

102nd ANNUAL REPORT 2009-2010



A Tradition of Engineering Excellence

WALCHANDNAGAR INDUSTRIES LIMITED



SETH WALCHAND HIRACHAND

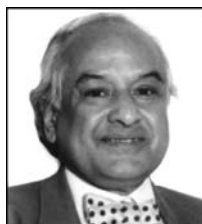
Seth Walchand Hirachand's life was truly a triumph of persistence over adversity.

Sardar Vallabbhai Patel

Board of Directors



Chakor L. Doshi
Chairman



Dr. P. K. Basu
Director



Dilip J. Thakkar
Director



A. U. Rijhsinghani
Director



Arati H. Vissanji
Director



S. B. Das
Director



J. L. Deshmukh
Managing Director & CEO



Chirag C. Doshi
Managing Director



Dr. Anil Kakodkar
Director



G. N. Bajpai
Director

Management Team

Name

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

Designation

Sr. President – Defence, Hydrocarbons & Gear
Sr. President – Sugar, Boiler & Financial Processes
President – Strategic Planning & Market Research
President – Special Products
President – Manufacturing Unit-Walchandnagar
President – Boiler & Sugar
President – Corporate H.R. & Special Projects
President – New Business Ventures
President – Mining & Bulk Materials Handling
President – Turbine Business Group
President – Foundry Division, Satara Road
President – Projects
President – Materials
President – Manufacturing Technology
President – Walchand Technology Group
Chief Financial Officer
Chief Information Officer
Sr. Vice President – Finance
Sr. Vice President – Cement
Vice President – Precision Instruments Division, Dharwad
Company Secretary

Corporate Information

Registered Office

Walchandnagar Industries Ltd.
3, Walchand Terraces,
Tardeo Road,
Mumbai - 400 034
Tel. No. (022) 4028 7109 / 2369 2295

Pune Offices

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

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

Factories

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

Company Secretary

Mr. G. S. Agrawal

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel. No. (022) 2596 3838
Fax No. (022) 2594 6969
E-mail: mumbai@linkintime.co.in

Auditors

K.S. Aiyar & Co.,
Chartered Accountants

Principal Bankers

State Bank of India
Bank of India
ING Vysya Bank Ltd.
The Hongkong & Shanghai Banking Corporation Ltd.

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Letter from the Chairman



Dear Members,

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

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

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

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

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

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

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

Thank You,

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

Chakor L. Doshi
Chairman

NOTICE

Notice is hereby given that the 102nd Annual General Meeting of members of Walchandnagar Industries Limited will be held as scheduled below:

Day : Thursday
Date : 10th February, 2011
Time : 4.00 p.m.
Place : Walchand Hirachand Hall,
Indian Merchants' Chambers Building,
Churchgate, Mumbai - 400 020.

The Agenda for the meeting will be as under:

Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 30th September, 2010 and Profit & Loss Account for the year ended as on that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 30th September, 2010.
3. To appoint a Director in place of Mr. Dilip J. Thakkar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. B. Das, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution as required under Section 224 of the Companies Act, 1956, for appointment of Auditors:

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

Special Business:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. Anil Kakodkar whose term of Office as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

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

By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai - 400 034

Date : 27th December, 2010

Notes:

- (a) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of special business Item Nos. 6 and 7 mentioned above is annexed hereto.
- (b) **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.**
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 4th February, 2011 to Thursday, the 10th February, 2011. (both days inclusive).
- (d) The Dividend, if declared at the meeting, will be paid within the stipulated period, to those members who hold Shares in Physical Form and whose names appear on the Company's Register of members as on 10th February, 2011. In respect of Shares held in Electronic Form, the dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for this purpose at the end of business hours on 3rd February, 2011.
- (e) Members who hold shares in physical form are requested to notify immediately change in their addresses, if any, to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., specifying Registered Folio Number and

other relevant details. Members, who hold shares in Electronic Form are requested to notify change in their addresses to Depository Participants with whom they are maintaining their Beneficial Owner Account.

- (f) Members who have not encashed their dividend warrants for the financial years ended 30th September, 2003 and thereafter may immediately approach the Company for revalidation of unclaimed warrants as the amount of dividend remaining unpaid for a period of 7 years shall be transferred to Investors Education & Protection Fund as per provisions of Section 205A of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Investors Education and Protection Fund (IEPF) as above, no claim shall lie against the Company or the IEPF in respect thereof.
- (g) Members, who hold shares in De-materialized form, are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
- (h) Members are requested to get the Shares transferred in joint names, if shares are held in a single name to avoid the inconvenience and also to send nomination form (available on request), if not sent earlier.
- (i) Members are requested to bring the copies of the Annual Report at the time of attending Annual General Meeting.
- (j) Members/Proxy Holders are requested to produce at the entrance of the hall admission slips forwarded to them duly completed and signed, in accordance with the specimen signature registered with the Company for admission to the Meeting Hall.
- (k) Mr. Dilip J. Thakkar and Mr. S. B. Das, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, the details of their qualifications and experience, and names of the other public Companies in which they hold Directorships and Memberships/Chairmanships of Board and its Committees, as stipulated under Clause 49 of the Listing Agreement with Stock Exchange are provided in the Report on Corporate Governance forming part of Annual Report. The Board of Directors recommends their respective re-appointments.
- (l) Documents relating to the items mentioned in the Notice and Explanatory Statement are available for inspection at the Registered Office of the Company on any working day (except Sunday) during business hours from 10.30 a.m. to 12.30 p.m.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

The Directors appointed Dr. Anil Kakodkar as an Additional Director of the Company w.e.f. 27-12-2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 133 of Articles of Association of the Company Dr. Anil Kakodkar holds the office only up to the date of this Annual General Meeting. A Notice has been received from a member as required under Section 257 of the Companies Act, 1956, alongwith required deposit of ₹ 500/- proposing Dr. Anil Kakodkar as candidate for office of the Director.

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

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

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

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

Item No. 7

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

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

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

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

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

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

By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai - 400 034

Date : 27th December, 2010

DIRECTORS' REPORT

To:
The Members of
Walchandnagar Industries Limited

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

1. Performance for the Year in Retrospect:

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

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

2. Current Year:

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

3. Exports & Overseas Projects:

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

4. Dividend:

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

5. Management Discussion & Analysis:

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

6. Finance & Accounts:

i. Fixed Deposits:

The fixed deposits received from the shareholders and the public, outstanding as on 30th September, 2010, were at ₹ 3.00 Lakhs. Deposits due for repayment during the year have been paid in time and no deposits which were due for payment have remained unpaid as on 30th September, 2010.

ii. Income Tax Assessments:

The Company's Income Tax and Wealth Tax Assessments are completed up to the Assessment Year 2007-08. Assessment for the Assessment year 2008-09 is in progress. Various appeals before Appellate Authorities are being pursued.

iii. Auditors Report:

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

7. Human Resources Development:

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

Learning & Development Capability:

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

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

8. Directors' Responsibility Statement:

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

- i. In preparation of the Annual Report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed.
- ii. Appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgment applied consistently, and estimates have been made so as to ensure that the accounts give a true and fair view of the state of affairs of your Company as at 30th September, 2010 and the profit of the Company for the year ended on that date.
- iii. Proper and sufficient care has been taken for maintenance of appropriate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.
- v. The observations of the Auditors in their Report to the members have been adequately dealt with in the relevant Notes to the Accounts. Hence, no additional explanation is considered necessary.

9. Corporate Governance:

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements as set out by SEBI. The Ministry of Corporate Affairs recently announced a set of Voluntary Guidelines on Corporate Governance. The Company is evaluating the feasibility of these guidelines for its progressive implementation. The report of Corporate Governance along with Certificate from the auditors of the Company regarding compliance of conditions of corporate governance is enclosed by way of Annexure 'B' to this Report.

10. Social Responsibility:

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

Health:

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

Education:

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

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

Environment:

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

Encouraging young talents in the sports field:

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

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

11. Energy, Technology & Foreign Exchange:

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

12. Personnel:

Employee relations remained harmonious and satisfactory during the year and your Board would like to place on record sincere appreciation for sustained efforts and valued contribution towards growth initiative made by all the employees of the Company.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report and accounts are being sent to the shareholders excluding the statement giving particulars of employees under Section 217(2A) of the Act.

The copy of the said statement is available at the Registered Office for inspection. Any shareholder interested in obtaining a copy of the statement, may write to the Company Secretary at the Registered Office of the Company.

13. Subsidiaries:

The Company does not have any subsidiary.

14. Directors:

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