

BOARD OF DIRECTORS

- **Chairman** V. Srinivasan
- **Vice Chairman & Managing Director** Murali Venkatraman
- **Managing Director** Narayan Sethuramon
- **Directors**
 - K. Raman
 - Air Marshal (Retd.) S.J. Dastur (*upto 30.7.2010*)
 - G. Balasubramanyan
 - G.V. Viswanath
 - Julian C. Schroeder
 - N. Srinivasan
- **Chief Financial Officer** T. Chandrasekharan
- **Company Secretary** K.S. Natarajan
- **Bankers**
 - Punjab National Bank
 - Indian Overseas Bank
 - State Bank of India
 - Standard Chartered Bank
- **Auditors** M/s. S. Viswanathan
Chennai - 600 004.
- **Registered Office** 108, Mount Poonamallee Road,
Porur, Chennai - 600 116.
Phone : 91 - 44 - 6650 0811
Fax : 91 - 44 - 6650 0882

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**DIRECTORS' REPORT TO THE MEMBERS****PART I - PERFORMANCE / OPERATIONS**

Your Directors hereby present the Forty Seventh Annual Report along with the audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Million)

		For the year ended	
		31st March 2010	31st March 2009
Sales and other operational income		2175.62	2227.30
Other Income		10.47	5.30
Total Income		2186.09	2232.60
Gross Profit from Operations		53.86	251.63
Less : Depreciation		79.85	37.18
Interest /Finance Charges		113.57	82.20
Net Profit / (Loss) for the year		(139.56)	132.25
Provision /(withdrawal) for Income Tax	Tax	-	42.50
	Deferred Tax	(9.20)	(2.10)
	Fringe Benefit Tax	-	2.80
Net Profit / (Loss) for the year after Tax		(130.36)	89.05
Profit Brought forward from previous year		157.69	125.04
Transfer to Capital Redemption Reserve		17.50	26.25
Provision for Preference Dividend		7.14	4.63
Provision for Dividend		-	21.14
Distribution tax / Education cess on dividends		1.21	4.38
Surplus carried to Balance Sheet		1.48	157.69

DIVIDEND

During the year under review, the operations of the Company were impacted for various reasons as explained under the head 'Business Operations'.

Hence, in view of the adverse financial results, no dividend has been proposed in respect of the Equity Shares. However, in order to meet the contractual commitments, the Directors recommend payment of dividend aggregating to Rs.7.14 million on the Cumulative Redeemable Preference Shares at the contracted rate, for the full year in respect of the existing preference shares and on pro- rata basis for the shares allotted during the year. This dividend, together with the distribution-tax/education cess thereon, has been provided for appropriation out of the profits of the Company carried forward in the Balance Sheet from the previous year.

BUSINESS OPERATIONS

Your Company operates in two business segments namely (a) Insulators and (b) Turnkey Projects. The net sales from Insulator business for the year was Rs.1764 million. Our second unit, a 'green field project' located in the Special Economic Zone at Visakhapatnam commenced commercial production in July 2009 and its operations are now getting stabilized.



The Turnkey Projects Division performed satisfactorily with a sales of Rs. 411 million as against sales of Rs. 124 million for the previous year thus recording an increase of more than three times.

However, the year was marked by several adverse factors both on the production and commercial fronts. The market both in India and overseas saw a slowdown in demand in the aftermath of the global financial crisis. The reduction in demand resulted in significant increased competition due to the large global capacities that had been recently commissioned, especially in India and China, leading to significant reductions in selling prices. The operations faced a continuing inflationary cost of raw material and components. Consequent to the power cut imposed by the utilities, the Company had to rely on expensive third party and self generated power to meet its energy requirements.

All these factors were responsible for the net loss of Rs. 139.56 million for the year under review.

Detailed analysis of the Company's performance during the year as well as the T & D Sector is provided in Annexure D to this Report.

RECOGNITION

Your Directors are pleased to inform that the Company continues to enjoy the status of Star Export House and recognition as approved R&D Unit.

Our Unit I at Chennai has completed I M S final certification Audit thereby complying with all the three Standards viz., **ISO 9001:2008, ISO 14001:2004 and OHSAS (Occupational Health & Safety Assessment Series) 18001:2007.**

Our Unit II at Visakhapatnam has also been certified under **ISO 9001:2008** (Quality Management System).

CREDIT RATING

The Company has been rated LBBB for its long term and A3+ for its short term working capital facilities granted by its Consortium bankers as per BASEL II requirements by the credit rating agency ICRA.

CAPITAL EXPENDITURE PROGRAMME

The Company continues to upgrade its manufacturing facilities at its Chennai factory in a phased manner with refurbishment and addition of new equipment as appropriate. This year's capex was primarily focused on re-orienting capacities of Transmission and Substation Insulators keeping market conditions in perspective.

STATUS OF SOFTWARE TECHNOLOGY PARK

The Company's Subsidiary, W.S. Electric Limited (WSE), is receiving the rental income from the space owned by it in Phase – I of the Software Technology Park, co-developed by it. The Developer has sought extra time for the construction of Phase – II citing sluggish demand for IT space. WSE has not accepted this request and the dispute on account of this is being dealt with as per the Dispute Resolution Mechanism available under the Development Agreement.

FUTURE PROSPECTS

The Company's order book presently stands at Rs. 2488 million as against Rs. 2394 million at the same time last year. The Company is taking vigorous steps to restore profitability of operation as explained in detail in Annexure D to this Report. With the thrust given to the Power Sector in the 12th Plan as well as the activity taking place in the construction, rehabilitation and upgradation of electricity networks in many parts of the world, the demand for your Company's products and project capabilities continues to remain vibrant.

INDUSTRIAL RELATIONS AND HUMAN RESOURCES MANAGEMENT

Employee relations continued to be cordial and smooth. Attention was paid on strengthening the total employee involvement in all the turnaround initiatives. Focus was given on training and improvement in Health, Safety and Environment. Special emphasis was given on job rotation for multi-tasking to facilitate revised product mix and enhanced production targets.



PART II - CORPORATE MATTERS

CORPORATE GOVERNANCE

As per the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a detailed report on Corporate Governance is set out in Annexure-B to this Report.

The Statutory Auditors of the Company have reviewed the Company's compliance in this regard and have certified the same, as required under the SEBI Guidelines. Such Certificate is reproduced as Annexure - C to this Report. Further, M/s.Lakshmmi Subramanian & Associates, Practising Company Secretaries, have conducted a Secretarial Audit for the year ended 31st March, 2010 and have confirmed in their Report compliance of the Company with all the applicable provisions of the Companies Act, 1956, the Regulation and Guidelines of SEBI as applicable to the Company and Listing Agreements with the Stock Exchanges.

A separate Management Discussion and Analysis Report on the Company's performance is given in Annexure-D to this Report.

The declaration given by the Vice Chairman & Managing Director with regard to compliance with the Company's Code of Conduct by the Board Members and senior management personnel, is furnished as Annexure-E to this Report.

Directors' responsibility statement as required under Section 217(2AA) of the Companies Act, 1956 is enclosed as Annexure-F to this Report.

DIRECTORS

Your Directors, Mr.K.Raman and Mr. Julian C. Schroeder retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Due to his advancing age, Air Marshal (Retd.) S.J. Dastur has resigned from the Directorship of the Company which was duly accepted by the Board effective from 30.7.2010.

Air Marshal (Retd.) S.J. Dastur has been a Member of the Board of your Company for more than two decades and has steered the Audit Committee since 2001. He has made a very significant contribution to the growth of the Company and the Board too benefited from his wise counsel.

The Board wish to place on record its sincere appreciation of the contribution made by Air Marshal (Retd.) S.J. Dastur during his long tenure as a Member of the Board.

MANAGING DIRECTORS

Pursuant to the resolution passed at the last Annual General Meeting, the Company had obtained approvals of the Central Government under the Companies Act, 1956 for the re-appointment of Mr. Murali Venkatraman, and Mr. Narayan Sethuramon, as Vice Chairman and Managing Director and Managing Director respectively for a period of five years with effect from 24.7.2009 and for payment of revised remuneration for a period of three years with effect from 1.4.2009 vide Central Government approval letters both dated 5.4.2010.

However, both Mr. Murali Venkatraman and Mr. Narayan Sethuramon have informed the Company that considering the constraints faced by the Company, they would continue to draw during the year only the lower remuneration which they were in receipt before the increase was approved by the Members.

AUDITORS

M/s.S.Viswanathan, Chartered Accountants, Chennai, the retiring Auditors, being eligible, offer themselves for reappointment.

STATUTORY INFORMATION

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure to



the Director's Report. However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company, excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Particulars required under Section 217(1)(e) of the said Act relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished in a separate statement annexed to and forming part of this Report as Annexure - A.

All the dividends of the earlier years, which have remained unclaimed, have since been transferred to the Investor Education and Protection Fund at the expiry of the specified period(s) as required under Section 205C of the Companies Act, 1956. Details of Interim Dividend and Final Dividend of 2008 and Dividend of 2009 remaining unclaimed as on 31.3.2010 are as under:

	No. of Shareholders	Total unclaimed Dividend (in Rs.)
Interim Dividend 2008	2012	3,12,747.00
Final Dividend 2008	2045	2,61,707.50
Dividend 2009	1731	3,51,133.00

FIXED DEPOSITS

Your Company has not accepted any deposit from Public during the year under review and there are no outstanding deposits from Public as on date.

SUBSIDIARY COMPANIES

W.S. Electric Limited is implementing a Restructuring Programme under a Scheme of Arrangement to obtain greater flexibility in its Development activities.

The Company has obtained necessary approvals from the Central Government under Section 212(8) of the Companies Act, 1956, exempting the Company from annexing the Audited Accounts of the Subsidiary Companies, W.S. Electric Limited and W.S. Insulators Limited and the Company has been publishing the Consolidated Accounts as required under the Accounting Standards and Listing Agreement. The Annual Accounts of the subsidiary Companies and the related detailed information will be made available to the Members of the Company and the subsidiaries on written request for the same made to the Company Secretary quoting their Folio/Client ID number.

Copies of audited Accounts of the Subsidiaries have been kept open for inspection by the Members of this Company and the Subsidiary Companies at the respective Registered Offices of the Company and its subsidiaries.

Statement as required under Section 212(3) of the Companies Act, 1956 in respect of the above Subsidiaries is also enclosed.

ACKNOWLEDGEMENT

Your Directors wish to gratefully acknowledge the contribution made by the employees at all levels towards the operations of your Company within the constraints of a difficult operating environment. Your Directors also wish to place on record their appreciation of the continued support extended to your Company by all its stakeholders and bankers.

For and on behalf of the Board,

**Chennai
30th July, 2010**

**V. SRINIVASAN
Chairman**



**Statement Regarding Subsidiary Companies
under Section 212(3) of the Companies Act, 1956**

1.	Name of the Subsidiary Company	W.S.ELECTRIC LIMITED	W.S.INSULATORS LIMITED
2.	Holding Company's interest at the end of the financial year of the Subsidiary Company		
	a. No. of Equity Shares	62,000	50,000
	b. Extent of Holding	58.77%	100%
	c. No. of Preference Shares	Nil	Nil
	d. Extent of Holding	Nil	Nil
3.	The net aggregate amount of the Subsidiary's Profit/(Loss) so far as it concerns the members of the Holding Company and is not dealt with in the Holding Company's books of accounts.	(Rs. in Million)	
	a. Profit for the Financial Year	14.62	Nil
	b. Profit for the previous financial years since becoming a Subsidiary	69.36	Nil

**Chennai
30th July, 2010**

**For and on behalf of the Board,
V. SRINIVASAN
Chairman**

(Since the Financial Years of the Subsidiary Companies coincide with that of the Holding Company, the Statement under Section 212(5) of the Companies Act, 1956 is not required to be furnished.)



ANNEXURE – A TO DIRECTORS' REPORT

Information under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Expansion of waste heat recovery system.
2. Use of transparent roofing sheets where possible to reduce artificial lighting.
3. Use of Variable Frequency Drives (VFD) to regulate Motors.
4. Energy savings in lighting load consumption due to conservation measures implemented

(b) Additional measures taken for reduction of consumption of energy:

Change in process energy usage.

(c) Additional investments and proposals being implemented for reduction of consumption of energy:

1. Next phase expansion of waste heat recovery system.
2. Upgradation of process equipment.

(d) Impact of the measures at (a) (b) and (c) above, for reduction of energy consumption and consequent impact on the cost of production of goods:

Reduction in consumption of thermal and electrical energy resulted in lower operational costs.

B. TECHNOLOGY ABSORPTION

I. RESEARCH & DEVELOPMENT (R&D):

a. New product development in the Year 2009-10:

1. 800kV Solid Core Insulators;
2. 320 KN B&S Disc Insulator;
3. Development of Disc and Solid Core Insulators for 1200kV networks.

b. Benefits derived as a result of the above developments:

Improved competitive positioning in both domestic and international markets.

c. Future plan of action:

Products to meet the 800 kV DC and 1200 kV AC network requirements.

II. EXPENDITURE ON R&D:

(Rs. in million)

Capital	6.80
Recurring	2.58
Total	9.38

Total R&D expenditure as a percentage of Total Turnover 0.43%

**III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

Please refer above

IV. IMPORTED TECHNOLOGY

- Not Applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a. The Company's Foreign Exchange Risk Management practices are covered under Annexure D – Management Discussion and Analysis Report.
- b. Total foreign exchange used and earned.

(Rs. in million)

EARNINGS	
Exports	444.15
Others	3.95
Total	448.10
OUTGO	
Import of Raw Materials and Components	312.67
Others (Including machinery imports)	75.90
Total	388.57
NET EARNINGS	59.53

Chennai
30th July, 2010

For and on behalf of the Board,
V. SRINIVASAN
Chairman



ANNEXURE-B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. Company's Philosophy on Corporate Governance

The Board of Directors and the Management commit themselves and the Company to:

- Transparency, professionalism and accountability in all dealings with customers, employees, shareholders and other stakeholders.
- Abide by sound corporate governance principles.
- Being a responsible and socially committed corporate citizen.

2. Board of Directors

Composition and category of Board of Directors and their attendance at Board Meetings and last AGM and details of memberships in other Boards and Board Committees.

Name of Director	Category	No. of Board Meetings Attended	Attendance at the Last AGM	Membership in other Boards	Committees* Membership (Inclusive of WSI)
V. Srinivasan	NI-NE	4	Yes	5	3
Murali Venkatraman	NI-EX	4	Yes	6	3
Narayan Sethuramon	NI-EX	4	Yes	2	-
K. Raman	IN-NE	4	Yes	1	3
Air Marshal (Retd.) S.J. Dastur	IN-NE	3	Yes	-	1
G. Balasubramanyan	IN-NE	3	Yes	3	1
G. V.Viswanath	IN-NE	4	Yes	1	1
Julian C. Schroeder	NO-NI-NE	4	Yes	1	-
N. Srinivasan	IN-NE	3	No	2	-

NI – Non Independent, IN – Independent, NE – Non-Executive, Ex-Executive, NO - Nominee

* As required under the Listing Agreement, memberships of only Audit Committee and Share Transfer and Investor Grievances Committee have been included.

Mr. V.Srinivasan, Mr. Murali Venkatraman and Mr. Narayan Sethuramon are related to one another. None of the other Directors is related.

Four Meetings of the Board were held during the year under review on 30.4.2009, 24.7.2009, 26.10.2009 and 30.1.2010. The last AGM was held on 15th September, 2009.

3. Audit Committee

a. Terms of reference

The Audit Committee of the Company functions under the mandate stipulated under Clause 49 of the Listing Agreement and the Companies Act, 1956, which includes reviewing and taking corrective actions as and when required, in consultation with the Internal Auditors.

The Committee's scope includes the following:

- Critically examining the Company's Financial Reporting process and disclosure of Financial Information to ensure the adequacy and credibility of the Financial Statements.
- Reviewing with Management and Auditors, the Quarterly, Half-yearly and Annual Financial Statements before their submission to the Board.
- Reviewing the adequacy of internal control systems, findings of Internal Audit and the actions taken thereof.

b. Composition

The Audit Committee comprises the following Independent Directors (Effective from 30.7.2010):

Mr. K. Raman- Chairman

Mr. G. Balasubramanyan

Mr. N. Srinivasan

Air Marshal (Retd.) S.J. Dastur who was a Member and Chairman of the Audit Committee resigned from the Board effective from 30.7.2010.

c. Meetings and Attendance

Four Audit Committee Meetings were held in the financial year 2009-10 on 29.4.2009, 23.7.2009, 25.10.2009 and 29.1.2010.

Name of Director	No. of Meetings Attended
Air Marshal (Retd.) S.J. Dastur (Chairman)	3
Mr. K. Raman	4
Mr. G. Balasubramanyan	4

4. Remuneration Committee

(a) Terms of reference

A Remuneration Committee has been constituted to determine the quantum and components of the remuneration to be paid to the Managing Directors.

(b) Composition

The Remuneration Committee comprises the following Independent Directors (Effective from 30.7.2010):

Mr. K. Raman - Chairman

Mr. G. V.Viswanath

Mr. G. Balasubramanyan

Air Marshal (Retd.) S.J. Dastur who was a Member and Chairman of the Remuneration Committee resigned effective from 30.7.2010.

There was one meeting of the Remuneration Committee held during the year under review, on 24.7.2009 and the meeting was attended by all the Members of the Committee.

(c) Remuneration policy

The Remuneration Committee determines and recommends to the Board, the quantum of remuneration including incentives and perquisites payable to Wholetime Directors.

The details of remuneration paid to the Directors for the year 2009-10 together with the shareholding details of the non executive Directors as on 31st March 2010 are as under:

Managing Directors :

(In Rupees)

Name of Director	Salary	Incentive	Perquisites *
Murali Venkatraman	2,940,000	-	240,000
Narayan Sethuramon	2,880,000	-	172,886

* Does not include contribution to Provident and Superannuation Funds.

Non-executive Directors :

Name of Director	Sitting fees Paid - For Board/Committees (Rs.)	Shares Held in the Company (Nos.)
V. Srinivasan	60,000	441453
K. Raman	1,15,000	Nil
Air Marshal (Retd.) S.J.Dastur	70,000	2000
G. Balasubramanyan	75,000	Nil
G.V. Viswanath	55,000	Nil
Julian C. Schroeder	40,000	Nil
N. Srinivasan	30,000	Nil

No other remuneration is being paid by the Company to any of the Non-executive Directors other than the sitting fees. No convertible instruments are held by the Non-executive Directors.

5. Share Allotment Committee

A Share Allotment Committee, comprising Mr. K. Raman, Mr. G. Balasubramanyan and Mr. G.V. Viswanath is functioning under the Chairmanship of Mr. K. Raman. One meeting of the Committee was held during the year on 13.7.2009 to consider and finalize the allotment of Non-convertible Cumulative Redeemable Preference Shares to one of the Promoters, M/s. Vensunar Private Limited by way of private placement as per the details given below:

Date	Type of Shares	No. of shares allotted	Issue price per share (Rs.)
13.7.2009	Non-convertible Cumulative Redeemable Preference Shares	3,50,000	100.00

6. Share Transfer and Investors Grievances Committee

The Share Transfer and Investors Grievances Committee functions under the Chairmanship of Mr.K.Raman to approve share transfers and other investor related matters and also to attend to the investor grievances. The other Members of this Committee are Mr.V.Srinivasan and Mr.Murali Venkatraman. Mr.K.S.Natarajan, Company Secretary, is the designated Compliance Officer to supervise the share transfer, investors correspondences and to attend to their grievances and also to liaise with the statutory authorities such as SEBI, Stock Exchanges, RoC etc.

To expedite the process of Share Transfer, the Board has delegated the power to approve Share Transfers once in a fortnight to Vice Chairman and few senior executives of the Company and the Compliance Officer and those transfers which are so approved are ratified at the immediately following Share Transfer and Investor Grievances Committee meeting.

The Company confirms that there were no share transfers lying outstanding as on 31.3.2010 and all requests for de-materialization and re-materialization as on that date were confirmed/rejected through NSDL/CDSL system. There were 26 complaints received during the year for redressal and all have been satisfactorily redressed. There are no complaints pending to be resolved as on 31st March 2010.

7. General Body Meetings

(a) (1) The details of location and time of holding the last three Annual General Meetings are as under:

For the Financial Year ended	Date & Time	Location
31.3.2007	28.9.2007 10.00 A.M.	Kasturi Srinivasan Hall (Mini Hall), The Music Academy 168, T.T.K. Road, Royapettah, Chennai - 600 014.
31.3.2008	29.9.2008 12.00 Noon	Mini Hall, Narada Gana Sabha 314, T.T.K. Road, Chennai - 600 018.
31.3.2009	15.9.2009 10.30 A.M.	Kasturi Srinivasan Hall (Mini Hall) The Music Academy 168, T.T.K. Road, Royapettah, Chennai - 600 014.

(2) Details of Special Resolutions passed at the last three Annual General Meetings:

Sl. No.	Date of General Meeting	Special Resolutions Passed
1.	28.9.2007	<ol style="list-style-type: none"> Reappointment of Mr. Murali Venkatraman and Mr. Narayan Sethuramon as Managing Directors of the Company. Delisting of Equity Shares of the Company from Madras Stock Exchange Ltd. Amendments to Articles of Association of the Company.
2.	29.9.2008	Nil
3.	15.9.2009	<ol style="list-style-type: none"> Variation in terms of appointment of Mr. Murali Venkatraman as Vice Chairman & Managing Director of the Company for a period of five years with effect from 24th July 2009 on non rotational basis and on revised remuneration for a period of three years with effect from 1.4.2009 Variation in terms of appointment of Mr. Narayan Sethuramon as Managing Director of the Company for a period of five years with effect from 24th July 2009 on non rotational basis and on revised remuneration for a period of three years with effect from 1.4.2009.

No Resolution involving Postal Ballot was passed during the last year.

No Special Resolution is proposed to be conducted through Postal Ballot.

b) Notes on Directors seeking appointment / reappointment:

I MR. K.RAMAN

Mr. K.Raman is a qualified engineer and former Chairman and Managing Director of Best & Crompton Engineering Ltd. and its Group Companies. He has more than three decades of experience in the management of large organizations with diversified activities including execution of turnkey projects and contracts to various Government Bodies and Public Sector Undertakings.

II MR. JULIAN C.SCHROEDER

Mr. Julian C.Schroeder is the Principal of Credit Renaissance Partners LLC and Advisor to the Schroder Credit Renaissance Fund Ltd./Credit Renaissance Development Fund LP and has several years of experience in investment banking, particularly in developing countries. He has rich experience in finance and administration and his expertise will greatly benefit the operations of the Company in the periods to come. He is a nominee Director of the above funds.

The details of other Directorships, Committee Memberships and Shareholding in the Company of the aforesaid Directors are as under :

Director	Shareholding	Other Directorship	Membership of the Committees of the Board
MR. K. RAMAN	Nil	W.S. Electric Limited	Audit Committee
MR. JULIAN C.SCHROEDER	Nil	W.S. Electric Limited	-

8. Disclosures

- i. Transactions with Related Parties have been disclosed in Note No.21 of Schedule 15 forming part of the Audited Accounts. No transaction was in conflict with the interests of the Company.
- ii. No penalties or strictures have been imposed by any regulatory authority on any matter relating to capital markets during the last three years.
- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges and non-mandatory requirements to the extent detailed at the end of this Report.

9. Means of Communication

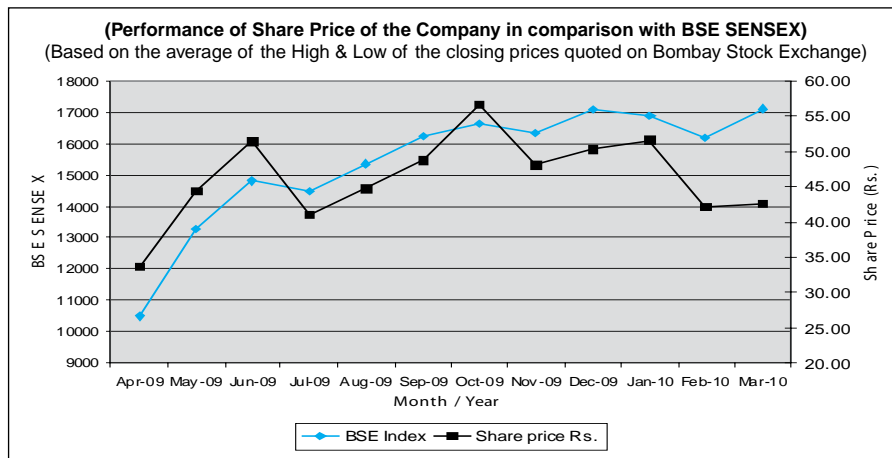
i.	Quarterly Results	Communicated through advertisement in newspapers.
ii.	Newspapers wherein results normally published	Business Standard, Financial Express and Malai Murasu.
iii.	Any Website where displayed	www.wsinsulators.com/KYC www.bseindia.com www.nseindia.com
iv.	Any official news release published	No
v.	Details of presentation made to Institutional Investors/Analysts	Nil

10. General Shareholder Information

a.	AGM - Date, Time & Venue	29th September, 2010 at 10.45 A.M. at Kasturi Srinivasan Hall (Mini Hall) The Music Academy, 168, T.T.K. Road, Royapettah, Chennai - 600 014.
b.	Financial Year	April 2009 to March 2010
c.	Book Closure Date	15th September, 2010 to 29th September, 2010 (Both days inclusive)
d.	Dividend Payment Date	Preference Shares - On or before 28th October 2010 Equity Shares - NA
e.	Listing on Stock Exchanges	Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd.
f.	SCRIP NAME & CODE ISIN No. (NSDL & CDSL)	WSI & 504220 INE 100D01014

g. Market Price - High & Low of the closing prices of Equity Shares of the Company during the year 2009-2010:

Month	Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		High	Low	High	Low
(in Rs.)					
April	2009	37.80	29.75	38.15	29.45
May	2009	55.00	33.85	54.85	34.00
June	2009	62.25	40.40	62.80	41.20
July	2009	43.70	38.25	44.65	38.80
August	2009	49.95	39.30	49.95	39.25
September	2009	54.10	43.35	54.30	43.35
October	2009	63.15	50.25	63.05	50.20
November	2009	53.45	42.80	53.00	42.90
December	2009	52.35	48.30	52.30	48.30
January	2010	57.00	45.95	57.15	45.50
February	2010	44.55	39.90	44.30	39.90
March	2010	44.05	41.20	44.30	41.50





h.	Registrars and Share Transfer Agents:	Integrated Enterprises (India) Limited 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Phone No : 044 - 2814 0801.
i.	Share Transfer System	<ol style="list-style-type: none"> 1. Transfer of the shares held in electronic form are done through the depositories by the share transfer agents without the involvement of the Company. 2. Transfers of shares in the physical form are done once in a fortnight. 3. The power to approve the transfer, transmission and other Share Certificate related matters has been delegated by the Board to Compliance Officer, Director (Corporate Affairs) and Vice Chairman and their actions are ratified at the next Share Transfer and Investors Grievance Committee Meeting. 4. Certificate under Clause 47(c) of the Listing Agreement is obtained from a Practising Company Secretary every six months confirming the transfer, transmission etc. of equity shares within one month of their lodgement and sent to Bombay Stock Exchange & National Stock Exchange. 5. Secretarial Audit as stipulated by SEBI is conducted on quarterly basis reconciling the admitted equity share capital with the shares in electronic and physical form and Certificate issued in this regard by Practising Company Secretary is forwarded to Bombay Stock Exchange & National Stock Exchange.

j. Distribution of Shareholding and Shareholding Pattern (as on 31.3.2010).

a) Distribution of Shareholding

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
UPTO 5000	11,882	98.78	3,594,823	17.01
5001 - 10000	70	0.58	535,696	2.53
10001 - 20000	29	0.24	402,594	1.90
20001 - 30000	13	0.11	325,539	1.54
30001 - 40000	1	0.01	34,000	0.16
40001 - 50000	4	0.03	186,708	0.88
50000 and above	30	0.25	16,060,429	75.97
TOTAL	12,029	100.00	21,139,789	100.00

b) Shareholding Pattern

Category	Number	Shares	% of Shares held
Promoters	25	9,869,008	46.68
Mutual Funds/FIIs	5	1,891,341	8.95
Banks/Financial Institutions	8	73,205	0.35
Other Bodies Corporate	280	1,381,189	6.53
NRI/Foreign Companies	88	3,397,530	16.07
Public	11,623	4,527,516	21.42
TOTAL	12,029	21,139,789	100.00



k.	Dematerialisation of shares & liquidity	The shares of the Company can be held and traded in electronic form. 94.34% of the Company's Shareholding has been de-materialized as on 31st March, 2010.
l.	Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity	Nil
m.	Plant Locations	Unit I 108, Mount Poonamallee Road, Porur, Chennai - 600 116. Tamil Nadu. Unit II Plot No 31, AP SEZ, Duppituru Village, Atchutapuram Mandal, Visakhapatnam, Andhra Pradesh.
n.	Address for correspondence	
	a) Share related matters	Integrated Enterprises (India) Limited 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Phone No: 044 - 28140801 corpserv@iepindia.com
	b) Other matters	108, Mount Poonamallee Road, Porur, Chennai - 600 116. sectl@wsinsulators.com

Non mandatory requirements

a) The Board

- (i) Expenditure relating to Non-executive Chairman : Nil
- (ii) Restriction on the tenure of Independent Director : Not stipulated
- (iii) Qualification and experience of Independent Director : Complied with

b) Remuneration Committee

: Complied with

c) Shareholder rights

- Communication of half yearly financial performance to shareholders : Not yet adopted

Rest of the non mandatory requirements will be applied as and when required.



ANNEXURE - C TO DIRECTORS' REPORT

M/s. S. VISWANATHAN

Chartered Accountants
8A, Bishop Wallers Avenue (West),
Mylapore, Chennai - 600 004.

W.S. INDUSTRIES (INDIA) LIMITED

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

We have examined the compliance of conditions of Corporate Governance by W.S. Industries (India) Limited, for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 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, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for period exceeding one month against the Company, as per the records maintained by Shareholders/Investors Grievance Committee.

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.

Chennai
30th July, 2010

For **M/S. S.VISWANATHAN**
Chartered Accountants
Firm Regn. No.004770S
CHELLA K. SRINIVASAN
Partner
Membership No. 023305



ANNEXURE - D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INTRODUCTION:

The objective of this Report is to present the Management's perception of the various developments in the business environment, challenges and opportunities before the Company as well as to provide an analysis of the Company's performance. This Report also summarizes the Company's internal control measures and significant initiatives taken by the Company to respond to such opportunities and challenges as well as its plans for effecting a positive turnaround in its operational performance. It should be read in conjunction with the Directors' Report to the Members, Financial Statements and Notes forming part thereof.

B. THE INDIAN MACRO-ECONOMIC POWER SCENARIO:

For the first time in many years, there was a substantial increase in new generation capacity added during the year with the addition of approximately 9585 MW of conventional generation. The important aspect is that approximately 6000 MW of this addition came from investments in the private sector. The year saw severe load shedding and power cuts in many of the industrialized states which had enjoyed a relatively more manageable position all these years. The delay in the creation of new generation capacity is now creating a major drag on the competitiveness of industry which will need to live with greater recourse to self-generation and consequently higher energy costs impacting their performance. The poor finances of many utilities resulting from policy restrictions, inability to cut costs and high technical and commercial losses is a matter of continuing concern.

Performance Of Transmission And Distribution Sector:

The year 2009-10 was the half-way mark in the 11th Plan which has scaled down plan targets of 55,000 MW of additional generation and approximately 100,000 circuit km of transmission lines (132kV & above) with additional inter-regional power evacuation capacity of 23,000 MW. About 38% of the target for 220 kV, 44% for 400 kV transmission lines and 44% of sub-station capacity (220/400 kV) have been achieved at this halfway point. The performance in the case of the 765 kV AC and 800 kV DC networks were less satisfactory but this could be attributed to the delay in the corresponding UMPP generation projects since most of these lines were to evacuate power from these new projects.

Production statistics compiled by IEEMA show that the average growth of the T&D equipment and projects sector in 2009-10 has increased to about 11.25% as compared to a low of 2.73% in the previous year. The maximum benefit of this growth came in the last two quarters; however, the same optimism is not reflected in improvement in pricing since most industry verticals are yet to recover from the fall in pricing in the previous year. The stress has been aggravated by the increase in manufacturing capacity across the sector coupled with the sharp increase in imports in several verticals particularly from China. The RGGVY program for rural connectivity is winding down; the focus will be on implementation of Part B of the R-APDRP program.

As far as the Insulators vertical is concerned, the transmission line segment in the EHV range upwards had a growth of around 12% while the sub-station segment growth was slightly more. The overall exports for the year went down by 20 % which was the result of slackening of demand in the traditional markets and draw-down of inventory by OEMs. In addition, there was a sharp rise in the imports due to increased global tendering aggravated by Chinese pricing strategies as well as the imports for the UHV requirements.

C. GLOBAL SCENARIO:

The global scenario presents a mixed picture. China, which is now the world's largest insulator market, reported strong growth, due to support by a large Government financial stimulus. Developed economies



in Europe and North America reported drop in demand for T&D products, due to the aftermath of the financial crisis and also due to draw-down of inventories. Prominent developing economies in South Asia such as Vietnam and in South America such as Brazil, saw a recovery in demand during the second half of the year.

D. COMPANY'S PERFORMANCE:

Insulator Production:

The production was lower during the year by 8.98% as compared to the previous financial year. The main reasons for this were as follows

1. Delay in commissioning and subsequent ramp-up of the new plant (Unit II) at Visakhapatnam.
Due to delays in construction and financial problems of a key equipment supplier, the commissioning of the Visakhapatnam plant got significantly delayed and was finally achieved in July 2009. However, due to adaptation issues of European technologies to Indian raw materials and environment, there were start-up as well as ramp up issues prior to the plant getting stabilised.
2. Lack of adequate demand for some categories of our Products.

Insulator Sales:

Sales was lower in 2009-10 as compared to 2008-09 by 10.05% in volume terms and 20.18% in value terms. The significant difference between volume and value was because of reduced price realisation due to lower demand and intense competition.

While domestic demand picked up during the second half of the financial year, exports remained sluggish through most of the year. The export sales was lower by 35% in 2009-10 as compared to 2008-09.

Turnkey Projects:

The performance of the Projects Division was very satisfactory with revenues multiplying by nearly 3.3 times compared to the previous year. Your Company is handling projects with different content including RGGVY rural connectivity and power quality solutions. There are significant challenges in the execution process including the availability of skilled project execution manpower but these are being overcome through effective on-site management. The order book for the current year is quite satisfactory.

Business Initiatives:

a. New Customer Development:

A number of initiatives were taken during the year to develop new customers for the Visakhapatnam plant. The new plant is today approved by most major global OEMs and has commenced supplies to both existing as well as new customers.

b. New Product Development:

Various new products for 800kV AC applications were developed and supplied during the year. Capacity for increasing production of 800kV products for meeting the rapidly increasing demand is under implementation.

The Company is also developing products for 800kV UHVDC and 1200kV UHVAC applications.

During the year, the Company received its first orders for ceramic insulators coated with polymer coatings for offering superior performance in highly polluted environments. It executed these orders in a satisfactory manner and has received repeat orders from certain clients as well as orders from new clients. The Company sees good demand for this product line in the coming years.



c. Human Resource Development :

The efforts initiated last year were continued and expanded during 2009-10, particularly in the areas of leadership skills. In addition, in the Chennai plant, significant efforts were invested in re-skilling and re-training workers due to the change in product mix. Large scale training in health, safety and environment was also done for all categories of the workforce. The objective of these efforts is to create an empowered, multi-skilled and motivated workforce who will be able to adopt innovative solutions to help the Company surmount the business challenges that lie ahead and attain its short and medium term objectives while adopting safe and sustainable business practices.

d. Capital Expenditure:

Your Company incurred capital expenditure of Rs.51 million at its Chennai facility (Unit I) during the recently concluded financial year. Major focus areas included capacity increase for transmission line insulators, modernisation and/or replacement of specific equipment for increasing labour productivity, process efficiency and line balancing of capacity, provision of material handling equipment for improving labour productivity, investment in sophisticated analytical R&D facilities, etc. Attention was also given to improving the working environment.

Your Company has incurred an expenditure of Rs.1187 million till March 2010 towards setting up the infrastructure at Unit II. The Company is confident of substantially increasing the capacity utilisation during 2010-11.

e. Energy Conservation :

The Wind Energy Generators and the heat conservation schemes implemented by the Company have significantly contributed to the efforts to control the energy costs at both units.

f. Turnkey Projects Division :

The experience acquired from the pursuit and execution of projects of various voltage ratings in different operating environments, has given the foundation to address increased complexity and size of such projects. The Company is currently pursuing projects in the RGGVY sphere which will cover turnkey rural connectivity from sub-transmission to consumer. In addition, complementary projects in the field of capacitor banks and related areas are also being addressed.

g. Affirmative Actions and CSR initiatives :

Under the Code of Conduct adopted by your Company, several initiatives launched in the previous year, were continued to assist the disadvantaged communities both at the employee level as well as in the surrounding community. These include imparting technical training, qualification assistance and subsequent recruitment. Focus was also given to implementation of the code in the Company's business practices and policies.

CSR initiatives comprising supplemental coaching at the high school and professional entrance levels for the disadvantaged communities were sustained as well as local community initiatives in primary healthcare and welfare programmes were supported. These will be augmented in a calibrated manner in subsequent years.

E. ENTERPRISE RISK ANALYSIS AND ITS MANAGEMENT:

The exposure of the Company to various types of risks is detailed below along with the strategy employed to manage/mitigate the same.

a. Business Risks:

These include cyclical nature of demand for the Company's products impacted by the quantum of new projects and augmentation of line capacities, and adequate allocation of Government funds for

the Power Sector, especially to the T&D segment. Your Company has evolved a strategy of mitigating these business risks by broad basing its geographic exposure and focusing on select customers within those geographies. The Company has also concentrated on a continuous process of product upgradation and moving up the value chain.

b. Financial Risks :

The Company's operations are capital intensive with due concentration required to be given to debtors management and control of the working capital employed in the business. To mitigate the consequent risks, debtors are managed through a judicious mix of secured and open payment terms. Inventories are also managed dynamically through lean management principles while providing for appropriate buffers as required for seasonal materials based on past experience.

The Company uses commodity metal based components as inputs and oil based fuels in the process. Primary prices are beyond the Company's control. These exposures are mitigated to certain extent by developing a multiple vendor base for components and select raw materials. The Company has also entered into the market on crude futures to hedge its exposure albeit in a small way.

c. Foreign Exchange Risks :

The risk of incurring a loss on live receivables or payables due to adverse movements in the foreign exchange rates arises in view of the substantial export turnover and imports of critical raw materials/ components. The Company has opted for professional forex advisory services and uses a structured "Foreign Exchange Risk Management Process (FRMP)" to monitor and manage the risk arising from exchange rate movements. The objective of this process is:

- i) To reduce the probability and potential cause of financial risks by making the Company as neutral as possible to currency and interest rate fluctuations.
- ii) To create a stable planning environment by taking steps to reduce the impact of currency and interest rate fluctuations both in respect of short term and long term commitments.

Other than hedging of receivables and payables in foreign currencies under the above process, the Company has no exposure to any derivatives or other structured products.

d. Contractual Risks :

The Company has entered into certain large value supply and turnkey contracts with governmental agencies and private parties which incorporate stringent conditions with regard to supply, (construction, erection and commissioning in the case of project contracts), performance and warranty. All contracts are assessed before acceptance to ensure compliance and the capability to perform.

e. Asset protection :

The Company has ensured that the assets are properly safeguarded against all insurable risks using appropriate valuation methods and the adequacy of the same is reviewed periodically with the assistance of independent outside agencies.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The objective of the internal control systems is to ensure optimal use of resources, safeguard the Company's assets, exercise control, and minimise system deficiencies and weaknesses. Internal Audit is carried out by an independent professional audit firm to review all aspects of the internal control system and adherence to policies and procedures. The Audit Committee of the Board of Directors reviews the internal audit reports and the implementation of corrective actions and also addresses all aspects of the Company's functioning from this perspective as required under SEBI and Company Law guidelines.



G. FINANCIAL PERFORMANCE:

The Company has two business segments viz. (a) Electro Porcelain Insulators and (b) Turnkey Projects Division. During the year, the Company commenced operations of its new State of Art Unit at Visakhapatnam.

The drop in the volume as well as selling prices in the Insulator Division had resulted in a loss of Rs. 139.56 million despite the increased profitability of the Turnkey Projects Division.

The Company has chalked out a multi-faceted road map for improving the profitability in the current year with the implementation of various strategic initiatives such as:

- Change in the product mix;
- Improvement of process efficiency;
- Reduction in energy cost through equipment and energy usage optimization;
- Increase in capacity utilization, productivity and output at Unit II.

Revenue:

The net sales from Insulator Division was lower at Rs. 1764 million as against Rs. 2103 million in the previous year, resulting in a reduction of 16%, mainly on account of both volume and price reduction.

However, the Turnkey Projects Division showed substantial improvement with a turnover of Rs. 411 million as against Rs. 125 million registering an increase of around 3.3 times.

Costs:

Input Materials:

Prices of most of the raw materials had maintained their inflationary levels during the year which, along with the volatility in the exchange rates, have consequently impacted the prices of metal components used by the Company.

Increase in interest costs is on account of increased draw down of funds for Projects and additional working capital requirements. However, the overall finance cost was contained by a judicious mix of foreign currency borrowing, usage of buyers credit and domestic borrowings secured at competitive rates.

Inadequate availability of utility power, due to power cut imposed on industrial consumers in the two states, forced the Company to purchase power from private units supplemented by self generation at much higher costs. The procurement costs were further compounded by the increase in freight rates.

Resources:

Inputs:

Raw materials and components required for the enhanced production were made available during the year through enhancement in the supply base and global sourcing strategies.

Funding:

During the year the Company has raised additional funds from its Term Lenders for Rs. 77.50 million towards its working capital requirement and for incurring capital expenditure amounting to Rs. 65 million. Promoters have also infused additional funds to the extent of Rs. 52 million.

During the year the Company has met all the term loan commitments aggregating to Rs. 29.80 million on the respective due dates.

H. OUTLOOK:

Notwithstanding past problems, the domestic demand for our products is strong. While global recovery is still uneven, there are some bright spots in certain countries which are short of power. Your Company is one of the few to offer complete profile of Insulator products for the T&D sector.



The threats in the near horizon are mainly arising out of :

- i. continued volatility in commodity and crude oil prices;
- ii. the short term excess of aggregate production capacity over demand;
- iii. the consequent pricing pressures arising out of this excess capacity and imports.

The opening order book for the current financial year is satisfactory. Therefore, the focus will be on implementing the road map for return to profitability in the shortest possible time frame. As mentioned above, this will be achieved by product mix, high capacity utilisation, cost management and process efficiency improvement. In addition, the Company will dynamically manage its production facilities to respond to rapidly changing customer requirements. The various steps taken to widen the product portfolio particularly by the addition of production capacity at Unit II and development of customer-specific solutions will contribute significantly to the Company's operations.

I. CAUTIONARY STATEMENT:

Statements in the Management's Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, raw material and fuel and energy prices, changes in Government regulations, tax regimes, and economic developments within the Country and other markets where the Company operates.

ANNEXURE – E TO DIRECTORS' REPORT

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for the Members of its Board and Senior Management Personnel. I confirm that the Company has, in respect of the Financial Year ended 31st March, 2010, received from the Members of the Board and senior management team of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

Chennai
30th July, 2010

MURALI VENKATRAMAN
VICE CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - F TO DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors do state in good faith that :

1. In the preparation of the annual accounts for the year ended 31st March, 2010, the applicable Accounting Standards as presented in the Notes on Accounts have been followed by the Company.
2. The Accounting Policies have been selected appropriately and applied consistently and judgement and estimates have been made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year.
3. They have taken proper and sufficient care:
 - a) for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 ;
 - b) for safeguarding the assets of the Company ; and
 - c) for preventing and detecting fraud and other irregularities.
4. The Accounts of the Company have been prepared on a going-concern basis.



**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
W.S. INDUSTRIES (INDIA) LIMITED**

We have audited the attached Balance Sheet of M/s. W.S. Industries (India) Limited as at 31st March 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

We have conducted our audit in accordance with 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement of the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in Annexure referred to above, we report that;

- a) We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
- c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit and Loss Account read with Schedules and Notes thereon dealt with by this Report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956, so far as applicable.
- e) On the basis of the written representation received from the directors as on 31st March 2010 we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act 1956.
- f) Subject to the above, in our opinion and to the best of our information and explanation given to us, the said accounts read with notes thereon 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:
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010 and
 - ii. In the case of Profit and Loss Account of the LOSS for the year ended on that date.
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**Chennai
30th July, 2010**

For **M/S. S.VISWANATHAN**
Chartered Accountants
Firm Regn. No.004770S

CHELLA K. SRINIVASAN
Partner
Membership No. 023305



ANNEXURE TO THE AUDITORS' REPORT**(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 fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets, affecting the going concern.
- (ii) (a) Physical verification of stocks of Finished Goods, Stores, Spare Parts and Raw materials was conducted by the management during the period, except materials lying with third parties from whom confirmation certificates have been obtained. Materials in Bond have been verified with the respective Bills of Entry. In our opinion, the frequency of verification was reasonable.
- (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate, commensurate to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the Books of Accounts.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loan for Rs. 17,000,000 from two parties covered in the Register maintained under Section 301 of the Companies Act 1956. However, the terms of repayment and interest are not prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act 1956, have been made at prices, at which transactions for similar goods have been entered with other parties.
- (vi) As explained to us, the company has complied with the Provisions of Section 58A of the Companies Act, 1956.
- (vii) A firm of Chartered Accountants is appointed as Internal Auditors of the company for the period under review. In our opinion, the company has internal audit system commensurate with its size and nature of its business.
- (viii) (a) The Company is regular in depositing its undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.



- (b) At the end of the financial year there were no dues of sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except as follows:

Name of the statute	Nature of dues	Amount Rs.	Forum where dispute is pending
Sales Tax	Sales Tax	139,163	High Court
Sales Tax	Sales Tax	755,608	ST A T
Sales Tax	Sales Tax	1,582,605	A A C Appeals
Income Tax	Income tax	399,979	High Court

- (ix) The Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- (x) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion, the terms and conditions in respect of the guarantees given by the company for loans taken by others from banks and financial institution are not prima facie prejudicial to the interest of the company.
- (xii) The term loans availed during the year has been utilized for the purpose for which they have been raised.
- (xiii) The company has no accumulated losses as at 31st March 2010 but has incurred cash losses in the financial year ended on that date.
- (xiv) The funds raised by the Company on short term basis have not been used for long term investments.
- (xv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xvi) No fraud on or by the Company has been noticed or reported during the course of our audit.
- (xvii) Other provisions of Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004 are not applicable.

Chennai
30th July, 2010

For **M/S. S.VISWANATHAN**
Chartered Accountants
Firm Regn. No.004770S
CHELLA K. SRINIVASAN
Partner
Membership No. 023305


SALIENT FINANCIAL HIGHLIGHTS FOR FIVE YEARS - STANDALONE

(Rs. in Million)

	YEAR ENDED 31st MARCH				
	2006	2007	2008	2009	2010 *
PROFITABILITY					
Income	1471.35	1655.90	2273.10	2232.60	2186.09
EBIDTA	149.71	202.97	313.76	251.63	53.86
PBT	54.04	100.13	213.53	132.25	(139.56)
PAT	43.24	65.56	167.23	89.05	(130.36)
BALANCE SHEET					
Net Fixed Assets	244.48	319.71	887.06	1619.78	1622.31
Investments	1.34	387.90	156.70	61.89	42.70
Net Current Assets	666.00	537.83	754.39	445.19	593.25
Total Capital Employed	911.82	1245.44	1798.15	2126.86	2258.26
Shareholders' fund	417.54	772.27	908.84	967.93	862.23
Borrowings	494.28	443.10	831.11	1102.83	1349.13
Deferred Tax Liability	-	30.07	58.20	56.10	46.90
Total	911.82	1245.44	1798.15	2126.86	2258.26
RATIOS					
Book Value per Share (Rs.)	22.34	31.94	38.62	41.41	34.76
Earnings per Share (Rs.)	2.36	2.93	7.64	3.96	(6.56)
Debt: Equity Ratio	0.58	0.25	0.63	0.99	1.15

* The figures include those of Unit II of the Company which commenced commercial production during July 2009.

**BALANCE SHEET AS AT 31st MARCH, 2010**

(Rs. in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	1	338.90		303.90	
Reserves and Surplus	2	530.43	869.33	669.14	973.04
Loan Funds					
Secured Loans	3	1326.35		1095.10	
Unsecured Loans	4	21.13		3.22	
Deferred Liability		1.65	1349.13	4.51	1102.83
Deferred Tax Liability - Net			46.90		56.10
			2265.36		2131.97
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	5	2084.08		862.98	
Less: Depreciation		568.42		501.25	
Net Block		1515.66		361.73	
Capital Work in Progress		106.65	1622.31	1258.05	1619.78
Investments	6		42.70		61.89
Current Assets, Loans and Advances					
Inventories	7	489.08		371.66	
Sundry Debtors		755.28		531.00	
Cash and Bank Balances		43.05		112.20	
Other Current Assets		0.09		0.03	
Loans and advances		127.12		197.77	
		1414.62		1212.66	
Less: Current Liabilities and Provisions	8				
Current Liabilities		802.64		716.26	
Provisions		18.73		51.21	
		821.37		767.47	
Net Current Assets			593.25		445.19
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		7.10		5.11
			2265.36		2131.97
NOTES FORMING PART OF ACCOUNTS	15				

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN**
Chartered Accountants
Firm Regn. No. 004770S

V.SRINIVASAN
Chairman

MURALI VENKATRAMAN
Vice Chairman & Managing Director

NARAYAN SETHURAMON
Managing Director

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)

K.RAMAN
Director

T.CHANDRASEKHARAN
Chief Financial Officer

K.S.NATARAJAN
Company Secretary

Chennai
30th July, 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010** (Rs. in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
INCOME					
Gross Sales		2266.94		2352.06	
Less: Excise Duty		91.32		124.76	
Net Sales		2175.62		2227.30	
Other Income	10	10.47	2186.09	5.30	2232.60
EXPENDITURE					
Material Cost	11	1114.52		1058.28	
Employee Cost	12	271.04		230.86	
Other Costs	13	746.67		691.83	
Finance Charges	14	113.57	2245.80	82.20	2063.17
PROFIT / (LOSS) BEFORE DEPRECIATION			(59.71)		169.43
Depreciation			79.85		37.18
PROFIT / (LOSS) BEFORE TAX			(139.56)		132.25
Less : Provision for taxation					
Current Tax		-		42.50	
Deferred Tax		(9.20)		(2.10)	
Fringe Benefit Tax		-	(9.20)	2.80	43.20
PROFIT / (LOSS) AFTER TAX			(130.36)		89.05
Profit brought forward from previous year			157.69		125.04
PROFIT AVAILABLE FOR APPROPRIATION			27.33		214.09
APPROPRIATIONS					
Transfer to Capital Redemption Reserve		17.50		26.25	
Preference Dividend		7.14		4.63	
Proposed Dividend		-		21.14	
Dividend Distribution Tax		1.21	25.85	4.38	56.40
Surplus in Profit & Loss A/c.carried to Balance Sheet			1.48		157.69
Earnings per Share (basic/diluted) (in Rs.)			(6.56)		3.96
Earnings per Share before Extraordinary items (basic/diluted) (in Rs.)			(6.56)		3.96
NOTES FORMING PART OF ACCOUNTS	15				

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN**
Chartered Accountants
Firm Regn. No. 004770S

V.SRINIVASAN
Chairman

MURALI VENKATRAMAN
Vice Chairman & Managing Director

NARAYAN SETHURAMON
Managing Director

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)

K.RAMAN
Director

T.CHANDRASEKHARAN
Chief Financial Officer

K.S.NATARAJAN
Company Secretary

Chennai
30th July, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010** (Rs. in Million)

	THIS YEAR	PREVIOUS YEAR
A CASH FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before Taxes	(139.56)	132.25
Adjustments for:		
Depreciation	79.98	37.78
Interest (Net)	113.57	82.20
Unrealised (gain)/loss on foreign exchange rate variation	2.58	(0.52)
(Income) from Investments	(2.68)	(2.89)
(Profit) /Loss on Fixed Assets sold	3.92	0.53
Operating Profit before Working Capital changes	57.81	249.35
Adjustments for:		
(Increase)/Decrease in inventory	(117.43)	(67.38)
(Increase)/Decrease in trade and other receivables	(153.69)	129.45
(Increase)/Decrease in Deferred Expenditure - operating	(1.99)	0.19
Increase/(Decrease) in trade payables	86.04	123.92
Cash generated from operations	(129.26)	435.53
Interest paid	113.96	82.56
Direct Taxes paid	10.69	14.25
Net cash from operating activities	(253.91)	338.72
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including interest capitalised)	(165.16)	(771.26)
Sale of Fixed Assets	0.58	0.24
Purchase of Investments	(40.90)	(60.09)
Sale/Write off of Investments	60.09	155.40
(Increase)/Decrease - Investment in Subsidiaries	-	(0.50)
Interest received	0.39	0.36
Income from Investments	2.68	2.89
Net Cash (used in) / from Investing activities	(142.32)	(672.96)



	(Rs. in Million)	
C CASH FLOW FROM FINANCING ACTIVITIES	THIS YEAR	PREVIOUS YEAR
Proceeds From Preference Shares	35.00	-
Increase in Secured Loans	77.50	430.30
Increase/(Decrease) in working Capital from Banks	261.71	(82.34)
Increase in Unsecured Loans	20.57	0.82
Repayment of Secured Loans	(29.80)	(70.13)
Repayment of Unsecured Loans	(2.66)	(1.94)
Repayment of Deferred Liability	(2.86)	(4.98)
Dividends Paid	(29.81)	(17.19)
Net Cash Flow(used in)/From Financing Activities	329.65	254.54
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(66.58)	(79.70)
Cash and Cash Equivalents as at the beginning of the year	111.47	191.18
Cash and Cash Equivalents as at the close of the year	44.89	111.47

Notes on Cash Flow Statement:

- 1 Above statement has been prepared following the Indirect method except in case of Interest received/Paid, Dividend Received/Paid, Purchase/ Sale of Investments, loans taken and repaid and Taxes Paid, which have been considered on the basis of actual movement of cash with necessary adjustments in corresponding assets and Liabilities.
- 2 Purchase of Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between beginning and end of the year

3 CASH AND CASH EQUIVALENTS

CASH AND BANK BALANCES	43.05	112.20
UNREALISED (GAIN) / LOSS	1.84	(0.73)
CASH AND BANK BALANCES RESTATED AS ABOVE	44.89	111.47

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN MURALI VENKATRAMAN NARAYAN SETHURAMON**
Chartered Accountants Chairman Vice Chairman & Managing Director Managing Director

Firm Regn. No. 004770S

CHELLA K. SRINIVASAN K.RAMAN T.CHANDRASEKHARAN K.S.NATARAJAN
Partner Director Chief Financial Officer Company Secretary

(Membership No. 023305)

Chennai
30th July, 2010



SCHEDULES

SCHEDULE 1

(Rs. in Million)

SHARE CAPITAL

Authorised

	THIS YEAR	PREVIOUS YEAR
35,000,000 Equity Shares of Rs.10/- each	350.00	350.00
1,500,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	150.00	150.00
	<u>500.00</u>	<u>500.00</u>

Issued, Subscribed and Paid - up:

21,139,789 Equity Shares of Rs.10/- each fully paid-up*	211.40	211.40
1275000 Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid-up**	127.50	92.50
TOTAL	<u>338.90</u>	<u>303.90</u>

* includes 1,101,312 Bonus Shares issued by capitalising the Reserves in 1982 and 1988 and 5,850,000 Equity Shares allotted on amalgamation in 2003

** Particulars regarding Preference Shares and their redemption dates are set out in Note No. 4 in Schedule No. 15 forming part of Accounts.

SCHEDULE 2

RESERVES AND SURPLUS

(Rs. in Million)

	As at 31 03 2009	Additions	Deductions	As at 31 03 2010
Capital Reserve	9.95	-	-	9.95
Share Premium Account	180.50	-	-	180.50
Capital Redemption Reserve	141.15	17.50	-	158.65
Special General Reserve	25.81	-	-	25.81
General Reserve	154.04	-	-	154.04
Balance in Profit and Loss Account	157.69	-	156.21	1.48
TOTAL	<u>669.14</u>	<u>17.50</u>	<u>156.21</u>	<u>530.43</u>

SCHEDULE 3

SECURED LOANS

THIS YEAR

PREVIOUS YEAR

From Banks

a) As Working Capital	501.06	239.35
b) As Term Loans	825.29	855.66
c) Others	-	0.09
TOTAL	<u>1326.35</u>	<u>1095.10</u>

Refer Notes No. 5&6 of Notes forming part of Accounts for details of Nature of securities for the above loans.

SCHEDULE 4

UNSECURED LOANS

Unsecured Loans	17.00	-
Hire Purchase facility	4.13	3.22
TOTAL	<u>21.13</u>	<u>3.22</u>



SCHEDULE 5

FIXED ASSETS

(Rs. in Million)

Sl. No.	Description	Gross Block at Cost			Depreciation	Net Block		
		As at 01 04 2009	Additions/ Transfers/	Sold/ Discarded/ Transfers	As at 31 03 2010	Upto 31 03 2010	As at 31 03 2010	As at 31 03 2009
1	Land and Betterment							
	a) Freehold Land	2.49	-	-	2.49	-	2.49	2.49
	b) Leasehold Rights in land	-	48.01	-	48.01	1.45	46.56	-
2	Buildings	69.58	399.12	0.31	468.39	48.44	419.95	32.62
3	Plant & Machinery *	** 733.44	655.10	14.89	1373.65	467.49	906.16	309.96
4	Electrical Installation	18.86	103.13	-	121.99	20.53	101.46	2.88
5	Vehicles	14.37	3.86	1.89	16.34	8.01	8.33	7.42
6	Furniture & Fixtures and other Equipment	24.24	29.18	0.21	53.21	22.50	30.71	6.36
	TOTAL	862.98	@1238.40	17.30	2084.08	568.42	1515.66	361.73
	Capital Work in progress	1258.05	107.17	1258.57	106.65	-	106.65	1258.05
	GRAND TOTAL	2121.03	1345.57	1275.87	2190.73	568.42	1622.31	1619.78

* includes Shunt Power Capacitor Bank Systems for a value of Rs. 38.89 Million leased to the Company's customer and wind mill for a value of Rs. 36.33 Million which have been fully depreciated.

** In respect of Windmill and Energy Conservation Systems installed depreciation has been provided at accelerated rates of 10% and 20% respectively.

@ Includes Rs. 1063.70 Million capitalised on commencement of Commercial Production in Unit II at Visakhapatnam.

SCHEDULE 6

INVESTMENTS (AT COST) - NON TRADE

Long Term Investments :

Unquoted :

(i) Shares in Subsidiary Companies (fully paid-up)

62,000 Equity Shares of face value of Rs. 10/- each fully paid-up in W.S. Electric Ltd.

50,000 Equity Shares of face value of Rs. 10/- each fully paid-up in W.S. Insulators Ltd.

(ii) Others

68,000 Equity Shares of face value of Rs. 10/- each fully paid-up in S & S Minerals Limited

THIS YEAR

PREVIOUS YEAR

0.62

0.62

0.50

0.50

0.68

0.68


Short Term Investments :

(Rs. in Million)

Investments in Mutual Funds:

1,999,560	Units of face value of Rs. 10/- each - Reliance Quarterly Interval Fund - Series II	20.00	-
22,746	Units of face value of Rs. 10/- each - ICICI Prudential Flexible Income Plan Premium	0.39	-
1,036,903	Units of face value of Rs. 10/- each - Reliance Liquidity Fund	10.37	-
461,996	Units of face value of Rs. 10/- each - Principal Monthly Income Plan	5.00	-
48,583	Units of face value of Rs. 100/- each - ICICI Prudential Flexible Income Plan Premium	5.14	-
1,008,180	Units of face value of Rs. 10/- each - ICICI Prudential Floating Rate Fund - Plan C	-	10.09
999,750	Units of face value of Rs. 10/- each - Fidelity Ultra Short Term Debt Fund - Institutional	-	10.00
997,604	Units of face value of Rs. 10/- each - Birla Sunlife Savings Fund - Retail	-	10.00
999,320	Units of face value of Rs. 10/- each - Birla Sunlife Savings Fund - Institutional	-	10.00
1,170,957	Units of face value of Rs. 10/- each - Reliance Medium Term Fund	-	20.00
		40.90	60.09
	GRAND TOTAL	42.70	61.89
	Book value of Unquoted Investments	1.80	1.80
	Market value of short term Investments	41.13	60.09

SCHEDULE 7
CURRENT ASSETS, LOANS AND ADVANCES
A Current Assets

	THIS YEAR		PREVIOUS YEAR	
1	Interest accrued on Investments	0.09		0.03
2	Inventories			
	(i) Stores and Spare Parts	28.88	17.90	
	(ii) Raw Materials	131.15	153.43	
	(iii) Packing Materials	4.68	5.05	
	(iv) Materials in Transit	23.54	5.10	
	(v) Work in progress	201.27	129.17	
	(vi) Finished Goods	99.56	61.01	371.66
3	Sundry Debtors (considered good for which the company holds no security other than debtors' personal security)			
	(i) Debts outstanding for a period exceeding 6 months	127.34	121.31	
	(ii) Other Debts	627.94	409.69	531.00



		(Rs. in Million)			
		THIS YEAR		PREVIOUS YEAR	
4	Cash and Bank Balances				
	(i) Cash on hand	0.82		0.34	
	(ii) Bank Balance with Scheduled Banks in				
	Fixed Deposits	3.65		6.07	
	Margin Money	0.41		10.35	
	Current Accounts	38.17	43.05	95.44	112.20
B	Loans and Advances				
1	Advances recoverable in cash or in kind for value to be received (unsecured and considered good)	68.51		88.37	
2	Tax deducted at source	19.74		15.59	
3	Deposits	26.12		80.28	
4	Prepaid Expenses	12.75	127.12	13.53	197.77
	TOTAL		1414.62		1212.66

SCHEDULE 8

CURRENT LIABILITIES AND PROVISIONS

A	Current Liabilities				
1	Acceptances		211.91		128.40
2	Sundry Creditors				
	(a) Micro, small and Medium Enterprises	-		-	
	(b) Others	403.71	403.71	369.97	369.97
3	Advance from customers		33.21		67.66
4	Interest accrued but not due on loans		1.23		2.43
5	Investor Education and Protection Fund *				
	- Unpaid Dividend	0.93	0.93	0.59	0.59
6	Other Liabilities **		151.65		147.21
	TOTAL		802.64		716.26
B	Provisions				
	Income Tax (Net of payments)		10.38		21.07
	Proposed Dividends		8.35		30.14
	TOTAL		18.73		51.21

* These represent warrants/cheques issued and remaining un-encashed as on 31st March, 2010.

There is no amount which has fallen due as at Balance Sheet date to be credited to Investor Education and Protection Fund.

** Includes due to Subsidiary of Rs. 80 Million (previous year Rs. 77 Million)



SCHEDULE 9

(Rs. in Million)

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	THIS YEAR	PREVIOUS YEAR
Deferred Revenue Expenditure #	7.10	5.11
TOTAL	7.10	5.11

Represents VRS compensation yet to be written off and Rs.3.26 Million has been charged off to expenses during the year. (Previous year: Rs.2.51 Million)

SCHEDULE 10

OTHER INCOME

	THIS YEAR	PREVIOUS YEAR
Dividend Income from Mutual Funds (Short term investments)	2.68	2.89
Other Receipts	7.77	2.41
Profit on Sale of Fixed Assets	0.02	-
TOTAL	10.47	5.30

SCHEDULE 11

MATERIAL COST

Raw Materials and Components consumed				
Opening Stock	153.43		120.02	
Add: Purchases	1172.33		1127.69	
	<u>1325.76</u>		<u>1247.71</u>	
Less: Closing Stock	131.15	1194.61	153.43	1094.28
(Increase) / Decrease in Stock				
Opening Stock :				
Work in progress	159.73*		104.41	
Finished Goods	61.01		49.77	
	<u>220.74</u>		<u>154.18</u>	
Closing Stock :				
Work in progress	201.27		129.17	
Finished Goods	99.56		61.01	
	<u>300.83</u>		<u>190.18</u>	
		(80.09)		(36.00)
TOTAL		1114.52		1058.28

* Includes Stock available at the time of commencement of Commercial Production at Unit II

SCHEDULE 12

EMPLOYEE COST

	THIS YEAR	PREVIOUS YEAR
Salaries, Wages and Bonus	212.78	180.13
Contribution to PF, ESI, Gratuity, etc.	24.06	24.32
Welfare Expenses	34.20	26.41
TOTAL	271.04	230.86

**SCHEDULE 13**

(Rs. in Million)

OTHER COSTS

	THIS YEAR	PREVIOUS YEAR
Consumption of Stores and Tools	54.42	42.87
Power and Fuel	359.12	355.26
Rent	3.71	2.71
Rates and Taxes	12.04	3.64
Insurance	10.96	7.91
Repairs and Maintenance:		
Building	0.16	0.06
Plant & Machinery	32.57	28.65
Other Assets	7.82	7.91
Research and Development	0.05	0.06
Directors' Sitting Fees	0.45	0.42
Travelling and Conveyance	23.08	17.47
Postage, Telephones, Fax, etc.	5.09	3.15
Printing & Stationery	1.86	1.62
Auditors' Remuneration	0.27	0.25
Donations	0.05	0.07
Agency Commission	22.16	28.86
Packing, forwarding and Freight	104.34	105.79
Loss on Assets discarded	3.94	0.50
Loss on Assets Sold	-	0.03
Bad Debts written off	1.98	7.50
Site Expenses	8.05	7.17
Others	94.55	69.94
TOTAL	746.67	691.83

SCHEDULE 14**FINANCE CHARGES**

Interest on :		
Fixed Loans	38.72	8.03
Other Loans	48.48	51.58
	87.20	59.61
Less: Interest received on deposits	0.39	0.36
	86.81	59.25
Bank Charges	26.76	22.95
TOTAL	113.57	82.20

**SCHEDULE 15****NOTES FORMING PART OF ACCOUNTS**

1. Schedules 1 to 15 form an integral part of the Balance Sheet and the Profit and loss account and have been duly authenticated.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Presentation:**

The financial statements are prepared under the historical cost convention on a going concern basis and in accordance with the applicable accounting standards.

(b) Fixed Assets and Depreciation:

Fixed Assets are stated at acquisition/historical cost and include expenditure incurred up to the date the asset is put to use (as reduced by Cenvat/VAT credit wherever applicable).

Depreciation on Building, Plant and Machinery and Electrical Installations has been provided on Straight Line Method and on other assets on Written Down Value basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956 or at such higher rates determined taking into consideration the effective useful life of the assets. Assets costing less than Rs. 5,000/- are fully depreciated in the year of purchase.

Cost of the Leasehold rights in land is amortised over the primary lease period.

Expenses incurred during the construction period prior to commencement of production are classified and disclosed under Capital Work-in-progress (net of income earned from the related investments during the Project construction period).

(c) Investments:

Investments in shares in Subsidiary and Associate Companies being long term in nature, are stated at acquisition cost. Current investments are valued at lower of Cost and Net Asset Value.

(d) Current Assets:**Inventories:**

- i. Raw materials, Packing materials and stores and spares (other than bonded materials) have been valued at weighted average cost and includes freight, taxes and duties, net of Cenvat/VAT credit, wherever applicable.
- ii. Bonded materials are valued at CIF value and Material in Transit at cost.
- iii. Work-in-progress has been valued at cost or Net Realisable Value, whichever is lower.
- iv. Finished Goods have been valued at cost or Net Realisable Value, whichever is lower and inclusive of Excise Duty.
- v. Raw Materials, packing materials, Stores and Spares, bonded materials, materials in transit, work-in-process and finished goods are as per inventories taken, valued and certified by the Managing Director.

Others:

- vi. Sundry Debtors are stated after providing for Bad Debts/recoveries.

(e) Foreign Currency transactions:

Transactions in foreign exchange are accounted for at the rates prevailing on the dates of the transactions.

Exchange difference, arising on forward contracts, is recognized as income or expense.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year end. The resultant difference, if any, is dealt with appropriately in the accounts in accordance with the Accounting Standard 11 and Companies (Accounting Standards) Amendment Rules, 2009.

(f) Sales:

Net Sales are after trade discounts and inclusive of price variation claims and Receipts from Turnkey Contracts.

(g) Retirement benefits:

Fixed contributions to Employees' Provident Fund and Superannuation Fund are charged off in the accounts. Contribution to Gratuity is covered under a Master Policy with Life Insurance Corporation of India and the annual premium ascertained based on Actuarial valuation has been charged to Profit and Loss Account. Earned Leave salary to eligible employees as per Company's policy ascertained on actuarial basis has been provided for in the Accounts.

(h) Amortization of Deferred Revenue Expenditure:

Expenditure incurred under Voluntary Retirement are expensed over a period of five years.

(i) Research & Development:

Revenue expenditure on research and development are expensed in the year in which they are incurred. Capital expenditure on research and development is shown under fixed assets.

(j) Deferred Tax:

Deferred Tax is recognized on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred Tax assets are recognized only to the extent there is a virtual certainty of its realization.

(k) Lease & Rentals:

Receipts: Lease and rental receipts in respect of assets leased/rented out are accounted, in accordance with the terms and conditions of the lease/rental agreements entered into with the lessees/tenants and are in accordance with conditions specified in Accounting Standard 19. Lease payments on assets taken on lease are recognized as an expense on a straight line basis over the lease term.

(l) Contingent Liability:

Contingent Liability is disclosed for (i) Possible obligations where the probability of the final outcome in favour of the company is not certain, or (ii) Obligations likely to arise out of past events where it is unlikely that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

3. The Company has two reportable business segments, namely, i) Electro – porcelain Products and ii) Turnkey Projects.
4. (a) The 925,000 Non-convertible, cumulative, Redeemable Preference Shares of Rs.100/- each bearing a coupon rate of 5% for the initial four years and thereafter @ 7.5% till redemption, allotted to Schroder Credit Renaissance Fund Ltd. and Schroder Credit Renaissance Fund L.P. on 3rd October 2006 are to be redeemed on or before the end of 7 years from the issue date, i.e., 3rd October 2013.

- (b) 350,000 Non-convertible, cumulative, Redeemable Preference Shares of Rs. 100/- each have been allotted to Vensunar (P) Ltd. On 13-07-2009 at a coupon rate of 10% to be redeemed on or before 28-02-2013.
5. Loans from Banks, both for Unit I (at Chennai) and Unit II (at Visakhapatnam) availed on Cash Credit, Packing Credit, WCDL and FCNRB are secured by the Hypothecation of Stocks of Raw Materials, Stores, Spares (not relating to Plant and Machinery), Work-in-Progress, Finished Goods, Book Debts and Documentary Bills and further secured by a Second Charge on the Company's immovable and moveable fixed assets ranking pari-passu among themselves based on the joint/individual documentation executed, subject to the first pari-passu charge created in favour of the Company's term lenders in favour of–
- The Bankers under Consortium arrangement for the Working Capital facilities sanctioned by them for Unit I.
 - A bank for the Working Capital facilities sanctioned for Unit II.
6. First Charge has been created on the company's immovable and movable fixed assets, present and future:
- In respect of the Term Loans availed and outstanding to banks, aggregating to Rs. 825.29 Million which shall rank pari passu among them.
 - In favour of the concerned Bankers on specific assets acquired from the specific loans secured from them under the suppliers' credit facility for which bills have been co-accepted by these banks.

(Rs. in Million)

	This Year	Previous Year
7. Bank balance in Current Account includes: E E F C Account	17.46 (US\$ 0.025 Million) (Euro 0.265 Million) (GBP 0.004 Million)	55.64 (US\$ 0.448 Million) (Euro 0.493 Million) (GBP 0.004 Million)
8. Lien on Fixed Deposits with Banks towards Margin for Co-acceptance facility and specific letters of Guarantee, etc.	3.65	3.,42
9. Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advances) and not provided for amounts to		
- Unit I	4.86	2.28
- Unit II	5.49	10.91
10. Contingent Liabilities on account of:		
(i) Letters of Credit in favour of suppliers of Raw materials, Capital Goods, etc. excluding the value of materials received and bills accepted there against	58.52	35.12
(ii) Guarantees to Electricity Boards, Government Departments and Undertakings	753.73	628.62
(iii) Corporate Guarantees issued	11.18	16.03
(iv) Customs Duty on Bonded Materials	2.85	0.73
(v) Tax disputes		
a) Sales Tax	4.57	4.57
b) Excise and Service tax	0.39	0.04
c) Income Tax	2.65	1.33



**11. Disclosure as required under Accounting Standards (AS) 15 of the Companies
(Accounting Standards) Rules, 2006:**

		Rs. in Million			
		Group Gratuity Scheme		Leave Encashment Benefits	
		This Year	Previous Year	This Year	Previous Year
I. (a) Change in present value of obligations:					
	Present value of obligations at the beginning of the year	67.00	62.68	8.37	8.37
	Interest Cost	5.17	4.94	0.59	0.47
	Current Service Cost	10.01	11.44	1.45	1.36
	Benefits paid	12.31	8.38	2.08	1.16
	Actuarial (Gain) / Loss on obligations	(2.40)	(3.67)	0.62	0.85
	Present value of obligations at the end of the year	68.01	67.00	8.95	8.37
II. (b) Changes in the fair value of Plan Assets:					
	Fair value of Plan Assets at the beginning of the year	67.00	62.68	-	-
	Expected Return on Plan Assets	5.56	3.46	-	-
	Contributions	6.40	11.53	2.08	1.16
	Benefits paid	12.31	8.39	2.08	1.16
	Actuarial (Gain) / Loss on obligations	5.14	(2.29)	-	-
	Present value Plan Assets at the end of the year	68.01	67.00	-	-
(c) Fair Value of Plan Assets					
	Fair value of Plan Assets at the beginning of the year	67.00	61.85	-	-
	Actual Return on Plan Assets	5.56	3.46	-	-
	Contributions	6.40	11.53	2.08	1.16
	Benefits paid	12.31	8.38	2.08	1.16
	Fair Value of Plan Assets at the end of the year	68.01	67.00	-	-
	Funded status	-	-	-	-
	Excess of Actual over estimated return on Plan Assets	-	-	-	-
(d) Actuarial Gain / Loss recognized					
	Actuarial Gain / (Loss) for the Year - obligations	2.28	3.67	-	-
	Actuarial Gain / (Loss) for the year – Plan Assets	(5.14)	2.29	-	-
	Total (Gain) / Loss for the year	(7.54)	(5.96)	0.62	0.85
	Actuarial (Gain) / Loss recognized in the year	(7.54)	(5.96)	0.62	0.85
(e) Amounts to be recognized in the Balance Sheet and Statement of Profit and Loss					
	Present value of obligations at the end of the year	68.01	67.00	8.95	8.37
	Fair Value of Plan Assets at the end of the year	68.01	67.00	-	-
	Funded Status	-	-	-	-
	Net Asset/(Liability) recognized in Balance Sheet	-	-	8.94	8.37
(f) Expenses recognized in the statement of Profit and Loss					
	Current Service Cost	10.01	11.44	1.45	1.36
	Interest Cost	5.17	4.94	0.59	0.47
	Expected Return on Plan Assets	5.56	3.46	-	-
	Net Actuarial (Gain) / Loss recognized in the year	(7.54)	(5.96)	0.62	0.85
	Expenses recognized in the statement of Profit and Loss	2.08	9.27	2.66	2.68
(g) Actuarial Assumptions					
	Discount Rate	8.0%	7.5%	-	-
	Expected return on Plan Assets	8.5%	9.3%	-	-
	Salary increase	5.0%	4.5%	-	-



12. Details of Investments in Mutual Funds purchased and sold during the year (Rs. in Million)

	No. of Units	Cost of	
		acquisition	disposal
Birla Sunlife Income Fund	1,000,000	10.00	10.00
Reliance Liquidity Fund	1,000,000	10.00	10.00
Kotak FMP3M Series Fund	1,500,000	15.00	15.00
Religare Short Term Plan	985,362	10.00	10.00
Fidelity Ultra Short Debt Fund	999,750	10.00	10.00
Kotak Floating Long Term-weekly Dividend	496,046	5.00	5.00

13. Earnings per share

- a) There are no potential equity shares and hence the basic and diluted EPS are the same.
 b) Calculation of Earnings per share (Face value of Rs. 10/-per share) is based on the following data:

	(Rs. in Million)	(Rs. in Million)
	This year	Previous year
Net Profit / (Loss)	(130.36)	89.05
Preference Dividend	8.35	5.41
Net Earnings	(138.71)	83.64
No of shares	21,139,789	21,139,789
Earnings per share (Basic & Diluted) (in Rs.)	(6.56)	3.96
Net Earnings before Extraordinary Items	(138,71)	83.64
Earnings per Share before Extraordinary Items (Basic&Diluted) (in Rs.)	(6.56)	3.96
14. Composition of Net Deferred Tax Liability :		
Deferred Tax Liabilities - Depreciation	46.90	56.10
15. Employee cost includes:		
(a) Research and Development:		
(i) Salaries and Wages	5.02	4.31
(ii) Contribution to Provident Fund	0.29	0.24
(b) Repairs and Maintenance:		
(i) Salaries and Wages	7.69	7.44
(ii) Contribution to Provident Fund	0.97	0.79
16. Managerial Remuneration:		
Remuneration to Managing Directors		
Salary	5.82	5.61
Contribution to Provident & Other Funds	1.46	1.40
Perquisites	0.41	0.34
Incentive	-	1.20
TOTAL	7.69	8.55

Pursuant to the approval received from Central Government, while the Vice Chairman and Managing Director and Managing Director are eligible for payment of increased remuneration with effect from 1.4.2009, considering the constraints faced by the Company, they have advised that for the year, they would draw the remuneration which they were in receipt earlier and the same has been accepted by the Board.



17. Confirmation of balances in respect of debtors, creditors and advances have not been received in some cases.

18. INFORMATION PURSUANT TO THE PROVISIONS OF THE PARAGRAPH3, 4C AND 43DOF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

(i) Particulars in respect of Production, Sales, Opening and Closing Stock of Goods manufactured/ traded:

Class of Goods	Unit	This Year				Previous Year			
		Production	Opening Stock	Sales	Closing Stock	Production	Opening Stock	Sales	Closing Stock
(a) Manufactured: Insulators (fully assembled)	M.T Rs. in Million	21,069	1,682 61.01	20,622 1,764.59	2,129 99.56	21,423	1,474 49.77	21,215 2,102.67	1,682 61.01
(b) Turnkey Projects	Rs. in Million			411.03				124.63	

(ii) Raw Materials consumed

	Unit	This Year		Previous Year	
		Quantity	Rs. in Million	Quantity	Rs. in Million
Minerals	M.T.	25,552	307.68	23,324	260.59
Metal Parts	M.T.	5,355	395.14	5,601	408.14
Others			491.79		425.55
TOTAL			1,194.61		1,094.28

(Rs. in Million)

	THIS YEAR		PREVIOUS YEAR	
(iii) Value of imports on CIF basis (including Materials in transit)				
Raw Materials		308.19		403.87
Components and Spare Parts		4.48		13.16
(iv) Expenditure in Foreign Exchange during the year				
Capital Expenditure		8.81		144.67
Technical Services		13.52		1.46
Interest		32.36		46.28
Others		21.70		32.40
(v) Earnings in Foreign Exchange				
Physical Exports		444.15		641.96
Others		3.95		1.98
(vi) Value of Raw Materials (including Components) and Stores/ Spare Parts consumed.				
RAW MATERIALS				
Imported		337.23 (28%)		383.27 (35%)
Indigenous		857.38 (72%)		711.01 (65%)
		1,194.61 (100%)		1,094.28 (100%)
STORES/SPARE PARTS				
Imported		6.08 (7%)		6.84 (9%)
Indigenous		84.29 (93%)		67.65 (91%)
		90.37 (100%)		74.49 (100%)
(vii) Remuneration to Auditors :				
(a) Statutory Audit		0.20		0.20
(b) Certification		0.05		0.04
(c) Tax Audit		0.01		0.01
(d) Expenses		0.01		0.01
		0.27		0.26



19. In the absence of information from the suppliers with regard to their registration with the specified authority, despite the company calling for such information, the company is unable to furnish the information, as required under the Companies Act, 1956 and the Micro, Small and Medium Enterprises Development Act, 2006.

20. SEGMENT DISCLOSURE

(Rs. in Million)

A.	PRIMARY SEGMENT INFORMATION	Electro-porcelain Products	Turnkey Projects	Total	Electro-porcelain Products	Turnkey Projects	Total
		2009 - 10			2008 - 09		
1	REVENUE						
	Gross Sales	1855.91	411.03	2266.94	2227.43	124.63	2,352.06
	Less: Excise Duty	91.32	-	91.32	124.76	-	124.76
	Net Sales	1764.59	411.03	2175.62	2102.67	124.63	2227.30
2	RESULT						
	Segment result - EBIT	(90.53)	64.54	(25.99)	206.96	7.50	214.45
	Finance Charges (Net)			113.57			82.20
	Other Income			10.47			5.30
	Profit on sale of fixed assets (Net)			0.02			-
	Income Tax			(9.20)			43.20
	Net Profit / (Loss)			(130.36)			89.05
	Other Information						
3	Unallocated Corporate Assets	2639.47	227.23	2,866.70	2,486.35	36.10	2,522.45
	Total Assets			3086.76			2899.46
	Segment Liabilities	554.71	94.12	648.83	548.59	17.44	566.03
	Unallocated Corporate Liabilities			1570.57			1,335.65
	Total Liabilities			2219.40			1901.68
	Capital expenditure	86.69	0.31	87.00	771.31	-	771.31
	Depreciation	76.65	3.20	79.85	37.06	0.12	37.18
	Non-cash expenses other than depreciation	-	-	-	-	-	-
B.	SECONDARY SEGMENT INFORMATION						
	Revenue by Geographical Market						
	India	1318.10	411.03	1729.13	1416.19	124.63	1540.82
	Rest of the World	446.49	0.00	446.49	686.48	0.00	686.48
	Total	1764.59	411.03	2175.62	2102.67	124.63	2227.30

Notes to Segment Reporting

1 Business Segments:

The Company has considered business segment as the primary segment for disclosure. The business segments are: Electro-porcelain products and Turnkey Projects.

2 Geographical Segments:

The geographical segments considered for disclosure are: India and Rest of the world.

3 Segmental assets includes all operating assets used by respective segment and consists principally of operating Debtors, Inventories and Fixed Assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of Creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities.



21. Related Party Disclosure

(a) List of Related Parties :

Subsidiary Companies	Associates	Key Management Personnel	Relative of Key Management Personnel	Other related parties
W.S. Electric Limited	Hydro S & S Industries Ltd.	Sri. Murali Venkatraman	Sri. V. Srinivasan	Blue Chip Investments (P) Ltd
W.S. Insulators Limited	W.S. Testsystems (P) Ltd. W. S . International (P) Ltd. W.S.I. Holdings (P) Ltd. S & S Minerals Ltd.	Sri. Narayan Sethuramon		Galaxy Investments (P) Ltd. Murali Consultancy (P) Ltd. Vensunar Holdings (P) Ltd. Vensunar (P) Ltd.

(b) Transactions with Related parties : (in Rs. Million)

Description	Subsidiary Company	Associates	Key Management Personnel	Relative of Key Management Personnel	Other related parties
Sale of Goods	-	2.31	-	-	-
Purchase of Capital Goods	-	0.50	-	-	-
Payments for services received	-	1.54	0.36	0.18	-
Receipts for services rendered	-	0.24	-	-	-
Remuneration	-	-	7.69	-	-
Sitting Fees	-	-	-	0.06	-
Additional Advance secured towards sale of land returned	10.00	-	-	-	-
Unsecured Loans received	-	17.00	-	-	-
Balance as on 31 03 2010:	-	-	-	-	-
Payable	80.00	18.38	-	-	-
Receivable	-	1.87	-	-	-

22. The Company's shares are listed in Mumbai and National Stock Exchanges. The listing fees there against have been paid up to date.

23. The operating results include those of Unit II of the company which commenced commercial production in July 2009.

24. The previous year's figures have been regrouped and rearranged wherever necessary.

25. Figures have been stated in Million.

This is the Balance Sheet referred to in our Report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN**
Chartered Accountants
Firm Regn. No. 004770S

V.SRINIVASAN
Chairman

MURALI VENKATRAMAN
Vice Chairman & Managing Director

NARAYAN SETHURAMON
Managing Director

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)

K.RAMAN
Director

T.CHANDRASEKHARAN
Chief Financial Officer

K.S.NATARAJAN
Company Secretary

Chennai
30th July, 2010



BALANCE SHEET ABSTRACT AND COMPANY’S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No : 04568/61
 State Code : 18
 Balance Sheet Date : 31.03.2010

(Rs. in Thousands)

	2009-10	2008-09
II. Capital raised during the year		
Public Issue	-	-
Rights Issue	-	-
Bonus Issue	-	-
Private Placement	35,000	-
III. Position of mobilisation and deployment of funds		
Total Liabilities	2,265,358	2,131,961
Total Assets	2,265,358	2,131,961
Sources of Funds :		
Paid-up Capital	338,898	303,898
Reserves and Surplus	530,431	669,133
Secured Loans	1,326,350	1,095,103
Unsecured Loans	21,129	3,216
Application of Funds :		
Net Fixed Assets	1,622,308	1,619,776
Investments	42,697	61,886
Net Current Assets	593,254	445,185
Miscellaneous Expenditure	7,099	5,108
Accumulated Losses	-	-
IV Performance of the Company		
Turnover	2,175,624	2,227,302
Total expenditure	2,325,648	2,100,351
Profit/(Loss) before tax	(139,555)	132,248
Profit/(Loss) after tax	(130,355)	89,048
Earnings per share (in rupees)	(6.56)	3.96
Dividend rate (in per cent)	-	10%
V. Generic Names of Principal Products/Services of company		
Item Code No.	854620-02	
Product Description	Insulators	



CONSOLIDATED ACCOUNTS

AUDITORS' REPORT

To the Board of Directors of W.S. Industries (India) Limited on the Consolidated Financial Statements of W.S. Industries (India) limited and its Subsidiaries.

We have audited the attached Consolidated Balance Sheet of M/s W.S. Industries (India) Limited and its subsidiaries as at 31st March 2010, the Consolidated Profit and loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. These Consolidated 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.

We conducted our audit in accordance with 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of W.S. Industries (India) Limited and its subsidiaries where the audited financial statements have been considered and included in the Consolidated financial statements.

On the basis of the information and explanation given to us and on consideration of the separate audit reports on individual audited financial statements of W.S. Industries (India) Limited and its Subsidiaries, we are of the opinion that the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2010
- ii. In the case of Consolidated Profit and Loss Account of the LOSS for the year ended on that date; and
- iii. In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/S. S.VISWANATHAN**
Chartered Accountants
Firm Regn. No.004770S

Chennai
30th July, 2010

Chella K. Srinivasan
Partner
Membership No. 023305

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010**(Rs. in Million)
PREVIOUS YEAR

	Schedule	THIS YEAR		PREVIOUS YEAR	
SOURCES OF FUNDS:					
Shareholders' Funds					
Share Capital	1	338.90		303.90	
Reserves and Surplus	2	586.88	925.78	710.97	1014.87
Minority Interest			184.44		174.18
Loan Funds					
Secured Loans	3	1326.35		1095.10	
Unsecured Loans	4	21.13		35.58	
Deferred Liability		1.65	1349.13	4.51	1135.19
Deferred Tax Liability - Net			46.90		56.10
			2506.25		2380.34
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	5	2084.22		863.13	
Less: Depreciation		568.50		501.32	
Net Block		1515.72		361.81	
Capital Work in Progress		106.65	1622.37	1258.08	1619.89
Investments	6		53.75		60.77
Current Assets, Loans and Advances					
Inventories	7	670.68		553.26	
Sundry Debtors		756.30		535.63	
Cash and Bank Balances		62.86		153.28	
Other Current Assets		0.09		0.07	
Loans and advances		133.89		202.00	
		1623.82		1444.24	
Less: Current Liabilities and Provisions	8				
Current Liabilities		777.04		694.27	
Provisions		23.83		55.45	
		800.87		749.72	
Net Current Assets			822.95		694.52
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		7.18		5.15
			2506.25		2380.34
NOTES FORMING PART OF ACCOUNTS	15				

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN**
Chartered Accountants
Firm Regn. No. 004770S**MURALI VENKATRAMAN**
Vice Chairman & Managing Director**NARAYAN SETHURAMON**
Managing Director**CHELLA K. SRINIVASAN**
Partner
(Membership No. 023305)**K.RAMAN**
Director**T.CHANDRASEKHARAN**
Chief Financial Officer**K.S.NATARAJAN**
Company SecretaryChennai
30th July, 2010

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

(Rs. in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
INCOME					
Gross Sales/Revenue		2304.03		2369.36	
Less: Excise Duty		91.32		124.76	
Net Sales/Revenue		2212.71		2244.60	
Other Income	10	10.64	2223.35	164.39	2408.99
EXPENDITURE					
Material Cost	11	1114.52		1058.28	
Employee Cost	12	272.77		231.68	
Other Costs	13	748.20		698.42	
Finance Charges	14	113.77	2249.26	82.62	2071.01
PROFIT / (LOSS) BEFORE DEPRECIATION			(25.91)		337.98
Depreciation			79.88		37.22
PROFIT / (LOSS) BEFORE TAX			(105.79)		300.76
Less : Provision for taxation					
CURRENT TAX		8.89		93.03	
DEFERRED TAX		(9.20)		(2.10)	
FRINGE BENEFIT TAX		-	(0.31)	2.80	93.73
PROFIT / (LOSS) After Tax			(105.48)		207.03
Profit brought forward from previous year			217.04		115.06
PROFIT AVAILABLE FOR APPROPRIATION			111.56		322.09
APPROPRIATIONS					
Transfer to Capital Redemption Reserve		17.50		26.25	
Transfer to General Reserve		29.38		-	
Preference Dividend		7.14		4.63	
Proposed Dividend		-		21.14	
Dividend Distribution Tax		1.21	55.23	4.38	56.40
MINORITY INTEREST IN INCOME			(10.26)		(48.65)
Surplus in Profit & Loss A/c. carried to Balance Sheet			46.07		217.04
Earnings per Share (basic/diluted) (in Rs.)			(5.87)		7.24
Earnings per Share before Extraordinary items (basic/diluted) (in Rs.)			(5.87)		7.24
NOTES FORMING PART OF ACCOUNTS	15				

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN**
Chartered Accountants
Firm Regn. No. 004770S

V.SRINIVASAN
Chairman

MURALI VENKATRAMAN
Vice Chairman & Managing Director

NARAYAN SETHURAMON
Managing Director

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)

K.RAMAN
Director

T.CHANDRASEKHARAN
Chief Financial Officer

K.S.NATARAJAN
Company Secretary

Chennai
30th July, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010****(CONSOLIDATED)**

(Rs. in Million)

	THIS YEAR	PREVIOUS YEAR
A CASH FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before Taxes	(105.79)	300.76
Adjustments for:		
Depreciation	80.00	37.83
Interest (Net)	113.77	82.62
Unrealised (gain)/loss on foreign exchange rate variation	2.58	(0.51)
(Income) from Investments	(2.85)	(6.13)
(Profit) /Loss on Fixed Assets sold	3.92	0.53
Operating Profit before Working Capital changes	91.63	415.10
Adjustments for:		
(Increase)/Decrease in inventory	(117.43)	(221.81)
(Increase)/Decrease in trade and other receivables	(156.81)	120.59
(Increase)/Decrease in deferred expenditure - operating	(2.03)	0.14
Increase/(Decrease) in trade payables	82.44	101.85
Cash generated from operations	(102.20)	415.87
Interest paid	114.16	82.99
Direct Taxes paid	14.48	60.55
Minority Interest in income	(10.26)	(48.65)
Net cash from operating activities	(241.10)	223.69
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including interest capitalised)	(165.16)	(771.30)
Sale of Fixed Assets	0.58	0.24
Purchase of Investments	(53.07)	(60.09)
Sale/Write off of Investments	60.09	225.17
Interest received	0.39	0.36
Income from Investments	2.85	6.13
Change in minority interest	10.26	48.65
Net Cash (used in) / from Investing activities	(144.06)	(550.84)



	(Rs. in Million)	
	THIS YEAR	PREVIOUS YEAR
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Preference Shares	35.00	-
Increase in Secured Loans	77.50	430.30
Increase/(Decrease) in working Capital from Banks	261.71	(82.34)
Increase in Unsecured Loans	20.57	33.18
Repayment of Secured Loans	(29.80)	(70.13)
Repayment of Unsecured Loans	(35.02)	(1.94)
Repayment of Deferred Liability	(2.86)	(4.98)
Dividends Paid	(29.80)	(17.19)
Net Cash Flow (used in)/From Financing Activities	297.30	286.90
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(87.86)	(40.25)
Cash and Cash Equivalents as at the beginning of the year	152.55	192.80
Cash and Cash Equivalents as at the close of the year	64.69	152.55

Notes on Cash Flow Statement:

- Above statement has been prepared following the Indirect method except in case of Interest received / Paid, Dividend Received /Paid, Purchase/ Sale of Investments, loans taken and repaid and Taxes Paid, which have been considered on the basis of actual movement of cash with necessary adjustments in corresponding assets and Liabilities.
- Purchase of Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between beginning and end of the year

3 CASH AND CASH EQUIVALENTS

CASH AND BANK BALANCES	62.86	153.28
UNREALISED (GAIN) / LOSS	1.83	(0.73)
CASH AND BANK BALANCES RESTATED AS ABOVE	64.69	152.55

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN** **MURALI VENKATRAMAN** **NARAYAN SETHURAMON**
Chartered Accountants *Chairman* *Vice Chairman & Managing Director* *Managing Director*

Firm Regn. No. 004770S

CHELLA K. SRINIVASAN **K.RAMAN** **T.CHANDRASEKHARAN** **K.S.NATARAJAN**
Partner *Director* *Chief Financial Officer* *Company Secretary*

(Membership No. 023305)

Chennai
30th July, 2010



SCHEDULE 1

SHARE CAPITAL

		(Rs. in Million)	
		THIS YEAR	PREVIOUS YEAR
Authorised			
35,000,000	Equity Shares of Rs.10/- each	350.00	350.00
1,500,000	Cumulative Redeemable Preference Shares of Rs. 100/- each	150.00	150.00
		500.00	500.00
Issued, Subscribed and Paid - up:			
21,139,789	Equity Shares of Rs.10/- each fully paid-up*	211.40	211.40
1,275,000	Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid-up	127.50	92.50
TOTAL		338.90	303.90

* includes 1,101,312 Bonus Shares issued by capitalising the Reserves in 1982 and 1988 and 5,850,000 Equity Shares allotted on amalgamation in 2003

SCHEDULE 2

RESERVES AND SURPLUS

	As at 31 03 2009	Additions	Deductions	As at 31 03 2010
Capital Reserve	9.95	-	-	9.95
Share Premium Account	287.51	-	-	287.51
Capital Redemption Reserve	141.16	17.50	-	158.66
Special General Reserve	25.81	-	-	25.81
General Reserve	29.50	29.38	-	58.89
Balance in Profit and Loss Account	217.04	-	170.97	46.07
TOTAL	710.97	46.88	170.97	586.88

SCHEDULE 3

SECURED LOANS

		THIS YEAR	PREVIOUS YEAR
From Banks			
a)	As Working Capital	501.06	239.35
b)	As Term Loans	825.29	855.66
c)	Others	-	0.09
TOTAL		1326.35	1095.10



(Rs. In Million)

SCHEDULE 4**UNSECURED LOANS**

	THIS YEAR	PREVIOUS YEAR
Unsecured Loans	17.00	-
Hire Purchase facility	4.13	3.22
Others	-	32.36
TOTAL	21.13	35.58

SCHEDULE 5**FIXED ASSETS**

Sl. No.	Description	Gross Block at Cost			Depreciation	Net Block		
		As at 01 04 2009	Additions/ Transfers/	Sold/ Discarded/ Transfers	As at 31 03 2010	Upto 31 03 2010	As at 31 03 2010	As at 31 03 2009
1	Land and Betterment							
	a) Freehold Land	2.49	-	-	2.49	-	2.49	2.49
	b) Leasehold Rights in land	-	48.01	-	48.01	1.45	46.56	-
2	Buildings	69.58	399.12	0.31	468.39	48.44	419.95	32.62
3	Plant & Machinery *	** 733.51	655.10	14.89	1373.72	467.54	906.18	309.99
4	Electrical Installation	18.86	103.13	-	121.99	20.53	101.46	2.88
5	Vehicles	14.37	3.86	1.89	16.34	8.01	8.33	7.42
6	Furniture & Fixtures and other Equipment	24.31	29.18	0.21	53.28	22.53	30.75	6.41
	TOTAL	863.12	@1238.40	17.30	2084.22	568.50	1515.72	361.81
	Capital Work in progress	1258.08	107.17	1258.60	106.65	-	106.65	1258.08
	GRAND TOTAL	2121.20	1345.57	1275.90	2190.87	568.50	1622.37	1619.89

* Includes Shunt Power Capacitor Bank Systems for a value of Rs.38.89 Million leased to the Company's customer and wind mill for a value of Rs. 36.33 Million which have been fully depreciated.

** In respect of Windmill and Energy Conservation Systems installed depreciation has been provided at accelerated rates of 10% and 20% respectively.

@ Includes Rs. 1063.70 Million capitalised on commencement of Commercial Production in Unit II at Visakhapatnam.

**SCHEDULE 6**

(Rs. In Million)

INVESTMENTS (AT COST) - NON TRADE**Long Term Investments :****Unquoted :**

	THIS YEAR	PREVIOUS YEAR
68,000 Equity Shares of face value of Rs. 10/- each fully paid-up in S & S Minerals Limited	0.68	0.68
50,000 Equity Shares of face value of Rs. 10/- each fully paid-up in W.S. Technology Parks Limited	0.50	-
50,000 Equity Shares of face value of Rs. 10/- each fully paid-up in W.S. Infotech Holdings Limited	0.50	-

Short Term Investments :

Investments in Mutual Funds:

1,999,560 Units of face value of Rs. 10/- each - Reliance Quarterly Interval Fund - Series li	20.00	-
22,747 Units of face value of Rs. 10/- each - ICICI Prudential Flexible Income Plan Premium	0.39	-
1,036,903 Units of face value of Rs. 10/- each - Reliance Liquidity Fund	10.37	-
461,996 Units of face value of Rs. 10/- each - Principal Monthly Income Plan	5.00	-
48,583 Units of face value of Rs. 100/- each - ICICI Prudential Flexible Income Plan Premium	5.13	-
1,008,180 Units of face value of Rs. 10/- each - ICICI Prudential Floating Rate Fund - Plan C	-	10.09
999,750 Units of face value of Rs. 10/- each - Fidelity Ultra Short Term Debt Fund - Institutional	-	10.00
997,604 Units of face value of Rs. 10/- each - Birla Sunlife Savings Fund - Retail	-	10.00
999,320 Units of face value of Rs. 10/- each - Birla Sunlife Savings Fund - Institutional	-	10.00
1,170,957 Units of face value of Rs. 10/- each - Reliance Medium Term Fund	-	20.00
506,838 Units of face value of Rs. 10/- each - Birla Sunlife Short Term Fund	5.07	-
305,090 Units of face value of Rs. 10/- each - Kotak Floater Long Term Fund	3.08	-
302,537 Units of face value of Rs. 10/- each - Reliance Medium Term Fund	3.03	-

GRAND TOTAL

	52.07	60.09
	53.75	60.77
Aggregate Book value of Unquoted Investments	1.68	0.68
Market value of short term Investments	52.32	60.09

**SCHEDULE 7**

(Rs. In Million)

CURRENT ASSETS, LOANS AND ADVANCES**THIS YEAR****PREVIOUS YEAR****A Current Assets**

1	Interest accrued on Investments	0.09		0.07
2	Inventories			
	(i) Stores and Spare Parts	28.88		17.90
	(ii) Raw Materials	131.15		153.43
	(iii) Packing Materials	4.68		5.05
	(iv) Materials in Transit	23.54		5.10
	(v) Stock in Trade (Realty)	181.60		181.60
	(vi) Work in progress	201.27		129.17
	(vii) Finished Goods	99.56	670.68	61.01
3	Sundry Debtors (considered good for which the company holds no security other than debtors' personal security)			
	(i) Debts outstanding for a period exceeding 6 months	127.34		121.31
	(ii) Other Debts	628.96	756.30	414.32
4	Cash and Bank Balances			
	(i) Cash on hand	0.82		0.34
	(ii) Bank Balance with Scheduled Banks in			
	Fixed Deposits	3.65		43.80
	Margin Money	0.41		10.35
	Current Accounts	57.98	62.86	98.79

B Loans and Advances

1	Advances recoverable in cash or in kind for value to be received (unsecured and considered good)	69.25		88.37
2	Tax deducted at source	25.77		19.82
3	Deposits	26.12		80.28
4	Prepaid Expenses	12.75	133.89	13.52
	TOTAL		1623.82	1444.24

**SCHEDULE 8**

(Rs. In Million)

CURRENT LIABILITIES AND PROVISIONS

	THIS YEAR		PREVIOUS YEAR	
A Current Liabilities				
1 Acceptances		211.91		128.40
2 Sundry Creditors				
(a) Micro, Small and Medium Enterprises		-		-
(b) Others	403.71	403.71	370.03	370.03
3 Advance from customers		33.21		67.66
4 Interest accrued but not due on loans		1.23		2.43
5 Investor Education and Protection Fund *				
- Unpaid Dividend	0.93	0.93	0.59	0.59
6 Other Liabilities		126.05		125.15
TOTAL		777.04		694.27
B Provisions				
Income Tax (Net of payments)		15.48		25.30
Proposed Dividends		8.35		30.14
TOTAL		23.83		55.45

* These represent warrants/cheques issued and remaining un-encashed as on 31st March 2010
There is no amount which has fallen due as at Balance Sheet date to be credited to Investor Education and Protection Fund.

SCHEDULE 9**MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Deferred Revenue Expenditure	# 7.18	5.15
TOTAL	7.18	5.15

Represents VRS compensation yet to be written off and Rs. 3.26 Million has been charged off to expenses during the year. (Previous year: Rs. 2.51 Million)

SCHEDULE 10**OTHER INCOME**

Dividend Income from Mutual Funds / Short term investments	2.85	6.13
Other Receipts	7.77	3.84
Profit on Sale of Fixed Assets	0.02	-
Profit on transfer of undivided Interest on land	-	154.43
TOTAL	10.64	164.39

**SCHEDULE 11**

(Rs. In Million)

MATERIAL COST

	THIS YEAR		PREVIOUS YEAR	
Raw Materials and Components consumed				
Opening Stock	153.43		120.02	
Add: Purchases	1172.33		1127.68	
	<u>1325.76</u>		<u>1247.71</u>	
Less: Closing Stock	131.15	1194.61	153.43	1094.28
(Increase) / Decrease in Stock				
Opening Stock :				
Work in progress	159.73*		104.41	
Finished Goods	61.01		49.77	
	<u>220.74</u>		<u>154.18</u>	
Closing Stock :				
Work in progress	201.27		129.17	
Finished Goods	99.56		61.01	
	<u>300.83</u>		<u>190.18</u>	
		(80.09)		(36.00)
TOTAL		<u>1114.52</u>		<u>1058.28</u>

* includes Stock available at the time of commencement of Commercial Production at Unit II

SCHEDULE 12**EMPLOYEE COST**

Salaries, Wages and Bonus	214.51	180.95
Contribution to PF, ESI, Gratuity, etc.	24.06	24.32
Welfare Expenses	34.20	26.41
TOTAL	<u>272.77</u>	<u>231.68</u>

**SCHEDULE 13**

(Rs. In Million)

OTHER COSTS

	THIS YEAR	PREVIOUS YEAR
Consumption of Stores and Tools	54.42	42.87
Power and Fuel	359.12	355.26
Rent	3.71	2.71
Rates and Taxes	12.73	3.71
Insurance	10.96	7.91
Repairs and Maintenance:		
Building	0.23	0.12
Plant & Machinery	32.57	28.65
Other Assets	7.82	7.91
Research and Development	0.05	0.06
Directors' Sitting Fees	0.48	0.47
Travelling and Conveyance	23.08	17.47
Postage, Telephones, Fax, etc.	5.09	3.15
Printing & Stationery	1.86	1.62
Auditors' Remuneration	0.30	0.26
Donations	0.05	0.07
Agency Commission	22.16	28.86
Packing, forwarding and Freight	104.34	105.79
Loss on Assets discarded	3.94	0.50
Loss on Assets Sold	-	0.03
Bad Debts written off	1.98	7.50
Site Expenses	8.05	7.17
Others	95.26	76.33
TOTAL	748.20	698.42

SCHEDULE 14**FINANCE CHARGES**

Interest on :		
Fixed Loans	38.72	8.03
Other Loans	48.48	51.59
	87.20	59.62
Less: Interest received on deposits	0.39	0.36
	86.81	59.25
Bank Charges	26.96	23.37
	113.77	82.62

**CONSOLIDATED FINANCIAL STATEMENTS****SCHEDULE 15****NOTES FORMING PART OF ACCOUNTS****SIGNIFICANT ACCOUNTING POLICIES**

1. a) Basis of presentation of Financial Statements

The Consolidated financial statements relate to W.S. Industries (India) Limited (the Parent Company), and its Subsidiary Companies. The Parent Company with its subsidiaries constitute the Group.

The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Parent Company.

The Group maintains its accounts on accrual basis following the historical cost convention, in accordance with the Generally accepted Accounting Principles (GAAP) and in compliance with the Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act 1956.

The preparation of financial statements in conformity with GAAP requires that the respective managements of the companies makes estimates and assumptions that affect the reported amounts if income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements.

b) Principles of consolidation

The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealized profits resulting therefrom and are presented to the extent possible, in the same manner as the Company's independent financial statements.

The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

The Subsidiary Companies considered in the consolidated financial statements are W.S. Electric Limited and W.S. Insulators Limited. whose country of incorporation is India and the percentage of voting power held on 31st March 2010 are 58.77% and 100% respectively.

2. Stock in Trade is valued at Cost or NRV, whichever is lower.

3. Calculation of Earnings per share (Face value of Rs. 10/-per share)

	This Year	(Rs. in Million) Previous Year
Net Profit	(115.74)	158.38
Preference Dividend	8.35	5.41
Earnings	(124.09)	152.97
No of shares	21,139,789	21,139,789
Earnings per share (Basic & Diluted)	(5.87)	7.24
Net Earnings before Extraordinary Items	(124.08)	152.98
Earnings per Share before Extraordinary Items (basic & Diluted)	(5.87)	7.24



4. Disclosure of information relating to Subsidiary Companies required to be furnished, vide letter No. 47/608/2010 - CL - III dt. 23rd July 2010 issued by the Ministry of Corporate Affairs

(Rs. In Million)

	W.S.Electric Ltd.	W.S. Insulators Ltd.
a) Capital	51.055	0.50
b) Reserves	325.00	-
c) Total Assets	423.31	0.51
d) Total Liabilities	59.48	0.01
e) Investments	12.17	-
f) Turnover / Revenue	37.09	-
g) Profit before taxation	33.77	-
h) Provision for taxation	8.89	-
i) Profit after Tax	24.88	-
j) Proposed Dividend	-	-

As per our Report Attached

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN** **MURALI VENKATRAMAN** **NARAYAN SETHURAMON**
Chartered Accountants *Chairman* *Vice Chairman & Managing Director* *Managing Director*
Firm Regn. No. 004770S

CHELLA K. SRINIVASAN **K.RAMAN** **T.CHANDRASEKHARAN** **K.S.NATARAJAN**
Partner *Director* *Chief Financial Officer* *Company Secretary*
(Membership No. 023305)

Chennai
30th July, 2010