

K. S. AIYAR & CO

CHARTERED ACCOUNTANTS

F-7 Laxmi Mills
Shakti Mills Lane (Off Dr E Moses Rd)
Mahalaxmi Mumbai 400 011 India
Tel : 91 22 2493 2502 / 6655 1770
Fax : 91 22 6655 1774
Grams : VERIFY
www.KSAiyar.com
Mail@KSAiyar.com

The Board of Directors,
Walchandnagar Industries Limited,
3, Walchand Terraces,
Tardeo Road, Mumbai – 400 034

Re: **Limited Review - Unaudited Financial Results for the Quarter Ended 30th June, 2011**

1. We have reviewed the accompanying statement of un-audited financial results of Walchandnagar Industries Limited, for the quarter ended June 30, 2011, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors on 11th August, 2011. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review in accordance with Standard on Review Engagements (SRE) **2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity"**. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. *No provision has been made for the liability, if any, in respect of a Bank Guarantee invoked and encashed by a customer during the previous year amounting to Rs. 700 Lakhs shown under "Loans and Advances" , and in respect of Rs 744 lakhs owed by the said customer appearing under " Sundry Debtors". Company has disputed the customer's claim for bank guarantee invocation and has initiated the arbitration proceedings. Since the matter is under arbitration, we are unable to opine on the likelihood of the liability devolving on the Company and the consequent effect on its Profits and Reserves and Surplus. This qualification is reproduced from the audit report given for the year ended September 30, 2010*

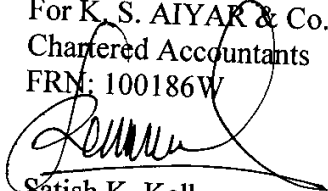


Offices also at
Chennai Kolkata Goa
Bangalore Bhubaneshwar Coimbatore

K. S. AIYAR & CO
CHARTERED ACCOUNTANTS

4. *Subject to (3) above*, based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Mumbai
Date: 11th August, 2011

For K. S. AIYAR & Co.
Chartered Accountants
FRN: 100186W

Satish K. Kelkar
Partner
Membership No. 38934