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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		



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ANNUAL REPORT 1996-97

BOARD OF DIRECTORS



VINOD L. DOSHI
Chairman



CHAKOR L. DOSHI
Vice-Chairman



P.M. DANDEKAR



J.M. VAKIL



ARVIND R. DOSHI



A.U. RIJHSINGHAN
Executive Director



D.M. SATWALEKAR



A.R. GANDHI



SHARAYU DAFTARDAR



D.C. JOSHI



P.K. BASU

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89TH
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OPERATING MANAGEMENT TEAM

SR. VICE PRESIDENT

Mr. R.L. Nandeshwar
Engine & Foundry Division

Mr. T.V. Rudrappa
Engineering & Quality Assurance

VICE PRESIDENTS

Mr. A.R. Sood
Strategic Services Group

Mr. C.L. Suri
Internal Audit

Mr. V.T. Pawar
Management Services Group

Mr. A.A. Naik
Legal

Mr. P.V. Kulkarni
Boiler & Gear

Mr. A.G. Pradhan
Special Assignments

Mr. S.S. Gangavati
Sugar Machinery Division

Mr. A.K. Sood
Gear Division

Mr. T.S. Sakethan
Special & General Engineering Products

Mr. R.V. Ganesan
Finance

Mr. S.P. Gupte
Exports

Mr. V.M. Parthasarthy
Special Product Division

Mr. P.P. Patkar
Realty

Dr. R.K. Tiwari
Engg., CP. & R&D

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REGISTERED OFFICE/SHARE DEPT.

415, Churchgate Chambers
5, New Marine Lines
Mumbai 400 020
Tel No. 2624654/2624683

AUDITORS

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

ADMINISTRATIVE OFFICE

3, Walchand Terraces
Tardeo Road
Mumbai 400 034
Tel. No. 4939498/4938866

SOLICITORS

M/s. Daphtary Ferreira & Diwan
M/s. Mulla & Mulla & Craigie Blunt & Caroe

MARKETING DIVISION

16, Mahatma Gandhi Road
Pune 411 001

PRINCIPAL BANKERS

Bank of India
Syndicate Bank
United Bank of India
Bank of Maharashtra
Bank of Baroda
Dena Bank
Canara Bank

FACTORIES

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

CHAIRMAN'S STATEMENT



Dear Members,

In my last year's statement, I had touched upon the aspect of recessionary trends and liquidity crunch faced by our customers. Due to these, despite good order book position, major portion of orders could not be executed. Many of our customers found problems in making available the funds for their projects and requested for deferment of their orders. This coupled with higher interest rates in the earlier part of the year put our margins under pressure. The profit of the year would have been further affected, but for advance planning, improvement in operating efficiency and control on costs. I am sure you will agree with me that despite these economic uncertainties, the company has achieved fairly good results.

I take pride in bringing to your knowledge the important role of your company in India's achievements of self-reliance in the manufacture of Space Launch Vehicles. Over 50% of the total hardware for the main thrust stage of the "Made-in-India Rocket" launching a "Made-in-India 1200 Kg Remote Sensing Satellite" into orbit from Indian soil for the first time, on 29th September 1997 was manufactured by your company.

Other noteworthy achievements of your company include signing an agreement with the World giant MAAG Gear Co. of Switzerland for export of gear box components to Europe and America and development of high efficiency "Planetary Gear Boxes" for sugar mills and other similar applications. By successful supply and commissioning of a high pressure multi-fuel boiler for co-generation project of Dharani Sugar & Chemicals Ltd., your company has emerged as an important player in the field of boilers for co-generation which has great potential in the country.

During the year your company received the prestigious National Export Award from the President of India apart from Export Excellence Awards from EEPC and Jt. D.G.F.T./Maharatta Chamber of Commerce & Industries, Pune.

As a long term strategy, your company is focusing on quality, productivity, cost control and customer service to maintain its status as market leader. With good order booking on hand and expectation of early improvement in the national economy, I am sure the company will continue its good performance in the years to come.

Vinod L. Doshi
Chairman

**89TH
ANNUAL
REPORT**



NOTICE

NOTICE is hereby given that the 89th Annual General Meeting of the Company will be held as scheduled below :

DAY : Monday
 DATE : 16th March, 1998
 TIME : 4.00 p.m.
 PLACE : Walchand Hirachand Hall
 Indian Merchants'
 Chamber Bldg.
 Churchgate
 Mumbai 400 020

The Agenda for the Meeting will be as under:

Ordinary Business :

1. To receive and adopt the Directors' Report and Audited Statement of Accounts of the Company for the year ended 30th September, 1997.
2. To declare dividend on Equity Shares for the year ended 30th September, 1997.
3. To appoint a Director in place of Mr. P.M. Dandekar, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. Arvind R. Doshi, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. Chakor L. Doshi, who retires by rotation and is eligible for reappointment.
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution as required under Section 224A 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. 2,00,000/- (Rupees two lakhs only) and they be paid in addition, the out of pocket and/or travelling expenses they may incur while carrying out their duties as such auditors."

Special Business :

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

"RESOLVED that the existing Agreement dated 19th April, 1994 for appointment of Mr. A. U. Rijhsinghani as Executive Director of the Company will come to an end on 18th April, 1998 and he will be appointed as Managing Director of the Company from 19th April, 1998.

"RESOLVED FURTHER that Mr. A.U. Rijhsinghani be appointed as Managing Director, in whole time employment of the Company, not liable to retire by rotation, for a period of 5 years with effect from 19th April, 1998 on terms and conditions of draft agreement intended to be signed between the Company and Mr. Rijhsinghani, a copy whereof initialled by the Vice Chairman for the purpose of identification, is placed before the meeting."

"RESOLVED FURTHER that the Remuneration and perquisites and allowances stated in draft agreement will be governed by Sections 198, 269 & 309 read with Schedule XIII of the Companies Act, 1956 as is applicable for the time being."

RESOLVED FURTHER that where in any financial year during the currency of tenure of Managing Director, the Company has no profits or its profits are inadequate, it may pay remuneration to Managing Director, in accordance with the limits specified under Section II of Part IV of Schedule XIII of the Companies Act, 1956, without any further approval.

By Order of the Board

Chakor L. Doshi
 Vice Chairman

Registered Office:
 415, Churchgate Chambers
 5, New Marine Lines
 Mumbai 400 020
 Date: 16th December, 1997

NOTES:

- (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the 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.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from Monday,

9th March, 1998 to Monday, 16th March, 1998 (both days inclusive).

- (c) Dividend, if sanctioned, will be paid within the stipulated period to those members whose names stand on the Company's Register as on 16th March, 1998.
- (c) Members are requested to notify immediately change in their address, if any, to the Company at its Registered Office specifying therein the Pin Code Number.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 7**

Mr. A. U. Rijhsinghani was appointed as Executive Director for the period of 5 years from 19th April, 1994 as per the agreement dated 19th April, 1994 between the Company and Mr. Rijhsinghani. This agreement will come to an end on 18th April, 1999. However, it has been decided to appoint him afresh with, effect from 19th April, 1998 on the revised terms, for which a formal agreement will be entered into by the Company with Mr. Rijhsinghani.

Taking into consideration, the diverse and complex activities of the Company and his contribution in the progress made by the Company, the Board considered it necessary to revise his salary and perquisites as well as his designation by appointing him as Managing Director in the whole time employment of the Company for a period of five years from 19th April, 1998. Consequently, the Board decided to put an end to his existing contract and enter into a fresh contract with him as is permissible under Section 317(3) of the Companies Act, 1956.

Mr. A. U. Rijhsinghani, aged 65 years, is an Engineering Graduate with Post graduation from Illinois Institute of Technology USA and is also a Fellow of Economic Development Institute of Washington. He has a vast experience of over 35 years to his credit in General Management, Project Engineering and Project Consultancy.

Mr. Rijhsinghani joined the Company in 1990 as Corporate Advisor. With effect from 1st October, 1991, he held the position of President. He was appointed as Executive Director with effect from 19th April, 1994 for a period of 5 years.

Having regard to diverse, competitive activities of the Company, plans for expansion and diversification and also the contribution of Mr. A.U. Rijhsinghani in progress of the Company, the Board of Directors recommended his appointment as Managing Director of the Company, subject to the approval of the shareholders.

The draft Agreement to be entered between the Company and Mr. Rijhsinghani in respect of his appointment, inter alia contains the following main terms and conditions:

1. Period

From 19th April, 1998 to 18th April, 2003

2. Salary

Rs. 75,000/- per month in the grade of 75,000-5,000-1,00,000

3. Commission

One percent on the net profits computed in the manner laid down in Sections 198 and 309 of the Companies Act, 1956.

4. Perquisites:**(i) House Rent**

House Rent Allowance @ 60% of monthly salary

(ii) Leave Travel Concession

One Month's salary once in a year as per Company's Rules

(iii) Encashment of Leave:

Encashment of Leave as per Company's Rules

(iv) Medical Reimbursement:

For self and family subject to a ceiling of one month's salary in a year or 3 months salary for a period of 3 years

(v) Contribution to Provident Fund and Superannuation Fund:

As per Company's Rules to the extent these are either singly or put together are not taxable under Income Tax Act.

(vi) Gratuity:

Half month's salary for each completed year of service

(vii) Conveyance

Company's Car with Driver for use on Company's business

(viii) Telephone

Telephone at Residence or reimbursement of own telephone charges at residence.

Other reimbursement of expenses or allowances for utilisation 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 evaluated at actual cost.

The remuneration and perquisites proposed in the Agreement will be within the limits of 5% of Net Profits of the Company in the relevant financial year during the tenure of appointment as laid down by Section I of Part II of Schedule XIII of Companies Act 1956. However, in the unlikely event of Company having no profits or inadequate profits, the Company may pay Remuneration as per limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956.

The draft Agreement intended between the Company and Mr. Rijhsinghani is available for inspection at the Registered Office of the Company on any working days excluding Saturdays and Sundays between 11.00 a.m. and 1.00 p.m.

The terms and conditions as set out in the Agreement and 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 in Schedule XIII to the Companies Act, 1956 (including any statutory modifications or enactments thereof for the time being in force) or any amendments made thereto without any further reference to the Company in General Meeting.

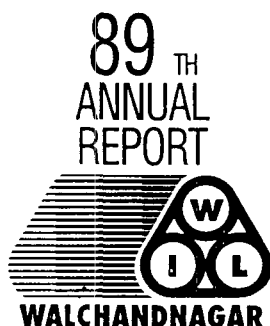
Mr. A. U. Rijhsinghani is deemed to be concerned or interested in the resolution pertaining to his appointment and remuneration payable to him. None of the other Directors of the Company is in any way concerned or interested in the said resolution. The agreement on the above terms will be entered into as soon as shareholders approve the same. This may, therefore, be treated as an abstract of the terms and conditions of contract with Managing Director, as envisaged by Section 302 of the Companies Act, 1956.

The Directors recommend the resolution as set out at Item No. 7 of the Notice for the approval of the shareholders.

By Order of the Board

Chakor L. Doshi
Vice Chairman

Registered Office:
415, Churchgate Chambers
5 New Marine Lines
Mumbai 400 020.
Date: 16th December, 1997.



DIRECTORS' REPORT

To
The Members of
Walchandnagar Industries Ltd.

Your Directors have pleasure in presenting the Eighty-ninth Annual Report with Audited Statement of Accounts for the year ended 30th September, 1997.

YEAR IN RETROSPECT

Performance

	30-9-97	30-9-96
	Rs. lakhs	Rs. lakhs
Income	16934.05	19074.93
Profit before Depreciation and Interest	2024.51	2434.66
Less:- Interest	224.33	330.77
- Depreciation	239.36	198.74
Profit before tax	1560.82	1905.15
Less: Provision for taxation	581.60	453.00
Profit after tax	979.22	1452.15
Add: - Transfer from Investment Allowance (Utilised) Reserve	—	41.32
- Surplus Brought forward from the previous year	1901.55	1255.70
	2880.77	2749.17
Appropriations:		
- Foreign Project Reserve	65.00	65.00
- General Reserve	400.00	700.00
- Contingency Reserve	1330.00	—
- Proposed Dividend	82.62	82.62
- Income Tax on Dividend	8.26	—
Surplus carried to Balance Sheet	994.89	1901.55

Operations

The performance of the Company was satisfactory inspite of overall slowdown of economy and steep recession in Engineering Industry. The turnover achieved was Rs.166.01 crores as against Rs. 188.99 crores in the previous year. The Profit before Tax works out to Rs. 15.61 crores as against Rs. 19.05 crores in the previous year. In spite of higher interest rate, the total interest burden of the company was brought down by Rs. 106.44 lakhs due to effective utilisation of working capital and internal resources.

The Company's turnover was adversely affected by funds constraint faced by our customers due to which they could not keep up the commitments for release of payments. The Industrial Machinery Division could achieve a turnover of Rs. 149.70 crores as against Rs. 173.51 crores during previous year. It may also be mentioned that in the previous year, the Company executed substantial orders for export, which contributed to higher turnover as well as profits on account of favourable foreign exchange variations. The Income tax provision in previous year was also on lower side due to export benefits available on export turnover.

Despite collaborations with renowned world leaders such as M/s. Onoda Engineering & M/s. UBE Engineering both from Japan and

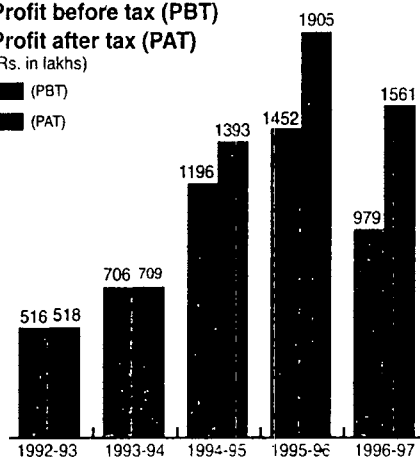
Profit before tax (PBT)

Profit after tax (PAT)

(Rs. in lakhs)

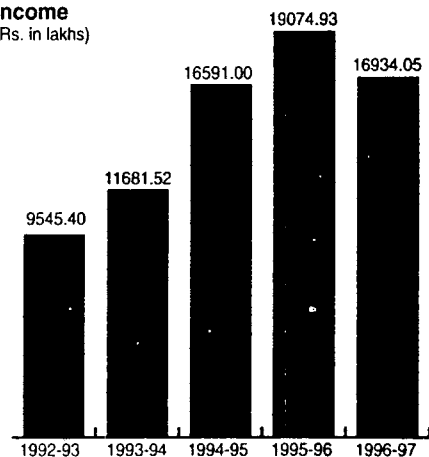
■ (PBT)

■ (PAT)



Income

(Rs. in lakhs)



M/s. Magotteaux International of Belgium, which enabled Company to offer most modern and sophisticated cement plants, the order booking has not been to the expectations due to recession in Cement Industry.

The performance of Engine & Foundry Division at Satara Road was also affected by recession in automobile industry. The company has already started modernising the plant which will improve the production facilities, meet higher quality standards and also will increase the product mix base.

CURRENT YEAR

The order booking in hand at the beginning of the current year is Rs. 330 crores. It is hoped that the present financial problems faced by Company's customers may get gradually resolved which will enable the Company to achieve better results in the second half of the current year.

Continuous thrust and efforts are being made on effective utilisation of funds, thereby reducing interest costs and improving the quality standards and customer satisfaction alongwith control over cost.

EXPORTS

The foreign exchange earnings was at Rs. 16.24 crores as against Rs. 47.51 crores in the previous year.

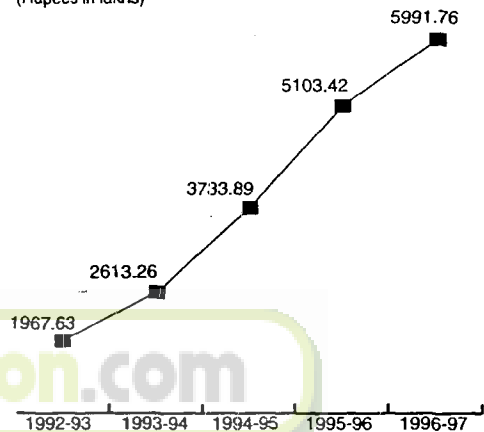
During the year the Company has successfully completed order for supply of Sugar machinery to Eastern Sugar Mills Ltd, Nepal.

Efforts are being made to enlarge export business by widening the product range and exploring newer markets.

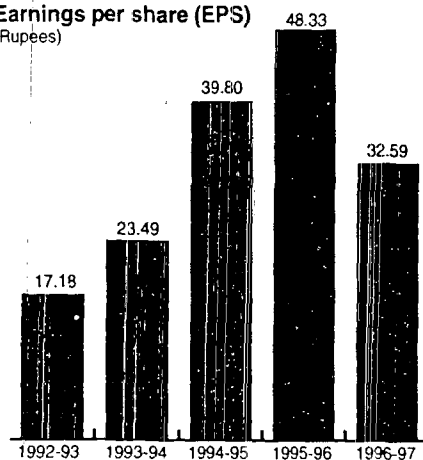
DIVIDEND

Your Directors are pleased to recommend Dividend for the Financial Year 1996-97 on Equity Shares of Rs. 10/- each at Rs. 2.75 per share equivalent to 27.5% (27.5% in the previous year), aggregating to Rs. 82.62 lakhs.

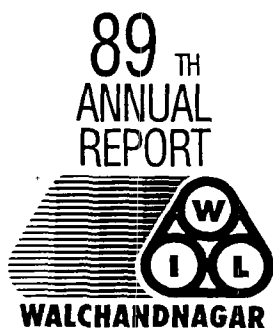
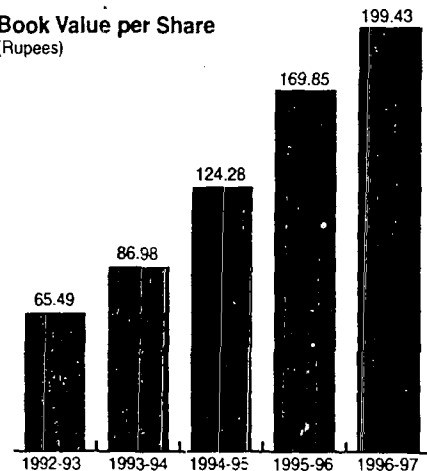
Shareholders Net Worth
(Rupees in lakhs)



Earnings per share (EPS)
(Rupees)



Book Value per Share
(Rupees)



FINANCE & ACCOUNTS

1. Financial Parameters

The debt equity ratio has further improved from 0.11 to 0.07. The earnings per share (EPS) is Rs. 32.59 as against Rs. 48.33 for last year. The book value per share has gone up from Rs. 169.85 to Rs. 199.43.

During the year under report, outstanding loans of Rs. 167 lakhs were repaid to the banks.

2. Fixed Deposits

The total amount of deposits outstanding as on 30-9-1997 was Rs. 3.76 lakhs, which is on account of 71 deposits due for repayment, are remaining unclaimed.

The Company has been sending reminders to these depositors to comply with the procedural formalities for repayment of their deposits.

3. Income tax assessments

The Company's Income tax and wealth tax assessments are completed upto the Assessment Year 1994-95. Assessments for the Assessment Years 1995-96 and 1996-97 are in progress. Various appeals before the Appellate Authorities are being pursued.

4. Auditors' Report

Observations made by the Auditors in part 'C' of their report are suitably clarified under Note No. 16 forming part of the Accounts.

PERSONNEL

The Board wishes to place on record its sincere appreciation to all the employees of the Company for their sustained efforts and valuable contribution to the performance during the year.

A harmonious industrial relation climate continued to prevail in all the divisions of the Company. The Company's commitment to the training of workmen has enabled adaption of modern technology and also improve better quality and productivity at our works.

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and under Section 217(1)(e) of the said Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, form part of this report. However, as per the provisions of Section 217(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 23-2-98 to 16-3-98 during business hours on the working days till 89th Annual General Meeting. Any shareholder interested in obtaining such particulars may write to the Company at the Registered Office of the Company.

SUBSIDIARY

As required by the Companies Act, 1956, the Annual Report and Accounts of the Company's Subsidiary M/s. Walchand Tandur Cement Company Ltd., for the year ended 31st March, 1997 are annexed to this report.

ADDITIONAL INFORMATION

Additional information required by the Companies (Amendment) Act, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and out-go is given in the annexure to this Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 149 of Articles of Association of the Company, Mr. P.M. Dandekar, Mr. Arvind R. Doshi and Mr. Chakor L. Doshi will retire by rotation at the 89th Annual General Meeting and they being eligible offer themselves for reappointment.

AUDITORS

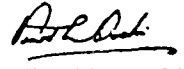
M/s. K. S. Aiyar & Co. Chartered Accountants, Auditors of the Company will retire at the ensuing Annual General Meeting and they being eligible have offered themselves for reappointment. The members are requested to appoint the Auditors and fix their remuneration.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation of the assistance and cooperation that the company has been receiving from the financial institutions and 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 and on behalf of the Board of Directors.


Vinod L. Doshi
Chairman

Registered Office:
415, Churchgate Chambers
5, New Marine Lines
Mumbai 400 020

Date: 16th December, 1997.

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