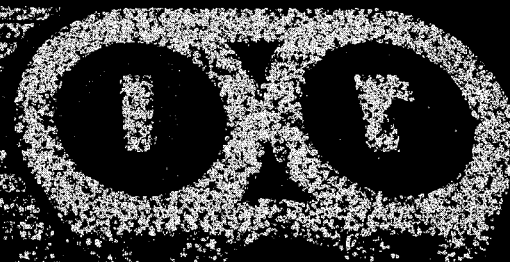


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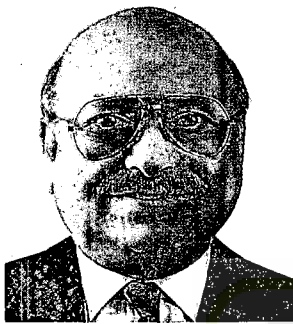
ANNUAL REPORT 1997-98

BOARD OF DIRECTORS



CHAKOR L. DOSHI
Chairman

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	ND	✓	AC	✓
AGM	✓	✓	SHI	✓
VE	✓	✓		✓



VINOD L. DOSHI
Chairman Emeritus



P. M. DANDEKAR



J.M. VAKIL



ARVIND R. DOSHI



P. K. BASU



A.U. RIJHSINGHANI
Managing Director



D. M. SATWALEKAR



A. R. GANDHI



SHARAYU DAFTARY



D. C. JOSHI

OPERATING MANAGEMENT TEAM

SR. VICE PRESIDENT

Mr. R. L. Nandeshwar
Engine & Foundry Division

VICE PRESIDENTS

Mr. A. R. Sood
Strategic Services Group

Mr. V. T. Pawar
Management Services Group

Mr. P. V. Kulkarni
Boiler & Gear

Mr. S. S. Gangavati
Sugar Machinery Division

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

Mr. S. P. Gupte
Exports

Mr. P. P. Patkar
Realty

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

Mr. S. C. Bhagwat

GENERAL MANAGERS

Mr. T. V. Rudrappa
Engineering & Quality Assurance

Mr. C. L. Suri
Internal Audit

Mr. A. A. Naik
Legal

Mr. A. G. Pradhan
Special Assignments

Mr. A. K. Sood
Gear Division

Mr. V. M. Parthasarthy
Special Product Division

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

Mr. V. G. Ratnaparkhi
General Engg. Products

Mr. P. K. Mahadevan
Materials

Dr. V. P. Desai
Corporate Computer Centre

Mr. J. N. Nandurkar
Personnel & Welfare

Mr. M. H. Purwat
Accounts

REGISTERED OFFICE/SHARE DEPARTMENT ADMINISTRATIVE OFFICE

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

MARKETING DIVISION

16, Mahatma Gandhi Road,
Pune 411 001

FACTORIES

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

AUDITORS

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

SOLICITORS

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

PRINCIPAL BANKERS

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

CHAIRMAN'S STATEMENT



Dear Members,

I take pleasure in welcoming you to this 90th Annual General Meeting of the Company.

I am pleased to inform you that despite the severe economic recession through which the country is passing, your Company has performed relatively well.

The economic recession which set in a couple of years ago got aggravated by international economic sanctions as a reaction to country's decision to go nuclear as also the unanticipated depression in South East Asian countries. The primary markets have also not shown any signs of revival in this period. This situation led to shelving of several projects and paucity of executable orders, particularly for some of the products such as Cement Machinery and Industrial Boilers. Prices of Sugar and Centrifugal Machinery also underwent an unprecedented reduction, whereas excise duty on these products was raised from 10% to 13% and labour and other costs increased as a result of high rate of inflation, putting the margins under heavy pressure. Satara Foundry Division where work of modernisation and expansion was completed, was the worst affected due to the worst ever demand recession in the Automobile Industry. Your Company was, however, able to maintain a reasonable profit by improving productivity and controlling fixed costs across the board. Prudent financial and material management also helped in reducing the operating costs.

I take pride in informing you that this year also your Company received prestigious Export Excellence Award of Engineering Export Promotion Council for our group of products.

You will be happy to know that as a result of continuous endeavour to enter into new markets for export, your Company, for the first time has been able to make foray into South American and Carribean Island countries.

Looking to the general deterioration in the economy and the severe demand recession in some of the product lines, your Company is focussing on continuous improvement in productivity and reduction in fixed costs as well as winning over of our esteemed customers by improving our quality of products and services. Barring unforeseen circumstances, your Company hopes to keep up the performance at the current level, despite the present adverse circumstances.

Chakor L. Doshi
Chairman



NOTICE

NOTICE is hereby given that the 90th Annual General Meeting of the Company will be held as scheduled below :

DAY : Friday
 DATE : 12th February, 1999
 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 and adopt the Directors' Report and Audited Statement of Accounts of the Company for the year ended 30th September, 1998.
2. To declare dividend on Equity Shares for the year ended 30th September, 1998.
3. To appoint a Director in place of Mr. Vinod L Doshi, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. D. C. Joshi, who retires by rotation and is eligible for reappointment.
5. 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. 2,50,000/- (Rupees two lakhs fifty thousand 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:

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
 "RESOLVED that since Mr. J. M. Vakil, the retiring Director of the Company has

expressed his desire not to seek re-election at this Annual General Meeting of the Company, thereby causing a vacancy, such vacancy so caused, be not filled in."

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

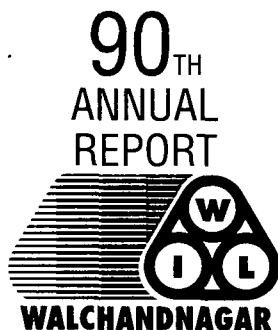
"RESOLVED that pursuant to Section 17 and other applicable provision, if any, under the Companies Act 1956 consent of the Company be and is hereby accorded for inserting following new clauses after existing clause 37 of the objects of the Memorandum of Association of the Company :

Clause No. 38

- a) To carry on the business of hotel, restaurant, cafe, tavern, beer house, refreshment room and lodging house, proprietors and keepers and to carry on business of licensed victuallers, wine, beer and spirit merchants, brewers, maltsters, distillers, importers and manufacturers of aerated, mineral and artificial waters and other drinks, purveyors, caterers for public amusements generally and for private or public functions, proprietors of motor and other vehicles, garage, proprietors livery stable keepers, job masters, farmers, dairy men, ice merchants, importers and brokers of food, live and dead stock and colonial and foreign produce of all descriptions, hair dressers, perfumers, chemists and druggists, proprietors conductors and managers of club, baths, swimming pools, boat club, dressing rooms, laundries, reading, writing and news paper rooms, libraries, smoke rooms, lockers and safe deposits, pleasuregrounds and places of amusement, recreation, sport, entertainment and instruction of all kinds, tobacconists, tobacco and cigar merchants, travel agents generally and agents for railway, shipping, aeroplane and omnibus services, Companies, authorities and organisations and carriers, cinema, theatrical, and opera box office, proprietors, entrepreneurs

and general agents and any other business which can conveniently be carried on in connection therewith.

- b) To establish, conduct, manage and carry on business as proprietors, of hotels, restaurants, taverns, refreshment and tea rooms, cafes, milk and snack bars, roadhouse, auto-court, motel, holiday camp and apartment house, tourist offices, dairies, farms, gardens, orchards, laundries, AND to carry on business as bakers, confectioners, butchers, fishmongers, milk sellers, butter sellers, poulterers, greengrocers, ice cream manufacturers, fruiterers, bacon factors, meat salesmen, cheesemongers, corn and flour merchants, dairymen, egg merchants, launderers, cleaners, dry cleaners, and carpet beaters, jewellers, gold & silver smiths, dealers in China curiosities of all kind, works or art, articles of verto, precious stones, gold and silver plated articles, watches and optical and other instruments of every description, glass wares or various kinds, crockery, cutlery, linen, furniture and furnishing and all other articles and things required in the said business and to carry on business as caterers and contractors in all kind of foods, drinks provisions and products and as refreshment contractors, sugar and sweetmeat merchants and to carry on business of garage proprietors and or petrol and service and repair stations for motor vehicles of all kinds.
- c) To fit up, equip, decorate and furnish any buildings, houses, cottages, structures or conceptions and any property for the purpose of letting the same to visitors or guests or to customers or persons doing business with the Company whether in single rooms, suites, chalets, cottages or otherwise and to establish and provide all kind of curious and attractions for customers or persons doing business with the Company and/or for other requirements.
- d) To own, establish, manage and conduct farms, orchards, vines or vineyards, gardens and grounds of all kinds to carry on business of farmers, grazers, meat and fruit preservers, planters, brewers cattlekeepers, millers and market gardeners and to manufacture, produce, sell and deal in dairy, farm and garden produce of all kinds including all kinds of condensed milk, jams, pickles, cider, canned or tinned or preserved foods and provisions of all kinds and also to carry on the business of florists.
- e) To act as tourist advisors and to arrange and conduct sight seeing instructional and industrial or any other tours and excursions for customers or persons doing business with the Company or for others generally.
- f) To own, equip, maintain and work omnibuses, lorries and motor cars and other vehicles or means of transport appropriate for carriage of passengers of goods and to construct garage and storehouse and other building for housing, fueling and the repair of such vehicles, the storage of fuel and other oils and substances required for the working of such vehicles and to establish and conduct petrol pumps and service stations for such vehicles to establish and conduct car parks, or places for parking of cars and vehicles.
- g) To arrange for and to act as contractors and caterers to conferences, exhibitions, seminars and shows of all kinds, Board of other meetings of any Companies, Corporations, bodies corporate or any other unincorporated bodies or associations of persons.
- h) To establish schools, colleges or other training centres or places for instructions in nutritional sciences generally and for the establishment, management and conduct in hotel industry.
- i) To purchase, take over or otherwise acquire and to take on lease or for the purpose of management of any hotels, restaurants boarding or lodging houses, hostel or any other place, where lodging and/or food and/or drinks, are supplied, sold or provided for and to manage and conduct the same on such terms and conditions as may be agreed upon between the Company and the respective proprietor or owners or conductors thereof AND to enter into



agreements or arrangements with others whether in India or abroad for the purpose of establishment, management or conduct of any hotels, restaurants, cafes, taverns, inns, refreshment rooms and lodging houses or for the management of any of such establishment or places aforesaid belonging to the Company or where any of the businesses aforesaid or the Company are conducted and carried on.

- J) To establish, manage and conduct refreshment rooms and depots for the sale of bread, biscuits and other farinaceous goods and products, tea, coffee, cocoa, milk, aerated and mineral waters, cordials, tobacco, cigars, cigarettes, confectionery, cakes, buns, potted meats, table delicacies and any other provisions, foods or drinks.
- k) To carry on all or any of the business of theater, music hall, concert hall, ball room, cinema, picture place, circus and showmen, exhibitors, and to present, produce, manage, conduct and represent at any theatre.

Clause No. 39

- a) To grow, cultivate, buy, sell, market, stock, retain, distribute, import, export, exchange, produce, process or otherwise deal in horticultural products of every description including all types of horticulture produce, fruits, vegetables, mushrooms, strawberries, asparagus and other exstic fruits and vegetables.
- b) To undertake and carry on business of manufacturing, processing, preserving, freezing, drying, canning, packaging, refining, bottling, buying, selling and dealing whether as wholesalers or retainers or as exporters or importers or as principals or agents, in horticultural products of every description, process fruits and vegetables, bottled and tinned, processed and packaged foods chutneys, pickles, pastes, spices, condiments, ketchups, sauces, salad dressings, ready to eat foods, health and instant foods of all kinds including baby dietetic foods, cereals, beverages, cordials, tonies, restorative and aerated drinks, extruded food stuff,

snacks and consumable provisions of every description for human and/or animal consumption.

- c) To purchase, take on lease, exchange or otherwise acquire, manage, develop any land for reforestation, horticulture and to sell, allot, give on lease, exchange or otherwise and land to carry on the business as horticulturists and in particular render management services in respect of reforestation and horticultural operation in all its fields in an economic and scientific manner.
- d) To cultivate any estate, lands and properties, whether agricultural or otherwise and to carry on the business of farming, horticulture, floriculture, sericulture, cultivators of all kinds of food grains, seeds, fruits, vegetables otherwise required for the business of the Company.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do such acts, deeds, matters and things so as to give effect to this Resolution."

- 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 the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby given to Ms Kanika C Doshi, a relative of Mr. Chakor L Doshi, Director & Chairman of the Company to hold an office of profit under the Company as an Executive with effect from 12-02-1999 in M-1 category at a basic salary of Rs.6,500/- per month in the grade of 6500-1000-11500 plus other benefits and perquisites as applicable to the other executives of the Company as per the rules framed 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: 28th December, 1998.

NOTES:

- (a) 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.
- (b) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 9th Feb. 1999 to Friday, 12th Feb. 1999 (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 12th February, 1999.
- (d) 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.

- (e) Members are hereby informed that the Company has transferred Unpaid Dividend amounting to Rs. 92,999/- upto the financial year ending September, 1994 to General Revenue Account of Central Government on 11-4-1998 in accordance with Section 205 A(5) of the Companies Act, 1956. It may be noted that these unclaimed Dividends can now be paid by Central Government on application by the members.

Besides, it may be noted that dividend for the years 1995, 1996 & 1997 amounting to Rs. 1,34,231/-, Rs. 1,30,310.50 & Rs. 1,51,778/- respectively are lying with the Company. The members are advised to collect their amounts, if not done so far, before they are eventually transferred to Central Government.

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

Item No. 6

Mr. J. M. Vakil, one of the Directors, retiring by rotation at this meeting, has informed the Board of Directors that he does not desire to seek re-election. A resolution pursuant to Section 256 of the Companies Act, 1956, is therefore, necessary for not filling the vacancy caused by the retirement of Mr. J.M. Vakil.

No Director of the Company except Mr. J.M. Vakil is concerned or interested in the Resolution.

Item No. 7

The Company is presently engaged in the business of industrial products. However, the need is felt to diversify existing business activities of the Company to consumer sectors. The survey shows tremendous business opportunities exists in the field of "Food & Beverage Services" including hotel and 'Food Processing' sectors and the proposed business activities can be carried conveniently with the existing business operation. As per the provision of Section 17 of the Companies Act, 1956 a Company may take up additional activities by altering its Object Clause of the Memorandum of Association by passing Special Resolution and registering the same with the Registrar of Companies.

The Board therefore recommends passing of the Resolution as set out in item No. 7 of the accompanying Notice. The Memorandum & Articles of Association of the Company is open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays & Holidays) between 10.30 a.m. to 1.00 p.m. & upto the date of Annual General Meeting.

None of the Directors is interested in the Resolution.

Item No. 8

Ms. Kanika C Doshi is related to Mr. Chakor L Doshi, Director & Chairman of the Company and as such, under Section 314 of the Companies Act, 1956, her appointment as an Executive of the Company has to be approved by a Special Resolution of the Members.

The educational qualifications of Ms. Kanika C Doshi as follows :

- ICSE from Cathedral & John Connon School
- Std XII from St. Xavier's College
- B.A. in Organisational Studies from University of Michigan, USA

Additionally, she has completed studies for Post Graduate Certificate in Marketing from Chartered Institute of Marketing, UK and has done a Project related to Restaurant Business.

Considering the educational qualifications of Ms. Kanika C Doshi, her services will be valuable and useful for newly opened Food & Beverage Division.

Mr. Chakor L Doshi, Director & Chairman of the Company being the father of Ms Kanika C Doshi is considered interested in the Resolution.

The Directors recommend the Resolution set out at Item No. 8 of the Notice for the approval of the Shareholders.

By order of the Board

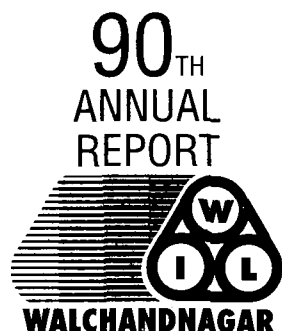
S.C. Bhagwat

DGM(Finance) & Dy. Company Secretary

Registered Office :

3, Walchand Terraces
Tardeo Road
Mumbai 400 034

Date: 28th December, 1998.



DIRECTORS' REPORT

To

The Members of

Walchandnagar Industries Ltd

Your Directors have pleasure in presenting the Ninetieth Annual Report with Audited Statement of Accounts for the year ended 30th September, 1998

YEAR IN RETROSPECT

Performance

	30-9-98 Rs. lakhs	30-9-97 Rs. lakhs
Income	17690.35	16907.94
Profit before Depreciation and interest	1381.81	2024.51
Less: - Interest	74.79	224.33
- Depreciation	261.01	239.36
Profit before tax	1046.01	1560.82
Less: Provision for Taxation	251.00	581.60
Profit after tax	795.01	979.22
Add: - Surplus brought forward from the previous year	994.89	1901.55
- Tax provision written back	50.00	—
	1839.90	2880.77
Appropriations :		
- Foreign Project Reserve	22.00	65.00
- General Reserve	400.00	400.00
- Contingency Reserve	505.00	1330.00
- Proposed Dividend	82.62	82.62
- Income Tax on Dividend	8.26	8.26
Surplus carried to Balance Sheet	822.02	994.89

Operations

For the second consecutive year, operations of the Company were affected by recession in the engineering industry. Financial sanctions imposed by some of the affluent countries and failure of primary market to pick up, put further pressure on economy. As a result, a number of projects needing engineering goods got shelved. The prices witnessed downward trend. Economic depression in south East Asia further aggravated the situation by adversely affecting export opportunities.

Eventhough the turnover achieved during the year was of the order of Rs. 174.66 crores as compared to Rs. 166.01 crores during the previous year, the profit

margin reduced on account of reduction in prices, change in product mix and reduction in export turnover. There was substantial reduction in the business of Cement Machinery, Boilers and Export. Also some of the older orders which got revived had ceiling on taxes & duties based on rates prevailing at that time and hence we had to absorb around 3.2% increase in taxes & duties which also affected the net profit.

The performance of Engine & Foundry Division at Satara Road further suffered during the year due to severe recession in the automobile industry. The Company has completed the modernisation and expansion of this plant but due to paucity of orders, the additional capacity remained idle throughout the year.

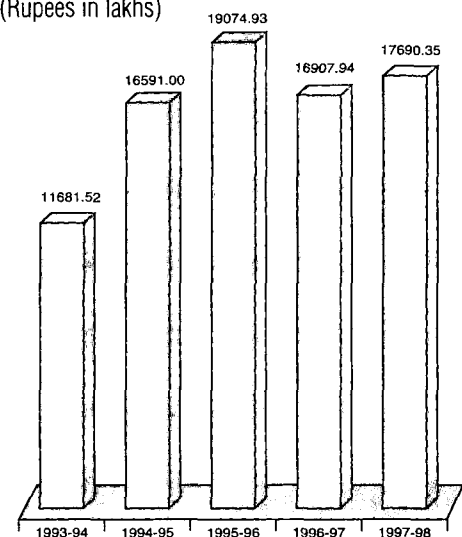
Despite the above grave economic situation, the Company could earn reasonable profit mainly by reducing material cost and interest cost through effective management of working capital as well stringent cost control.

CURRENT YEAR

The total order book at the beginning of the current year at Rs. 305 crores is satisfactory. However, better profit margin orders continue to be insufficient due to severe demand recession in various industries. Also from the past experience it is felt that frequent interruption in financial arrangements by customers, which affect our performance, may become unavoidable.

Income

(Rupees in lakhs)



The emphasis is continuing on improvement in productivity and control on costs.

EXPORTS

The foreign exchange earnings for the year was at Rs. 466 lakhs as against Rs. 1624 lakhs in the previous year. Continuous efforts are being made for increasing the export business by exploring all possible opportunities.

DIVIDEND

Your Directors are pleased to recommend Dividend for the Financial Year 1997-98 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.

DIVERSIFICATION

Considering the current scenario of the product lines in which the Company is operating, it is felt that diversification of business is needed in other areas. The study of economic environment and business opportunity, from the point of view of diversification plan for the Company, prominently showed that "Service Industry" in various areas was one of the few businesses with high potential and promises. Based on various factors, the Company envisages to diversify in the area of hotel/restaurant as well as food processing and information technology.

Necessary steps are being taken in this direction.

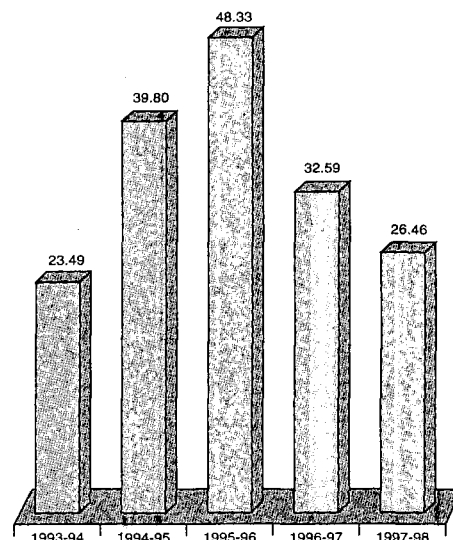
FINANCE & ACCOUNTS

1. Financial Parameters

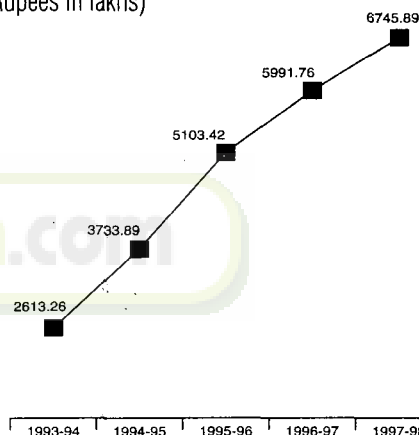
The debt equity ratio has further improved from 0.09 to 0.06. The earnings per share (EPS) is Rs. 26.46 for the year. The book value per share has also gone up from Rs. 199.43 to Rs. 224.53.

During the year under report, outstanding loan of Rs. 456 lakhs were repaid to the banks.

Earnings per Share (EPS) (Rupees)



Shareholders Net Worth (Rupees in lakhs)



Net worth shown is excluding Revaluation Reserve.

Book Value per Share (Rupees)

