

BOARD OF DIRECTORS



CHAKOR L. DOSHI
Chairman



P. K. BASU



SHARAYU DAFTARY



R. M. PANDE



DILIP J. THAKKAR



A. U. RIJHSINGHANI
Managing Director



J. L. DESHMUKH
Managing Director

OPERATING MANAGEMENT TEAM

PRESIDENTS

Mr. Chirag C. Doshi
Mr. S. S. Gangavati (BG-I)
Mr. T. S. Sakethan (BG-II)
Mr. U. K. Limaye (Foundry Divn.)
Mr. G. S. Prakash (BG-III)
Mr. J. N. Nandurkar (HR & E)
Mr. V. M. Parthasarthy (SPD)
Mr. V.D.Vaingankar (PSQA)
Mr. Apurba Chakravarty (Walchand Projects Group)

VICE PRESIDENTS

Mr. M. H. Purwat (Finance)
Mr. V. G. Ratnaparkhi (GEP)
Mr. P. K. Mahadevan (Materials)
Mr. A. K. Sood (Gear)
Dr. R. K. Tiwari (R&D, PM & QA)

GENERAL MANAGERS

Mr. A. G. Pradhan (Special Assignments)
Mr. P. Suryanarayan (Proj.-GEP)
Mr. J. D. Jadhav (Foundry Divn.)
Mr. A. B. Kamalapur (Tiwac)
Mr. P. D. Mandavekar (Engg - C & MP)
Mr. P. C. Bhagwat (Mktg. - CMT)
Mr. P. M. Ghodake (Mktg. - BLR)
Mr. S. K. Gulati (Mktg. - MP)
Mr. V. S. Pore (Materials)
Mr. D. V. Vairagkar (Planning - BLR)

Mr. S. S. Mahabaleshwarkar (Engg.)
Mr. S. V. Shahade (Prod. - SPD)
Mr. V. S. Galgali (WDS)
Mr. S. K. Dasgupta (Mktg. - Gear)
Mr. A. D. Abhyankar (E&S - C & MP)
Mr. P. K. Gunje (Engg.-BG-III)
Mr. G. M. Nadkarni (Finance)
Mr. P. D. Ganorkar (Mktg - SPD)
Mr. A. R. Chavan (E&S)
Mr. A. G. Dani (Instru)
Mr. D. P. Sudame (Business Development -
Walchand Infotech)

COMPANY SECRETARY

Mr. R. J. Pardeshi
G.M. (MS) & Company Secretary

REGISTERED OFFICE

WALCHANDNAGAR INDUSTRIES LTD.
3, Walchand Terraces
Tardeo Road, Mumbai - 400 034
Tel No. 24939498

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078
Tel : (022) 55555454
Fax : (022) 55555353

MARKETING DIVISION

Walchand House
15/1/B-2, Kothrud
Pune - 411 038

FACTORIES

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

AUDITORS

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

SOLICITORS

M/s. Kanga & Co.

PRINCIPAL BANKERS

Bank of India
Syndicate Bank
State Bank of India
Oriental Bank of Commerce
ING Vysya Bank



CHAIRMAN'S STATEMENT



Dear Members,

It is my pleasure to welcome you all to this 97th Annual General Meeting of the Company.

The Company achieved a new high in sales for the year under report and the profitability was maintained despite abnormal rise in cost of Steel Materials, Castings & Forgings during the first six months of the year. The order book position of the Company at Rs. 450 Crores as on 1-10-2005 is quite satisfactory.

The Company is focusing and concentrating on improving profitability through productivity enhancement, cost controls and execution of projects without time overruns. The efforts are also continuing towards increase in market share through supreme product quality and best customer service. Customer focus at all levels will continue to be the guiding principle of our business.

The Company, in the recent past, has successfully executed some E.P.C. (Engineering Procurement and Construction) type of contracts under its existing Divisions and the results have been encouraging. The Company has now created a Separate Division named 'Walchand Projects Group' to avail of the growing opportunities in this type of business.

With your continued support and determination of our operating team, we are confident of further improvements in Company's performance in the current year.

Chakor L. Doshi
Chairman

NOTICE

Notice is hereby given that the 97th Annual General Meeting of Walchandnagar Industries Ltd. will be held as scheduled below :

Day : Monday
Date : 16th January, 2006
Time : 3.30 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, 2005 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, 2005.
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. 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, the following resolution as an Ordinary Resolution as required under Section 224 of the Companies Act, 1956, for appointment of Auditors :

“RESOLVED THAT M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs.3,50,000/- (Rupees Three lakhs fifty thousand only) and they be paid, in addition, service tax, out of pocket and/or travelling expenses they may incur while carrying out their duties as such auditors.”

Special Business

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

“RESOLVED that in supersession of the Resolution passed at the Seventy Sixth Annual General Meeting held on 30th July, 1984 the consent of the Company under Section 293(1)(d) of the Companies Act, 1956, be and is hereby given to the Board of Directors of the Company to borrow for the purpose of the Company from time to time from State Bank of India / State Bank of India Consortium or any other Consortium of Banks or Financial Institutions or Fund or any other bodies as may be approved later on by the Board of Directors of the Company any sum or sums of moneys together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) which may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the maximum amount of moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 400 Crores”

“RESOLVED FURTHER that the Company hereby accords its consent to the Board of Directors of the Company under Section 293(1)(a) of the Companies Act, 1956, to mortgage and/or to charge in any manner all or any of the immovable and/or movable properties including outstanding monies, receivables, claims, bills, documents, contracts, engagements, securities, investments and rights of the Company, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company for securing any loan obtained or as may be obtained from such Bank or Consortium of Banks or Financial Institutions, or Fund or any other bodies together with interest, costs, charges, expenses and any other money payable by the Company on such terms and conditions as the Board of Director deem fit in the interest of the Company.”

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



“RESOLVED that pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr.Chakor L. Doshi, the Chairman of the Company and a relative of Smt. Sharayu Daftary, Director, to continue to provide professional services as Advisor / Consultant to the Company for an additional period of 2 years from 1st May, 2006 to 30th April, 2008 on payment of Rs.35,000/- per day of Consultancy as a Consultancy Fee plus expenses on travelling, lodging and boarding & rembursement 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 authorised to extend the period of consultancy for an additional period of two years on the terms and conditions as the Board of Directors deem it fit in the interest of the Company.”

By order of the Board

R.J.Pardeshi

General Manager (MS) & Company Secretary

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

Date : 19th November, 2005

NOTES :

- a) A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/ herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from 10th January, 2006 to 16th January, 2006 (both days inclusive).

- c) The Dividend, if declared, will be payable within the stipulated period to those members whose names appear on the Company's Register as on 16th January, 2006. 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 9th January, 2006.
- d) Members who hold shares in physical form are requested to notify immediately change in their addresses, if any, to the Company's Registrar and Share Transfer Agents, M/s Intime Spectrum Registry Ltd, specifying Registered Folio Number and other relevant details. Members, who hold shares in Electronic Form are requested to notify change in their addresses to Depository Participants with whom they are maintaining their Beneficial Owner Account.
- e) Members who have not encashed their dividend warrants for the financial year ended 30th September, 1998 and thereafter may immediately approach the Company for revalidation of unclaimed warrants as the amount of dividend remaining unpaid for a period of 7 years shall be transferred to Investors Education & Protection Fund as per provisions of Section 205A of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.
- f) Members, who hold shares in De-materialised form, are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
- g) 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.
- h) Members are requested to bring the copies of the Annual Report at the time of attending Annual General Meeting.
- i) Members / Proxy Holders are requested to produce at the entrance of the hall admission slips forwarded to them duly completed and signed, in accordance with the specimen signature registered with the company for admission to the Meeting Hall.

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

ITEM NO : 6

At 76th Annual General Meeting of the Company held on 30th July 1984, the shareholders of the Company had by a resolution empowered the Board of Directors to borrow money for the purpose of the Company under Section 293(1)(d) of Companies Act, 1956 upto a limit of Rs. 75 Crores. For the reason stated below, it is desirable to increase the limit of such borrowing to Rs. 400 Crores.

The turnover of the Company has been growing during last few years. The trend is likely to continue in future. The Company has undertaken modernization / upgradation and expansion of manufacturing facilities at Walchandnagar Works and Foundry Division, Satara. The Company has been in talks with various banks for obtaining funds to meet its additional working capital requirements and also to finance capital expenditure programme at competitive terms and conditions.

In the scheme of financing of modernization / upgradation and raising long term resources, the company would be required to mortgage or charge the entire or part of movable and / or immovable properties of the company, both present and future in favour of State Bank of India / State Bank of India Consortium or any other Consortium of Banks or Financial Institution(s), or Fund or any other bodies. Since the creation of mortgage or charge by the Company on its movable and / or immovable properties as aforesaid in favour of any Bank or Consortium of Banks or Financial Institution(s), or Fund or any other bodies may be construed / considered to be disposal of the company's properties, it is necessary for the members to pass the resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of mortgage or charge.

None of the Directors of the Company is interested in the above Resolution.

ITEM NO : 7

Mr.Chakor L.Doshi, the Chairman of the Company was appointed as an Advisor / Consultant with effect from 1st May, 2002 on Retainership and Consultancy basis for a period of 2 years by the Board and the same was approved by the Company in the Annual General Meeting held on 26th April, 2003. The Central Government has already expressed the opinion under Section 309 (1) of the

Companies Act, 1956 stating that Mr. Chakor L. Doshi has the requisite qualifications for functioning as Advisor / Consultant of the Company. The period was subsequently extended by the Board of Directors for two years that is upto to 30th April, 2006 on payment of Rs. 25,000/- per day as consultancy fee and other expenses and the same was ratified by the Shareholders at the Annual General Meeting held on 10th February, 2004. Considering the benefit the Company has drawn from his advice on Corporate matters relating to Company's business including Finance, Marketing, Organization Structure, Industrial Relations, New Projects, Corporate Planning, Exports, Foreign Collaborations, etc, the Board has recommended extension of the period of Consultancy Agreement for a further period of 2 years with effect from 1st May, 2006 on payment Rs.35,000/- per day of consultancy as Consultancy Fee plus expenses on travelling, lodging and boarding & reimbursement of incidental and out of pocket expenses, reimbursement of Service Tax, as applicable and permitted foreign exchange allowance and expenses in case of any assignments abroad. It is also further recommended that the Board be authorised to extend the agreement for an additional period of two years after 1st May, 2008 if it is beneficial to the Company on terms as the Board of Directors deem fit.

Mr. Chakor L. Doshi is related to Smt.Sharayu Daftary, Director of the Company. The Board therefore recommends passing the Special Resolution as set out in Item No. 7 of the accompanying Notice. None of the Directors except Mr.Chakor L. Doshi and Smt. Sharayu Daftary as his sister is concerned/interested in the Resolution.

By order of the Board

R.J.Pardeshi

General Manager (MS) & Company Secretary

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

Date : 19th November, 2005



DIRECTORS' REPORT

To:
The Members of
Walchandnagar Industries Limited.

Your directors have pleasure in presenting the Ninety Seventh Annual Report with Audited Statement of Accounts for the year ended 30th September 2005.

1. PERFORMANCE FOR THE YEAR IN RETROSPECT :

	30.09.2005	30.09.2004
	Rs.in Lakhs	Rs.in Lakhs
Income:	27822.35	21780.27
Profit before Depreciation and Interest	1570.28	904.02
Less : - Interest	175.81	83.13
- Depreciation	289.62	266.75
Profit before Tax	1104.85	554.14
Less: Provision for Taxation	332.46	155.42
Profit after Tax	772.39	398.72
- Surplus brought forward from the previous year	588.02	489.97
- Transferred from Foreign Project Reserve	25.16	83.08
	1385.57	971.77
Appropriations:		
- General Reserve	77.24	39.85
- Contingency Reserve	—	250.48
- Proposed Dividend	90.14	82.62
- Income Tax on Proposed Dividend	12.64	10.80
Surplus carried to Balance Sheet	1205.55	588.02

The turnover achieved during the year was Rs.269.55 Crores as compared to Rs.216.18 Crores in the previous year registering growth of 24.7%.

The profit before tax at Rs.1105 lakhs (Previous Year Rs.554 lakhs) includes income of Rs.253 lakhs received as interest on refund of Income Tax. During this year also profit margin of the Company was affected by abnormal increase in cost of steel materials, castings and forgings, during the first six months of the year under review.

2. CURRENT YEAR:

The order book position as on 1.10.2005 was at Rs.450 Crores, compared to Rs.348 Crores as on 1.10.2004. With good order book position the Company is reasonably confident of improvement in its performance over that of the previous year.

The Company is planning a special thrust to enhance its market share in the fields of Space, Defence, Nuclear and Co-Generation Power Plants, to take advantage of its core strength and growing opportunities in these areas.

The Company is also focusing on Engineering, Procurement & Construction (EPC) type of projects and has created a separate

Project Division to execute such projects. In order to be able to meet the growing requirement of manufacture of sophisticated equipments the Company has taken action for modernisation and upgradation of existing critical machines and addition of new machines.

3. EXPORTS:

The foreign exchange earnings for the year were Rs.3004 Lakhs as against Rs. 758 Lakhs in the previous year. The export orders on hand as on 1.10.2005 are at Rs.6359 Lakhs, compared to Rs.2107 lakhs as at 1.10.2004. The Company has booked export order for supply of 1000 TPD cement plant for Zambiji Portland Cement Ltd., Zambia at the price of Rs.5836 lakhs. The Company is actively participating in export enquiries for Cement and Sugar Machinery.

4. DIVIDEND:

Your Directors are pleased to recommend Dividend for the financial year 2004-2005 on Equity Shares of Rs.10/- each at Rs. 3.00 per share equivalent to 30% (27.5% in the previous year) aggregating to Rs. 90.14 lakhs.

5. MANAGEMENT DISCUSSION & ANALYSIS:

5.1 Overview:

During the year ended 30th September, 2005, the Company significantly improved its market share in Steam Generating Plants, Gear Boxes and critical equipments for Space and Defence.

Timely delivery and adherence to the stringent quality standards continued to be the main focus of the Company.

5.2 Segment Analysis and Review:

5.2.1 Heavy Engineering Product Segment:

The segment achieved turnover of Rs.23432 Lakhs (Previous Year Rs.18714 lakhs) accounting for 86.93% of Company's revenue. The turnover increased by 25.2% as compared to the previous year. Eventhough the profit also improved as compared to the previous year, the increase was not commensurate with increase in turnover as the margins were affected due to abnormal rise in steel prices during the first six months of the year.

During the year, Spherical Reactors for Numaligarh Refinery project using 65mm thick low Alloy material involving critical welding process were manufactured for the first time in the Country by the Company. Certain critical components for Defence Application were also manufactured for the first time in India during this period. Company also completed an important EPC project for Nuclear Power Corporation.

The overall order book position is reasonably good for all the products except the Sugar Machinery. However, with changing market trends it is hoped that for Sugar Machinery the Company will be able to book some Indignous/Export orders in the near future.

Outlook:

Based on the order book position reasonable growth in turnover and profit in this segment as compared to the previous year 2004-2005 is expected. Upgradation of machines and concentration on productivity enhancement will further improve performance of the division. The orders on hand for Space, Defence, Nuclear Power, Boilers, Gear Boxes & Cement Machinery are comfortable and the Company is also participating in EPC Contracts for prestigious Defence Projects.

The focus and concentration is being given for improving profitability through productivity enhancement in all areas of operations, cost control and timely executing of projects without cost overruns. Customer focus at all levels will continue to be the guiding principle of our Company.

5.2.2 Foundry & Machine Shop:

This segment has achieved revenue of Rs.3081 Lakhs as against Rs.2539 Lakhs in the previous year. Both the sales and PBT have improved as compared to the previous year, due to continued increase in demand for CI & SGI Castings.

Outlook:

The modernization and upgradation of Foundry is in progress and is expected to be completed by December, 2005. On completion of the modernization, the division will be able to manufacture CI & SGI castings of larger dimensions, with better value addition and profitability.

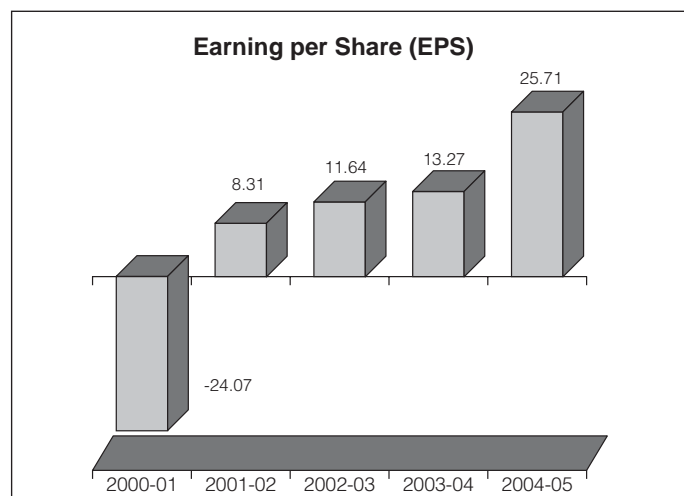
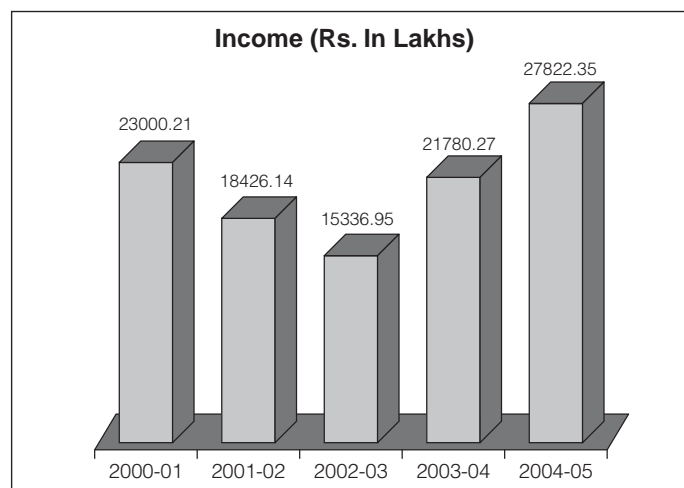
5.2.3 Other Segments:

These include (i) the unit at Dharwad for manufacturing Pressure & Temperature Gauges and Sector Mechanisms (ii) Walchand Infotech Services Division (iii) Hospitality business.

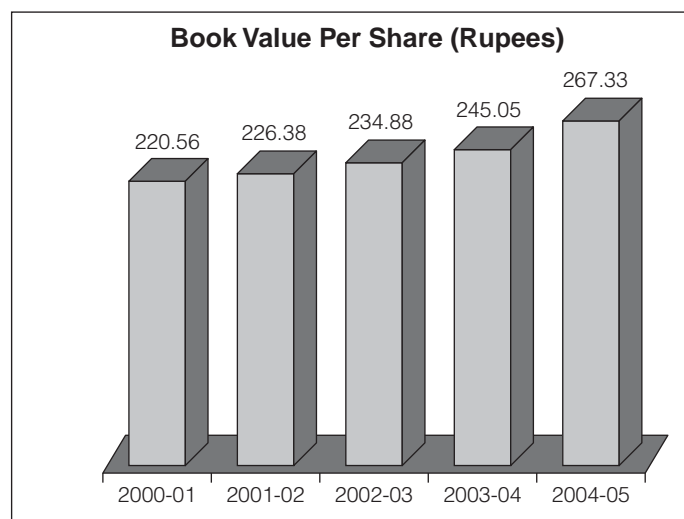
The total revenue from these segments was Rs.686 Lakhs for the year 2004-2005 as against Rs.543 Lakhs for the year 2003-2004.

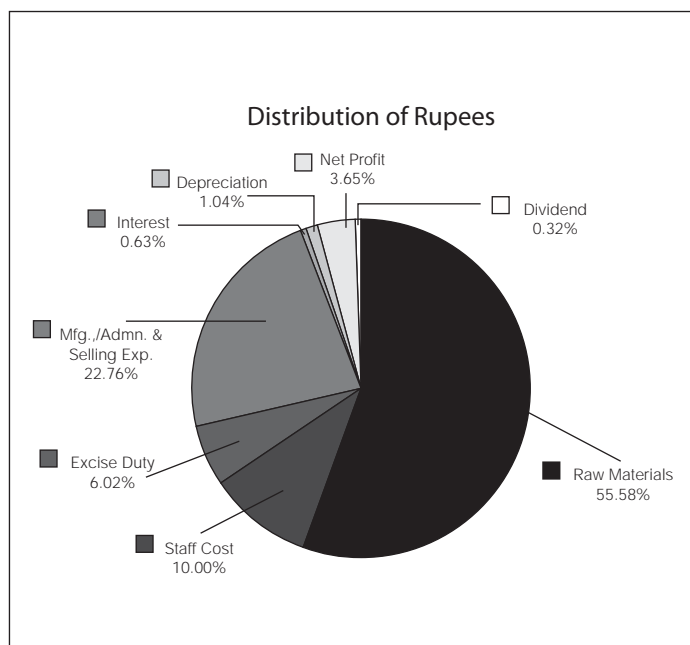
The unit at Dharwad improved its performance significantly both in turnover and profitability as compared to the pervious year due to good marketing effort and overall improvement in productivity.

The performance of the Infotech Services Division did not improve as the orders could not be booked for its product



* Includes provision for Diminution is value of investment for Rs. 1,231.56 lakhs equivalent to EPS of Rs. 41.56





'Ex-scheduler'. The work of incorporating additional features for this product as per customers' requirement is in progress. In the meantime services of the executives of the division are being utilized, to the extent possible, for computerization and implementation of Computerized Systems in Heavy Engineering Division.

The performance of Hospitality Division has improved as compared to previous year, due to measures undertaken for controlling wastages and reduction in fixed costs.

Outlook:

Performance of the unit at Dharwad is expected to further improve as its products have found wider acceptance in the market. The unit has planned to improve its facilities to meet the increased demand for Pressure Gauges and Sector Mechanisms.

As regards Infotech unit, thrust will be given for marketing its products by strengthening the marketing function. The unit will continue to support Heavy Engineering Division in implementing computerized systems.

The Hospitality Division is expected to further improve its performance by improving turnover and continuing efforts on controlling costs.

5.3 Internal Control Systems:

The Company has introduced adequate risk management and control system, commensurate with the scale and nature of its operations. Broadly these internal control procedures ensure the following :

- i) Efficient, effective use and protection of Company's resources.
- ii) Compliance with stipulated policies, procedures, statutes, accounting records and adequacy of internal control system and procedures.
- iii) Each business division is responsible for preparation of its budget, which is reviewed vis-à-vis the actual performance on monthly basis and corrective actions, wherever needed, are taken to ensure compliance. Considering the size and nature of operations of the Company, the overall control systems are adequate to meet the requirements.

These control systems are periodically reviewed and updated on an ongoing basis. The Company is having in-house Internal Audit Department for reviewing the internal control systems regularly.

5.4 Human Resources:

Human Resources are the most valuable assets of this Company which is engaged in design and manufacturing of high tech heavy engineering equipments and executing projects. The continuous development, training and recognizing as well as rewarding talent has been the corner stone of H.R. policy of the Company. Emphasis on goal setting and team working are encouraged. The culture of accountability, responsibility and delegation of powers has been incorporated for performance optimization.

6. FINANCE & ACCOUNTS:

6.1 Fixed Deposits:

The fixed deposits received from the shareholders and the public as on 30th September, 2005, were Rs.616.43 Lakhs. No deposits were due for repayment or have remained unpaid as on 30th September, 2005.

6.2 Income Tax Assessments:

The Company's Income Tax and Wealth Tax Assessments are completed up to the Assessment Year 2002-2003. Assessment for the year 2003-2004 is in progress. Various appeals before Appellate Authorities are being pursued.

6.3 Auditors' Report:

Observations made by the Auditors in 4 (vi) of their report are suitably clarified under Note No. D-4 (iv)-C forming part of the Accounts.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In preparation of the Annual Accounts, the Accounting Standards laid down by the Institute of Chartered Accountants of India have been followed.
2. Appropriate accounting policies have been selected and applied consistently, and reasonable and prudent judgement 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, 2005 and the profit of the Company for the year ended on that date.
3. 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.
4. The annual accounts have been prepared on a going concern basis.
5. 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.

8. 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 'A' to this Report.

9. 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 'B' to this Report.

10. 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 made by all the employees of the Company.

A statement showing particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is annexed as per Annexure 'B-1' and forms an integral part of the report.

11. SUBSIDIARIES:

As on 30th September, 2005 the Company has a Subsidiary Company - Walchand Tandur Cement Co. Ltd., and as required by the Companies Act, 1956, the Annual Report and Accounts of Walchand Tandur Cement Co. Ltd. for the year ended 31st March, 2005 is attached to this report. The Company has not consolidated the Annual Accounts of Walchand Tandur Cement Co. Ltd., due to the following reasons:

- a) the operations have not commenced,
- b) litigation regarding land/mining lease rights,
- c) absence of materiality,

12. DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and Article 149 of the Articles of Association of the Company, Mr. Dilip J. Thakkar and Mr. Chakor L. Doshi are due to retire at the 97th Annual General Meeting and they being eligible offer themselves for reappointment. As per the resolution passed at 96th Annual General Meeting, Mr J.L. Deshmukh was re-designated as Managing Director with effect from 11th January, 2005 on the modified terms and conditions as set out in explanatory statement related to the resolution.

13. 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.

14. 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



Registered Office:
3, Walchand Terraces,
Tardeo Road,
Mumbai 400 034.
Date: 19th November, 2005

Chakor L. Doshi
Chairman



ANNEXURE “A” TO DIRECTORS’ REPORT

REPORT ON CORPORATE GOVERNANCE :

1) A brief statement on Company’s philosophy on Code of Governance:

The Company's commitment for effective Corporate Governance continues and the Company has always been at the forefront of benchmarking its internal systems and policies within accepted standards so as to facilitate the creation of long term value for its shareholders. As reported earlier, the Company has Audit Committee, Shareholders' Grievance Committee, Remuneration Committee, Finance Committee and these Committees report to the Board of Directors about the tasks assigned to them.

The Board adopted Code of Conduct for all Board Members and Senior Management of the Company vide Circular Resolution No.1 of 2005 dated March 01, 2005. The said Code of Conduct is posted on the Website of the Company (www.walchand.com).

2) Board of Directors:

As on 30th September, 2005, the Board of Directors comprised of a Non-Executive Chairman, 2 Managing Directors, and 4 Non-Executive Directors. The listing requirement of one third of the Board to be of independent Directors, is met by the Company in view of 3 being independent Directors out of a total 7 Directors. The Non-Executive Directors are professionals and have vast experience in the field of

industry, finance and management bringing a wide range of expertise and experience to the Board.

As required under the Listing Agreement, the Directors' Report includes the Report on "Management Discussion and Analysis". The Board Members are presented with proper notes along with the Agenda papers well in advance before the meeting. Information covering the matters listed as per Annexure- 1 to Clause 49 is provided to the Board as a part of Agenda papers. The Chairman is rendering Professional Services as Consultant / Advisor on Corporate matters relating to finance, marketing, organization structure, industrial relations, new projects, corporate planning, exports, foreign collaborations, etc., as per the approval given by Shareholders at the Annual General Meeting held on 10th February, 2004. The Central Government has already expressed the opinion under Section 309 (1) of the Companies Act, 1956 stating that Mr. Chakor L. Doshi has the requisite qualifications for functioning as Advisor / Consultant of the Company. The Chairman is paid the professional fees towards such services rendered by him.

The details of composition of the Board, the attendance at the Board Meetings during the financial year and at the last Annual General Meeting, number of Directorships, remuneration paid to / provided for Directors during 2004-2005 are given in the following table:-

Information on Board of Directors

Name of Director	Status	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships in other Public Ltd Cos.	Chairmanship/ Membership of Committees in other Public Ltd Cos.		Remuneration paid to / provided for Directors			
						Chairman	Member	Sitting Fees	Salaries & Perquisites	Commission	Total
Mr. Chakor L. Doshi	C-NED	4	4	YES	3	None	None	1,20,000	—	—	1,20,000
Dr. P.K. Basu	NED-I	4	4	YES	1	None	1	1,00,000	—	—	1,00,000
Mr. A.U. Rijhsinghani	MD	4	4	YES	1	None	None	—	38,61,698	11,79,504	50,41,202
Smt. Sharayu Daftary	NED	4	3	YES	1	None	2	40,000	—	—	40,000
Mr. R.M. Pande	NED-I	4	4	YES	Nil	None	None	1,00,000	—	—	1,00,000
Mr. Dilip J. Thakkar	NED-I	4	4	YES	10	5	9	80,000	—	—	80,000
Mr. J. L. Deshmukh *	MD	4	4	YES	Nil	None	None	—	23,83,695	11,79,504	35,63,199

- Notes: 1. "C-NED" Chairman - Non Executive Director
 "NED" Non Executive Director
 "MD" Managing Director
 "NED-I" Non Executive Director –Independent
2. During the Financial Year 2004-2005, 4 Board Meetings were held on 20.11.2004, 11.01.2005, 23.04.2005 & 31.07.2005
3. Sitting fees paid to Directors include fees paid for attending all Board Meetings and all Sub-Committees thereof during the Financial Year.
4. Information on Number of Directorship in other Public Limited Companies is as on 30-9-2005 for present Directors.
5. Information on Number of Board Meetings held are with reference to date of appointment / date of resignation of the Director.
6. * During 01.10.2004 to 11.01.2005, Mr J.L. Deshmukh was Executive Director and w.e.f. 12.01.2005 he was redesignated as Managing Director.

The information regarding details of Directors being appointed / reappointed is given below pursuant to Clause 49 (VI) (A) of the Listing Agreement.

Mr. Dilip J. Thakkar, aged 69 years, is a practicing Chartered Accountant by profession since last 40 years and is a Partner of M/s Jayantilal Thakkar & Co., and Jayantilal Thakkar & Associates, Chartered Accountants, Mumbai. Mr. Thakkar is having vast experience in the fields of Accounts, Finance, Taxation and FEMA etc. He is also on the Board of 10 other Public Limited Companies namely Omega Management Services Ltd., Wearology Ltd., Panasonic India Ltd., Deccan Florabase Ltd., Essar Oil Ltd., Thirumalai Chemicals Ltd., The Ruby Mills Ltd., PAE Ltd., Himatsingka Seide Ltd., and Indo Count Industries Ltd. and 8 Private Limited Companies. He is also a Trustee of HSBC Mutual Fund. Mr. Thakkar is a Chairman of Investors Grievances Committee of Panasonic India Ltd. and a Chairman of Audit Committees of Essar Oil Ltd., Thirumalai Chemicals Ltd., Premier Auto Electric Ltd., and Himatsingka seide Ltd. He is also a Member Audit Committee and Remuneration Committee of Thirumalai Chemicals Ltd. and is a Member of Investors Relations Committee of Essar Oil Ltd. Mr. Dilip J. Thakkar was appointed as an Additional Director of the Company on 10th March, 2003 and was subsequently appointed as Director of the Company by Shareholders at the Annual General Meeting held on 26th April, 2003. Mr. Dilip J. Thakkar is seeking to be elected as a Director, liable to retire by rotation under Section 257 of the Companies Act, 1956.

Mr. Chakor L. Doshi, aged 57 years is qualified as M.S.(Operations Research and Industrial Engineering) U.S.A. Mr. Doshi is the Chairman of the Company and has been associated with the Company for over three decades. He is also on the Board of 3 other Public Limited Companies viz. Goetz (India) Ltd. Bharat Hotels Ltd., Bombay Cycle and Motor Agency Ltd. and on the Board of 4 Private Limited Companies.

3) Audit Committee:

The Audit Committee consisted of 3 Non-Executive Directors namely Mr. R. M. Pande, Mr. Chakor L. Doshi and Dr. P. K. Basu, out of which two were independent Directors and Mr. R. M. Pande, being the Chairman of the Committee. This Committee has been assigned task as listed under Clause 49-(II) (D) of the Listing Agreement. The Committee is authorised by the Board in the manner as envisaged under Clause 49 -(II) (C).

Attendance of Directors at the Audit Committee Meeting held during the Financial Year

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. R. M. Pande	4	4
Mr. Chakor L. Doshi	4	4
Dr. P. K. Basu	4	4

The Audit Committee Meetings were held on 20.11.2004, 11.01.2005, 23.04.2005 & 31.07.2005 during the financial year.

4) Shareholders' Grievance Committee:

The Shareholders' Grievance Committee consisted of 2 Non-Executive Directors namely Mr. Chakor L. Doshi and Smt. Sharayu Daftary and Mr. Chakor L. Doshi being its Chairman. The Committee is authorised to redress the Shareholders' and Investors' complaints.

Mr. R. J. Pardeshi, General Manager (Management Services) & Company Secretary is the Compliance Officer. During the financial year 2004-2005, the Company / Register & Transfer Agents received 46 Complaints out of which 14 related to non-receipt of Share Certificates, 05 related to non-receipt of Demat credit, 08 related to non-receipt of rejected DRF, 13 related to non-receipt of Dividend warrants, 01 related to non-receipt of Bonus Share Certificate, 01 related to non-receipt of Annual Report and 04 related to non-receipt of REP/SPL/DUP Certificate. All complaints have generally been redressed to the satisfaction of the complainants except for sub-judice matters which would be resolved on final disposal by the Court.

Attendance of Directors at the Shareholders' Grievance Committee Meeting held during the Financial Year

Name of Director	No. of Meetings held	No. of Meetings attended
Mr. Chakor L. Doshi	1	1
Smt. Sharayu Daftary	1	1



The Shareholders' Grievance Committee Meeting was held on 20.11.2004 during the financial year.

As on 30th September, 2005, 28 requests for dematerialisation of 9168 shares were pending and these were cleared subsequently within the prescribed time limit.

5) Share Transfer Matters:

During the year 2004-2005, the functions like approving Share Transfers, transmission of shares, consolidations of shares etc. were performed by the Board of Directors. However, in order to ensure prompt service to Shareholders, the Board of Directors has given authority to Managing Director(s) of the Company to approve matters concerning share transfers/transmission, etc. These matters are subsequently ratified by the Board of Directors.

6) Remuneration Committee:

The Remuneration Committee comprises of four directors which includes three independent directors viz, Dr. P. K. Basu, Mr. R. M. Pande & Mr. Dilip J. Thakkar and Mr.Chakor L.Doshi. Dr. P. K. Basu is its Chairman. The Remuneration Committee of the Company reviews the remuneration of Managing / Executive Directors. The remuneration of Managing / Whole -Time Directors is approved by the Remuneration Committee based on criteria such as industry benchmarks, Company's performance vis-à-vis industry performance / track record of the Managing / Whole-Time Director / appointee and is reported to the Board of Directors. The Remuneration Committee had approved and recommended to the Shareholders remuneration payable to Mr. J. L. Deshmukh who was proposed to be re-designated as Managing Director w.e.f. 12.01.2005. Subsequently the Shareholders approved the re-designation of Mr. J. L. Deshmukh as Managing Director w.e.f. 12th January, 2005 on the terms and conditions set out in the explanatory statement related to the resolution. The Remuneration Committee had also approved and recommended that the Company to follow procedure under para (B) of Schedule XIII to the Companies Act, 1956 to enable the Company to pay remuneration including commission to Mr.J.L.Deshmukh as per the terms approved by Shareholders in the event of inadequate profits and loss. Accordingly, the said item was taken up at the 96th Annual General Meeting and the Shareholders approved the same at the Annual General Meeting held on 11th January, 2005.

The details of remuneration paid / provided for Mr. A. U. Rijhsinghani and Mr. J. L. Deshmukh for the financial year ended 30th September, 2005 are as follows:

Amount paid to / provided for (Rs. in lakhs)

Details	Mr A.U.Rijhsinghani Managing Director	Mr. J. L. Deshmukh Managing Director*
Salary	31.87	19.16
Perquisites	3.97	1.93
Contribution to P.F.	1.97	2.12
Commission	11.79	11.79
Gratuity	0.81	0.63
Total	50.41	35.63

* The above remuneration includes remuneration drawn as Executive Director for the period 1st October, 2004 to 11th January, 2005 and as Managing Director for the period from 12th January 2005 to 30th September, 2005

Attendance of Directors at the Remuneration Committee Meeting held during the Financial Year		
Name of Director	No. of Meetings held	No. of Meetings attended
Dr.P.K.Basu	1	1
Mr.R.M.Pande	1	1
Mr.Dilip J. Thakkar	1	1

Mr. Chakor L. Doshi was appointed as member of the Remuneration Committee by the Board at the meeting held on 23.04.2005.

The Remuneration Committee Meeting was held on 20.11.2004 during the financial year.

The additional information in respect of Mr. A. U. Rijhsinghani, Managing Director and Mr.J.L.Deshmukh, Managing Director is as under.

(i) Notice period : 6 months

(ii) Severance Fees : Not applicable

(iii) Stock Options : Not applicable

The Remuneration Committee also acts as Selection Committee by co-opting a suitable expert from respective field to consider and approve cases falling under section 314 of the Companies Act, 1956 and the Directors' Relatives (Office or Place of Profit) Rules, 2003. The Meeting of Selection Committee was held on 31.07.2005 to consider and approve revision in remuneration payable to Mr.Chirag C. Doshi who was promoted by Managing Director as President of the Company w.e.f. 01.02.2005 on the basis of his qualifications and performance. Managing Director recommended revision in remuneration to bring the same in line with remuneration paid to other Presidents working in the Company. The Shareholders had given authority to Managing Director at 94th Annual General Meeting to promote and revise remuneration of Mr.Chirag C. Doshi at his discretion. The Selection Committee approved the revised remuneration payable to Mr. Chirag C. Doshi, President of the Company and recommended further to approach the Central Government to obtain approval of the revised remuneration. The Central Government has also approved the revised remuneration under Section 314 of the Companies Act, 1956 as per the recommendations of the Selection Committee. Mr.Chirag C. Doshi is a son of Mr.Chakor L. Doshi, Chariman of the Company.

Attendance of Directors at the Selection Committee Meeting held during the Financial Year		
Name of Director	No. of Meetings held	No. of Meetings attended
Dr.P.K.Basu	1	1
Mr.R.M.Pande	1	1
Mr.Dilip J. Thakkar	1	1
Mr.Chakor L. Doshi	1	1

7) Finance Committee:

The Board of Directors formed Finance Committee to consider and approve borrowing proposals referred to it by the Board. The Committee comprises of four directors viz. Mr.Chakor L. Doshi, Mr.A.U.Rijhsinghani, Mr.Dilip J. Thakkar and Mr.J.L.Deshmukh. Mr. Chakor L. Doshi is Chairman of the Committee. The first meeting of Finance Committee was held on 09.09.2005

Attendance of Directors at the Selection Committee Meeting held during the Financial Year		
Name of Director	No. of Meetings held	No. of Meetings attended
Mr. Chakor L. Doshi	1	1
Mr. A. U. Rijhsinghani	1	1
Mr.Dilip J. Thakkar	1	1
Mr. J. L. Deshmukh	1	1



8) General Body Meeting:

Financial Year – 1 st October to 30 th September			
Financial Year	Venue	Date	Time
2001-02	M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	26-04-2003	11.30 a.m.
2002-03	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai - 400 020	10-02-2004	03.00 p.m.
2003-04	Walchand Hirachand Hall, IMC Building Churchgate, Mumbai - 400 020	11-01-2005	03.00 p.m.

All resolutions including special resolutions were passed by the members of the Company. No postal ballots were used for voting at these meetings.

9) Disclosures:

- i) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, their Subsidiaries or Relatives, etc. that may have potential conflict with the interests of the Company at large.

As required by the Accounting Standards AS-18, the details of related party transactions are given in Schedule 'O-B' in Notes to and forming part of Accounts

- ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authorities, on any matter related to Capital markets during last three years.

None.

10) Means of Communication.

- i) Half yearly Reports sent to each household of shareholders.
As a measure of cost reduction, the half-yearly results of the Company are made available on the Company's website @ www.walchand.com
- ii) Quarterly Results are published in All India Edition of English & Marathi News paper from Mumbai and are also available on Company's web site @ www.walchand.com
- iii) "Management Discussion and Analysis" is given in the Directors' Report.

11) General Shareholder Information:

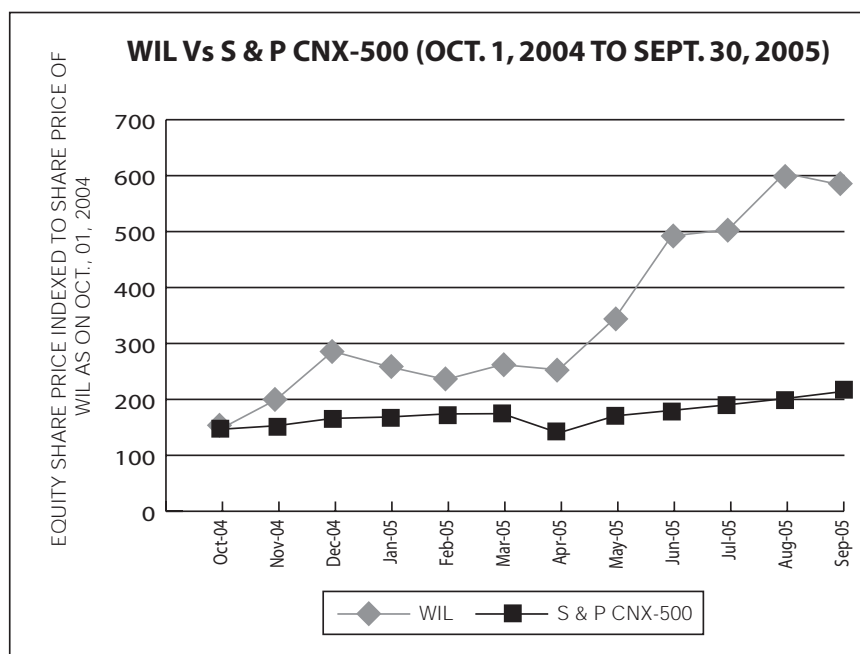
- i) AGM : Date, Time & Venue : 16 th January, 2006 - 3.30 p.m.
Walchand Hirachand Hall,
Indian Merchants' Chambers Building,
Churchgate,
Mumbai-400 020.
- ii) Financial Calendar : The Company follows October to September as its Financial Year. The results for every quarter beginning from October is declared in the month following the quarter except for the last quarter, for which Annual Audited Results are declared within the period permitted under the Listing Agreement.
- iii) Date of Book Closure : 10th January, 2006 to 16th January, 2006.
- iv) Dividend payment date : On or before 15th February, 2006.
- v) Listing on Stock Exchanges : Stock Exchanges at Mumbai & National Stock Exchange. The Listing fees for the year 2005-2006 have been paid to all the Stock Exchanges.
- vi) Stock Code (Mumbai) : 7410

vii) Market Price data

N S E		
Month	High	Low
Oct 04	164.00	129.00
Nov 04	266.95	132.30
Dec 04	334.90	237.00
Jan 05	301.45	215.00
Feb 05	260.95	210.00
Mar 05	299.00	225.20
Apr 05	273.50	232.30
May 05	456.00	235.00
Jun 05	569.00	415.25
Jul 05	533.90	473.00
Aug 05	719.00	490.00
Sep 05	639.80	527.00

viii) Performance in comparison to S&P CNX-500

The Chart shows the performance of Company's Shares at NSE as compared to S&P CNX-500 during the year 2004-2005 :



ix) Registrar & Share Transfer Agents

: M/s.Intime Spectrum Registry Ltd.
Unit: Walchandnagar Industries Ltd.
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai 400 078
Ph.No. (022) 5555454
Fax No. (022) 5555353



- x) Share Transfer System : Shareholders are permitted to hold shares in Physical form or in Demat Form. In case of Physical form, shareholders have been informed to lodge the shares for transfer purpose to Registrars and Share Transfer Agents & Company is taking care to ensure that share transfer work gets completed as early as possible and not later than one month period. The transfers are being approved once in a week. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

- xi (a) Shareholding Pattern as on 30.09.2005

Category	No. of Shares	%
Promoters & Directors, Directors Relatives & Group Companies/ Group Trusts	14,25,828	47.46
Mutual Funds & Unit Trust of India	750	00.02
Banks, Financial Institutions, Insurance Companies, etc.	2,94,861	9.81
Private Corp. Bodies	3,17,187	10.56
N R I/O C B	2,08,410	6.94
Public	7,57,470	25.21
Others	--	--
TOTAL	30,04,506	100.00

- xi (b) Distribution of Shareholding as on 30-09-2005

Shareholding of nominal value of Rs.	Number of Shareholders	% to Total	No. of Shares	Amount in Rs.	% to Total
Upto 5000	7908	96.91	395970	3959700	13.18
5001 to 10000	112	01.37	86489	864890	02.88
10001 to 20000	59	00.72	87727	877270	02.92
20001 to 30000	22	00.27	57335	573350	01.91
30001 to 40000	15	00.18	52582	525820	01.75
40001 to 50000	10	00.12	46309	463090	01.54
50001 to 100000	14	00.17	92598	925980	03.08
100001 onwards	20	00.24	2185496	21854960	72.74
TOTAL	8160	100.00	3004506	30045060	100.00

- xii) Dematerialisation of Shares & Liquidity : As stated earlier, the Company's shares are listed on the Stock Exchanges. As per the SEBI notifications, Company's shares have been Compulsorily Dematerialised w.e.f. 26th Dec.2000 and Company's Registrar & Transfer Agents had established connectivity with NSDL & CDSL. The ISIN No. is INE 711A01014. As on 30.9.2005, 14,27,764 equity shares denoting 47.35% have been dematerialised. The members holding shares in physical form are requested to get the shares in demat form as per the prescribed procedure.

- xiii) Outstanding GDRs/ADRs/ Warrants or any other Convertible Instruments, Conversion date and likely impact on equity : Not applicable. These securities are not issued.
- xiv) Plant Locations : Walchandnagar, Dist. Pune, Maharashtra
Satara Road, Dist. Satara, Maharashtra
Attikola, Dharwad, Karnataka
- xv) Address for correspondence
- a) For correspondence relating to shares : Intime Spectrum Registry Ltd.
Unit: Walchandnagar Industries Ltd.,
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai 400 078
Ph.No. (022) 55555454 Fax No. (022) 55555353
- b) For other matters
(At Company's Registered Office) : Walchandnagar Industries Ltd.
3, Walchand Terraces
Tardeo Road, Mumbai 400 034
Tel: 24939498

12) Compliance on Non-Mandatory requirements as set out in Annexure No.3 to Clause 49 of the Listing Agreement.

1. Chairman of the Board:

The Chairman's Office with required facilities is being provided and maintained at Company's expense for use by its Non-Executive Chairman.

2. Remuneration Committee:

Remuneration Committee consists of 4 Non-Executive Directors namely Dr. P. K. Basu, Mr. R. M. Pande, Mr. Dilip J. Thakkar (Independent Directors) and Mr. Chakor L. Doshi. During the year under report, the Committee met once on 20th November, 2004.

3. Shareholders' Rights:

The Results of Half Yearly Performance is available on Company's Website www.walchand.com

4. Postal Ballot :

The Company has not passed any resolution requiring approval by Postal Ballot.

COMPLIANCE REPORT

The Auditor's Certificate on Corporate Governance is attached herewith.



CORPORATE GOVERNANCE REPORT

CERTIFICATE

TO THE MEMBERS OF

WALCHANDNAGAR INDUSTRIES LTD.

We have examined the compliance of conditions of Corporate Governance by Walchandnagar Industries Limited for the year ended 30th September, 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar of the Company, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Mumbai
Dated : 19th November, 2005

For K.S. Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner
Membership No. 38128

**ANNEXURE 'B' TO THE DIRECTORS' REPORT (ADDITIONAL INFORMATION GIVEN IN TERMS OF NOTIFICATION NO. 1029 OF 31.12.1988 ISSUED BY THE DEPARTMENT OF COMPANY AFFAIRS)
(DISCLOSURES)**

A) CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

- A new pit type furnace of 950 Kw capacity with thyristered heating control, Eurotherm PID temperature controllers & ceramic blanket heat insulation has been installed. It is expected to result in 30% energy saving compared to a conventional furnace of similar capacity.
- Transparent polycarbonate sheets have been fixed for sheds in the shop to improve illumination level by natural light instead of MV lamps. The saving in light energy in the shop is expected to be 15%.
- Induction heating technique is being used in place of conventional oil fired heating process of shrink fitting of gear shafts. It is a safer and cleaner system and shall result in 10% energy saving.

b) Impacts of measures for reduction of energy consumption and consequent impact on the cost of production of goods:

- As a result of measures stated in (a) above there will be considerable reduction in energy consumption, which in turn will help in reducing the cost of production.

B) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT :

1. Specific areas in which R&D has been carried out by the company:

- New product development
- Import substitution
- Process/equipment developments
- Value engineering and value analysis (VEVA)

2. Benefits derived as a result of R & D :

- WIL has designed a large Sugar Mill of Ø 50" x 100" size.
- Developed syrup clarification system instead of juice sulphitation for export orders. In this process the clarification chemical used is other than sulphur which eliminates the use of sulphur as a clarification and decolourisation agent.
- Developed boilers working on waste heat for sponge iron plants and gas engines.

- Developed high pressure boilers upto 100 TPH capacity with 105 Kg/cm² pressure and 525°C temperature for bio-mass based power plant of 25 MW capacity.
- Developed hydraulic thruster of 80T capacity for cement plants.
- WIL has successfully developed large size "Interchangeability Drill jigs" for Ø 3.2 m motor casings using latest technology.
- Developed precision welding of Titanium alloys.

3. Future Plan of Action :

- S. G. Iron castings, meeting physical properties at - 40°C, are under development to meet the future export requirement of castings especially for wind mill applications.

4. Expenditure on R&D :

	Rs.in Lakhs
Capital (Development Expenditure)	87.76
Recurring	15.45
Total :	103.21
Total R&D Expenditure	
Percentage to turnover	0.38

Technology absorption, adaptation and innovations:

1. Efforts, in brief, made towards technology absorption, adaptation & innovations:
 - Continuous monitoring of technology trends.
 - Continuous interaction and exchange of information with the technical experts/collaborators.
 - Deputing engineers abroad for interaction and exchange of information.
 - Development efforts for technology adaptation in new areas.
2. Benefits derived as a result of above efforts.
 - Improvement in manufacturing methods and quality standards.
 - Tending towards self-sufficiency in engineering skills for manufacturing high- tech jobs.
 - Development of energy efficient cost effective, high performance engineering products.



(C) FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange used and earned:

Earning in Foreign Exchange Rs. 3003.98 Lakhs

Foreign Exchange Outgo Rs. 2041.70 Lakhs

ANNEXURE “B-1” TO THE DIRECTORS’ REPORT

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIE ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF DIRECTORS’ REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2005

Name	Age (Yrs)	Designation (Nature of Duties)	Remuneration (Rs.)	Experience (Years)	Qualification	Date of Joining	Details of previous Employment		
							Name of the Company	Designation	No. of Yrs.
A.U. Rijhsinghani	73	Managing Director	50,41,202	51	B.E. (Civil) M.S. (USA)	1-10-1991	C.C.I. Ltd.	Director	16
J.L.Deshmukh	56	Managing Director	35,63,199	33	B.E. (Mechanical)	5.10.2003	Cummins Power Generation, USA	Director (Business Development)	2

Notes:

- Information has been furnished on the basis of Employees employed throughtout the financial year, who are in receipt of Remuneration for that year which, in the aggregate was not less than Rs. 24,00,000/- (Rupees twenty four lakhs) and those employed for that part of financial year, were in receipt of remuneration for any part of that year at a rate which, in the aggregate was not less than Rs. 2,00,000/- (Rupees two lakhs) per month.
- Remuneration includes salary, commission, other allowances, payments and expenditures incurred on perquisites and Company’s contribution to Provident, Superannuation and Gratuity funds.
- The above appointment is on contractual basis.

AUDITORS' REPORT

To the Members of
WALCHANDNAGAR INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **WALCHANDNAGAR INDUSTRIES LIMITED** as at 30th September, 2005 and also the Profit and Loss Account and the Cash Flow Statement annexed thereto for the year ended on that date.

- 1) These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, as amended Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account, as required by Law, have been kept by the Company, so far as it appears from our examination of those books.
 - (iii) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of account.

- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of the written representation received from the directors, as on 30th September, 2005 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 30th September, 2005, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) *As stated in our earlier years' audit report, no provision has been made for the liability, if any, in respect of Bank Guarantee invoked by the parties in earlier years as explained in Note No. D 4 (iv) (a) and (b) of Schedule 'O'. Since the matter is sub-judice we are unable to opine on the likelihood of these liabilities devolving on the Company and the consequent effect on Profit and Reserves and Surplus.*

Subject to (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th September, 2005 :
- (b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date and
- (c) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants

Raghuvir M. Aiyar
Partner

Membership No.: 38128

Mumbai
Dated: 19th November, 2005



ANNEXURE

Referred to in paragraph 3 of our Report of even date,

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Company has a programme for physical verification of fixed assets, which in our opinion is reasonable having regard to the nature of the business. Accordingly fixed assets have been physically verified by the management at the end of the year and no material discrepancies were noticed on such verification.
- (c) During the year, there was no substantial disposal of fixed assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals other than material lying with sub contractors, which have been substantially confirmed by them.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company has maintained the proper records of inventory and no material discrepancies were noticed on physical verification as compared to the book record.
- (iii) (a) The Company has not granted any secured or unsecured loans to a companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore sub-clauses (b), (c) and (d) of (iii) of the said Order are not applicable.
- (e) The Company has taken unsecured loans, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The details are under:
- | No.of Parties | Amount invloved | Balance as on 30.09.2005 |
|---------------|-----------------|--------------------------|
| Two | Rs.130 Lacs | Rs.130 Lacs |
- (f) As explained to us, the rate of interest and other terms and conditions of the aforesaid loans are not, prima facie prejudicial to the interest of the Company.
- (g) The Company is regular in repaying the principal amount as and when demanded and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However with regard to Management Service Contract with a party, as service is of specialised nature it is not possible to ascertain the market price for the same.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other court or any other tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with size and nature of its business.
- (viii) According to the information and explanation given to us, the Central Government has not prescribed for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income- tax, sales-tax, wealth-tax, custom duty, excise-duty, service tax and cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty service tax and cess were in arrears, as at 30th September, 2005 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the disputed statutory dues on account of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess that have not been deposited on account of matters pending before the appropriate authority are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Wealth Tax Act	Valuation of Immovable Assets	3.40	A. Y. 2001-2002	Commissioner of Income Tax- Appeals
Central Excise Act, 1964	Dispute on availment of MODVAT/CENVAT	5.98	April 2000 to July 2002	Commissioner of Central Excise-Appeals

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- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions or banks during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during period covered by our audit report, the company has not issued any debentures.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the Company has not raised any money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K. S. AIYAR & CO.
Chartered Accountants

Raghuvir M. Aiyar
Partner
Membership No.: 38128

Mumbai
Dated: 19th November, 2005



Balance Sheet as at 30th September, 2005

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
I. SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS				
Share Capital	A	300.45		300.45
Reserves & Surplus	B	19,297.32		19,527.28
			19,597.77	19,827.73
2. LOAN FUNDS:				
Secured Loans	C	2,883.27		1,004.06
Unsecured Loans	D	746.43		25.00
			3,629.70	1,029.06
3. DEFERRED TAX LIABILITY			653.16	698.86
TOTAL			23,880.63	21,555.65
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS:	E			
Gross Block		37,770.57		36,987.40
Less : Depreciation		23,370.40		22,231.73
Net Block			14,400.17	14,755.67
Capital Work-in-progress			545.18	451.37
2. INVESTMENTS:	F		44.75	44.75
3. NET CURRENT ASSETS:				
CURRENT ASSETS, LOANS AND ADVANCES:	G			
Inventories		6,160.92		5,548.78
Sundry Debtors		9,697.19		7,372.20
Cash & Bank Balances		1,166.56		475.37
Loans & Advances		5,716.63		5,125.03
		22,741.30		18,521.38
Less: CURRENT LIABILITIES AND PROVISIONS:	H			
Current Liabilities		13,497.11		12,035.12
Provisions		353.66		182.40
		13,850.77		12,217.52
TOTAL			8,890.53	6,303.86
			23,880.63	21,555.65
Notes forming part of Accounts	O			

In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the values stated, if realised in the ordinary course of Business. Subject to the Notes, the provisions for depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary. There are no Contingent Liabilities to our knowledge except those stated in Schedule 'O'.

As per our Report Attached
For K. S. Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner

Mumbai
19th November, 2005

R. J. Pardeshi
General Manager (MS) &
Company Secretary

Mumbai
19th November, 2005

A. U. Rijhsinghani
Managing Director
J. L. Deshmukh
Managing Director

Chakor L. Doshi
Chairman
P. K. Basu
Director
Smt. Sharayu Daftary
Director
R. M. Pande
Director
Dilip J. Thakkar
Director

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Profit and Loss Account for the year ended 30th September, 2005

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
I. INCOME :				
Sales & Other Income	I		27,822.35	21,780.27
II EXPENDITURE:				
1 Raw Material & Components consumed		15,327.38		12,158.89
2 Payment to and provision for employees	J	2,781.80		2,713.77
3 Excise Duty		1,675.46		1,141.63
4 Manufacturing, Administration & Selling expenses	K	6,331.19		5,452.70
5 Interest	L	175.81		83.13
		<u>26,291.64</u>		<u>21,550.12</u>
6 Less : Expenditure Capitalised		77.99		18.95
		<u>26,213.65</u>		<u>21,531.17</u>
7 Add/(Less): Decrease/(Increase) in stocks	M	214.23		(571.79)
			26,427.88	<u>20,959.38</u>
8 Profit before Depreciation			1,394.47	820.89
9 Depreciation for the year		1,183.54		1,221.27
Less: Transferred from Revaluation Reserve		893.92		954.52
			289.62	<u>266.75</u>
10 Profit before Taxation			1,104.85	554.14
11 Provision for Taxation		356.00		148.50
Provision for F. B. Tax		22.16		—
Deferred Tax		(45.70)		6.92
			332.46	<u>155.42</u>
12 Profit After Tax			772.39	398.72
13 Surplus brought forward from last year		588.02		489.97
14 Transferred from Foreign Project Reserve		25.16		83.08
			613.18	<u>573.05</u>
15. Surplus before Appropriation			1,385.57	<u>971.77</u>
III APPROPRIATION:				
General Reserve		77.24	—	39.85
Contingency Reserve		—	—	250.48
Proposed Dividend		90.14	—	82.62
Tax on proposed Dividend		12.64	—	10.80
			180.02	<u>383.75</u>
Surplus carried to Balance Sheet			1,205.55	<u>588.02</u>
Earnings Per Equity Share Basic/ Diluted – Note No. 8 O			25.71	13.27
Significant Accounting Policies, forming part of Accounts – Notes A,B,&C	O			

As per our Report Attached
For K. S. Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner

Mumbai
19th November, 2005

R. J. Pardeshi
General Manager (MS) &
Company Secretary

Mumbai
19th November, 2005

A. U. Rijhsinghani
Managing Director
J. L. Deshmukh
Managing Director

Chakor L. Doshi
Chairman
P. K. Basu
Director
Smt. Sharayu Daftary
Director
R. M. Pande
Director
Dilip J. Thakkar
Director



Schedules annexed to and forming part of Balance Sheet

SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
1. AUTHORISED:			
50,000 10% Cumulative Preference Shares of Rs. 100 each	50.00		50.00
50,000 Preference Shares of Rs.100 each	50.00		50.00
		100.00	100.00
24,000,000 Equity Shares of Rs.10 each		2,400.00	2,400.00
		2,500.00	2,500.00
2. ISSUED, SUBSCRIBED & PAID UP:			
3,004,506 Equity Shares of Rs. 10 each Fully paid -up		300.45	300.45
		300.45	300.45
TOTAL		300.45	300.45

Notes: The Subscribed and paid up capital includes:

- (i) 20,79,502 Equity Shares issued as Bonus Shares out of Share Premium, General Reserve and Capital Reserve.
- (ii) 25,000 Equity Shares issued for consideration other than for Cash, pursuant to a contract.
- (iii) 12,130 Equity Shares issued on conversion of Debentures.
- (iv) 1,72,874 Equity Shares issued without payment being received in cash to the shareholders of the erstwhile Cooper Engineering Ltd. and erstwhile Tiwac Industries Ltd., in terms of Schemes of Amalgamation sanctioned by the Bombay High Court.

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
1. REVALUATION RESERVE (On Revaluation of Fixed Assets)	12,465.52		13,499.22
Less: Adjustment on Account of Sale	5.65		79.18
Less: Transferred to Profit & Loss Account	893.92		954.52
		11,565.95	12,465.52
2 FOREIGN PROJECT RESERVE	25.16		108.24
Less: Transferred to Profit & Loss Account	25.16		83.08
		--	25.16
3 CAPITAL REDEMPTION RESERVE		50.00	50.00
4 CONTINGENCY RESERVE	2,085.48		1835.00
Add:Transferred from Profit & Loss Account	--		250.48
		2,085.48	2,085.48
5 GENERAL RESERVE	4,313.10		4,273.25
Add:Transferred from Profit & Loss Account	77.24		39.85
		4,390.34	4,313.10
6 SURPLUS BALANCE IN PROFIT AND LOSS ACCOUNT		1,205.55	588.02
TOTAL		19,297.32	19,527.28

Schedules annexed to and forming part of Balance Sheet

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
A) FROM BANKS			
a) Working Capital Loans (Secured by hypothecation of all those tangible movable properties and assets, present and future, including all stocks of Raw Material, Components, Tools, Stores Materials, Work-in-progress, Finished Goods & Book Debts and equitable mortgage on fixed assets – Walchandnagar Division)		2,393.62	988.38
b) i) Term Loans	200.02		—
ii) Working Capital Loans (Secured by hypothecation of all Fixed assets, present and future, including all stocks of Raw Material, Work-in-progress, Finished Goods & Book Debts and equitable mortgage on fixed assets - Foundry Division)	198.13	398.15	—
B) FROM OTHERS (Secured by Cars purchased under Hire-Purchase agreement)		91.50	15.68
TOTAL		2,883.27	1,004.06

SCHEDULE 'D' : UNSECURED LOANS

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
Fixed Deposits		616.43	—
From others		130.00	25.00
TOTAL		746.43	25.00

SCHEDULE 'E' : FIXED ASSETS

(Rupees in Lakhs)

		Gross Block			Depreciation				Net cost/Book Value		
		Cost/ Book Value as at 1-10-04	Additions	Deductions/ Adjustments	Cost/ Book Value as at 30-9-05	Upto 1-10-04	For the year	Deduction/ Adjustments	Upto 30-9-05	As at 30-9-05	As at 30-9-04
1	Land (Free Hold)	1,396.11	—	0.43	1,395.68	—	—	—	—	1,395.68	1,396.11
2	Buildings (i)	11,447.63	50.00	—	11,497.63	5,340.61	223.80	—	5,564.41	5,933.22	6,107.02
3	Plant & Machinery	22,438.20	576.84	20.20	22,994.84	15,702.56	839.13	17.27	16,524.42	6,470.42	6,735.64
4	Laboratory Equipment	9.10	1.45	—	10.55	9.03	0.15	—	9.18	1.37	0.07
5	Furniture Fixtures, Office Equipments and Electrical Fittings	775.58	63.51	1.31	837.78	601.19	48.69	19.31	630.57	207.21	174.39
6	Patents	11.13	—	—	11.13	9.51	0.42	—	9.93	1.20	1.62
7	Vehicles	360.79	111.61	9.41	462.99	284.22	44.02	8.29	319.95	143.04	76.57
8.	Road, Water Works and Drainage	548.86	11.11	—	559.97	284.61	27.33	—	311.94	248.03	264.25
Total		36,987.40	814.52	31.35	37,770.57	22,231.73	1,183.54	44.87	23,370.40	14,400.17	14,755.67
Previous Year		36,960.06	174.85	147.51	36,987.40	21,075.20	1,221.27	(64.74)	22,231.73	14,755.67	--

(i) Includes cost of 5 shares of Rs. 50 each of Co-operative Housing Societies against acquisition of Flats.

(ii) Refer Note Nos. D-1, D-2 and D-3 of Schedule 'O'.



Schedules annexed to and forming part of Balance Sheet

SCHEDULE 'F' : INVESTMENTS (AT COST)

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
LONG TERM INVESTMENTS:			
GOVERNMENT SECURITIES :		0.07	0.07
QUOTED			
Shares fully paid up			
Housing Development Finance Corporation Ltd., 166180 Equity Shares of Rs. 10 each		21.86	21.86
Bombay Cycle & Motor Agency Ltd. 600 Equity Shares of Rs. 10 each		0.10	0.10
H D F C Bank Ltd., 500 Equity Shares of Rs. 10 each		0.05	0.05
Bank of Baroda 12,000 equity shares of Rs 10 each		10.35	10.35
UNQUOTED			
Maharashtra State Co-operative Bank Ltd. 2 Equity Shares of Rs. 50 each		0.01	0.01
Shushrusha Citizen's Co-operative Hospital Ltd. 100 Equity Shares of Rs. 100 each		0.10	0.10
Walchand Terraces Co-op Housing Society Ltd. 20 Equity Shares of Rs. 50 each		0.01	0.01
Cooper Employees' Consumers' Co-op. Society Ltd. 100 Equity Shares of Rs. 25 each		0.02	0.02
Walchand Co-operative Housing Society Ltd. 10 Equity Shares of Rs. 50 each		0.01	0.01
Walchand Botanicals Pvt. Ltd. 480 Equity share of Rs. 100 each		0.48	0.48
Walchand Foundries Pvt Ltd. 480 Equity share of Rs. 100 each		0.48	0.48
Shares in Subsidiary Company:			
UNQUOTED:			
Walchand Tandur Cement Co. Ltd. 10 Equity Shares of Rs. 100 each Fully paid up	0.01		0.01
24,900 Equity Shares of Rs. 100 each (partly paid up) Rs. 45 per share paid-up	11.20		11.20
		11.21	11.21
Total		44.75	44.75
Notes:			
1. Aggregate of Quoted Investments:			
At Cost		32.36	32.36
Market Value		1,727.51	1,037.31
2. Aggregate of Unquoted Investments:			
Book Value and/or at Cost		12.39	12.39

Schedules annexed to and forming part of Balance Sheet

SCHEDULE 'G' : CURRENT ASSETS, LOANS & ADVANCES

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
A CURRENT ASSETS:			
1. Inventories (As valued & certified by the Management)			
(a) Stores and Spares, at cost	522.77		471.08
(b) Goods in Transit, at cost	242.54		218.48
(c) Dies, Jigs, Tools & Patterns	198.42		96.59
(d) Stock in Trade			
i) Raw materials and components at cost	2,030.35		1,381.56
ii) Finished Products, at lower of estimated cost or Selling price/Contract rate	94.37		140.47
iii) Work-in-progress, at lower of estimated cost or contract rate	2,547.98		2,692.55
iv) Work-in-progress, at estimated cost	232.91		260.61
v) Work-in-progress – Expenditure on Uncompleted Contracts	291.58		287.44
		6,160.92	5,548.78
2 Sundry Debtors, Unsecured, Considered Good, unless otherwise stated			
Over six months	2,764.08		2,647.28
Others	6,933.11		4,724.92
		9,697.19	7,372.20
3. Cash and Bank Balances			
(a) Cash on hand	44.92		24.62
(b) Cheques in Transit	403.48		—
(c) With Scheduled Banks:			
Fixed Deposits	75.83		43.89
In Current Accounts	494.96		266.97
Margin Money Deposits	141.12		139.27
	1,160.31		474.75
In Current Account with Non Scheduled Banks:			
Walchandnagar Sahakari Bank Ltd., Walchandnagar (Maximum Balance Rs.98.60 lakhs – Previous year Rs.17.93 lakh)	6.25		0.62
		1,166.56	475.37
TOTAL A		17,024.67	13,396.35
B. LOANS AND ADVANCES :			
Unsecured, Considered Good :			
1 Advances recoverable in Cash or in kind or for value to be received	4,426.98		3,477.07
2 Advance payment of Income Tax (Net of Provision for Taxation)	—		479.37
3 Retention and Other Deposits	1,119.90		1,107.71
4 Balance with Customs, Excise and Others	169.75		60.88
		5,716.63	5,125.03
TOTAL B		5,716.63	5,125.03
TOTAL (A + B)		22,741.30	18,521.38



Schedules annexed to and forming part of Balance Sheet

SCHEDULE 'H' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
A. CURRENT LIABILITIES:			
Sundry Creditors			
Small Scale Industries *	233.40		130.76
Others	5,122.08		4,645.75
		5,355.48	4,776.51
Advance against Orders and Customers' Credit balances		6,602.23	6,144.39
Other Liabilities		1,526.67	1,101.80
Unclaimed Dividend		12.73	12.42
		13,497.11	12,035.12
TOTAL A			
B PROVISIONS FOR:			
Leave Encashment		70.73	87.06
Wealth Tax		1.20	1.92
Income Tax (net of advance payment of Income Tax)		165.78	--
Fringe Benefit Tax		13.17	--
Proposed Dividend		90.14	82.62
Tax on Proposed Dividend		12.64	10.80
		353.66	182.40
TOTAL B			
TOTAL (A + B)		13,850.77	12,217.52

* Include dues to parties exceeding Rs. One Lakh and are as per within agreed terms.

Schedules annexed to and forming part of Profit and Loss Account

SCHEDULE 'I' : SALES AND OTHER INCOME

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
I. SALES:			
1 Sales	21,823.34		18,451.56
2 Erection, Job Work and Services	5,132.07		3,166.69
		26,955.41	21,618.25
II. OTHER INCOME:			
1 Interest and Dividend (Gross)			
Interest	269.62		8.34
Dividend	28.90		23.23
	298.52		31.57
(Tax deducted at source Rs.1.53 lakhs - Previous year Rs.0.67 lakhs)			
2 Occupation fees	23.85		23.79
3 Miscellaneous Income	17.07		16.36
4 Profit on Sale of Assets (Net)	19.89		25.30
5 Foreign Exchange Fluctuation	14.35		--
6 Forfeiture of advance	93.26		--
7 Recovery of Bad Debts W/off	400.00		--
8 Liquidated damages for sale of Land	--		65.00
		866.94	162.02
TOTAL		27,822.35	21,780.27

Schedules annexed to and forming part of Profit and Loss Account

SCHEDULE 'J' : PAYMENT TO AND PROVISION FOR EMPLOYEES

	Rupees in Lakhs	Previous Year Rupees in Lakhs
1 Salaries, Wages, Bonus and Gratuity	2,524.61	2314.43
2 Contribution to Provident and other Funds	202.18	230.37
Welfare Expenses	55.01	61.33
TOTAL	<u>2,781.80</u>	<u>2606.13</u>

SCHEDULE 'K' : MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES

	Rupees in Lakhs	Previous Year Rupees in Lakhs
1 Stores and Spares Consumed	1,102.39	718.85
2 Dies, Jigs, Patterns and Tools written off	40.82	21.40
3 Sub-contract and Processing Charges	1,730.72	1,042.15
4 Power and Fuel	381.96	308.34
5 Repairs		
Building	68.78	53.31
Machinery	18.63	44.65
Other Assets	94.04	66.76
6 Rent	11.51	14.96
7 Rates and Taxes	32.53	11.73
8 Insurance	59.95	53.37
9 Travelling and Conveyance	340.33	287.34
10 Legal and Professional Fees	280.42	186.25
11 Bank Charges	128.81	86.96
12 Electricity Charges	41.73	40.98
13 Site office Expenses	178.18	68.60
14 Telephone, Postage, Printing Expenses	134.56	159.34
15 Administrative and other Expenses	392.78	340.03
16 Patent Fees	4.26	0.82
17 Guarantee Charges	178.13	199.72
18 Selling Commission	487.97	194.22
19 Forwarding, Selling & Services	609.25	344.51
20 Bad Debts Write Off	--	1,310.82
21 Lease Rent	5.10	5.10
22 Donations	8.34	0.10
TOTAL	<u>6,331.19</u>	<u>5,560.34</u>

SCHEDULE 'L' : INTEREST

	Rupees in Lakhs	Previous Year Rupees in Lakhs
INTEREST ON:		
Fixed Deposits	22.79	--
Other Accounts	153.02	83.13
	<u>175.81</u>	<u>83.13</u>



Schedules annexed to and forming part of Profit and Loss Account

SCHEDULE 'M' : (INCREASE) / DECREASE IN STOCK

	Rupees in Lakhs	Rupees in Lakhs	Previous Year Rupees in Lakhs
1. STOCK AT CLOSE:			
Finished Products	94.37		140.47
Work-in-progress	2,780.89		2,953.16
Work-in-progress - expenditure on uncompleted Contracts	291.58		287.44
		3,166.84	3,381.07
2. STOCK AT COMMENCEMENT:			
Finished Products	140.47		93.47
Work-in-progress	2,953.16		2,465.46
Work-in-progress - expenditure on uncompleted contracts	287.44		250.35
		3,381.07	2,809.28
3. (Increase)/Decrease in Stocks		214.23	(571.79)

SCHEDULE 'N' : STATEMENT OF COMPUTATION OF NET PROFIT UNDER SECTION 349 OF THE COMPANIES ACT, 1956 FOR THE COMMISSION PAYABLE TO THE MANAGING DIRECTOR FOR THE YEAR ENDED 30TH SEPTEMBER, 2005.

	Rupees in Lakhs	Rupees in Lakhs
Profit after tax as per Profit & Loss Account		1,104.85
Add : Depreciation charged in the Accounts	289.62	
Managerial Remuneration	86.04	
Fees paid to Directors	4.40	
		380.06
		1,484.91
Less: Depreciation as per Section 350 of the Companies Act, 1956	289.62	
Capital Receipt	15.82	
		305.44
Net Profit as per Section 349 of the Companies Act, 1956		1,179.47
Commission payable @ 1% p.a. each to Managing Directors		23.59

Significant Accounting Policies and Notes forming part of the Accounts for the year ended 30th September, 2005

SCHEDULE 'O'

A. SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting :

The Company maintains its accounts on accrual basis.

2. Fixed Assets :

Fixed Assets are stated at cost except in the case of certain items of land, buildings, plant and machinery and roads, water works, drainage, which are stated on the basis of the revalued cost.

3. Income :

Income is recognised on accrual except where mentioned otherwise. In particular:

- i) Income on manufactured items is recognised on despatch.
- ii) Income on items delivered directly by suppliers/sub-contractors to the client is recognised on despatch and receipt of suppliers'/ sub-contractors' invoices.
- iii) Income from project site activities is recognised on acceptances by the client on the basis of the work performed.
- iv) Income on account of price variation is recognised on acceptance of the claim by the client and on certainty of realisation.

4. Depreciation :

a. The depreciation is computed on the Straight-Line Method on certain buildings, Plant & Machinery and Patents of Industrial Machinery Division and of Foundry Division, all the fixed assets of Tiwac Division; in the manner prescribed in Schedule XIV to the Companies Act, 1956.

The depreciation on all other fixed assets is computed on the Written Down Value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

- b. Depreciation on Patents is provided on the basis of life of Patents as specified in the Patent Documents.
- c. Technical know-how included in Plant & Machinery is depreciated on Straight Line Basis in six equal instalments.

5. Deferred Tax Accounting :

Deferred Tax (assets and liabilities) is accounted for timing differences between book profit and taxable income.

6. Investments :

Investments are of long term nature and are stated at cost of acquisition.

7. Retirement Benefits :

The benefits arising to employees due to retirement/death comprising of Contribution to Provident Fund, Superannuation and Gratuity Schemes are accounted for, on the basis of contribution to the schemes on accrual basis.

The liability on account of encashment of leave entitlement of employees is computed in accordance with the leave rules of the Company and is in line with the Accounting Standard 15 issued by the Institute of Chartered Accountants of India.

8. Inventories :

Raw materials, Stores and Spares are valued at cost. (In case of Industrial Machinery Division on FIFO Basis and for others on average rate). Finished goods (including Excise Duty) and Work-in-progress are valued at lower of estimated cost or selling price/ contract rate. (Estimated cost includes direct material, direct labour and appropriate over- heads booked on normal level of activity).

9. Foreign Currency Transactions :

Foreign Currency Transactions are accounted at the rates prevailing on the date of transaction. Current Assets and Liabilities are translated at the exchange rate ruling on the date of Balance Sheet.

10. Research & Development Expenditure:

Revenue Expenditure is charged to Profit & Loss Account and Capital Expenditure is added to the cost of fixed assets in the year in which it is incurred.

11. Segment accounting policy : (Refer C).



SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

B. RELATED PARTY DISCLOSURES :

Related party disclosures as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below:

a) Relationship :

i) Enterprises controlled by the Company:

Subsidiary Company :

Walchand Tandur Cement Co. Ltd.

ii) Associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture.

NIL.

iii) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.

Mr Chakor L. Doshi : Chairman
 : Wife : Mrs Champa C. Doshi
 : Son : Mr Chirag C. Doshi
 : Daughter : Mrs Kanika G. Sanger

iv) Key Management personnel and relatives.

Mr A.U. Rijhsinghani : Managing Director
 : Wife : Mrs Indu Rijhsinghani
 : Son : Mr Sachin Rijhsinghani

Mr J.L. Deshmukh : Managing Director
 : Wife : Mrs Prabha J. Deshmukh
 : Brother : Mr Pratap L. Deshmukh

v) Enterprises over which any person described in (iii) or (iv) above are able to exercise significant influence.

Bombay Cycle & Motor Agency Ltd.
 Great Achievers Trading Co.Pvt.Ltd.
 Kamdhenu Commercials Pvt.Ltd.
 Chiranika Trading Pvt.Ltd.
 Chiranika Enterprises
 Chiranika Corporation
 Walchand Botanicals Pvt.Ltd.
 Rodin Holdings Inc.
 Olsson Holdings Inc.
 Walchand Foundries Pvt.Ltd.
 Chirag Enterprises
 Indpro Electronic Systems Pvt. Ltd.
 Sanrac Computers Consultant Pvt.Ltd.

b) The following transactions were carried out during the year with related parties in the ordinary course of business.

	As at 30.9.2005	Previous Year
	Rs. in Lakhs	Rs. in Lakhs
i) Subsidiary Company		
Expenses incurred on behalf of the subsidiary	1.17	1.10
Receivable from Subsidiary Company	21.39	21.00

SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

ii) Details of transactions relating to the persons referred to in item (a)(iii), (iv) and (v) above.

Particulars		
Expenses		
Remuneration	6.72	6.93
Managerial Remuneration	86.04	49.48
Sitting fees	1.20	0.75
Professional fees	39.06	35.23
Rent paid	8.28	8.28
Dividend	38.65	35.43
Interest paid on Inter Corporate Deposits	11.11	5.14
Annual maintenance contract	6.73	6.46
Purchase of spares	--	0.28
Lease Rent	5.10	5.10
Repairs	0.75	0.63
Purchase of components for resale	249.24	124.48
Income		
Management charges	84.82	32.27
iii) Purchase of Fixed Assets	15.68	23.85
iv) Amount outstanding at the end of the year Receivable:-		
Deposit for participation in Facilities	633.00	633.00
Management Deposit	200.00	200.00
Fidelity Deposit for Business Interest	113.59	171.47
Lease Rent	28.00	124.12
Consultancy fees	11.95	12.45
v) Amount outstanding at the end of the year, payable :		
Professional fees	3.00	17.08
Inter Corporate Deposit	130.00	25.00
Lease Rent	--	1.27
Interest on Inter Corporate Deposit	7.35	1.75
Purchase of components for resale	113.04	80.19
Purchase of Fixed Assets	2.23	--

C. SEGMENT REPORTING :

Information given in accordance with the requirements of Accounting Standard 17, on Segment Reporting issued by the Institute of Chartered Accountants of India.

The Company's business segments are organised on product lines, are as follows :

Heavy Engineering - engaged in engineering, fabrication and manufacturing of Machinery for Sugar Plants, Cement Plants and Boilers, Heavy Duty Gears, Special and General Engineering equipments.

Foundry & Machine Shop- Manufacturing of CI & SGI Castings required by various Industries and machining of components.

Hospitality Business : Management of three restaurants at Mumbai and providing catering services.

Others: Non reportable segment, include units manufacturing of pressure and temperature guages and Infotech Services.

Segment Accounting Policies :

Segment accounting disclosures are in line with the accounting policies of the Company. However, the following specific accounting policies have been followed for segment reporting :

i) Segment Revenue includes Sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.



SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

- ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "Unallocable expenditure".
- iii) Income which relates to the Company as a whole and not allocable to segments is included in "Unallocable Corporate Income".
- iv) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.
- v) Inter-Segment Transfer Pricing
Segment Revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments, such transfer prices are agreed on a negotiated basis.
- vi) The Company has no Secondary Reportable Segment.

SEGMENT REPORTING

Rs.in Lakhs

Particulars	Heavy Engg		Foundry M/c Shop		Hospitality		Others		TOTAL	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Revenue :										
Gross Revenue	23431.98	18713.85	3081.37	2538.79	238.29	176.05	447.90	366.81	27199.54	21795.50
Less: Inter-segment Revenue			230.93	166.93			13.20	10.32	244.13	177.25
	<u>23431.98</u>	<u>18713.85</u>	<u>2850.44</u>	<u>2371.86</u>	<u>238.29</u>	<u>176.05</u>	<u>434.70</u>	<u>356.49</u>	<u>26955.41</u>	<u>21618.25</u>
Results :										
Segment Result	1317.01	989.76	148.92	90.19	(55.16)	(160.13)	30.72	4.12	1441.49	923.94
Unallocated Expenses									413.39	351.69
Unallocated Income									252.56	65.00
Operating Profit									1280.66	637.25
Interest Expenses									175.81	83.13
Income Taxes									332.46	155.42
Profit from ordinary activities									772.39	398.72
Other Information										
Segment Assets (including revaluation)	31896.72	28453.06	3838.04	3326.87	402.29	454.89	655.73	626.99	36792.78	32861.81
Unallocated Corporate Assets									938.62	911.36
Total Assets									37731.40	33773.17
Segment Liabilities	13118.50	11484.35	459.93	488.18	16.65	18.98	100.21	72.94	13695.29	12064.45
Unallocated Corporate Liabilities									4335.56	1880.99
Total Liabilities :									18030.85	13945.44
Capital Expenditure	451.83	320.50	380.16	108.71	—	—	1.78	0.03	833.77	429.24
Unallocated Capital Expenditure									74.55	22.12
									908.32	451.36
Depreciation (Net of revaluation)	181.22	166.62	53.16	44.20	9.83	10.14	8.29	9.25	252.50	230.21
Unallocated Depreciation									37.12	36.54
Total Depreciation									289.62	266.75
Non Cash Expenses other than depreciation	—	—	—	—	—	—	—	—	—	—

SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPT.2005

D. NOTES FORMING PART OF THE ACCOUNTS:

1. The Company has a practice of revaluing its certain assets at certain intervals. On the basis of valuation reports submitted by the approved valuers, M/s. D.K. Nagarsheth & Associates, certain fixed assets comprising Land, Building, Plant & Machinery, Roads, Water Works, etc were further revalued at Market Value/Current Replacement cost as at 1- 04-2002 as follows:

	Cost/Book Value as at 1-04-2002	Market value/ Replacement cost as at 1-04-2002	Gross Amount Written upto 1.04.02	Accumulated Depreciation on value written upto 1-04-2002	Rs.in Lakhs Net Appreciation Credited to Revaluation Reserve as on 1.04.2002
Land	985.87	1378.37	392.50	-	392.50
Buildings	7334.42	10660.36	3325.94	320.36	3005.58
Plant & Machinery	20585.16	22133.53	1548.37	(2614.79)	4163.16
Roads Water Works,etc.	347.36	529.85	182.49	(23.84)	206.33
	29252.81	34702.11	5449.30	(2318.27)	7767.57

The depreciation for the year ended 30-9-2005 on Revalued Assets has been calculated on Straight Line Method on their residual technical life assessed by the Valuers. However, the amount of Depreciation charged to Profit & Loss Account is as per Schedule XIV to the Companies Act, 1956, on the cost/book value of the assets.

2. State Government has acquired some of the lands at Walchandnagar. The District Court has given an award of Rs. 285 lakhs including interest in favour of the Company and has allowed the Company to withdraw the amount on furnishing of Bank Guarantee and Security Bond. However, as the matter is in appeal, the award is not accounted for as sale.
3. Loans and advances include an amount of Rs. 75,000/- paid to a Society towards subscription of shares. Acknowledgement of the allotment is awaited.

	As at 30-9-2005 Rupees in Lakhs	Previous Year Rupees in Lakhs
--	--	--

4. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

i) Counter Guarantees by the Company in respect of guarantees given by the banks (including guarantee on account of erstwhile Machine Tool Division Rs. 3.55 lakhs).	10062.57	8808.94
ii) Estimated amount of Contracts remaining to be executed on Capital Accounts & not provided for.	275.72	48.65
iii) Uncalled amount of investment in partly paid Shares as at 30.9.2005 of Subsidiary Company is Rs. 13.70 lakhs.		
iv) a) Bank Guarantees amounting to Rs.83.27 lakhs were invoked (B.G. of Rs.12.50 lakhs was invoked in 1998, B.G. of Rs. 6 lakhs was invoked in 1986 and B.G. of Rs.64.77 was invoked in 1992) for which no provision has been made in the accounts as the Company has not accepted the liability and the matter is sub-judice.		
b) The Performance and Retention Bank Guarantees (BG) of Rs.588.64 lakhs relating to Padang (Indonesia) Project, were invoked during the year 1986 by Project & Equipment Corporation of India Ltd. (PEC). As per the Supreme Court order & undertaking given by PEC, the Consortium Banks have paid Rs. 400 lakhs against the invoked BG. The principal amount & interest of Rs.2002.21 lakhs has already been paid to Banks & the same is shown as receivable from PEC under the head Loans & Advances. The matter is sub judice & liability is denied by Company based on legal opinion.		



SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

	As at 30-9-2005 Rupees in Lakhs	Previous Year Rupees in Lakhs
c) Even though Company has not accepted the liability as stated above, as a measure of abundant prudence, Contingency Reserve of Rs.2085.48 lakhs is created to take care of the contingent liability.		
5. Lease (Operating Lease) :		
(i) Significant terms of the lease agreement :		
Terms of the lease agreement provided for :		
(a) No Transfer of ownership on termination of lease		
(b) No compensation for transfer on termination of lease		
(c) No renewal of lease on expiry of the lease period.		
(ii) The future Minimum Lease Payments (MLP) under non-cancellable operating lease in the aggregate and for each of the following periods.		
(a) Not later than one year i.e. upto 30.9.2006	0.85	5.10
(b) Later than one year and not later than five years i.e. after 30.9.2006 and upto 30.9.2010	-	0.85
(c) Later than five years after 30.9.2010	NIL.	NIL.
(iii) No contingent rents are recognised as income in the Profit & Loss Account for the year ended 30.9.2005.		
6. Managerial Remuneration of Managing Directors		
(i) Salary	35.18	23.00
(ii) Contribution towards Company's recognized Provident Fund and Superannuation Fund	4.08	3.07
(iii) Commission	23.59	8.12
(iv) Gratuity Provision	1.45	0.99
(v) Perquisites	21.74	14.30
	86.04	49.48

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SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

	As at 30-9-2005 Rupees in Lakhs	Previous Year Rupees in Lakhs
7. Administrative and other expenses include :		
(i) Directors' fees	4.40	2.65
(ii) Break-up of payments to Statutory Auditors :		
(a) Audit Fees	3.50	3.50
(b) Tax Audit	1.00	1.00
(c) In other capacity (Certification etc.)(including service tax)	1.75	1.75
(d) Reimbursement of out of pocket expenses	0.08	0.40
	6.33	6.65
8. Earning per share		
a. Profit after tax as per Profit & Loss Account	772.39	398.72
b. No. of Equity shares of Rs.10 each outstanding during the year.	3004506	3004506
c. Earning per share basic and diluted (Rs.)	25.71	13.27
9. Deferred Tax (Deferred Tax Liability)		
Difference between book value of depreciable assets as per books of account and Written Down Value for tax purpose.	90.40	87.11
Interest on invoked Bank Guarantees	561.10	609.95
Others	1.66	1.80
Total:	653.16	698.86
Net incremental Assets(Liability) charged to Profit & Loss Account	45.70	(6.92)
10. The figures for the previous year are regrouped wherever necessary.		

D. Additional information pursuant to provision of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act 1956 as certified by the Management.

11. Installed Capacities/Production :

		Installed (i)		Production (ii)	
		2004-05	2003-04	2004-05	2003-04
A) INDUSTRIAL MACHINERY DIVISION :					
Sugar Mill Machinery	Units	—	—	—	—
Sugar Plants	Units	—	—	—	Parts
Milling Plants	Units	—	—	3	2
High Speed Centrifugals	Units	—	—	36	21
Gear & Gear Boxes	Sets	—	—	74	52
		—	—	(MT 395)	(MT 284)
Water Tube Boilers	Units	—	—	10	8
Cement Making Plant	Units	—	—	—	—
Steam Accumulators	Units	—	—	—	—
Nuclear & Chemical Machinery	M.T.	—	—	Not Quantified	Not Quantified
B) FOUNDRY DIVISION:					
Castings (iii)	M.T.	4800	4800	4118	3739
C) TIWAC DIVISION:					
Pressure Gauges	Nos.	—	—	261166	209724



SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

11. Installed Capacities/Production (Contd.):

D. (i) (a) The installed capacity of Industrial Machinery Division covers various items and hence given in terms of machine hours capacity based on double or triple shift as the case may be.

	2004-05 (Per annum)	2003-04 (Per annum)
Lathe	166514	166514
Boring & Hobbing	134640	134640
Drilling	101487	101487
Gear Cutting & Grinding	46689	46689
Slotting	22032	22032
Plaining	29529	29529
Milling	26163	26163
Furnace	81969	81969
Other Machine Tools	185190	185190
	794213	794213

(b) Installed capacity of Foundry Division Workshops other than for Castings covers various items and hence given in terms of machine hours capacity based on the shifts.

	2004-05 (Per annum)	2003-04 (Per annum)
Lathe	210432	210432
Boring	93023	93023
Drilling	146688	146688
Gear Cutting & Grinding	9792	9792
Slotting	9792	9792
Plaining	19488	19488
Milling	137088	137088
Grinding	53856	53856
Other Machine Tools	73152	73152
	753311	753311

(ii) The break-up of Production is:

a) Captive (Previous Year)	305 MT (167) MT
b) Outside Customer's Castings (Previous Year)	3813 MT (3572) MT

(iii) The nature of products under Industrial Machinery Division is such that it is not possible to evaluate the quantitative data in exact terms.

12. Particulars in respect of Finished Goods, Stocks & Sales.

Particulars	Units	Opening Stock As on 1-10-2004		Closing Stock as at 30-09-2005		Sales for the year ended 30-9-2005	
		Quantity	Value Rupees in lakhs	Quantity	Value Rupees in lakhs	Quantity	Value Rupees in lakhs
(A) INDUSTRIAL MACHINERY DIVISION:							
Sugar Mill Machinery	Units	-	-	-	-	-	-
Sugar Plants	Units	(-)	(-)	(-)	(-)	(-)	(-)
Milling Machinery	Units	(-)	(-)	(-)	(-)	3	1583.81
High Speed Centrifugals	Units	(-)	(-)	(-)	(-)	(2)	(351.83)
Material Handling Eqpt.	Units	(-)	(-)	(-)	(-)	36	869.68
Gear Boxes	Sets	(-)	(-)	(-)	(-)	(21)	(361.16)
Special Products	Units	(-)	(-)	(-)	(-)	-	67.29
Water Tube Boilers	Units	(-)	(-)	(-)	(-)	(-)	(3348.94)
General Engg. Products	Units	1	19.01	1	19.01	74	1963.05
Cement Making Plant	Units	(1)	(18.57)	(1)	(19.01)	(52)	(1294.42)
Dieel Engine	Nos.	-	-	-	-	-	-
Castings	M.T.	(3)	(-)	(-)	(-)	(3)	(-)
Pressure Gauges	Nos.	(-)	(-)	(-)	(-)	3813	3081.36
Excise duty on Finished Goods		(-)	(47.55)	(-)	(47.95)	(3572)	(1929.54)
(B) FOUNDRY DIVISION :							
Dieel Engine	Nos.	-	-	-	-	-	-
Castings	M.T.	(3)	(-)	(-)	(-)	(3)	(-)
(C) TIWAC DIVISION :							
Pressure Gauges	Nos.	19824	9.30	22381	14.57	258609	429.68
(D) ERECTION/JOB WORK/SERVICES/SPARES		(18704)	(5.04)	(19824)	(9.30)	(208604)	(350.84)
Excise duty on Finished Goods			2.82		-		1338.09
			(2.82)		(2.82)		(3507.54)
			11.39		13.24		
			(12.89)		(11.39)		
			140.47		94.37		26955.41
			(93.47)		(140.47)		(21618.25)

(i) Figure in brackets are for the previous year.

SCHEDULE 'O' : Notes forming part of the Accounts (Contd.)

13. Analysis of imported and indigenous Raw Materials, Stores and Spares consumed:

	Raw Materials & Components				Stores & Spares			
	2004-05 Rupees in Lakhs	%	2003-04 Rupees in Lakhs	%	2004-05 Rupees in Lakhs	%	2003-04 Rupees in Lakhs	%
Imported	1383.80	9.03	1164.04	9.57	80.86	7.33	88.03	12.24
Indigenous	13943.58	90.97	10994.85	90.43	1021.53	92.67	630.82	87.76
TOTAL	15327.38	100.00	12158.89	100.00	1102.39	100.00	718.85	100.00

14. Details of Raw Materials consumed (including components) :

	Units	2004-2005		2003-2004	
		Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs
Plates, Sheets, Beams & Steel Materials	M.T.	7863	3321.53	5523	1762.05
Steel Scrap	M.T.	2736	544.94	2228	337.70
Casting	—	—	1855.58	—	1943.34
Pig Iron	M.T.	1011	172.27	1197	200.14
Ferro Alloys	M.T.	131	183.32	110	105.69
Bought out components etc.	—	—	9249.74	—	7809.97
TOTAL			15327.38		12158.89

15. Earnings in Foreign Exchange:		2004-05 Rupees in Lakhs	2003-04 Rupees in Lakhs
Export of goods calculated on FOB basis		2939.05	742.13
Others		64.93	15.64
		3003.98	757.77
16. Value of Imports calculated on CIF basis:			
Raw Materials		426.31	196.46
Components & Spares parts		1086.23	781.53
Capital Goods		140.35	36.35
TOTAL		1652.89	1014.34
17. Expenditure in Foreign Currencies:			
Technical Fees (Net of Tax)		—	—
Travelling Expenses		32.85	15.67
Commission and others		355.96	23.44
TOTAL		388.81	39.11
18. Amount remitted in foreign currencies on account of dividend		NIL	NIL

As per our Report Attached
For K. S. Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner

Mumbai
19th November, 2005

R. J. Pardeshi
General Manager (MS) &
Company Secretary

Mumbai
19th November, 2005

A. U. Rijhsinghani
Managing Director
J. L. Deshmukh
Managing Director

Chakor L. Doshi
Chairman
P. K. Basu
Director
Smt. Sharayu Daftary
Director
R. M. Pande
Director
Dilip J. Thakkar
Director



Cash Flow Statement for the Financial Year 2004-2005

Particulars	Rupees in Lakh	Rupees in Lakhs	Previous Year Rupees in Lakhs	Previous Year Rupees in Lakhs
A CASHFLOW FROM OPERATING ACTIVITIES :				
PROFIT BEFORE TAX		1,104.85		554.14
ADJUSTMENT FOR :				
Add: 1 Depreciation	289.62		266.75	
2 Interest	175.81		83.13	
		465.43		349.88
Less: 1 Interest/Dividend	298.52	1570.28	31.57	904.02
2 Profit/(Loss) on Sale of Assets	19.89		25.30	
		318.41		56.87
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	I	1251.87		847.15
ADJUSTMENT FOR :				
1 Trade and Other receivables	(3,395.96)		(2015.85)	
2 Inventories	(612.14)		(833.98)	
3 Trade and Other payables	1,491.05		1,610.96	
	II	(2,517.05)		(1,238.87)
CASH GENERATED FROM OPERATING ACTIVITIES	I+II	(1265.18)		(391.72)
Direct Taxes paid		178.23		180.97
NET CASH FROM OPERATING ACTIVITIES	A	(1,086.95)		(572.69)
B CASHFLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(908.33)		(451.35)	
Sale of Fixed Assets	56.23		28.90	
Interest received	269.62		8.34	
Dividend received	28.90		23.23	
NET CASH FROM INVESTING ACTIVITIES		(553.58)		(390.88)
	B	(1,640.53)		(963.57)
C CASHFLOW FROM FINANCIAL ACTIVITIES				
(Decrease)/Increase in Borrowings	2600.64		125.18	
Interest paid	(175.81)		(83.13)	
Dividend paid	(93.11)		(83.90)	
NET CASH USED IN FINANCING ACTIVITIES	C	2,331.72		(41.85)
NET INCREASE IN CASH AND CASH EQUIVALENTS		691.19		(1,005.42)
CASH AND CASH EQUIVALENTS AS AT 30.09.2004		475.37		1,480.79
CASH AND CASH EQUIVALENTS AS AT 30.09.2005		1,166.56		475.37
NET CASH FROM OPERATING ACTIVITIES		691.19		(1,005.42)

As per our Report Attached
For K. S. Aiyar & Co.
Chartered Accountants

Raghuvir M. Aiyar
Partner

Mumbai
19th November, 2005

R. J. Pardeshi
General Manager (MS) &
Company Secretary

Mumbai
19th November, 2005

A. U. Rijhsinghani
Managing Director
J. L. Deshmukh
Managing Director

Chakor L. Doshi
Chairman
P. K. Basu
Director
Smt. Sharayu Daftary
Director
R. M. Pande
Director
Dilip J. Thakkar
Director

Balance Sheet Abstract & Company's General Business Profile.

I. Registration Details

Registration No.	2 9 1 / T A	State Code	1 1
Balance Sheet Date	3 0 - 0 9 - 2 0 0 5		

II. Capital Raised during the Year: (Amount in Rs. Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

III. Position of Mobilisation & Deployment of Funds: (Amount in Rs. Thousands)

Total Liabilities	3 7 7 3 1 4 0	Total Assets	3 7 7 3 1 4 0
Sources of Funds:		Reserves & Surplus	1 9 2 9 7 3 2
Paid up Capital	3 0 0 4 5	Unsecured Loans	7 4 6 4 3
Secured Loans	2 8 8 3 2 7		
Deferred Tax Liability	6 5 3 1 6		
Application of Funds:		Investments	4 4 7 5
Net Fixed Assets	1 4 9 4 5 3 5	Miscellaneous Expenditure	N I L
Net Current Assets	8 8 9 0 5 3		
Accumulated Losses	N I L		

IV. Performance of Company: (Amount in Rs. Thousands)

Turnover	2 7 8 2 2 3 5	Total Expenditure	2 6 7 1 7 5 0
Profit before Tax	1 1 0 4 8 5		
Profit after Tax	7 7 2 3 9	Earning per Share in Rs.	2 5 . 7 1
Dividend Rate %	3 0 . 0 0		

V. Generic Names of three principal Products/Service of the Company (as per monetary terms)

Item Code No. (ITC Code)	8 4 3 8 0 0
Product Description	S U G A R P L A N T M A C H I N E R Y
Item Code No. (ITC Code)	8 4 0 2 0 0
Product Description	B O I L E R S
Item Code No. (ITC Code)	7 3 2 5 1 0
Product Description	C I C A S T I N G S



Important Statistical Data from 1908-09 to 2004-05

(Rupees in Lakhs)

Year	Paid up Capital		Reserves & Surplus	Deben- tures	Fixed Assets		Sales	Net Profit	Dividend paid on Pref. and Equity Shares	Equity Dividend
	Equity	Preference			Gross Block	Net Block				
1908-1909	2.50	2.83	—	—	3.50	3.50	10.14	0.28	0.93	4%
1909-1910	2.50	3.48	—	—	3.81	3.70	2.06	0.53	0.37	5%
1910-1911	2.50	3.50	—	—	4.08	3.95	2.11	0.71	0.39	6%
1911-1912	2.50	3.50	—	—	4.45	4.28	1.60	0.25	0.39	6%
1912-1913	2.50	3.50	—	—	4.34	4.18	1.58	0.34	0.24	—
1913-1914	2.50	3.50	—	—	4.88	3.90	2.71	1.10	0.39	6%
1914-1915	2.50	3.50	0.25	6.00	5.29	3.82	1.98	0.46	0.34	4%
1915-1916	2.50	3.50	0.25	5.75	5.17	3.60	2.35	0.82	0.34	4%
1916-1917	2.50	3.50	0.39	5.50	5.16	3.41	2.62	1.10	0.39	6%
1917-1918	2.50	3.50	0.64	5.25	5.33	3.34	1.97	0.40	0.24	—
1918-1919	2.50	3.50	0.64	4.75	5.31	2.88	2.03	0.44	0.12	—
1919-1920	2.50	3.50	0.64	4.75	5.31	2.88	2.03	0.44	0.12	—
1920-1921	2.50	3.50	0.91	4.50	5.61	3.27	3.53	1.56	0.64	6%
1921-1922	2.50	3.50	1.21	4.25	5.97	3.17	5.56	3.12	0.92	20%
1922-1923	2.50	3.50	2.16	4.00	6.11	3.01	3.32	1.32	0.42	7%
1923-1924	2.50	3.50	2.95	3.75	6.33	3.03	3.14	1.11	0.42	7%
1924-1925	2.50	3.50	3.27	3.50	5.98	2.19	3.42	1.17	0.48	8%
1925-1926	2.50	3.50	3.42	3.25	6.12	1.76	2.68	1.04	0.48	8%
1926-1927	2.50	3.50	3.41	—	6.60	1.96	1.85	0.47	0.24	—
1927-1928	2.50	3.50	3.76	—	6.75	1.94	1.27	0.23	0.24	—
1928-1929	2.50	3.50	3.75	—	6.89	2.08	0.55	0.02	—	—
1929-1930	2.50	3.50	3.38	—	6.16	1.61	0.14	-1.11	0.49	—
1930-1931	2.50	3.50	1.92	—	6.21	1.72	0.25	-0.01	0.24	—
1931-1932	2.50	3.50	1.97	—	5.86	1.37	0.32	-0.24	0.24	—
1932-1933	2.50	3.50	1.83	—	5.80	1.31	0.26	-0.01	0.24	—
1933-1934	2.50	3.50	2.01	4.00	13.37	8.88	0.07	-0.08	0.24	—
1934-1935	2.50	3.50	1.86	4.00	16.68	11.19	0.70	-0.12	0.24	—
1935-1936	2.50	3.50	1.06	4.00	17.19	17.19	1.38	0.01	0.24	—
1936-1937	2.50	3.50	1.09	3.67	19.16	19.16	15.66	0.26	—	—
1937-1938	2.50	3.50	1.57	3.20	19.74	19.49	19.67	0.73	0.53	—
1938-1939	10.00	3.50	3.99	3.03	22.89	15.19	20.55	3.14	2.24	20%
1939-1940	10.00	3.50	8.46	2.82	44.51	33.81	31.15	8.24	2.42	20%
1940-1941	10.00	3.50	12.56	23.22	51.11	36.66	54.61	6.52	2.82	24%
1941-1942	10.00	3.50	13.33	30.02	64.79	45.89	39.88	3.58	2.82	24%
1942-1943	10.00	3.50	25.87	30.02	71.09	47.94	54.89	15.38	4.02	36%
1943-1944	10.00	3.50	44.30	30.00	77.01	49.36	83.32	22.42	4.02	36%
1944-1945	23.50	3.50	51.72	48.26	83.19	51.54	78.12	14.13	6.45	36%
1945-1946	23.50	3.50	80.06	50.00	92.20	56.55	85.98	5.72	5.36	21%
1946-1947	50.50	3.50	51.68	50.00	107.09	66.94	75.50	0.70	0.24	—
1947-1948	101.00	3.50	28.27	50.00	128.27	78.12	151.55	40.07	10.47	10%
1948-1949	101.00	3.50	36.60	50.00	135.46	75.37	133.24	10.44	17.92	17.5%
1949-1950	101.00	3.50	33.62	50.00	157.64	89.23	147.72	14.72	12.36	12%
1950-1951	101.00	3.50	45.50	45.00	165.03	86.81	185.38	23.48	14.38	14%
1951-1952	101.00	3.50	59.20	45.00	177.67	91.12	216.26	25.52	14.38	14%
1952-1953	101.00	3.50	68.09	45.00	185.81	89.24	190.50	23.03	14.38	14%
1953-1954	101.00	3.50	79.40	45.00	190.33	85.90	196.24	25.47	16.40	16%
1954-1955	101.00	3.50	91.72	45.00	204.70	89.38	189.72	27.95	18.42	18%
1955-1956	101.00	3.50	110.22	25.76	228.81	129.62	214.63	33.00	21.46	21%
1956-1957	101.00	3.50	128.00	25.00	271.48	165.02	246.90	38.98	21.46	21%
1957-1958	101.00	3.50	122.12	25.00	295.28	177.60	354.05	27.96	21.46	21%
1958-1959	101.00	50.00	125.94	25.00	347.35	218.28	403.17	19.01	23.97	20%
1959-1960	101.00	50.00	135.33	100.00	426.90	280.79	390.72	19.92	20.15	15%
1960-1961	150.94	50.00	135.11	100.00	460.83	277.21	402.82	16.34	22.04	15%
1961-1962	151.49	50.00	128.43	100.00	498.28	288.76	538.39	14.38	23.12	12%
1962-1963	151.50	50.00	162.44	100.00	510.73	274.82	575.63	25.34	23.18	12%
1963-1964	151.50	50.00	72.36	100.00	520.54	268.37	550.69	30.21	26.21	14%
1964-1965	151.50	50.00	188.12	75.00	535.57	270.25	463.39	19.72	26.21	14%

97TH ANNUAL REPORT

(Rupees in Lakhs)

Year	Paid up Capital		Reserves & Surplus	Deben- tures	Fixed Assets		Sales	Net Profit	Dividend paid on Pref. and Equity Shares	Equity Dividend
	Equity	Preference			Gross	Block Net Block				
1965-1966	151.50	50.00	226.65	75.00	592.61	354.43	510.47	16.76	23.18	12%
1966-1967	181.80	50.00	203.15	75.00	624.84	357.01	559.21	10.33	23.18	10%
1967-1968	181.80	50.00	238.75	75.00	850.16	357.03	788.52	50.72	26.82	12%
1968-1969	181.80	50.00	231.56	75.00	667.18	342.72	1041.56	16.38	23.18	10%
1969-1970	181.80	50.00	110.85	75.00	714.09	392.12	1074.80	-95.32	-	-
1970-1971	181.80	50.00	182.61	75.00	729.20	379.12	997.74	7.17*	-	-
1971-1972	181.80	50.00	208.36	75.00	762.77	335.97	1300.06	64.47	10.00	-
1972-1973	181.80	50.00	306.46	75.00	801.21	333.03	1649.72	86.62	31.62	12%
1973-1974	181.80	50.00	331.70	75.00	873.04	357.31	2184.57	48.71	19.00	7.70%
1974-1975	181.80	50.00	393.41	75.00	959.60	395.57	2453.00	58.15	26.82	12%
1975-1976	181.80	50.00	423.49	75.00	1058.21	423.44	2421.71	96.07	32.27	15%
1976-1977	182.98	50.00	423.04	73.82	1081.47	379.54	1970.06	40.83	32.33	15%
1977-1978	200.30	50.00	572.12	98.79	1772.72	1017.81	3615.05	195.77	33.75	15%
1978-1979	200.30	50.00	808.57	98.79	1920.74	1087.31	5031.11	263.06	37.05	16%
1979-1980	200.30	50.00	898.16	94.13	2131.56	1189.78	5572.98	121.30	37.05	16%
1980-1981	200.30	50.00	1104.94	69.46	2307.98	1248.17	5958.51	203.11	37.05	16%
1981-1982	200.30	50.00	1175.52	54.75	2441.32	1260.11	5754.26	111.63	41.05	18%
1982-1984										
(18 Months)	300.45	50.00	**5401.27	40.14	11118.29	@5446.17	12715.01	230.15	79.61	24%
1984-1985	300.45	50.00	4735.39	20.00	11233.15	5169.87	10763.79	125.64	53.07	16%
1985-1986	300.45	50.00	**4833.16	20.00	\$12388.57	\$\$6322.02	9132.83	797.64*	-	-
1986-1987										
(18 Months)	300.45	50.00	3538.79	20.00	10104.10	4915.55	10720.82	288.05*	-	-
1987-1988	300.45	50.00	3425.37	20.00	10074.99	4874.42	6140.79	0.94*	-	-
1988-1989	300.45	50.00	2819.95	20.00	9319.14	4306.41	7595.22	16.14*	-	-
1989-1990	300.45	50.00	**5647.33	20.00	(i)12893.64	(ii)6995.49	7129.48	35.57*	-	-
1990-1991	300.45	50.00	5132.30	20.00	13003.87	6094.85	8892.12	202.29	***68.55	12%
1991-1992	300.45	50.00	**11174.24	8.00	(iii)20403.10	(v)11308.30	8871.05	849.60	65.09	20%
1992-1993	300.45	-	1059.55	-	20399.72	10203.16	9214.26	516.21	63.37	20%
1993-1994	300.45	-	10363.94	-	20423.66	9283.57	11361.56	705.72	60.09	20%
1994-1995	300.45	-	10677.14	-	20746.33	8636.18	16492.32	1195.74	75.11	25%
1995-1996	300.45	-	11283.01	-	21304.33	8306.83	18899.01	1452.15	82.62	27.5%
1996-1997	300.45	-	18822.30	-	(v)30470.60	(vi)15925.70	16600.58	979.22	82.62	27.5%
1997-1998	300.45	-	18291.16	-	30730.43	14650.54	17466.30	795.01	82.62	27.5%
1998-1999	300.45	-	17504.50	-	30983.72	13221.69	21006.70	738.52	90.14	30%
1999-2000	300.45	-	17089.64	-	31264.84	12037.02	22021.88	894.19	99.15	33%
2000-2001	300.45	-	14376.07	-	31466.54	10875.89	22883.70	(723.29)	99.15	33%
2001-2002	300.45	-	21147.74	-	(vii)37089.76	17350.72	17951.34	249.73	75.11	25%
2002-2003	300.45	-	20255.68	-	37134.92	16059.72	15216.82	349.80	75.11	25%
2003-2004	300.45	--	19527.54	-	37438.77	15207.04	21618.25	398.72	82.62	27.5%
2004-2005	300.45	--	19297.32	-	38315.75	14945.35	26955.41	772.39	90.14	30%

NOTES:

- * Subject to Depreciation.
- ** Including the effect of Revaluation of certain fixed assets.
- Including the effect of Revaluation of certain fixed assets as at 30-09-90.
@ Gross amount written up Rs. 8432.67 lakhs.
@ Accumulated Depreciation written up Rs. 3775.62 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 31-3-86.
\$ Gross amount written up Rs. 906.89 lakhs.
\$\$ Accumulated Depreciation written up Rs. 11.21 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 30-9-90.
(i) Gross amount written up Rs. 3556.43 lakhs.
(ii) Accumulated Depreciation written up Rs. 334.16 lakhs.
- *** Includes Preference Dividend for the years. 1985-86, 1986-87, 1987-88, 1988-89, 1989-90.
- Including the effect of Revaluation of certain fixed assets as at 30-9-92.
(iii) Gross amount written up Rs. 7526.25 lakhs.
(iv) Accumulated Depreciation written up Rs. 1618.56 lakhs.
- Including the effect of Revaluation of certain fixed assets as at 1-10-96.
(v) Gross amount written up Rs. 7985.90 lakhs.
(vi) Accumulated Depreciation written up Rs. 20.30 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 1-10-96 Rs. 7965.60 lakhs.
- Including the effect of Revaluation of certain fixed assets as on 1-4-2002
(vii) Gross Amount written up Rs. 5449.30 lakhs.



Statement Pursuant to Section 212 of the Companies Act, 1956 in respect of Subsidiary Companies

i) WALCHAND TANDUR CEMENT CO. LTD.

- (a) Name of the Subsidiary Company : **WALCHAND TANDUR CEMENT CO. LTD.**
- (b) Registered Office : 101-A Arcadia Apt., Gr. Floor, 3-5-44/1, Eden Bagh, Ramkoti, Hyderabad 500 001 (A.P.)
- (c) Out of the total paid-up capital of M/s. Walchand Tandur Cement Co. Ltd., 99.20% thereof representing 24,900 equity shares of Rs. 100/- each partly paid-up @ Rs. 45/- per share and 10 Equity Shares of Rs. 100/- each (fully paid-up) are held by the Company at the end of the Subsidiary Company's Financial Year ended 31st March, 2005.
- (d) No Profit & Loss Account has been prepared by the Subsidiary Company, since the project for setting up of a Cement Plant has not been implemented so far. An expenditure of Rs. 42.72 lakhs has been incurred from the inception i.e. 8th December, 1966 to 31st March, 2005 i.e. the date of its Balance Sheet. Pending allocation, no provision has been made in the Books of Holding Company for the share of the same.
- (e) There is no change in the Holding Company's interest in the inter financial period.
- (f) There has been no material change in the Subsidiary Company's Fixed Assets and Liabilities other than Current Liabilities during the inter financial period.

R. J. Pardeshi
General Manager (MS) &
Company Secretary

Mumbai
19th November, 2005

A. U. Rijhsinghani
Managing Director

J. L. Deshmukh
Managing Director

Chakor L. Doshi *Chairman*
P. K. Basu *Director*
Smt. Sharayu Daftary *Director*
R. M. Pande *Director*
Dilip J. Thakkar *Director*