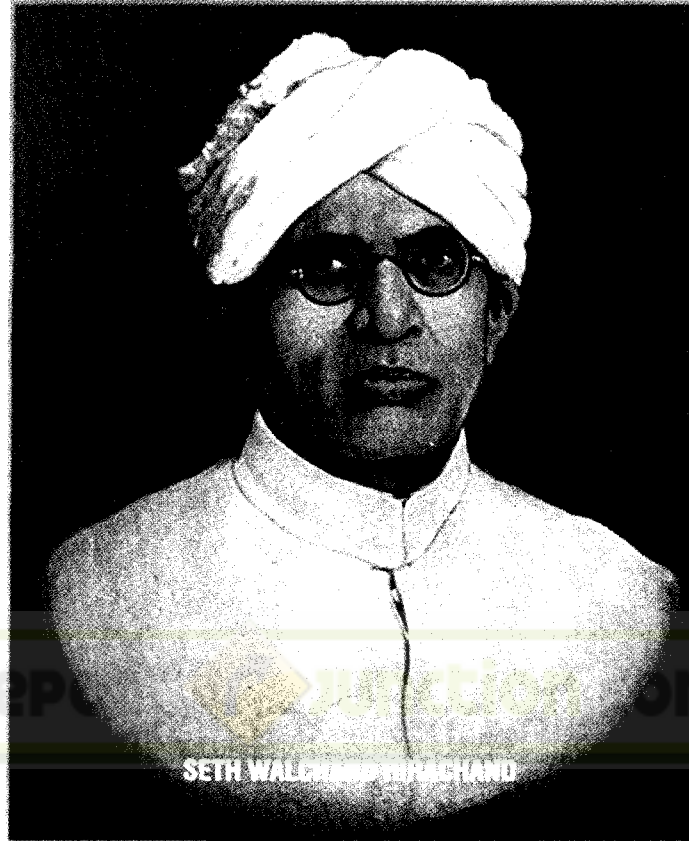




95th ANNUAL REPORT 2002-2003

**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

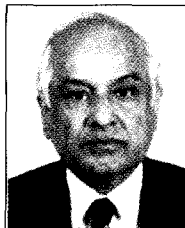
**“निराशा पर आशा, अविश्वास पर विश्वास और दुर्भाग्य पर सौभाग्य की
विजय के प्रतीक.”**

सरदार वल्लभभाई पटेल

BOARD OF DIRECTORS



CHAKOR L. DOSHI
Chairman



P. K. BASU



SHARAYU DAFTARY



R. M. PANDE



DILIP J. THAKKAR



A. U. RIJHSINGHANI
Managing Director



OPERATING MANAGEMENT TEAM

CHIEF OPERATING OFFICER

Mr. J. L. Deshmukh

VICE PRESIDENTS

Mr. J. N. Nandurkar
(P. & W.)

Mr. V. M. Parthasarthy
(S.P.D.)

Mr. M. H. Purwat
(Finance)

Mr. C. L. Suri
(M.D.O.)

Mr. Chirag C. Doshi
(Corporate Affairs)

GENERAL MANAGERS

Mr. P. K. Mahadevan
(Materials)

Mr. A. G. Pradhan
(Special Assignments)

Mr. V. G. Ratnaparakhi
(General Engg. Products)

Mr. A. K. Sood
(Gear)

Mr. P. Suryanarayan
(Boiler)

Dr. R. K. Tiwari
(Research & Development & P.M.)

Mr. J. D. Jadhav
(E&F Divn.)

Mr. A. B. Kamalapur
(Tiwaç)

PRESIDENTS

Mr. S. S. Gangavati (BG-I)

Mr. T. S. Sakethan (BG-II)

Mr. U. K. Limaye (E & F Divn.)

Mr. G. S. Prakash (BG-III)

Mr. Ramnathan Shankar
(CEO - Walchand Infotech)

COMPANY SECRETARY

Mr. R. J. Pardeshi

G.M. (MS) & Company Secretary

REGISTERED OFFICE

WALCHANDNAGAR INDUSTRIES LTD.

3, Walchand Terraces

Tardeo Road, Mumbai - 400 034

Tel No. 24939498

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (W), Mumbai - 400 078

Tel : (022) 55555454

Fax : (022) 55555353

MARKETING DIVISION

Walchand House

15/1/B-2, Kothrud

Pune - 411 038

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 95th Annual General Meeting of the Company.

It is a matter of great relief that after a prolonged period of recession and uncertainty our economy is showing the signs of recovery and now seems to be poised for growth. Our own order book position also shows improvement, although there are hardly any orders for Sugar Machinery, as this segment which has been our mainstay, continues to reel under the pressure of over capacity. However, it is on account of diversification in newer business segments such as Mineral Processing plants, EPC projects, Bio-mass and Municipal waste power projects and diversion of resources to Special Products that we could keep up the performance of the year and improve our order book position.

I take pride in informing you that we manufactured and delivered in time a critical equipment conforming to one of the most exacting standards of quality, for the Department of Atomic Energy; and this won us great appreciation of the Government of India. During the year, we also successfully commissioned a power plant based on Municipal waste as fuel in Andhra Pradesh. This is the first power plant of its kind in the country and serves the dual purpose of disposal of Municipal waste and generating power out of it.

For improving performance of the Company, productivity enhancement and cost control continue to be our main thrust areas. In addition, special emphasis is being given to expeditious execution of the projects and strengthening of supply chain management to ensure enhanced customer satisfaction which is the focal point of our 'Quality Policy'.

With your ever continuing support and unflinching dedication of our operating team, we are confident of further improvement in Company's performance.

Chakor L. Doshi
Chairman

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NOTICE

Notice is hereby given that the 95th Annual General Meeting of Walchandnagar Industries Ltd. will be held as scheduled below :

Day : Tuesday
Date : 10th February, 2004
Time : 3.00 p.m.
Place : Walchand Hirachand Hall
Indian Merchants' Chambers Building,
Churchgate
MUMBAI 400 020

The Agenda for the meeting will be as under :

Ordinary Business :

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 30th September, 2003 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 2003.
3. To appoint a Director in place of Mr. Chakor L Doshi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt. Sharayu Daftary, who retires by rotation and being eligible, offers herself for reappointment.
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 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 of Rs. 3,50,000 (Rs. Three lakhs fifty thousand only) and they be paid, in addition, service tax, 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 pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act 1956, consent of the Company be and is hereby accorded, that where in any financial year the Company has no profits or its profits are inadequate; Mr. A. U. Rijhsinghani, Managing Director be paid remuneration including commission as per the terms approved by the Shareholders in the previous Annual General Meetings subject to the ceiling as prescribed in Paragraph (B) of Section II of Part II of the Schedule XIII to the Companies Act 1956, for a period of 3 (three) years commencing from 1st October, 2002.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps

including seeking approval of the Central Government or any other authority, as may be necessary to pay remuneration including commission to Mr. A. U. Rijhsinghani, Managing Director as per the terms and conditions of appointment approved by the Shareholders for his entire tenure as Managing Director."

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

"RESOLVED THAT pursuant to Section 255 (2) of the Companies Act, 1956, Mr. J. L. Deshmukh, in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation, for a period of 5 years w.e.f. 1st April, 2004."

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

"RESOLVED THAT in accordance with Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. J. L. Deshmukh w.e.f. 1st April 2004 as Executive Director of the Company not liable to retire by rotation for a period of 5 years on the terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mr. J. L. Deshmukh, a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting with liberty to the Board of Directors to alter and vary such remuneration, subject to the overall ceiling as specified in Schedule XIII to the Companies Act, 1956 read with Sections 198, 309 and all other applicable provisions of the Act or any amendments thereof or re-enactments thereof as may be agreed to by the Board and Mr. J. L. Deshmukh without any further reference to General Meeting.

RESOLVED FURTHER THAT the remuneration including commission as aforesaid shall be paid as minimum remuneration for any year in which there is absence or inadequacy of profits subject to approvals as may be required.

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded that where in any financial year during currency of the tenure of Executive Director, if the Company has no profits or its profits are inadequate, Mr. J. L. Deshmukh be paid remuneration including commission as per the terms to be approved by the Shareholders within the ceiling as prescribed under Paragraph (B) of Section II of Part II of the Schedule XIII to the Companies Act 1956, for a period of 3 (three) years commencing from 1st April, 2004 being the date of his appointment.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps including seeking approval of the Central Government or any other authority, as may be necessary to give effect to the above Resolution."



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

"RESOLVED that pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Chakor L. Doshi, the Chairman of the Company and a relative of Smt. Sharayu Daftary, to continue to provide professional services as Advisor/Consultant to the Company for an additional period of 2 years from 1st May 2004 to 30th April 2006 on payment of Rs.25,000/- per day of Consultancy as a Consultancy Fees plus expenses on travelling, lodging and boarding & reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted foreign exchange allowance in case of any assignments abroad."

10. 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 314 and all other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby accorded to Mrs. Champa C. Doshi, wife of Mr. Chakor L. Doshi, Chairman of the Company, to hold and continue to hold an office or place of profit under the Company with the designation of Special Executive (Corporate Affairs) or such other designation as the Managing Director may from time to time decide at a monthly remuneration together with other benefits and perquisites as mentioned in the explanatory statement to this notice, with authority to Managing Director at his discretion to give increments as he may deem fit and proper and to sanction at his discretion and in due course promotion to next higher grade together with modifications in benefits and perquisites, subject to the maximum amount of consolidated salary as stated in the explanatory statement and such revision in remuneration together with other perquisites and benefits will be effective from the date as may be decided by the Managing Director."

By Order of the Board

R. J. Pardeshi

GM (Management Services) & Company Secretary

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

Date : 17th December, 2003

NOTES :

- a) Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of special business item

Nos. 6, 7, 8, 9 & 10 mentioned hereinabove is annexed hereto.

- b) A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote 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 4th February, 2004 to 10th February, 2004 (both days inclusive).
- d) The Dividend, if declared, will be payable within the stipulated period to those members whose names appear on the Company's Register of Members as on 10th February, 2004. In respect of Shares held in Electronic Form, the dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as at the end of business hours on 3rd February, 2004.
- 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 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 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 1997 and thereafter may immediately approach the Company for revalidation of unclaimed warrants as the amount of dividend remaining unpaid for a period of 7 years shall be transferred to Investors Education & Protection Fund as per provisions of Section 205A of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above no claim shall lie in respect thereof.
- g) Members, who hold shares in De-materialised form, are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
- h) Members are requested to get the Shares transferred in joint names, if shares are held in a single name to avoid the inconvenience and also to send nomination form (available on request), if not sent earlier.
- i) Members are requested to bring the copies of the Annual Report at the time of attending Annual General Meeting.
- j) Members / Proxy Holders are requested to produce at the entrance of the hall admission slips forwarded to them duly completed and signed, in accordance with the specimen signature registered with the company for admission to the Meeting Hall.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 6**

For the year 2001-2002 the Managing Director was paid remuneration as per ceiling specified under para (A) of Schedule XIII of the Companies Act, 1956 on account of inadequate profits. The ceiling under para (A) is much below the remuneration payable to Managing Director as per the terms of appointment as approved by the Shareholders. With a view to enable the Company to pay remuneration including commission as per the terms of the appointment and as approved and recommended by the Remuneration Committee and the Board of Directors, it is proposed to follow procedure under para (B) wherein higher ceiling of Rs. 3,50,000/- p.m. based on effective capital of the Company is available which is adequate to pay remuneration including commission as per the terms of appointment.

Your Directors recommend the special resolution as set out at Item No. 6 for your approval. None of the Directors except Mr. A. U. Rijhsinghani is concerned or interested in the Resolution.

The statement required to be given alongwith the notice of Annual General Meeting as per subsection (iv) of para (B) of Section II of Part II to the Schedule XIII to the Companies Act, 1956 is given under item No 8.

ITEM NO. 7

It is proposed to appoint Mr. J. L. Deshmukh as Director of the Company w.e.f. 1-04-2004 for a period of 5 years under Section 255(2) of the Companies Act, 1956.

The Company has received a notice from a member, proposing his candidature for the office of Directorship under Section 257 of the Companies Act, 1956, for a period of 5 years w.e.f. 1-04-2004.

The Report on Corporate Governance contains a brief bio-data of Mr. J. L. Deshmukh and is also elaborated at item No. 8 of this explanatory statement as required to be given under Clause 49 of the Listing Agreement.

Your Directors recommend the Resolution as set out at Item No. 7 for your approval. None of the Directors of the Company is concerned or interested in it.

ITEM NO. 8

Mr. J. L. Deshmukh, aged 54 years, is a Bachelor of Engineering (Mechanical). He has worked for more than 30 years with Cummins India Ltd. His vast experience covers wide functions like Application Engineering, Marketing, Manufacturing and General Management. He has held senior positions like President, Director and Managing Director in Cummins India Ltd. He has also worked in U.S.A. as Business Development Director. He has been instrumental in increasing volumes, profitability, bringing in latest manufacturing practices, improving quality of production in the previous employment

Mr. J. L. Deshmukh joined the Company as Chief Operating Officer on 5th October, 2003. He has been entrusted with the task of assisting Managing Director for bringing about

improvement in Sales, Quality and Profitability by adopting latest practices in the business process.

Taking into consideration the diverse and complex activities, plans for expansion and diversification of the company and need to strengthen management structure to meet global challenges, the Board recommends his appointment as Executive Director for a period of 5 years w.e.f. 1st April 2004 on the terms and conditions, as set out in the draft agreement subject to the consent of the Company in the ensuing 95th Annual General Meeting.

The draft agreement to be entered into between the company and Mr. J. L. Deshmukh in respect of his appointment inter alia contains the following main terms and conditions :

Salary :

Rs.75,000/- (Rupees Seventy Five Thousand only) per month. Increments will be decided upon by the Board from time to time and will be on the basis of merit and company's performance.

Commission :

1 (One) per cent on the net profits computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956.

Perquisites :

Perquisites payable in addition to the salary and commission shall be as follows :

- i) House Rent Allowance : Rs. 37,500/- (Rupees Thirty Seven Thousand five hundred only) per month.
- ii) Leave Travel Concession : One month's salary in a year as per Company's Rules.
- iii) Encashment of Leave : As per Company's Rules.
- iv) Medical Reimbursement : Reimbursement of expenses incurred by the Executive Director for Self and his family (spouse, dependent children and dependent parents) subject to the ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- v) Contribution towards Provident Fund at the rate of 12% of salary as Employer's contribution.
- vi) Leave : As per Company's Rules.
- vii) Superannuation : Upto 15% of salary as per Company's Rules.
- viii) Gratuity payable shall be half a month's salary for each completed year of service inclusive of earlier service rendered in the Company.
- ix) A Company maintained car will be provided.
- x) The Company will reimburse expenses or pay allowance for utilization of Gas, Electricity, Water, Furnishing, Repairs,



Personal Accident Insurance Premium, Club Fees, Membership of Professional Bodies and such other perquisites and/or allowances with overall ceiling of one month's salary per year. The said perquisites and allowances shall be calculated wherever applicable as per Income Tax Act, 1961 and any Rules thereunder. In the absence of any Rules, such perquisites shall be valued at actual cost.

- xi) Reimbursement of Driver's salary will be made.
- xii) The Company shall also provide telephone at his residence or reimburse him with the own telephone charges at residence. The same, however, shall not be considered as perquisite. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company to the Executive Director.

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during currency of his tenure as executive director, the Company will pay remuneration by way of salary, perquisites, other allowances and commission as specified above subject to the approval of the Central Government or any other authority wherever applicable and any other provisions of the Companies Act, 1956.

It is also proposed that the procedure under para (B) of Part II of Schedule XIII to the Companies Act, 1956 be followed to avail higher ceiling of Rs.3,50,000/- p.m. to enable the Company to pay remuneration including commission to Mr. J. L. Deshmukh as per the terms of appointment for a period of 3 years w.e.f. 01.04.2004 being the date of his appointment as Executive Director. The payment of remuneration is approved and recommended by the Remuneration Committee and the Board of Directors and the approval of Shareholders is sought by way of Special Resolution.

The draft agreement to be entered into between the Company and Mr. Deshmukh is available for inspection at the Registered Office of the Company on any working day excluding Saturdays and Sundays and Public Holidays between 11.00 a.m. and 3.00 p.m.

The terms and conditions as set out in the Agreement and the remuneration therein may be altered and varied from time to time by the Board of Directors as it may at its discretion deem fit so as not to exceed the limits specified under the Companies Act, 1956 or any amendments made thereto without further reference to the Company in General Meeting.

The Directors recommend the Special Resolution as set out at Item No 8 of the Notice for the approval of the Shareholders. None of the Directors is concerned or interested in the Resolution. This may also be treated as an abstract under Section 302 of the Companies Act, 1956.

A statement prescribed under sub-section (iv) of para (B) of Section II of Schedule XIII to the Companies Act, 1956 in respect of Mr. A. U. Rijhsinghani and Mr. J. L. Deshmukh is given here under :

I General Information

1 Nature of Industry :

The Company is engaged in engineering, manufacturing and project activity related to various segments of heavy process industries like Sugar, Cement, Boilers, etc

2 Date or expected date of commencement of commercial production.

The company is already in production for last several decades.

3 In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable, as the Company is existing one.

4 Financial performance based on given indicators :

The Financial performance of the company in relation to various indicators during the years 2001-2002 and 2002-2003 is given in the Directors Report under the heading Financial Results.

5 Export performance and net foreign exchange collaborations. Rs.305.48 lacs (Foreign Exchange Earning).

6 Foreign investment or collaborators, if any

Foreign investment – Nil

Foreign collaboration with Magotteaux International, Belgium of High Efficiency Separators.

II Information about the appointee(s):

A) Information about Mr. A. U. Rijhsinghani

1. Background details :

Mr. A. U. Rijhsinghani, Managing Director aged 71 years is an Engineering Graduate with Post Graduate degree from Illinois Institute of Technology, USA and is also a Fellow of Economic Development Institute of Washington, USA. He has a vast experience of over 48 years' to his credit in General Management, Project Engineering & Project Consultancy.

Mr. Rijhsinghani before joining the Company was whole time Director of Cement Corporation of India and initially joined the Company in 1990 as Corporate Advisor and subsequently held the positions of President and Executive Director followed by his appointment as Managing Director w.e.f. 19th April, 1998.

2. Past remuneration :

The total remuneration paid to Mr. Rijhsinghani from 1st October, 2001 to 30th September, 2002 was Rs.23.94 lakhs.

3. Recognition or awards :

- 1. He is a fellow member of Institute of Engineering.
- 2. He is a fellow member of All India Management Association.
- 3. In view of his capabilities and contributions he was appointed as a member of the Technology Information Forecasting and Assessment Council (TIFAC) of Government of India.

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4. He is Vice Chairman of Indian Atomic Industrial Forum.

4. Job profile and his suitability :

The job profile of the Managing Director of the Company includes overall supervision and control of the Company's activities and in particular to attend to all matters concerning production planning, manufacture, finance, marketing and administration and such other duties and services as entrusted by the Board of directors. Mr. Rijhsinghani is performing the same since April 19, 1998.

5. Remuneration proposed:

On the recommendation and approval of Remuneration Committee, the Board of Directors proposes to pay the remuneration including commission to Mr. Rijhsinghani as per the terms of appointment approved by the Shareholders subject to the ceiling limits as prescribed in Paragraph (B) of Section II of Part II of the amended Schedule XIII to the Companies Act 1956, for a period of 3 (Three) years w.e.f. 1st October, 2002 i.e. overall remuneration within the ceiling limit of Rs.3,50,000/- per month considering effective capital of the Company.

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

On a scale of comparison the remuneration being proposed to be paid to the Managing Director is on lower side when compared to the Companies in the Heavy Engineering sector.

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

Mr. Rijhsinghani does not have any pecuniary relationship directly or indirectly with the company or with any other managerial personnel.

company as Chief Operating Officer w.e.f. 5th October, 2003.

2. Past remuneration:

Not Applicable.

3. Recognition or awards :

Cummins India Ltd. received prestigious National Export Award and National Quality Award under his leadership.

4. Job profile and his suitability:

Mr. J. L. Deshmukh has been assigned the task of assisting Managing Director for bringing about improvement in Sales, Quality and Profitability by adopting latest practices in the business process. Mr. J. L. Deshmukh has been shouldering these responsibilities since his appointment as Chief Operating Officer w.e.f. 5th October, 2003.

5. Remuneration proposed:

On the recommendation and approval of Remuneration Committee, the Board of Directors proposes to pay the remuneration including commission to Mr. Deshmukh as per the terms of appointment to be approved by the Shareholders subject to the ceiling limits as prescribed in Paragraph (B) of Section II of Part II of the amended Schedule XIII to the Companies Act 1956, for a period of 3 (Three) years w.e.f. 1st April, 2004 i.e. overall remuneration within the ceiling limit of Rs.3,50,000/- per month considering effective capital of the Company.

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

On a scale of comparison the remuneration being proposed to be paid to the Executive Director is on lower side when compared to the Companies in the Heavy Engineering sector.

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

Mr. Deshmukh does not have any pecuniary relationship directly or indirectly with the company or with any other managerial personnel.

B) Information about Mr. J. L. Deshmukh

1. Background details :

Mr. J. L. Deshmukh aged 54 years is a Bachelor of Engineering (Mechanical). He has worked for more than 30 years with M/s Cummins India Ltd. and his experience covers wide functions like Application Engineering, Marketing, Manufacturing and General Management. He has held senior positions like President, Director, Managing Director in Cummins India Ltd. Mr. J. L. Deshmukh has joined the

III Other information :

1. Reasons of loss or inadequate profits :

The financial year 2002-2003 was very challenging one. The continued recession, financial stringency with the



customers in our conventional project sectors particularly Sugar and Cement machinery affected margins.

2. Steps taken or proposed to be taken for improvement :

The Company has taken the following steps to improve the profitability

- i) Cost reduction and productivity improvement.
- ii) Booking orders for traditional business segment on the basis of value addition.
- iii) Thrust on booking and executing orders from Aero Space Projects, NPC / BARC for higher value addition.
- iv) Boiler Division : Maintaining leadership in supply of co-generation boilers based on baggasse and bio-mass.
- v) Focus on booking EPC orders.
- vi) Diversification in Defence Projects, Waste recovery boilers and Mineral Processing Sector.

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

Though it is difficult to quantify expected profits in measurable terms, there will be a marked improvement in the position.

ITEM NO. 9

Mr. Chakor L. Doshi, the Chairman of the Company was appointed as an Advisor / Consultant with effect from 1st May 2002 on Retainership and Consultancy basis for a period of 2 years by the Board and the same was approved by the Company in the Annual General Meeting held on 26th April, 2003. The Central Government has already expressed the opinion under Section 309 (1) of the Companies Act, 1956 stating that Mr. Chakor L. Doshi has the requisite qualifications for functioning as Advisor / Consultant of the Company. Considering the benefit the Company has drawn from his advice on Corporate matters relating to Company's business including Finance, Marketing, Organization Structure, Industrial Relations, New Projects, Corporate Planning, Exports, Foreign Collaborations, etc, the Board extended the period of Consultancy Agreement for a further period of 2 years with effect from 1st May, 2004 on payment Rs.25,000/- per day of consultancy as Consultancy Fees plus expenses on travelling, lodging and boarding & reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted foreign exchange allowance in case of any assignments abroad. The said extension is made subject to the approval of the Company in the Annual General Meeting.

Mr. Chakor L. Doshi is related to Smt. Sharayu Daftary, Director of the Company. The Board therefore recommends passing the Special Resolution as set out in Item No. 9 of the accompanying Notice. None of the Directors except Mr. Chakor L. Doshi and Smt. Sharayu Daftary as his sister is concerned/interested in the Resolution.

ITEM NO. 10

Mrs. Champa C. Doshi has been associated with the Company since last 9 years and has requisite experience on Corporate matters. Presently, Mrs. Champa C. Doshi is designated as Special Executive (Corporate Affairs) and her appointment on part time basis was made as per the Resolution passed by the Board of Directors of the Company in the meeting held on 26th August, 1994. The salary and perquisites given to Mrs. Champa C. Doshi have not been revised since her appointment in 1994. Mrs. Doshi is a Graduate of St. Xavier's College. Considering her experience, services of Mrs. Champa C. Doshi will be of definite help in achieving Corporate Goals.

Mrs. Champa C. Doshi is related (wife) to Mr. Chakor L. Doshi, Chairman of the Company and therefore approval of the members by way of Special Resolution is necessary for her to hold and continue to hold office of profit in the Company on the increased remuneration and benefits as stated below :

- a) **Consolidated Salary** : Rs.10,000/- per month (earlier Rs.6000/-) with increments as the Managing Director may fix from year to year such that consolidated salary including perquisites shall not exceed Rs.50,000/- per month.
- b) **Other benefits and perquisites** (same as before) :
 1. Provident Fund : 12% of Salary.
 2. Superannuation : Upto 15% of the salary p.a.
 3. Gratuity : As per Company Rules.
 4. Leave Travel Assistance : One month's salary once in a year.
 5. House Rent Allowance : Rs.1,600/- per month.
 6. Annual Leave Entitlement : As per Company's Rules.
 7. Telephone : Expenses towards usage of telephones installed at residence will be reimbursed by the Company.
 8. Conveyance : Company car will be provided and reimbursement of salary of driver will be made.

The Directors recommend the Special Resolution as set out at Item No 10 of the Notice for the approval of the shareholders. None of the Directors except Mr. Chakor L. Doshi and Mrs. Sharayu Daftary is concerned / interested in the Resolution.

By Order of the Board

R. J. Pardeshi

GM (Management Services) & Company Secretary

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

Date : 17th December, 2003