

105th ANNUAL REPORT
2012-2013



A Tradition of Engineering Excellence

WALCHANDNAGAR INDUSTRIES LIMITED



SETH WALCHAND HIRACHAND

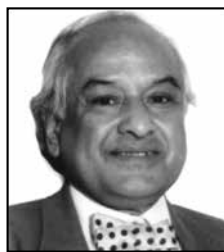
Seth Walchand Hirachand's life was truly a triumph of persistence over adversity.

Sardar Vallabhbhai Patel

Board of Directors



Chakor L. Doshi
Chairman



Dr. P. K. Basu
Director



Dilip J. Thakkar
Director



Dr. Anil Kakodkar
Director



G. N. Bajpai
Director



A. R. Gandhi
Director



Bhavna Doshi
Director



A. U. Rijhsinghani
Director



J. L. Deshmukh
Director



G. K. Pillai
Managing Director & CEO



Chirag C. Doshi
Managing Director

Corporate Information

Registered Office

Walchandnagar Industries Ltd.
3, Walchand Terraces,
Tardeo Road,
Mumbai - 400 034
Tel. No. (022) 4028 7110 / 2369 2295

Pune Office

Walchand House
167A, 2/8+2/9,
Karve Road, Kothrud, Pune - 411 038
Tel. No. (020) 3025 2400

Factories

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

Compliance Officer

Mr. G. S. Agrawal
Vice President (Legal & Taxation) and Company Secretary

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.

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Letter from the Chairman



Dear Members,

I welcome you all to this 105th Annual General Meeting and present the Annual Report of your Company.

The year under consideration has been a challenging one for the economy in general and the Capital goods sector in particular. Domestic supply bottlenecks and policy obstacles have led to deceleration in growth, slump in industrial output and holding up of new investments.

Your Company has ended the year with challenges on the order booking and project execution fronts which have led to shrinking of both revenues and profitability. The order book stands at INR 1671 Crore at the end of September 2013 which compares favourably to that of last financial year. Company has been selective in booking of orders and has not compromised on quality despite subdued market conditions.

Going forward your Company has drawn up comprehensive plans to grow its business both in its traditional businesses like Sugar, Co-generation and Cement machinery as well as high potential and niche domains like Defence and Aerospace. There would be a sustained focus on Exports markets as well particularly Africa, South East Asia and Latin America.

We are sure that macro-economic stability coupled with emphasis on execution and organizational alignment would enable your Company to deliver much improved and sustained results in the years going ahead.

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

Thank You,

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

Chakor L. Doshi

Chairman

Notice

Notice is hereby given that the 105th Annual General Meeting of members of Walchandnagar Industries Limited will be held as scheduled below:

Day : Tuesday
Date : 28th January, 2014
Time : 3.30 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:

- To receive, consider and adopt Audited Balance Sheet of the Company as at September 30, 2013 and Statement of Profit & Loss for the year ended as on that date together with the Reports of Directors and Auditors thereon.
- To declare dividend on Equity Shares for the year ended September 30, 2013.
- To appoint a Director in place of Mr. A. U. Rijhsinghani, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Mr. G. N. Bajpai, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Dr. Anil Kakodkar, who retires by rotation and being eligible, offers himself for reappointment.
- 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:

- To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:
"RESOLVED THAT Mr. A. R. Gandhi whose term of Office as an Additional Director pursuant to Section 161 of the Companies Act, 2013 (erstwhile Section 260 of 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.

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

"RESOLVED THAT Mrs. Bhavna Doshi whose term of Office as an Additional Director pursuant to Section 161 of the Companies Act, 2013 (erstwhile Section 260 of 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 her candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

"RESOLVED THAT subject to the approval of the Central Government, consent of the Company be and is hereby accorded for waiving the recovery of a sum of ₹ 40,24,426/- paid as Managerial remuneration to Mr. Chirag C. Doshi, Managing Director of the Company during the period from 1st October, 2012 to 30th September, 2013 in excess of the remuneration as permissible as per Schedule XIII of the Companies Act, 1956 as the Company had incurred loss/inadequate profits/insufficiency of profits for the Financial Year ending on 30th September, 2013.

RESOLVED FURTHER THAT Mr. G. S. Agrawal, Vice President (Legal & Taxation) & Company Secretary be and is hereby authorised to submit the application to the Central Government under Section 309 (5B) or any other applicable provisions if any of the Companies Act, 1956 for waiver of the excess of the remuneration paid to Mr. Chirag C. Doshi and to do all other things as may be required in this regard."

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

"RESOLVED THAT subject to the approval of the Central Government and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendment, modification, variation or re-enactment thereof), the consent of the Shareholders of the Company be and is hereby accorded for payment of the same remuneration to Mr. Chirag C. Doshi, Managing Director of the Company as per the terms approved by the Members at 104th Annual General Meeting held on 31st January, 2013 as appearing below as minimum remuneration for the period from 1st October, 2013 till the completion of his terms on 24th November, 2017 in the event of the Company having no profit or inadequate profits/insufficiency of profits during any subsequent financial year in which his present term is completed.

REMUNERATION:

SALARY: ₹ 4,00,000/- per month.

(In the grade of ₹ 4,00,000/- to ₹ 8,00,000/- per month.)

The Chairman of the Board has been authorised to sanction annual increment within above grade.

COMMISSION:

Mr. Chirag C. Doshi would be entitled to a Commission of 1% (One Percent) of the net profits of the Company computed in accordance with Section 349 of the Companies Act 1956.

SPECIAL ALLOWANCE:

Special Allowance of ₹ 1,65,000/- per month

PERQUISITES:

In addition to Salary and Commission, Mr. Chirag C. Doshi would be entitled to the following perquisites :

HOUSING/RENT FREE ACCOMODATION:

House Rent Allowance/Rent Free Accommodation not exceeding ₹ 70,000/- per month.

LEAVE TRAVEL CONCESSION/ALLOWANCE:

Leave Travel Concession/Allowance for self and family once in a year subject to the ceiling of one month's salary per annum.

"Family" means 'spouse, dependent children and parents.'

LEAVE:

Leave, Leave accumulation and encashment as per Rules of the Company.

MEDICAL ALLOWANCE/REIMBURSEMENT:

Medical Allowance/Reimbursement of expenses incurred by the Managing Director for Self and his family (spouse, dependent children and parents) subject to the ceiling of one month's salary in a year or 5 months' salary over a period of 5 years.

CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION BENEFIT:

Contribution to Provident Fund and the Superannuation benefit by purchase of Annuity or otherwise shall be as prescribed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Income-tax Act, 1961 to the extent that these either singly or put together are not taxable under the Income-tax Act, 1961.

GRATUITY:

Half month's salary for each completed year of service.

FREE USE OF CAR:

The Company shall provide one car with driver or reimburse the Driver's Salary, for the Company's business which will not be considered as a perquisite and use of car for private purposes shall be billed by the Company.

GAS, ELECTRICITY, PERSONAL ACCIDENT INSURANCE, ETC.

The Company shall reimburse expenses or pay allowance for utilization of Gas, Electricity, Water, Furnishing, Repairs, Personal Accident Insurance Premium, Club fees, Membership of Professional Bodies and such other perquisites and/or allowances with overall ceiling of one month's average salary per year. The said perquisites and allowances shall be calculated wherever applicable as per Income Tax Act, 1961

and any rules thereunder. In the absence of any Rules, such perquisites shall be considered at actual cost.

COMMUNICATION FACILITIES:

The Company shall provide free of charge communication facilities such as telephone, mobile, internet etc. the expenditure on which shall not be considered as a perquisite. However, long distance personal calls shall be billed by the Company.

RESOLVED FURTHER THAT Mr. G. S. Agrawal, Vice President (Legal & Taxation) & Company Secretary be and is hereby authorised to sign and submit the application to the Central Government for approval of minimum remuneration to Mr. Chirag C. Doshi and to do all other things as may be required to give effect to the above Resolution."

By order of the Board

G. S. Agrawal

*Vice President (Legal & Taxation) &
Company Secretary*

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai 400 034

Date : 27th November, 2013

Notes:

- (a) An Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of special business in respect of item No. 7 to 10 mentioned above are 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 Saturday, the 18th January, 2014 to Tuesday, the 28th January, 2014. (both days inclusive).
- (d) The Dividend, if declared at the meeting, will be paid on 08.02.2014 i.e. 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 28th January, 2014. 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 17th January, 2014.
- (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, 2006 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) In terms of the amended Clause 5A of the Listing Agreement, the Company has already complied with by sending three Reminders to the respective shareholders and taking further steps to transfer the balance unclaimed shares to the Unclaimed Suspense Account. The Shareholders are requested to claim their Split and Bonus share certificates issued to them by the Company in physical form, who has not yet collected the same. Concerned shareholders are requested to contact the Company at the aforesaid address before 17.01.2014 and lodge their claim for the said shares. The said compliance has also been incorporated in Corporate Governance Report annexed to the Annual Report.
- (h) SEBI vide circular dated May 20, 2009 has made it mandatory for transferees requesting for transfer of shares of listed companies in physical form, to furnish a copy of their PAN, duly self attested to the Company/RTA, whilst lodgment of such shares.
- (i) SEBI vide circular dated January 7, 2010 has made it mandatory for legal heir(s) to furnish a copy of their PAN, duly self attested in the following cases in respect of shares of listed companies held in physical form:
- Deletion of name of the deceased shareholder(s), where the shares are held in the names of two or more shareholders;
 - Transmission of shares in favour of legal heir(s), where deceased shareholder was the sole holder of shares; and
 - Transposition of shares, when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
- (j) Ministry of Corporate Affairs (MCA) vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc. are sent in electronic form to its Members.

Further, in terms of Clause 32 of the Listing Agreement which was amended vide Circular no. CIR/CFD/DIL/2011 dated October 5, 2011, issued by SEBI, listed companies are required to supply soft copies of the said documents to all the shareholders who have registered their email address(es) for the purpose.

Accordingly, the said documents of the Company for the financial year ended September 30, 2013 will be sent in electronic form to those Members who have registered their e-mail address with their DP and made available to the Company by the Depositories.

However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to walchandnagargogreen@linkintime.co.in/ investors@walchand.com duly quoting his DP ID and Client ID or the Folio number, as the case may be.

Members holding shares in physical form are requested to submit their e-mail address to the Registrar, Link Intime India Private Ltd./the Company, duly quoting their Folio number and Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA. Please refer to the letter and E-communication Registration Form enclosed with the Report. Please note that the said Form is also available on the website of the Company viz. www.walchand.com.

- (k) 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.
- (l) 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 website of the Company www.walchand.com), if not sent earlier.
- (m) Members/Proxy Holders are requested to produce at the entrance of the hall admission slips duly completed and signed, in accordance with the specimen signature registered with the Company for admission to the Meeting Hall.
- Members desiring any information relating to the annual accounts of the Company are requested to write to the Company at least 10 (Ten) days before the meeting to enable the Company to keep the information ready at the meeting.
- (n) Mr. A. U. Rijhsinghani, Mr. G. N. Bajpai and Dr. Anil Kakodkar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. A. R. Gandhi and Mrs. Bhavna Doshi, Directors are being appointed in the ensuing Annual General Meeting. Brief resume of appointed/re-appointed 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 appointments/re-appointments.
- (o) 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 Saturday and Sunday) during business hours from 10.30 a.m. to 12.30 p.m.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.**Item No. 7**

The Board of Directors appointed Mr. A. R. Gandhi as an Additional Director of the Company w.e.f. 13-05-2013, pursuant to the provisions of Section 260 of the Companies Act, 1956 (New Section 161 of the Companies Act, 2013) read with Article 133 of Articles of Association of the Company. Mr. A. R. Gandhi 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. A. R. Gandhi as candidate for office of the Director.

A brief resume of Mr. A. R. Gandhi, 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 the Report on Corporate Governance forming part of the Annual Report.

Considering his vast experience in Finance, International/National Taxation and Advisory Field, 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.

Mr. A. R. Gandhi is interested in the resolution as it relates to his appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said Resolution.

Item No. 8

The Board of Directors appointed Mrs. Bhavna Doshi as an Additional Director of the Company w.e.f. 27-11-2013, pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Article 133 of Articles of Association of the Company. Mrs. Bhavna Doshi 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 Mrs. Bhavna Doshi as candidate for office of the Director.

A brief resume of Mrs. Bhavna Doshi, details of her qualifications and experience and names of the Companies in which she holds Directorships and Memberships/Chairmanships of Board/Committees, is provided in the Report on Corporate Governance forming part of the Annual Report.

Considering her vast experience of over 3 decades as partner in renowned firms of chartered accountants, the Board of Directors considers it desirable that the Company should avail the benefit of her services as a Director of the Company and accordingly recommends the resolution as set out in Item No. 8 of the Notice for her appointment as a Director liable to retire by rotation for the approval of the shareholders.

Mrs. Bhavna Doshi is interested in the resolution as it relates to her appointment. None of the other Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said Resolution.

Item No. 9

Mr. Chirag C. Doshi was re-appointed as Managing Director of the Company for a period of five years w.e.f. 25th November, 2012 and the same has been approved by the shareholders in their 104th Annual General Meeting held on 31st January, 2013 by passing Special Resolution.

During the Financial Year 2012-13 when Mr. Chirag C. Doshi was re-appointed as Managing Director the Company had adequate profits. However, adverse impact of input cost, increase in Interest cost and Employee cost, accentuated by depreciating rupees resulted in loss of margins and this coupled with inflationary trends in other costs put significant pressure on margins for the year ended 30th September, 2013 and the Company's Financial Results for year ended on 30th September, 2013 had resulted into loss/inadequate profits/insufficiency of profits to pay the approved amount of remuneration.

Mr. Chirag C. Doshi, Managing Director of the Company, a promoter director of the Company had been paid the remuneration approved by the Shareholders in the Annual General Meeting held on 31st January, 2013. However, the said remuneration drawn was resulted into in excess of ₹ 40,24,426/- due to loss/inadequate profits/insufficiency of profits incurred for the financial year ended on 30th September, 2013. The said extra remuneration paid was as per the prevailing Industry Norms.

In view of the same, Board has waived the excess recovery subject to approval of Shareholders and Central Government. The Board recommends the Shareholder's approval. Except Mr. Chakor L. Doshi, Chairman and Mr. Chirag C. Doshi, Managing Director, no other Director, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said Resolution.

Item No. 10

Mr. Chirag C. Doshi was re-appointed as Managing Director of the Company for a period of five years commencing from 25th November, 2012 and the same has been approved by the shareholders in the 104th Annual General Meeting held on 31st January, 2013 by passing Special Resolution.

During the Financial Year 2012-13 when Mr. Chirag C. Doshi was appointed as Managing Director, the Company had adequate profits. However, adverse impact of input cost, increase in Interest cost and Employee cost, accentuated by depreciating rupees resulted in loss of margins and this coupled with inflationary trends in other costs put significant pressure on margins for the year ended 30th September, 2013 and the Company had incurred loss/inadequate profits/insufficiency of profits for the F.Y. 2012-2013. In view of the same, it is considered necessary for the Company to procure the Central Government's approval

as well as to procure the approval of the members by way of special resolution for the payment of the same managerial remuneration as already approved by the members at 104th Annual General Meeting held on 31st January, 2013 as minimum remuneration in the event of loss or inadequacy of profits for the period of his appointment commencing from 1st October, 2013 up to the completion of tenure of appointment i.e. 24th November, 2017.

The Board recommends to the shareholders the payment of same managerial remuneration as already approved by the members at 104th Annual General Meeting held on 31st January, 2013 as minimum remuneration, in the event of loss or inadequacy of profits for the period of his appointment commencing from 1st October, 2013 up to the completion of his tenure of appointment.

Except Mr. Chakor L. Doshi, Chairman and Mr. Chirag C. Doshi, Managing Director, no other Director, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the said Resolution.

The resolution set out in the accompanying Notice together with this Explanatory Statement is and should be treated as an abstract of the terms of contract between the Company and Mr. Chirag C. Doshi and the same is circulated to the members accordingly.

A statement prescribed under Sub-Section (iv) of para (c) of Section II of Schedule XIII of the Companies Act, 1956 in respect of Mr. Chirag C. Doshi is given below:

I. GENERAL INFORMATION

- Nature of Industry:** The Company is engaged in heavy engineering and undertakes projects and supply of machinery and equipments, in the fields of Nuclear Power, Aerospace, Defence, Oil & Gas, Steam Generation plants, Independent Power Projects, Turnkey Cement plants, Turnkey Sugar plants, Mineral Processing and Bulk Material handling.
- Date or expected date of commencement of commercial production:** The Company is already in production for last several decades.
- Financial performance based on given indicators (For the year ended September 30, 2013)**

Profit/(Loss) before depreciation, interest, tax and exceptional items	₹ (1860.45) Lakhs
Profit/(Loss) after tax and exceptional item	₹ (3828.17) Lakhs
Networth (excluding Revaluation Reserve)	₹ 19987.36 Lakhs
Book Value per share (excluding Revaluation Reserve)	₹ 52.50

- Export performance and Net Foreign Exchange Earnings:**

2012-13	₹ 25629.11 Lakhs
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- Foreign Investment or Collaborators, if any:**

Foreign Investment:	NIL
Foreign Collaborations:	<ul style="list-style-type: none"> — Foster wheeler North America Corporation, USA for High Pressured Stroker Fired Boiler. — Kawasaki Heavy Industries Ltd., Tokyo, Japan for Belt Conveyers. — Earthtechnica Co. Ltd., Tokyo, Japan for Super breaker for Lime Stone crushing.

II. INFORMATION ABOUT THE APPOINTEE

- Background details**

Name of Director: Mr. Chirag C. Doshi

Age: 39 Years

Qualification: B.A. (Economics) from University of Michigan, USA; and MBA from the world-renowned 'INSEAD INSTITUTE', Paris.

Expertise & Experience in specific functional areas:

Mr. Chirag C. Doshi has extensively worked on business strategies, various growth initiatives, market research, business development and exploring new business ventures for the Company and risen to the position of President and then Managing Director of the Company. He is also on the Board of Bombay Cycle & Motor Agency Ltd.

- Past remuneration**

As a Managing Director, Mr. Chirag C. Doshi has been receiving remuneration as approved by the Members at the 99th Annual General Meeting held on January 30, 2008 for the period from November 25, 2007 to November 24, 2012 and thereafter as approved by the Members at the 104th Annual General Meeting held on January 31, 2013 for the period from November 25, 2012 to November 24, 2017. His remuneration during the year ended September 30, 2013 which comprised of salary, monetary value of perquisites, allowances and contribution to provident fund and Superannuation Benefit was ₹ 98.40 Lakhs.

- Job profile and his suitability**

Mr. Chirag C. Doshi the Managing Director, jointly with Mr. G. K. Pillai the Managing Director and CEO is responsible for day to day management of the Company.

The Board is of the opinion that Mr. Chirag C. Doshi has the requisite qualifications, expertise and experience for the job he is holding.

- Remuneration proposed**

Given in the Explanatory Statement.

5. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

(i) *Name of Company:* Thermax Limited
Type of Industry: Energy and Environmental Engineering

Approx. Annual Turnover (2012-13): ₹ 4632 Crores

Designation & personal profile: Managing Director; A Mechanical Engineering Graduate from the Regional Engineering College, Nagpur with an Advanced Management Program Graduation from the Harvard Business School, U.S.A.; 51 Years old having 21 years of experience.

Remuneration Profile (2012-13): Remuneration comprised of Salary and Commission is ₹ 2.57 Crores.

(ii) *Name of Company:* Triveni Engineering & Industries Limited

Type of Industry: Technology and Sugar Production Company

Approx. Annual Turnover (2011-12): ₹ 1859.45 Crores

Designation & personal profile: Joint Managing Director; Masters Degree in Arts from the Emmanuel College, UK and a Masters Degree in Business Administration from the Wharton School of Business, University of Pennsylvania, US; 38 Years old having more than 15 years of experience.

Remuneration Profile (2011-12): Remuneration comprised of Salary, Commission and other perquisites is ₹ 1.35 Crore.

(iii) *Name of Company:* Praj Industries Limited

Type of Industry: The company is engaged in the design, manufacture, supply and commissioning of fermentation and distillation equipments for the manufacture of ethanol.

Approx. Annual Turnover (2012-13): ₹ 726.46 Crores

Designation & personal profile: CEO & Managing Director; Masters Degree in Organic Chemistry and Master in Management from Bombay University and has completed the Executive Development program of Wharton Management School; around 50 years old having more than 24 years of experience.

Remuneration Profile (2012-13): Remuneration comprised of Salary, Commission and other perquisites is ₹ 2.54 Crores.

6. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Other than receiving remuneration, Mr. Chirag C. Doshi has no pecuniary relationship with the Company. He is son of Mr. Chakor L. Doshi, Chairman.

III. **OTHER INFORMATION**

1. **Reasons of loss or inadequate profits:**

WIL is an Indian company with global presence and diversified business portfolio in Projects, Products and High-tech Manufacturing. Carrying more than 100 years of Engineering Excellence legacy, WIL has established its name as one of the best in its operational areas.

Despite its operations being on a very strong footing from a market perspective, adverse impact of input cost, increase in Interest cost and Employee cost, accentuated by depreciating rupees resulted in loss of margins and this coupled with inflationary trends in other costs, put significant pressure on margins for the year ended 30th September, 2013 and the Company had incurred loss for the F.Y. 2012-2013.

The revenue for the Year 2012-13 was down by 18% over the Previous Year mainly due to the stalled projects and other delays attributed to the specific projects such as:

- Delayed manufacturing of the equipment
- Delay in completion of civil work resulting in related project execution delays.
- Some jobs got delayed due to last minute changes in design, inspection delays, etc from customer end as these were development jobs of National Importance.

The above factors as well as the sluggishness in the general economy had an adverse impact on the profitability of the company in the year under review.

However, it has to be noted that there has not been any change in the basic fundamentals of the business.

2. **Steps taken or proposed to be taken for improvements**

The following steps taken or proposed for improvements

- Cost reduction and productivity improvement measures;
- The focus will be for new orders in the field of Aerospace, Defence, Gear segments which will have better margins;
- Focus will be on Spare Parts business for better value addition;
- Cost cutting in all possible areas are being implemented;
- Company is doubling the production capacity of missiles to conform to the order delivery schedules.

3. **Expected increase in productivity and profits in measurable terms:**

It is difficult at this stage to quantify the effect of the measures taken/being taken by the Company to improve the overall performance in financial terms.

As mentioned above, the Company's margins are impacted by the depreciating rupee, increase in input costs and overall inflationary trend. Much of this impact will have to be borne till the country gets out of its macro-economic problems. Efforts will continue to be made to recover as much of the adverse impact from the market to the extent practicable.

It is hoped that with the above measures, there will be improvement in the overall performance of the Company.

IV. DISCLOSURES

Information of the remuneration package of the managerial personnel:

The Shareholders are notified of the remuneration package of the managerial personnel through Explanatory Statement annexed to the Notice of the meeting in which proposals for their appointments are placed before the Shareholders.

Disclosure on remuneration package and other terms of Directors under "Corporate Governance" Report:

The Corporate Governance Report forms a part of the Annual Report for the Year and remuneration package and other terms applicable to the Directors have been disclosed therein.

Memorandum of Interest:

Except Mr Chirag C. Doshi, and Mr Chakor L. Doshi to whom Mr Chirag Doshi is related, no other Director or Key Managerial Personnel or their relatives are concerned or interested in the aforesaid resolutions.

By order of the Board

G. S. Agrawal
Vice President (Legal & Taxation) &
Company Secretary

Registered Office:
3, Walchand Terraces
Tardeo Road
Mumbai 400 034

Date : 27th November, 2013

Directors' Report

To:
The Members of
Walchandnagar Industries Limited

Your directors have pleasure in presenting the 105th Annual Report with Audited Statement of Accounts for the year ended September 30, 2013.

1. Performance for the Year in Retrospect:

	Year ended 30.09.2013 ₹ in Lakhs	Year ended 30.09.2012 ₹ in Lakhs
Income:	73,215	89,518
Profit/(Loss) before Depreciation, Interest, Exceptional Item and Exchange Currency fluctuations	(568)	7,886
Less: Interest	4,076	3,049
Depreciation	1,815	1,798
Exceptional Item	(4,175)	529
Profit before Exchange Currency fluctuations	(2,284)	2,510
Less: Exchange Currency Fluctuations Loss/(Gain)	1,293	819
Profit/(Loss) before Tax	(3,577)	1,691
Less: Tax (Net)	251	478
Profit/(Loss) after Tax	(3,828)	1,213

During the year under review, the revenue for the year 2012-13 declined by 18.21% to ₹ 73,215 Lakhs as compared to the previous year of ₹ 89,518 Lakhs. The Profitability during the year under review was also down and the company has suffered a loss after tax of ₹ (3,828) Lakhs against a profit after tax of ₹ 1,213 Lakhs in the last year.

2. Current Year:

The orders on hand as on 30.09.2013 were at ₹ 1,671 Crores as compared to ₹ 1,481 Crores as on 30.09.2012.

3. Exports and Overseas Projects:

During the year under review, the Company achieved an export turnover of ₹ 256 Crores as against ₹ 298 Crores, in the previous year. The export orders on hand as on 30.09.2013 are at ₹ 467 Crores. During the year, the Company executed orders for Boiler Projects in Ethiopia & Colombia, for Sugar Project in Ethiopia and for Cement Projects in Tanzania, Malawi and Niger.

4. Dividend:

During the Year under review your Company has suffered a loss after tax of ₹ (3,828) Lakhs. However, your Directors are recommending Dividend for the Financial Year 2012-2013 out of accumulated profits of the earlier years on Equity Shares of ₹ 2/- each at ₹ 0.40 per share equivalent to 20% (50% in the previous year) aggregating to ₹ 152.28 Lakhs. The Dividend Distribution Tax thereon works out to ₹ 25.88 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:

Your Company did not invite or accept deposits from the public during the year under review. Three deposits (pertaining to previous years) aggregating to ₹ 70,000/- remained unclaimed as on 30th September, 2013.

(ii) Income Tax Assessments:

Consequent to the proceedings u/s 132 of the Income Tax Act initiated by the Department in the month of December, 2012, the Company has filed an application before the Income Tax Settlement Commission which has been admitted for further hearings. The Income Tax liability arising thereof has been provided for in the accounts for the year ended 30.09.2013.

7. Human Resources Development:

Your Company has been successful in implementing contemporary Human Resource practices and policies with a view to make Walchandnagar Industries Limited a preferred employer in the heavy engineering industry. Keeping a strategy of cost reduction in view, your company has been successful in bringing down the manpower and administration costs and focus has been on unified operations from lesser number of locations.

To improve the external communication and ensure presence of WIL at proper forums, a Communication Department has been set up under MD & CEO.

A complete exercise has been undertaken for developing the vision and mission of the organization for the forthcoming decade.

The Company launched the employee newsletter 'WILPOWER' to increase employee engagement.

Learning & Development Capability:

The Company conducted almost 60 training programs involving both, workers and officers. Feedback on these programs has been encouraging and the impact of trainings on employee development and overall performance has been significant.

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, 2013 and the loss 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.

9. Corporate Governance:

Your Company believes that Corporate Governance is the basis of stakeholder satisfaction. The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements as set out by SEBI. Your Company has obtained a certification from K. S. Aiyar & Co., Chartered Accountants, Statutory Auditors, on compliance with clause 49 of the listing agreement. 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 the Company organized a general health check up camp for hazardous workers, ECG check up camp for employees above 50 years of age, undertook health related sessions for women and senior citizens and organized a Blood Donation Camp.

Education:

The schools established by the Company continued to impart education up to Higher Secondary grade to children staying in Walchandnagar and in nearby villages. The Company currently provides education to 5650 children of which, 20% are children of employees of the company and 80% are other children who reside in Walchandnagar & nearby villages.

Engineering students from University of Michigan conducted a science and engineering summer camp for secondary school students at Bharat Children's Academy and Junior College in Walchandnagar.

The Company also conducted a donation drive where employees could voluntarily donate books, toys and stationery for under privileged children and the same were donated to a local NGO (Niradhar Balsangopan Orphan Home). The event received an overwhelming response.

Environment:

To maintain a pollution free atmosphere and to spread awareness about environment protection, we have undertaken tree plantation and organized seminars on pollution control & on disposal of hazardous waste.

Encouraging young talents in the field of sports:

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 six years.

This year, the tournament was held in Pune from 8th November to 16th November, 2013 wherein prominent ranking tennis players from all over India participated.

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 their sincere appreciation to all the employees of the Company.

Information as per amended 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:

Mr. A. R. Gandhi was appointed as an Additional Director under Section 260 of the Companies Act, 1956 (Section 161 of Companies Act, 2013 which got notified on 12.09.2013) w.e.f. 13.05.2013.

Mrs. Bhavna Doshi was appointed as an Additional Director under Section 161 of the Companies Act, 2013 (erstwhile Section 260 of Companies Act, 1956) w.e.f. 27.11.2013.

As Additional Directors, Mr. A. R. Gandhi and Mrs. Bhavna Doshi hold office upto the ensuing Annual General Meeting of the Company and as stated in the Notice for the 105th 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. A. U. Rijhsinghani, Dr. Anil Kakodkar and Mr. G. N. Bajpai are due to retire at the 105th Annual General Meeting and they being eligible offer themselves for re-appointment.

Brief profiles of the proposed appointees together with other disclosures in terms of Clause 49 of the Listing Agreement are part of the Corporate Governance Report forming part of this Report.

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 authorize the Board to fix their remuneration.

16. Cost Auditors and Cost Audit Report:

Government of India, Ministry of Corporate Affairs, vide Order No. 52/26/CAB-2010 dated 30th June, 2011 has mandated Cost Audit for companies engaged in the production, processing, manufacturing or mining of the products falling under Chapter 72 or 73 of the First Schedule to the Central Excise Tariff Act, 1985 which was further amended vide Order No. 52/26/CAB-2010 dated 24th January, 2012 covering products falling under Chapter 84 or 85 also of the First Schedule to the Central Excise Tariff Act, 1985. Accordingly, M/s. S. R. Bhargave & Co., Pune, Cost Accountant Firm were appointed as "Cost Auditor" to carry out Cost Audit for the Year ended 30.09.2013.

The Cost Audit Report in respect of the financial year ending 30.09.2013 will be filed within the stipulated time i.e. on or before 31st March, 2014.

The Company has received certificate from M/s. S. R. Bhargave & Co., Pune, Cost Accountant Firm, to the effect that their re-appointment for F.Y. 2013-2014, if made, would be within the prescribed limits under Section 224(1B) read with Section 233B(2) of the Companies Act, 1956 and that they are not subject to disqualifications specified in Section 226 of the said Act.

The Cost Auditors have further certified that they are independent firm of Cost Accountants and are at arm's length relationship with the Company.

17. 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 November, 2013

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

Economic Overview

Global Economy

Capital inflows in the emerging markets due to the aggressive monetary easing by the Central Banks of developed economies, was a major highlight of the global economy in the year 2012-13. The global economy continued to be over shadowed by challenges and uncertainties due to the new turbulences, resulting in the divergence of growth and prospects across geographies. The near-term risk picture however has improved as recent policy actions in Europe and US have addressed some of the serious short-term risks. The year also witnessed a noticeable slowdown in the emerging economies, a reflection on the slack of demand in the advanced economies, domestic policy tightening amidst inflationary conditions and end of investment boom in some of the major emerging economies.

Indian Economy

After witnessing the lowest decadal growth rate in GDP of 5.0%, the Indian economy in 2012-13 has seen economic expansion drop to levels even below the crisis years of 2008-09. The slowdown which started in the industrial sector also extended to services sector. Domestic supply bottlenecks and policy obstacles have seen growth decelerate and industrial output slump. The flow of the new investments stopped resulting in the slump in the demand of the industrial goods. The existing projects delayed due to financial constraints and implementation gaps. The high inflation and the tight monetary policy also continued to challenge the economic revival. The Government and RBI have taken measures to reduce fiscal deficit to provide stability and protect the credit standing. New investments are expected in almost all the major industrial sectors. These changes are expected to yield positive results only in the coming years and your company will surely have its share of benefits in the India growth story.

Financial Overview

Sales & Profitability

Following is the summary of sales & profitability for the fiscal 2012-13 compared with previous year.

Particulars	FY 2012-13	FY 2011-12
Total Income	73,215	89,518
EBIDTA (Before Exceptional Items & Exchange Currency fluctuations)	(568)	7,886
EBIDTA (After Exceptional Items & Exchange Currency fluctuations)	2,314	6,538
Profit/(Loss) Before Tax (PBT)	(3,577)	1,691
Profit/(Loss) After Tax (PAT)	(3,828)	1,213
Cash Profit/(Loss)	(2,013)	3,011
Fully diluted EPS	(10.06)	3.19

All figures ₹ in lakhs except EPS, which is an absolute number

The revenue for the year 2012-13 has shown a decline of 18% over the previous year, majorly due to the stalled projects and other delays attributed to the specific projects, such as:

- Delayed manufacturing of the equipment.
- Delay in completion of civil work, resulting in related project execution delays.
- We at present are doing some jobs which got delayed during last few months due to last minute design changes, inspection delays etc. from Customer end as these were developmental jobs.

In spite of the favorable foreign exchange rates, this year we ended with a negative EBIDTA and PBT margin due to the drop in the contribution due to the sales mix and cost overruns. The cost overruns were on account of:

- Increase in transportation and logistics cost on projects
- Modification and rectification cost on projects

Order Book

The company has been selective in booking orders during the year and has not compromised on the quality of orders despite the subdued market conditions and intense competition prevailing in the domestic market place in the sugar, boiler, cement, mineral & bulk handling project sectors. The Company has expanded its geographical footprint into the export market and has taken a number of initiatives which are expected to yield good results in the forthcoming year. The Order Book of the Company remains at a reasonable level with the outstanding orders at ₹ 1,671 Crores as on 30th September, 2013. Following are the highlights of the order book:

- Go ahead for steam generation package and process house equipments at Tendaho Sugar Factory – Phase 2, Ethiopia.
- Export order from Busia Sugar (Kenya) for Co-gen power and sugar plant.
- Domestic order from Swaraj Agro for Co-gen power and sugar plant.
- Additional order for missiles from BDL.

Further your Company has ambitious plans for ramping up its order book in the Defence domain as well as focusing more on Exports (for its traditional businesses of Sugar, Boiler and Cement) by leveraging its already existing presence. North and East Africa, Latin America and South East Asia are focus regions in this respect.

Key Events

Minerals and Metals Division

The Company has entered into some strategic and key tie-ups with various leading technology holders in the field of iron, steel and coal industry.

- MCC Capital Engineering & Research Incorporation Limited (MCC-CERI), China.
- Northern Heavy Industries Group Co. Ltd., (NHI), Shenyang, China.
- Dalian Huarui Heavy Industries Ltd. (DHI) China on project to project basis.

- The Company is part of the consortium with NHI (Northern Heavy Industries), BSDI (Benxi Steel Design Institute) and CRI (Coal Research Institute). By being a member of the consortium, the Company has access to the technology to enable bidding for all kinds of washery and beneficiation plants.

Instrumentation Division

We have tied up with Winters Instruments, Canada for introducing premium range of Instrumentation products under brand name TIWIN in Indian Market. TIWIN product will cover some of the range which is not available under TIWAC brand. This will help in meeting entire requirement of customers – which was not possible earlier. Winters Instruments, Canada is one of the major global manufacturers of Instrumentation products having number of manufacturing units located globally. Winters Instruments are manufacturing for us under TIWIN brand and will be marketed by us in Indian Market. Introduction of TIWIN range of Instrumentation Product will help in increasing market share in coming years. The TIWIN brand would be marketed through our own marketing team as well as a network of dealers across the country.

Aerospace Division

Your Company is proud to be associated with the successful launch of India's Mars Mission (Mangalyaan). The aerospace division at Walchandnagar has supplied critical components to the space program.

Segment Review

Heavy Engineering

For the year under consideration, the Sales of the Heavy Engineering Division decreased by 19% as compared to the previous year. The turnover was negatively impacted by the delay in execution of the projects, delays in manufacture of the equipments, delays in completion of civil, erection and related project execution work.

The profitability of the project business took a major hit due to high input costs, cost overruns due to increase in transportation & logistics cost and cost incurred on the modifications and rectifications.

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.

The foundry division has made a loss during the year 2012-13 due to drop in realization resulting from the higher inputs cost on account of raw material, power and manpower costs.

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. As already informed the division has entered in a tie-up and is on the pedestal of high growth trajectory in the coming years.

The division has made a nominal profit during the year.

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 in line with current market trends and conditions wherein the focus is more on turnkey project execution as against pure supply of equipment with a thrust to expand the Company's geographic footprint in overseas markets.

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 as compared to the past. This, on one hand, enhances the opportunity to attain scale economies and other benefits, but it exposes the Company to a larger value of retentions and guarantees. In such a scenario, Contract Management and Performance Risk Management assume 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.
- Effective Project and Contract Management.

The Company has strengthened the existing processes and increased the management bandwidth in these areas, with resources dedicated to Project Monitoring & Control as well as by strengthening/augmenting skills in areas like civil works, your Company is ambitious of becoming a strong project execution company.

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 networking 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. Despite all the constraints faced during the year, your Company has maintained key financial parameters at a prudent level, where debt equity ratio is maintained at 1.31.

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. Your Company has created significant natural hedge between the exports outstanding and import and loan liability in the 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 an 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 mitigate 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 Gear, Aerospace, Missiles and Defence.
- 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 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

While the revenues of the company declined by 18% in the year 2012-13 over the previous year, the Company looks to be poised for good growth in the next year because of the following:

- Adequate order book as on September 30, 2013, which stands at ₹ 1,671 Crores.
- Strong business outlook in the Aerospace, Defence and Gear segments. These businesses lend long term sustainability to the revenue model of the Company.

- Additional orders for missiles. The Company is doubling the production capacity to conform to the order delivery schedules.
- Adequate focus on the Spares business in various Divisions.
- Continued focus & efforts to build on the current order book position of the Company.

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

- Well diversified yet synergistic business model with a good mix of Project based and Manufacturing based businesses.
- 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

The profitability margins in the year 2012-13 have taken a major hit due to the higher cost of the inputs, delays in project execution and sales mix. Your Company is taking steps to bring about improvement in profitability for which following progressive steps are planned:

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

Long-term competitiveness

Your Company believes that it has taken steps to attain long term growth and competitiveness and has significant resilience to sustain through 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, Corporate Strategic Planning Committee and these Committees report to Board of Directors about the tasks assigned to them.

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

(2) Board of Directors:

As on September 30, 2013, the Board of Directors comprised of a Non-Executive Chairman, a Managing Director & CEO,

a Managing Director and 7 other Non-Executive Directors. The Listing Agreement requirement of at least one-half of the Board to be of independent Directors, where the Non-Executive Chairman is a promoter of the Company is met by the Company in view of 5 directors being Independent Directors out of total 10 Directors as on September 30, 2013. (Except during the period from 25/11/2012 to 12/05/2013). The Non-Executive Directors are professionals and have vast experience in the field of industry, finance, taxation, 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 2012-2013 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	2.80	--	--	2.80
Dr. P. K. Basu	01293663	NED-I	5	4	NO	--	None	None	1.60	--	--	1.60
Mr. Dilip J. Thakkar	00007339	NED-I	5	5	YES	12	4	3	2.80	--	--	2.80
Mr. A. U. Rijhsinghani	00177091	NED	5	5	YES	--	None	None	1.00	--	--	1.00
Dr. Anil Kakodkar	03057596	NED-I	5	4	YES	1	None	None	0.80	--	--	0.80
Mr. G. N. Bajpai	00946138	NED-I	5	5	YES	11	5	5	1.80	--	--	1.80
Mr. J. L. Deshmukh**	00267467	NED	5	3	NO	1	None	None	0.40	32.62	--	33.02
Mr. A. R. Gandhi*	00007597	NED-I	5	2	NO	2	1	2	0.40	--	--	0.40
Mrs. Bhavna Doshi****	00400508	NED-I	NIL	NIL	NO	5	1	3	NIL	--	--	NIL
Mr. G. K. Pillai***	01537184	MD & CEO	5	4	YES	--	None	None	--	85.43	--	85.43
Mr. Chirag C. Doshi §	00181291	MD	5	5	YES	1	None	None	--	98.41	--	98.41

- Notes:
- "C-NED" Chairman – Non Executive Director
"NED-I" Non Executive Director – Independent
"NED" Non Executive Director
 - The Board meets at least 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 2012-2013, 5 Board Meetings were held on 23.11.2012, 31.01.2013, 13.02.2013, 13.05.2013 & 13.08.2013 and the maximum gap between the two Board meetings did not exceed four months.
 - Sitting fees paid to Directors include fees paid for attending the Board Meetings and all Sub-Committees thereof during the Financial Year.
 - During the year, the professional fees amounting to ₹ 133.60 Lakhs & ₹ 30.20 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. A. R. Gandhi was appointed as an Additional Director of the Company w.e.f. 13.05.2013.
- ** Mr. J. L. Deshmukh retired as MD & CEO on 24.11.2012 and continued as an Non Executive Director w.e.f. 25.11.2012. Remuneration paid to him is for the period 01.10.2012 to 24.11.2012.
- *** Mr. G. K. Pillai was appointed as MD & CEO w.e.f. 25.11.2012. Therefore Remuneration paid to him is for the period 25.11.2012 to 30.09.2013.
- **** Mrs. Bhavna Doshi was appointed as Additional Director of the Company w.e.f. 27.11.2013.

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. G. K. Pillai, Managing Director and CEO is attached to this report.

CEO/Head of Finance Certification:

As required under Clause 49(V) of the Listing Agreement with the Stock Exchanges, the Managing Director & CEO and Head of Finance have certified to the Board the financial statements for the year ended September 30, 2013 and the same is attached to the Report.

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

- (i) Mr. A. R. Gandhi, aged 70 years is a fellow member of the Institute of Chartered Accountants of England and Wales and that of India. Mr. A. R. Gandhi is an Associate Member of the Chartered Institute of Taxation, London.

He was associated as a Senior Partner of M/s. N. M. Raiji & Company from July 1969 to July 2003. During his tenure at M/s. N. M. Raiji & Company, he handled a variety of client engagements, including advisory services relating to Mergers and Acquisitions and National and International Tax issues.

In the year 2003 he joined Tata Group & held the position of Director in various Tata Group Companies. He was associated with Tata Sons as Executive Director of the Company. He has played a Pivotal role in acquisition of Corus & Jaguar Land Rover in 2007-2008.

He is also on the Board of 2 other Public Limited Companies namely: The Paper Products Limited and United Spirits Limited. Mr. A. R. Gandhi is the Chairman of Audit Committee of United Spirits Limited, He is also a member of Audit Committee of The Paper Products Limited and Member of Shareholders Grievance Committee of United Spirits Limited.

Mr A. R. Gandhi was appointed as an Additional Director w.e.f. 13.05.2013 and is seeking to be elected as a Director liable to retire by rotation at the ensuing Annual General Meeting of the Company.

- (ii) Mrs. Bhavna Doshi, aged 60 years is a fellow member of the Institute of Chartered Accountants of India and holds Masters Degree in Commerce from Mumbai University. She has had an exemplary academic career and was ranked 2nd at all India Level at both, Intermediate and Final CA Examinations.

She is currently providing advisory services in the fields of taxation, accounting, corporate and regulatory matters. She has rich experience of over 3 decades as partner in renowned firms of chartered accountants, B. S. Mehta & Co, RSM & Co and Bharat S Raut & Co (member firm of KPMG in India).

As an elected member of the Council of Institute of Chartered Accountants of India for four terms, she served on its various committees and very actively contributed to the formulation of accounting standards in India. She was elected to the Western India Regional Council of the ICAI and held positions of Secretary and Chairperson. She was a member of the Compliance Advisory Panel of International Federation of Accountants, New York. She was the President of the Indian Merchants' Chamber, a leading Chamber of Commerce headquartered at Mumbai.

She is also on the Board of 5 other Public Limited Companies namely: Peninsula Land Limited, Peninsula Investment Management Company Limited, SEAMAC Limited, LIC Pension Fund Limited, Everest Industries Limited and Indian Merchants' Chamber (a Section 25 Co.) and several Private Limited Companies. Mrs. Bhavna Doshi is the Chairperson of Audit Committee of SEAMAC Limited, She is also a member of Audit Committee of Peninsula Land Limited and Peninsula Investment Management Company Limited and Member of Shareholders Grievance Committee of SEAMAC Limited.

Mrs. Bhavna Doshi was appointed as an Additional Director w.e.f. 27.11.2013 and is seeking to be elected as a Director liable to retire by rotation at the ensuing Annual General Meeting of the Company.

- (iii) Mr. A. U. Rijhsinghani, Ex-Managing Director of the Company aged 81 years is an Engineering Graduate with Post Graduate degree from Illinois Institute of Technology, USA and is also a Fellow of Economic Development Institute of Washington, USA. He has vast experience of over 57 years' to his credit in General Management, Project Engineering & Project Consultancy. He is Director on the Board of Walchand Foundries Pvt. Ltd.
- (iv) Dr. Anil Kakodkar, aged 70 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 is on the Board of Maharashtra Knowledge Corporation Ltd. He was Chairman of Atomic Energy Commission and Secretary to Government of India, Department of Atomic Energy during 2000-2009. He has 49 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 as Padmashri, 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 Solar Energy Corporation of India and also joined the Board of Gharda Scientific Research Foundation both Section 25 Companies.

- (v) Mr. Ghyanendra Nath Bajpai aged 71 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 vast 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 a Chairman of the Corporate Governance Task Force of International Organization of Securities Commissions and the Chairperson 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 11 other Public Limited Companies namely: Future Generali India Life Insurance Company Limited, Future Generali India Insurance Company Ltd., Future Ventures India Ltd., Mandhana Industries Ltd., Nitesh Estate Ltd., Usha Martin Ltd., Shriram New Horizons Ltd., PNB Housing Finance Ltd., Micromax Informatics Ltd., Dalmia Cements (Bharat) Ltd., United Spirits 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 Cement (Bharat) Ltd., Mandhana Industries Ltd., Nitesh Estates Ltd. and United Spirits Ltd. and Member of Shareholders Grievance Committee of United Spirits Limited.

(3) Audit Committee:

The Audit Committee of the Board comprises of 3 Non-Executive Directors namely Mr. Dilip J. Thakkar, Dr. P. K. Basu, and Mr. Chakor L. Doshi, out of which two are independent Directors including Mr. Dilip J. Thakkar, 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. Dilip J. Thakkar	4	4
Dr. P. K. Basu	4	4
Mr. Chakor L. Doshi	4	4

Four Audit Committee Meetings were held during the year 2012-2013 on 23.11.2012, 13.02.2013, 13.05.2013, & 13.08.2013.

The necessary quorum was present for all the meetings.

Mr. Dilip J. Thakkar, Chairman of the Audit Committee was present at the Annual General Meeting held on 31.01.2013.

Managing Director & CEO, Managing Director, Sr. President/ President (Finance & Commercial), Statutory Auditors

and Vice President (Internal Audit) 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, Vice President (Legal & Taxation) & 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 four Independent Directors viz., Dr. P. K. Basu, Mr. Dilip J. Thakkar, Mr. G. N. Bajpai and Dr. Anil Kakodkar. Dr. P. K. Basu is the Chairman of the Committee. Mr. G. S. Agrawal, Vice President (Legal & Taxation) & 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 not present at the Annual General Meeting held on 31.01.2013.

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 Rs. 11.6 lakhs.

During the Financial year 2012-2013 under review, no meeting of the Remuneration Committee was held.

Shareholding of Non-Executive Directors:

Mr. Chakor L. Doshi holds 55,930 equity shares of the Company including 6,680 equity shares held by his HUF. No other Non-Executive Director holds any shares in the Company.

The details of remuneration paid/provided for Mr. J. L. Deshmukh for the period 01/10/2012 to 24/11/2012 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. J. L. Deshmukh Managing Director & CEO (Upto 24/11/2012)
Salary	6.33
Perquisites	24.24
Contribution to P.F. and Superannuation	1.71
Gratuity	0.34
Commission	--
Total	32.62

The details of remuneration paid/provided for Mr. G.K. Pillai for the period 25/11/2012 to 30/09/2013 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. G. K. Pillai Managing Director & CEO (from 25/11/2012)
Salary	43.00
Perquisites	42.43
Contribution to P.F. and Superannuation	—
Gratuity	—
Commission	—
Total	85.43

The additional information in respect of Mr. G. K. Pillai, 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 September 30, 2013 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. Chirag C. Doshi Managing Director
Salary	46.20
Perquisites	37.43
Contribution to P.F. and Superannuation	12.47
Gratuity	2.31
Commission	—
Total	98.41

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 has been re-constituted w.e.f. 23.11.2012 and Dr. Anil Kakodkar is appointed as Chairman of the Committee. It comprises of 3 Non-Executive Directors namely Mr. Chakor L. Doshi, Dr. Anil Kakodkar and Mr. Dilip J Thakkar. The composition of the Committee meets the requirement of the Clause 49 of the Listing Agreement. Mr. G. S. Agrawal, Vice President (Legal & Taxation) & Company Secretary and Compliance Officer acts as a Secretary of the Committee Meeting. The Committee is authorised to redress the Shareholder's and Investor's Complaints.

During the financial year 2012-13, 76 complaints were received from shareholders and were resolved as per details given hereunder:

Sr. No.	Nature of query/ Complaint	Pending as on 01.10.12	Received during the year	Redressed during the year	Pending as on 30.09.13
1.	Non Receipt of S.C. – Transfer	—	14	14	—
2.	Non Receipt of Dividend/ Interest/ Redemption Warrant	—	39	39	—
3.	Non Receipt of Annual Report	—	4	4	—
4.	Non Receipt of Exchanged Cert	—	10	10	—
5.	Non Receipt of Bonus Certificate(s)	—	4	4	—
6.	Non Receipt of Rep/Spl/Con/Dup	—	2	2	—
7.	Others	—	3	3	—
	TOTAL	—	76	76	—

Attendance of Directors at the Shareholders' Grievance Committee Meeting held during the financial year are as under:

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

During the year under review, One Shareholders Grievance Committee Meeting was held on 23.11.2012. The necessary quorum was present at the meeting. Mr. G. S. Agrawal, Vice President (Legal & Taxation) & Company Secretary attended the meeting as Secretary of the Committee.

(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 together with 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 September 30, 2013.

In addition to above committees, the Board has constituted four more committees namely; Finance Committee, Allotment Committee, Committee of Directors for Capital Issue and Corporate Strategic Planning Committee. 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. During the financial year 2010-2011, the powers and responsibilities of Finance Committee were extended in respect of (i) Opening of new Bank Accounts and/or Closure of the Bank Accounts; (ii) Authorizing executives of the company to operate the bank accounts; (iii) Revision in Authorized Signatories to operate existing Bank Accounts of the company; (iv) Availing Internet Banking facilities including e-commerce and/or closure of Internet banking facilities, authorizing executives of the company to operate the said facilities and revision in authorized signatories for operating the said facilities; (v) Authorizing executives of the company for dealing in Forward Contracts on behalf of the Company and authorize the executives for executing the documents under Common Seal of the Company for availing the said facilities, from time to time. Finance Committee was re-constituted w.e.f. 25.11.2012 and Mr. Dilip J. Thakkar was appointed as the Chairman of the Committee and Mr. J. L. Deshmukh ceased to be the Member of the Committee. The Committee comprises of three Directors viz. Mr. Chakor L. Doshi, Mr. Dilip J. Thakkar and Mr. G. N. Bajpai. During the financial year 2012-13 under review, four meetings of Finance Committee were held on 23.11.2012, 31.01.2013, 25.03.2013 and 02.08.2013.

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

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. Dilip J. Thakkar	4	4
Mr. Chakor L. Doshi	4	4
Mr. G. N. Bajpai	4	4
Mr. J. L. Deshmukh	4	1

Mr. G. S. Agrawal, Vice President (Legal & Taxation) & Company Secretary attended the meetings as Secretary of the Committee.

(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, Mr. G. N. Bajpai and Mr. Chakor L. Doshi. Mr. Dilip J. Thakkar is Chairman of the Committee. During the financial year 2012-13 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 tranch(es), 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 was re-constituted w.e.f. 25.11.2012 and Mr. G. N. Bajpai was appointed as the Chairman of the Committee and Mr. Chirag C. Doshi and Mr. J. L. Deshmukh ceased to be the Members of the Committee. It comprises of three Directors viz. Mr. Chakor L. Doshi, Mr. Dilip J. Thakkar and Mr. G. N. Bajpai. During the financial year 2012-13 under review, no meeting of the Committee of Directors for Capital Issue was held.

(10) Corporate Strategic Planning Committee:

The Board of Directors had constituted 'Corporate Strategic Planning Committee' for overseeing and facilitating the development and implementation of the Company's corporate strategy including Long and Short term plans.

The Committee was re-constituted w.e.f. 25.11.2012 and Mr. J. L. Deshmukh ceased to be the Member of the Committee. It comprises of Four Directors viz. Dr. Anil Kakodkar, Mr. G. N. Bajpai, Mr. Chakor L. Doshi and Mr. Chirag C. Doshi. Dr. Anil Kakodkar is Chairman of the Committee. During the financial year 2012-13 under review, no meeting of the Corporate Strategic Planning Committee was held.

(11) General Body meetings:

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

Year	Venue	Date	Time
2009-10	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	10.02.2011	04.00 p.m.
2010-11	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	09.02.2012	04.00 p.m.
2011-12	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	31.01.2013	04.00 p.m.

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

Year	Venue	Date	Time
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:

➤ 2011-12

- (a) Resolution Number 7, Resolution under Section 198, 269, 309, 310, 311 read with Schedule XIII to accord consent of the Shareholders of the Company for the appointment of Mr. G. K. Pillai as Managing Director & Chief Executive Officer of the Company.
- (b) Resolution Number 8, Resolution under Section 314(1B) 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.
- (c) Resolution Number 9, Resolution under Section 314(1B) of the Companies Act, 1956 to accord consent of the shareholders of the Company to Mrs. Champa C. Doshi to hold and continue to hold an office or place of Profit in the Company with the designation as Special Executive (Corporate Affairs).
- (d) Resolution Number 10, Resolution under Section 198, 269, 309, 310, 311 read with Schedule XIII to accord consent of the Shareholders of the Company for the re-appointment of Mr. Chirag C. Doshi as Managing Director of the Company.

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

(12) 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 Note No. 31 to the notes on financial statements for the year ended 30th September, 2013 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 5 more committees viz. Remuneration Committee, Finance Committee, Allotment Committee, Committee of Directors for Capital Issue and Corporate Strategic Planning Committee 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 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 ₹ 1,516 lakhs for capital expenditure and the balance amount ₹ 3,556 lakhs for Working Capital.

(13) 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 which is excel based software at www.corpfiling.co.in. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NSE Electronic Application Processing System (NEAPS), web based application designed for corporate at <https://www.connect2nse.com/LISTING/> and on BSE Online Portal - BSE Corporate Compliance & Listing Centre (the "Listing Centre") at <http://listing.bseindia.com/>.

(iii) Green Initiative:

In support of the "Green Initiative" undertaken by Ministry of Corporate Affairs, the Company had during the year 2012-13 sent various communications including the Annual Report for F.Y. 2011-12, intimation of dividend for the year ending 30th September, 2012, by email to those shareholders whose email addresses were made available to the depositories or the Registrar and Transfer Agents. Physical copies were sent to only those shareholders whose email addresses were not available and for the bounced email cases and who have specifically requested for the same.

As a responsible citizen, your Company strongly urges you to support the Green Initiative by registering/updating your email addresses with the Depositories Participants or the Registrar and Transfer Agents for receiving soft copies of various communications including the Annual Reports

(iv) 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.

(v) "Management Discussion and Analysis" is given as Annexure 'A' to the Directors' Report.

(vi) No presentations were made to institutional investors or to the analysts during the year.

(14) General Shareholder information:

(i) AGM : Date, Time & Venue : 28th January, 2014 – 3.30 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 Clause 41 under the Listing Agreement.

(iii) Date of Book Closure : 18th January, 2014 to 28th January, 2014
(Both days inclusive)

(iv) Dividend payment date : 08th February, 2014

(v) Listing on Stock Exchanges : BSE Ltd. & National Stock Exchange of India Ltd. The Listing fees for the year 2013-2014 have been paid to both the Stock Exchanges.

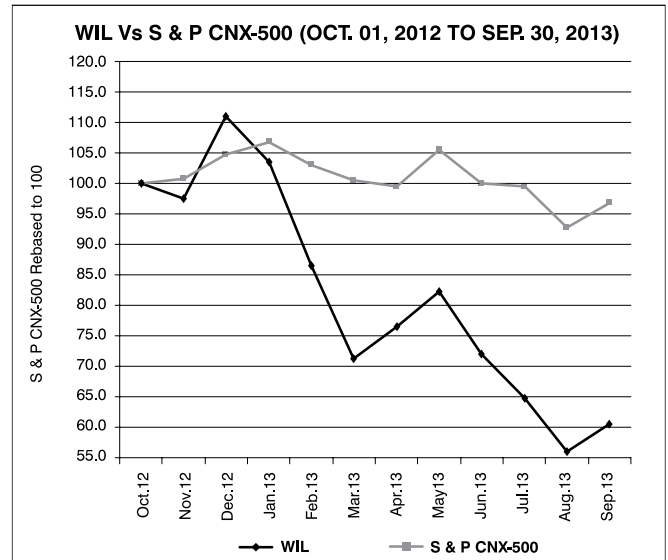
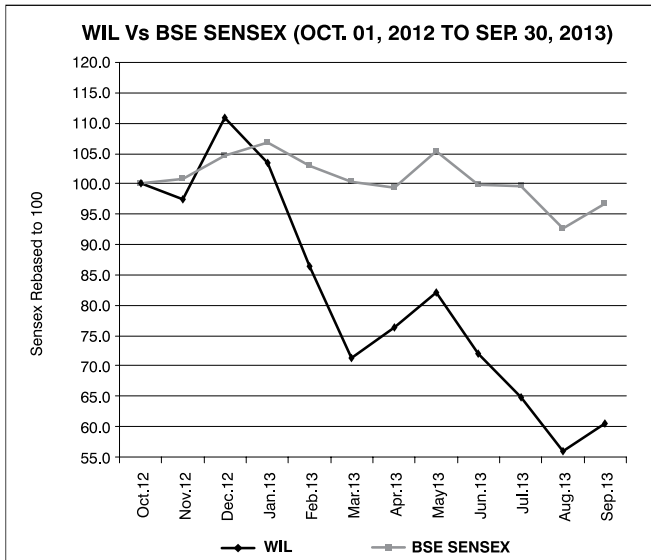
(vi) Stock Code : 507410 (BSE) and WALCHANNAG (NSE)

(vii) Market Price Data : High, Low : BSE/NSE
during each month in last
financial year

(Amount in ₹)

Month	BSE		SENSEX	NSE		S & P CNX-500
	High	Low	Closing	High	Low	Closing
Oct-12	87.50	72.50	18505.38	87.75	74.70	4,448.85
Nov-12	85.10	73.20	19339.90	85.50	72.70	4,675.25
Dec-12	99.20	80.65	19426.71	99.40	80.75	4,743.45
Jan-13	94.50	75.05	19894.98	94.45	73.70	4,795.30
Feb-13	78.50	62.00	18861.54	78.55	61.80	4,477.50
Mar-13	66.80	49.70	18835.77	66.80	49.00	4,438.35
Apr-13	70.05	54.10	19504.18	70.05	54.10	4,641.75
May-13	74.50	58.80	19760.30	74.60	58.85	4,681.45
Jun-13	63.25	53.65	19395.81	63.30	53.65	4,510.90
Jul-13	58.90	46.05	19345.70	59.25	46.00	4,379.65
Aug-13	50.90	40.50	18619.72	50.75	40.05	4,175.85
Sep-13	53.50	43.40	19379.77	54.05	44.10	4,392.05

(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 2012-2013:



(ix) Registrar and Transfer Agents : M/s. Link Intime India Pvt. Ltd.
 Unit: Walchandnagar Industries Ltd.
 C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
 Bhandup (W), Mumbai 400 078
 Ph. No. (022) 25963838
 Fax No. (022) 25946969
 e-mail id: mumbai@linkintime.co.in

(x) Share Transfer System

: Shareholders are permitted to hold shares in Physical form or in Demat Form. In case of Physical form, shareholders are informed to lodge the shares for transfer purpose to the Registrars and Share Transfer Agents and the Company is taking care to ensure that share transfer work gets completed as early as possible and not later than 15 days 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) (a) Shareholding Pattern as on September 30, 2013

Category	No. of Shares	%
Promoters & Directors, Directors Relatives/HUF & Group Companies/Group Trusts	20,938,613	55.00
Mutual Funds & Unit Trust of India	5,500	0.01
Banks, Financial Institutions, State Government	233,390	0.61
Insurance Companies	1,962,476	5.16
Private Corp. Bodies & Clearing Members	1,833,034	4.82
NRI/OCB/FII/FN	201,163	0.53
Public (Resident Indians/Trusts)	12,896,029	33.87
Total	38,070,205	100.00

(b) Distribution of shareholding as on September 30, 2013

Shareholding of nominal value of ₹	Number of Shareholders	% to Total	Amount in ₹	% to Total
1 to 5000	80,394	99.1600	20,161,930	26.4799
5001 to 10000	411	0.5069	2,955,468	3.8816
10001 to 20000	154	0.1899	2,236,442	2.9373
20001 to 30000	53	0.0654	1,291,380	1.6961
30001 to 40000	19	0.0234	694,382	0.9120
40001 to 50000	7	0.0086	322,848	0.4240
50001 to 100000	22	0.0271	1,474,474	1.9365
100001 onwards	15	0.0185	47,003,486	61.7326
Total	81,075	100.00	76,140,410	100.00

(xii) 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 connectivity with NSDL & CDSL. The ISIN No. is INE711A01022. As on September 30, 2013, 3,68,21,734 equity shares representing 96.72% 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.

- (xiii) 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 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.
- (xiv) 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 105th Annual General Meeting, a part of this 105th 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 2005-2006 and for subsequent years standing to the credit of their account.
- The details of Unclaimed amount of Dividend/matured Fixed Deposit/matured Interest on Fixed Deposit are now available on the website of the Company and MCA website i.e. www.mca.gov.in.
- (xv) Unclaimed Equity Shares : SEBI by circular no: CIR/CFD/DIL/10/2010 dated December 16, 2010 has amended Clause 5A of the Listing Agreement to provide that shares held physically which may have remained unclaimed by shareholders due to insufficient/incorrect information or for any other reason should be transferred in demat mode to one folio in the name of "Unclaimed Suspense Account" with one of the Depository Participants. The Company has sent three reminders as required in the Clause 5A to the concerned shareholders and is taking steps to transfer the unclaimed shares into Unclaimed Suspense 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 : Link Intime India Pvt. Ltd.
Unit: Walchandnagar Industries Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400 078
Ph. No. (022) 25963838 Fax No. (022) 25946969
Email : 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 40287110
Fax: 022 23634527
Email: 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 30-09-2013.

Date: 27th November, 2013

G. K. Pillai
Managing Director & CEO

**CERTIFICATE BY CHIEF EXECUTIVE OFFICER / HEAD OF FINANCE
IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT**

In terms of Clause 49 of the Listing Agreement, it is certified as under that:

- (a) We have reviewed financial statements and cash flow statements for the year ended 30th September, 2013 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

G. K. PILLAI
Managing Director & CEO

V. T. PAWAR
Sr. President

Place: Pune
Date: 27.11.2013

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, 2013 as stipulated in Clause 49 of the 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 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 *except that during the period from November 25, 2012 to May 12, 2013 Board of Directors consisted of 4 independent directors instead of 5 as required. However, this deficiency has been made good from May 13, 2013 onwards.*

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 November, 2013

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) Replacement of Metal Halide Lamps in place of Mercury Vapour Lamps in progress.
 - (2) Energy audit carried out by external auditing agency.
 - (3) Providing timers for conventional machines is in progress, to save power during idling.
 - (4) Providing VFDs for blower motors is in progress to save energy.
- (b) Energy Conservation measures proposed:
- (1) Implementation of energy audit recommendations.
 - (2) Further continue with Replacement of Metal Halide/LED/induction lamps in place of Mercury Vapour Lamps.
 - (3) Replacement of capacitor panels with Detuned capacitor panels to reduce harmonics & improve power factor.
 - (4) Further continue with providing timers for other conventional machines & VFD for blower motors.

(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:

- Development of Drum and Bank Tube assembly for Boiler.
- Development of Economizer assembly for Boiler.

(3) Future Plan of Action:

Develop the processes for critical equipments for Defense and Nuclear jobs, for improving productivity.

Expenditure on R&D

	₹ in Lakhs
Capital (Development Expenditure)	6.07
Recurring	12.08
Total	18.15
Total R&D Expenditure	
Percentage to turnover	0.25

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

- (i) (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.
- (ii) (a) Kawasaki Heavy Industries Ltd. Tokyo, Japan
(b) Year of Collaboration : 2010-11.
(c) We have already started getting enquiries for air supported Belt Conveyors and Parts thereof.
- (iii) (a) Earthtechnica Co. Ltd. Tokyo, Japan.
(b) Year of Collaboration : 2011-12.
(c) We have already started getting enquires for super breaker for lime stone crushing and parts thereof.

Technology absorption, adaptation and innovations:

- (1) Efforts in brief made towards technology absorptions:
 - Continuous monitoring of technology trends.
 - Continuous interaction and exchange of information.
 - Deputing engineers abroad for interaction and exchange of information.
 - Development efforts for technology adaptations in New Areas.
- (2) Benefits derived as a result of above efforts:
 - Improvement in manufacturing methods and quality standards.
 - Enhancing engineering skills.
 - Development of energy efficient, cost effective and high performance engineering products.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange used and earned:

Earning in Foreign Exchange	₹ 25629.11 Lakhs
Foreign Exchange Outgo	₹ 5769.59 Lakhs

Independent Auditors' Report

To the Members of
Walchandnagar Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Walchandnagar Industries Limited** ("the Company"), which comprise the Balance Sheet as at September 30, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 September 30, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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 purpose of our audit have been received from divisions at Zambia and Ethiopia not visited by us. The divisions' overseas Auditors' Reports have been forwarded to us and appropriately dealt with;
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the audited returns from the divisions at Zambia and Ethiopia;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on September 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For K. S. Aiyar & Co.
Chartered Accountants
Firm's Registration No. 100186W
By the hand of

Satish K. Kelkar
Partner

Place: Mumbai
Date : November 27, 2013

Membership No. 38934

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date on the financial statements for the year ended September 30, 2013 of Walchandnagar Industries Limited)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - The Company has a programme for physical verification of the fixed assets, which in our opinion is reasonable having regard 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.
 - The fixed assets disposed of during the year were not substantial. According to the information and explanations 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) In respect of its inventories:
- The Management has conducted physical verification of the inventory at reasonable intervals other than material lying with sub-contractors, which have been confirmed by majority of them.
 - 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.
 - The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) 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 clause (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 the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses 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 ₹ Five lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA and 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, 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 material statutory dues applicable to it. There are no undisputed outstanding dues in respect of the above items which are more than six months as at the balance sheet date.
- (b) According to the information and explanations given to us, the disputed statutory dues on accounts of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Municipal Tax 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

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	Excise duty demand on bought out items supplied for centrifugals, which have already suffered duty at manufacturers end.	82.45 (Net of CENVAT reversal and payments)	June, 1983 to April, 2005	Supreme Court
Maharashtra Land Revenue Code	NA Tax (₹ 20 lakhs paid under protest)	86.61	1982 to 2003	Collector of Pune
	NA Tax	16.18	1982 to 2003	SDO, Baramati
	NA Tax	58.58	1994 to 2003	SDO, Baramati
Pune Municipal Corporation	Municipal Taxes – Determination of Annual Rateable Value	325.07	2008-09 to 2011-12	Court of Small Causes, Pune
Central Sales Tax Act, 1956	The exemption from tax for transit sale under section 6(2)(b) is denied. (₹ 30 lakhs paid under protest).	159.83	2005-06	Joint Commissioner of Sales Tax (Appeal), Pune
Andhra Pradesh Value Added Tax Act	VAT – Addition of adhoc amount in Sales	475.53	Oct. 2009 to Sept. 2010	Appellate Dy. Commissioner (CT), Secunderabad
Service Tax	Demand on value addition of bought out items. (₹ 28.76 lakhs paid under protest).	362.65	2006-10	CESTAT, Kolkata
Employees Provident Fund	EPF – Demand from EPF authorities	50.68	2006-07	Mumbai High Court

- (x) The Company does not have any accumulated losses as at the end of the financial year. The Company has incurred cash losses only in the financial year covered by our audit but has not incurred any cash loss in the immediately preceding financial year.
- (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.

- (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.
- (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.
- (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.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The term loans have been applied for the purposes for which they were raised.
- (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 no funds raised on short-term basis have been used for long-term investment.
- (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 under section 301 of the Companies Act, 1956.
- (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.
- (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.
- (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.

For K. S. Aiyar & Co.
Chartered Accountants
Firm's Registration No. 100186W
By the hand of

Satish K. Kelkar
Partner

Place: Mumbai
Date: November 27, 2013

Membership No. 38934

BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note No.	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
I. EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
(a) Share Capital	2	761.40	761.40
(b) Reserves and Surplus	3	69,881.57	39,346.16
		70,642.97	40,107.56
NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	4	10.79	2,127.37
(b) Deferred Tax Liabilities (Net)	5	—	337.10
(c) Other Long Term Liabilities	6	8,518.91	13,290.81
(d) Long Term Provisions	7	409.75	97.89
		8,939.45	15,853.17
CURRENT LIABILITIES			
(a) Short-Term Borrowings	8	23,573.67	16,541.98
(b) Trade Payables	9	27,199.16	25,669.82
(c) Other Current Liabilities	10	26,754.44	26,300.86
(d) Short Term Provisions	7	1,485.85	879.42
		79,013.12	69,392.08
		158,595.54	125,352.81
II. ASSETS			
NON-CURRENT ASSETS			
(a) Fixed Assets:			
(I) Tangible Assets	11	63,384.76	29,674.77
(II) Intangible Assets	11	440.87	436.53
(III) Capital Work-in-Progress	11	2,041.29	2,195.28
(IV) Intangible Assets under Development	11	—	109.65
		65,866.92	32,416.23
(b) Non-Current Investments	12	1,022.38	135.65
(c) Deferred Tax Assets (Net)	5	1,901.01	—
(d) Non-Current Trade Receivables	14	2,378.37	—
(e) Long-Term Loans and Advances	13	343.65	349.42
(f) Other Non-Current Assets	15	137.00	137.00
		5,782.41	622.07
CURRENT ASSETS			
(a) Current Investments	16	2,069.20	1,854.09
(b) Inventories	17	26,267.33	31,439.34
(c) Trade Receivables	14	41,721.58	43,909.13
(d) Cash and Bank Balances	18	1,226.52	1,853.79
(e) Short-Term Loans and Advances	13	13,857.64	9,875.58
(f) Other Current Assets	15	1,803.94	3,382.58
		86,946.21	92,314.51
		158,595.54	125,352.81
Significant Accounting Policies	1		

As per our report attached

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

V. T. Pawar
Sr. President

G. K. Pillai
Managing Director &
Chief Executive Officer

Chakor L. Doshi
Chairman

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Vice President (Legal & Taxation)
& Company Secretary

Chirag C. Doshi
Managing Director

Dilip J. Thakkar
Director

Place : Mumbai

Date : 27th November, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Note No.	Year ended September 30, 2013	₹ in Lakhs Year ended September 30, 2012
I. Revenue from Operations	19	74,650.32	89,873.03
Less: Excise Duty		1,998.97	1,725.94
		72,651.35	88,147.09
II. Other Income	20	563.35	1,370.78
III. TOTAL REVENUE (I + II)		73,214.70	89,517.87
IV. Expenditure:			
Cost of Materials Consumed	21	42,185.81	54,220.45
Sub-contracting and Processing Charges & Other Direct Cost	22	14,757.32	13,174.47
Changes in inventories of finished goods, work-in-progress	23	(234.83)	(1,903.11)
Employee Benefit Expenses	24	9,647.03	9,367.97
Finance Costs	25	4,075.98	3,048.73
Depreciation and Amortisation Expenses	26	1,815.38	1,797.88
Other Expenses	27	7,426.87	6,772.24
Exchange Currency Fluctuation (Gain)/Loss		1,292.96	819.35
TOTAL EXPENSES		80,966.52	87,297.98
V. Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		(7,751.82)	2,219.89
VI. Exceptional Items	28	4,174.54	(529.02)
VII. PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		(3,577.28)	1,690.87
VIII. Extraordinary Items		—	—
IX. PROFIT/(LOSS) BEFORE TAX (VII - VIII)		(3,577.28)	1,690.87
X. Tax expense:			
(1) Current tax		—	624.00
(2) Tax for earlier years (Net of Tax provision written back)	36	2,489.00	—
(3) Deferred Tax		(2,238.11)	(145.77)
		250.89	478.23
XI. PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(3,828.17)	1,212.64
XII. Profit/(Loss) from discontinuing operations		—	—
XIII. Tax expense of discontinuing operations		—	—
XIV. Profit/(Loss) from Discontinuing operations after tax (XII - XIII)		—	—
XV. PROFIT/(LOSS) FOR THE PERIOD (XI + XIV)		(3,828.17)	1,212.64
XVI. EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH			
(1) Basic	29	(10.06)	3.19
(2) Diluted	29	(10.06)	3.19

As per our report attached

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

V. T. Pawar
Sr. President

G. K. Pillai
Managing Director &
Chief Executive Officer

Chakor L. Doshi
Chairman

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Vice President (Legal & Taxation)
& Company Secretary

Chirag C. Doshi
Managing Director

Dilip J. Thakkar
Director

Place: Mumbai

Date : 27th November, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2013

	For the year ended September 30, 2013	₹ in Lakhs For the year ended September 30, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT/(LOSS) BEFORE TAX		
ADJUSTMENTS::	(3,577.28)	1,690.87
Add: Depreciation	1,815.38	1,797.88
Provision for Diminution	101.62	—
Interest	4,075.98	3,048.73
Provision for Doubtful Debts	964.44	550.00
	6,957.42	5,396.61
Less:	3,380.14	7,087.48
Profit/(Loss) on Sale of Investments (Net)	4,134.53	0.19
Interest/Dividend	239.62	712.82
Profit/(Loss) on Sale of Assets (Net)	(2.60)	20.56
	4,371.55	733.57
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	I (991.41)	6,353.91
ADJUSTMENT FOR:		
Trade and Other Receivables	(4,102.92)	(858.81)
Inventories	5,172.11	(2,464.52)
Trade and Other Payables	(2,584.90)	(4,216.40)
	II (1,515.71)	(7,539.73)
CASH GENERATED FROM OPERATING ACTIVITIES	I+II (2,507.12)	(1,185.82)
Direct Taxes Paid (Net of Refund of Income Tax)	1,269.17	414.50
NET CASH FLOW FROM OPERATING ACTIVITIES	A (3,776.29)	(1,600.32)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Investments	4,145.10	0.19
Purchases of Investment	(1,216.62)	(124.98)
Purchase of Fixed Assets	(539.23)	(1,607.03)
Sale of Fixed Assets	41.29	34.22
Interest Received	65.37	494.47
Dividend Received	174.25	218.35
NET CASH FLOW FROM INVESTING ACTIVITIES	B 2,670.16	(984.78)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Borrowings	4,915.11	4,971.99
Interest Paid	(4,000.28)	(3,048.73)
Dividend Paid	(435.97)	(436.25)
NET CASH FLOW FROM FINANCING ACTIVITIES	C 478.86	1,487.01
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C) (627.27)	(1,098.09)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,853.79	2,951.88
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,226.52	1,853.79

As per our report attached

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

V. T. Pawar
Sr. President

G. K. Pillai
Managing Director &
Chief Executive Officer

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Vice President (Legal & Taxation)
& Company Secretary

Chirag C. Doshi
Managing Director

Dilip J. Thakkar
Director

Place : Mumbai

Date : 27th November, 2013

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 METHOD OF ACCOUNTING**

The Company maintains its accounts under the historical cost convention, except for certain fixed assets which are revalued, on an accrual basis and complies in all material respects with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 1956.

1.2 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.

1.3 REVENUE RECOGNITION

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

- (a) Domestic sales of manufactured items are recognized on dispatch and are stated net of returns;
- (b) Export sales are recognized on date of bill of lading/airway bill and/or passing of rights to the customer whichever is earlier and initially recorded at the relevant exchange rates prevailing on the date of transaction;
- (c) Income on items delivered directly by suppliers/sub-contractors to the client is recognized on dispatch and receipt of suppliers'/ sub-contractors' invoices;
- (d) Income from project site activities is recognized on acceptance by the client on the basis of the work performed;
- (e) Income on account of price variation is recognized on acceptance of the claim by the client and on certainty of its realization;
- (f) Revenue from long term projects of Special Products Division involving dispatch, commissioning and erection is recognized on the basis of milestone specified in the contracts after matching costs and revenue at each stage; and
- (g) Dividend is accrued in the year in which it is declared whereby the right to receive is established.

1.4 TANGIBLE FIXED ASSETS

Fixed Assets are stated at cost, net of tax/duty credits availed less depreciation/amortization 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 less depreciation/amortization to date and impairment, if any.

1.5 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

1.6 DEPRECIATION/AMORTIZATION

- (a) The depreciation is computed on the Straight-Line Method on certain Buildings and Plant & Machinery, of Heavy Engineering Division and 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 the value written up on revaluation is calculated on straight line method over the residual technical life assessed by the valuer.

Premium on leasehold land is amortized over the period of lease.

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

In respect of branches, which are an integral part of foreign operations, depreciation is provided in the manner prescribed by local laws so as to write off the assets over their useful life.

- (b) Intangible assets are amortized on a Straight Line basis over the estimated useful economic life and in case of:
 - (i) Patents are amortized on the basis of life of Patents as specified in the Patent Documents;
 - (ii) Technical Know-how is amortized on Straight Line Basis in six equal installments; and
 - (iii) Computer Software, included in intangible assets, is amortized over a period of three years.
- (c) Depreciation on additions to/deletions from the fixed assets during the year is calculated on pro-rata basis from the date of addition/deletion.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

1. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.7 CAPITAL WORK-IN-PROGRESS (including Intangible Assets under Development)

Projects under commissioning and other Capital Work-in-Progress (Including Intangible Assets under Development) are carried at cost, comprising direct cost and related incidental expenses.

1.8 IMPAIRMENT OF ASSETS

Impairment is ascertained at each balance sheet date in respect of Cash Generating Units. An impairment loss is recognized 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.

1.9 INVESTMENTS

Investments of long term nature are stated at cost less provision for diminution in value, if such decline is other than temporary. Current investments are stated at lower of cost or net realizable value.

1.10 EMPLOYEE BENEFITS

- (a) Short term employee benefits are those which are payable within twelve months of rendering service and are recognized as expense in the period in which the employee renders the related service.
- (b) Contributions to the Provident Fund and Superannuation Fund, ESIC and Labour Welfare Fund which are defined contribution schemes are recognized as an expense in the Statement of Profit and Loss in the period in which the contribution is due.
- (c) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation using the projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.
- (d) Long term compensated absences including leave encashment are provided for on the basis of actuarial valuation. Accumulated leave, which is expected to be utilized within next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

1.11 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. The tax rates and tax laws used to compute amount are those that are enacted or substantively enacted.

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 (representing unabsorbed depreciation or carried forward losses) are recognized to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.12 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 recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

1.13 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 other divisions on "Weighted Average Method".
- (b) Costs of Dies, Jigs, Tools, Mould Boxes and Patterns purchased/manufactured are charged off in relevant year at lower of cost or net realizable value, arrived at after providing for suitable diminution/amortization.
- (c) Goods in transit at cost incurred till balance sheet date.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**1. SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

- (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 amortized over the period of contract on the basis of sales booked.
- (e) Finished Goods at lower of cost or net realizable value. Cost includes related overheads and wherever applicable excise duty.

1.14 FOREIGN CURRENCY TRANSLATION**(a) Initial recognition**

Foreign currency transactions are reported in the reporting currency by applying to the foreign currency amount the exchange rate between reporting currency and the foreign currency at the date of transaction.

(b) Conversion

Foreign currency monetary items are re-instated using the exchange rate prevailing at the reporting date. Non monetary items which are measured in terms of historical costs denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non monetary items which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

The financial statements of foreign branches of the company which are integral to the operations are translated as if the transactions of the foreign operations have been those of the company itself.

(c) Exchange differences

The Company has opted to avail the choice provided under Paragraph 46A of AS-11; The Effects of Changes in Foreign Exchange Rates, inserted vide Notification dated December 29, 2011. Accordingly, exchange differences on long term foreign currency monetary items are being dealt with in the following manner:

Foreign exchange difference on account of a depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset;

In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term asset/liability.

All other exchange differences are recognized as income or as expense in the period to which they relate.

- (d) Premium or discount on forward exchange contracts is recognized in the Statement of Profit and Loss over the period of contract.

1.15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized 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 recognized nor disclosed.

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

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

1.16 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 Statement of Profit and Loss on accrual basis.

1.17 SEGMENT REPORTING (Refer Note 34)

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.

Information given is 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. Segment have been identified after taking into account the nature of the products, differential risk and returns, the organizational structure and internal reporting system.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

1. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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

- (i) 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, Defense and Nuclear Power Business;
- (ii) Foundry & Machine Shop - Manufacturing of Grey & Ductile Iron Castings required by various industries and machining of components; and
- (iii) Others - Non Reportable Segment, includes units manufacturing Precision Instruments such as pressure and temperature gauges.

1.18 EARNINGS PER SHARE

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20, "Earning Per Share" notified under the Companies (Accounting Standards) Rules, 2006. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to equity share holders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2. SHARE CAPITAL

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
AUTHORIZED:		
50,000 (Previous Year 50,000) 10% Cumulative Preference Shares of ₹ 100 each	50.00	50.00
50,000 (Previous Year 50,000) Preference Shares of ₹ 100 each	50.00	50.00
120,000,000 (Previous Year 120,000,000) Equity Shares of ₹ 2 each	2,400.00	2,400.00
	2,500.00	2,500.00
ISSUED:		
38,070,205 (Previous Year 38,070,205) Equity Shares of ₹ 2 each	761.40	761.40
SUBSCRIBED AND PAID-UP:		
38,070,205 (Previous Year 38,070,205) Equity Shares of ₹ 2 each fully paid-up	761.40	761.40
TOTAL	761.40	761.40

ADDITIONAL INFORMATION:

(a) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING:

	As at September 30, 2013		As at September 30, 2012	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Equity Shares of ₹ 2 each				
At the beginning of the year	38,070,205	761.40	38,070,205	761.40
Movements during the year	—	—	—	—
At the end of the year	38,070,205	761.40	38,070,205	761.40

(b) TERMS AND RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having par value of ₹ 2 per share. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**2. SHARE CAPITAL (Contd.)**

- (c) AGGREGATE NUMBER OF BONUS SHARES ISSUED, SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH DURING THE PERIOD OF FIVE YEARS IMMEDIATELY PRECEDING THE REPORTING DATE:

	As at September 30, 2013	No. of Shares As at September 30, 2012
1. Equity Shares issued as Bonus Shares out of Share Premium, General Reserve and Capital Reserve	15,022,530	15,022,530
2. Equity Shares allotted to the allottees of the warrant on Preferential Basis upon exercise of conversion option by them (inclusive of 4,000,000 Equity Shares issued as Bonus and included in Sr. No. 1 above)	8,000,000	8,000,000
3. Equity Shares issued under Employee Stock Purchase Scheme, 2008 (ESPS) at par to the permanent employees	25,145	25,145

- (d) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% IN THE COMPANY

	As at September 30, 2013		As at September 30, 2012	
	Number	% of holding	Number	% of holding
(Equity Shares of ₹ 2 each fully paid up)				
Walchand Kamdhenu Commercials Pvt. Ltd.	9,869,673	25.92	9,869,673	25.92
Walchand Great Achievers Pvt. Ltd.	5,260,160	13.82	5,260,160	13.82
Rodin Holdings Inc.	3,000,000	7.88	3,000,000	7.88
Olsson Holdings Inc.	2,000,000	5.25	2,000,000	5.25

3. RESERVES AND SURPLUS

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
CAPITAL REDEMPTION RESERVE	50.00	50.00
SECURITIES PREMIUM RESERVE	4,994.46	4,994.46
REVALUATION RESERVE		
Balance as per last Financial Statement	16,043.88	17,246.15
Add: Additions during the year (Refer Note No. 32)	35,653.48	—
Less: Adjustment on account of sale	—	19.98
Less: Amount transferred to the Statement of Profit and Loss as reduction from Depreciation	1,041.75	1,182.29
CLOSING BALANCE	50,655.61	16,043.88
FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT		
Opening Balance	(156.74)	—
Add: Additions during the year	(312.69)	(251.28)
Less: Deductions during the year	242.69	94.54
CLOSING BALANCE	(226.74)	(156.74)
GENERAL RESERVE		
Balance as per last Financial Statement	5,606.05	5,481.04
Add: Amount transferred from Statement of Profit and Loss	—	125.00
CLOSING BALANCE	5,606.05	5,606.04

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

3. RESERVES AND SURPLUS (Contd.)

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT AND LOSS		
Balance as per last Financial Statement	12,808.52	12,163.34
Add: Profit for the year	(3,828.17)	1,212.64
Less: Appropriations:		
Proposed Final Dividend	152.28	380.70
Tax on Proposed Dividend	25.88	61.76
Transfer to General Reserve	—	125.00
CLOSING BALANCE	<u>8,802.19</u>	<u>12,808.52</u>
TOTAL RESERVES AND SURPLUS	<u>69,881.57</u>	<u>39,346.16</u>

4. LONG-TERM BORROWINGS

	Non-Current Portion		Current Maturities	
	As at September 30, 2013	As at September 30, 2012	As at September 30, 2013	As at September 30, 2012
TERM LOANS				
(a) From Banks (Secured)				
Indian Rupee loan				
Vehicle Loan - Refer Note No. 4 (i)	10.79	25.94	15.15	48.57
Other Term Loan	—	—	7.83	—
Foreign currency loan				
Corporate Term Loan - FCNR(B)				
- Refer Note No. 4 (ii)	—	1,308.53	1,549.64	1,176.56
External Commercial Borrowings				
- Refer Note No. 4 (iii)	—	792.90	939.00	792.90
	<u>10.79</u>	<u>2,127.37</u>	<u>2,511.62</u>	<u>2,018.03</u>
(b) From Others (Unsecured)				
Deposits-unsecured - Refer Note No. 4 (iv)	—	—	0.70	0.70
	—	—	0.70	0.70
Amount disclosed under the head "Other Current Liabilities"				
- Refer Note No. 10	—	—	2,512.32	2,018.73
NET AMOUNT	<u>10.79</u>	<u>2,127.37</u>	<u>—</u>	<u>—</u>

Additional Information

4(i) Vehicle Loan

	Amount of Loan ₹ in Lakhs	Interest rate % p.a.	Installment amount ₹ in Lakhs	No. of Outstanding Installments	Period of Maturity from Balance Sheet date
Vehicle Loan I - Secured by vehicle bought under loan and repayable in 36 Equated monthly installments of ₹ 4.03 Lakhs and interest @ 8.90% p.a.	128.00	8.90	4.03	3	3 Months
Vehicle Loan II - Secured by vehicle bought under loan and repayable in 60 Equated monthly installments of ₹ 0.43 Lakhs and interest @ 10.82% p.a.	20.00	10.82	0.43	41	41 Months

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**4. LONG-TERM BORROWINGS (Contd.)**

- 4(ii) **Corporate Term Loan - FCNR(B)** is secured by first pari passu charge by way of Equitable Mortgage on Land & Building & hypothecation on moveable Fixed Assets and Current Assets of Heavy Engineering Division at Walchandnagar along with other Working Capital Consortium Banks & existing ECB Lender and by way of Equitable Mortgage on Land & Building & hypothecation on Fixed Assets of Foundry Division at Satara Road along with existing ECB Lender. The said loan is repayable in 29 installments with interest @ 6M LIBOR + 3.25%.

State Bank of India	Amount of Loan ₹ in Lakhs	Interest rate % p.a.	Installment amount ₹ in Lakhs	No. of Outstanding Installments	Period of Maturity from Balance Sheet date
FCNR(B)	2,992 (USD 6,660,000)	6 Months Libor + 3.25%	167.20	1	5 months
			278.67	4	
			267.76	1	

- 4(iii) **External Commercial Borrowings** is secured by first pari passu charge on the fixed assets of the Heavy Engineering Division at Walchandnagar and Foundry Division at Satara Road and second pari passu charge on current assets of the Heavy Engineering Division. Fixed assets and current assets of Heavy Engineering Division at Walchandnagar presently charged to State Bank of India consortium for Heavy Engineering Division along with corporate term loan lenders. Repayable after 15 months from the date of its origination viz., September 01, 2009 in 16 equated quarterly installments. External Commercial Borrowings are presently charged interest @ 3M Libor + 260 basis points, payable quarterly from the date of origination viz., September 01, 2009.

DBS Bank	Amount of Loan ₹ in Lakhs	Interest rate % p.a.	Installment amount ₹ in Lakhs	No. of Outstanding Installments	Period of Maturity from Balance Sheet date
ECB	2,942.40 (USD 6,000,000)	3 Months Libor+260 bps	234.75	4	11 Months

- 4(iv) Fixed Deposit received from public repayable within one year ₹ 0.70 Lakhs (Previous Year ₹ 0.70 Lakhs)

5. DEFERRED TAX LIABILITIES (NET)

	As at September 30, 2013	As at September 30, 2012
Deferred Tax Liability:		
Fixed Assets: Impact of difference between tax depreciation and book depreciation/amortization	706.59	751.51
Gross Deferred Tax Liability	706.59	751.51
Deferred Tax Asset:		
Unabsorbed business loss	2,013.21	—
Gratuity	146.85	96.27
Others	447.54	318.14
Gross Deferred Tax Asset	2,607.60	414.41
Net Deferred Tax Assets/(Liability)	1,901.01	(337.10)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

6. OTHER LONG TERM LIABILITIES

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
Advance from Customers	8,137.04	12,860.00
Others	381.87	430.81
TOTAL	<u>8,518.91</u>	<u>13,290.81</u>

7. PROVISIONS

	Long Term		Short Term	
	As at September 30, 2013	As at September 30, 2012	As at September 30, 2013	As at September 30, 2012
Provision for Tax (Net)	—	—	1,111.83	107.61
Provision for Employee Benefits				
(a) Provision for Leave Encashment (Refer Note No. 33)	100.10	97.89	30.26	32.63
(b) Provision for Gratuity (Refer Note No. 33)	309.65	—	165.60	296.72
Provision for Equity Dividend	—	—	152.28	380.70
Provision for Tax on proposed Equity Dividend	—	—	25.88	61.76
TOTAL	<u>409.75</u>	<u>97.89</u>	<u>1,485.85</u>	<u>879.42</u>

8. SHORT-TERM BORROWINGS

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
A. FROM BANKS-SECURED:		
HEAVY ENGINEERING DIVISION, WALCHANDNAGAR		
(1) Buyers' Credit Loan (Under Line of Credit facility)	314.25	1,907.03
(2) Working Capital Loans (Secured by mortgage of residential flat in Mumbai and by way of charge on all movable Plant & Machinery, Fixtures, implements, fittings, furniture, current assets (both present & future) including stock in trade, raw material, semifinished & finished products, stores & spares, book debts, tools & accessories and other movables of and pertaining to Heavy Engineering Division at Walchandnagar and by way of equitable mortgage on land & building of Heavy Engineering Division at Walchandnagar.)	12,037.20	7,487.75
(3) Working Capital Loans (Secured by the mortgage of immovable property in Mumbai).	4,500.00	—
FOUNDRY DIVISION, SATARA ROAD		
Working capital loans (Secured by hypothecation of all those tangible movable properties and assets, 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 at Satara Road.)	356.10	403.83
	<u>17,207.55</u>	<u>9,798.61</u>
B. FROM BANKS-UNSECURED		
Working Capital Loans – Foreign Currency & INR	6,366.12	6,743.37
	<u>23,573.67</u>	<u>16,541.98</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**9. TRADE PAYABLES**

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
Micro, Small and Medium Enterprises *	1,242.93	851.08
Others	25,956.23	24,818.74
TOTAL	27,199.16	25,669.82

* The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

(a) (i) Principal amount remaining unpaid to any supplier	1,240.38	851.08
(ii) Interest due on above	2.55	—
(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 September 30, 2013	2.55	—
(e) Total Outstanding dues to Micro Enterprises and Small Enterprises	1,242.93	851.08

(The above details have been given to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors)

10. OTHER CURRENT LIABILITIES

Current maturities of Long Term Borrowings (Refer Note No. 4)	2,512.32	2,018.73
Unclaimed dividend	54.07	47.58
Advance against orders and customers' credit balances	20,351.32	19,895.28
Employee Dues	487.84	483.97
Statutory Dues	329.68	57.92
Others	3,019.21	3,797.38
TOTAL	26,754.44	26,300.86

11. FIXED ASSETS

Particulars	Gross Block				Depreciation/Amortization					Net Cost/Book Value		
	Cost/Book Value as at 01.10.2012	Addition (**)	Added due to Revaluation (\$)	Deductions/ Adjustments	Cost/Book Value as at 30.09.2013	Depreciation/ Amortization up to 01.10.2012	Depreciation/ Amortization for the Year	Added due to Revaluation	Deduction/ Adjustments	Depreciation/ Amortization up to 30.09.2013	Net Cost/ Book Value as at 30.09.2013	Net Cost/ Book Value as at 30.09.2012
TANGIBLE ASSETS:												
1. a) Land (Free Hold) #	3,794.72	—	9,985.26	—	13,779.98	—	—	—	—	—	13,779.98	3,794.72
b) Land (Lease Hold)	1,359.38	—	—	—	1,359.38	—	58.00	—	—	58.00	1,301.38	1,359.38
2. Buildings*	23,996.85	53.89	19,489.00	15.96	43,523.78	12,631.66	441.15	3,676.85	—	16,749.66	26,774.12	11,365.19
3. Plant and Machinery	32,824.02	555.54	6,036.15	0.05	39,415.66	20,612.81	1,858.73	(3,819.92)	0.05	18,651.57	20,764.09	12,211.21
4. Furniture, Fixtures & Fittings, Computers	1,669.39	36.21	—	165.00	1,540.60	1,253.77	111.24	—	160.92	1,204.09	336.51	415.62
5. Vehicles	715.83	0.55	—	52.69	663.69	455.08	66.41	—	43.30	478.19	185.50	260.75
6. Office Equipments	692.17	25.69	—	22.26	695.60	424.27	42.83	—	14.68	452.42	243.18	267.90
TOTAL (A)	65,052.36	671.88	35,510.41	255.96	100,978.69	35,377.59	2,578.36	(143.07)	218.95	37,593.93	63,384.76	29,674.77
INTANGIBLE ASSETS:												
7. Patents	11.05	—	—	—	11.05	11.05	—	—	—	11.05	—	—
8. Software	996.61	142.53	—	—	1,139.14	766.18	194.84	—	—	961.02	178.12	230.43
9. Tech. Knowhow	665.09	140.59	—	—	805.68	458.99	83.94	—	—	542.93	262.75	206.10
TOTAL (B)	1,672.75	283.12	—	—	1,955.87	1,236.22	278.78	—	—	1,515.00	440.87	436.53
TOTAL (A)+(B)	66,725.11	955.00	35,510.41	255.96	102,934.56	36,613.81	2,857.13	(143.07)	218.95	39,108.93	63,825.63	30,111.30
Previous Year	63,140.10	3,683.51	—	98.50	66,725.11	33,698.50	2,980.17	—	64.86	36,613.81	30,111.30	—
Capital Work-in-Progress Intangible Assets under Development											2,041.29	2,195.28
											—	109.65

(*) Includes cost of 25 shares of ₹ 50 each of 2 Co-operative Housing Societies against acquisition of flats.

(#) Includes some land at Walchandnagar which has been acquired in earlier years by the State Government at compensation of ₹ 281 Lakhs (Net). However as the matter is in appeal in Supreme Court, the award has so far not been accounted for as a sale.

(\$) Also refer Note No. 32 on Revaluation Reserve

(**) Additions in tangible assets includes addition on account of Foreign Exchange Fluctuations capitalized ₹ 43.47 Lakhs (Previous Year ₹ 226.67 Lakhs)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

12. NON-CURRENT INVESTMENTS

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
NON - TRADE INVESTMENT (VALUED AT COST UNLESS OTHERWISE SPECIFIED)		
INVESTMENT IN EQUITY INSTRUMENTS - QUOTED		
460,900 (Previous Year 8,30,900) Equity Shares of ₹ 2 each in Housing Development Finance Corporation Ltd.	1,010.21	21.86
600 (Previous Year 600) Equity Shares of ₹ 10 each in Bombay Cycle & Motor Agency Ltd.	0.10	0.10
2,500 (Previous Year 2,500) Equity Shares of ₹ 2 each in HDFC Bank Ltd.	0.05	0.05
12,000 (Previous Year 12,000) Equity Shares of ₹ 10 each in Bank of Baroda	10.36	10.36
SUB-TOTAL	<u>1,020.72</u>	<u>32.37</u>
INVESTMENT IN EQUITY INSTRUMENTS - UNQUOTED		
2 (Previous Year 2) Equity Shares of ₹ 50 each in Maharashtra State Co-operative Bank Limited.	0.01	0.01
100 (Previous Year 100) Equity Shares of ₹ 100 each in Shushrusha Citizens Co-operative Hospital Limited	0.10	0.10
100 (Previous Year 100) Equity Shares of ₹ 25 each in Cooper Employee's Consumers Co-operative Society Limited	0.02	0.02
481 (Previous Year 481) Equity Shares of ₹ 100 each in Walchand Foundries Private Limited	0.48	0.48
1,04,250 (Previous Year 1,04,250) Equity Shares of ₹ 10 each in Actis Biologics Private Limited	102.66	102.66
Less: Provision for diminution	(101.62)	—
Net Value	1.04	102.66
20 (Previous Year 20) Equity Shares of ₹ 50 each in Walchand Co-operative Housing Society Limited	0.01	0.01
	<u>1.66</u>	<u>103.29</u>
	<u>1,022.38</u>	<u>135.65</u>
Aggregate Value of Quoted Investments		
– At cost	1,020.72	32.36
– Market Value	3,596.24	6,546.68
Aggregate Provision for Diminution in the Value of Investments	—	—
Aggregate Value of Unquoted Investments		
Book Value and/or at cost	103.28	103.28
Aggregate Provision for Diminution in the Value of Investments	101.62	—

13. LOANS AND ADVANCES

	Non Current		Current	
	As at September 30, 2013	As at September 30, 2012	As at September 30, 2013	As at September 30, 2012
₹ in Lakhs				
CAPITAL ADVANCES				
Unsecured, considered good	16.11	20.16	—	—
SECURITY DEPOSIT				
Unsecured, considered good	311.92	316.13	—	57.92
ADVANCES RECOVERABLE IN CASH OR IN KIND				
Unsecured, considered good	15.04	13.13	9,861.70	7,726.04
OTHER LOANS AND ADVANCES				
Advance Income Tax (net of provision for taxation)	0.58	—	492.24	—
Balances with Statutory/Government authorities				
– Service Tax and input receivable	—	—	972.06	822.99
– Excise/input credit receivable	—	—	1,521.73	157.75
– Vat input receivable	—	—	1,027.51	1,110.88
Less: Provision	—	—	17.60	—
TOTAL	<u>343.65</u>	<u>349.42</u>	<u>13,857.64</u>	<u>9,875.58</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**14. TRADE RECEIVABLE AND OTHER ASSETS**

TRADE RECEIVABLES

₹ in Lakhs

	Non Current		Current	
	As at September 30, 2013	As at September 30, 2012	As at September 30, 2013	As at September 30, 2012
Trade receivable outstanding for a period less than six months from the date they are due for payment Unsecured, considered good (Includes retention money ₹ 19,663 Lakhs (Previous Year ₹ 17,248 Lakhs)	—	—	35,104.02	26,105.70
	—	—	35,104.02	26,105.70
Trade receivable outstanding for a period more than six months from the date they are due for payment Unsecured, considered good	2,378.37	—	6,617.56	17,803.43
Unsecured, considered doubtful	872.00	—	661.30	568.86
Less: Provision for Doubtful Debts	872.00	—	661.30	568.86
	2,378.37	—	6,617.56	17,803.43
TOTAL	2,378.37	—	41,721.58	43,909.13

15. OTHER ASSETS

₹ in Lakhs

	Non Current		Current	
	As at September 30, 2013	As at September 30, 2012	As at September 30, 2013	As at September 30, 2012
Non-Current Bank Balances (Refer note 18)	137.00	137.00	—	—
Other Current Assets	—	—	1,803.94	3,382.58
SUB-TOTAL	137.00	137.00	1,803.94	3,382.58
TOTAL - OTHER NON-CURRENT ASSETS	137.00	137.00	—	—

16. CURRENT INVESTMENTS

(Valued at lower of cost or net realisable value)

₹ in Lakhs

	As at September 30, 2013	As at September 30, 2012
QUOTED MUTUAL FUNDS, FULLY PAID-UP		
Templeton India Ultra Short Bond Fund Super Institutional Daily Dividend Plan Units 61,93,269.383 at ₹ 10.0202 per unit (Previous Year Nil)	620.58	—
ICICI Prudential Flexible Income Regular Plan Daily Dividend Units 4,90,216.832 at ₹ 105.7348 per unit (Previous Year Nil)	518.33	—
IDFC Banking Debt Fund - Regular Plan - Fortnightly - Dividend Units 3,87,968.316 at ₹ 10.0663 per unit (Previous Year Nil)	39.05	—
SBI Premier Liquid Fund - Regular Plan - Growth Units 46,712.088 at ₹ 1907.9367 per unit (Previous Year Nil)	891.24	—
Birla Sunlife Savings Fund - Weekly Dividend Reinvestment Nil (Previous Year 2,69,868.979 units at ₹ 100.0904 per unit)	—	270.15
ICICI Prudential Flexible Income Plan Premium Weekly Dividend Nil (Previous Year 2,70,738.953 units at ₹ 105.4328 per unit)	—	285.47
HDFC Cash Management Fund Treasury Advantage Plan Weekly Dividend Nil (Previous Year 1,18,43,006.34 units at ₹ 10.02787 per unit)	—	1,187.60
IDFC Money Manager Fund Treasury Plan Weekly Dividend Nil (Previous Year 11,03,506.303 units at ₹ 10.04673 per unit)	—	110.87
	2,069.20	1,854.09
Market value of quoted investments	2,078.14	1,855.59

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

17. INVENTORIES

(Valued at lower of cost or net realizable value)

₹ in Lakhs

	Current	
	As at September 30, 2013	As at September 30, 2012
Raw Materials and Components	6,094.43	11,082.18
Stores and Spares	1,396.43	1,725.51
Dies, Jigs, Tools, Mould Boxes & Patterns	543.75	633.76
Work-in-Progress:		
(a) Manufacturing	18,025.19	17,493.87
(b) Expenditure on Uncompleted contracts	157.73	324.22
Finished Goods-in-Transit	21.25	152.23
Finished Products	28.55	27.57
TOTAL	<u>26,267.33</u>	<u>31,439.34</u>

18. CASH AND BANK BALANCES

₹ in Lakhs

	Non Current		Current	
	As at September 30, 2013	As at September 30, 2012	As at September 30, 2013	As at September 30, 2012
(a) Balances with Banks				
On Current accounts				
(i) in Indian Rupees	—	—	202.01	175.62
(ii) in Foreign Currency	—	—	214.69	112.00
Deposits	—	—	593.25	1,064.54
On unpaid dividend account	—	—	54.07	47.58
(b) Cheques/drafts on hand	—	—	139.87	435.76
(c) Cash on hand	—	—	22.63	18.29
(d) Margin money deposit	137.00	137.00	—	—
Amount disclosed under Non-Current Assets (Refer Note No. 15)	(137.00)	(137.00)	—	—
TOTAL	<u>—</u>	<u>—</u>	<u>1,226.52</u>	<u>1,853.79</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**19. REVENUE FROM OPERATIONS**

	For the year ended September 30, 2013	₹ in Lakhs For the year ended September 30, 2012
Sales		
(a) Sale of Products	61,053.77	77,814.78
Less: Excise Duty	1,998.97	1,725.94
	59,054.80	76,088.84
(b) Erection, Job Work and Services	12,700.22	11,659.61
	71,755.02	87,748.45
(c) Other Operating Revenues	896.33	398.64
	72,651.35	88,147.09
	72,651.35	88,147.09
19.1 PARTICULARS OF SALE OF PRODUCTS & SERVICES		
Products and Services		
(a) Sugar Mill Machinery	11,202.20	22,965.15
(b) High Speed Centrifugals	637.78	1,824.99
(c) Gear Boxes	3,313.02	5,265.96
(d) Special Products	10,123.72	5,211.26
(e) Water Tube Boilers	20,668.46	30,351.83
(f) Cement Making Plant	7,598.39	5,028.16
(g) Mineral Processing	92.63	198.61
(h) Castings	4,560.13	4,143.20
(i) Pressure Gauges	858.47	1,099.68
	59,054.80	76,088.84
(j) Erection, Job work, Services	12,700.22	11,659.61
	71,755.02	87,748.45
	71,755.02	87,748.45
19.2 OTHER OPERATING REVENUE		
(a) Export Drawback	364.10	270.94
(b) Sale of Scrap	247.75	127.70
(c) Other Incentives (FMS)	137.06	—
(d) LD Recovered	147.42	—
	896.33	398.64
	896.33	398.64
20. OTHER INCOME		
(a) Interest Income	65.37	494.47
(b) Dividend	174.25	218.35
(c) Rent	27.33	23.29
(d) Occupation Fees	5.55	20.90
(e) Profit on Sale of Investments	—	0.19
(f) Profit on Sale of Fixed Assets	0.78	20.56
(g) Recovery of Bad Debts Written Off in earlier years	30.53	—
(h) Provision no longer required, Written Back	68.50	506.87
(i) Miscellaneous Income	46.07	85.56
(j) Sundry Creditors Written Back	43.02	0.59
(k) Prior Period Income (Refer Note No. 37)	101.95	—
	563.35	1,370.78
	563.35	1,370.78

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

21. COST OF MATERIALS CONSUMED

	For the year ended September 30, 2013	₹ in Lakhs For the year ended September 30, 2012
(A) Raw Materials		
(a) Plates, Sheets, Beams & Steel Materials	1,878.10	3,028.20
(b) Steel Scrap	1,487.46	1,343.06
(c) Castings	4,420.16	2,304.21
(d) Pig Iron	115.68	65.49
(e) Ferro Alloys	327.22	217.50
(f) Bought out Components, etc.	31,496.62	44,918.43
(g) Material Consumed at Sites	332.38	82.00
	40,057.62	51,958.89
(B) Stores and Spares	2,128.19	2,261.56
TOTAL	42,185.81	54,220.45

21.1 PARTICULARS OF RAW MATERIALS CONSUMED

	For the year ended September 30, 2013		For the year ended September 30, 2012	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	680.54	1.70	5,368.19	10.33
Indigenous	39,377.08	98.30	46,590.70	89.67
TOTAL	40,057.62	100.00	51,958.89	100.00

22. SUB-CONTRACTING AND PROCESSING CHARGES & OTHER DIRECT COST

	For the year ended September 30, 2013	₹ in Lakhs For the year ended September 30, 2012
(a) Sub-contracting and Processing Charges	9,352.82	8,799.12
(b) Forwarding, Selling and Service	5,404.50	4,375.35
TOTAL	14,757.32	13,174.47

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS**

	For the year ended September 30, 2013	₹ in Lakhs For the year ended September 30, 2012
Stock at close:		
(a) Finished Products	28.55	27.57
(b) Work-in-Progress (Manufacturing)	18,025.19	17,493.87
(c) Work-in-Progress (Expenditure on uncompleted contracts)	157.73	324.22
(d) Finished Goods in Transit	21.25	152.23
	18,232.72	17,997.89
Stock at Commencement:		
(a) Finished Products	27.57	18.49
(b) Work-in-Progress (Manufacturing)	17,493.87	15,577.29
(c) Work-in-Progress (Expenditure on uncompleted contracts)	324.22	499.00
(d) Finished Goods in Transit	152.23	—
	17,997.89	16,094.78
TOTAL	(234.83)	(1,903.11)

24. EMPLOYEE BENEFIT EXPENSE

	For the year ended September 30, 2013	For the year ended September 30, 2012
(a) Salaries, Wages, Bonus	8,897.85	8,695.07
(b) Contribution to Provident and Other Funds	692.88	585.32
(c) Staff Welfare Expenses	56.30	87.58
TOTAL	9,647.03	9,367.97

25. FINANCE COST

Interest Expenses:		
(i) Term Loans	274.05	346.28
(ii) Working Capital Loans	1,605.10	742.58
(iii) Others	804.01	998.87
Other Borrowing Costs	1,392.82	961.00
TOTAL	4,075.98	3,048.73

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

26. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Lakhs

	For the year ended September 30, 2013	For the year ended September 30, 2012
Depreciation and Amortisation	2,857.13	2,980.17
Less: Transferred from Revaluation Reserve	1,041.75	1,182.29
TOTAL	<u>1,815.38</u>	<u>1,797.88</u>

27. OTHER EXPENSES

(a) Power and Fuel	1,108.88	993.83
(b) Repairs & Maintenance:		
(i) Buildings	133.87	123.93
(ii) Machinery	60.76	141.13
(iii) Other Assets	129.35	133.65
(c) Rent	385.21	381.71
(d) Rates and Taxes	237.63	88.85
(e) Insurance	346.76	279.63
(f) Travelling and Conveyance	624.42	786.92
(g) Legal and Professional Fees	586.43	678.37
(h) Bank Charges	92.72	130.00
(i) Electricity Charges	168.32	96.26
(j) Site Office Expenses	407.36	343.23
(k) Telephone, Postage, Printing Expenses	231.40	256.30
(l) Administrative and Other Expenses	1,041.10	878.01
(m) BG Innovation	207.40	—
(n) Selling Commission	443.92	477.59
(o) Bad Debts Written Off	0.89	157.79
(p) Provision for Doubtful Debts	964.44	550.00
(q) Donations	0.14	3.64
(r) Provision for Diminution in the value of Long-Term Investments	101.62	—
(s) Royalty and Patent Fee	69.20	271.40
(t) Loss on Sale of Assets	3.38	—
(u) Loss on Sale of Investments	40.01	—
(v) Prior Period Expenses (Refer Note No. 37)	41.66	—
TOTAL	<u>7,426.87</u>	<u>6,772.24</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**27.1 PARTICULARS OF STORES & SPARES CONSUMED**

	For the year ended September 30, 2013		For the year ended September 30, 2012	
	₹ in Lakhs	%	₹ in Lakhs	%
Imported	114.75	5.39	65.54	2.90
Indigenous	2,013.44	94.61	2,196.02	97.10
TOTAL	2,128.19	100.00	2,261.56	100.00

27.2 PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

Administrative and Other Expenses includes payment made to Auditors as under:

	For the year ended September 30, 2013	For the year ended September 30, 2012
(a) Audit Fees	10.00	10.00
(b) Taxation, Limited Review and Others	13.00	13.00
(c) In Other Capacity	0.17	0.22
(d) Reimbursement of Out of Pocket Expenses	0.96	2.05
TOTAL	24.13	25.27

27.3 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Raw Materials	620.67	1,186.18
Components & Spare Parts	228.95	2,209.29
Capital Goods	81.76	140.11
TOTAL	931.38	3,535.58

27.4 EXPENDITURE IN FOREIGN CURRENCY

Technical Fees (Net of Tax)	25.94	93.54
Travelling Expenses	109.65	108.65
Commission and Others	373.86	859.35
Zambia Branch Expenses	34.15	131.41
Ethiopia Branch Expenses	5,225.99	3,226.31
TOTAL	5,769.59	4,419.26

28. EXCEPTIONAL ITEM

Profit on Sale of Long Term Investments	4,174.54	—
Bad Debts Written Off (arising from arbitration settlement in respect of dues from customer)	—	(529.02)
TOTAL	4,174.54	(529.02)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

29. EARNINGS PER SHARE

	For the year ended September 30, 2013	₹ in Lakhs For the year ended September 30, 2012
Basic & Diluted		
(i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(3,828.17)	1,212.64
(ii) Weighted average no. of Equity Shares of ₹ 2 each outstanding during the year	38,070,205	38,070,205
(iii) Earning per Share of face value of ₹ 2 each	(10.06)	3.19
30. EARNINGS IN FOREIGN EXCHANGE		
Export of goods calculated on FOB basis	19,841.00	28,079.26
Others	3,951.38	56.61
Ethiopia	1,836.73	1,731.22
TOTAL	<u>25,629.11</u>	<u>29,867.09</u>

31. RELATED PARTY DISCLOSURES

Related party disclosures as required under Accounting Standard — 18 notified under the Companies (Accounting Standards) Rules, 2006 are given below:

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. G. K. Pillai	: Managing Director & CEO (from 25.11.2012)
Mr. J. L. Deshmukh	: Managing Director & CEO (upto 24.11.2012)
	: 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.	Vinod Shashank Chakor Pvt. Ltd.
Walchand Great Achievers Pvt. Ltd.	Chirag Enterprises
Walchand Kamdhenu Commercials Pvt. Ltd.	Indpro Electronic System (India) Pvt. Ltd.
Walchand Chiranika Trading Pvt. Ltd.	Walchand Engineers Pvt. Ltd.
Chiranika Enterprises	Walchand Projects Pvt. Ltd.
Chiranika Corporation	Walchand Power Systems Pvt. Ltd.
Chiranika Properties	Walchand Oil & Gas Pvt. Ltd.
Walchand Botanicals Pvt. Ltd.	Walchand Leisure Realty Pvt. Ltd.
Rodin Holdings Inc.	Walchand BMH Pvt. Ltd.
Olsson Holdings Inc.	Walchand Solar Pvt. Ltd.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**31. RELATED PARTY DISCLOSURES (Contd.)**

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 (i), (ii) and (iii) above.

Name	₹ in Lakhs			
	Key Management Personnel	Relatives of Key Management Personnel	Enterprises mentioned in (iii) above	Total
	Current Year Previous Year	Current Year Previous Year	Current Year Previous Year	Current Year Previous Year
Purchase of Goods :				
Indpro Electronic Systems India Pvt. Ltd.	—	—	25.81	25.81
	—	—	109.74	109.74
SUB-TOTAL	—	—	25.81	25.81
	—	—	109.74	109.74
Receiving of Services :				
Mrs. Champa C. Doshi	—	21.34	—	21.34
	—	11.47	—	11.47
Mrs. Tanaz C. Doshi	—	20.10	—	20.10
	—	10.74	—	10.74
Mr. Chakor L. Doshi	—	136.40	—	136.40
	—	132.00	—	132.00
Mr. Chakor L. Doshi (Director Fees)	—	—	—	—
	—	—	—	—
BCMA	—	—	76.91	76.91
	—	—	76.98	76.98
Walchand Chiranika Trading Pvt. Ltd.	—	—	0.36	0.36
	—	—	0.36	0.36
SUB-TOTAL	—	177.84	77.27	255.11
	—	154.21	77.34	231.55
Managerial Remuneration :				
Mr. J. L. Deshmukh	32.62	—	—	32.62
	100.04	—	—	100.04
Mr. Chirag C. Doshi	98.41	—	—	98.41
	89.04	—	—	89.04
Mr. G. K. Pillai	85.43	—	—	85.43
	—	—	—	—
SUB-TOTAL	216.46	—	—	216.46
	189.08	—	—	189.08
Leasing or Hire Purchase Arrangements:				
Mr. J. L. Deshmukh	5.78	—	—	5.78
	9.90	—	—	9.90
Mr. Chirag C. Doshi	5.06	—	—	5.06
	4.61	—	—	4.61
Mrs. Champa C. Doshi	—	1.10	—	1.10
	—	6.56	—	6.56
Mrs. Kanika G. Sanger	—	10.03	—	10.03
	—	9.19	—	9.19
Mr. Chakor L. Doshi	—	7.29	—	7.29
	—	6.62	—	6.62
SUB-TOTAL	10.84	18.42	—	29.26
	14.51	22.37	—	36.88

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

Name	₹ in Lakhs			
	Key Management Personnel	Relatives of Key Management Personnel	Enterprises mentioned in (iii) above	Total
	Current Year Previous Year	Current Year Previous Year	Current Year Previous Year	Current Year Previous Year
Outstanding Payable:				
Mr. Chakor L. Doshi	—	32.80	—	32.80
	—	11.20	—	11.20
Indpro Electronic Systems India Pvt. Ltd.	—	—	1.18	1.18
	—	—	31.97	31.97
BCMA	—	—	14.00	14.00
	—	—	5.00	5.00
Walchand Chiranika Trading Pvt. Ltd.	—	—	0.09	0.09
	—	—	0.09	0.09
Mrs. Kanika G. Sanger	—	5.06	—	5.06
	—	—	—	—
SUB-TOTAL	—	37.86	15.27	53.13
	—	11.20	37.06	48.26

32. REVALUATION RESERVE AND FIXED ASSETS

The Company has a practice of revaluing its certain assets at certain intervals. On the basis of the valuation reports submitted by the approved valuers, M/s. D K Nagarseth & Associates, certain fixed assets comprising of Land, Building and Plant and Machineries were further revalued at Market Value/Current Replacement Costs as at September 30, 2013 as follows:

	₹ in Lakhs				
	Cost/Book Value as at 30.09.2013	Market Value Replacement cost as at 30.09.2013	Gross Amount Written up as at 30.09.2013	Accumulated Depreciation on Value Written up as at 30.09.2013	Net Appreciation Credited to Revaluation Reserve as on 30.09.2013
Land	3,776.98	13,762.24	9,985.26	—	9,985.26
Buildings	23,961.35	43,450.35	19,489.00	3,676.85	15,812.15
Plant & Machinery	32,760.51	38,796.66	6,036.15	(3,819.92)	9,856.07
TOTAL	60,498.84	96,009.25	35,510.41	(143.07)	35,653.48

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)**33. EMPLOYEE DEFINED PLAN (REFER NOTE 7)**

The disclosure in terms of Accounting Standard - 15 (Revised) "Employees Benefit" has been given on the basis of Actuarial Valuation Certificate for the year ended September 30, 2013 as below:

(₹ in Lakhs)

Sr. No.	Particulars	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Unfunded)	Leave Encashment (Unfunded)
		October, 2012 to September, 2013	October, 2011 to September, 2012	October, 2012 to September, 2013	October, 2011 to September, 2012
I.	Expense recognized in the Statement of Profit and Loss for the year ended September 30, 2013:				
	(a) Current Service Cost	122.56	116.64	96.71	103.40
	(b) Interest Cost	131.43	139.95	10.44	9.06
	(c) Actual return on Plan Assets	(108.50)	(119.66)	N.A.	N.A.
	(d) Actuarial Loss/(Gain)	33.04	(87.72)	(23.51)	(37.22)
	(e) Total Expense recognized in the Statement of Profit and Loss	178.53	49.21	83.64	75.24
II.	Net Liability recognized in the Balance Sheet as at September 30, 2013:				
	(a) Present Value Defined Benefit Obligation as on 30.09.2013	1,661.14	1,642.89	130.36	130.52
	(b) Fair Value of Plan Assets as at 30.09.2013	1,185.89	1,346.17	N.A.	N.A.
	(c) Net Assets/(Liabilities) as at 30.09.2013	(475.25)	(296.72)	(130.36)	(130.52)
III.	Change in Defined Benefit Obligation (DBO) during the year ended 30.09.2013:				
	(a) Present Value of DBO at the beginning of the period	1,642.90	1,749.38	130.52	113.26
	(b) Current Service Cost	122.56	116.64	96.71	103.40
	(c) Interest Cost	131.43	139.95	10.44	9.06
	(d) Actuarial Loss/(Gain)	33.04	(87.72)	(23.51)	(37.22)
	(e) Benefits Paid	268.78	275.36	83.80	57.98
	(f) Present Value of DBO at the year end	1,661.15	1,642.89	130.36	130.52
IV.	Change in the Fair Value of Plan Assets during the year ended 30.09.2013:				
	(a) Plan Assets at the beginning of the year	1,346.17	1,491.86	N.A.	N.A.
	(b) Actual Return on Plan Assets	108.50	119.66	N.A.	N.A.
	(c) Actual Company Contributions		10.00	N.A.	N.A.
	(d) Benefits paid	(268.78)	(275.35)	N.A.	N.A.
	(e) Fair Value of Plan Assets as at 30.09.2013	1,185.89	1,346.17	N.A.	N.A.
V.	Actuarial Assumptions:				
	(a) Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
	(b) Expected Rate of Return on Assets (per annum)	8.06%	8.02%	N.A.	N.A.
	(c) Rate of Increase in Compensation Levels (per annum)	5.00%	5.00%	5.00%	5.00%
	(d) Mortality Table	Indian Assured Lives Mortality (2006-08) Ult	LIC(1994-96) ULTIMATE	N.A.	N.A.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

34. SEGMENT REPORTING (Refer Note 1.17)

I. PRIMARY SEGMENTS:

₹ in Lakhs

Particulars	Heavy Engg.		Foundry M/c. Shop		Others		TOTAL	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue:								
Net Revenue	67,163.81	82,591.86	4,754.27	4,532.40	921.78	1,105.55	72,839.86	88,229.81
Less: Inter-segment Revenue	—	—	163.43	76.85	25.08	5.87	188.51	82.72
	67,163.81	82,591.86	4,590.84	4,455.55	896.70	1,099.68	72,651.35	88,147.09
Results:								
Segment Result	(2,322.23)	6,252.58	(287.96)	(234.85)	33.91	200.41	(2,576.28)	6,218.14
Unallocated Expenses							1,307.46	1,137.96
Unallocated Income							207.90	188.44
Operating Profit							(3,675.84)	5,268.62
Interest Expenses							4,075.98	3,048.73
Profit from ordinary activities							(7,751.82)	2,219.89
Add: Exceptional Items							4,174.54	(529.02)
Profit Before Tax							(3,577.28)	1,690.87
Taxes on Income							250.89	478.23
Profit from ordinary activities							(3,828.17)	1,212.64
Other Information:								
Segment Assets (including revaluation)	135,880.86	110,840.07	8,064.37	5,480.23	4,276.35	1,814.02	148,221.58	118,134.32
Unallocated Corporate Assets							10,373.96	7,218.49
Total Assets							158,595.54	125,352.81
Segment Liabilities	80,761.55	83,126.29	1,036.33	875.55	207.21	172.05	82,005.09	84,173.89
Unallocated Corporate Liabilities							5,947.48	1,071.36
Total Liabilities							87,952.57	85,245.25
Capital Expenditure	604.44	1,528.34	65.30	47.77	12.12	30.92	681.86	1,607.03
Unallocated Capital Expenditure							9.44	—
							691.30	1,607.03
Depreciation (Net of revaluation)	1,582.86	1,550.12	103.62	102.73	6.92	6.06	1,693.40	1,658.91
Unallocated Depreciation							121.98	138.97
Total Depreciation							1,815.38	1,797.88
Non Cash Expenses other than depreciation							476.54	—
Unallocated Non Cash Expenses other than Depreciation							101.62	—
							578.16	—

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

	₹ in Lakhs	
II. SECONDARY SEGMENTS		
External Revenue by Location of Customers	26,071.41	29,810.48
Total Carrying Amount of Segment Assets (To the extent allocable)	10,910.38	13,371.27
Total Cost incurred to acquire Segment Assets	38.71	29.94

35. CONTINGENT LIABILITIES AND COMMITMENTS

	As at September 30, 2013	₹ in Lakhs As at September 30, 2012
(i) Counter Guarantees by the Company in respect of guarantees given by banks (including guarantee on account of erstwhile Machine Tool Division of ₹ 3.55 Lakhs)	31,004.83	27,092.62
(ii) Estimated amount of Contracts remaining to be executed on Capital Accounts not provided for (Net of Advance)	75.36	429.27
(iii) (a) Demand of Non Agricultural (NA) Tax of ₹ 161.37 Lakhs is raised by Tahshildar, Indapur (Previous year ₹ 161.37 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) Demand on account of fixation of Annual Rateable Value of property at Pune amounting to ₹ 325.07 Lakhs (for the period from 1-4-2008 to 31-3-2012) raised by the local authorities (Previous Year ₹ 325.07 Lakhs). No provision has been made in the account as the company has not accepted the liability and the same is sub-judice.		
(c) The Central Excise Authorities have raised a demand of ₹ 266.19 Lakhs (Net) (Previous year ₹ 266.19 Lakhs) (Net) 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 a legal opinion, the Company does not expect any liability.		
(d) The Central Excise Authorities have raised a demand of ₹ 82.73 Lakhs (Previous Year ₹ 82.73 Lakhs) on bought out items supplied for Centrifugals, which has already suffered duty at manufactures end. The Company has disputed the demand and has preferred an appeal which is pending before Supreme court. Company has discharged Liability of ₹ 29.45 Lakhs by reversal of CENVAT availed and paid ₹ 10.00 Lakhs under protests (included under the head loans and advances). On the basis of legal opinion, the Company does not expect any liability.		
(e) The Sales Tax Authority, Maharashtra has raised demand of ₹ 159.83 Lacs (Previous Year ₹ 159.83 Lakhs) as per Section 6(2) of the Central Sales Tax Act, 1956. The Company has disputed the demand and has preferred an appeal before The Sales Tax Appellate Commissioner. Company paid ₹ 30.00 Lakhs under protests (included under the head loans and advances). On the basis of legal opinion the Company does not expect any liability.		
(f) The Sales Tax Authority, Andhra Pradesh, has raised a demand of ₹ 475.53 Lakhs (Previous Year NIL) under Rule 60 of the Andhra Pradesh Value Added Tax Act. The Company has disputed the demand and has preferred an appeal before Appellate Deputy Commissioner (C.T.), Secunderabad, Hyderabad. Based on the legal opinion, the company does not accept any liability. However, company has paid ₹ 60.28 Lakhs "Under Protest".		
(g) Service Tax demand of ₹ 362.65 Lakhs on sale of bought out items has been raised by the concerned authorities. The company has discharged liability of ₹ 28.76 Lakhs by way of CENVAT reversal under protest and has preferred an appeal which is pending before the CESTAT.		
(h) Bond issued to customs department for export obligations amounting to ₹ 1,363.45 Lakhs (previous year ₹ 1,363.45 Lakhs).		
(i) Company has received a demand of ₹ 50.68 Lakhs from Employee's Provident Fund office. The company has contested the demand raised, and filed a writ petition with Mumbai High Court. No provision is being made against the same based on the legal advise.		
(j) Certain cases filed against the Company by the Ex-employees of Heavy Engineering Division and Foundry Division for compensation are pending before the labour courts — Amounts unascertained.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2013 (Contd.)

- 36.** Consequent to the proceedings u/s 132 of the Income Tax Act initiated by the Department in the month of December, 2012, the Company has filed an application before the settlement commission which has been admitted for further hearings. The Income Tax Liability arising thereof relating to the previous years has been provided for in the accounts and included under tax expense for earlier years.
- 37.** Following adjustments have been made arising out of proceedings u/s 132 of Income Tax Act, 1961:
- (a) Scrap Sale of ₹ 51.95 Lakhs is included in Note No. 20: Other income at Sr. No. (k) Prior period income.
- (b) Excise Duty of ₹ 41.66 Lakhs is included in Note No. 27: Other Expenses at Sr. No. (v) Prior period expenses.
- 38.** The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	As at September 30, 2013	As at September 30, 2012
Amounts receivable in foreign currency on account of the following:			
(a) Debtors Outstanding	USD (Millions)	16.26	22.34
	Equivalent INR ₹ in Lakhs	10,174.96	11,808.64
Amounts payable in foreign currency on account of the following:			
(a) Import of Goods and Services	USD (Millions)	—	0.66
	EUR (Millions)	0.07	1.98
	Equivalent INR ₹ in Lakhs	55.51	1,697.89
(b) Capital Imports	EUR (Millions)	0.31	0.31
	Equivalent INR ₹ in Lakhs	258.76	209.13
(c) Loans Payable	USD (Millions)	3.98	3.73
	Equivalent INR ₹ in Lakhs	2,488.65	1,969.46

- 39.** The Previous Year's figures have been regrouped/reclassified to conform to Current Year's presentation..

As per our report attached

For K. S. AIYAR & Co.

Chartered Accountants
FRN: 100186W

Satish K. Kelkar

Partner

Membership No. 38934

V. T. Pawar
Sr. President

G. S. Agrawal
Vice President (Legal & Taxation)
& Company Secretary

G. K. Pillai
Managing Director

Chirag C. Doshi
Managing Director

Chakor L. Doshi
Chairman

Dilip J. Thakkar
Director

Place : Mumbai

Date : 27th November, 2013

Important Statistical Data from 1908-09 to 2012-2013

(₹ 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%
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%

Important Statistical Data from 1908-09 to 2012-2013 (Contd.)

(₹ 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				
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%
2010-2011	761.40	-	39934.99	-	67521.53	33823.03	95767.35	1279.78	380.70	50%
2011-2012	761.40	-	39346.16	-	69030.04	32416.23	88147.09	1212.64	380.70	50%
2012-2013	761.40	-	69881.57	-	(ix) 104975.85	65866.93	72651.35	-3828.17	152.28	20%

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.
- Including the effect of Revaluation of certain fixed assets as on 30-09-2013
 - (ix) Gross Amount written up ₹ 35510.41 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
Vice President (Legal & Taxation) and Company Secretary

**MANDATE FORMS RECEIVED BY REGISTRAR
& SHARE TRANSFER AGENTS UPTO 17TH
JANUARY, 2014 SHALL BE CONSIDERED
WHILE EFFECTING DIVIDEND PAYMENT FOR
THE YEAR 2012-13**

Dated: 27th November, 2013



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)

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2. I/We hereby opt for payment of dividend

- through physical warrants with Name and Account No. of my/our bank
 - under NECS
- (Please tick whichever is applicable)

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

Place : _____
 Date : _____
Signature of the Sole/First named Shareholder

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

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

Bank's Stamp _____
 Date : _____
Signature of the Authorised Official of the Bank



WALCHANDNAGAR INDUSTRIES LIMITED

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

27th November, 2013

Dear Shareholder,

Re : Green Initiative in Corporate Governance : Go Paperless

The Ministry of Corporate Affairs (MCA) has issued Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). As an enlightened corporate citizen, we propose to send all future shareholder communication like Notice of AGM, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the financial year ended on 30th September, 2013 and all other documents as may be allowed henceforth to the shareholders through electronic mode to the registered e-mail addresses of the shareholders. This ensures reduction in paper consumption, eliminates wastage of paper, ensures prompt receipt of communication and avoids loss in postal transit.

For supporting this initiative :

1. If you hold shares in electronic form, kindly register your e-mail address with your Depository Participant. You are not required to re-register unless there is a change in your e-mail address.
2. If you hold shares in physical form, please intimate your e-mail ID to the Company's Registrars & Share Transfer Agents, M/s. Link Intime India Private Limited.

You can also download the attached registration form from our website : www.walchand.com

You are requested to fill up the form given below and send it to :

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.

You may please note that, as a member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Balance Sheet of the Company together with all annexure required to be attached thereto including the Directors' Report, Statement of Profit and Loss and Auditors' Report and all other communications that may be sent to you, **upon receipt of a written request from you to this effect.**

We are sure that you appreciate the Green initiative undertaken by the MCA and hope that you will support your Company's desire to participate in it.

Thanking you,

Yours truly,

For Walchandnagar Industries Ltd.,

Sd/-

G. S. Agrawal

Vice President (Legal & Taxation) & Company Secretary

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E-COMMUNICATION REGISTRATION FORM

(In terms of circular No. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by the Ministry of Corporate Affairs)

Folio No./DP ID & Client ID : _____
Name of 1st Registered Holder : _____
Name of Joint Holder(s) : _____
Registered address : _____
E-mail ID (to be registered) : _____

I/We shareholder(s) of Walchandnagar Industries Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail ID in your records for sending communication through e-mail.

Date : _____

Signature : _____

(First Holder)

Important Notes:

1. On registration, all the communication/s will be sent to the e-mail ID registered in the Folio/ DP ID & Client ID.
2. The form is also available on the website of the company www.walchand.com.
3. Shareholders are requested to keep their Depository Participant/ Registrars & Share Transfer Agents informed as and when there is any change in the e-mail address. Unless the e-mail ID given above is changed by you by sending another communication in writing, the Company will continue to send the notices/documents to you on the e-mail ID registered.



WALCHANDNAGAR INDUSTRIES LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 105th ANNUAL GENERAL MEETING of the Company being held at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 on Tuesday, 28th January 2014 at 3.30 p.m.

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

Folio No./DPID & Client ID No.

No. of Shares

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

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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 105th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 28th January, 2014 at 3.30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 and at any adjournment thereof.

Signed this day of 2014

Signed



Folio No./DPID & Client ID No.

No. of Shares

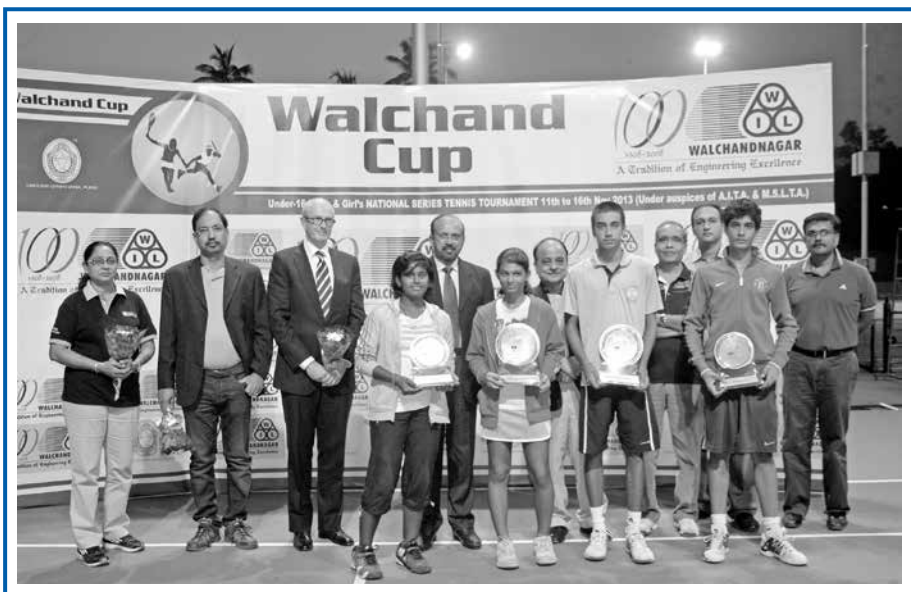
Note: The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting. A Proxy need not be a member.



Flag off Ceremony of Calandria for NPCIL'S 700 MWe Power Plant at KAPP-3 by Mr. K. C. Purohit, Chairman & Managing Director of NPCIL and Mr. G. K. Pillai, MD & CEO Walchandnagar Industries.



Walchandnagar Industries Limited launches TIWIN, a new premium range of precision instruments. (from L to R): Mr. G. K. Pillai, MD & CEO Walchandnagar Industries at the lamp lighting ceremony, along with Mr. Peter Chronis, Corporate Product Manager Winters Instruments, Canada.



Walchandnagar Industries Limited sponsors Walchand Cup 2013 for the sixth year in a row. Mr. G. K. Pillai, MD & CEO Walchandnagar Industries (centre) with the Boys and Girls Winners and Runners Up.



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