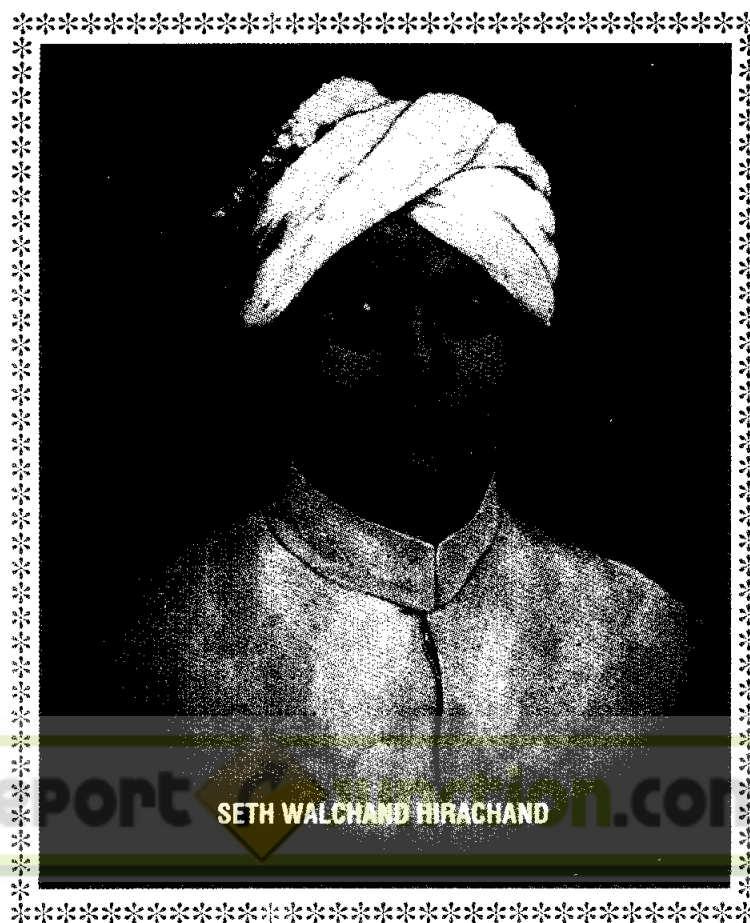




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93rd ANNUAL REPORT 2000-2001

**OUR BUSINESSMAN OF THE MILLENNIUM
and
FOUNDER OF WALCHAND GROUP**



(23-11-1882 to 8-4-1953)

"His life was truly a triumph of persistence over adversity."

Sardar Vallabhbhai Patel

**“निराशा पर आशा, अविश्वास पर विश्वास और दुर्भाग्य पर सौभाग्य की
विजय के प्रतीक.”**

सरदार वल्लभभाई पटेल

BOARD OF DIRECTORS



CHAKOR L. DOSHI
Chairman



VINOD L. DOSHI
Chairman Emeritus



A. U. RIJHSINGHANI
Managing Director



ARVIND R. DOSHI



P. K. BASU



A. R. GANDHI



SHARAYU DAFTARY



D. C. JOSHI
(Upto 20-12-2001)

OPERATING MANAGEMENT TEAM

PRESIDENTS

Mr. V. T. Pawar (M.S.G.)
Mr. S. S. Gangavati (BG-I)
Mr. T. S. Sakethan (BG-II)
Mr. U. K. Limaye (Finance)
Mr. Ramnathan Shankar
(CEO - Walchand Infotech)

VICE PRESIDENTS

Mr. A. R. Sood
Engine & Foundry Divn.
Mr. P. P. Patkar
Realty
Mr. G. S. Prakash
Boiler
Mr. B. Mishra
Harvester Divn.

GENERAL MANAGERS

Mr. P. K. Mahadevan
Materials
Mr. R. P. Mondkar
Special Executive (CO)
Mr. J. N. Nandurkar
Personnel & Welfare
Mr. V. M. Parthasarthy
Special Product
Mr. A. G. Pradhan
Special Assignments
Mr. M. H. Purwat
Accounts

Mr. V. G. Ratnaparkhi
General Engg. Products
Mr. C. L. Suri
Internal Audit
Mr. A. K. Sood
Gear
Mr. P. Suryanarayan
Boiler
Dr. R. K. Tiwari
Research & Development & PM
Mr. J. N. Pitambare
Sugar Machinery Divn.

DY. G.M. (FINANCE) & DY. COMPANY SECRETARY

Mr. S. C. Bhagwat

REGISTERED OFFICE

WALCHANDNAGAR INDUSTRIES LTD.
3, Walchand Terraces
Tardeo Road, Mumbai - 400 034
Tel. No. 4938866/4932931

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.
260 A Shanti Industrial Estate
Sarojini Naidu Road
Mulund (W), Mumbai-400 080
Tel. No. 5647731/5672716

MARKETING DIVISION

16, Mahatma Gandhi Road
Pune 411 001

FACTORIES

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

AUDITORS

M/s. K. S. Aiyar & Co.

SOLICITORS

M/s. Kanga & Co.

PRINCIPAL BANKERS

Bank of India
Syndicate Bank
United Bank of India
Global Trust Bank Ltd.



CHAIRMAN'S STATEMENT



Dear Members,

It is my pleasure to welcome you all to this 93rd Annual General Meeting of the Company.

As mentioned in my last statement, the general economy in India and that the World over was at a low-key. To worsen the situation came the audacious terrorism attacks in America that shook not only the USA, but also the rest of the World. Panic and uncertainty created by these attacks fueled further the unprecedented demand recession and caused crashes on the stock markets. The result has been a paltry over all industrial growth and negative growth of capital goods industry in India.

Due to slackness in demand and failure of primary markets to attract investments, hardly any new capacities are being planned in the major industrial sectors such as Sugar, Cement, Fertilizer & Steel. This has led to very few orders being chased by too many players leading to unhealthy price wars at the expense of quality. This has resulted in erosion in the profitability for the year compared to earlier years.

Since we have little control over the economic situation and market prices, all out efforts are being made for improving performance by reduction in cost by value engineering, innovations and optimization of material consumption, reduction in wastages and conservations of working capital funds etc.

With your continued support and with devotion and determination of the operating team, we shall be able to achieve the changes to tide over the present situation. We have done it in the past and I am optimistic, we shall do it again.

Chakor L. Doshi
Chairman

NOTICE

Notice is hereby given that the 93rd Annual General Meeting of Walchandnagar Industries Limited will be held as scheduled below:

Day : Thursday
 Date : 14th February, 2002
 Time : 11.00 a.m.
 Place : Walchand Hirachand Hall,
 Indian Merchants' Chambers Bldg.,
 Churchgate,
 MUMBAI 400 020

The Agenda for the meeting will be as under:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2001 and the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors.
2. To declare dividend on Equity Shares for the year ended 30th September, 2001.
3. To appoint a Director in place of Mr. Vinod L. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Sharayu Daftary, who retires by rotation and being eligible, offers herself for re-appointment.
5. To consider and if thought fit, to pass with or without modification, 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 they are hereby appointed 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 of Rs. 3,00,000/- (Rupees three lakhs only) and they be paid, in addition service tax, the out of pocket and/or travelling expenses they may incur while carrying out their duties as such auditors."

Special Business

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

"RESOLVED that subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions as may be required from the Stock Exchanges with which the securities of the Company are listed and/or any other relevant Authority and subject to any conditions or modifications as may be imposed while granting such approvals, permissions and sanctions and mutually agreed to in the best interest of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board of Directors by this Resolution) to seek voluntarily delisting of its Equity Shares from all or any of the Exchanges where the Company's shares are presently listed and in particular the Pune Stock Exchange Ltd, Bangalore Stock Exchange Ltd, Delhi Stock Exchange Association Ltd and The Stock Exchange Ahmedabad, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to the Stock Exchanges and volume of trading on the relevant Stock Exchanges.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deems necessary, desirable or appropriate and execute all such applications, deeds, agreements, documents and writings as it may consider necessary, usual requisite or proper for giving effect to this resolution."

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

"RESOLVED that pursuant to provisions of Section 31 and other applicable provisions, if any, under the Companies Act, 1956 including any statutory modifications and reenactment thereof for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be altered for alteration by way of inserting the following Clause:



"After Clause 102, insert the following Heading and the Article as "Article 102A".

102A Postal Ballot

"Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing the Resolution by its members by means of Postal Ballot (including voting by electric mode) and/or other ways as prescribed by the Central Government in this behalf and in respect of matters relating to such business as the Central Government by notification declared to be conducted only by postal ballot instead of transacting such business in the General Meeting of the Company. The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard from time to time."

By order of the Board

S. C. Bhagwat

DGM (Finance) & Dy. Company Secretary

Registered Office:

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

Date: 20th December 2001.

NOTES

- (a) Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Special business Item Nos. 6 & 7 mentioned above is annexed hereto.
- (b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 8th February, 2002 to Thursday, 14th February, 2002 (both days inclusive).
- (d) Dividend, if sanctioned, will be paid within the stipulated period to those members whose names stand on the Company's Register as on 14th February 2002. In respect of shares held in electronic form, the dividend will be paid to the Beneficial Owners as per the details furnished by the Depositories for this purpose.
- (e) Members who hold shares in physical form are requested to notify immediately change in their addresses, if any, to Company's Registrar and Share Transfer Agents – M/s. Intime Spectrum Registry Ltd, specifying Registered Folio Number and other relevant details. Members, who hold shares in electronic form are requested to notify change in their address to Depository Participant 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 1995 and thereafter may immediately approach the Company for revalidation of unclaimed warrants, as the amount of dividend remaining unclaimed for a period of 7 years shall be transferred to Investors Education & Protection Fund as per provisions of Section 205A of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
- (g) Members, who hold shares in Dematerialised form are requested to bring their Client ID and DP ID Nos. for easy identification of attendance at the meeting.
- (h) Members are requested to get the shares transferred in joint names, if shares are held in a single name to avoid inconvenience and also to send Nomination Form (available on request), if not sent earlier.

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EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 6

The Equity shares of your Company are presently listed in six Stock Exchanges viz. The Stock Exchange Mumbai, National Stock Exchange of India Ltd, Mumbai, Pune Stock Exchange Ltd, Bangalore Stock Exchange Ltd, Delhi Stock Exchange Association Ltd and The Stock Exchange Ahmedabad.

When the Shares were initially listed on these Stock Exchanges, the listing fee payable was quite nominal. Later on, some of the Stock Exchanges have increased the Listing fee exorbitantly whereas the trading of Company's Securities at these Exchanges is rare and trading volume negligible. The listing of Securities at the Regional Stock Exchange i.e. The Stock Exchange Mumbai is however compulsory. On the other hand trading at National Stock Exchange are regular and listing fee payable is also reasonable compared to the other Stock Exchanges. With a view to control the expenditure, it is proposed to delist the Securities from the Pune Stock Exchange Ltd, Bangalore Stock Exchange Ltd, Delhi Stock Exchange Association Ltd, and The Stock Exchange Ahmedabad. Shareholders in regions of these four Stock Exchanges will not suffer due to delisting since with the introduction of screen based trading on the BSE and NSE, trading in shares can be easily done throughout the Country. Moreover, the Company's shares are now to be compulsorily traded in Demat mode as per the notifications issued by Securities & Exchange Board of India (SEBI).

Members' approval is being accordingly sought by this Resolution to enable voluntarily delisting of the Company's

Shares from the said Stock Exchanges as required by SEBI guidelines.

The Board therefore recommends passing the Resolution as set out in Item No. 6 of the accompanying Notice. None of the Directors is interested in the Resolution except to the extent of their shareholdings.

Item No. 7

The provisions for passing Resolution by Postal Ballot have been introduced by inserting Section 192A of Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 as amended. To implement the same, the Articles of Association of the Company have to be amended and the relevant provisions have to be inserted therein.

The Board therefore recommends passing the Resolution as set out in Item No. 7 of the accompanying Notice. None of the Directors is interested in the Resolution except to the extent of their shareholdings.

By order of the Board

S. C. Bhagwat

DGM (Finance) & Dy. Company Secretary

Registered Office:

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

Date: 20th December 2001.



DIRECTORS' REPORT

To
The Members of
Walchandnagar Industries Ltd

Your Directors have pleasure in presenting the Ninety-third Annual Report with Audited Statement of Accounts for the year ended 30th September, 2001.

YEAR IN RETROSPECT PERFORMANCE

	30-09-2001 Rs. lakhs	30-09-2000 Rs. lakhs
Income	23000.21	22169.20
Profit before Depreciation and Interest	1343.44	1768.21
Less: – Interest	213.63	142.49
– Depreciation	317.03	285.53
Profit before exceptional item	812.78	1340.19
Less: Provision for Diminution in value of Investments	1231.56	—
(Loss)/Profit before Tax	(418.78)	1340.19
Less: Provision for Taxation	304.51	446.00
(Loss)/Profit after Tax	(723.29)	894.19
– Surplus brought forward from the previous year	898.49	860.49
– Transferred from Investment Allowance (Utilised) Reserve	13.00	64.77
	188.20	1819.45
Appropriations:		
– General Reserve	18.82	800.00
– Proposed Dividend	99.15	99.15
– Income Tax on Dividend	10.11	21.81
Surplus carried to Balance Sheet	60.12	898.49

Performance Analysis and Outlook

The turnover achieved during the year was Rs. 228.84 crores as compared to Rs. 220.22 crores in the previous year. However, the results have been seriously affected due to lower Profit Before Tax as compared to the previous year and provision for diminution in value of investments as explained herein under:

The economic depression and demand recession particularly in capital goods which took a turn for the worse following the devastating earthquake in Gujarat in January, 2001 received the final blow on account of audacious terrorist attacks on the USA. GDP Growth has been continuously sliding down and hardly any new investments are being planned in the major industrial sectors such as Sugar, Cement, Fertilizer and Steel. Even where firm orders were placed on us and initial advance paid, customers are not proceeding with the projects and are negotiating for downward revision in the prices. This has led to very few orders being chased by too many players, due to which the prices (and hence the margin) of the Plant & Machinery are continuously declining without corresponding decrease in the input costs and labour, power and raw materials. Hence, even though there was increase in the turnover, the profit before tax reduced.

The Engine & Foundry Division, however, has shown some improvement in performance over the previous year due to better demand for Cast Iron Castings which enabled better utilisation of capacities and by controlling the rejections to a reasonable level.

With the approval of the Reserve Bank of India, investment of US dollars Two million was made by the Company (in October 2000 & April 2001) in a Joint Venture Company in U.S.A. known as MediDeal.com, Inc. The Joint Venture Company made sufficient progress in development of the portal, but due to the sudden economic depression and subsequent uncertainties, the anticipated Venture Capital funding did not come forth. Hence, the activities of Joint Venture Company had to be stopped. The Promoter Directors had suggested that the Joint Venture Company should file dissolution/winding up proceeding under Chapter 7 or Chapter 11 of US Laws as they may be legally advised to safe guard against future claims. The Company has sought permission of RBI for disinvestment in the J. V. and has accordingly made a provision in the Books of Account for diminution in value of the investment.

The Company had also invested US dollars 0.7 million with the approval of the authorised dealer in a Joint Venture in the USA in a Company known as Taras Bulba Inc., which was set up for promoting the business of Restaurants in the USA. It began its operation by starting Pondicherry Restaurant in New York. Despite the best efforts put in by the Unit, its business did not pick up adequately and the Restaurant could not achieve the break even and had to be closed down in May 1999. Thereafter, one more effort for revival of the business was made by renovating the premises and starting a new American Concept Restaurant called "Jacks Fifth", but without much success. Due to overall slackness in hospitality business, imbroglio in the U.S. as a result of September 11 terrorist attacks, the Company's JV partners have

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advised (with which the Company is in agreement) not to make any further investments in this JV and close down this business. The Company has sought permission of RBI for disinvestment in the JV and has accordingly made a provision in the Books of Account for diminution in value of this investment also.

During the year, the Company has successfully commissioned two E. P. C. projects for generation of power from agricultural waste. Energy efficient planetary gear boxes developed with our R&D effort for sugar plants have proved successfully and the Company has started receiving orders for these from new sugar projects. Sugar Technology mission of the Government of India is supporting and recommending use of these gear boxes in place of conventional open gears in Sugar Plants.

CURRENT YEAR

The order book at the beginning of the current year at Rs. 274 crores is satisfactory, considering the present economic situation. However, as mentioned herein above the prices for these orders are competitively lower which will affect the overall margins. Besides, on account of fund constraints, many projects are moving slowly and some have been temporarily suspended. Some of the customers, who have opened partial LCs, have yet to arrange the full finance for their projects. These factors may adversely affect the turnover and performance of the current year. Despite the depressed economic situation and declining prices, all out efforts will be made for booking further orders, by reduction in cost to the extent possible through engineering innovations and optimisation in material consumption. The efforts towards improvement in productivity, effective buying, etc, will also be continued. Thrust will also be given for booking short term spare orders in Sugar, Centrifugal, Boiler & Cement machinery for improving the performance.

As a part of the diversification programme, the Company had entered into hospitality business during the year. The division has entered into an agreement for providing technical know how and supervision for the 3 restaurants for a period upto 31st March 2008. The Company's past experience of Joint Venture in USA enable it to develop the skills for these services.

EXPORTS

The foreign exchange earnings for the year was at Rs. 890 lakhs as against Rs. 1445 lakhs in the previous year. Continuous efforts are being made for increasing the export business by exploring all possible opportunities for Cement and Sugar Plant Machinery.

DIVIDEND

Your Directors are pleased to recommend Dividend for the Financial Year 2000-2001 on Equity Shares of Rs. 10/- each at Rs. 3.30 per share equivalent to 33% (33% in the previous year), aggregating to Rs. 99.15 lakhs.

FINANCE & ACCOUNTS

1. Fixed Deposits

The Company had earlier sent reminder to unclaimed depositors to comply with the procedural formalities for repayment of their deposits. The total amount of deposits outstanding as on 30-09-2001 was Rs. 3.15 lakhs, which was on account of 61 deposits due for repayment, but not claimed. Subsequently, the Company had credited such unclaimed and unpaid matured deposits amount to Investor Education and Protection Fund under Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001.

2. Income Tax Assessments

The Company's Income tax and Wealth tax assessments are completed upto the Assessment Year 1998-99. Assessment for the Assessment Year 1999-2000 is in progress. Various appeals before the Appellate Authorities are being pursued.

3. Auditors' Report

Observations made by the Auditors in part 2(e) of their report are suitably clarified under note No. 5(iv) forming part of the Accounts.

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 made by all the employees of the Company.

Your Company had signed a wage agreement with its unions which is valid till 23-1-2004. The agreement envisage continued co-operation and commitment towards adoption of modern technology, upgradation of skill and adoption of productive practices. As per the policy laid down on 'Safety and Health', during the year, safe work methods were meticulously followed to ensure safety of personnel and machinery.

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 form part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Such information will be made available for inspection to the members from 24-01-2002 to 14-02-2002 during business hours on the working days till 93rd Annual General Meeting. Any shareholder interested in obtaining such particulars may write to the Company at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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



1. in preparation of the Annual Report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed;
2. appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgement 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 2001 and the losses of your Company for the year ended on that date;
3. 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;
4. the annual accounts have been prepared on a going concern basis;
5. 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.

VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES

The Company's equity shares are presently listed at the Stock Exchanges at Pune, Mumbai, Bangalore, Ahmedabad and Delhi and the National Stock Exchange and are actively traded on the Mumbai and National Stock Exchanges whereas the trading volumes on the Pune, Bangalore, Ahmedabad and Delhi Stock Exchanges are insignificant. Mumbai Stock Exchange is the regional Stock Exchange for the Company. With the introduction of screen based trading on BSE and NSE, the members of the Company have access to online dealings in the Company's securities across the country. It is, therefore, proposed to delist the Company's equity shares from the Pune, Bangalore, Ahmedabad and Delhi Stock Exchanges. The delisting will help to control the expenditure & conserve resources for the operations of the Company. A special resolution, accordingly, has been proposed in the notice convening the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Though the provisions of corporate governance as per the Listing Agreement are applicable to the Company in the financial year 2001-2002 but not later than March 31, 2002, the Company has already initiated steps for better and more transparent corporate governance. A report on the same is enclosed by way of Annexure "A" to this report.

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 "B" to this Report.

SUBSIDIARIES

As required by the Companies Act, 1956, the Annual Report and Accounts of the Company's Subsidiaries – M/s. Walchand Tander Cement Company Ltd for the year ended 31st March, 2001 and MediDeal.com, Inc. USA for the year ended 31st December 2000 are attached to this report. In respect of Balance Sheet and the Profit & Loss Account for the period ended 31st December, 2000 of MediDeal.com, Inc., Dept. of Company Affairs had permitted to attach such Accounts to the Balance Sheet of the Company with 9 months gap and to attach in the form drawn in accordance with the Laws prevailing in the Country of Incorporation with a stipulation that the Company would publish equivalent Indian Rupees as of 31st December, 2000 along with the figures stated in Foreign currency. As in USA there is no statutory requirement for audit in respect of MediDeal.com, Inc., the Company has attached Review Report done by C. P. A. (Certified Public Accountants) along with Indian Rupee conversion duly certified by the Statutory Auditors of the Company.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Article 149 of Articles of Association of the Company, Mr. Vinod L. Doshi and Smt. Sharayu Daftary are due to retire by rotation at the 93rd Annual General Meeting and they being eligible offer themselves for reappointment. Mr. D. C. Joshi had tendered his resignation from the Directorship of the Company. The Directors place on the record the invaluable advice and guidance given by Mr. D. C. Joshi during the tenure of his services as a Director.

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 fix their remuneration.

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: 20th December, 2001.