

101st ANNUAL REPORT 2008-2009



A Tradition of Engineering Excellence

WALCHANDNAGAR INDUSTRIES LIMITED



SETH WALCHAND HIRACHAND

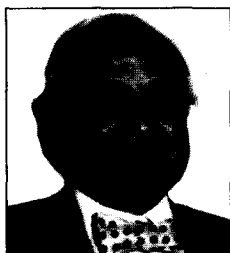
Seth Walchand Hirachand's life was truly a triumph of persistence over adversities.

Sardar Vallabbhai Parel

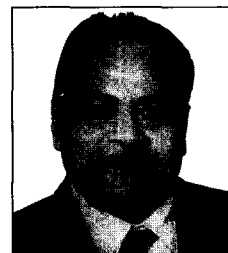
Board Of Directors



Chakor L. Doshi
Chairman



P. K. Basu
Director



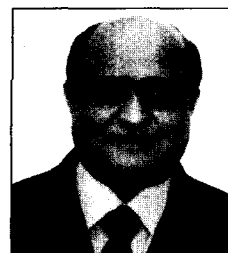
R. M. Pande
Director



Dilip J. Thakkar
Director



A. U. Rijhsinghani
Director



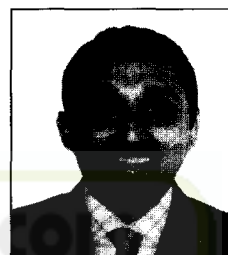
J. L. Deshmukh
Managing Director & CEO



Arati H. Vissanji
Director



S. B. Das
Director



Chirag C. Doshi
Managing Director

Management Team

Name

Vice Admiral (Retd.) S. K. K. Krishnan
Mr. S. S. Gangavati
Mr. V. M. Parthasarathy
Mr. V. G. Ratnaparkhi
Mr. G. S. Prakash
Mr. J. N. Nandurkar
Mr. L. Ranganathan
Mr. Arvind Shore
Mr. R. Kumar
Mr. M. J. Devis
Mr. Kushal Saha
Vice Admiral (Retd.) N. M. Nadaph
Mr. V. R. Joshi
Mr. S. R. Deshmukh
Mr. M. H. Purwat
Mr. P. K. Mahadevan
Mr. P. C. Bhagwat
Mr. S. K. Gulati
Mr. G. S. Agrawal

Designation

Sr. President – Hydrocarbons & Defence
President – Strategic Planning & Market Research
President – Special Products
President – Business Processes & Quality Assurance
President – Boiler & Sugar
President – HR & Establishments
President – New Business Ventures
President – Mining & Bulk Materials Handling
President – Utility Boilers
President – Turbine Business Group
President – Foundry
President – Walchand Technology Group
Chief Financial Officer
Chief Information Officer
Sr. Vice President – Finance
Sr. Vice President – Materials
Vice President – Cement
Vice President – Mineral Processing
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

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) 25963838
Fax No. (022) 25946969
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.

CONTENTS

- 3 Letter from the Chairman
- 4 Notice to the Shareholders
- 7 Directors' Report
- 9 Management Discussion and Analysis
- 13 Report on Corporate Governance
- 23 Auditors' Report
- 26 Financials

Letter from the Chairman



Dear Members,

I welcome you all to this 101st Annual General Meeting and present the Annual Report of your company.

Financial year 2008-09 was a tough year, as experienced generally by various business sectors, due to many reasons including impact of the global economic situation. While this has led to reduction of revenues and profits, there is a noticeable improvement in the business enquiry flow. Furthermore, the company has consistently made investments in building capacity & technology capability; I am confident that the inherent strengths of your company coupled with strong order position, will enable your company to improve the performance in the coming years in line with the improvements in the global macro-economic indicators.

It is with this confidence about the coming years that the directors of your company have maintained the recommendation of dividend at 50%.

Key Achievements/Initiatives

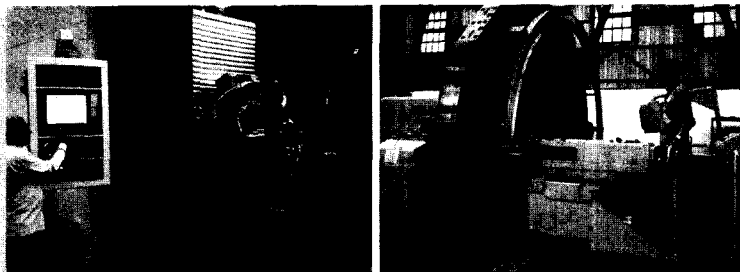
- A. During the year, two of the nation's ambitious projects were launched successfully, with your company participating in both in a significant manner.
 - 1. **Chandrayaan – I** : Launch of India's first moon mission.
 - 2. **INS Arihant** : Launch of India's first indigenously built nuclear powered submarine.
- B. Establishment of Walchand Technology Centre, an initiative to take the engineering excellence of your company to the next level with the focus on high end technology in the fields, such as Nuclear Power, Aerospace, Non-Conventional Energy.
- C. Acquisition of 57 acres of waterfront land at Dahej to start a green field manufacturing facility for Hydrocarbons and Nuclear Power segment.

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 101st Annual General Meeting of members of Walchandnagar Industries Limited will be held as scheduled below:

Day : Wednesday
Date : 20th January, 2010
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, 2009 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, 2009.
3. To appoint a Director in place of Dr. P. K. Basu, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Chakor L. Doshi, 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 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 shareholders of the Company be and is hereby accorded to Mr. Chakor L. Doshi, the Chairman of the Company and a relative of Mr. Chirag C. Doshi, Managing Director, to continue to provide professional services as Advisor/Consultant to the Company for an additional period of 2 years from 1st May, 2010 to 30th April, 2012 on payment of Rs. 80,000/- per day of Consultancy as the Consultancy Fee plus expenses on travelling, lodging and boarding and reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted

foreign exchange allowance and expenses in case of any assignments abroad.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to extend the period of consultancy for additional period of two years on the terms and conditions as the Board of Directors deem it fit in the interest of the Company."

7. To consider and if thought fit, to pass with or without modification(s), 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 shareholders of the Company be and is hereby accorded to Mrs. Tanaz C. Doshi, wife of Mr. Chirag C. Doshi, Managing Director and daughter-in-law 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 as 'Special Executive' or such other designation as Mr. J. L. Deshmukh, Managing Director and CEO may from time to time decide on a Consolidated Salary of Rs. 20,000/- per month plus other benefits and perquisites as mentioned in the explanatory statement to this notice, with authority to Managing Director and CEO 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 remuneration of Rs. 50,000/- per month including other benefits and perquisites 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 Mr. J. L. Deshmukh, Managing Director and CEO of the Company."

By order of the Board

G. S. Agrawal
Company Secretary

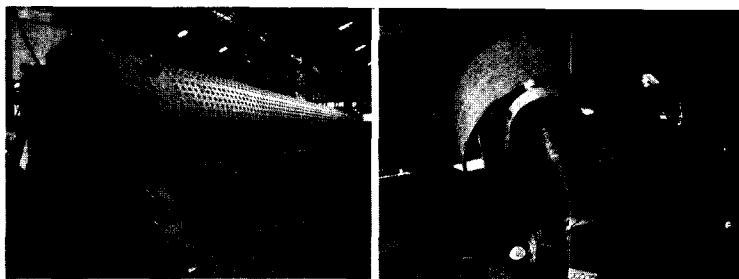
Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai - 400 034

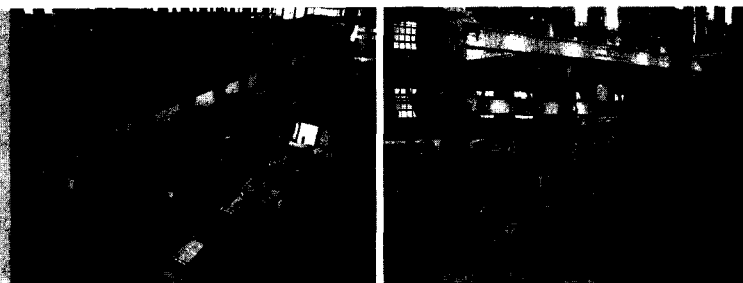
Date : 25th November, 2009

Notes

- (a) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Special business for Item Nos. 6 & 7 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 Thursday, the 14th January, 2010 to Wednesday, the 20th January, 2010. (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 20th January, 2010. 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 at the end of business hours on 13th January, 2010.
- (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, 2002 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 with the Company 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) Dr. P. K. Basu and Mr. Chakor L. Doshi, 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) Information on shareholding of non-executive directors proposed to be appointed/re-appointed are as under:
Mr. Chakor L. Doshi holds 55,930 equity shares in the Company. No other Directors hold any share in the Company.
- (m) 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 Board in its meeting held on 19.11.2005 extended Consultancy Agreement for a further period of 2 years with Mr. Chakor L Doshi, Chairman of the Company and the same was ratified by the shareholders of the Company in the Annual General Meeting held on 16th January, 2006. The Consultancy Agreement with Mr. Chakor L. Doshi was subsequently extended by the Board as per the authority given to the Board at the Annual General Meeting held on 16th January, 2006 for a further period of 2 years w.e.f. 1st May, 2008 on payment of Rs. 50,000/- per day of consultancy as Consultancy Fee plus expenses on travelling, lodging and boarding and 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.

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, etc., Managing Director and CEO recommended to the Board that the period of Consultancy Agreement be extended for a further period of 2 years w.e.f. 1st May, 2010 on payment of Rs. 80,000/- per day of consultancy as Consultancy Fee plus expenses on travelling, lodging and boarding and reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted foreign exchange allowance and expenses in case of any assignments abroad. The said extension is made subject to the approval of shareholders of the Company in the ensuing Annual General Meeting.

The Board recommends passing the Special Resolution as set out in Item No. 6 of the accompanying Notice. None of the Directors except Mr. Chakor L. Doshi and Mr. Chirag C. Doshi is concerned/interested in the Resolution.

Item No. 7

Mrs. Tanaz C. Doshi has been associated with the Company since last 3 years. Presently, she is designated as 'Executive' 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 24th October, 2006. The remuneration inclusive of perquisites given to Mrs. Tanaz C. Doshi has not been revised since her appointment in 2006. Mrs. Doshi is a graduate in Arts and has vast experience in the field of Advertising, Publicity, Event

Management and Social Service and the services of Mrs. Tanaz C. Doshi is beneficial to the Company.

Mrs. Tanaz C. Doshi is related (wife) to Mr. Chirag C. Doshi, Managing Director and daughter-in-law of 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 or place of profit in the Company on part time basis with the designation 'Special Executive' and on the increased remuneration and benefits as stated below:

- (a) Consolidated Salary: Rs. 20,000/- per month with increments as the Managing Director and CEO 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:
 1. Provident Fund: 12% of Basic Salary.
 2. Gratuity: As per Company Rules.
 3. Leave Travel Assistance: One month's salary once in a year.
 4. House Rent Allowance: Rs. 10,000/- per month.
 5. Medical: Rs. 15,000/- per annum.
 6. Telephone: Expenses towards usage of telephones installed at residence will be reimbursed by the Company.
 7. 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. 7 of the Notice for the approval of the shareholders. None of the Directors except Mr. Chakor L. Doshi and Mr. Chirag C. Doshi is concerned/interested in the Resolution.

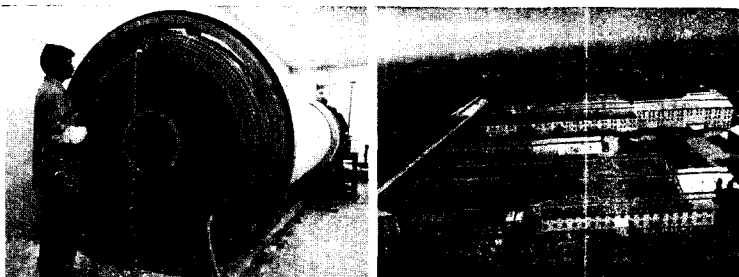
By order of the Board

G. S. Agrawal
Company Secretary

Registered Office:

3, Walchand Terraces
Tardeo Road
Mumbai 400 034

Date : 25th November, 2009



DIRECTORS' REPORT

To:
The Members of
Walchandnagar Industries Limited

Your Directors have pleasure in presenting the 101st Annual Report with Audited Statement of Accounts for the year ended 30th September, 2009.

1. Performance for the Year in Retrospect:

	30.09.2009 Rs. in Lakhs	30.09.2008 Rs. in lakhs
Income	52,491.48	70,024.98
Profit before Depreciation and Interest	5,287.26	7,225.93
Less: Interest	697.37	463.34
Depreciation	1,052.55	709.45
Profit before Taxation	3,537.34	6,053.14
Less: Provision for Taxation	1,197.21	2,076.21
Profit after Tax	2,340.13	3,976.93
Surplus brought forward from the previous year	8,231.19	5,097.07
	10,571.32	9,074.00
Appropriations		
- General Reserve	234.01	397.70
- Proposed Dividend	380.70	380.45
- Income Tax on Proposed Dividend	64.70	64.66
- Surplus carried to Balance Sheet	9,891.91	8,231.19

During the year under review the income of the Company declined from Rs. 700.25 Crores to Rs. 524.91 Crores. This reflects a drop of 25% over the previous year. This is primarily on account of the difficult macroeconomic situation witnessed in India and globally for substantial part of the year 2008-09, which led to slow inflow of new orders in some business segments as well as delay in receiving clearances where the projects were already approved by the customers. Consequently, the profit before tax decreased by 41.6% from Rs. 60.53 Crores in the previous year to Rs. 35.37 Crores.

2. Current Year:

The orders on hand as on 1.10.2009 were at Rs. 1463.15 Crores as compared to Rs. 1219.52 Crores as on 1.10.2008.

3. Exports:

During the year the Company achieved the export turnover of Rs. 96.92 Crores as against Rs. 123.48 Crores, in the previous year. The export orders on hand as on 1.10.2009 are at Rs. 449.58 Crores. During the year, the Company executed

Orders for Mine Back Fill Plant & Waste Crushing Plant at Konkola Copper Mines (KCM), Zambia, Maweni Limestone Limited, Tanzania for 3500 TPD Cement plant etc.

4. Dividend:

Your Directors are pleased to recommend Dividend for the financial year 2008-2009 on Equity Shares of Rs. 2/- each at Re. 1/- per share equivalent to 50% (50% in the previous year) aggregating to Rs. 380.70 Lakhs. The Dividend Distribution Tax thereon works out to Rs. 64.70 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, 2009, were at Rs. 3.40 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, 2009.

ii. Income Tax Assessments:

The Company's Income Tax and Wealth Tax Assessments are completed up to the Assessment Year 2006-2007. Assessment for the year 2007-2008 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-4(iii) (c) of schedule 'O' forming part of the Accounts.

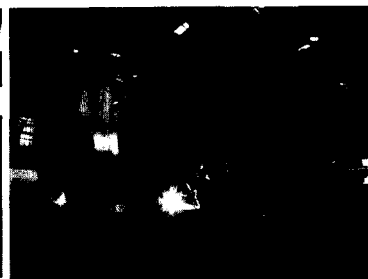
7. Employee Stock Purchase Scheme, 2008:

To recognize the efforts of employees in building the organization to the level it has reached today since inception, the Board of Directors of the Company, in their meeting held on 24th November, 2008 had proposed, subject to obtaining the approval of the shareholders in the Annual General meeting, to implement Employee Stock Purchase Scheme. After the approval of the shareholders in the Annual General Meeting held on 29th January, 2009 the Allotment Committee of the Board of Directors of the Company had allotted 25,145 Shares of Rs. 2/- each at par to 1633 employees under an Employee Stock Purchase Scheme, 2008.

8. Directors' Responsibility Statement:

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

- In preparation of the Annual Report, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed.
- Appropriate accounting policies have been selected and applied consistently, and 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, 2009 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 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. 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.

11. 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 the 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.

12. Subsidiaries:

The Company does not have any subsidiary.

13. Directors:

Mr. R. M. Pande resigned as Director of the Company w.e.f. 25th November, 2009. The Board places on record its appreciation of the valuable contribution and counsel rendered by Mr. R. M. Pande during his association with the Company as Director.

In accordance with the provisions of Companies Act, 1956 and Article 149 of the Articles of Association of the Company, Dr. P. K. Basu and Mr. Chakor L. Doshi are due to retire at the 101st Annual General Meeting and they being eligible offer themselves for reappointment.

14. 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 authorise the Board to fix their remuneration.

15. Acknowledgement:

Your Directors place on record their sincere appreciation of the assistance and co-operation that the Company has been receiving from the banks from time to time.

Your Directors also would like to thank the customers, suppliers and the shareholders, for their continued support and co-operation.

For & on behalf of the Board of Directors


Chakor L. Doshi
Chairman

Registered Office:

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

Date : 25th November, 2009