₹ 40.35 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 relationships or transactions of Non-Executive Directors vis-a-vis the Company.
 - # Excludes Directorship in Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act.
 - \$ Figures includes Committee positions in Audit & Shareholders/Investors Grievance Committee only.
 - § Except Mr. Chirag C. Doshi, Managing Director, son of Mr. Chakor L. Doshi, Chairman, no other directors have any inter-se relationship with the other Directors of the Company.
 - * Mr. R. M. Pande resigned from the Board of the Company w.e.f. 25.11.2009.
 - Ω Dr. Anil Kakodkar and Mr. G. N. Bajpai have been appointed as Additional Directors of the Company w.e.f. 27.12.2010.

Code of Conduct:

The Company has formulated, adopted and implemented the Code of Conduct for all its Board Members and Senior Management Personnel of the Company as required under Clause 49(I)(D) of the Listing Agreement. The Code is posted on the Company's website: www.walchand.com. All Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis and a declaration to this effect by Mr. J. L. Deshmukh, Managing Director and CEO is attached to this report.

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 30.09.2010.

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

- (i) Mr. Dilip J. Thakkar, is a Practising Chartered Accountant since last 48 years and is a Partner of M/s. Jayantilal Thakkar & Co. and Jayantilal Thakkar Associates, Chartered Accountants, Mumbai. Mr. Thakkar is having vast experience in the fields of Accounts, Finance, Taxation, FEMA etc. He is also on the Board of 13 other Public Limited Companies namely: Poddar Developers Ltd., Panasonic Energy India Co. Ltd., Essar Oil Ltd., Thirumalai Chemicals Ltd., The Ruby Mills Ltd., PAE Ltd., Himatsingka Seide Ltd., Indo Count Industries Ltd., Garware Polyester Ltd., Essar Shipping Ports & Logistics Ltd., Modern India Ltd., Aegis Ltd., and Premier Ltd. and 8 Private Limited Companies. He is also a Trustee of HSBC Mutual Fund. Mr. Thakkar is a Chairman of Investors Grievances Committee of Panasonic Battery India Co. Ltd. and a Chairman of Audit Committees of Essar Oil Ltd., Thirumalai Chemicals Ltd., PAE Ltd. & Himatsingka Seide Ltd. He is also a Member of Share Transfer Committee of Thirumalai Chemicals Ltd. and a member of Investors Relations Committee of Essar Oil Ltd.
- (ii) Mr. Shashi Bhusan Das, B.A. (Hon.), L.L.B., had 38 years of experience with L.I.C. and retired as Zonal manager from L.I.C. He has vast experience in the field of Management and Administration.
- (iii) Dr. Anil Kakodkar, aged 67 years, BE (Mech. Engineering from Mumbai University) and M.Sc. (Experimental Stress Analysis from Nottingham University) is currently associated as DAE Homi Bhabha Chair Professor at Bhabha Atomic Research Centre (BARC). He was Chairman of Atomic Energy Commission and Secretary to Government of India, Department of Atomic Energy during 2000-2009. He has 46 years of experience in the field of Research and Development related to nuclear development. He was also associated with Advanced Heavy Water reactors to produce energy from Thorium on a large scale, Nuclear Submarine Powerpack

Technology, design and construction of Dhruva reactor, advanced nuclear technology, development of nuclear power programme.

During his tenure with Atomic Energy Commission, India became a partner in the ITER (International Thermonuclear Experimental Reactor) project and got exemption for nuclear trade from Nuclear Supplier's Group (NSG) besides several international cooperation agreements in the area of nuclear power, acquisition of Uranium and nuclear research. He has brought out for more than 250 scientific papers and reports on various aspects of his work.

He has been honoured as Doctor of Science and Doctor of Literature from number of Universities/Prestigious Institutes including IIT Bombay, IIT Kharagpur, IIT Delhi. He has also been awarded Padma Shri, Padma Bhushan and Padma Vibhushan for his recognition in the field of Research and Development work related to nuclear.

He has received number of National honours and awards for his recognition in the Field of Science and Technology.

He is a Chairman of DM Foundation, a Section 25 Company.

- (iv) Mr. Ghyanendra Nath Bajpai aged 68 years, B.Com, M.Com (University of Agra), L.L.B. (University of Indore), retired as Chairman of Life Insurance Corporation of India (LIC) having 36 years of experience in the field of Finance, Accounts, Asset Management, Banking, Administration etc. As Chairman, he transformed LIC to meet the challenges of deregulation and competition from global insurance companies. He was associated with GIC, ICICI Bank, UTI, Axis Bank, Tata Chemicals, Jindal Steel, Thane Electric Supply Co., National Housing Bank, Discount and Finance House, Indian Railway Finance Corporation, India International Insurance Ltd., Singapore and Ken-India Ltd., Nairobi (Africa) as Director. He was also associated with National Stock Exchange as Non-Executive Chairman, Stock Holding Corporation of India, LIC Housing Finance Ltd. and LIC International EC Bahrain and LIC Nepal Ltd.

Later he was the Chairman of Securities and Exchange Board of India (SEBI) for 3 years. As Chairman of SEBI, he initiated numerous reforms and innovations in India's securities markets. He is a visiting faculty at leading institutes of Management and Training. He has been awarded amongst others for the 'Outstanding Contribution to the Development of Finance' from Prime Minister of India, Dr. Manmohan Singh.

He was also Chairman of the Corporate Governance Task Force of International Organization of Securities Commissions and the Chair Person of the Insurance Institute of India, a counter part of Chartered Insurance Institute, U.K. He has been earlier Member of the Governing Boards of IIM, Lucknow and National Insurance Academy.

He is also on the Board of number of other Public Limited Companies namely: The Dhanalakshmi Bank Ltd., Dalmia Bharat Sugar & Industries Ltd., Future Generali India Life Insurance Company Limited, Future Generali India Insurance Company Ltd., Future Ventures India Ltd., Future Capital Holdings Ltd., Kingfisher Airlines Ltd., Emaar MGF Land Ltd., Mandhana Industries Ltd., Nitesh Estate Ltd., Usha Martin Ltd., New Horizons India Ltd., PNB Housing Finance Ltd., Micromax Informatics Ltd. and IDE India (a Section 25 Co.) and several Private Limited Companies. Mr. Bajpai is the Chairman of Audit Committee of Future Generali India Life Insurance Company Ltd., Future Generali India Insurance Company Ltd., Future Ventures India Ltd. and Chairman of Shareholders Grievance Committee of Future Generali India Life Insurance Company Ltd. and Future Generali India Insurance Company Ltd. He is also a member of Audit Committee of Dalmia Bharat Sugar & Industries Ltd., Future Capital Holdings Ltd., Mandhana Industries Ltd., Emaar MGF Land Ltd. and Kingfisher Airlines Ltd.

(3) Audit Committee:

The Audit Committee of the Board comprises of 3 Non-Executive Directors namely Dr. P. K. Basu, Mr. Chakor L. Doshi and Mr. Dilip J. Thakkar, out of which two are independent Directors including Dr. P. K. Basu, the Chairman of the Committee and the requirement of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) of the Listing Agreement have been complied with. 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 Meeting held during the Financial Year:

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. R. M. Pande*	1	1
Dr. P. K. Basu	4	4
Mr. Chakor L. Doshi	4	4
Mr. Dilip J. Thakkar	4	4

* Mr. R. M. Pande ceased to be a member of the Audit Committee consequent upon his resignation as a Director w.e.f. 25.11.2009. The Committee was reconstituted w.e.f. 25.11.2009 by appointing Dr. P. K. Basu as Chairman of the Committee.

Four Audit Committee Meetings were held during the year 2009-2010 on 25.11.2009, 20.01.2010, 28.04.2010 & 12.08.2010.

The necessary quorum was present for all the meetings.

Dr. P. K. Basu, Chairman of the Audit Committee was present at the Annual General Meeting held on 20.01.2010.

Chief Financial Officer, Managing Director & CEO, Managing Director, Statutory Auditors & Chief Internal Auditors are the permanent invitee of the Audit Committee. Internal Independent Auditor and other members of the Senior Management have attended when invited to the meetings. Mr. G. S. Agrawal, Company Secretary attended the meetings as Secretary of the Committee. All the members of the audit committee are financially literate and possess the requisite accounting and related financial management expertise.

(4) Remuneration Committee:

The Remuneration Committee comprises of Mr. Chakor L. Doshi and three Independent Directors viz., Dr. P. K. Basu, Mr. Dilip J. Thakkar and Ms. Arati H. Vissanji. Dr. P. K. Basu is the Chairman of the Committee. Mr. G. S. Agrawal, Company Secretary acts as Secretary to the Remuneration Committee. The Remuneration Committee of the Company reviews the remuneration of Managing/Executive Directors. The Chairman of the Remuneration Committee was present at the Annual General Meeting held on 20.01.2010. Mr. R. M. Pande ceased to be a member of the Remuneration Committee consequent upon his resignation as a Director w.e.f. 25.11.2009 and the Committee was reconstituted w.e.f. 25.11.2009.

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.

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 ₹ 10.40 lakhs.

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.

During the year under review, no meeting of the Remuneration Committee was held.

The details of remuneration paid/provided for Mr. J. L. Deshmukh for the financial year ended 30th September, 2010 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. J. L. Deshmukh Managing Director & CEO
Salary	29.10
Perquisites	17.32
Contribution to P.F. and Superannuation	7.85
Gratuity	1.44
Commissions	23.34
Total	79.05

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 for Mr. Chirag C. Doshi for the financial year ended 30th September, 2010 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. Chirag C. Doshi Managing Director
Salary	20.88
Perquisites	17.29
Contribution to P. F. and Superannuation	5.64
Gratuity	1.04
Commission	23.34
Total	68.19

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 composition of the Committee meets the requirement of the Clause 49 of the Listing Agreement. Mr. G. S. Agrawal, Company Secretary and Compliance Officer acts as a Secretary of the Committee Meeting. The Committee is authorised to redress the Shareholders' and Investors' Complaints.

During the financial year 2009-10, 80 complaints were received from shareholders and were resolved as per details given hereunder:

Sr. No.	Nature of Query/ Complaint	Pending as on 01.10.09	Received during the year	Redressed during the year	Pending as on 30.09.10
1.	N/R of Share Certificates	—	17	17	—
2.	N/R of Dividend Warrants	—	27	27	—
3.	N/R of Annual Reports	—	4	4	—
4.	N/R of Demat Credit/Remat Cert.	—	1	1	—
5.	Rejected DRF	—	1	1	—
6.	N/R of Redemption/ Warrant	—	1	1	—
7.	N/R of Bonus Certificate	—	10	10	—
8.	N/R of Exchanged Certificate	—	4	4	—
9.	N/R of replacement/ splitting/ consolidated/ duplicate share certificates	—	3	3	—
10.	N/R of Bonus Pref. Certificate	—	1	1	—
11.	Others	—	11	11	—
	TOTAL	—	80	80	—

Attendance of Directors at the Shareholders' Grievance Committee Meeting held on 25.11.2009 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

(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. and all other functions as delegated to Shareholders Grievance Committee except replacement of lost/stolen/mutilated share certificates which is only approved by the Board of Directors of the Company. These matters are subsequently ratified by the Board of Directors. The Company did not have any Share Transfer application pending as on 30.09.2010.

In addition to above committees, the Board has constituted three more committees namely; Finance Committee, Allotment Committee and Committee of Directors for Capital Issue. The composition, functions and attendance of members of the Committees are listed below:

(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, two meetings of Finance Committee were held on 28-10-2009 and 06.09.2010.

Attendance of Directors at the Finance Committee Meeting held during the financial year:

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. Chakor L. Doshi	2	2
Mr. Dilip J. Thakkar	2	2
Mr. J. L. Deshmukh	2	1

(8) Allotment Committee:

The Board of Directors constituted Allotment Committee for the purpose of allotment of equity shares on conversion of warrants to specified allottees as approved by the shareholders by passing Special Resolution.

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 under review, no meeting of the Allotment Committee was held.

(9) Committee of Directors for Capital Issue:

The Board of Directors had constituted 'Committee of Directors for Capital Issue' ('Committee') with regard to create, offer, issue and allot in one or more tranche(s), in one or more foreign markets or domestic markets, to persons and entities whether such persons and/or entities are shareholders of the Company or not, including to Qualified Institutional Buyers, (as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as may be amended from time to time, ("SEBI Regulations"), (collectively "Investors").

The Committee comprises of four Directors viz. Mr. Chakor L. Doshi, Mr. Dilip J. Thakkar, Mr. J. L. Deshmukh and Mr. Chirag C. Doshi. Mr. Chakor L. Doshi is Chairman of the Committee. During the financial year, one meeting of Committee of Directors for Capital Issue was held on 31.12.2009.

Attendance of Directors at the 'Committee of Directors for Capital Issue' Meeting held on 31-12-2009 is as under:

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

Mr. G. S. Agrawal, Company Secretary acts as a Secretary of the Committee.

(10) General Body meetings:

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

Year	Venue	Date	Time
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.
2008-09	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai – 400 020	20-01-2010	03.00 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.
2009-10	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai – 400 020	25-11-2009	12.00 Noon

(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 ₹ 10/- to 5 equity shares of face value of ₹ 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)

➤ 2008-09

- (a) Resolution Number 6, Resolution under Section 314 of the Companies Act, 1956 to accord consent of the shareholders of the Company to Mr. Chakor L. Doshi, Chairman of the Company to continue to provide professional service as Advisor/Consultants to the Company.
- (b) Resolution Number 7, Resolution under Section 314 of the Companies Act, 1956 to accord consent of the shareholders of the Company to Mrs. Tanaz C. Doshi to hold and continue to hold an office or place of Profit in the Company with the designation as Special Executive and increase in the remuneration.

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.

(11) 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 to and 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) *Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.*

The Company has complied with all the mandatory requirements on the Corporate Governance as specified in Annexure ID to the Clause 49 of the Listing Agreement with the Stock Exchanges and the Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID 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. *Other Committees:*

The Company has constituted 4 more committees viz. Remuneration Committee, Finance Committee, Allotment Committee and Committee of Directors for Capital Issue of the Board of Directors of the Company.

(v) *Corporate Identity Number (CIN):*

The Corporate Identity Number of the Company allotted by the Ministry of Corporate Affairs, Government of India is L74999MH1908PLC000291.

(vi) *Compliance Certificate from Auditors on Corporate Governance:*

Certificate from Statutory auditors M/s. K. S. Aiyar & Co, Chartered Accountants confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

(vii) *Reconciliation of Share Capital Audit report (formerly known as Secretarial Audit Report) and Certificate of Compliance with Clause 47(c) of the Listing Agreement:*

The SEBI vide Circular No. CIR/MRD/DP/30/2010 dated 6th September, 2010 has modified the terminology of 'Secretarial Audit', as '**Reconciliation of Share Capital Audit**'. A qualified practicing company secretary has carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and total issued and listed capital. The 'Reconciliation of Share Capital Audit' (formerly known as Secretarial Audit Report) confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of Dematerialized shares held with NSDL and CDSL. The audit is carried out by M/s. V. N. Deodhar & Co., Practicing Company Secretaries every quarter and report thereon is submitted to the Stock Exchanges along with half yearly Compliance Certificate as per Clause 47(c) of the Listing Agreement and placed before the Board of Directors.

(viii) *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.

(ix) *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 ₹ 5,072 Lakhs on conversion of the warrants into equity shares. The Company has utilized ₹ 1,272 lakhs for capital expenditure, ₹ 2,780 Lakhs for working capital and the balance amount ₹ 1,020 lakhs has been invested in Liquid & Debt schemes of Mutual Funds and Fixed Maturity Plans.

(12) Means of Communication:

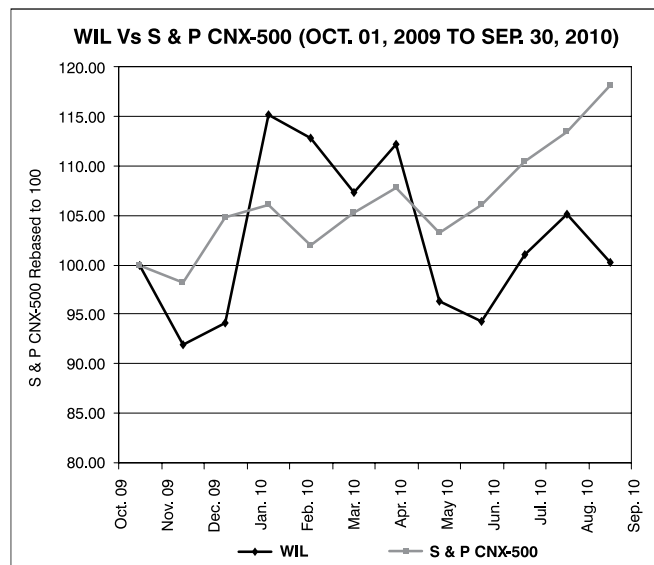
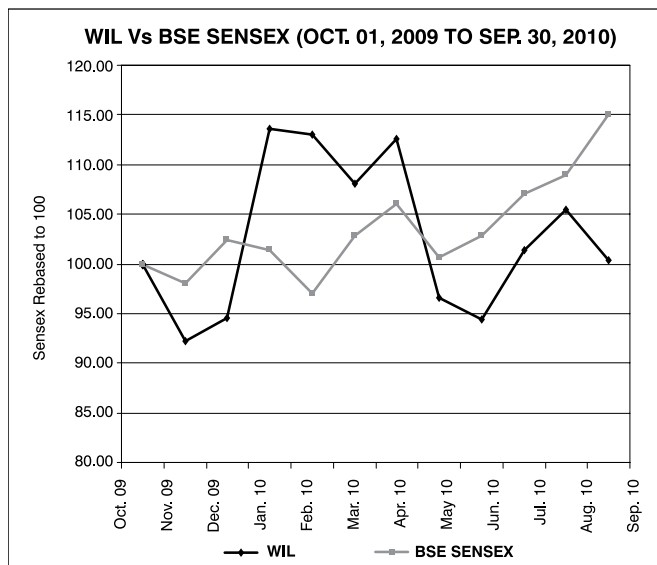
- (i) Quarterly, Half Yearly and Annual Results are published in All India Edition of Financial Express in English & Mumbai Lakshadeep in Marathi News papers from Mumbai.
- (ii) The quarterly, half yearly and annual results and shareholding pattern are also posted on the website of the Company (www.walchand.com) and on the Corporate Filing (CORP filing) and Dissemination system at www.corpfiling.co.in. However, the data is being filed electronically on excel based software.
- (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 as Annexure 'A' to the Directors' Report.
- (v) No presentations were made to institutional investors or to the analysts during the year.

(13) General Shareholder information:

- (i) AGM: Date, Time & Venue : 10th February, 2011 – 4.00 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 are declared within 45 days from the end of the quarter except for the last quarter, for which Annual Audited Results are declared within the period of 60 days from the end of the quarter as per amended Clause 41 under the Listing Agreement.
- (iii) Date of Book Closure : 4th February, 2011 to 10th February, 2011 (Both days inclusive).
- (iv) Dividend payment date : On or before 12th March, 2011
- (v) Listing on Stock Exchanges : Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. The Listing fees for the year 2010-2011 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		SENSEX	NSE		S & P CNX-500
	High	Low		High	Low	
Oct. 09	244.50	190.50	15896.28	244.60	192.00	3853.15
Nov. 09	221.00	180.15	16926.22	220.90	180.40	4145.45
Dec. 09	218.80	192.50	17464.81	218.50	192.25	4329.10
Jan. 10	292.90	201.25	16357.96	292.70	210.15	4156.05
Feb. 10	272.30	219.10	16429.55	272.60	220.00	4127.55
Mar. 10	247.85	222.25	17527.77	247.20	221.30	4313.25
Apr. 10	260.10	229.75	17558.71	259.70	229.70	4368.10
May 10	234.50	185.40	16944.63	234.50	185.70	4226.60
Jun. 10	221.90	188.65	17700.90	221.95	190.00	4420.70
Jul. 10	233.15	208.10	17868.29	233.10	208.05	4475.15
Aug. 10	248.40	210.10	17971.12	249.00	210.05	4537.25
Sep. 10	226.90	209.55	20069.12	228.00	209.50	4925.15

- (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 2009-2010:



- (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) 2596 3838
Fax No. (022) 2594 6969
E-mail: 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) : The following persons constitute the Group under the definition of 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises or is established to be in a position to exercise control, directly or indirectly, over the Company :

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.
 Walchand 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 30-09-2010:

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	192895	0.51
Insurance Companies	2315915	6.08
Private Corp. Bodies & Clearing Members	2335249	6.13
NRI/OCB/FII	442808	1.16
Public (Resident Indians/Trusts)	11838225	31.10
TOTAL	38070205	100.00

(b) Distribution of shareholding as on 30-09-2010

Shareholding of nominal value of ₹	Number of Shareholders	% to Total	Amount in ₹	% to Total
Upto 5000	91277	99.3232	19557232	25.6857
5001 to 10000	355	0.3863	2533614	3.3276
10001 to 20000	143	0.1556	2063184	2.7097
20001 to 30000	50	0.0544	1220012	1.6023
30001 to 40000	17	0.0185	615714	0.8087
40001 to 50000	12	0.0131	553870	0.7274
50001 to 100000	26	0.0283	1733030	2.2761
100001 onwards	19	0.0207	47863754	62.8625
TOTAL	91899	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 30.09.2010, 3,07,16,976 equity shares representing 80.69% 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. The shares of the Company are traded in the "B" group.

(xiv) National ECS Facility

: As per RBI notification, with effect from October 1, 2009 the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solution (CBS) for centralized processing of inward instructions and efficiency in handling bulk transaction.

In this regard, shareholders holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to you by your bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP). Please send these details to the Company/Registrars, if the shares are held in physical form, immediately.

If your bank particulars have changed for any reason, please arrange to register the NECS with the revised bank particulars.

The Company will use the NECS mandate for remittance of dividend either through NECS or other electronic modes failing which the bank details available with Depository Participant will be printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

- (xv) Unclaimed Dividends : Under the Companies Act, 1956, Dividends that are unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund administered by the Central Government. After completion of seven years, no claims shall lie against the said Fund or the Company for the amounts of Dividend so transferred nor shall any payment be made in respect of such claims.
- Separate intimation has been given in the notice convening 102nd Annual General Meeting, a part of this 102nd Annual Report. Members are requested to utilize this opportunity and get in touch with Company's Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 for encashing the unclaimed Dividend for the financial year 2002-2003 and for subsequent years standing to the credit of their account.
- (xvi) Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments, Conversion date and likely impact on equity : No instrument is outstanding for allotment or conversion.
- (xvii) 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
- (xviii) Address for correspondence :
- (a) For Correspondence relating to shares 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) 2596 3838 Fax No. (022) 2594 6969
E-mail: mumbai@linkintime.co.in
- (b) For other matters (At Company's registered Office) Walchandnagar Industries Ltd.
3, Walchand Terraces
Tardeo Road, Mumbai - 400 034
Tel: (022) 4028 7109
Fax: (022) 2363 4527
E-mail: investors@walchand.com; gsagrawal@walchand.com
- (xix) 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.
- (xx) Prevention of Insider Trading : In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has instituted a comprehensive Code of Conduct for Prohibition of Insider Trading in the Company's Shares.

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 30-09-2010.

Date: 22nd November, 2010

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, 2010 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.

For K. S. Aiyar & Co.

Chartered Accountants

FRN 100186W

Satish K. Kelkar

Partner

Membership No. 38934

Place : Mumbai

Dated : 27th December, 2010

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) Automatic Power Controller installed and now Power Factor improved upto 0.99 to unity.
- (2) Installed AC variable drives in place of high capacity induction motors for various machine tools, reducing energy consumption.
- (3) Installed DC drives in place of outdated Ward Leonard drive and saving in energy consumption.
- (4) Installed Metal Halide Lamps with Electronic Choke for shop lighting, thereby reducing energy consumption.

(b) Energy Conservation Measures Proposed:

- (1) Revamping of furnaces with latest heat insulating material.
- (2) Installing Metal Halide Lamps in remaining shops in phased manner.
- (3) Replacing old welding sets with energy efficient ones in phased manner.

(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:

- Self supporting Batch type Centrifugal Machine developed, manufactured & supplied. The machine has features like modular construction, quickly installable, energy efficient, improved output and better aesthetics.
- Developed 28" X 56" Mill for the first time and supplied.
- Central Drive ball mill of dia. 4.4 M X 15 M length developed and supplied. The product replaced girth gear drive with compact planetary gear box which reduces maintenance and consumes less floor space.
- Process development is made in core machinery of Cement Plant wherein tertiary tapping is taken from kiln head instead taking from cooler resulting in increased tertiary air temperature and better heat recuperation.
- Supplied additional (third) grate for the cooler which resulted into increase in cooler grate area and consequent increase in through put capacity.

- Travelling grate modification done resulting in ease of alignment, ease of operation, elimination of few components and overall reduction in cost.

(3) Future plan of Action

Develop the critical Hot Forming Process for forming the multiple & integral pullouts on large diameter headers special quality Alloy Steel.

(4) Expenditure on R&D

	₹ in Lakhs
Capital (Development Expenditure)	116.50
Recurring	22.25
Total	138.75
Total R&D Expenditure	
Percentage to turnover	0.20

(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 absorptions:
 - Continuous monitoring of technology trends.
 - Continuous interaction & exchange of information.
 - Deputing Engineers abroad for Interaction & exchange of Information.
 - Development efforts for technology adaptations 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 hi-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	₹ 5,994.68 Lakhs
Foreign Exchange Outgo	₹ 5,768.38 Lakhs

Auditors' Report

To the Members,
Walchandnagar Industries Ltd.

We have audited the attached Balance Sheet of **Walchandnagar Industries Limited**, as at 30th September, 2010 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, 2010 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, 2010, from being appointed as a Director, in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) *No provision has been made for the liability, if any, in respect of a Bank Guarantee invoked and encashed by a customer during the year amounting to ₹ 700 Lakhs shown under "Loans and Advances", and in respect of ₹ 744 Lakhs owed by the said customer appearing under "Sundry Debtors". The Company has disputed the customer's claim for bank guarantee invocation and has initiated the arbitration proceedings as detailed in Note No. D-3(iii), Schedule "O" of "Notes to Accounts". Since the matter is under arbitration, we are unable to opine on the likelihood of the liability devolving on the Company and the consequent effect on its Profits 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, 2010;
- (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
FRN 100186W

Satish K. Kelkar
Partner

Place : Mumbai
Date : 22nd November, 2010

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 ₹ 5 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.

- (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, 2010 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 (₹ 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	79.98 (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	Collector, Pune

- | | |
|---|--|
| <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
FRN 100186W

Satish K. Kelkar
Partner

Place: Mumbai
Date : 22nd November, 2010

Membership No. 38934

BALANCE SHEET AS AT 30TH SEPTEMBER, 2010

	Schedule	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I. SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS				
Share Capital	A	761.40		761.40
Reserves & Surplus	B	40,340.96		41,960.83
			41,102.36	42,722.23
2. DEFERRED TAX LIABILITY (Refer Note No. D-11 of Schedule 'O')			589.73	1,059.04
3. LOAN FUNDS:				
Secured Loans	C	8,889.22		10,992.01
Unsecured Loans	D	1,503.00		1,503.40
			10,392.22	12,495.41
TOTAL			52,084.31	56,276.68
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS:	E			
Gross Block		59,050.97		57,402.53
Less: Accumulated Depreciation		30,906.24		28,327.97
Net Block			28,144.73	29,074.56
Capital Work-in-progress			5,851.99	5,237.11
2. INVESTMENTS:	F		4,675.74	4,622.29
3. NET CURRENT ASSETS:				
CURRENT ASSETS, LOANS AND ADVANCES:	G			
Interest accrued and due		29.11		22.82
Inventories		22,314.90		17,172.59
Sundry Debtors		35,725.06		26,633.27
Cash & Bank Balances		3,472.32		4,148.54
Loans & Advances		16,865.55		10,870.38
		78,406.94		58,847.60
Less:				
CURRENT LIABILITIES AND PROVISIONS:	H			
Current Liabilities		64,377.67		40,732.87
Provisions		617.42		772.01
		64,995.09		41,504.88
NET CURRENT ASSETS :			13,411.85	17,342.72
TOTAL			52,084.31	56,276.68
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 realized 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
FRN: 100186W

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Company Secretary

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. R. Joshi
Chief Financial Officer

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

Chakor L. Doshi Chairman

Chirag C. Doshi Managing Director

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

Directors

Date : 22nd November, 2010
Place : Mumbai

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2010

	Schedule	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I. INCOME:				
1. Sales		55,725.69		48,244.35
Less: Excise Duty		1,985.66		1,270.56
		53,740.03		46,973.79
2. Erection, Job Work and Services		13,497.08		4,287.74
			67,237.11	51,261.53
3. Other Income	I		2,130.78	1,229.95
			69,367.89	52,491.48
II. EXPENDITURE:				
1. Raw Material & Components consumed		39,632.26		31,020.89
2. Payment to and provision to employees	J	6,161.81		5,320.47
3. Manufacturing, Administration & Selling expenses	K	20,116.39		14,226.27
4. Interest	L	749.01		697.37
		66,659.47		51,265.00
5. Less: Expenditure Capitalised		10.06		39.07
		66,649.41		51,225.93
6. Add/(Less): Decrease/(Increase) in stocks	M	(919.09)		(3,324.34)
			65,730.32	47,901.59
7. Profit before Depreciation & Tax			3,637.57	4,589.89
8. Depreciation for the year		2,649.12		2,429.00
9. Less: Transferred from Revaluation Reserve		1,313.92		1,376.45
			1,335.20	1,052.55
Profit Before Exceptional Item & Tax			2,302.37	3,537.34
10. Exceptional Item Advance Written Off Pursuant to out of Court Settlement (net) Less: Contingency Reserve Specifically created against same adjusted (Refer Note No. D-4 of Schedule 'O')		2,198.25		—
		2,085.48		—
			112.77	—
Profit Before Tax			2,189.60	3,537.34
11. Provision for Fringe Benefit Tax			—	34.00
12. Provision for Taxation Provision for Wealth Tax Deferred Tax Liability/(Asset)			430.00	888.00
			(469.31)	272.71
13. Profit After Tax			2,228.91	2,340.13
14. Surplus brought forward from last year		9,891.91		8,231.19
			9,891.91	8,231.19
15. Surplus before appropriation			12,120.82	10,571.32
III. APPROPRIATION:				
General Reserve		222.89		234.01
Proposed Dividend		380.70		380.70
Tax on Proposed Dividend		63.23		64.70
			666.82	679.41
Surplus carried to Balance Sheet			11,454.00	9,891.91
Notes forming part of Accounts Earning Per Equity Share Basic and Diluted (Refer Note No. D-10 of Shedule 'O')	O		5.85	6.15

As per our report attached

For K. S. AIYAR & Co.
Chartered Accountants
FRN: 100186W

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Company Secretary

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. R. Joshi
Chief Financial Officer

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

Chakor L. Doshi

Chirag C. Doshi

Dr. P. K. Basu

Dilip J. Thakkar

A. U. Rijhsinghani

A. H. Vissanji

S. B. Das

Chairman

Managing Director

Directors

Date : 22nd November, 2010

Place : Mumbai

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'A' : SHARE CAPITAL

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. AUTHORISED:		
50,000 10% Cumulative Preference Shares of ₹ 100 each	50.00	50.00
50,000 Preference Shares of ₹ 100 each	50.00	50.00
	100.00	100.00
12,00,00,000 Equity Shares of ₹ 2 each	2,400.00	2,400.00
	2,500.00	2,500.00
2. ISSUED, SUBSCRIBED & PAID UP:		
3,80,70,205 (P.Y. 3,80,70,205) Equity Shares of ₹ 2 each Fully paid-up	761.40	761.40
TOTAL	761.40	761.40

NOTES :

The Subscribed and paid up Equity Capital includes the following:

- 2,47,95,020 Equity Shares issued as Bonus Shares out of Share Premium, General Reserve and Capital Reserve.
- 2,50,000 Equity Shares issued for consideration other than for Cash, pursuant to a contract.
- 1,21,300 Equity Shares issued on conversion of Debentures.
- 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 Bombay High Court.
- 80,00,000 Equity Shares allotted to the allottees of the Warrant on Preferential basis upon exercise of Conversion option by them (inclusive of 40,00,000 Equity Shares issued as Bonus and included in Sr. No. 1 above).
- 25,145 Equity Shares issued under Employees Stock Purchase Scheme, 2008 (ESPS) at par to the permanent Employees.

SCHEDULE 'B' : RESERVES AND SURPLUS

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. REVALUATION RESERVE (On Revaluation of Fixed Assets)		
Opening Balance	19,808.81	21,185.26
Add: On Revaluation during the year	—	—
Less: Adjustment on Account of Sale	5.45	—
Less: Depreciation on Revalued Assets Transferred to Profit & Loss Account	1,313.92	1,376.45
	18,489.44	19,808.81
2. CAPITAL REDEMPTION RESERVE	50.00	50.00
3. CONTINGENCY RESERVE	2,085.48	2,085.48
Less: Utilized against the write off of the Advance Pursuant to the out of the court settlement, against which the reserve was originally created (Refer Note No. D-4 of Schedule - 'O')	2,085.48	---
	—	2,085.48
4. SECURITIES PREMIUM ACCOUNT	4,994.46	4,976.43
Add: On account of issue of shares under Employees Stock Purchase Scheme	—	18.03
	4,994.46	4,994.46
5. GENERAL RESERVE	5,130.17	4,896.16
Add: Transferred from Profit & Loss Account	222.89	234.01
	5,353.06	5,130.17
6. SURPLUS BALANCE IN PROFIT AND LOSS ACCOUNT	11,454.00	9,891.91
TOTAL	40,340.96	41,960.83

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
(A) From Banks		
(I) Heavy Engineering Division, Walchandnagar		
(i) Buyer's Credit Loan (under Company's Letter of Credit Facility) Repayable in one year (₹ 2,712.57 Lakhs)	2,712.57	2,968.46
(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 Walchandnagar Division)	3,457.36	2,070.96
(iii) External Commercial Borrowings (Payable within year ₹ 674.25 Lakhs) External Commercial Borrowings is 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 is 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.	2,697.00	2,887.20
(iv) Vehicle Loan (Secured by Assets Purchased there under) (Payable within one year ₹ Nil; Previous year ₹ 4.56 Lakhs)	—	4.56
	8,866.93	7,931.18
(II) Foundry Division, Satara Road		
(i) Term Loan (Payable within one year ₹ Nil; Previous year ₹ 59.62 Lakhs)	—	59.62
(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)	22.29	500.00
	22.29	559.62
(B) Commercial Paper (Commercial Paper was 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. Nil; Previous year ₹ 1.21 Lakhs) (Secured by Cars purchased under Hire-Purchase agreement)	—	1.21
TOTAL	8,889.22	10,992.01

SCHEDULE 'D': UNSECURED LOANS

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
(A) Fixed Deposits (payable within one year ₹ 3.00 Lakhs; Previous year ₹ 3.40 Lakhs)	3.00	3.40
(B) From Banks (Pursuant to the line of credit rolled over from time to time)	1,500.00	1,500.00
TOTAL	1,503.00	1,503.40

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'E' : FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block					Depreciation/Amortisation					Net Cost/Book Value	
	Cost/Book Value as at 01.10.2009	Addition	Added due to Revaluation	Deductions/ Adjustments	Cost/Book Value as at 30.09.2010	Depreciation/ Amortisation upto 01.10.2009	Depreciation/ Amortisation for the Year	Added due to Revaluation	Deduction/ Adjustments	Depreciation/ Amortisation upto 30.09.2010	Net Cost/ as at 30.09.2010	Net Cost/ as at 30.09.2009
1. Land (Free Hold)	3,794.72	—	—	—	3,794.72	—	—	—	—	—	3,794.72	3,794.72
2. Buildings (i)	20,981.89	468.88	—	—	21,450.77	10,130.86	434.55	—	—	10,565.41	10,885.36	1,0851.03
3. Plant and machinery	28,215.31	343.50	—	52.05	28,506.76	16,099.86	1,558.64	—	46.58	17,611.92	10,894.84	12,115.45
4. Laboratory Equipment	16.24	—	—	—	16.24	11.66	0.64	—	—	12.30	3.94	4.58
5. Furniture Fixtures, Office Equipments and Electrical Fittings	1,911.68	163.70	—	1.02	2,074.36	1,005.47	247.55	—	0.53	1,252.49	821.87	906.21
6. Patents	11.13	—	—	0.08	11.05	11.13	—	—	0.08	11.05	—	—
7. Vehicles	536.12	15.56	—	29.97	521.71	325.25	56.41	—	23.66	358.00	163.71	210.87
8. Road, Water Works and Drainage	1,187.78	52.41	—	—	1,240.19	642.79	48.24	—	—	691.03	549.16	544.99
9. Intangible Assets – Software	747.66	687.51	—	—	1,435.17	100.95	303.09	—	—	404.04	1,031.13	646.71
Total	57,402.53	1,731.56	—	83.12	59,050.97	28,327.97	2,649.12	—	70.85	30,906.24	28,144.73	29,074.56
Previous Year	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	—

(i) Includes cost of 5 shares of ₹ 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.,
8,30,900 (Previous year 1,66,180) Equity Shares of ₹ 2 each (Previous year ₹ 10 each)

Bombay Cycle & Motor Agency Ltd.,
600 Equity Shares of ₹ 10 each

H D F C Bank Ltd.,
500 Equity Shares of ₹ 10 each

Bank of Baroda
12,000 equity shares of ₹ 10 each

UNQUOTED

(1) EQUITY SHARES

Maharashtra State Co-operative Bank Ltd.,
2 Equity Shares of ₹ 50 each

Shushrusha Citizen's Co-operative Hospital Ltd.,
100 Equity Shares of ₹ 100 each

Walchand Terraces Co-Op. Housing Society Ltd.,
20 Equity Shares of ₹ 50 each

Current Year ₹ in Lakhs	Previous Year ₹ 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

SCHEDULE 'F' : INVESTMENTS (AT COST) (Contd.)

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Cooper Employees' Consumers' Co-op. Society Ltd., 100 Equity Shares of ₹ 25 each	0.02	0.02
Walchand Co-operative Housing Society Ltd., 10 Equity Shares of ₹ 50 each	0.01	0.01
Walchand Botanicals Pvt. Ltd., 481 Equity Shares of ₹ 100 each	0.48	0.48
Walchand Foundries Pvt. Ltd., 481 Equity Shares of ₹ 100 each	0.48	0.48
Actis Biologics Pvt. Ltd., 1,04,250 Equity Shares of ₹ 10 each	102.66	102.66
(2) FIXED/QUARTERLY INVESTMENT MATURITY PLAN		
Kotak Quarterly Interval Plan Series 4 (Previous year Nil)	203.53	—
Reliance Quarterly Internal Fund – Series III (Previous year Nil)	203.21	—
(3) LIQUID/LIQUID PLUS INVESTMENTS		
Birla Sunlife Savings Fund – Instl. Weekly Dividend 59,28,567 units (Previous year 57,22,475) at ₹ 10.0113 per unit	593.53	572.57
Birla Sunlife Short Term Fund – Instl. Fortnightly Dividend 19,82,943 Units (Previous year ₹ Nil) at ₹ 10.2435 per unit	203.12	—
Tata Floater Fund Weekly Dividend 30,00,842 Units (Previous year ₹ Nil) at ₹ 10.0826 per unit	302.55	—
ICICI Prudential Flexible Income Plan Premium Weekly Dividend 10,17,117 Units (Previous year 38,07,409 Units) at ₹ 105.4576 per unit	1,072.63	401.39
Reliance Medium Term Fund Weekly Dividend 32,64,236 (Previous year 55,12,582) Units at ₹ 17.0991 per unit	558.15	942.63
Kotak Floater Long Term Weekly Dividend Nil (Previous year 39,03,201 units)	—	393.39
Kotak Floater Long Term Daily Dividend 12,10,122 (Previous year 20,51,221) Units at ₹ 10.0798 per unit	121.98	206.76
SBI SHF Ultra Short Term Fund INST. Plan Weekly Dividend Nil (Previous year 24,90,567 units)	—	251.05
HDFC Cash Management Fund Treasury Advantage Plan WKLY Dividend 1,27,77,902 (Previous year 1,00,74,214) Units at ₹ 10.0244 per unit	1,280.91	1,009.58
IDFC Money Manager Fund Treasury Plan INSTB WKLY Dividend Nil (Previous year 33,08,417units)	—	331.45
Birla Sunlife Short Term Fund INSTL Daily Dividend Nil (Previous year 37,71,335 units)	—	377.34
TOTAL	4,675.74	4,622.29
Notes:		
1. Aggregate of Quoted Investments:		
At Cost	32.36	32.36
Market Value	6,209.31	4,660.77
2. Aggregate of Unquoted Investments:		
Book Value and/or at Cost	4,643.38	4,589.93

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'G' : CURRENT ASSETS, LOANS & ADVANCES

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
A. CURRENT ASSETS:		
1. Interest Accrued but not due	29.11	22.82
2. Inventories		
(a) Stores and Spares	1,373.27	1,066.11
(b) Goods in Transit, at cost	1,061.16	428.48
(c) Dies, Jigs, Tools Mould Boxes & Patterns	702.66	759.30
(d) Stock in Trade:		
(i) Raw materials and components	9,910.42	6,570.40
(ii) Finished Products	16.37	16.11
(iii) Work-in-progress (Manufacturing)	8,862.63	7,842.40
(iv) Work-in-progress: Expenditure on Uncompleted Contracts	388.39	489.79
	22,314.90	17,172.59
3. Sundry Debtors, Unsecured, Considered Good, unless otherwise stated		
Over six months	10,599.21	10,667.91
Others	25,125.85	15,965.36
Considered doubtful debts	—	31.91
	35,725.06	26,665.18
Less: Provision for doubtful debts	—	31.91
	35,725.06	26,633.27
4. Cash and Bank Balances		
(a) Cash on hand	57.52	30.37
Cheques on hand	542.75	319.76
(b) With Scheduled Banks:		
(i) Fixed Deposits	2,101.14	3,295.43
(ii) In Current Accounts	519.60	333.12
(iii) Margin Money Deposits	140.85	140.85
	3,361.86	4,119.53
(c) In Current Account with Non-Scheduled Banks:		
(i) Walchandnagar Sahakari Bank Ltd., Walchandnagar (Maximum Balance ₹ 455.29 Lakhs – Previous Year ₹ 15.73 Lakhs)	22.21	1.84
(ii) Indo Zambia Bank Ltd. Zambia (Maximum Balance ₹ 85.87 Lakhs) (Previous Year ₹ 52.07 Lakhs)	85.87	25.96
(iii) HSBC Bank Middle East Ltd. Abu Dhabi UAE (Maximum balance ₹ 14.30 Lakhs – Previous year ₹ 28.18 Lakhs)	2.27	1.21
(iv) Commercial Bank of Ethiopia (Maximum balance ₹ 0.11 Lakhs – Previous Year ₹ Nil)	0.11	—
TOTAL A	3,472.32	4,148.54
B. LOANS AND ADVANCES:		
Unsecured, Considered Good:		
1. Advance recoverable in Cash or in kind or for value to be received	15,025.87	9,466.26
2. Advance Payment of Income Tax (Net of Provision for Taxation)	168.90	—
3. Fringe Benefit Tax	—	5.42
4. Retention and Other Deposits	396.21	385.71
5. Balance with Customs, Excise and Others	1,274.57	1,012.99
TOTAL B	16,865.55	10,870.38
TOTAL (A+B)	78,406.94	58,847.60

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET**SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS**

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
A. CURRENT LIABILITIES :		
Acceptances	505.99	687.81
Sundry Creditors		
MSME	89.98	107.65
Others	25,483.96	16,470.10
Advance against Orders and Customers' Credit balances	34,500.56	19,311.08
Other Liabilities	3,762.58	4,132.15
Unclaimed Dividend	34.60	24.08
Liability towards Investor Education and Protection Fund U/S. 205 C of the Companies Act, 1956 (not due on 30.09.2010 & 30.09.2009)		
TOTAL A	64,377.67	40,732.87
B. PROVISIONS:		
Leave Encashment	96.72	107.40
For Gratuity	76.77	55.80
For Income Tax and Wealth Tax (Net of advance payment of Income Tax)	—	163.41
Proposed Dividend	380.70	380.70
Tax on Proposed Dividend	63.23	64.70
TOTAL B	617.42	772.01
TOTAL (A+B)	64,995.09	41,504.88

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT**SCHEDULE 'I' : OTHER INCOME**

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I. OTHER INCOME:		
1. Interest & Dividend (Gross)		
(a) Interest	1,000.00	458.28
(Tax deducted at source ₹ 114.80 Lakhs – Previous period ₹ 80.41 Lakhs)		
(b) Dividend	263.44	249.24
	1,263.44	707.52
2. Occupation fees	13.44	16.12
3. Rent	132.35	119.96
4. Miscellaneous Income	82.63	9.63
5. Profit on Sale of:		
Fixed Assets	14.11	—
Investments	2.27	—
6. Recovery of Bad Debts	126.35	—
7. Creditors Balances written back as no longer payable	—	181.84
8. Forfeited Customer Advance	—	29.50
9. Provision no longer required	—	65.00
10. Foreign Exchange Fluctuation Gain (Net)	496.19	100.38
	867.34	522.43
TOTAL	2,130.78	1,229.95

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE 'J': PAYMENT TO AND PROVISION FOR EMPLOYEES

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. Salaries, Wages, Bonus and Gratuity	5,677.11	4,831.54
2. Contribution to Provident and other Funds	450.16	414.82
3. Welfare Expenses	34.54	74.11
TOTAL	6,161.81	5,320.47

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE 'K': MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. Sub-contract and Processing charges	10,545.47	5,643.38
2. Stores and Spares Consumed	1,847.11	1,695.93
3. Power and Fuel	734.71	616.88
4. Repairs:		
Building	63.66	51.37
Machinery	85.29	63.19
Other Assets	148.19	189.49
5. Rent	380.03	252.92
6. Rates and Taxes	75.06	44.13
7. Insurance	187.68	131.91
8. Travelling and Conveyance	664.85	599.89
9. Legal and Professional Fees	787.49	497.17
10. Bank Charges	182.27	229.08
11. Electricity Charges	81.21	52.88
12. Site office Expenses	653.68	657.37
13. Telephone, Postage, Printing Expenses	265.42	305.14
14. Administrative & Other Expenses	655.76	573.44
15. Guarantee Charges	199.92	267.52
16. Selling Commission	626.96	910.60
17. Forwarding, Selling & Services	1,515.13	1,320.32
18. Bad Debts W/Off	89.89	—
19. Donations	3.62	2.50
20. Provision for Doubtful debts	—	31.91
21. Royalty and Patent Fee	322.88	85.77
22. Loss on sale of Fixed Assets	0.11	1.20
23. Loss on sale of Investments	—	2.28
TOTAL	20,116.39	14,226.27

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
INTEREST ON:		
On Fixed Loans	92.00	105.04
On Working Capital Loan	438.94	584.35
Others	218.07	7.98
TOTAL	749.01	697.37

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. STOCK AT CLOSE:		
Finished Products	16.37	16.11
Work-in-Progress – (Manufacturing)	8,862.63	7,842.40
Work-in-Progress – (Expenditure on Uncompleted Contracts)	388.39	489.79
	9,267.39	8,348.30
2. STOCK AT COMMENCEMENT:		
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
3. (Increase)/Decrease in Stocks (1 – 2)	(919.09)	(3,324.34)

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, 2010

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Profit before tax as per Profit & Loss Account	2,189.60	3,537.34
Add: Depreciation charged in the Accounts	1,335.20	1,052.55
Managerial Remuneration	147.24	159.69
Fees paid to Directors	10.40	12.20
Loss on sale of Assets	—	4.36
	1,492.84	1,228.80
	3,682.44	4,766.14
Less: Depreciation as per Section 350 of the Companies Act, 1956	1,335.20	1,052.55
Profit on Sale of Investments	2.27	0.88
Capital Receipt on Sale of Assets	10.66	—
	1,348.13	1,053.43
Net Profit as per Section 349 of the Companies Act, 1956	2,334.31	3,712.71
Commission payable @ 1.0 % p.a. each to Managing Director & CEO & Managing Director	46.68	74.25

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
30th SEPTEMBER, 2010**

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 despatch 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 less depreciation to date and impairment, if any, 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 Branch, which is an integral part of foreign operations, depreciation is provided in the manner prescribed in Schedule XIV of Companies Act, 1956.

- (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 fair 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 at 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 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 wherever applicable 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:

- (a) the Company has a present obligation as a result of past event;
- (b) a probable outflow of resources is expected to settle the obligation, and
- (c) 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:

Expenditure on research phase is recognized as expense when it is incurred Expenditure on development phase which results in creation of assets is included in fixed assets.

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. 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:

- (i) 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

- (ii) Key Management personnel and relatives:

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

- (iii) 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.
Walchand Chiranika Trading Pvt. Ltd.
Chiranika Enterprises
Chiranika Corporation
Chiranika Properties
Walchand Botanicals Pvt. Ltd.
Rodin Holdings Inc.
Olsson Holdings Inc.
Vinod Shashank Chakor Pvt. Ltd.
Chirag Enterprises

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

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.

₹ 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
Receiving of Services	—	112.68	42.36	155.04
	—	86.26	42.36	128.62
Managerial Remuneration	147.24	—	—	147.24
	159.69	—	—	159.69
Leasing or Hire Purchase Arrangements	13.11	19.91	—	33.02
	7.54	18.34	—	25.88
Outstanding Payable	—	14.00	0.36	14.36
	—	7.00	0.34	7.34

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.

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, Boilers & Power Plants, Industrial & Marine Gears, Mineral Processing & EPC, Petro Chemicals and Space, Defence and Nuclear Power Business.

Foundry & Machine Shop – Manufacturing of Grey & Ductile Iron Castings required by various Industries and machining of components.

Others – Non reportable segment, includes units manufacturing Precision Instruments such as pressure and temperature gauges and Infotech Services.

Segment Accounting Policies:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue/expenses/assets/liabilities.

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

SEGMENT REPORTING

I. PRIMARY SEGMENTS

₹ in Lakhs

Particulars	Heavy Engg		Foundry M/c Shop		Others		TOTAL	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue :								
Net Revenue	62,876.31	47,223.03	3,704.67	3,731.81	850.41	556.82	67,431.39	51,511.66
Less: Inter-segment Revenue			182.97	218.63	11.31	31.50	194.28	250.13
	62,876.31	47,223.03	3,521.70	3,513.18	839.10	525.32	67,237.11	51,261.53
Results :								
Segment Result	3,493.12	4,588.45	(66.95)	148.93	117.23	31.89	3,543.40	4,769.27
Unallocated Expenses							900.21	929.07
Unallocated Income							295.42	394.51
Operating Profit							2,938.61	4,234.71
Interest Expenses	690.90	589.32	58.11	108.05			749.01	697.37
Taxes on Income (including FBT)							(39.31)	1,197.21
Profit from ordinary activities							2,228.91	2,340.13
Other Information:								
Segment Assets (including revaluation)	104,938.72	83,050.00	6,159.45	6,507.35	1,520.27	1,397.16	112,618.44	90,954.51
Unallocated Corporate Assets							4,460.96	6,827.05
Total Assets							117,079.40	97,781.56
Segment Liabilities	74,079.91	5,2178.55	518.82	971.23	210.56	176.76	74,809.29	53,326.54
Unallocated Corporate Liabilities							1167.75	1732.79
Total Liabilities							75977.04	55059.33
Capital Expenditure	2279.45	4637.16	48.40	135.93	18.59	6.54	2346.44	4779.63
Unallocated Capital Expenditure								13.29
							2346.44	4792.92
Depreciation (Net of revaluation)	1,111.44	822.78	108.69	103.66	3.64	4.22	1,223.77	930.66
Unallocated Depreciation							111.43	121.89
Total Depreciation							1,335.20	1,052.55
Non Cash Expenses other than depreciation							—	—
II. SECONDARY SEGMENTS								
External Revenue by Location of Customers							5,994.68	9,692.35
Total Carrying Amount of Segment Assets (To the extent allocable)							675.21	2632.21
Total Cost incurred to acquire Segment Assets							24.48	29.15

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

₹ 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 30-09-2010 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 ₹ 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.
- CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

	As at 30.09.2010 ₹ in Lakhs	As at 30.09.2009 ₹ 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 ₹ 3.55 Lakhs).	29,644.15	24,617.75
(ii) Estimated amount of Contracts remaining to be executed on Capital Accounts & not provided for (Net of Advance).	95.20	1,020.20
(iii) During the year, a customer has invoked Bank Guarantee of ₹ 700 Lakhs (shown under Loans & Advances) on the grounds of alleged non performance of the Contract. The Company has disputed this claim since the subject Bank Guarantee was conditional and in the opinion of the Company, the condition precedent for it to become operative was not fulfilled. The Company has invoked Arbitration Proceedings as per the provision of the Contract, which has already commenced, for recovery of this amount together with the contractual dues of ₹ 744 lakhs owed by the customer, shown under the head Sundry Debtors in the Financial Statements. Based on the facts of the case the Company is of the opinion that it has a good case on merits. The matter is sub-judice and the Company has been legally advised that it has a case worth pursuing. In view of the forgoing, no provision is considered necessary at this stage.		
(iv) (a) Demand of NA Tax of ₹ 86.61 lakhs is raised by Tahshildar, Indapur (Previous year ₹ 86.61 Lakhs) out of which ₹ 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.		
(b) The Central Excise Authorities have raised a demand of ₹ 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.		

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

	As at 30.09.2010 ₹ in Lakhs	As at 30.09.2009 ₹ in Lakhs
(c) The Central Excise Authorities have raised a demand of ₹ 79.98 Lakhs (Previous year ₹ 61.36 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.		
4. During the year, the Company reached an out of Court Settlement with Projects & Equipment Corporation of India Ltd. (PEC) on all their disputes pertaining to the Cement Project at Padang Indonesia, which were long pending before the Hon'ble High Courts of Bombay (Suit filed by Company) and Delhi (Suit filed by PEC). Consequent to the said settlement, both the suits stand withdrawn. Accordingly, the Company has after adjusting the contingency reserve created specifically against the same charged off the net amount of settlement to the Profit & Loss Account. Consequently, the deferred tax liability of ₹ 545 Lakhs, provided earlier has been reversed.		
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 ₹ 5,072 lakhs. Out of these ₹ 1,272 lakhs (Previous year ₹ 1,184 lakhs) has been utilized for capital expenditure, ₹ 2,780 lakhs (Previous Year ₹ 2,780 lakhs) for working capital and the balance amount of ₹ 1,020 lakhs (Previous year ₹ 1,108 lakhs) is invested in Mutual Funds.		
6. Operations 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, 2010 are as follows:		
Period		
Payable not later than one year	293.87	295.50
Payable later than one year and not later than five years	656.86	865.13
Payable later than five years	—	—
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.		
(ii) The Company has given property on lease and lease rentals receivable are as under:		
Period		
Not later than one year	126.78	120.71
Later than one year and not later than five years	61.78	193.20
7. Managerial Remuneration of Managing Directors:		
(i) Salary	49.98	40.80
(ii) Contribution towards Company's recognized Provident Fund and Superannuation Fund	13.49	11.02
(iii) Commission	46.68	74.25
(iv) Gratuity Provision	2.48	1.96
(v) Perquisites	34.61	31.66
	147.24	159.69

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

	As at 30.09.2010 ₹ in Lakhs	As at 30.09.2009 ₹ in Lakhs
8. Administrative and other expenses include:		
(i) (a) Directors' sitting fees	10.40	12.20
(b) Professional fees to Directors	142.25	106.35
(ii) Break-up of payments to Statutory Auditors:		
(a) Audit Fees	8.50	7.00
(b) Taxation, Limited Review, Corporate Governance Report	8.00	7.20
(c) In other capacity	8.50	3.00
(d) Reimbursement of out of pocket expenses (including Service Tax)	0.85	1.00
(e) Service Tax on Fees	2.89	1.72
	28.74	19.92
9. 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, 2010 as follows:-		
(a) (i) Principal Amount remaining unpaid to any supplier	89.98	107.65
(ii) Interest due on above	—	—
(b) (i) The amount of principal paid beyond the appointed date	—	—
(ii) The amount of interest paid beyond the appointed date	—	—
(c) Amount of interest due and payable on delayed payments	—	—
(d) Amount of interest accrued and due as at 30th September, 2010	—	—
(e) Total Outstanding dues to Micro enterprises and small enterprises	89.98	107.65
10. Earnings per share:		
Basic		
(a) Profit/(Loss) after tax as per Profit & Loss Account	2,228.91	2,340.13
(b) Weighted average no. of Equity shares of ₹ 2 each outstanding during the year	3,80,70,205	3,80,58,700
(c) Earnings per share — Basic (₹)	5.85	6.15
Diluted		
(a) Profit/(Loss) after tax as per Profit & Loss Account	2,228.91	2,340.13
(b) Weighted average no. of Equity shares of ₹ 2 each outstanding during the year	3,80,70,205	3,80,58,700
(c) Earnings Per Share — Diluted (₹)	5.85	6.15
11. Deferred Tax (Asset)/Liability:		
(a) Difference between book value of depreciable assets as per books of account and Written Down Value for tax purpose.	616.67	549.00
(b) Interest on invoked Bank Guarantees	—	544.58
(c) Gratuity	(25.50)	(18.69)
(d) Others	(1.44)	(15.85)
Total	589.73	1,059.04
Net incremental (Asset)/Liability charged to Profit & Loss Account	(469.31)	272.71

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

12. 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, 2010 as below:

Sr. No.	Particulars	Gratuity (Funded) October, 2009 to September, 2010 (₹)	Gratuity (Funded) October, 2008 to September, 2009 (₹)	Leave Encashment (Unfunded) October, 2009 to September, 2010 (₹)
I.	Expense recognised in the statement of Profit & Loss Account for the year ended 30th September, 2010:			
	(a) Current Service Cost	99,15,214	97,52,678	75,42,688
	(b) Interest Cost	1,21,11,226	1,00,48,434	8,59,222
	(c) Actual return on plan assets	(1,30,72,215)	(1,07,16,176)	Nil
	(d) Actuarial Loss/(Gain)	24,10,091	77,16,095	(54,24,471)
	(e) Total Expense recognized in the Profit & Loss Account	1,13,64,316	1,68,01,031	29,77,439
II.	Net Liability recognized in the Balance Sheet as at 30.09.2010:			
	(a) Present Value Defined Benefit Obligation as on 30.09.2010	15,21,70,694	15,13,90,321	96,72,311
	(b) Fair Value of Plan Assets as at 30.09.2010	14,44,93,204	14,69,85,739	Nil
	(c) Net Assets/(Liabilities) as at 30.09.2010	(76,77,490)	(44,04,582)	(96,72,311)
III.	Change in Defined Benefit Obligation (DBO) during the year ended 30.09.2010:			
	(a) Present Value of Defined Benefit Obligation at the beginning of the period	15,13,90,321	14,35,49,054	1,07,40,270
	(b) Current Service Cost	99,15,214	97,52,678	75,42,688
	(c) Interest Cost	1,21,11,226	1,00,48,434	8,59,222
	(d) Actuarial Loss/(Gain)	24,10,091	77,16,095	(54,24,471)
	(e) Benefits Paid	2,36,56,158	1,96,75,940	40,45,398
	(f) Present Value of Defined Benefit Obligation at the year end	15,21,70,694	15,13,90,321	96,72,311
IV.	Change in the Fair Value of Plan Assets during the year ended 30.09.2010:			
	(a) Plan Assets at the beginning of the year (Previous year 01.10.2009)	14,69,85,739	13,82,20,741	Nil
	(b) Actual Return on Plan Assets	1,30,72,215	1,07,16,176	N.A.
	(c) Actual Company Contributions	80,91,408	1,77,24,762	N.A.
	(d) Benefits paid	2,36,56,158	1,96,75,940	N.A.
	(e) Fair Value of Plan Assets as at 30.09.2010	14,44,93,204	14,69,85,739	Nil
V.	Actuarial Assumptions:			
	(a) Discount Rate (per annum)	8.00%	7.00%	8.00%
	(b) Expected Rate of Return on Assets (per annum)	9.25%	9.25%	N.A.
	(c) Rate of Increase in Compensation Levels (per annum)	5.00%	5.50%	5.00%
	(d) Mortality Table	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

SCHEDULE 'O': Notes forming part of the accounts (Contd.)**13. Current Investments Received/Purchased & Redeemed during the year.**

Name of the scheme	Opening Balance	Received/ Purchased	Redemption	Closing Balance
Birla Sunlife Savings Fund	5,722,475	12,616,216	12,410,124	5,928,567
Birle Sunlife Cash Plus Fund	—	7,406,475	7,406,475	—
Birla Sunlife Short Term Fund	—	1,982,943	—	1,982,943
BSL Interval Income Fund	—	3,036,833	3,036,833	—
Birla Sun Life Ultra Short Term	3,771,335	2,039,611	5,810,946	—
HDFC Cash Management Fund	10,074,214	33,204,854	30,501,166	12,777,902
ICICI Prudential Flexible Income Plan	3,807,409	1,904,258	4,694,550	1,017,117
ICICI Prudential Liquid Fund	—	3,462,791	3,462,791	—
IDFC Cash Fund	—	3,147,804	3,147,804	—
IDFC Money Manager Fund	3,308,417	3,371,212	6,679,629	—
Kotak Liquid Fund	—	90,226,373	90,226,373	—
Kotak Floater Fund	5,954,422	9,186,267	13,930,567	1,210,122
Kotak Quarterly Interval Fund	—	2,024,677	—	2,024,677
Reliance Medium Term	5,512,582	6,369,532	8,617,878	3,264,236
Reliance Liquid Fund	—	4,913,042	4,913,042	—
Reliance Quarterly Fund	—	2,023,811	—	2,023,811
SBI SHF Ultra Short Term Fund	2,490,567	5,006,713	7,497,280	—
SBI Magnum Insta Cash Fund	—	2,985,378	2,985,378	—
Tata Liquid Fund	—	71,787	71,787	—
Tata Floater Fund	—	7963717	4962875	3,000,842

14. Installed Capacity/Production :

		Units	Installed (i)		Production (ii)	
			2009-2010	2008-2009	2009-2010	2008-2009
(A)	HEAVY ENGINEERING DIVISION :					
	Sugar Mill Machinery	Units	—	—	3	3
	Sugar Plants	Units	—	—	—	—
	Milling Plants	Units	—	—	—	—
	High Speed Centrifugals	Units	—	—	67	54
	Gear & Gear Boxes	Sets	—	—	39	61
					(MT 340)	(MT 681)
	Water Tube Boilers	Units	—	—	5	3
	Cement Making Plants	Units	—	—	—	—
	Steam Accumulators	Units	—	—	—	—
	Nuclear & Chemical Machinery	M.T.	—	—	—	—
					Not Quantified	Not Quantified
(B)	FOUNDRY DIVISION :					
	Castings	M.T.	9000	9000	4796	4922
(C)	PRECISION INSTRUMENTS DIVISION :					
	Pressure/Temperature Gauges	Nos.	—	—	462163	228114

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.

	2009-10	2008-09
	(Per annum)	(Per annum)
Lathe	169371	169371
Boring & Hobbing	172584	172584
Drilling	156213	156213
Gear Cutting & Grinding	50949	50949
Slotting	26163	26163
Planning	26163	26163
Milling	39474	39474
Furnace	92106	92106
Other Machine Tools	184212	184212
Total	917235	917235

- (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.

	2009-10	2008-09
	(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
Total	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 :

	2009-10	2008-09
(a) Captive	380 MT	469 MT
(b) Outside Customers — Castings	4417 MT	4453 MT

- (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.)

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

PARTICULARS	Units	Opening Stock As on 01-10-2009		Closing Stock As at 30-09-2010		Sales for the year ended 30-09-2010	
		Quantity	Value ₹ in Lakhs	Quantity	Value ₹ in Lakhs	Quantity	Value ₹ in Lakhs
(A) HEAVY ENGINEERING DIVISION :							
Sugar Mill Machinery	Units	—	—	—	—	3	12,571.09
		(—)	(—)	(—)	(—)	(3)	(5,026.70)
Sugar Plants	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
Milling Plants	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
High Speed Centrifugals	Units	—	—	—	—	67	1,573.61
		(—)	(—)	(—)	(—)	(54)	(2,107.98)
Material Handling Equipments	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
Gear Boxes	Sets	—	—	—	—	39	3,902.04
		(—)	(—)	(—)	(—)	(61)	(3,135.70)
Special Products	Units	—	—	—	—	—	4,898.53
		(—)	(—)	(—)	(—)	(—)	(6,864.76)
Water Tube Boilers/Power Plants	Units	—	—	—	—	5	19,655.87
		(—)	(—)	(—)	(—)	(3)	(4,358.98)
Cement Making Plant	Units	—	—	—	—	—	5,353.48
		(—)	(—)	(—)	(—)	(—)	(13,429.18)
Mineral Processing	Units	—	—	—	—	—	1,073.48
		(—)	(—)	(—)	(—)	(—)	(7,823.63)
Petro Chemicals	Units	—	—	—	—	—	526.28
		(—)	(—)	(—)	(—)	(—)	(—)
(B) FOUNDRY DIVISION :							
Castings	M.T.	—	—	—	—	4,417	3,384.92
		(—)	(—)	(—)	(—)	(4,453)	(3,731.82)
(C) PRECISION INSTRUMENTS DIVISION :							
Pressure Guages	Nos.	14,184	14.88	9,270	14.84	4,67,077	800.73
		(7,131)	(12.27)	(14,184)	(14.88)	(2,28,087)	(495.04)
(D) ERECTION/JOB WORK/SERVICES/SPARES :		—	—	—	—	—	13,497.08
			(—)		(—)		(4,287.74)
Excise duty on Finished Goods			1.23		1.53		
			(1.77)		(1.23)		
Total			16.11		16.37		67,237.11
			(14.04)		(16.11)		(51,261.53)

Figures in brackets are for the Previous year.

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

	Raw Materials & Components				Stores & Spares			
	2009-10		2008-09		2009-10		2008-09	
	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%
Imported	3,449.63	8.70	2,752.88	8.87	83.20	4.50	208.91	12.32
Indigenous	36,182.63	91.30	28,268.01	91.13	1,763.91	95.50	1,487.02	87.68
Total	39,632.26	100.00	31,020.89	100.00	1,847.11	100.00	1,695.93	100.00

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

17. Details of raw materials consumed (including components)

	Units	2009-10		2008-09	
		Quantity	₹ in Lakhs	Quantity	₹ in Lakhs
Plates, Sheets, Beams & Steel Materials	M.T.	4,537	2,132.93	6,582	3,345.30
Steel Scrap	M.T.	4,107	896.74	4,168	967.17
Castings	—	—	3,165.67	—	3,804.90
Pig Iron	M.T.	57.90	12.90	248	70.37
Ferro Alloys	M.T.	166	293.18	168	212.63
Bought out components etc.	—	—	33,130.84	—	22,620.52
Total			39,632.26		31,020.89

	2009-10	2008-09
	₹ in Lakhs	₹ in Lakhs
18. Earnings in Foreign Exchange:		
Export of goods calculated on FOB basis	5,111.93	9,020.50
Others (Zambia)	882.75	671.85
Total	5,994.68	9,692.35
19. Value of Imports calculated on CIF basis:		
Raw Materials	769.52	1,658.96
Components & Spares parts	2,704.54	3,161.59
Capital Goods	72.81	54.68
Total	3,546.87	4,875.23
20. Expenditure in Foreign Currencies:		
Technical Fees (Net of Tax)	83.27	92.86
Travelling Expenses	61.23	87.21
Commission and Others	1,097.40	392.02
Others (Zambia)	914.27	894.12
(UAE)	65.34	95.06
Total	2,221.51	1,561.27

21. 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
FRN: 100186W

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Company Secretary

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. R. Joshi
Chief Financial Officer

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

Chakor L. Doshi *Chairman*

Chirag C. Doshi *Managing Director*

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

Directors

Date : 22nd November, 2010
Place : Mumbai

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-10**Particulars**

	₹ in Lakhs	₹ in Lakhs	Previous Year ₹ in Lakhs	Previous Year ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX		2,189.60		3,537.34
ADJUSTMENT FOR:				
Add: 1. Depreciation	1,335.20		1,052.55	
2. Interest	749.01		697.37	
3. Provision for doubtful debts & advance	—		31.91	
		2,084.21		1,781.83
		4,273.81		5319.17
Less: 1. Interest/Dividend	1,263.44		707.52	
2. Profit /(Loss) on Sale of Investment	2.27		(2.28)	
3. Profit/(Loss) on Sale of Assets	14.00		(1.20)	
		1,279.71		704.04
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	I	2,994.10		4,615.13
ADJUSTMENT FOR:				
1. Trade and Other Receivables	(17,015.25)		4,341.70	
2. Inventories	(5,142.31)		(5,124.14)	
3. Trade and Other Payables	23,644.57		2,498.67	
		1,487.01		1,716.23
CASH GENERATED FROM OPERATING ACTIVITIES	I+II	4,481.11		6,331.36
Direct Taxes Net of Refund of Income Tax		756.89		1,224.13
NET CASH FROM OPERATING ACTIVITIES	A	3,724.22		5,107.23
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of Investment	(53.45)		(445.22)	
Purchase of Fixed Assets	(2,346.44)		(4,792.92)	
Sale of Fixed Assets	23.09		9.71	
Interest Received	1,000.00		458.28	
Dividend Received	263.44		249.24	
NET CASH FROM INVESTING ACTIVITIES	B	(1,113.36)		(4,520.91)
	(A+B)	2,610.86		586.32
C. CASH FLOW FROM FINANCIAL ACTIVITIES				
Equity Share Capital	—		0.50	
Employee Stock Purchase Scheme (Non Cash Accretion to reserves)	—		(18.03)	
(Decrease)/Increase in Borrowings	(2103.19)		3,668.25	
Interest Paid	(749.01)		(697.37)	
Dividend Paid	(434.88)		(439.46)	
NET CASH USED IN FINANCING ACTIVITIES	C	(3,287.08)		2,513.89
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B-C)	(676.22)		3,100.21
CASH AND CASH EQUIVALENTS AS AT 30.09.2009		4,148.54		1,048.33
CASH AND CASH EQUIVALENTS AS AT 30.09.2010		3,472.32		4,148.54
		(676.22)		3,100.21

As per our report attached

For K. S. AIYAR & Co.
Chartered Accountants
FRN: 100186W

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Company Secretary

Date : 22nd November, 2010
Place : Mumbai

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. R. Joshi
Chief Financial Officer

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

Chakor L. Doshi

Chirag C. Doshi

Dr. P. K. Basu

Dilip J. Thakkar

A. U. Rijhsinghani

A. H. Vissanji

S. B. Das

Chairman

Managing Director

Directors

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration/CIN No.	L74999MH1908PLC000291	State Code	11
Balance Sheet Date	30-09-2010		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	5208431	Total Assets	5208431
Sources of Funds :			
Paid up Capital	76140	Reserve & Surplus	4034096
Secured Loans	-888922	Unsecured Loans	150300
Deferred Tax Liability	-58973		
Application of Funds :			
Net Fixed Assets	3399672	Investment	467574
Net Current Assets	1341185	Miscellaneous Expenditure	NIL

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

Turnover	6936789	Total Expenditure	6717829
Profit Before Tax	218960		
Profit After Tax	222891	Earnings Per Share in ₹	- - - 5 . 8 5
Dividend Rate %	50		

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

Item Code No. (ITC Code)	84383090
Product Description	SUGAR PLANT MACHINERY
Item Code No. (ITC Code)	84029020
Product Description	BOILER S
Item Code No. (ITC Code)	84749000
Product Description	CEMENT MACHINERY

Important Statistical Data from 1908-09 to 2009-2010

(₹ 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%

(₹ 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%
2009-2010	761.40	-	40340.96	-	64902.96	33996.72	67237.11	2228.91	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 ₹ 8432.67 lakhs.
@ Accumulated Depreciation written up ₹ 3775.62 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 31-03-86.
\$ Gross amount written up ₹ 906.89 lakhs.
\$\$ Accumulated Depreciation written up ₹ 11.21 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 30-09-90.
(i) Gross amount written up ₹ 3556.43 lakhs.
(ii) Accumulated Depreciation written up ₹ 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 ₹ 7526.25 lakhs.
(iv) Accumulated Depreciation written up ₹ 1618.56 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 01-10-96.
(v) Gross amount written up ₹ 7985.90 lakhs.
(vi) Accumulated Depreciation written up ₹ 20.30 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 01-10-96 ₹ 7965.60 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 01-04-2002
(vii) Gross Amount written up ₹ 5449.30 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 01-10-2007
(viii) Gross Amount written up ₹ 11263.32 lakhs.

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 3RD
FEBRUARY, 2011 SHALL BE CONSIDERED
WHILE EFFECTING DIVIDEND PAYMENT
FOR THE YEAR 2009-10**

Dated: 22nd November, 2010

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: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; margin: 0 5px;"></div> <div style="border: 1px solid black; width: 25px; height: 25px; 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



Annual report 2009-10

WALCHANDNAGAR INDUSTRIES LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 102nd ANNUAL GENERAL MEETING of the Company being held at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 on Thursday, 10th February, 2011 at 4.00 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 102nd ANNUAL GENERAL MEETING of the Company to be held on Thursday, 10th February, 2011 at 4.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 and at any adjournment thereof.

Signed this day of 2011

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.



Inauguration of Vinod Doshi Technology Centre. Mr. Patrick Boissier, Chairman & CEO of DCNS addressing the audience. On the podium from L-R Smt. Saryu Doshi; Shri Chakor L. Doshi, Chairman; Dr. Anil Kakodkar, Director & Former Chairman (Atomic Energy Commission) and Mr. J.L. Deshmukh, MD & CEO.



Visit of Kawasaki Heavy Industries, Japan. The Company entered into Collaboration Agreement for environment friendly Flow Dynamics Conveyor (FDC) Systems for bulk material handling.



Prize distribution ceremony for the Walchand Cup under 16 Boys & Girls National Series Tennis Tournament conducted at Deccan Gymkhana, Pune.



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