

**103rd ANNUAL REPORT
2010-2011**



A Tradition of Engineering Excellence

WALCHANDNAGAR INDUSTRIES LIMITED



SETH WALCHAND HIRACHAND

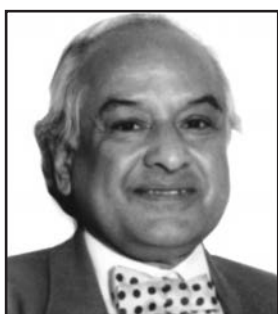
Seth Walchand Hirachand's life was truly a triumph of persistence over adversity.

Sardar Vallabhbhai Patel

Board of Directors



Chakor L. Doshi
Chairman



Dr. P. K. Basu
Director



Dilip J. Thakkar
Director



A. U. Rijhsinghani
Director



Dr. Anil Kakodkar
Director



G. N. Bajpai
Director



J. L. Deshmukh
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 7109 / 2369 2295

Pune Offices

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

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

Factories

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

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.
The Hongkong & Shanghai Banking Corporation Ltd.

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Letter from the Chairman



Dear Members,

It gives me great pleasure to welcome you all to this 103rd Annual General Meeting and present the Annual Report of your Company.

The year under report of your Company has shown highest revenue of ₹ 964 crores with exports of ₹ 137 crores, again, highest so far. The profitability was affected due to various execution reasons including customer's problems resulting into cost overruns and blockage of funds in working capital.

Considering the strong order book position of over ₹ 2200 crores as on 30th September 2011 and business opportunities in Nuclear, Defence and Aerospace segments, Directors of your Company have maintained recommendation of dividend at 50%.

Various steps continued to be taken to augment manufacturing capacities and the organization structure is being considerably strengthened by recruiting critical skills. This will enhance our ability to handle growth opportunities.

I thank you for your continued support and expect similar confidence in future.

Thank you,



Chakor L. Doshi

Chairman

Notice

Notice is hereby given that the 103rd Annual General Meeting of members of Walchandnagar Industries Limited will be held as scheduled below:

Day : Thursday
Date : 9th February, 2012
Time : 4.00 p.m.
Place : Walchand Hirachand Hall,
Indian Merchants' Chambers Building,
Churchgate, Mumbai - 400 020.

The Agenda for the meeting will be as under:

Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 30th September, 2011 and Profit & Loss Account for the year ended as on that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 30th September, 2011.
3. To appoint a Director in place of Mr. A. U. Rijhsinghani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Chakor L. Doshi, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution as required under Section 224 of the Companies Act, 1956, for appointment of Auditors:

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

Special Business:

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

"RESOLVED THAT in supersession of the earlier Resolution passed at the Ninety Seventh Annual General Meeting held on 16th January, 2006, the Consent of the Company under Section 293(1)(d) of the Companies Act, 1956, be and is hereby given to the Board of Directors of the Company to borrow from time to time from any one or more Company's bankers and/or from any one or more other banks, persons, firms, bodies corporate or Indian or Foreign financial institutions, whether by way of term loans, advances or deposits, loans or bill discounting, issue of debentures, furnishing of guarantees or otherwise whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of the Company's assets and properties, whether immovable or movable and all or any of the undertaking (s) of the Company, any sum or

sums of monies together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) which may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the maximum amount of monies so borrowed by the Board shall not at any time exceed the limit of Rs. 800 Crores (Rupees Eight Hundred Crores), notwithstanding that the monies to be borrowed together with already borrowed by the Company (apart from such temporary loans obtained or to be obtained from Company's bankers) will or may exceed the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Company hereby accords its consent under Section 293(1)(a) of the Companies Act, 1956, to mortgage and/or to charge in any manner all or any of the immovable and/or movable properties including outstanding monies, receivables, claims, bills, documents, contracts, engagements, securities, investments and rights of the Company, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company for securing any loan obtained or as may be obtained from such Bank or Consortium of Banks or Financial Institutions, or Fund or any other bodies together with interest, costs, charges, expenses and any other money payable by the Company on such terms and conditions as the Board of Directors deem fit in the interest of the Company."

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 : 22nd November, 2011

Notes:

- (a) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of special business in respect of item No. 6 mentioned above is annexed hereto.
- (b) **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.**
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 3rd February, 2012 to Thursday, the 9th February, 2012. (both days inclusive).

- (d) The Dividend, if declared at the meeting, will be paid on 21.02.2012 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 9th February, 2012. 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 2nd February, 2012.
- (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 2004 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 is taking steps to issue notices to the concerned shareholders before transferring the 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 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.
- Accordingly, the said documents of the Company for the financial year ended September 30, 2011 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 enclosed with the Report. Please note that the said documents will be uploaded 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 request), 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.
- (n) Mr. A. U. Rijhsinghani and Mr. Chakor L. Doshi, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, the details of their qualifications and experience, and names of the other public Companies in which they hold Directorships and Memberships/ Chairmanships of Board and its Committees, as stipulated under Clause 49 of the Listing Agreement with Stock Exchange are provided in the Report on Corporate Governance forming part of Annual Report. The Board of Directors recommends their re-appointments.
- (o) Information on shareholding of non-executive directors proposed to be appointed / re-appointed are as under:
- Mr. Chakor L. Doshi holds 55,930 equity shares in the Company.
- (p) 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 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

At 97th Annual General Meeting of the Company held on 16th January, 2006, the shareholders of the Company had by passing an Ordinary resolution enhanced the borrowing limits to Rs. 400 Crores and empowered the Board of Directors to borrow money for the purpose of the Company under Section 293(1)(d) of Companies Act, 1956 upto a limit of Rs. 400 Crores. For the reason stated below, it is desirable to increase the limit of such borrowing (apart from such temporary loans obtained or to be obtained from Company's bankers) to Rs. 800 Crores.

The turnover of the Company has been growing during last few years. The trend is likely to continue in near future. The Company has undertaken modernization / upgradation and expansion of manufacturing facilities, providing infrastructure and construction of modern residential accommodation at Walchandnagar and for Foundry Division located at Satara Road. The Company also plans to install manufacturing facilities, providing infrastructure, and to construct residential quarters etc. at Dahej, Gujarat and set up Corporate Office in Mumbai. The Company has been in talks with various banks for obtaining funds to meet its additional working capital requirements and also to finance capital expenditure programme at competitive terms and conditions. In efforts to raise long term resources, the Company would be required to mortgage or create a charge on the entire or part of movable

and/or immovable properties of the company, both present and future in favour of one or more Company's bankers and/or any one or more other banks, persons, firms, bodies corporate or Indian or Foreign financial institutions. For the creation of mortgage or charge by the Company on its movable and/or immovable properties as aforesaid in favour of any Bank(s) or persons, firms, bodies corporate or Indian or Foreign financial institutions, it is necessary for the members to pass the resolution under Section 293(1)(a) of the Companies Act, 1956.

The Board recommends, the resolution set out in the Item No. 6 as Ordinary resolution for approval of the shareholders of the Company.

None of the Directors of the Company is interested in 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 : 22nd November, 2011

Directors' Report

To:
The Members of
Walchandnagar Industries Limited

Your directors have pleasure in presenting the 103rd Annual Report with Audited Statement of Accounts for the year ended 30th September 2011.

1. Performance for the Year in Retrospect:

	Year ended 30.09.2011 ₹ in Lakhs	Year ended 30.09.2010 ₹ in Lakhs
Income:	96,435	69,368
Profit before Depreciation, Interest, Exceptional Item and Exchange currency fluctuations	6,152	3,891
Less: Interest	1,879	749
Depreciation	1,589	1,335
Exceptional Item	—	113
Profit before Exchange Currency fluctuations	2,684	1,694
Less: Exchange Currency Fluctuations Loss/(Gain)	989	(496)
Profit before Tax	1,695	2,190
* Less: Tax (Net)	415	(39)
Profit after Tax	1,280	2,229
Surplus brought forward from the previous year	11,454	9,892
	12,734	12,121
Appropriations:		
– General Reserve	128	223
– Proposed Dividend	381	381
– Income Tax on Proposed Dividend	62	63
Surplus carried to Balance Sheet	12,163	11,454

* In previous year, the PAT has the impact of the reversal of deferred tax liability created in earlier years upon final settlement of the dispute with Projects & Equipment Corporation (PEC) in the Matter of Cement Project at Padang Indonesia worth ₹ 544 Lakhs.

During the year under review the income of the Company showed growth from ₹ 693.68 Crores to ₹ 964.35 Crores. This reflects a rise of 39% over the previous year. However, profit before tax declined from ₹ 21.90 Crores to ₹ 16.95 Crores due to increase in fixed costs in respect of interest, depreciation, manpower and administrative costs, as well as foreign exchange currency fluctuations loss of ₹ 9.89 Crores.

The profitability has also impact of low value addition on orders received in tough competition.

2. Current Year:

The orders on hand as on 30.09.2011 were at ₹ 2205 Crores as compared to ₹ 2452 Crores as on 30.09.2010.

3. Exports and Overseas Projects:

During the year the Company achieved the export turnover of ₹ 137 Crores as against ₹ 60 Crores, in the previous year. The export orders on hand as on 30.09.2011 are at ₹ 576 Crores. During the year, the Company executed orders for Sugar & Boiler projects in Ethiopia, Cement machinery in Tanzania and Mali.

4. Dividend:

Your Directors are pleased to recommend Dividend for the financial year 2010-2011 on Equity Shares of ₹ 2/- each at ₹ 1.00 per share equivalent to 50% (50% in the previous year) aggregating to ₹ 380.70 Lakhs. The Dividend Distribution Tax thereon works out to ₹ 61.76 Lakhs.

5. Management Discussion & Analysis:

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

6. Finance & Accounts:

(i) Fixed Deposits:

The fixed deposits received from the shareholders and the public, outstanding as on 30th September, 2011, were at ₹ 0.70 Lakhs. Deposits due for repayment during the year have been paid in time and no deposits which were due for payment have remained unpaid as on 30th September, 2011.

(ii) Income Tax Assessments:

The Company's Income Tax and Wealth Tax Assessments are completed up to the Assessment Year 2008-09. Assessment for the Assessment year 2009-10 is in progress. Various appeals before Appellate Authorities are being pursued.

(iii) Auditors Report:

Observations made by the auditors in Clause No. 4(vi) of their report are suitably clarified under Note No. D-3(iii) of schedule 'O' forming part of the Accounts.

7. Human Resources Development:

Your Company is a strong value based organization with a culture that promotes openness, empowerment and freedom to work. The organization believes that human capital is the key differentiator in business in a challenging and competitive environment. The Human Resource Practices of the Company are focused on Talent Identification, Induction, Development & Retention. In addition, to cater to the future growth of the business, we are working with a reputed HR consultant to restructure the organization and further improve HR processes within the Company. The Company received "Best

Human Response" Award from Maharashtra Chamber of Commerce, Industries and Agriculture for its exemplary work in maintaining excellent employer employee relations and high ethical HR Practices.

Learning & Development Capability:

The Company undertakes continuous training & learning programs involving employees and officers. This includes programs to supplement / augment job related skills as well as programs to address the personality development aspects.

8. Directors' Responsibility Statement:

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

- (i) In preparation of the Annual Report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed.
- (ii) Appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgment applied consistently, and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at 30th September, 2011 and the profit of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.
- (v) The observations of the Auditors in their Report to the members have been adequately dealt with in the relevant Notes to the Accounts. Hence, no additional explanation is considered necessary.

9. Corporate Governance:

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 & Company, Chartered Accountants, Statutory Auditors, on compliance with clause 49 of the listing agreement. With a view to strengthen the Corporate Governance framework, the Ministry of Corporate Affairs has incorporated certain provisions in the Companies Bill 2009. The Company is evaluating the feasibility of these guidelines for its progressive implementation. Corporate Governance is also related to Innovation and strategy, as the organization's ideas of Innovation and strategies are driven to enhance stakeholder satisfaction. The Report of Corporate Governance along with Certificate from the auditors of the Company regarding compliance of conditions of corporate governance is enclosed by way of Annexure 'B' to this Report.

10. Social Responsibility:

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

Health:

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

Education:

The schools established by the Company continued to impart education up to Higher Secondary grade to children staying in Walchandnagar and the children staying in nearby villages. The Company has kept the admission in the schools open for children from nearby villages in addition to children of employees.

Environment:

To maintain the pollution free atmosphere and to spread awareness about environment protection, we have undertaken tree plantation involving school children and other social institutes.

Encouraging young talents in the sports field:

As a part of our commitment to the Society, your Company has been sponsoring All-India Ranking National Tennis Tournaments in Pune for boys and girls below 16 years of age for the past 4 years.

This year also this Tournament was held in Pune from 9th November to 12th November 2011, wherein, prominent ranking tennis players participated from all over India.

11. Energy, Technology & Foreign Exchange:

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

12. Personnel:

Employee relations remained harmonious and satisfactory during the year and your Board would like to place on record sincere appreciation for sustained efforts and valued contribution towards growth initiative made by all the employees of the Company. New Wage Settlement Agreement entered into with Union in May 2011 for a period of 3 years.

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:

In accordance with the provisions of Companies Act, 1956 and Article 149 of the Articles of Association of the Company, Mr. A. U. Rijhsinghani and Mr. Chakor L. Doshi are due to retire at the 103rd Annual General Meeting and they being eligible offer themselves for reappointment.

During the year, Ms. Arati H. Vissanji and Mr. S. B. Das have resigned from the directorship of the Company w.e.f. 05.04.2011 and 23.08.2011 respectively. The Board places on record its appreciation of the valuable contribution made by Ms. Arati H. Vissanji and Mr. S. B. Das during their association with the Company as Independent Non-Executive Directors.

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. 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 : 22nd November, 2011

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

Economic Overview

The Financial Year October 2010 - September 2011, (Year 2010-11), started with the potential of a good economic recovery after the global slowdown of 2008 and 2009. Our order booking of 2009-2010 was under execution as well as some new orders were booked in the first half of the year.

But, rising inflation in the country has become a big point of worry for the Government and the Finance Ministry & the RBI decided to increase interest rates substantially to stem the impact of inflation. This rise in interest rates has resulted in a complete slowdown in credit off-take for infrastructure projects, as these projects struggle to show viability to their bankers. As your Company is in the Capital Goods space, this slowdown in infrastructure projects has a direct impact on the new order booking for the Company. We expect interest rates to start coming down over the next year and new domestic order inflow to start by the end of financial year 2011-2012.

Financial Overview

Sales & Profitability

Following is the summary of sales & profitability for the fiscal 2010-11 compared with previous year.

Particulars	FY 2010-11	FY 2009-10
Total Income	96435	69368
EBIDTA (Before Exceptional Items & Exchange Currency fluctuations)	6152	3891
EBIDTA (After Exceptional Items & Exchange Currency fluctuations)	5163	4387
Profit Before Tax (PBT)	1695	2190
* Profit After Tax (PAT)	1280	2229
Cash Profit	2869	3564
Fully diluted EPS	3.36	5.85

All figures ₹ in lakhs except EPS

* In previous year, the PAT has the impact of the reversal of deferred tax liability created in earlier years upon final settlement of the dispute with Projects & Equipment Corporation (PEC) in the matter of Cement Project at Padang Indonesia worth ₹ 544 Lakhs.

The revenue for the year as a whole has shown a growth of 39% over the previous year. However, there is a drop in the EBIDTA and PBT margin on account of the following:

- Delay in execution due to customers problems resulted in to cost overruns and blockage of funds in working capital.
- Increase in fixed costs in respect of depreciation, manpower and administrative costs in order to prepare for significantly larger revenue on the back of strong order book.
- Competitively pricing in the current market scenario.

Order Book

The Order Book of the Company has remained at a healthy level with the outstanding orders at Rs. 2205 Crores as on 30th September 2011. Following are the highlights of the order book:

- It includes order for 12 Co-Gen Power Projects aggregating to 183 MW and Sugar plant modernization/expansion from Tamilnadu State Electricity Board (TNEB). This is the single largest order awarded to the Company and is under execution.
- The order book underlines the strong engagement of your Company in the Nuclear Power sector with the orders for core machinery & components for 700 MW Nuclear Power Projects of NPCIL.
- The order book also has a strong export orientation with 26% of the orders comprising of Overseas Projects. This enables the Company to de-risk by diversifying the customer/geographic portfolio.

The Company is also targeting to build on the current order book. This will enable your Company to sustain the growth momentum brought by the current strong order book position. The areas in which we are pursuing the new orders include:

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

Key Events

(A) Project KSHITIJ – Implementation of ERP

We had started implementation of SAP throughout the organization in 2009 and went "Live" in January 2010. SAP has now been successfully working within the Company for over one year and has substantially improved our speed of processing transactions, accountability, financial processes and audit.

(B) Licence & Co-operation Agreement with Earth Technica Co. Ltd. (ETCL, Japan) (100% Subsidiary of Kawasaki)

The Company entered into the Licence and Co-operation Agreement with ETCL Japan on 30th September 2011. The Licence Agreement is for Impact Crushers (Super Breakers). This is a technically advanced product which is used in crushing limestone in Cement Industry. The agreement is operative in India, SAARC nations, Middle East and Africa and valid for ten years. The Co-operation Agreement is for their

other crushing and screening equipments required in Mining Field. This will enable ETCL and the Company to jointly pursue projects in India in Mining sector.

(C) MOU signed with Atomenergomash and Atomstroyexport, Russia

Detailed analysis has revealed that nuclear power will remain the main source of energy to meet the growing demands for power in our economy. WIL has been in the forefront of manufacturing core equipment for nuclear power plants from the Sixties. In pursuance of our aim to emerge as a front runner in nuclear power plant equipment manufacturing, discussions have been held with the Russian companies ATOMENERGOMASH (AEM) and ATOMSTROYEXPORT (ASE) for manufacturing core equipment for the various nuclear power plants being established in India under the Indo Russian Government agreement. These interactions are progressing well and currently details of setting up a joint venture for manufacture of these equipment at our Dahej site, are being worked out. MOU in this regard was signed with AEM and ASE in January 2011.

Segment Review

Heavy Engineering

For the year, the Sales of Heavy Engineering Division increased by 44% compared to the previous year. The improvement in turnover is mainly contributed by Sugar, Boiler and Power Plant business. In spite of increase in Sales, the profitability is under pressure as the orders for Sugar machinery, Boilers and Power Plants were booked in tough competition and overall inflationary trend has also further affected the margins. The Division is having a strong order book position of Rs. 2204 Crores. Cement business continued to be lean as customers were not able to arrange for finance for their projects. The business in Aerospace, Defence and Nuclear Power segment also got impacted; due to delay in clearances and long manufacturing cycles of these products.

However, during current year, the major focus will be on execution of Space, Defence & Nuclear power orders for improving the performance of the Division and completion of all projects in time for Sugar, Boiler and Power Plants.

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.

During the year, the foundry division suffered on account of rejections in its complex Ductile Iron casting applications of windmill castings leading to adverse impact on profitability of the division, which are discontinued since October 2011. The foundry is witnessing strong demand flow from automotive as well as non automotive customers. The demand is also witnessed for fully machined castings. Keeping this changing customer trend in mind, your Company will take appropriate steps to meet the customer requirement.

Precision Instrument Division

The precision instrument division of the Company manufactures pressure and temperature gauges and sector mechanisms required for a range of process industry applications as well as automotive applications. The division posted a smart recovery compared to the previous year by clocking sales growth of 21%. This was possible due to strong demand mainly from the automotive sector as well as efforts and initiatives taken internally to improve the productivity to effectively use the available infrastructure and capital and in house design & engineering effort.

Risk Management

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

The business profile of your Company is evolving where:

- The focus is more on turnkey project execution as against pure supply of equipment.
- Focus on overseas markets is also increasing with 26% of the outstanding orders comprising of Overseas Projects.
- The size of the project undertaken is growing.

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

Project Management and Contract Performance

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

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

Liquidity & Financial Prudence

Management of liquidity assumes even more importance when the size of the projects being handled goes up. This is to ensure adequate supply of funds for execution of the projects and entails the complete management of net working capital. Your Company is giving significant emphasis on this aspect with specific efforts to track receivables, inventories and payment to supply base. Further, your Company firmly believes that financial prudence is the key to survival in difficult times as well as sustained growth. Year 2010-11 was among the most challenging years faced by your Company in the recent past. Despite this your Company has maintained key financial parameters at a prudent level, where debt equity ratio is maintained at healthy 0.65.

The Company has ₹ 21.29 Crores of free cash on its books, which is invested in safe instruments such as liquid/ liquid plus mutual funds & fixed deposits of the reputed banks.

It is pertinent to note that your Company's credit rating was maintained throughout the year and outlook stands as "Positive".

Foreign Exchange Risk Management

Your Company's fundamental policy on the exchange risk management still continues to be conservative where the Company does not enter into any exotic, leveraged or embedded, long term structures of hedging. The only instrument used for hedging is Forward contract strictly against the underlying asset or liability. Further, your Company has created significant natural hedge between the exports outstanding and import and loan liability in USD terms.

Technology up-gradation

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

Demand Cyclicity

Demand cyclicity is a generic risk applicable almost across the spectrum. In case of your Company, this risk assumes significance since most of the end users of your Company follow 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 Boilers and Power plants, Nuclear Power, Aerospace, Defence etc.
- Growing focus on overseas business

Internal Control & Audit

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

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

Outlook & Conclusion

Revenue

During the year 2010-11, your Company achieved a revenue growth of 39% over the previous year. This has been possible with

the growing demand pull from customers, especially in the sugar, boiler and power project business.

The strong sales performance in the year 2010-2011 has given the Company reasons to have favourable outlook for the next year:

- Strong Order book as on September 30, 2011, which stands at Rs. 2205 Crores.
- Strong business outlook in the Aerospace, Defence and Nuclear power segment. This business lends long term sustainability to the revenue model of the Company.
- Since Dollar is becoming strong, value of Rupee realisation from exports will be remunerative and Company will be giving thrust for export market.
- Continued focus & efforts to build on the current strong order book position of the Company.

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

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

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

Profitability

Year 2010-11 witnessed a reduced profitability margin for the reasons mentioned elsewhere in these discussions. Your Company is taking steps to bring about improvement in the same for which following progressive steps are planned:

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

Long term competitiveness

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

Cautionary Statement

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

ANNEXURE "B" TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE:

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

The Company's commitment for effective Corporate Governance continues and the Company has always been at the forefront of benchmarking its internal systems and policies within accepted standards so as to facilitate the creation of long term value for its shareholders. The Company has Audit Committee, Shareholders' Grievance Committee, Remuneration Committee, Finance Committee, Allotment Committee, Committee of Directors for Capital Issue, 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 30th September, 2011, the Board of Directors comprised of a Non-Executive Chairman, a Managing Director & CEO,

a Managing Director and 5 other Non-Executive Directors. The Listing Agreement requirement of at least one-half of the Board to be of independent Directors, where the non-executive Chairman is a promoter of the Company is met by the Company in view of 4 directors being Independent Directors out of total 8 Directors as on 30th September, 2011. The Non-Executive Directors are professionals and have vast experience in the field of industry, finance, law and management bringing a wide range of expertise and experience to the Board.

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

The details of composition of the Board, the attendance at the Board Meetings during the financial year and at the last Annual General Meeting, number of Directorships, remuneration paid to/provided for Directors during 2010-2011 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	4	4	YES	2	None	None	2.60	—	—	2.60
Dr. P.K. Basu	01293663	NED-I	4	4	YES	Nil	None	None	1.60	—	—	1.60
Mr. Dilip J. Thakkar	00007339	NED-I	4	4	YES	13	5	8	2.40	—	—	2.40
Mr. A. U. Rijhsinghani	00177091	NED	4	4	YES	Nil	None	None	0.80	—	—	0.80
Ms. Arati H. Vissanji *	00012032	NED-I	2	2	YES	Nil	None	None	0.40	—	—	0.40
Mr. Shashi B. Das *	01482141	NED-I	4	4	YES	Nil	None	None	0.80	—	—	0.80
Dr. Anil Kakodkar	03057596	NED-I	3	3	YES	Nil	None	None	0.80	—	—	0.80
Mr. G. N. Bajpai	00946138	NED-I	3	2	NO	14	5	10	1.00	—	—	1.00
Mr. J. L. Deshmukh	00267467	MD&CEO	4	4	YES	1	None	None	—	75.85	18.77	94.62
Mr. Chirag C. Doshi §	00181291	MD	4	4	YES	1	None	None	—	59.13	18.77	77.90

- Notes:
1. "C-NED" Chairman – Non Executive Director
"NED-I" Non Executive Director – Independent
"NED" Non Executive Director
 2. 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 2010-2011, 4 Board Meetings were held on 22.11.2010, 10.02.2011, 06.05.2011 & 11.08.2011 and the maximum gap between the two Board meetings did not exceed four months.
 3. Sitting fees paid to Directors include fees paid for attending all Board Meetings and all Sub-Committees thereof during the Financial Year.
 4. During the year, the professional fees amounting to ₹ 125.60 Lakhs & ₹ 43.29 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.
- * Ms. Arati H. Vissanji and Mr. S. B. Das have resigned from the Board of the Company w.e.f. 05.04.2011 and 23.08.2011 respectively.

Code of Conduct:

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

CEO/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 30.09.2011.

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

Mr. A.U. Rijhsinghani, Ex-Managing Director of the Company aged 79 is an Engineering Graduate with Post Graduate Degree from Illinois Institute of Technology, USA and is also a Fellow Member of Economic Development Institute of Washington, USA. He has vast experience of over 55 years to his credit in General Management, Project Engineering and Project Consultancy. He is Director on the Board of Walchand Foundries Pvt. Ltd.

Mr. Chakor L. Doshi aged 63 years, is B.Sc (Mathematics-Physics), Bombay University and MS "Operations Research & Industrial Engineering", University of Michigan (USA). Mr. Chakor L. Doshi is an Industrialist with more than 38 years of experience in the management of large industries. Mr. Doshi is the Chairman of the Company and has been associated with the Company for over three decades. He is also on the Board of 2 other Public Limited Companies viz. Bharat Hotels Ltd. and Bombay Cycle & Motor Agency Ltd. and on the Board of 4 Private Limited Companies. Mr. Doshi is a Member and Chairman Emeritus of Bombay Cycle & Motor Agency Ltd. He is also a Trustee of various Trusts.

Shareholding of Non-Executive Directors:

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

(3) Audit Committee:

The Audit Committee of the Board comprises of 3 Non-Executive Directors namely Dr. P. K. Basu, Mr. Dilip J. Thakkar and Mr. Chakor L. Doshi, out of which two are independent Directors including Dr. P. K. Basu, the Chairman of the Committee and the requirement of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) of the Listing Agreement have been complied with. The Committee is authorised by the Board in the manner as envisaged under Clause 49 (II)(C) of the Listing Agreement.

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

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

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

Four Audit Committee Meetings were held during the year 2010-2011 on 22.11.2010, 10.02.2011, 06.05.2011, & 11.08.2011.

The necessary quorum was present for all the meetings.

Dr. P. K. Basu, Chairman of the Audit Committee was present at the Annual General Meeting held on 10.02.2011.

Managing Director & CEO, Managing Director, Chief Financial Officer, Sr. President, Statutory Auditors and Chief Internal Auditor 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 present at the Annual General Meeting held on 10.02.2011. Ms. Arati H. Vissanji ceased to be a member of the Remuneration Committee consequent upon her resignation as a Director w.e.f. 05.04.2011 and the Committee was reconstituted w.e.f. 06.05.2011 by induction of Dr. Anil Kakodkar and Mr. G. N. Bajpai.

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

The Non-Executive Directors do not draw any remuneration from the Company except as mentioned in item No. 2 above. The total amount of sitting fees paid to Non-Executive

Directors during the year was ₹ 10.40 lakhs. During the year under review, no meeting of the Remuneration Committee was held.

The details of remuneration paid/provided for Mr. J. L. Deshmukh for the financial year ended 30th September, 2011 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. J. L. Deshmukh Managing Director & CEO
Salary	37.64
Perquisites	26.17
Contribution to P.F. and Superannuation	10.16
Gratuity	1.88
Commission	18.77
Total	94.62

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

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

The details of remuneration paid/provided for Mr. Chirag C. Doshi for the financial year ended 30th September, 2011 is as follows:

Amount paid/payable (₹ in lakhs)

Details	Mr. Chirag C. Doshi Managing Director
Salary	28.74
Perquisites	21.19
Contribution to P.F. and Superannuation	7.76
Gratuity	1.44
Commission	18.77
Total	77.90

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

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

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

(5) Shareholders' Grievance Committee:

Shareholders' Grievance Committee comprises of 2 Non-Executive Directors namely Mr. Chakor L. Doshi and Mr. Dilip J. Thakkar. Mr. Chakor L. Doshi is the Chairman of the Committee. The composition of the Committee meets the requirement of the Clause 49 of the Listing Agreement. Mr. G. S. Agrawal, 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 2010-11, 72 complaints were received from shareholders and were resolved as per details given hereunder:

Sr. No.	Nature of query/ Complaint	Pending as on 01.10.10	Received during the year	Redressed during the year	Pending as on 30.09.11
1.	Non Receipt of Share certificate	—	13	13	—
2.	Non Receipt of Dividend/Interest/ Redemption Warrant	—	37	37	—
3.	Non Receipt of Annual Report	—	4	4	—
4.	Dematerialization /Rematerialization of Shares	—	1	1	—
5.	Non Receipt of Exchanged Certificate	—	3	3	—
6.	Non Receipt of Bonus Certificate(s)	—	5	5	—
7.	Non Receipt of Rep/Split/Con/ Duplicate share certificate	—	1	1	—
8.	Non Redemption of amount	—	2	2	—
9.	Others	—	6	6	—
	TOTAL	—	72	72	—

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

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

Two Shareholders Grievance Committee Meetings were held during the year 2010-2011 on 22.11.2010 & 22.08.2011. The necessary quorum was present for all the meetings. Mr. G. S. Agrawal, Vice President (Legal & Taxation) & Company Secretary attended the meetings 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 30.09.2011.

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 year, 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. The Committee comprises of four Directors viz. Mr. Chakor L. Doshi, Mr. Dilip J. Thakkar, Mr. G. N. Bajpai and Mr. J. L. Deshmukh. Mr. Chakor L. Doshi is Chairman of the Committee. During the financial year 2010-11 under review, two meetings of Finance Committee were held on 02-06-2011 and 22.08.2011.

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. Chakor L Doshi	2	2
Mr. Dilip J. Thakkar	2	2
Mr. G. N. Bajpai	2	2
Mr. J. L. Deshmukh	2	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 2010-11 under review, no meeting of the Allotment Committee was held. Ms. Arati H. Vissanji ceased to be a member of the Allotment Committee consequent upon her resignation as a Director w.e.f. 05.04.2011 and the Committee was reconstituted w.e.f. 06.05.2011 by induction of Mr. G. N. Bajpai.

(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 comprises of four Directors viz. Mr. Chakor L. Doshi, Mr. Dilip J. Thakkar, Mr. J. L. Deshmukh and Mr. Chirag C. Doshi. Mr. Chakor L. Doshi is Chairman of the Committee. During the financial year 2010-11 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 comprises of five Directors viz. Dr. Anil Kakodkar, Mr. G. N. Bajpai, Mr. Chakor L. Doshi, Mr. J. L. Deshmukh and Mr. Chirag C. Doshi. Dr. Anil Kakodkar is Chairman of the Committee. During the financial year 2010-11 under review, one meeting of Corporate Strategic Planning Committee was held on 06-05-2011.

Attendance of Directors at the Corporate Strategic Planning 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	1
Mr. G. N. Bajpai	1	1
Mr. Chakor L. Doshi	1	1
Mr. J. L. Deshmukh	1	1
Mr. Chirag C. Doshi	1	1

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

(11) General Body meetings:**(i) Location and time, where last three AGMs held:**

Year	Venue	Date	Time
2007-08	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	29-01-2009	04.00 p.m.
2008-09	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	20-01-2010	03.00 p.m.
2009-10	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	10-02-2011	04.00 p.m.

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

Year	Venue	Date	Time
2007-08	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	04-03-2008	03.30 p.m.
2009-10	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020	25-11-2009	12.00 Noon

(iii) Special resolutions passed in the previous three AGMs

➤ 2007-08:

Resolution Number 6, Resolution under Section 81(1A) for issue and allotment of equity shares not more than 28,000 under an Employees Stock Purchase Scheme (ESPS)

➤ 2008-09

(a) Resolution Number 6, Resolution under Section 314 of the Companies Act, 1956 to accord consent of the shareholders of the Company to Mr. Chakor L. Doshi, Chairman of the Company to continue to provide professional service as Advisor/Consultants to the Company.

(b) Resolution Number 7, Resolution under Section 314 of the Companies Act, 1956 to accord consent of the shareholders of the Company to Mrs. Tanaz C. Doshi to hold and continue to hold an office or place of Profit in the Company with the designation as Special Executive and increase in the remuneration.

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

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

Details of postal ballot voting pattern:

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

(v) Person who conducted the postal ballot exercise

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

(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 Schedule 'O-B' in Notes to and forming part of Accounts

(ii) *Management Disclosures:*

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

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

None.

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

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

1. Chairman of the Board:

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

2. Other Committees:

The Company has constituted 5 more committee 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 confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

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

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

(viii) *Risk Management Framework:*

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

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

During the financial year 2007-08, the Company had converted 8,00,000 convertible warrants issued on preferential basis. The Company has received entire amount of ₹ 5,072 Lakhs on conversion of the warrants into equity shares. The Company has utilized ₹ 1,516 lakhs for capital expenditure, ₹ 2,780 Lakhs for working capital and the balance amount ₹ 776 lakhs has been invested in Liquid & Debt schemes of Mutual Funds and Fixed Maturity Plans.

(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/>.
- (iii) The Company has designated investors@walchand.com as an email id for the purpose of registering complaints by investors and displayed the same on the Company's website.
- (iv) "Management Discussion and Analysis" is given as Annexure 'A' to the Directors' Report.
- (v) No presentations were made to institutional investors or to the analysts during the year.

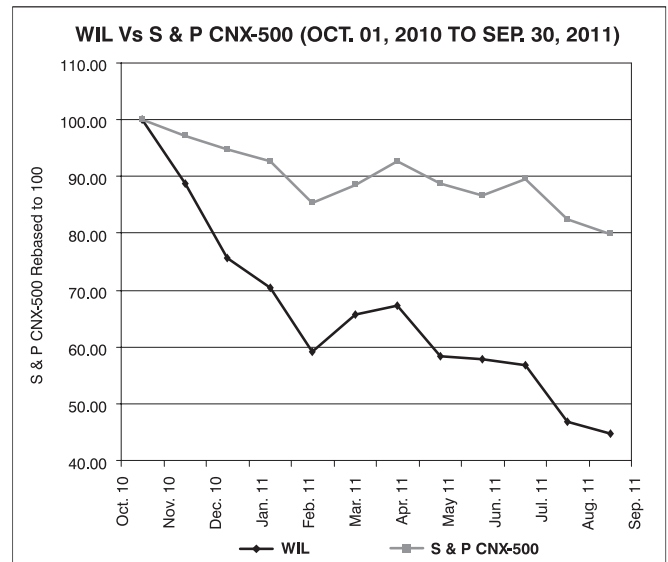
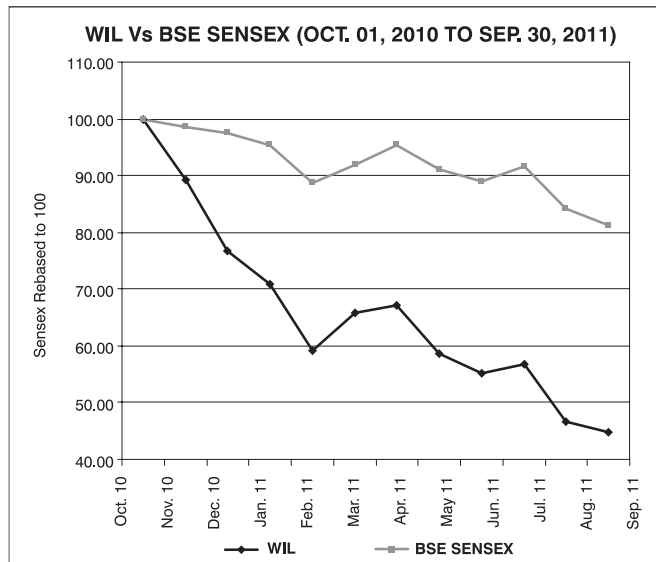
(14) General Shareholder information:

- (i) AGM : Date, Time & Venue : 9th February, 2012 – 4.00 p.m.
Walchand Hirachand Hall,
Indian Merchants' Chambers Building,
Churchgate,
Mumbai – 400 020
- (ii) Financial Calendar : The Company follows October to September as its Financial Year. The results for every quarter beginning from October are declared within 45 days from the end of the quarter except for the last quarter, for which Annual Audited Results are declared within the period of 60 days from the end of the quarter as per Clause 41 under the Listing Agreement.
- (iii) Date of Book Closure : 3rd February, 2012 to 9th February, 2012
(Both days inclusive)
- (iv) Dividend payment date : 21st February, 2012
- (v) Listing on Stock Exchanges : Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. The Listing fees for the year 2011-2012 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-10	231.80	203.00	20032.34	231.70	202.35	4972.95
Nov-10	220.05	168.00	19521.25	218.80	167.00	4781.40
Dec-10	185.95	148.00	20509.09	186.90	141.00	4940.95
Jan-11	178.00	130.35	18327.76	177.80	127.60	4424.60
Feb-11	147.30	110.00	17823.40	147.30	109.50	4247.15
Mar-11	158.45	128.00	19445.22	158.90	126.15	4626.45
Apr-11	157.60	134.55	19135.96	157.40	135.00	4615.30
May-11	138.40	116.70	18503.28	138.75	114.00	4492.90
Jun-11	136.70	103.00	18845.87	136.75	113.95	4522.95
Jul-11	132.90	114.50	18197.20	132.40	114.55	4424.05
Aug-11	117.30	86.10	16676.75	117.35	86.00	4038.35
Sep-11	105.45	89.35	16453.76	105.55	89.10	3978.35

(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 2010-2011:
to BSE SENSEX and S & P CNX-500



(ix) Registrar and Transfer Agents

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

(x) Share Transfer System

Shareholders are permitted to hold shares in Physical form or in Demat Form. In case of Physical form, shareholders are informed to lodge the shares for transfer purpose to the Registrars and Share Transfer Agents and the Company is taking care to ensure that share transfer work gets completed as early as possible and not later than one month period. The transfers are being approved once in a week. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

(xi) Persons coming within the Definition of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)

The following persons constitute the Group under the definition of 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises or is established to be in a position to exercise control, directly or indirectly, over the Company:

Mr. Chakor L. Doshi	Rodin Holdings Inc
Mrs. Champa C. Doshi	Olsson Holdings Inc
Mr. Chirag C. Doshi	Smt. Lalitabai Lalchand Charity Trust
Mrs. Kanika G. Sanger	Walchand Charitable Trust
Bombay Cycle & Motor Agency Ltd.	Lalchand Hirachand (HUF)
Walchand Great Achievers Pvt. Ltd.	Chakor L. Doshi (HUF)
Walchand Kamdhenu Commercials Pvt. Ltd.	Chirag C. Doshi (HUF)
Walchand Chiranika Trading Pvt. Ltd.	Walchand Botanicals Pvt. Ltd.

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

(xii) (a) Shareholding Pattern as on 30-09-2011:

Category	No. of Shares	%
Promoters & Directors, Directors Relatives/HUF & Group Companies/Group Trusts	20938613	55.00
Mutual Funds & Unit Trust of India	6500	0.02
Banks, Financial Institutions, State Government	211420	0.56
Insurance Companies	2296200	6.03
Private Corp. Bodies & Clearing Members	1943475	5.10
NRI/OCB/FII	412366	1.08
Public (Resident Indians/Trusts)	12261631	32.21
Total	38070205	100.00

(b) Distribution of shareholding as on 30-09-2011:

Shareholding of nominal value of ₹	Number of Shareholders	% to Total	Amount in ₹	% to Total
1 to 1000	84825	95.4570	12501800	16.4194
1001 to 2000	2272	2.5568	3640508	4.7813
2001 to 4000	981	1.1040	2959782	3.8873
4001 to 6000	306	0.3444	1563472	2.0534
6001 to 8000	130	0.1463	931528	1.2234
8001 to 10000	89	0.1002	834716	1.0963
10001 to 20000	146	0.1643	2098080	2.7555
20001 to onwards	113	0.1272	51610524	67.7834
Total	88862	100.0000	76140410	100.0000

(xiii) Dematerialization of Shares and Liquidity:

: As stated earlier, the Company's shares are listed on the Stock Exchanges. As per the SEBI notifications, trading in Company's shares has been made compulsorily in Dematerialised form w.e.f. 26th December, 2000 and Company's Registrar & Transfer Agents have established connectivity with NSDL & CDSL. The ISIN No. is INE711A01022. As on 30.09.2011, 3,67,52,389 equity shares representing 96.54% 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 and Index "BSE500".

(xiv) National ECS Facility:

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

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

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

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

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

- (xv) Unclaimed Dividends: : Under the Companies Act, 1956, Dividends that are unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund administered by the Central Government. After completion of seven years, no claims shall lie against the said Fund or the Company for the amounts of Dividend so transferred nor shall any payment be made in respect of such claims.
- Separate intimation has been given in the notice convening 103rd Annual General Meeting, a part of this 103rd 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 2003-2004 and for subsequent years standing to the credit of their account.
- (xvi) 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 is taking steps to issue notices to the concerned shareholders before transferring the unclaimed shares to the Unclaimed Suspense Account.
- (xvii) Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments, Conversion date and likely impact on equity : No instrument is outstanding for allotment or conversion.
- (xviii) 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
- (xix) 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 40287109
Fax: 022 23634527
Email: investors@walchand.com; gsagrawal@walchand.com

- (xx) 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.
- (xxi) 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 30-09-2011.

Date: 22nd November, 2011

J. L. Deshmukh
Managing Director & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

Walchandnagar Industries Limited

We have examined the compliance of conditions of Corporate Governance by Walchandnagar Industries Limited, for the year ended 30th September, 2011 as stipulated in Clause 49 of Listing Agreement with the stock exchanges.

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

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

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

For K. S. Aiyar & Co.
Chartered Accountants
FRN 100186W

Satish K. Kelkar
Partner
Membership No. 38934

Place : Mumbai
Dated : 22nd November, 2011

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

(A) CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

- (1) Installed Metal Halide Lamp Fittings instead of M V Lamp.
- (2) Modified Wester works Furnace for reducing heat loss.
- (3) Replaced motor generator sets by Thyristered Controller welding equipments.
- (4) Installed high productive and energy efficient CNC machines.

(b) Energy Conservation Measures Proposed:

- (1) Halide lamp fittings in remaining factory area.
- (2) Replacing old welding machines with energy efficient welding machines.

(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 Orbit Cooler for 6000 TPD Cement Plant (thermal efficiency improvement).
- New design developed for boiler suitable for mustard husk fuel.
- Process House equipment for 26000 TCD Sugar plant.
- Refinery equipment for processing of 1800 Tons of raw sugar.
- WK-1500 continuous centrifugal machine development for improved efficiency, output and high reliability.
- Design & Development of 2800 KW full planetary Gear Box for Cement Mill.
- Improvement of process in the machining of assembled missiles components on five axes machining centre to substantially reduce cycle time.

(3) Future Plan of Action:

Develop the process for critical equipments of Missiles, Nuclear Jobs, for improving productivity.

(4) Expenditure on R&D:

	₹ in Lakhs
Capital (Development Expenditure)	118.00
Recurring	23.40
Total	141.40
Total R&D Expenditure	
Percentage to turnover	0.15

(5) 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 Stoker 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 Part thereof.

Technology absorption, adaptation and innovations:

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

(C) FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange used and earned:

Earning in Foreign Exchange	₹ 13,706.10 Lakhs
Foreign Exchange Outgo	₹ 7,244.25 Lakhs

Auditors' Report

To the Members,
Walchandnagar Industries Ltd.

We have audited the attached Balance Sheet of **Walchandnagar Industries Limited**, as at 30th September, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns of the divisions at Zambia and Ethiopia audited by overseas local auditors and relied on by us.

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

with the books of account and with the audited returns from the divisions at Zambia and Ethiopia;

- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors, as on 30th September 2011 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 30th September 2011, from being appointed as a Director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) *As stated in our earlier year's audit report, no provision has been made for the liability, if any, in respect of the Bank Guarantee amounting to ₹ 700 lacs invoked during the previous year and in respect of ₹ 744 lacs owed by a party appearing in the balance sheet under the head "Sundry Debtors" as explained in the Note No. D 3(iii) of the Schedule 'O'. Since the matter is under arbitration, we are unable to opine on the likelihood of the liability devolving on the Company and the consequent effect on its Profit and the Reserves and Surplus.*

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

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 30th September, 2011;
- (b) in the case of the Profit and Loss account, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For K. S. Aiyar & Co.
Chartered Accountants
FRN 100186W

Satish K. Kelkar
Partner

Place: Mumbai
Date: 22nd November, 2011

Membership No. 38934

ANNEXURE TO THE AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the Fixed Assets.
- (b) The Company has a programme for physical verification of the Fixed Assets, which in our opinion is reasonable having regards to the nature of the business. Accordingly, the Fixed Assets have been physically verified by the management at the end of the year and no material discrepancies were noticed on such verification.
- (c) The Fixed Assets disposed off during the year were not substantial. According to the information and explanation given to us; we are of the opinion that the disposal of the Fixed Assets has not affected the going concern status of the company.
- (ii) (a) The Management has conducted physical verification of the inventory at reasonable intervals other than material lying with sub-contractors, which have been substantially confirmed by them.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
- (c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted/taken any secured or unsecured loans to/from Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, sub-clauses (b), (c), (d), (e), (f) and (g) of 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 purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956. and exceeding the value of ₹ 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 Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vii) In our opinion, Company has an internal audit system commensurate with size and nature of its business. .
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) 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 account of Sales Tax, Income-Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess that have not been deposited on account of matters pending before appropriate authority are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Denial of exemption availed under notification No. 6/2002, for supply of biomass based boilers	266.19 (Net of CENVAT reversal and payment)	March, 2000 to March, 2004	CESTAT, Mumbai
Central Excise Act, 1944	Excise duty demand on bought out items supplied for centrifugals, which has already suffered duty at manufacturers end	82.45 (Net of CENVAT reversal and payments)	June, 1983 to April, 2005	Supreme Court, Delhi
Maharashtra Land Revenue Code	N.A. Tax (₹ 20 lacs paid under protest)	86.61	1982 to 2003	Tehsildar, Indapur
Central Sales Tax Act, 1956	The exemption from Tax for transit sale, U/s. 6(2)(b) is denied. Paid Rs. 30 lakhs under protest	159.83	2005-06	Joint Commissioner of Sales Tax (Appeal), Pune

- (x) The Company does not have any accumulated losses as at the end of the financial year and has not incurred any cash losses in the current year or 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 bank 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 the 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 u/s. 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
FRN 100186W

Satish K. Kelkar
Partner
Membership No. 38934

Place: Mumbai
Date : 22nd November, 2011

BALANCE SHEET AS AT 30TH SEPTEMBER, 2011

	Schedule	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I. SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS				
Share Capital	A	761.40		761.40
Reserves & Surplus	B	39,934.99		40,340.96
			40,696.39	41,102.36
2. DEFERRED TAX LIABILITY (Refer Note No. D-10 of Schedule 'O')			482.87	589.73
3. LOAN FUNDS:				
Secured Loans	C	11,155.43		8,889.22
Unsecured Loans	D	4,400.69		1,503.00
			15,556.12	10,392.22
TOTAL			56,735.38	52,084.31
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS:				
Gross Block	E	63,140.10		59,050.97
Less: Accumulated Depreciation		33,698.50		30,906.24
Net Block			29,441.60	28,144.73
Capital Work-in-progress			4,381.43	5,851.99
2. INVESTMENTS:	F		1,864.76	4,675.74
3. NET CURRENT ASSETS:				
CURRENT ASSETS, LOANS AND ADVANCES:	G			
Interest accrued but not due		19.02		29.11
Inventories		28,974.82		22,314.90
Sundry Debtors		39,766.73		35,725.06
Cash & Bank Balances		3,088.88		3,472.32
Loans & Advances		17,680.39		16,865.55
		89,529.84		78,406.94
Less:				
CURRENT LIABILITIES AND PROVISIONS:	H			
Current Liabilities		67,627.68		64,351.13
Provisions		854.57		643.96
		68,482.25		64,995.09
NET CURRENT ASSETS :			21,047.59	13,411.85
TOTAL			56,735.38	52,084.31
Notes forming part of Accounts	O			

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

As per our report attached

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

Satish K. Kelkar
Partner
Membership No. 38934

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

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. T. Pawar
Sr. President

Chakor L. Doshi

Chirag C. Doshi

Dr. P. K. Basu

Dilip J. Thakkar

A. U. Rijhsinghani

Dr. Anil Kakodkar

G. N. Bajpai

Chairman

Managing Director

Directors

Place : Pune

Date : 22nd November, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

	Schedule	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I. INCOME:				
1. Sales		81,558.01		55,725.69
Less: Excise Duty		1,726.45		1,985.66
		<u>79,831.56</u>		<u>53,740.03</u>
2. Erection, Job Work and Services		15,935.79		13,497.08
			95,767.35	67,237.11
3. Other Income	I		667.88	1,634.59
4. Exchange Currency Fluctuation Gain (Net)			—	496.19
			96,435.23	69,367.89
II. EXPENDITURE:				
1. Raw Material & Components consumed		59,097.41		39,632.26
2. Payment to and provision for employees	J	7,843.60		6,161.81
3. Manufacturing, Administration & Selling expenses	K	30,252.63		20,116.39
4. Exchange Currency fluctuation Loss (Net)		989.28		—
5. Interest	L	1,879.48		749.01
		<u>100,062.40</u>		<u>66,659.47</u>
6. Less: Expenditure Capitalised		84.64		10.06
		<u>99,977.76</u>		<u>66,649.41</u>
7. Add/(Less): Decrease/(Increase) in stocks	M	(6827.39)		(919.09)
			93,150.37	65,730.32
8. Profit Before Depreciation & Tax			3,284.86	3,637.57
9. Depreciation for the year		2,832.11		2,649.12
Less: Transferred from Revaluation Reserve		1,242.67		1,313.92
		<u>1,589.44</u>		<u>1,335.20</u>
Profit Before Exceptional Item & Tax			1,695.42	2,302.37
10. Exceptional Item Advance Written Off Pursuant to out of Court Settlement (net) Less: Contingency Reserve Specifically created against same adjusted		—		2,198.25
		<u>—</u>		<u>2,085.48</u>
Profit Before Tax			1,695.42	2,189.60
11. Provision for Taxation			520.00	430.00
Provision for Wealth Tax			2.50	—
Deferred Tax Liability/(Asset)			(106.86)	(469.31)
			1,279.78	2,228.91
12. Profit After Tax				9,891.91
13. Surplus brought forward from last year		11,454.00		9,891.91
			11,454.00	9,891.91
14. Surplus before appropriation			12,733.78	12,120.82
III. APPROPRIATION				
General Reserve		127.98		222.89
Proposed Dividend		380.70		380.70
Tax on Proposed Dividend		61.76		63.23
			570.44	666.82
Surplus carried to Balance Sheet			12,163.34	11,454.00
Notes forming part of Accounts Earning Per Equity Share Basic and Diluted (Refer Note No. D-9 Schedule 'O')	O		3.36	5.85

As per our report attached

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

Satish K. Kelkar
Partner
Membership No. 38934

G. S. Agrawal
Vice President (Legal & Taxation)
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A. U. Rijhsinghani

Dr. Anil Kakodkar

G. N. Bajpai

Directors

Place : Pune

Date : 22nd November, 2011

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'A' : SHARE CAPITAL

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

NOTES:

The Subscribed and paid-up Equity Capital includes the following:

- (1) 2,47,95,020 Equity Shares issued as Bonus Shares out of Share Premium, General Reserve and Capital Reserve.
- (2) 2,50,000 Equity Shares issued for consideration other than for Cash, pursuant to a contract.
- (3) 1,21,300 Equity Shares issued on conversion of Debentures.
- (4) 17,28,740 Equity Shares issued without payment being received in cash to the shareholders of the erstwhile Cooper Engineering Ltd. and erstwhile Tiwac Industries Ltd., in terms of the Schemes of Amalgamation sanctioned by the Bombay High Court.
- (5) 80,00,000 Equity Shares allotted to the allottees of the warrant on Preferential basis upon exercise of Conversion option by them (inclusive of 40,00,000 Equity Shares issued as Bonus and included in Sr. No. 1 above).
- (6) 25,145 Equity Shares issued under Employees Stock Purchases Scheme, 2008 (ESPS) at par to the permanent Employees.

SCHEDULE 'B' : RESERVES AND SURPLUS

	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. REVALUATION RESERVE (On Revaluation of Fixed Assets)			
Opening Balance	18,489.44		19,808.81
Less: Adjustment on Account of Sale	0.62		5.45
Less: Depreciation on Revalued Assets Transferred to Profit & Loss Account	1,242.67		1,313.92
		17,246.15	18,489.44
2. CAPITAL REDEMPTION RESERVE		50.00	50.00
3. CONTINGENCY RESERVE	—		2,085.48
Less: Utilized against the write off of the Advance Pursuant to the out of the court settlement, against which the reserve was originally created	—		2,085.48
		4,994.46	4,994.46
4. SECURITIES PREMIUM ACCOUNT		4,994.46	4,994.46
5. GENERAL RESERVE	5,353.06		5,130.17
Add: Transferred from Profit & Loss Account	127.98		222.89
		5,481.04	5,353.06
6. SURPLUS BALANCE IN PROFIT AND LOSS ACCOUNT		12,163.34	11,454.00
TOTAL		39,934.99	40,340.96

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

	Current Year ₹ in Lakhs ₹ in Lakhs	Previous Year ₹ in Lakhs
(A) From Banks		
(I) Heavy Engineering Division, Walchandnagar		
(i) Buyer's Credit Loan (under Company's Letter of Credit Facility) Repayable in one year ₹ 570.08 Lakhs (Previous year ₹ 2,712.57 Lakhs)	570.08	2,712.57
(ii) Term Loan (Secured by Equitable Mortgage on Land & Building & hypothecation of Fixed Assets of Walchandnagar Division & Foundry Division & hypothecation of current assets of Walchandnagar Division. Repayable within one year ₹ 1,082 Lakhs (Previous year ₹ Nil Lakhs)	3,269.90	—
(iii) Working Capital Loans (Secured by hypothecation of all those tangible movable properties and assets, present and future, including all stocks of Raw Material, Components, Tools, Stores Materials, Work-in-progress, Finished Goods & Book Debts and equitable mortgage on fixed assets of Walchandnagar Division)	4,280.01	3,457.36
(iv) External Commercial Borrowings Payable within year ₹ 734.70 Lakhs (Previous year ₹ 674.25 Lakhs) External Commercial Borrowings is Secured by first pari passu charge on the Fixed and Current Assets of the Company's Walchandnagar Division and Foundry Division, which are presently charged to State Bank of India Consortium for Walchandnagar Division and State Bank of India for Foundry Division. This charge will be on pari passu basis with the existing charge holders of the company namely State Bank of India Consortium for Walchandnagar Division and State Bank of India for Foundry Division.	2,204.10	2,697.00
(v) Vehicle Loan (Secured by Assets Purchased there under) Payable within one year ₹ 41.36 (Previous year ₹ Nil)	97.94	—
	10,422.03	8,866.93
(II) Foundry Division, Satara Road Working Capital Loans (Secured by hypothecation of all those tangible movable properties and assets, present and future, including all stocks of Raw Materials, Components, Tools, Stores Materials, Work-in-progress, Finished Goods & Book Debts and equitable mortgage on fixed assets of Foundry Division)	733.40	22.29
	733.40	22.29
TOTAL	11,155.43	8,889.22

SCHEDULE 'D' : UNSECURED LOANS

	Current Year ₹ in Lakhs ₹ in Lakhs	Previous Year ₹ in Lakhs
(A) Fixed Deposits (payable within one year ₹ 0.70 Lakhs; Previous year ₹ 3.00 Lakhs)	0.70	3.00
(B) From Banks (Pursuant to the line of credit rolled over from time to time) Payable within one year ₹ 4,399.99 Lakhs; Previous year ₹ 1,500 Lakhs)	4,399.99	1,500.00
TOTAL	4,400.69	1,503.00

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE 'E' : FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block					Depreciation/Amortisation					Net Cost/Book Value	
	Cost/Book Value as at 01.10.2010	Addition	Added due to Revaluation	Deductions/ Adjustments	Cost/Book Value as at 30.09.2011	Depreciation/ Amortisation upto 01.10.2010	Depreciation/ Amortisation for the Year	Added due to Revaluation	Deduction/ Adjustments	Depreciation/ Amortisation upto 30.09.2011	Net Cost/ as at 30.09.2011	Net Cost/ as at 30.09.2010
1. Land (Free Hold)	3,794.72	—	—	—	3,794.72	—	—	—	—	—	3,794.72	3,794.72
2. Buildings (i)	21,450.77	628.17	—	—	22,078.94	10,565.41	454.65	—	—	11,020.06	11,058.88	10,885.36
3. Plant and machinery	28,506.76	3,017.10	—	2.04	31,521.82	17,611.92	1,614.51	—	1.42	19,225.01	12,296.81	10,894.84
4. Laboratory Equipment	16.24	—	—	—	16.24	12.30	0.55	—	—	12.85	3.39	3.94
5. Furniture Fixtures, Office Equipments and Electrical Fittings	2,074.36	91.61	—	3.38	2,162.59	1,252.49	216.31	—	1.23	1,467.57	695.02	821.87
6. Patents	11.05	—	—	—	11.05	11.05	—	—	—	11.05	—	—
7. Vehicles	521.71	206.48	—	46.63	681.56	358.00	72.24	—	37.20	393.04	288.52	163.71
8. Road, Water Works and Drainage	1,240.19	52.47	—	—	1,292.66	691.03	50.21	—	—	741.24	551.42	549.16
9. Intangible Assets - Software	1,435.17	145.35	—	—	1,580.52	404.04	423.64	—	—	827.68	752.84	1,031.13
Total	59,050.97	4,141.18	—	52.05	63,140.10	30,906.24	2,832.11	—	39.85	33,698.50	29,441.60	28,144.73
Previous Year	57,402.53	1,731.56	—	83.12	59,050.97	28,327.97	2,649.12	—	70.85	30,906.24	28,144.73	

(i) Includes cost of 5 shares of ₹ 50 each of Co-operative Housing Societies against acquisition of Flats.
(ii) Refer Notes Nos. D-1 and D-2 of Schedule 'O'.

SCHEDULE 'F' : INVESTMENTS (AT COST)

LONG TERM INVESTMENTS :

QUOTED

(OTHER THAN TRADE)

Fully paid up Equity Shares

Housing Development Finance Corporation Ltd.,
8,30,900 Equity Shares of ₹ 2 each

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

H D F C Bank Ltd.,
2,500 Equity Shares of ₹ 2 each

Bank of Baroda
12,000 Equity Shares of ₹ 10 each

UNQUOTED

(1) EQUITY SHARES

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

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

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Fully paid up Equity Shares		
Housing Development Finance Corporation Ltd., 8,30,900 Equity Shares of ₹ 2 each	21.86	21.86
Bombay Cycle & Motor Agency Ltd., 600 Equity Shares of ₹ 10 each	0.10	0.10
H D F C Bank Ltd., 2,500 Equity Shares of ₹ 2 each	0.05	0.05
Bank of Baroda 12,000 Equity Shares of ₹ 10 each	10.35	10.35
UNQUOTED		
(1) EQUITY SHARES		
Maharashtra State Co-operative Bank Ltd., 2 Equity Shares of ₹ 50 each	0.01	0.01
Shushrusha Citizen's Co-operative Hospital Ltd., 100 Equity Shares of ₹ 100 each	0.10	0.10
Walchand Terraces Co-Op. Housing Society Ltd., 20 Equity Shares of ₹ 50 each	0.01	0.01

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Cooper Employees' Consumers' Co-op. Society Ltd., 100 Equity Shares of ₹ 25 each	0.02	0.02
Walchand Co-operative Housing Society Ltd., 10 Equity Shares of ₹ 50 each	0.01	0.01
Walchand Botanicals Pvt. Ltd., 481 Equity Shares of ₹ 100 each	—	0.48
Walchand Foundries Pvt. Ltd., 481 Equity Shares of ₹ 100 each	0.48	0.48
Actis Biologics Pvt. Ltd. 1,04,250 Equity Shares of ₹ 10 each	102.66	102.66
(2) FIXED/QUARTERLY INVESTMENT MATURITY PLAN		
Kotak Quarterly Interval Plan Series 4	—	203.53
Reliance Quarterly Internal Fund Series III	—	203.21
(3) LIQUID/ LIQUID PLUS INVESTMENTS		
Birla Sunlife Savings Fund – Instl. Weekly Dividend Reinvestment 25,11,081 Units (Previous year 59,28,567 units) at ₹ 10.004	251.20	593.53
Birla Sunlife Short Term Fund – Instl. Fortnightly Dividend Nil Units (Previous year 19,82,943 at ₹ 10.2435 per unit)	—	203.12
Tata Floater Fund – Weekly Dividend Nil Units (Previous year 30,00,842 Units at ₹ 10.0826 per unit)	—	302.55
ICICI Prudential Flexible Income Plan Premium Weekly Dividend 2,52,339.485 Units (Previous year 10,17,117 units) at ₹ 105.441 per unit	266.07	1,072.63
Reliance Medium Term Fund – Weekly Dividend Nil Units (Previous year 32,64,236 units ₹ 17.099 per unit)	—	558.15
Kotak Floater Long Term Daily Dividend Nil Units (Previous year 12,10,122 units at ₹ 10.0798 per unit)	—	121.98
HDFC Cash Management Fund Treasury Advantage Plan WKLY Dividend 1,10,52,545 Units (Previous year 1,27,77,902) Units of ₹ 10.0280 per unit	1,108.35	1,280.91
IDFC Money Manager Fund Treasury Plan INSTB WKLY Dividend 10,30,996.003 Units (Previous year Nil units) at ₹ 10.0379 per unit	103.49	—
TOTAL	1,864.76	4,675.74
<i>Notes:</i>		
1. Aggregate of Quoted Investments:		
At Cost	32.36	32.36
Market Value	5,325.24	6,209.31
2. Aggregate of Unquoted Investments:		
Book Value and/or at Cost	1,832.40	4,643.38

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET
SCHEDULE 'G': CURRENT ASSETS, LOANS & ADVANCES

	Current Year		Previous Year
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
A. CURRENT ASSETS:			
1. Interest Accrued but not due		19.02	29.11
2. Inventories			
(a) Stores and Spares	1,553.31		1,373.27
(b) Goods in Transit, at cost	555.23		1,061.16
(c) Dies, Jigs, Tools Mould Boxes & Patterns	693.73		702.66
(d) Stock-in-Trade:			
(i) Raw materials and components	10,077.77		9,910.42
(ii) Finished Products	18.49		16.37
(iii) Work-in-progress (Manufacturing)	15,577.29		8,862.63
(iv) Work-in-progress: Expenditure on Uncompleted Contracts	499.00		388.39
		28,974.82	22,314.90
3. Sundry Debtors, Unsecured, Considered Good			
Over six months	15,855.16		10,599.21
Others	23,911.57		25,125.85
Considered Doubtful	109.62		—
	39,876.35		35,725.06
Less : Provision for doubtful debts	109.62		—
	39,766.73	39,766.73	35,725.06
4. Cash and Bank Balances			
(a) Cash on hand	39.98		57.52
Cheques on hand	233.65		542.75
(b) With Scheduled Banks:			
(i) Fixed Deposits	1,390.40		2,101.14
(ii) In Current Accounts	1,222.17		519.60
(iii) Margin Money Deposits	137.00		140.85
	3,023.20		3,361.86
(c) In Current Account with Non-Scheduled Banks:			
(i) Walchandnagar Sahakari Bank Ltd., Walchandnagar (Maximum Balance ₹ 8.53 Lakhs (Previous year ₹ 455.29 Lakhs)	5.49		22.21
(ii) Indo Zambia Bank Ltd. Zambia (Maximum Balance ₹ 131.96 Lakhs – Previous year ₹ 85.87 Lakhs)	50.32		85.87
(iii) HSBC Bank Middle East Ltd., Abu Dhabi UAE (Maximum Balance ₹ 2.27 Lakhs – Previous year ₹ 14.30 Lakhs)	—		2.27
(iv) Commercial Bank of Ethiopia, (Maximum Balance ₹ 135.96 Lakhs – Previous year ₹ 0.11 Lakhs)	9.87		0.11
		3,088.88	3,472.32
TOTAL A		71,849.45	61,541.39
B. LOANS AND ADVANCES:			
Unsecured, Considered Good:			
1. Advance recoverable in Cash or in kind or for value to be received	15,064.70		14,748.09
2. Rates, Taxes, Insurance	692.37		277.78
3. Advance Payment of Income Tax (Net of provision) (Current year Provision ₹ 522.50 Lakhs – Previous year Provision ₹ 430 Lakhs)	101.50		168.90
4. Retention and Other Deposits	343.70		396.21
5. Balance with Customs, Excise and Others	1,478.12		1,274.57
		17,680.39	16,865.55
TOTAL B		17,680.39	16,865.55
TOTAL (A+B)		89,529.84	78,406.94

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

	Current Year		Previous Year ₹ in Lakhs
	₹ in Lakhs	₹ in Lakhs	
A. CURRENT LIABILITIES:			
Acceptances		132.97	505.99
Sundry Creditors			
MSME		416.65	89.98
Others		28,980.67	25,483.96
Advance against Orders and Customers' Credit balances		33,048.87	34,500.56
Other Liabilities		5,007.15	3,736.04
Unclaimed Dividend		41.37	34.60
(Amount to be transferred to Investor Education and Protection Fund U/S 205C of the Companies Act, 1956, when due)			
TOTAL A		67,627.68	64,351.13
B. PROVISIONS:			
Leave Encashment		113.27	96.72
For Gratuity		257.51	76.77
Employees Provident Fund		41.33	26.54
Proposed Dividend		380.70	380.70
Tax on Proposed Dividend		61.76	63.23
TOTAL B		854.57	643.96
TOTAL (A+B)		68,482.25	64,995.09

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

	Current Year		Previous Year ₹ in Lakhs
	₹ in Lakhs	₹ in Lakhs	
I. OTHER INCOME:			
1. Interest & Dividend (Gross)			
(a) Interest	168.35		1,000.00
(Tax deducted at source ₹ 2.91 Lakhs – Previous period ₹ 114.80 Lakhs)			
(b) Dividend	258.53		263.44
		426.88	1,263.44
2. Occupation fees	19.58		13.44
3. Rent	85.77		132.35
4. Miscellaneous Income	4.86		82.63
5. Profit on Sale of:			
Fixed Assets	2.47		14.11
Investments	4.08		2.27
6. Recovery of Bad Debts Written off	15.00		126.35
7. Provision No Longer Required (Income Tax)	109.24		—
TOTAL		667.88	1,634.59

SCHEDULE ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE 'J' : PAYMENT TO AND PROVISION FOR EMPLOYEES

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. Salaries, Wages, Bonus	7,159.88	5,600.34
2. Gratuity	180.74	76.77
3. Contribution to Provident and Other Funds	461.14	450.16
4. Welfare Expenses	41.84	34.54
TOTAL	7,843.60	6,161.81

SCHEDULE 'K' : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. Sub-contract and Processing charges	18,008.27	10,545.47
2. Stores and Spares Consumed	2,371.45	1,847.11
3. Power and Fuel	893.62	734.71
4. Repairs:		
Building	118.44	63.66
Machinery	97.36	85.29
Other Assets	138.13	148.19
5. Rent	374.63	380.03
6. Rates and Taxes	146.04	75.06
7. Insurance	223.44	187.68
8. Travelling and Conveyance	786.09	664.85
9. Legal and Professional Fees	714.10	787.49
10. Bank Charges	212.14	182.27
11. Electricity Charges	73.85	81.21
12. Site office Expenses	311.06	653.68
13. Telephone, Postage, Printing Expenses	242.76	265.42
14. Administrative & Other Expenses	886.42	655.76
15. Guarantee Charges	340.72	199.92
16. Selling Commission	892.41	626.96
17. Forwarding, Selling & Services	2,905.32	1,515.13
18. Bad Debts Written off	—	89.89
19. Donations	40.70	3.62
20. Provision for Doubtful debts	109.62	—
21. Royalty and Patent Fee	361.95	322.88
22. Loss on sale of Fixed Assets	1.16	0.11
23. Loss on sale of Investments	2.95	—
TOTAL	30,252.63	20,116.39

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

	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
INTEREST ON:			
On Fixed Loans		156.49	92.00
On Working Capital Loan		462.14	438.94
Others		1,260.85	218.07
TOTAL		<u>1,879.48</u>	<u>749.01</u>

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

	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1. STOCK AT CLOSE:			
Finished Products	18.49		16.37
Work-in-progress – (Manufacturing)	15,577.29		8,862.63
Work-in-progress – (expenditure on uncompleted contracts)	499.00		388.39
		<u>16,094.78</u>	<u>9,267.39</u>
2. STOCK AT COMMENCEMENT			
Finished Products	16.37		16.11
Work-in-progress – (Manufacturing)	8,862.63		7,842.40
Work-in-progress – (expenditure on uncompleted contracts)	388.39		489.79
		<u>9,267.39</u>	<u>8,348.30</u>
3. (Increase)/Decrease in Stocks	(1 - 2)	<u>(682.39)</u>	<u>(919.09)</u>

SCHEDULE 'N' : STATEMENT OF COMPUTATION OF NET PROFIT UNDER SECTION 349 OF THE COMPANIES ACT, 1956 FOR THE COMMISSION PAYABLE TO THE MANAGING DIRECTORS FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

	₹ in Lakhs	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Profit before tax as per Profit & Loss Account		1,695.42	2,189.60
Add : Depreciation charged in the Accounts	1,589.44		1,335.20
Managerial Remuneration	172.52		147.24
Fees paid to Directors	10.40		10.40
		<u>1,772.36</u>	<u>1,492.84</u>
		<u>3,467.78</u>	<u>3,682.44</u>
Less: Depreciation as per Section 350 of the Companies Act, 1956	1,589.44		1,335.20
Profit on Sale of Investments Net	1.13		2.27
Capital Receipt on sale of fixed assets	—		10.66
		<u>1,590.57</u>	<u>1,348.13</u>
Net Profit as per Section 349 of the Companies Act, 1956		<u>1,877.21</u>	<u>2,334.31</u>
Commission payable @ 1.0% p.a. each to Managing Director & CEO & Managing Director		<u>37.54</u>	<u>46.68</u>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
30th SEPTEMBER, 2011**

SCHEDULE 'O'

A. SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting:

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

2. Use of Estimates:

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

3. Revenue Recognition:

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

- (i) Domestic sales of manufactured items are recognised on dispatch and are stated net of returns.
- (ii) Export sales are recognized on date of bill of lading/ airway bill and initially recorded at the relevant exchange rates prevailing on the date of transaction.
- (iii) Income on items delivered directly by suppliers/sub-contractors to the client is recognised on dispatch and receipt of suppliers'/sub-contractors' invoices.
- (iv) Income from project site activities is recognised on acceptances by the client on the basis of the work performed.
- (v) Income on account of price variation is recognised on acceptance of the claim by the client and on certainty of its realization.
- (vi) Revenue from long term projects of Special Products Division involving dispatch, commissioning and erection is recognized on the basis of milestone specified in the contracts after matching costs and revenue at each stage.
- (vii) Dividend is accrued in the year in which it is declared whereby the right to receive is established.

4. 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.

5. Depreciation/Amortisation:

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

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

In respect of a branch, which is 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.

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

6. Capital Work-in-Progress:

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

7. Impairment of Assets:

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

SCHEDULE 'O': Notes forming part of the accounts (Contd.)**8. Investments:**

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

9. Employee Benefits:

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

10. Taxes on Income:

Tax expenses comprise current and deferred tax.

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

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

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

11. Borrowing Costs:

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

12. Inventories:

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

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

13. Foreign Currency Transactions:

Foreign Currency Transactions on initial recognition are accounted at the rates prevailing on the date of transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. The resulting exchange differences are

- (a) adjusted in the cost of fixed assets specifically financed by borrowings to which the exchange differences relate,
- (b) adjusted in the cost of fixed assets specifically financed by borrowings contracted after April 1, 2004 and to which the exchange differences relate provided the assets are acquired from outside India.
- (c) recognized as income or expense in the profit and loss account for the year in cases other than (a) and (b) above.

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

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

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

14. Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent Assets are neither recognised, nor disclosed.

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

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

15. Leases:

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

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

16. Segment accounting policy: (Refer C).

B. RELATED PARTY DISCLOSURES:

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

(a) Relationship:

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

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

- (ii) Key Management personnel and relatives:

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

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

Bombay Cycle & Motor Agency Ltd.
 Walchand Great Achievers Pvt. Ltd.
 Walchand Kamdhenu Commercials Pvt. Ltd.
 Walchand Chiranika Trading Pvt. Ltd.
 Chiranika Enterprises
 Chiranika Corporation
 Chiranika Properties
 Walchand Botanicals Pvt. Ltd.
 Rodin Holdings Inc.
 Olsson Holdings Inc.
 Vinod Shashank Chakor Pvt. Ltd.
 Chirag Enterprises

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

Indpro Electronic System (India) Pvt. Ltd.
 Walchand Engineers Pvt. Ltd.
 Walchand Projects Pvt. Ltd.
 Walchand Power Systems Pvt. Ltd.
 Walchand Oil & Gas Pvt. Ltd.
 Walchand Leisure Realty Pvt. Ltd.
 Walchand BMH Pvt. Ltd.
 Walchand Solar Pvt. Ltd.

- (b) The following transactions were carried out during the year with related parties in the ordinary course of business. Details of transactions relating to the persons referred to in item (a)(i), (ii) and (iii) above.

₹ in Lakhs

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Enterprises mentioned in (iii) above	Total
	Current Year	Current Year	Current Year	Current Year
	Previous Year	Previous Year	Previous Year	Previous Year
Purchases of Goods	—	—	258.70	258.70
	—	—	—	—
Receiving of Services	—	137.80	51.36	189.16
	—	112.68	42.36	155.04
Managerial Remuneration & Commission	172.52	—	—	172.52
	147.24	—	—	147.24
Leasing or Hire Purchase Arrangements	13.38	21.27	—	34.65
	13.11	19.91	—	33.02
Outstanding Payable	—	10.40	27.38	37.78
	—	14.00	0.36	14.36

C. SEGMENT REPORTING:

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

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

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

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

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

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

Segment Reporting:

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

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

SEGMENT REPORTING

I. PRIMARY SEGMENTS

₹ in Lakhs

Particulars	Heavy Engg		Foundry M/c Shop		Others		TOTAL	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue :								
Net Revenue	90,600.80	62,876.31	4,416.69	3,704.67	968.51	850.41	95,986.00	67,431.39
Less: Inter-segment Revenue			206.52	182.97	12.13	11.31	218.65	194.28
	90,600.80	62,876.31	4,210.17	3,521.70	956.38	839.10	95,767.35	67,237.11
Results :								
Segment Result	4,362.72	3,493.12	(135.38)	(66.95)	131.49	117.23	4,358.83	3,543.40
Unallocated Expenses							1,071.61	900.21
Unallocated Income							287.68	295.42
Operating Profit							3,574.90	2,938.61
Interest Expenses	1,806.28	690.90	73.20	58.11			1,879.48	749.01
Taxes on Income							415.64	(39.31)
Profit from ordinary activities							1,279.78	2,228.91
Other Information:								
Segment Assets (including revaluation)	113,607.43	104,938.72	5,964.35	6,159.45	1,676.93	1,520.27	121,248.71	112,618.44
Unallocated Corporate Assets							3,968.92	4,460.96
Total Assets							125,217.63	117,079.40
Segment Liabilities	82,146.19	74,079.91	1,343.58	518.82	231.10	210.56	83,720.87	74,809.29
Unallocated Corporate Liabilities							800.37	1,167.75
Total Liabilities							84,521.24	75,977.04
Capital Expenditure	2,647.44	2,279.45	6.26	48.40	16.92	18.59	2,670.62	2,346.44
Unallocated Capital Expenditure							2,670.62	2,346.44
Depreciation (Net of revaluation)	1,346.20	1,111.44	107.73	108.69	5.23	3.64	1,459.16	1,223.77
Unallocated Depreciation							130.28	111.43
Total Depreciation							1,589.44	1,335.20
Non Cash Expenses other than depreciation							—	—
II. SECONDARY SEGMENTS								
External Revenue by Location of Customers							13,706.10	5,994.68
Total Carrying Amount of Segment Assets (To the extent allocable)							5,132.00	5,038.00
Total Cost incurred to acquire Segment Assets							25.81	24.48

SCHEDULE 'O': Notes forming part of the accounts (Contd.)**D. NOTES FORMING PART OF THE ACCOUNTS:**

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

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

The depreciation for the year ended 30-09-2011 on Revalued Assets has been calculated on Straight Line Method on their residual technical life assessed by the Valuers. However, the amount of Depreciation charged to Profit & Loss Account is as per Schedule XIV to the Companies Act, 1956, on the cost of the assets.

2. State Government has acquired some of the lands at Walchandnagar. The District Court has given an award of ₹ 285 Lakhs including interest in favour of the Company and has allowed the Company to withdraw the amount on furnishing of Bank Guarantee and Security Bond. However, as the matter is in appeal, the award is not accounted for as sale.
3. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

	As at 30.09.2011 ₹ in Lakhs	As at 30.09.2010 ₹ in Lakhs
(i) Counter Guarantees by the Company in respect of guarantees given by the banks (including guarantee on account of erstwhile Machine Tool Division of ₹ 3.55 Lakhs).	31,016.92	29,644.15
(ii) Estimated amount of Contracts remaining to be executed on Capital Accounts & not provided for (Net of Advance).	137.29	95.20
(iii) During the previous year, a customer has invoked Bank Guarantee of ₹ 700 Lakhs on the grounds of alleged non performance of the Contract. The Company has disputed this claim since the subject Bank Guarantee was conditional and in the opinion of the Company, the condition precedent for it to become operative was not fulfilled. The Company has invoked Arbitration Proceedings as per the provision of the Contract, which has already commenced, for recovery of this amount together with the contractual dues of ₹ 744 Lakhs owed by the customer, both shown under the head Sundry Debtors in the Financial Statements. Based on the facts of the case the Company is of the opinion that it has a good case on merits. The matter is sub-judice and the Company has been legally advised that it has a case worth pursuing. In view of the forgoing, no provision is considered necessary at this stage.		
(iv) (a) Demand of NA Tax of ₹ 86.61 Lakhs is raised by Tahshildar, Indapur (Previous year ₹ 86.61 Lakhs) out of which ₹ 20 Lakhs is paid under protest by the Company. No provision has been made in the accounts as the Company has not accepted the liability and the matter is sub-judice.		
(b) The Central Excise Authorities have raised a demand of ₹ 266.19 Lakhs (Previous year ₹ 266.19 Lakhs) (Net of CENVAT reversal and payment) denying the exemption from the excise duty on non-conventional energy devices/ systems supplied by the Company. The Company has disputed the demand and has preferred an appeal which is pending before 'CESTAT, Mumbai'. On the basis of legal opinion, the Company does not expect any liability.		

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

	As at 30.09.2011 ₹ in Lakhs	As at 30.09.2010 ₹ in Lakhs
(c) The Central Excise Authorities have raised a demand of ₹ 82.45 Lakhs (Previous year ₹ 79.98 Lakhs) on bought out items supplied for Centrifugals, which has already suffered duty at manufacturers end. The Company has disputed the demand and has preferred an appeal which is pending before Supreme Court, Delhi. On the basis of legal opinion, the Company does not expect any liability.		
d) During the current year the Sales Tax Authority, Maharashtra has raised demand of ₹ 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. On the basis of legal opinion the Company does not expect any liability.		
4. Pursuant to the approval of the shareholders at the Extra Ordinary General Meeting held on 23.11.2006 and in accordance with SEBI (DIP) Guidelines, the Company had issued 80,00,000 fully paid up Equity shares to the promoters on preferential Basis, post conversion of 8,00,000 convertible warrants and received the total amount of ₹ 5,072 Lakhs. Out of these ₹ 1,516 Lakhs (Previous year ₹ 1,272 Lakhs) has been utilized for capital expenditure, ₹ 2,780 Lakhs (Previous Year ₹ 2,780 Lakhs) for working capital and the balance amount of ₹ 776 Lakhs (Previous year ₹ 1,020 Lakhs) is invested in Mutual Funds.		
5. Operatings Leases (AS-19):		
(i) The Company has taken various residential/commercial premises on operating leases. The future minimum lease payments in respect of which as at 30th September, 2011 are as follows:		
Period		
Payable not later than one year	331.89	293.87
Payable later than one year and not later than five years	420.10	656.86
Payable later than five years	—	—
(ii) The lease agreements provide for an option to the Company to renew the lease period on mutually agreeable terms. There are no exceptional/restrictive covenants in the lease agreements.		
(iii) The Company has given property on lease and lease rentals receivable are as under:		
Period		
Not later than one year	—	126.78
Later than one year and not later than five years	—	61.78
6. Managerial Remuneration of Managing Directors:		
(i) Salary	66.38	49.98
(ii) Contribution towards Company's recognized Provident Fund and Superannuation Fund	17.92	13.49
(iii) Commission	37.54	46.68
(iv) Gratuity Provision	3.32	2.48
(v) Perquisites	47.36	34.61
	172.52	147.24

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

	As at 30.09.2011 ₹ in Lakhs	As at 30.09.2010 ₹ in Lakhs
7. Administrative and other expenses include:		
(i) (a) Directors' sitting fees	10.40	10.40
(b) Professional fees to Directors	176.15	142.25
(ii) Break-up of payments to Statutory Auditors:		
(a) Audit Fees	8.50	8.50
(b) Taxation, Limited Review, Corporate Governance Report	8.50	8.00
(c) In other capacity	3.34	8.50
(d) Reimbursement of out of pocket expenses (including Service Tax)	1.71	0.85
(e) Service Tax on Fees	2.06	2.89
	24.11	28.74
8. According to the information available with the Management, on the basis of intimations received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to Micro and Small Enterprises under the said Act as at 30th September, 2011 as follows:—		
(a) (i) Principal Amount remaining unpaid to any supplier	416.65	89.98
(ii) Interest due on above	—	—
(b) (i) The amount of principal paid beyond the appointed date	—	—
(ii) The amount of interest paid beyond the appointed date	—	—
(c) Amount of interest due and payable on delayed payments	—	—
(d) Amount of interest accrued and due as at 30th September, 2011	—	—
(e) Total Outstanding dues to Micro enterprises and small enterprises	416.65	89.98
(Above details has 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 Auditors.)		
9. Earnings per share:		
Basic & Diluted		
(a) Profit/(Loss) after tax as per Profit & Loss Account	1,279.78	2,228.91
(b) Weighted average no. of Equity Shares of ₹ 2 each outstanding during the year	3,80,70,205	3,80,70,205
(c) Earnings per share — Basic (₹)	3.36	5.85
10. Deferred Tax (Asset)/Liability:		
(a) Difference between book value of depreciable assets as per books of account and Written Down Value for tax purpose.	736.08	616.67
(b) Gratuity	(83.55)	(25.50)
(c) Others	(169.66)	(1.44)
Total	482.87	589.73
Net incremental (Asset)/Liability charged to Profit & Loss Account	(106.86)	(469.31)

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

11. Employee Defined Plan:

The disclosure in terms of AS-15 (revised) "Employees Benefit" has been given on the basis of Actuarial Valuation Certificate for the year ended 30th September, 2011 as below:

Sr. No.	Particulars	Gratuity (Funded) October, 2010 to September, 2011 (₹)	Gratuity (Funded) October, 2009 to September, 2010 (₹)	Leave Encashment (Unfunded) October, 2010 to September, 2011 (₹)	Leave Encashment (Unfunded) October, 2009 to September, 2010 (₹)
I.	Expense recognised in the statement of Profit & Loss Account for the year ended 30th September, 2011:				
	(a) Current Service Cost	11,868,839	9,915,214	8,901,649	7,542,688
	(b) Interest Cost	12,173,656	12,111,226	773,785	859,222
	(c) Actual return on plan assets	(18,558,085)	(13,072,215)	NIL	NIL
	(d) Actuarial Loss/(Gain)	22,625,674	2,410,091	(3,904,018)	(5,424,471)
	(e) Total Expense recognized in the Profit & Loss Account	28,110,084	11,364,316	5,771,416	2,977,439
II.	Net Liability recognized in the Balance Sheet as at 30.09.2011:				
	(a) Present Value Defined Benefit Obligation as on 30.09.2011	174,937,525	152,170,694	11,326,380	9,672,311
	(b) Fair Value of Plan Assets as at 30.09.2011	149,186,129	144,493,204	NIL	NIL
	(c) Net Assets/(Liabilities) as at 30.09.2011	(25,751,396)	(7,677,490)	(11,326,380)	(9,672,311)
III.	Change in Defined Benefit Obligation (DBO) during the year ended 30.09.2011:				
	(a) Present Value of Defined Benefit Obligation at the beginning of the period	152,170,694	151,390,321	9,672,311	10,740,270
	(b) Current Service Cost	11,868,839	9,915,214	8,901,649	7,542,688
	(c) Interest Cost	12,173,656	12,111,226	773,785	859,222
	(d) Actuarial Loss/(Gain)	22,625,674	2,410,091	(3,904,018)	(5,424,471)
	(e) Benefits Paid	23,901,338	23,656,158	4,117,347	4,045,398
	(f) Present Value of Defined Benefit Obligation at the year end	174,937,525	152,170,694	11,326,380	9,672,311
IV.	Change in the Fair Value of Plan Assets during the year ended 30.09.2011:				
	(a) Plan Assets at the beginning of the year (Previous year 01.10.2010)	144,493,204	146,985,739	NIL	NIL
	(b) Actual Return on Plan Assets	18,558,085	13,072,215	N.A.	N.A.
	(c) Actual Company Contributions	10,036,178	8,091,408	N.A.	N.A.
	(d) Benefits paid	23,901,338	23,656,158	N.A.	NIL
	(e) Fair Value of Plan Assets as at 30.09.2011	149,186,129	144,493,204	NIL	NIL
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)	8.50%	9.25%	N.A.	N.A.
	(c) Rate of Increase in Compensation Levels (per annum)	5.00%	5.00%	5.00%	5.00%
	(d) Mortality Table	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

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

12. Current Investments Received/Purchased & Redeemed during the year.

(in units)

Name of the scheme	Opening Balance	Received/ Purchased	Redemption	Closing Balance
Birla Sunlife Savings Fund	5,928,567	7,316,719	10,734,205	2,511,081
Birle Sunlife Cash Plus Fund	—	925,860	925,860	—
Birla Sunlife Short Term Fund	1,982,943	13,697	1,996,639	—
HDFC Cash Management Fund Treasury Adv. Plan	12,777,902	35,917,619	37,642,976	11,052,545
ICICI Prudential Flexible Income Plan	1,017,117	2,484,917	3,249,694	252,339
ICICI Prudential Liquid Fund	—	649,946	649,946	—
IDFC Money Manager Fund	—	3,022,017	1,991,020	1,030,996
Kotak Floater Long Term Fund	1,210,122	11,054	1,221,176	—
Kotak Quarterly Interval Fund	2,024,677	29,142	2,053,819	—
Reliance Medium Term	3,264,236	1,259,469	4,523,705	—
Reliance Liquid Fund	—	654,224	654,224	—
Reliance Quarterly Internal Fund	2,023,811	29,268	2,053,079	—
SBI SHF Ultra Short Term Fund	—	10,051,627	10,051,627	—
Tata Liquid Fund	—	35,895	35,895	—
Tata Floater Fund	3,000,842	6,055,335	9,056,177	—

13. Installed Capacity/Production :

	Units	Installed (i)		Production (ii)	
		2010-2011	2009-2010	2010-2011	2009-2010
(A) HEAVY ENGINEERING DIVISION :					
Sugar Mill Machinery	Units	—	—	2	3
Sugar Plants	Units	—	—	—	—
Milling Plants	Units	—	—	—	—
High Speed Centrifugals	Units	—	—	57	67
Gear & Gear Boxes	Sets	—	—	63	39
				(MT 1148)	(MT 340)
Water Tube Boilers	Units	—	—	2	5
Cement Making Plants	Units	—	—	3	—
Steam Accumulators	Units	—	—	—	—
Nuclear & Chemical Machinery	M.T.	—	—	—	—
				Not Quantified	Not Quantified
(B) FOUNDRY DIVISION :					
Castings	M.T.	9000	9000	5502	4796
(C) PRECISION INSTRUMENTS DIVISION :					
Pressure/Temperature Gauges	Nos.	—	—	606912	462163

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

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

	2010-11	2009-10
	(Per annum)	(Per annum)
Lathe	182529	169371
Boring & Hobbing	192321	172584
Drilling	162792	156213
Gear Cutting & Grinding	50949	50949
Slotting	26163	26163
Planning	32742	26163
Milling	39474	39474
Furnace	105264	92106
Other Machine Tools	189108	184212
Total	981342	917235

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

	2010-11	2009-10
	(Per annum)	(Per annum)
Lathe	210432	210432
Boring	93023	93023
Drilling	146688	146688
Gear Cutting & Grinding	9792	9792
Slotting	9792	9792
Planning	19488	19488
Milling	137088	137088
Grinding	53856	53856
Other Machine Tools	73152	73152
Total	753311	753311

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

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

	2010-11	2009-10
(a) Captive	300 MT	380 MT
(b) Outside Customers — Castings	5202 MT	4417 MT

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

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

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

PARTICULARS	Units	Opening Stock As on 01-10-2010		Closing Stock As at 30-09-2011		Sales for the year ended 30-09-2011	
		Quantity	Value ₹ in Lakhs	Quantity	Value ₹ in Lakhs	Quantity	Value ₹ in Lakhs
(A) HEAVY ENGINEERING DIVISION :							
Sugar Mill Machinery	Units	—	—	—	—	2	18,979.31
		(—)	(—)	(—)	(—)	(3)	(12,571.09)
Sugar Plants	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
Milling Plants	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
High Speed Centrifugals	Units	—	—	—	—	57	1,558.42
		(—)	(—)	(—)	(—)	(67)	(1,573.61)
Material Handling Equipments	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)
Gear Boxes	Sets	—	—	—	—	63	6,532.45
		(—)	(—)	(—)	(—)	(39)	(3,902.04)
Special Products	Units	—	—	—	—	—	3,148.43
		(—)	(—)	(—)	(—)	(—)	(4,898.53)
Water Tube Boilers	Units	—	—	—	—	2	35,830.68
		(—)	(—)	(—)	(—)	(5)	(19,655.87)
Cement Making Plant	Units	—	—	—	—	3	7,530.50
		(—)	(—)	(—)	(—)	(—)	(5,353.48)
Mineral Processing	Units	—	—	—	—	—	1,085.22
		(—)	(—)	(—)	(—)	(—)	(1,073.48)
Petro Chemicals	Units	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(526.28)
(B) FOUNDRY DIVISION :							
Castings	M.T.	—	—	—	—	5,202	4,210.17
		(—)	(—)	(—)	(—)	(4,417)	(3,384.92)
(C) PRECISION INSTRUMENTS DIVISION :							
Pressure Guages	Nos.	9,270	14.84	6,217	16.54	6,09,965	956.38
		(14,184)	(14.88)	(9,270)	(14.84)	(4,67,077)	(800.73)
(D) ERECTION/JOB WORK/SERVICES/SPARES :							
		—	—	—	—	—	15,935.79
			(—)		(—)		(13,497.08)
Excise duty on Finished Goods			1.53		1.95		
			(1.23)		(1.53)		
Total			16.37		18.49		95,767.35
			(16.11)		(16.37)		(67,237.11)

Figures in brackets are for the Previous year.

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

	Raw Materials & Components				Stores & Spares			
	2010-11		2009-10		2010-11		2009-10	
	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%
Imported	3,995.42	6.76	3,449.63	8.70	100.45	4.24	83.20	4.50
Indigenous	55,101.99	93.24	36,182.63	91.30	2,271.00	95.76	1,763.91	95.50
Total	59,097.41	100.00	39,632.26	100.00	2,371.45	100.00	1,847.11	100.00

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

16. Details of raw materials consumed (including components)

	Units	2010-11		2009-10	
		Quantity	₹ in Lakhs	Quantity	₹ in Lakhs
Plates, Sheets, Beams & Steel Materials	M.T.	10,330	4,618.00	4,537	2,132.93
Steel Scrap	M.T.	4,490	1,177.19	4,107	896.74
Castings	—	—	4,415.00	—	3,165.67
Pig Iron	M.T.	145	39.65	57.90	12.90
Ferro Alloys	M.T.	212	365.72	166	293.18
Bought out components etc.	—	—	48,481.85	—	33,130.84
Total			59,097.41		39,632.26

	2010-11	2009-10
	₹ in Lakhs	₹ in Lakhs
17. Earnings in Foreign Exchange:		
Export of goods calculated on FOB basis	12,947.20	5,111.93
Others (Zambia)	170.04	882.75
Ethiopia	588.86	—
Total	13,706.10	5,994.68
18. Value of Imports calculated on CIF basis:		
Raw Materials	2,151.92	769.52
Components & Spares parts	1,896.19	2,704.54
Capital Goods	1,376.21	72.81
Total	5,424.32	3,546.87
19. Expenditure in Foreign Currencies:		
Technical Fees (Net of Tax)	12.21	83.27
Travelling Expenses	98.25	61.23
Commission and Others	694.59	1,097.40
Others (Zambia)	66.35	914.27
(UAE)	23.04	65.34
Ethiopia	925.49	—
Total	1,819.93	2,221.51

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

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

As per our report attached
For K. S. AIYAR & Co.
Chartered Accountants
FRN: 100186W

Satish K. Kelkar
Partner
Membership No. 38934

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

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. T. Pawar
Sr. President

Chakor L. Doshi Chairman

Chirag C. Doshi Managing Director

Dr. P. K. Basu
Dilip J. Thakkar
A. U. Rijhsinghani
Dr. Anil Kakodkar
G. N. Bajpai

Directors

Date : 22nd November, 2011
Place : Pune

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-11

Particulars	₹ in Lakhs	₹ in Lakhs	Previous Year ₹ in Lakhs	Previous Year ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT BEFORE TAX		1,695.42		2,189.60
ADJUSTMENT FOR:				
Add: 1. Depreciation	1,589.44		1,335.20	
2. Interest	1,879.48		749.01	
		3,468.92		2,084.21
		5,164.34		4,273.81
Less: 1. Interest/Dividend	426.88		1,263.44	
2. Profit/(Loss) on Sale of Investment	4.08		2.27	
3. Profit/(Loss) on Sale of Assets	2.47		14.00	
		433.43		1,279.71
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	I	4,730.91		2,994.10
ADJUSTMENT FOR:				
1. Trade and Other Receivables	(4,913.82)		(17,015.25)	
2. Inventories	(6,659.92)		(5,142.31)	
3. Trade and Other Payables	3,481.86		23,644.57	
	II	(8,091.88)		1,487.01
CASH GENERATED FROM OPERATING ACTIVITIES	I+II	(3,360.97)		4,481.11
Direct Taxes Net of Refund of Income Tax		455.70		756.89
NET CASH FROM OPERATING ACTIVITIES	A	(3,816.67)		3,724.22
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of Investment	—		(53.45)	
Purchase of Fixed Assets	(2,670.61)		(2,346.44)	
Sale of Investments	2,810.98			
Sale of Fixed Assets	14.64		23.09	
Interest Received	168.35		1,000.00	
Profit on Sale of Investment	4.08			
Dividend Received	258.53		263.44	
NET CASH FROM INVESTING ACTIVITIES	B	585.97		(1,113.36)
	(A+B)	(3,230.70)		2,610.86
C. CASH FLOW FROM FINANCIAL ACTIVITIES				
Increase/(Decrease) in Borrowings	5,163.90		(2,103.19)	
Interest Paid	(1,879.48)		(749.01)	
Dividend Paid	(437.16)		(434.88)	
NET CASH USED IN FINANCING ACTIVITIES	C	2,847.26		(3,287.08)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B-C)	(383.44)		(676.22)
CASH AND CASH EQUIVALENTS AS AT 30.09.2010		3,472.32		4,148.54
CASH AND CASH EQUIVALENTS AS AT 30.09.2011		3,088.88		3,472.32
NET CASH FROM OPERATING ACTIVITIES		(383.44)		(676.22)

As per our report attached

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

Satish K. Kelkar
Partner
Membership No. 38934

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

Date : 22nd November, 2011
Place : Pune

J. L. Deshmukh
Managing Director &
Chief Executive Officer

V. T. Pawar
Sr. President

Chakor L. Doshi
Chairman

Chirag C. Doshi
Managing Director

Dr. P. K. Basu
Dilip J. Thakkar
A. U. Rijhsinghani
Dr. Anil Kakodkar
G. N. Bajpai

} Directors

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration	L74999MH1908PLC000291	State Code	11
Balance Sheet Date	30 - 09 - 2011		

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

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

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

Total Liabilities	5673538	Total Assets	5673538
Sources of Funds :			
Paid up Capital	76140	Reserve & Surplus	3993499
Secured Loans	1115543	Unsecured Loans	440069
Deferred Tax Liability	48287		
Application of Funds :			
Net Fixed Assets	3382303	Investment	186476
Net Current Assets	2104759	Miscellaneous Expenditure	NIL

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

Turnover	9643523	Total Expenditure	9473981
Profit Before Tax	169542		
Profit After Tax	127978	Earnings Per Share in ₹	336
Dividend Rate %	50		

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

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

As per our report attached

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

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Dr. Anil Kakodkar

G. N. Bajpai

Chairman

Managing Director

Directors

Date : 22nd November, 2011

Place: Pune

Important Statistical Data from 1908-09 to 2010-2011

(₹ in Lakhs)

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

(₹ in Lakhs)

Year	Paid up Capital		Reserves & Surplus	Debentures	Fixed Assets		Sales	Net Profit	Dividend paid on Pref. and Equity Shares	Equity Dividend
	Equity	Preference			Gross Block	Net Block				
1965-1966	151.50	50.00	226.65	75.00	592.61	354.43	510.47	16.76	23.18	12%
1966-1967	181.80	50.00	203.15	75.00	624.84	357.01	559.21	10.33	23.18	10%
1967-1968	181.80	50.00	238.75	75.00	850.16	357.03	788.52	50.72	26.82	12%
1968-1969	181.80	50.00	231.56	75.00	667.18	342.72	1041.56	16.38	23.18	10%
1969-1970	181.80	50.00	110.85	75.00	714.09	392.12	1074.80	-95.32	-	-
1970-1971	181.80	50.00	182.61	75.00	729.20	379.12	997.74	7.17*	-	-
1971-1972	181.80	50.00	208.36	75.00	762.77	335.97	1300.06	64.47	10.00	-
1972-1973	181.80	50.00	306.46	75.00	801.21	333.03	1649.72	86.62	31.62	12%
1973-1974	181.80	50.00	331.70	75.00	873.04	357.31	2184.57	48.71	19.00	7.70%
1974-1975	181.80	50.00	393.41	75.00	959.60	395.57	2453.00	58.15	26.82	12%
1975-1976	181.80	50.00	423.49	75.00	1058.21	423.44	2421.71	96.07	32.27	15%
1976-1977	182.98	50.00	423.04	73.82	1081.47	379.54	1970.06	40.83	32.33	15%
1977-1978	200.30	50.00	572.12	98.79	1772.72	1017.81	3615.05	195.77	33.75	15%
1978-1979	200.30	50.00	808.57	98.79	1920.74	1087.31	5031.11	263.06	37.05	16%
1979-1980	200.30	50.00	898.16	94.13	2131.56	1189.78	5572.98	121.30	37.05	16%
1980-1981	200.30	50.00	1104.94	69.46	2307.98	1248.17	5958.51	203.11	37.05	16%
1981-1982	200.30	50.00	1175.52	54.75	2441.32	1260.11	5754.26	111.63	41.05	18%
1982-1984										
(18 Months)	300.45	50.00	**5401.27	40.14	11118.29	@5446.17	12715.01	230.15	79.61	24%
1984-1985	300.45	50.00	4735.39	20.00	11233.15	5169.87	10763.79	125.64	53.07	16%
1985-1986	300.45	50.00	**4833.16	20.00	\$12388.57	\$6322.02	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%

NOTES:

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

WALCHANDNAGAR INDUSTRIES LTD

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

Intimation to Shareholders

Dear Shareholders,

Sub.: Payment of Dividend through NECS Mandate Form

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

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

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

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

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

Dated: 22nd November, 2011

**MANDATE FORMS RECEIVED BY REGISTRAR
& SHARE TRANSFER AGENTS UPTO 2ND
FEBRUARY, 2012 SHALL BE CONSIDERED
WHILE EFFECTING DIVIDEND PAYMENT
FOR THE YEAR 2010-11**



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)

--	--	--	--	--	--	--	--	--	--

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

22nd November, 2011

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, 2011 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, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mill Compound,
L.B.S. Road, 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, Profit and Loss Account 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 103rd ANNUAL GENERAL MEETING of the Company being held at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 on Thursday, 9th February, 2012 at 4.00 p.m.

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

Folio No./DPID & Client ID No.

No. of Shares

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

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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 103rd ANNUAL GENERAL MEETING of the Company to be held on Thursday, 9th February, 2012 at 4.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020 and at any adjournment thereof.

Signed this day of 2012

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.



New manufacturing facilities added during the year at Walchandnagar Factory for Aerospace Division.



Shareholders' visit to Walchandnagar Factory on 24th December, 2011.



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