

**W.S.INDUSTRIES (INDIA) LIMITED**

CIN: L29142TN1961PLC004568

Registered Office : 108, Mount Poonamallee Road, Porur, Chennai - 600 116.

**NOTICE**

NOTICE is hereby given that the 51st Annual General Meeting (AGM) of the Company will be held on Friday, the 27th March 2015, at 10:00 A.M. at Narada Gana Sabha "Mini Hall", at No.314, TTK Road, Alwarpet, Chennai 600018, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet and Profit & Loss Account of the Company for the 12 months period ended 30th September, 2014 and the Auditors' Report thereon.
2. To re-appoint Auditors of the Company to hold office from the conclusion of this AGM to conclusion of the next AGM and to fix their remuneration and to pass the following resolution thereof.

"RESOLVED that, pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. S. Viswanathan, Chartered Accountants (Firm Registration No.004770S), retiring auditors, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office for a period of three years from the conclusion of this AGM to the conclusion of the third consecutive AGM (subject to the ratification at every AGM) and that the Board of Directors be and are hereby authorized to fix the remuneration."

**SPECIAL BUSINESS**

3. To appoint Mr.K.Raman (DIN 00002210) as an independent Director and in this regard to consider and thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION

RESOLVED THAT pursuant to the provisions of Sections 149 & 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr.K.Raman (DIN 00002210), a Non-executive Director of the Company, and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term of five years, with effect from the date of the Annual General Meeting to be held on 27th March 2015 upto 26th March 2020 with an option to retire from the office at any time during the term of appointment.

4. To appoint Mr G.Balasubramanyan (DIN 00006454), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.

RESOLVED THAT pursuant to the provisions of Sections 149 & 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. G.Balasubramanyan (DIN 00006454) a Non-executive Director of the Company whose period of office is liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for a term five years with effect from the date of the Annual General Meeting to be held on 27th March 2015 upto 26th March 2020 with an option to retire from the office at any time during the term of appointment.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and sections 196, 203 or such other provisions of the Companies Act 2013 as may be applicable (hereinafter referred to as "the Act", which includes any statutory modification or re-enactment thereof) and subject to the ratification of the shareholders and further subject to the approval of the Central Government, if and as may be required, ratification of the Company be and is hereby given to the reappointment of Mr. Narayan Sethuram as Managing Director and Chief Executive Officer of the Company for a period from 24th July 2014 to 24th December 2014 on a non rotational basis and subject to other terms and conditions as set out in the Explanatory Statement annexed hereto as approved by the Remuneration Committee Meeting held on 14.5.2014.



RESOLVED FURTHER THAT the information provided above shall be treated as an Abstract under Section 302 of the Companies Act, 1956.”

6. To consider and if thought fit, to pass the following resolution, with or without modification as a special resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 (corresponding to Section 293(1)(a) of the Companies Act, 1956) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications, amendments or re-enactments thereto) and the rules thereunder (collectively the “Act”), and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with Bombay Stock Exchange Ltd., and the National Stock Exchange of India Ltd., and subject to requisite approvals including the approval of all concerned statutory and regulatory authorities and departments, person or persons, and, to the extent necessary such other approvals, permissions and sanctions as may be required, consent of the Company be and is hereby accorded by way of special resolution of the shareholders (other than such consent already given by way of Ordinary Resolution dated 27.7.2012 and Special Resolution dated 31.3.2014), to the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall include a Committee thereof authorised for the purpose) for selling and / or transferring and / or disposing off as an undertaking or part thereof or otherwise, any of the movable and immovable assets and liabilities, investments, leasehold interests, accessories, offices, office equipment, rights there under, intellectual property rights, tangible and intangible assets, business know-how, goodwill, receivables, including licenses, approvals, and permits of whatsoever nature related to the Company's businesses, whether partially or fully, on a going concern basis or otherwise, to a subsidiary or any third party, identified / to be identified at and for such consideration, from such date and on such terms and conditions as the Board may deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to deciding the time of such disposal / carve out to a subsidiary, or to a third party, other incidental and ancillary activities thereto, determining such other terms and conditions relevant to the transfer, negotiating and finalising the terms of sale, asset purchase agreement(s) / business transfer agreement(s), by whatever name called, such other agreements, deeds, documents, indemnities, contracts, declarations, undertakings, forms, and such other papers as may be necessary, desirable and expedient to be agreed, signed and executed, to determine the consideration, to make all such filings and applications for the statutory / regulatory and other approvals as may be required in the matter of such sale and / or transfer and / or disposal and to complete the aforesaid transaction(s)”

BY ORDER OF THE BOARD  
for **W.S.INDUSTRIES (INDIA) LIMITED**

**HEMA PASUPATHEESWARAN**  
VICE PRESIDENT – LEGAL  
& COMPANY SECRETARY

Place : Chennai  
Date: 13th February 2015

**NOTES:**

1. Pursuant to Section 102 of the Companies Act, 2013, an Explanatory Statement in respect of the Item Nos. 3 to 6 of the Notice is enclosed.
2. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. Proxies in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18/03/ 2015 to 27/03/2015 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the Meeting. They are also requested to avoid being accompanied by non-members and children.
5. Members are requested to notify immediately any change in their addresses quoting their Folio/Client ID No. to the Company's Registrars & Share Transfer Agents M/s.Integrated Enterprises (India) Limited, 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017.

**6. Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 51st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:
- (i) Open email and open PDF file viz; "W.S.I e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - (vii) Select "EVEN" of W.S. Industries (India) Limited.
  - (viii) Now you are ready for e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [lakshmmi6@gmail.com](mailto:lakshmmi6@gmail.com) or [evoting@wsinsulators.com](mailto:evoting@wsinsulators.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN (E Voting Event Number)      USER ID                      PASSWORD/PIN
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the "Downloads Section" of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication.
- V. The e-voting period commences on 18th March, 2015 (9:00 am) and ends on 20th March, 2015 (6:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 27th February 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 27th February 2015.
- VII. Ms.Lakshmmi Subramanian, Partner M/s.Lakshmmi Subramanian & Associates, Practising Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.



- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.wsindustries.in/KYC](http://www.wsindustries.in/KYC) and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed.
7. The documents referred to in this notice and explanatory statement are available of inspection during business hours on all working days (except Saturdays, Sundays and holidays) at the Registered Office of the Company up to and including the date of the Annual General Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

**Item Nos.3 & 4**

As per the Section 149 of the Companies Act, 2013, every public listed company is required to have atleast one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Accordingly Mr. K.Raman & Mr.G.Balasubramanyan, who are non-exective directors of the Company, liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956, are eligible for appointment as Independent Directors in terms of Section 149 of the Companies Act, 2013. The Company has received notices in writing under the provisions of Section 160 of the Act, from members proposing the candidature of Mr. K.Raman, & Mr.G.Balasubramanyan, for the office of Independent Directors. In the opinion of the Board of Directors Mr. K.Raman, & Mr.G.Balasubramanyan, fulfill the conditions specified in the Act and the rules made thereunder and they are independent of the Management. A brief write up of their profile as required under Clause 49 of the Listing Agreement is provided herein and also in the Corporate Governance Report, forming part of the Directors' Report.

Copies of the draft letter for the appointment of Mr. K.Raman and Mr.G.Balasubramanyan, as Independent Directors setting out the terms and conditions are available for inspection without any fee by the members at the Company's Registered office during business hours on working days upto the date of the ensuing Annual General Meeting.

The Company has received from the said Directors, (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules,2014, (ii) intimation in Form DIR-8 in terms of the said Rules, to the effect that they are not disqualified under sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that they meet the criteria of independence as provided in subsection (6) of Section 149 of the Act.

Additional information on Directors recommended for appointment/reappointment in the AGM as required under Clause 49 of the Listing Agreement.

Name of the Director	MR.K.RAMAN	MR. G.BALASUBRAMANYAN
Date of birth	13/04/1927	26/07/1939
Date of appointment	28/12/1984	24/10/2002
Expertise	Qualified engineer and former Chairman and Managing Director of Best & Crompton Engineering Limited. He has more than four decades of experience in the management of large organizations and diversified activities, including execution of turnkey projects and contracts to various Government Bodies and Public Sector Undertakings.	Practicing Chartered Accountant and Consultant and has rich industrial experience. He also advises several leading industrial groups both in Taxation and International Finance.
Shareholding	Nil	Nil
Other Directorships	W.S.Electric Limited	Vensunar Holdings Private Limited W.S. T & D LIMITED (formerly known as W.S. Insulators Limited) GBA Consulting Private Limited
Membership of the Committees of the Board of other Companies	Nil	Nil

**Item No.5**

The shareholders are aware that Mr. Narayan Sethuramon was reappointed as the Managing Director of the Company for a period of five years with effect from 24th July, 2009 and subsequently the consent of the members was obtained at the Annual General Meeting held on 15th September 2009. Since the term of his office expired on 23rd July, 2014, the Board of Directors at its meeting held on 14th May 2014, reappointed him as the Managing Director and Chief Executive Officer of the Company for a further period of five years with effect from 24th July 2014, subject to the consent of the Members of the Company.

However, citing personal reasons, Mr. Narayan Sethuramon resigned as Managing Director & CEO and also as Director of the Company, with effect from 24th December 2014. It is also brought to the attention of the shareholders that during the last five years, due to a combination of several factors, the Company is going through very trying and difficult times. It is with his acumen and knowledge of both the affairs of the Company as well as the industry that Mr. Narayan Sethuramon has been spearheading the Company through these tough times. The Board appreciated his demonstration of dynamic leadership and intelligence that has helped the Company meet the day-to-day challenges.

The Directors therefore seek your approval for the ratification for the reappointment of Mr. Narayan Sethuramon as Managing Director and Chief Executive Officer of the company for the period from 24th July 2014 to 24th December 2014.

In terms of Part II Section IIA (1) (ii) of Schedule V of the Companies Act 2013, ratification of the shareholders by way of Special Resolution is required for remuneration paid for the period stated supra.

The necessary details required to be disclosed under clause (iv) of Section II of Part II of Schedule V to the Companies Act, 2013 are furnished hereunder:

**I. General Information:****1. Nature of Industry.**

The Company is engaged in the business of manufacture and sale of High Voltage Electro Porcelain Insulators and execution of turnkey power projects.

**2. Date or expected date of commencement of Commercial production.**

Not applicable since the Company is an existing Company.

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.**

Not applicable since the Company is an existing Company.

**4. Financial Performance based on given indicators.**

(₹ in million)

Particulars	Year ended 31.03.2012	18 months Period ended 30.9.2013	12 months Period ended 30.9.2014
Sales	2251.04	2028.65	1139.74
PBDIT	(226.78)	815.20	(332.37)
PBIT	(326.98)	657.09	(431.87)
Net Profit	(650.52)	(5.42)	(902.21)

**5. Export performance.**

The Company has been exporting its products to various countries for the past four decades. It enjoys the status of Export House for the last 20 years and is the recipient of the special export award from CAPEXIL for its outstanding export performance continuously for the last 8 years.

The Company's exports (including Deemed) for the last three years are as under:

(₹ in million)

Year ended 31.03.2012	18 months Period ended 30.9.2013	12 months Period ended 30.9.2014
259.67	154.06	64.26



6. Foreign investments or collaborations, if any: NIL

**II. Information about the appointee: MR. NARAYAN SETHURAMON**

S.NO	DESCRIPTION	PARTICULARS
1.	Background details	Aged 43 years, he is a Graduate in Production Engineering and holds a Master's Degree in Management from Purdue University, USA. He has been on the Board of the Company for the last 20 years in the capacity of Whole-time Director/Joint Managing Director/Managing Director.
2.	Past Remuneration for the Financial year 2013 -2014.	Rs.24,70,200/- including perquisites
3.	Job profile and suitability	His engineering degree coupled with his extensive experience in the Insulator business provides the fit required for the nature of the business.
4.	Remuneration Proposed	Details of Remuneration paid to Mr. Narayan Sethuramon for the period from 24th July 2014 to 24th December 2014 are set out in the Annexure herein.
5.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The remuneration paid is consistent with the responsibility of the position and is comparable with the remuneration in similar industries in the same segment of business.
6.	Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.	Related to Mr.V.Srinivasan, Chairman & Mr.Murali Venkatraman (erstwhile Director). Holds 1.38% of shares in the Company. Apart from the above, he has no other pecuniary relationship directly or indirectly with the Company.

**III. Other information:**

In view of the losses carried forward arising out of earlier years, there is inadequacy in profits as determined in accordance with Section 349 of the Companies Act 1956.

The Company has taken various steps for improvement of its profitability on a sustained basis under the direction and supervision of the appointee. These include the following:

- Has played a pivotal role in the Industry's initiative to arrest the Chinese import surge by approaching the Union Government of India to levy Safeguards Duty on the Chinese imports. The safeguards duty imposed by the Government of India in December 2012 expired in December 2013. Due to the significant initiatives taken by the industry under his leadership, the Government brought in a provisional anti-dumping duty on 16th Sept. 2014. This will help to increase domestic capacity utilization going forward.
- Brought in one of the foremost global experts from Europe who has effected significant improvements in the operations and efficiencies of the Vizag plant. Today the yield levels in the Vizag plant are comparable to global best practices.
- The product mix at the Vizag plant has been changed to focus on higher end products, better plant utilisation and with better margins.
- The Company is again intensively focusing on regaining lost business as well as developing new business in export markets.
- New service offerings have been introduced by the Company such as insulator coatings which is a higher margin business.
- The Company is putting in intense efforts to build up its turnkey projects business where the scope for growth is very large, by expanding its geographical base, service offerings and voltage levels at which work is done.
- Several initiatives have been taken to maximize the value realization out of the valuable real estate owned by the Company.

The above steps are expected to contribute significantly to the growth and profitability of the Company in the coming years.



In addition to the above, Mr. Narayan Sethuramon has played a pivotal role in various industry initiatives such as

- imposition of safeguards duty
- imposition of anti-dumping duty
- Chairman, Public Policy Cell of IEEMA and
- Member of the National Executive Council of IEEMA
- Immediate Past Chairman, CII Tamil Nadu State Council

**IV. Disclosures**

Mr.Narayan Sethuramon is directly deemed to be concerned/interested in the subject. Mr.V.Srinivasan – Chairman & Mr.Murali Venkatraman, (erstwhile Director), being related to Mr. Narayan Sethuramon, are also deemed to be interested in the subject.

No other Directors, Key Managerial Personnel and their relatives are interested or concerned in the proposed resolution.

The information contained in the foregoing paragraphs may also be treated as a notice to be issued to the Members of the Company under Section 190 of the Companies Act 2013.

**ANNEXURE**

**REMUNERATION PAID TO MR.NARAYAN SETHURAMON FROM 24/07/2014 TILL 24/12/2014**

S. No.	DESCRIPTION	PARTICULARS
1	Salary	Rs.2,40,000/- per month
2	Perquisites	LTA, Medical Reimbursement for self and family, Insurance, Club Fees etc. subject to an overall ceiling of Rs.180000/-per annum.
3	Incentive	Incentive (payable annually) at the rate of Rs.100,000/- for every increase of Rs.5,000,000/- of profits using a base Profit Before Tax of Rs.120,000,000/-. The maximum amount payable under this head will be Rs.1,000,000/-.
4	Retirement Benefits	Contribution to Provident Fund / Superannuation Fund and Gratuity as per the approved Scheme of the Company in force from time to time.
5	General	a. Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites.
		b. Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes), the perquisites shall be valued as per income tax rules.

**Item No.6**

As earlier informed to the shareholders, the Company has embarked on a restructuring program which includes augmenting resources through sale and disposal of the undertakings and/or assets of the Company.

The shareholders of the Company, by way of:

- a. Postal Ballot resolution on 31.3.2014 had given their approval under Section 180(1) (a) of the Companies Act 2013, to transfer, sell, or otherwise dispose off certain assets in the Chennai plant of the Company, comprising of identified plant & machinery, buildings & structures, electrical installations & equipment, furniture and others either movable, immovable, tangible, intangible and/or other fixed assets.
- b. Postal Ballot resolution on 27.7.2012 had given their approval, under Section 293(1)(a) of the Companies Act, 1956, for mortgage/sale/charge/transfer or to otherwise deal with the whole or part of the land situated at 108, Mount Poonamallee Road, Porur, Chennai 600116, to and in favour of any person(s) or body corporate (s) in such form and manner and on such terms and at such time(s) as the Board of Directors, may in its absolute discretion deem fit.



In order to totally revamp the operations of the Company and achieve a comprehensive turnaround, the Company requires to augment its resource mobilization plan and also to undertake certain internal and external reorganization steps that will allow it to recoup its losses and return to profitability. Under Section 180(1)(a) of the Companies Act, 2013, the consent of the Company by a Special Resolution is required and hence this resolution, to equip the Board to achieve this objective, is put up for the consideration of the Members.

The Board recommends the Special Resolution set out at Item No.6 of the Notice for approval by the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the above Resolution as set out in the notice pursuant to Section 95 of the Companies Act, 2013, to the extent of their respective shareholding in the Company as would appear in the Register of Directors' shareholding.

BY ORDER OF THE BOARD  
for **W.S.INDUSTRIES (INDIA) LIMITED**

**HEMA PASUPATHEESWARAN**  
VICE PRESIDENT – LEGAL  
& COMPANY SECRETARY

Place : Chennai  
Date: 13th February 2015

**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to give their consent by providing their e - mail Id to the Company or to the Integrated Enterprises (India) Limited, Registrar and Share Transfer Agent of the Company.





**W.S. INDUSTRIES (INDIA) LIMITED**

**51st  
Annual Report  
2013-2014**





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**BOARD OF DIRECTORS**

- ❖ **Chairman** **Mr.V. Srinivasan**
- ❖ **Vice Chairman** **Mr.Murali Venkatraman (upto 24/12/2014)**
- ❖ **Managing Director & Chief Executive Officer** **Mr. Narayan Sethuramon (upto 24/12/2014)**
- ❖ **Directors** **Mr.K.Raman**  
**Mr. G. Balasubramanyan**  
**Mr.G.V. Viswanath (upto 13/02/2015)**  
**Mr.N. Srinivasan (upto 13/02/2015)**  
**Mr.S. Suresh - Wholetime Director**
- ❖ **Chief Financial Officer** **Mr. B.Swaminathan**
- ❖ **Vice President-Legal & Company Secretary** **Mrs.Hema Pasupatheeswaran**
- ❖ **Bankers** **Punjab National Bank**  
**Indian Overseas Bank**  
**State Bank of India**
- ❖ **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

The Members,

Your Directors are pleased to present the Fifty First Annual Report along with the Audited Statement of Accounts and the Auditors' Report of your Company for the Financial Year ended, 30th September 2014. The summarized financial results for the year ended 30th September 2014 are as under:

#### FINANCIAL RESULTS

Particulars	For the period ended 30th September 2014	For the period ended 30th September 2013 (18 months)
Sales and other operational income	1139.74	2028.65
Other Income	160.72	1382.07
Total Income	1300.46	3410.72
Gross Profit / (Loss) from Operations	(332.37)	815.20
Less : Depreciation	99.50	158.11
Interest /Finance Charges	470.34	662.51
Net Profit / (Loss) for the year	(902.21)	(5.42)
Provision / (withdrawal) for Income Tax Deferred Tax	(17.10)	84.60
Net Profit / (Loss) for the year after Tax	(885.11)	(90.02)
Profit Brought forward from previous year	(541.88)	(451.86)
Transfer from General Reserve	-	-
Surplus / (Deficit) / carried to Balance Sheet	(1426.99)	(541.88)

#### DIVIDEND

During the year under review, the operations of your Company were severely impacted for several reasons explained under the head 'Business Operations'. In view of the adverse financial results, the Directors regret that it will not be possible to propose any dividend on the Equity Shares.

The Directors also regret their inability to recommend any payment of contracted dividend on Preference Share Capital in view of the loss sustained by your Company.

#### BUSINESS OPERATIONS

The overall sales from operations was Rs.1139.74 million for the year ended 30th September 2014. Your Company's operations were severely impacted due to the significant working capital constraints suffered by the Company throughout the year. This resulted in very low capacity utilization which again had a spiraling effect of increasing losses since majority of the fixed costs was un-covered. On the positive side, selling prices continued to increase. Due to the significant initiatives taken by your Company, the Government brought in a provisional anti-dumping duty on 16th September 2014. This will help to increase domestic capacity utilization going forward. The safeguards duty imposed by the Government of India in December 2012 expired in December 2013.

#### REAL ESTATE INITIATIVES

Your Company is awaiting final approvals from appropriate authorities on receipt of which it will start receiving cash flows from sale of real estate.

**SUBSIDIARIES**

During the year, W.S. Insulators Limited was renamed as W.S. T & D Limited (“W.S. T & D”) to distinguish the activities being undertaken by W.S. T & D from that of the parent company. During the year, your Company acquired the balance share capital from other shareholders and consequently W.S. T & D became the wholly owned subsidiary of your Company. During the year, the shares of W.S. Electric Limited were transferred to the wholly owned subsidiary, W.S. T & D.

Consequent to the transfer of shares held by the Holding Company to W.S. T & D, W.S. Electric Ltd. has become the subsidiary of W.S. T & D and a step subsidiary of your Company.

**CASH MANAGEMENT**

In the view of the Board, once the monetization of our real estate assets takes place and the payments are received, your Company could significantly step up the operations of both the Insulator and Projects businesses

**REFERENCE TO BIFR**

As your Company’s networth has fully eroded due to the huge losses suffered by it, your Company mandatorily has to make a reference to the Board for Industrial & Financial Reconstruction (“BIFR”) as per Section 15(1) of the Sick Industrial Companies (Special Provisions) Act 1985 (“SICA”)

**FUTURE PROSPECTS**

Your Company’s order book presently stands at about Rs 439 million. Your Company is taking parallel steps to improve the financial health of your Company by pursuing avenues for long term capital accrual in tandem with steps to improve the profitability of its businesses.

**GREEN INITIATIVE**

In line with the Green Initiative of the Ministry of Corporate Affairs, your Company had initiated steps for implementing the same for the benefit of the shareholders.

In this connection, your Company had sent communication to the shareholders seeking their consent for sending the Annual Report and other communication from your Company by using electronic mode.

We are thankful to such of the shareholders who have accepted for receiving the Annual Report through e-mail and would request other shareholders also to give their consent at the earliest to enable your Company to implement and make the Government’s initiative a success.

**ACKNOWLEDGMENT**

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 its Bankers / Lenders, the Central / State Governments and all its stakeholders.

Place : Chennai  
Date: 13th February 2015

For and on behalf of the Board  
V. SRINIVASAN  
Chairman



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**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 your Company have reviewed your 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 12 months period ended 30th September 2014 and have confirmed in their Report satisfactory compliance by your Company with all the applicable provisions of the Companies Act, 1956 and 2013 the Regulations and Guidelines of SEBI as applicable to your Company and the Listing Agreements with the Stock Exchanges.

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

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

The Ministry of Corporate Affairs vide General Circular No.8/2014 dated 04/04/2014 has clarified that the Financial Reports including the Board's Report in respect of the Financial Years that commenced earlier to 01/04/2014 shall be governed by the provisions of your Company's Act, 1956. Therefore, the Directors' responsibility statement, as required under Section 217(2AA) of the Companies Act, 1956, is enclosed as Annexure-F to this Report.

#### **DIRECTORS**

Your Director, Mr. G. Balasubramanyan - retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment as an Independent Director of the Company for a period of five years from 27th March 2015 to and including 26th March 2020.

Mr. K. Raman is also being appointed as independent director of the Company for a period of five years from 27th March 2015 to and including 26th March 2020.

Post the end of the financial year, Mr. Murali Venkatraman, Vice Chairman, has resigned from the Board of Directors of the company due to personal reasons and the resignation was accepted and recorded at the Board Meeting held on 24th December 2014, to take effect immediately.

The Board of Directors, at their meeting held on 14th May 2014 approved the re-appointment of Mr. Narayan Sethuramon as Managing Director & CEO for a further period of 5 years with effect from 24th July 2014.

However, Mr. Narayan Sethuramon, resigned as Managing Director & CEO as well as from the Board of Directors and the resignation was accepted and recorded at the Board Meeting held on 24th December 2014, to take effect immediately. Therefore, the Notice to the Shareholders reflects the above position.

The re-appointment of Mr. Narayan Sethuramon as Managing Director & CEO and his remuneration for the period from 24th July 2014 till 24th December 2014 needs ratification by the shareholders at the forthcoming Annual General Meeting of the company.

Mr.G.V.Viswanath and Mr.N.Srinivasan, independent directors of the Company have also resigned from the Board of Directors of the Company due to personal reasons, and the resignations were accepted and recorded at the Board Meeting held on 13th February 2015, to take effect immediately.

The Board of Directors place on record their appreciation for the contribution made by Mr. N. Srinivasan and Mr. G.V. Viswanath during their tenure as Directors of the Company. The Board of Directors also place on record their appreciation of the contribution made by Mr. Murali Venkatraman and Mr. Narayan Sethuramon during the tenure as Directors and Whole-time Directors of the Company.

**DEBENTURES**

Subsequent to the Accounting Year ended on 30th September 2014, your Company has made partial redemption of 20% on the face value of the Listed Secured Redeemable Non-Convertible Debentures, reducing it from Rs.10,00,000/- to Rs.8,00,000/- per debenture.

**AUDITORS**

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

**COST AUDITOR**

The Board of Directors of your Company, on the recommendation of the Audit Committee at its meeting held on 28th November 2013 appointed Raman and Associates, Cost Accountants, Chennai as the Cost Auditors for the 12 months period ended 30th September 2014. Your Company has received the approval of the Central Government for such appointment. The Cost Compliance report for the FY ended 30th September 2014 shall be filed within the stipulated period of 180 days from the close of the Financial Year. Your Company has duly filed the Cost Compliance Report for the 18 months period ended 30th September 2013.

**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 your Company, excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of your 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 30.9.2014 are as under:

<b>Particulars</b>	<b>No. of Shareholders</b>	<b>Total unclaimed Dividend (in Rs.)</b>
Interim Dividend 2008	1993	308219.12
Final Dividend 2008	2025	261497.00
Dividend 2009	1704	339132.00

**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**

Your Company has transferred its entire holding of 20.41% of the paid up share capital of its subsidiary W.S.Electric Limited to W.S. T&D Limited (formerly WS Insulators Limited), another subsidiary, by virtue of the resolution passed at its Board Meeting held on 12/08/2014. By virtue of the said transaction, W.S.T&D Ltd., together with its existing holding of 29.69%, now holds 50.1% of the shareholding of W.S.Electric Limited.

The Ministry of Corporate Affairs vide its General Circular No: 2/2011 dated 8/2/2011, issued under Section 212 of the Companies Act, 1956, has given a general exemption to all companies from annexing the Audited Accounts of the Subsidiary Companies subject to providing certain key information with regard to the subsidiaries and fulfilling certain other conditions. Accordingly, such information has been provided in respect of your Company's subsidiary W.S. T & D Limited elsewhere in this Report. Your Company has also been publishing



the Consolidated Accounts as required under the Accounting Standards and the Listing Agreement. The Annual Accounts of the subsidiary Companies and the related detailed information will be made available to the Members of your Company and the subsidiary on written request for the same, made to your Company, quoting their Folio/Client ID number.

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

Statement as required under Section 212(3) and 212 (5) of the Companies Act, 1956 in respect of the above Subsidiaries are enclosed.

For and on behalf of the Board

Place : Chennai  
Date: 13th February 2015

V. SRINIVASAN  
Chairman

**Statement regarding Subsidiary Companies under Section 212(3)  
of the Companies Act, 1956 as at 30/09/2014**

1.	Name of the Subsidiary Company	W.S. T&D LIMITED (formerly known as W.S.INSULATORS LIMITED)	W.S.ELECTRIC LIMITED
2.	Holding Company's interest at the end of the financial year of the Subsidiary Company		
	a. No. of Equity Shares	50,100	Nil***
	b. Extent of Holding (%)	100%#	Nil
	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.	(₹ in Million)	(₹ in Million)
	a. Profit / (Loss) for the Financial Year	(0.03)	7.26
	b. Profit for the previous financial years since becoming a Subsidiary	(16.41)	124.87

\*\*\* Your Company transferred 21,000 equity shares amounting to 20.41% of the paid up Equity share capital of W.S.Electric Ltd., to W.S.T&D Ltd., during the Accounting Year.

# During the Accounting Year your Company acquired the balance shares of W.S.T&D Ltd., consequent to which it holds the entire paid up share capital of W.S.T&D Ltd.

For and on behalf of the Board

Place : Chennai  
Date: 13th February 2015

V. SRINIVASAN  
Chairman





Since the financial year of the subsidiaries do not coincide with the financial year of the holding company, a statement containing information under Section 212(5) of the Companies Act, 1956 on the following matters which shall also be attached to the balance sheet of the holding company is given below:

1.	Name of the Subsidiary Company	W.S. T&D LIMITED (formerly known as W.S.INSULATORS LIMITED)	W.S.ELECTRIC LIMITED
2.	Whether there has been any, and, if so, what change in the holding company's interest in the subsidiary between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year ;	No	Yes
3.	Details of any material changes which have occurred between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year in respect of ;  (i) the subsidiary's fixed assets ;  (ii) its investments ;  (iii) the moneys lent by it ;  (iv)the moneys borrowed by it for any purpose other than that of meeting current liabilities.	Not applicable	W.S.Industries (India) Ltd., has sold its entire shareholding of 21000 shares amounting to 20.41% of the paid up share capital of your Company to W.S.T&D Ltd.

Place : Chennai  
Date: 13th February 2015

For and on behalf of the Board  
V. SRINIVASAN  
Chairman



**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. Loading density in kilns increased to reduce energy and fuel consumption per tonne. (30% improvement in Loading Density)
2. Re usage of waste heat from Kiln to reduce fuel consumption in Kilns.

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

Improved yield by process improvements resulted in lower consumption of Power and Fuel.

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

1. Modification of Top and Bottom footer design to reduce the weight of the Insulators and to improve yield.
2. Redesigning of Insulators resulted in improved yield.

**(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 which has resulted in lower cost of Production.

**B. TECHNOLOGY ABSORPTION**

**I. Research & Development (R&D)**

1. Trials conducted with Alternative China Clay to reduce cost.
2. Trials successfully completed to replace Imported Alumina with Hindalco Alumina.

**a. New product development in the year 2013 – 14:**

1. Efforts were made for development of UHV range products (On going with improvements) and focus on developing High-End export markets.
2. Specific focus has been given in order to optimally utilize plant capacity in terms of design aspects on new product development.
3. Redesigning done for existing products and new design done for all new requirements based on our body strength.

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

- i. Standardization of Product designs to a considerable extent which is very beneficial in terms of addressing lead time reduction and cost reduction.
- ii. Improved competitive positioning in international markets.
- iii. Reduction in cost of production and type testing.

**c. Future plan of action:**

1. Development of products for DC application and establish high end export market and UHV range of products.
2. Extend standardization to a larger scale.
3. Cost reduction through redesigning and Ceramic Process improvements.

**II. EXPENDITURE ON R&D: (Rs. In million)**

Capital	-
Recurring	9.28
<b>Total</b>	<b>9.28</b>

**III. IMPORTED TECHNOLOGY: - Not Applicable**

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a. Your 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)

<b>EARNINGS</b>	
Exports	56.52
Others	1.18
<b>Total</b>	<b>57.70</b>
<b>OUTGO</b>	
Import of Raw Materials and Components	15.35
Others (Including machinery imports)	0.83
<b>Total</b>	<b>16.18</b>
<b>NET EARNINGS</b>	<b>41.52</b>

Place : Chennai  
Date: 13th February 2015

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 your 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	6	Yes	4	1
Murali Venkatraman*	NI-NE	5	Yes	3	1
Narayan Sethuramon*	NI-Ex	6	Yes	1	-
K.Raman	IN-NE	6	Yes	1	2
G.Balasubramanyan	IN-NE	6	Yes	3	1
G.V.Viswanath#	IN-NE	6	Yes	1	-
N. Srinivasan#	IN-NE	6	Yes	3	1
S. Suresh	NI-Ex	6	Yes	-	-

NI – Non Independent, IN – Independent, NE – Non-Executive, Ex-Executive

\* Resigned from the Company & the Board wef 24/12/2014

# Resigned from the Board wef 13/02/2015

@ 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 are related.

Six Meetings of the Board were held during the year under review on 28.11.2013, 3.1.2014, 11.2.2014, 19.2.2014, 14.5.2014, & 12.8.2014. The last AGM was held on 11th February 2014.

**3. Audit Committee**

**a. Terms of reference**

The Audit Committee of your Company functions under the mandate stipulated under Clause 49 of the Listing Agreement and the Companies Act, 2013, 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 your 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 during the year under review comprised of the following Directors:

Mr. K.Raman- Chairman & Independent Director

Mr. G.Balasubramanyan - Independent Director

Mr. N.Srinivasan -Independent Director

**c. Meetings and Attendance**

Five Audit Committee Meetings were held during the year under review on 27.11.2013, 3.1.2014, 10.2.2014, 14.5.2014, & 12.8.2014.

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Mr. K.Raman (Chairman)	5
Mr. G.Balasubramanyan	5
Mr. N. Srinivasan	5

**4. Nomination and Remuneration Committee (erstwhile Remuneration Committee)**

Your Company has renamed the Remuneration Committee as the "Nomination and Remuneration Committee" to comply with the requirement under Section 178 (1) of the Companies Act, 2013.

**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 Director.

**b. Composition**

The Remuneration Committee during the year under review comprised of the following non-executive Directors:

Mr. K. Raman – Chairman

Mr.G.V.Viswanath

Mr.G.Balasubramanyan

During the year under review, one meeting of the Remuneration Committee was held on 14.5.2014 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 12 months period ended together with the shareholding details of the non-executive Directors as on 30th September, 2014 are as under:

<b>Executive Directors:</b>			(In Rs.)
<b>Name of Director</b>	<b>Salary</b>	<b>Incentive</b>	<b>Perquisites*</b>
Narayan Sethuramon #	28,80,000	-	70,201
S. Suresh	12,37,250	-	21,45,090

# resigned from the Company & the Board wef 24/12/2014.

\*Does not include contribution to Provident and Superannuation & Gratuity Funds.

**Non-executive Directors:**

Name of Director	Sitting fees Paid For Board/Committee meetings (₹)	Shares Held in your Company (Nos.)
V.Srinivasan	95,000	446453
Murali Venkatraman *	85,000	11359
K.Raman	1,65,000	Nil
G.Balasubramanyan	1,40,000	Nil
G.V.Viswanath #	80,000	Nil
N.Srinivasan #	1,30,000	Nil

\*resigned from the Company & the Board wef 24/12/2014

# resigned from the Board wef 13/02/2015

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

**5. Share Allotment Committee**

During the year under review the Share Allotment Committee, comprising Mr. K. Raman, Mr. G. Balasubramanyan and Mr. G.V.Viswanath functioned under the Chairmanship of Mr .K. Raman. No meeting of the Share Allotment Committee was held during the year.

**6. Stakeholders Relationship Committee (erstwhile Share Transfer and Investors Grievances Committee)**

Your Company has renamed the Share Transfer and Investors Grievances Committee as the “Stakeholders Relationship Committee” (“the Committee”) in compliance with the requirement under Section 178 (5) of the Companies Act, 2013.

The 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 during the year under review were Mr.V.Srinivasan and Mr. Murali Venkatraman. Mrs. Hema Pasupatheeswaran, Vice President – Legal and Company Secretary, is the designated Compliance Officer to supervise the share transfer, investor correspondence and to attend to their grievances and also to liaise with the statutory authorities such as SEBI, Stock Exchanges, and RoC etc.

To expedite the process of Share Transfer, the Board has delegated the power to approve Share Transfers once in a fortnight to the Managing Director and few senior executives of your 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.

Your Company confirms that there were no share transfers lying outstanding as on 30.9.2014 and all requests for de-materialization and re-materialization as on that date were confirmed/rejected through NSDL/CDSL system. There were 8 complaints received during the year for redressal and all have been satisfactorily redressed. There are no complaints pending to be resolved as on 30th September 2014.

**7. Compliance Officer**

In November 2014, Mrs. Hema Pasupatheeswaran was appointed as Vice President – Legal and Company Secretary. She has been designated as the Compliance Officer instead of Mr. Mr. B. Swaminathan, the Chief Financial Officer under the Listing Agreement.



**8. General Body Meetings**

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

For the F/Y ended	Date & Time	Location
31.03.2011	29.09.2011- 3.00 P.M	Mini Hall, Narada Gana Sabha, 314, T.T.K. Road, Chennai - 18
31.03.2012	13.8.2012 - 10.00 A.M	Bharatiya Vidya Bhavan, New No.18,20,22, (Old No.37-39), East Mada Street, Mylapore, Chennai - 600 004.
30.9.2013	11.2.2014 - 11.00 A.M	Bharatiya Vidya Bhavan, New No.18,20,22 (Old NO.37-39), East Mada Street, Mylapore, Chennai - 600 004.

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

Sl. No.	Date of General Meeting	Special Resolutions passed
1.	29.09.2011	Nil
2.	13.08.2012	Nil
3.	11.02.2014	Appointment of Mr. S. Suresh as the Whole time Director of your Company

**Postal Ballot**

During the year under review, shareholders approval was sought through Postal Ballot for authorizing the Board for making reference to Board for Industrial and Financial Reconstruction (BIFR) as potentially sick in terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 and Sale of certain fixed assets belonging to your Company situated 108, Mount Poonamallee Road, Porur, Chennai – 600 116 in terms of Section 180 (1) (a) of the Companies Act, 2013. The Postal Ballot process commenced on 19th February 2014 and concluded on 31st March 2014 with the declaration of result by the Chairman. The resolution has been approved by the shareholders with overwhelming majority.

**(b)Notes on Directors seeking appointment / reappointment:**

**I. MR.G. BALASUBRAMANYAN**

Mr. G.Balasubramanyan is a Practicing Chartered Accountant and Consultant and has rich industrial experience. He also advises several leading industrial groups both in Taxation and International Finance. Your Company has benefited considerably from his advice on Accounting, Audit and Tax matters.

**II. MR. K.RAMAN**

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

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

Director	Shareholding No. of shares held	Other Directorships	Membership of the Committees of the Board
Mr. G.Balasubramaniyan	Nil	Vensunar Holdings Private Limited	Nil
		W.S. T & D LIMITED ( formerly known as W.S. Insulators Limited)	Nil
		GBA Consulting Private Limited	Nil
Mr. K. Raman	Nil	Nil	Nil



**9. Disclosures**

- I. Transactions with Related Parties have been disclosed in Note No.33 forming part of the Audited Accounts. No transaction was in conflict with the interests of your 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 Board of Directors has prescribed a Code of Conduct for all Members of the Board and the Senior Management of your Company. The Code of Conduct is available on your Company's website.
- IV. Pursuant to provisions of Clause 49 of the Listing Agreement and the provisions of Section 177 of the Companies Act, 2013, the Board of Directors has adopted a 'Whistle Blower Policy' to take cognizance of complaints made and suggestions given by the employees and others. The said policy is available for the reference of the Shareholders of your Company on your Company's website.
- V. Your 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.

**10. Means of Communication**

- |   |   |
|---|---|
| i. Quarterly Results/ Half yearly / Audited                         | Communicated through advertisement in newspapers.   |
| ii. Newspapers wherein results normally published                   | Business Standard and Dhina Bhoomi (Tamil)  |
| iii. Any Website where displayed                                    | <a href="http://www.wsinsulators.com/KYC">www.wsinsulators.com/KYC</a><br><a href="http://www.bseindia.com">www.bseindia.com</a> , <a href="http://www.nseindia.com">www.nseindia.com</a> |
| iv. Any official news release published                             | No  |
| v. Details of presentation made to Institutional Investors/Analysts | Nil   |

**11. General Shareholder Information**

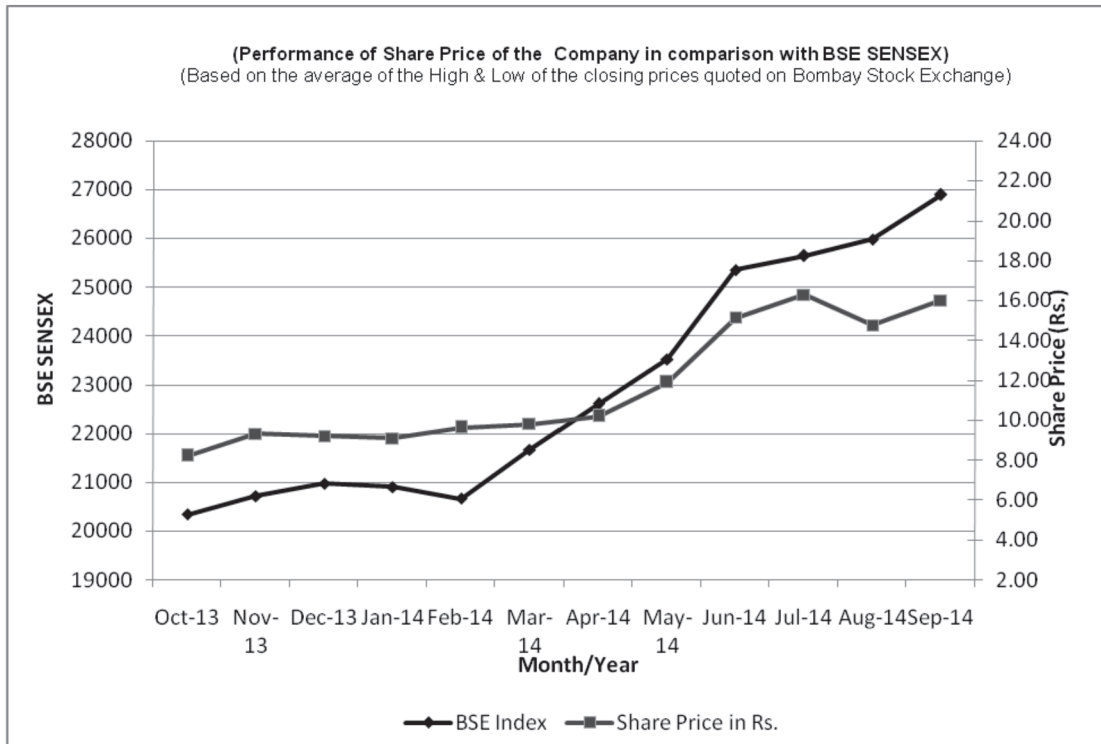
- |  |  |
|--|--|
| a. AGM - Date, Time & Venue  | 27th March 2015 at 10:00 A.M. at Narada Gana Sabha Mini Hall, at No.314, TTK Road, Alwarpet, Chennai 600018                |
| b. Financial Year  | 12 months period ended<br>October 2013 to September 2014   |
| c. Book Closure Date   | 18/03/2015 to 27/03/2015(Both days inclusive)  |
| d. Equity shares Listed on Stock Exchanges   | Bombay Stock Exchange Ltd.<br>National Stock Exchange of India Ltd.  |
| SCRIP NAME & CODE<br>ISIN No. (NSDL & CDSL)  | WSI & 504220<br>INE 100D01014  |
| e. Private placed secured Redeemable Non-Convertible Debentures Listed on Stock Exchange | Bombay Stock Exchange Ltd.   |
| SCRIP CODE<br>ISIN No.   | 948574<br>INE100D07011   |
| Debenture Trustee  | IDBI Trusteeship Services Limited<br>Asian Building, Ground Floor, 17th R. Kamani Marg,<br>Ballard Estate, Mumbai-400 001. |





f. Market Price - High & Low of the closing prices of Equity Shares of your Company during the 12 months period ended October 2013- September 2014:

Month	Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		(In ₹)			
		High	Low	High	Low
October	2013	8.79	7.61	10.45	9.05
November	2013	10.25	8.40	9.80	9.20
December	2013	9.92	8.50	9.75	9.50
January	2014	10.00	8.15	9.40	8.35
February	2014	10.44	8.82	9.65	8.00
March	2014	11.27	8.35	10.85	8.25
April	2014	10.72	9.68	10.45	9.90
May	2014	13.79	9.99	13.00	9.65
June	2014	18.37	11.90	18.60	11.75
July	2014	17.90	14.65	17.25	15.45
August	2014	15.53	14.00	15.10	13.65
September	2014	17.17	14.84	17.45	14.30





- g. Registrar 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 - 28140801
- h. Share Transfer System
1. Transfers of shares held in electronic form are done through the depositories by the share transfer agents without the involvement of your 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, and Managing Director 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 Practicing Company Secretary every six months confirming the transfer, transmission etc. of equity shares within 15 days of their lodgment and sent to Bombay Stock Exchange & National Stock Exchange.
  5. Reconciliation of Share capital 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 Practicing Company Secretary is forwarded to Bombay Stock Exchange & National Stock Exchange.
- i. Distribution of Shareholding and Shareholding Pattern (as on 30.09.2014).

**a) Distribution of Shareholding**

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
UPTO 5000	9778	98.57	2872736	13.59
5001 - 10000	73	0.74	517903	2.45
10001 - 20000	22	0.22	299706	1.42
20001 - 30000	13	0.13	317725	1.50
30001 - 40000	5	0.05	173192	0.82
40001 - 50000	0	0.00	0	0.00
50001 AND ABOVE	29	0.29	16958527	80.22
<b>TOTAL</b>	<b>9920</b>	<b>100.00</b>	<b>21139789</b>	<b>100.00</b>

**b) Shareholding Pattern**

Category	Holders	Shares	% of Shares held
Promoters	18	9898485	46.82
Mutual Funds/FIIs	4	1986077	9.39
Banks/Financial Institutions	8	73205	0.35
Other Bodies Corporate	209	1041117	4.92
NRI/Foreign Companies	79	3475351	16.44
Public	9602	4665554	22.07
Total	9920	21139789	100.00



- |  |   |
|--|---|
| j. Dematerialisation of shares & liquidity   | The shares of your Company can be held and traded in electronic form. 94.91% of your Company's Shareholding has been de-materialized as on 30th September 2014.   |
| k. Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity | Nil   |
| l. Plant Locations   | <p><b>Unit I</b><br/>108, Mount Poonamallee Road Porur, Chennai - 600 116. Tamil Nadu.</p> <p><b>Unit II</b><br/>Plot No 31, AP SEZ, Duppituru Village, Atchutapuram Mandal, Visakhapatnam, Andhra Pradesh.</p> |
| m. Address for correspondence  |   |
| a) Share related matters   | Integrated Enterprises (India) Limited<br>2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017.<br>Phone No: 044 - 28140801<br>corpserv@integratedindia.in          |
| b) Other matters   | 108, Mount Poonamallee Road, Porur, Chennai - 600 116.<br>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 12 months period ended 30th September, 2014 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 your 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 your Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that your 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 your 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 your Company nor the efficiency or effectiveness with which the management has conducted the affairs of your Company.

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

**Chella K. Srinivasan**  
Partner  
Membership Number: 023305

Place : Chennai  
Date: 13th February 2015



## 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 riding out the current adverse business scenario, managing the present critical liquidity situation and 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.

The Insulator business is necessarily efficiency driven where there is a need to develop more efficient production processes and increase product quality because wages have risen and prices cannot be increased.

It is dependant to a larger extent on the growth in the Power Sector and plays a pivotal role in the value chain in the transmission and distribution sector. It thrives on capacity addition and replacement demand in the domestic market.

The key challenges are competition from Chinese products and anomaly in the duty structure and introduction of a product variant viz., the composite insulators in the market.

Now let us try to understand in detail the growth of related sectors for the FY 2013-14 which had an impact on the insulator business.

### B. THE INDIAN MACRO-ECONOMIC POWER SCENARIO:

#### i. Performance of Generation Sector:

Fiscal 2014 ended on an encouraging note in power generation, even as capacity augmentation fell a little short of the feat in FY13. The total power requirement in the country crossed the one-trillion unit mark for the first time during the year. However, it followed only a marginal rise over the year, reflecting stagnation in industry and steep economic deceleration on one hand and 5.6 per cent appreciable increase in ex-bus power availability on the other. Power deficit fell to 4.2 per cent, half the shortage in the previous fiscal.

The per capita power consumption assessed at 917 kWh during 2012-13 is up annually by 3.8 per cent.

The total power generating capacity from April 2013-March 2014 at 966.378 billion units, shows

an increase of 5.96% over the previous year according to CEA compilation.

However generating capacity addition has come down from 20,622.8 MW in the fiscal year 2012-13 to 17,825.01 MW in 2013-14 a massive decrease of 13.57% which had its impact on the insulator sector as well.

While thermal and renewable energy sources, whose data is supplied by the Ministry of New and Renewable Energy, showed lower growth, capacity addition in hydropower at 1,058 MW was twice the increment during the earlier year. Nuclear power drew a blank for the second year.

On the capacity addition front, India added 17825 MW of new capacity during the period April 2013 to March 2014, and a further 9942 MW was added between April 2014 to November 2014.

During the 12th Five Year Plan, nearly 50,000 MW of new generation capacity was created, yet there continued to be an overall energy deficit of 3.6% and peak shortage of 3.9%.

The installed base of generation capacity as on 30th November 2014 is 255013 MW.

The government is clear that energy availability does not match the need and the gap may widen as the economy moves to a higher growth trajectory and India's success in resolving energy bottlenecks remains one of the key challenges in achieving the projected growth outcomes.

Import dependence in case of coal is projected to be about 22.4% by 2016-17 because resources currently allocated to energy supply are not sufficient for narrowing the gap between energy needs and energy availability. Coal and lignite will continue to dominate the energy scenario and by 2021-22 the share of these two fuel products will be about 66.8 % in total commercial energy produced and about 56.9% in total commercial energy supply by 2021-22.

On the finance front, power accounts for 50% share in total credit flow to infrastructure sector. Evidently, there seems to be a strong direct linkage between a country's power sector and its GDP. This means that as the power sector of a country becomes more developed, its GDP increases and vice versa.

The energy demand is met in the following percentages - Coal is 52%, oil 30%, Gas 10% and Renewable Resources 8%.

The gap in the coal demand and supply has been every increasing. To meet the same the country has imported 169 MT of coal worth Rs.95,175 crores during the year 2013-14.



### Initiatives of the Government of India

Some of the initiatives taken by the Government of India to boost the power sector during the five year plan are as follows:

- Has planned to invest Rs 2 trillion (US\$ 32.61 billion) in solar and wind power projects in the deserts to compensate for India's depleting fossil fuel reserves.
- Has dedicated the 1,000 MW stage I of Mouda Super Thermal Power Project to the nation in Mouda, Maharashtra, on August 21, 2014.
- Plans to accelerate wind energy generation by adding an ambitious 10,000 MW every year, or five times the total new capacity that came up in the last fiscal, in order to reduce India's dependence on costly energy imports.
- Has decided to provide automatic clearance for coal linkage to new power plants and will also be allowed to enhance capacity up to 50 per cent.
- The Government of Andhra Pradesh (AP) plans to set up a 1,000 MW solar park in Guntur district. This move comes in the backdrop of AP seeking to offer 24x7 power supply from October 2, 2014.

Nevertheless, foreign direct investment in the power sector was at a minimal of 3.78% which indicate that the time taken to meet various procedural requirements have an impact.

### ii. Performance of Transmission And Distribution Sector:

The weakest link in India's power sector, however, is the distribution. Theft, pilferage and network losses are the maximum in this segment. Since distribution is perceived as a social obligation of the Government rather than a commercial activity, subsidized and often unmetered power adds to the woes of the power sector in the forms of technical losses, billing and recovery, and consumption habits. T&D (transmission and distribution) Losses were close to 32% in 2014. As the T&D loss was not able to capture all the losses in the net work, concept of **Aggregate Technical and Commercial (AT&C)** loss was introduced. AT&C loss captures technical as well as commercial losses in the network and is a true indicator of total losses. A high proportion of non-technical losses are caused by illegal tapping of lines, and faulty electric meters that underestimate actual consumption also contribute to reduced payment collections in the system.

High technical losses in the system are primarily due to inadequate investments over the years for system improvement works, which has resulted in unplanned extensions of the distribution lines, overloading of the system elements like transformers and conductors, and lack of adequate reactive power support.

The commercial losses are mainly due to low metering efficiency, theft & pilferages. This may be eliminated by improving metering efficiency, proper energy accounting & auditing and improved billing & collection efficiency. Fixing of accountability of the personnel / feeder managers may help considerably in reduction of AT&C loss.

Average transmission, distribution and consumer-level losses exceeding 30% which includes auxiliary power consumption of thermal power stations, fictitious electricity generation by wind generators & independent power producers (IPPs), etc.

The country already produces some coal bed methane and has major potential to expand this source of cleaner fuel. According to a 2011 Oil and Gas Journal report, India is estimated to have between 600 to 2000 Tcf of shale gas resources (one of the world's largest). Despite its natural resource potential, and an opportunity to create energy industry jobs, India has yet to hold a licensing round for its shale gas blocks. It is not even mentioned in India's central government energy infrastructure or electricity generation plan documents through 2025. The traditional natural gas reserves too have been very slow to develop in India because regulatory burdens and bureaucratic red tape severely limit the country's ability to harness its natural gas resources

McKinsey claims in its Powering India - the Road to 2017 that India's demand for electricity may cross 300 GW, earlier than most estimates. To explain their estimates, they point to four reasons:

- India's manufacturing sector is likely to grow faster than in the past.
- Domestic demand will increase more rapidly as the quality of life for more Indians improve.
- About 125,000 villages are likely to get connected to India's electricity grid.
- Blackouts and load shedding artificially suppresses demand; this demand will be sought as revenue potential by power distribution companies.
- A demand of 300 GW will require about 400 GW of installed capacity.

The extra capacity is necessary to account for plant availability, infrastructure maintenance, spinning reserve and losses.

The electrical energy demand for 2016–17 is expected to be at least 1,392 Tera Watt Hours, with a peak electric demand of 218 GW.

The electrical energy demand for 2021–22 is expected to be at least 1,915 Tera Watt Hours, with a peak electric demand of 298 GW.



If current average transmission and distribution average losses remain same (32%), India needs to add about 135 GW of power generation capacity, before 2017, to satisfy the projected demand after losses.

### iii. Electrical Equipment Industry:

The electrical equipment industry grew by just 3.5% in 2013-14, against a negative growth of 7.8% in the financial year 2012-13. The sluggish growth in the power sector impacted the growth of the domestic electrical equipment manufacturing industry.

The built-up capacity has been under-utilized and The T&D equipment sector and manufacturers are broadly working at less than 70 per cent of their production capacity, There is no respite visible for the next 2-3 quarters. There is an urgent need to improve fund availability to power sector and provide fuel linkages and faster regulatory clearances for timely completion of power projects, as per information from the Indian Electrical and Electronics Manufacturers Association (IEEMA).

However, exports have helped in the growth of certain sectors like cables, meters, switchgear etc, the statement added.

The depreciated rupee has made critical imported raw material and inputs for electric equipment more costly, but given the continued threat from imports of electrical equipment in the Indian market, domestic manufacturers are being forced to absorb this additional cost to remain competitive.

The transformer industry, both power and distribution transformers, has seen a turnaround in growth from -4.5% in first quarter to 18.76% reported in second quarter of this fiscal. Power cable, capacitors, energy meters, transmission line towers, high-voltage switchgear have also improved their growth numbers. However, segments like conductors, low-voltage switchgear and rotating machines have further declined in second quarter of 2013-14.

### iv. Insulator Industry :

FY 2013-14 continued to be tough with increase in input costs and low price levels due to imports and low capacity utilization.

The domestic insulator industry experienced a negative growth during the Financial Year due to several factors like supply exceeding demand, overall slowdown in T&D Projects and the unabated Chinese imports. The only saving grace was the anti-dumping duties for imported products from China wef. 16th September 2014 vide Notification No. 40/2014-Customs (ADD) by the Department of Revenue, Ministry of Finance, Government of India to safeguard local porcelain insulator industry.

### C. GLOBAL SCENARIO:

The slump in the domestic insulator business has shifted the focus to exports. Coupled with the

government's initiatives some breakthrough can be achieved by exploring the global markets.

### D. COMPANY'S PERFORMANCE:

#### Insulators :

#### Production and sales :

Due to spiralling cash losses and lack of working capital, the company operated at a very low capacity utilisation for the entire financial year, resulting in significantly lower sales.

#### Turnkey Projects :

The focus during the current year continued on completion, commissioning and handing over of carry forward projects. In addition, the order book for the Projects business was built up in a focused manner which currently stands at about Rs. 24 crores.

The segment continues to see significant delay in realization of receivables and hence your company is laying enormous stress on working capital management.

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.

#### Steps taken by your company :

The company is focusing on monetisation of its non-electrical segment assets in order to generate adequate funds for Steps taken by your company :

The company is focusing on monetisation of its non-electrical segment assets in order to generate adequate funds for

- ↓ Working capital
- ↓ Funding cash losses incurred
- ↓ Repayment of term loans
- ↓ Investments required for scaling up business

The efforts taken are at an advanced stage and the company is confident that it will generate significant funds through this process in the coming financial period.

### 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:

- ↓ Inability to pass on cost increases to customers due to predatory pricing from Chinese competitors and intense competition
- ↓ Postponement in order execution by customers due to the corresponding delay in the generation



projects for which these T & D investments are being set up.

- ↓ Inadequate funds for working capital due to the cash losses incurred.
- ↓ The company mitigates the business risks by
  - Continuously changing its product mix
  - Continuously expanding its geographic and customer exposure
  - Broad-basing its supply base
  - Monetisation of non electrical segment assets

**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 high cost of capital in India today poses a significant threat to the margins of the business. The Company is also taking necessary steps to monetize its non-electrical segment assets to improve its financial leverage.

**c. Foreign Exchange Risks :**

The rupee was stable during the course of the financial year and there was no adverse impact on the company's financials.

However, the company re-financed all its foreign currency loans in December 2012 with rupee funds. This enabled the company to avoid the potential negative impact due to the depreciation of the rupee which occurred during the first half of 2013.

Going forward, the company is intensively pursuing substitution of imported raw materials wherever possible by local sources. Hitherto, the company had been importing significant quantities of raw materials and components due to the advantage in procurement prices. Consequent to the rupee depreciation, this position has now reversed.

**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.

**H. OUTLOOK:**

With the new Government, it is expected that the Power Sector will be given support to achieve the required infrastructure expansion in generation, transmission and distribution.

The strategy of certain large global customers to maintain a balance in the supply base between India and China means added export opportunities for your company's products.

The main threats in the near term are :

- Any further delays in monetisation of the company's non-electrical segment assets will further squeeze the company's already precarious liquidity position
- The reluctance of banks to allow the company to utilise its sanctioned working capital limits, both funded and non-funded.
- Unhealthy import competition
- Over capacity in Indian market
- Multiplicity of duties and taxes

**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 12 months period ended 30th September 2014, 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  
19th December, 2014

**NARAYAN SETHURAMON**  
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

**ANNEXURE - F TO DIRECTORS’ REPORT**

**DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors state in good faith that :

1. In the preparation of the annual accounts for the 12 months period ended 30th September, 2014, 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.



## INDEPENDENT AUDITORS' REPORT

To the Members of WS Industries (India) Limited for the year ended September 30, 2014

### 1) Report on Financial Statements

We have audited the accompanying financial statements of W.S. Industries Limited ("the Company") which comprise the Balance Sheet as at 30th September 2014 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 2) Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3) Auditors' Responsibility

- a) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- b) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- c) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September 2014
- b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

Without qualifying our opinion, we draw your attention, that the accumulated losses of the company is more than of the net worth of the company, requiring reference to the BIFR.

### 5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



**As required by section 227(3) of the Act, we report that:**

- (a) We have obtained all the information and explanations, which to the best of our and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- (e) On the basis of written representations received from the Directors as on 30th September 2014 and taken on record by the Board of Directors, none of the Director is disqualified as on 30th September 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

17, Bishop Wallers Avenue (West)  
CIT Colony, Mylapore,  
Chennai – 600 004

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

Place: Chennai  
Date: 29th November, 2014

**Chella K. Srinivasan**  
Partner  
Membership Number: 023305

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 5 (1) under 'Report on other Legal Requirements'  
section of our report of even date)**

- (i) In respect of the Company's fixed assets
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) The company has a program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. According to information and explanations given to us, no material discrepancies were observed by the management on such verification.
  - (c) According to the information and explanations given to us, during the year, the company has not disposed off any substantial part of fixed assets during the year which affects the going concern concept.
- (ii) (a) In our opinion and according to the information and explanations given to us, the physical verification of inventory has been conducted by the management at reasonable intervals.
  - (b) The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.



- (c) In our opinion, the company is maintaining proper records of inventory and we are informed that no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted/ taken any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 during the year. Consequently, the provisions of clauses 4(iii) (a) to (g) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the and the nature of its business with regard to purchase of fixed assets and with regard to the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under section 301 of the Companies Act 1956.
- (b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices.
- (vi) The company has not accepted Fixed Deposit from the Public hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other relevant provisions of the Act, and rules framed there under are not applicable for the year under audit.
- (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 an internal audit system that is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us;
- (a) Undisputed statutory dues including Provident fund, Investor's education and protection fund, employee State Insurance, income-tax, sales tax, wealth tax, service tax, Customs Duty, Excise Duty, Cess have not generally been regularly deposited with appropriate authorities. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 30th September 2014 for a period of more than six months from the date they became payable.
- (b) At the end of the financial year there were no dues of sales tax, Income Tax ,Wealth Tax, Service Tax, Customs duty, Cess which have not been deposited on account of any dispute except as follows:

<b>Name of the Statue</b>	<b>Nature of dues</b>	<b>Amount (₹in millions)</b>	<b>Forum where dispute is pending</b>
Income Tax	Income Tax	0.40	High Court



- (x) The Company has accumulated losses as at the end of the financial year and has incurred cash loss during the financial year and has not incurred cash loss during immediately preceding financial year. **The accumulated losses is more than 100% of the net worth of the company.**
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks/ financial institutions, except the following
- (a) An amount of ₹ 30.70 million towards principal has fallen due on 30th September 2014.
- (b) An amount of ₹ 157.70 million towards interest has fallen due on 30th September 2014.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi /mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures hence clause (xiv) is not applicable.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis, have been used during the year for long term investments by the company.
- (xviii) During the year, the company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued debentures in during the year.
- (xx) During the year the management has not raised money through public issue and hence we offer no comments on the same.
- (xxi) According to the information and explanations given to us, by the Company, no fraud on or by the company has been noticed or reported, during the course of our audit.

17, Bishop Wallers Avenue (West)  
CIT Colony, Mylapore,  
Chennai – 600 004

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

Place: Chennai  
Date: 29th November, 2014

**Chella K. Srinivasan**  
Partner  
Membership Number: 023305



**BALANCE SHEET AS AT 30TH SEPTEMBER, 2014**

₹ in Million

	Notes	THIS YEAR		PREVIOUS YEAR	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
Share Capital	5	338.90		338.90	
Reserves and Surplus	6	(370.46)	(31.56)	(149.46)	189.43
<b>2. Non-current liabilities</b>					
Long Term Borrowings	7	713.44		921.51	
Deferred Tax Liability	8	15.00		32.10	
Other Long Term Liabilities	9	--	728.44	127.10	1080.71
<b>3 Current Liabilities</b>					
Short Term borrowings	10 (a)	752.52		872.26	
Trade payables	10 (b)	621.08		284.51	
Other Current Liabilities	10 (c)	1919.94		1529.83	
Short Term provisions	10 (d)	48.75	3342.30	26.13	2712.73
<b>TOTAL</b>			<b>4039.17</b>		<b>3982.87</b>
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
Fixed Assets					
i) Tangible assets	11 (a)	2013.75		1494.02	
ii) Capital Work in Progress	11 (b)	6.82	2020.57	14.78	1508.80
Non-current investments	11 (c)		0.50		1.39
Long Term Loans and advances	11 (d)		10.77		13.91
Other non-current assets	11 (e)		16.61		6.16
<b>2 Current Assets</b>					
i) Inventories	12 (a)	304.02		517.63	
ii) Trade receivables	12 (b)	475.00		493.83	
iii) Cash and cash equivalents	12 (c)	19.21		16.37	
iv) Short term loans and advances	12 (d)	1185.20		1421.40	
v) Other Current Assets	12 (e)	7.30	1990.72	3.39	2452.61
<b>TOTAL</b>			<b>4039.17</b>		<b>3982.87</b>
Significant Accounting Policies & Notes on Financial Statements	1 to 34				

As per our Report of even date for **M/s. S. VISWANATHAN** Chartered Accountants Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director & Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) & Company Secretary

Place: Chennai  
29th November, 2014



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2014** ₹ in Million

	Notes	12 Months ended 30th Sept. 2014		18 Months ended 30th Sept. 2013	
<b>1 Revenue from Operations (Gross)</b>					
Sales and Other Operating income	14	1187.06		2220.58	
Less: Excise Duty		47.32	1139.74	191.93	2028.65
<b>2 Other Income</b>	15		160.72		1382.07
<b>3 Total Revenue (1+2)</b>			<u>1300.46</u>		<u>3410.72</u>
<b>4 EXPENSES</b>					
Cost of Materials consumed	16	897.81		1328.11	
Changes in Inventories of Finished Goods and Work-in-Progress	17	187.42		(28.40)	
Employee Benefit expense	18	283.17		468.74	
Finance Costs	19	470.34		662.51	
Depreciation and Amortization expenses		99.50		158.11	
Other expenses	20	264.42	2202.67	827.06	3416.14
<b>5 PROFIT / (LOSS) BEFORE TAX (3 - 4)</b>			(902.21)		(5.42)
<b>6 Tax expense</b>					
i) Current tax		--		--	
Deferred Tax		(17.10)	(17.10)	84.60	84.60
<b>7 PROFIT / (LOSS) AFTER TAX (5 - 6)</b>			(885.11)		(90.02)
<b>8 Earnings per equity share ( in `):</b>					
i) Basic			(42.44)		(4.26)
ii) Diluted			(42.44)		(4.26)
Significant Accounting Policies & Notes on Financial Statements	1 to 34				

As per our Report of even date for **M/s. S. VISWANATHAN** Chartered Accountants Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director &  
Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) &  
Company Secretary

Place: Chennai  
29th November, 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

₹ in Million

	THIS YEAR	PREVIOUS YEAR
<b>A CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before Taxes	(902.21)	(5.42)
Adjustments for:		
Add:		
Loss on Fixed Assets Discarded/sold	41.05	38.24
Depreciation	99.50	158.11
Interest and Financial Charges (Net)	470.34	662.51
	(291.31)	853.44
Less:		
Income from Investments	--	0.68
Profit on sale/write off of Investments	136.50	--
Effect of changes in Foreign Currency Exchange Rate	--	0.13
Profit on sale of Assets	21.61	1372.97
Operating Profit before Working Capital changes	(449.43)	(520.35)
Increase/(Decrease) in Working Capital		
(Increase)/Decrease in inventories	213.61	53.39
(Increase)/Decrease in Sundry Debtors	18.83	182.16
(Increase)/Decrease in other Current Assets	224.98	(920.21)
Increase/(Decrease) in Liabilities and Provisions	461.56	(16.49)
Income Taxes paid	--	(5.00)
Net cash from operating activities	<u>627.67</u>	<u>147.30</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including interest capitalised)	(0.72)	(96.83)
Sale/ reduction in value of Fixed Assets	34.12	1373.36
Income from Investments	--	0.68
Purchase of Investments	(0.00)	--
(Increase)/Decrease - Investment in Subsidiaries	--	--
Sale of Investments	137.39	15.44
Net Cash (used in) / from Investing activities	<u>170.79</u>	<u>1292.65</u>





**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

in ₹ Million

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/decrease in secured Loans	242.99	255.09
Increase/decrease in Unsecured Loans	(290.41)	71.63
Increase/(Decrease) in working Capital from Banks	(119.74)	265.03
Dividend and Dividend Tax paid	--	(0.00)
Interest and financing charges paid	(470.34)	(662.51)
Net Cash from Financing Activities	(637.51)	(70.75)
NET INCREASE IN CASH AND CASH EQUIVALENTS (i)	2.84	(4.59)
Cash and Cash Equivalents as at the beginning of the year	16.37	20.96
Cash and Cash Equivalents as at the close of the year	19.21	16.37

**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.
- 2 Purchase of Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between beginning and end of the year

<b>3 CASH AND CASH EQUIVALENTS</b>		
CASH AND BANK BALANCES	19.21	16.37
UNREALISED (GAIN) / LOSS	--	--
CASH AND BANK BALANCES RESTATED AS ABOVE	19.21	16.37

As per our Report of even date  
for **M/s. S. VISWANATHAN**  
Chartered Accountants  
Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director &  
Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) &  
Company Secretary

Place: Chennai  
29th November, 2014

**Notes forming part of the Balance Sheet as at 30th September, 2014 and Statement of Profit and Loss Account for the year ended 30th September, 2014.**

Note

**1 SIGNIFICANT ACCOUNTING POLICIES****General****(a) Basis of Presentation**

The Financial Statements have been prepared on the historical cost convention on a going concern basis and in accordance with generally Accepted Accounting Principles and complying with the applicable Accounting Standards.

**(b) Fixed Assets**

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

**(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) Impairment of Assets  
Impairment loss, if any, is provided to the extent the carrying amount of the assets exceeds their recoverable amount.

**(k) 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.

**(l) 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.

**(m) 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.

**2 Loss from Operations**

During the year under review:

- a) cost of all inputs increased significantly.
- b) non-availability of adequate Working Capital has affected the operations of the company.

However, the company is pursuing its turn around plans with monetization of the real assets and thus revive the operations.

Once the turn around plan is successfully implemented, the company is expected to come back to normal operations with improved network.

**3 SEGMENT**

The Company has two reportable business segments, namely, i) Electro – porcelain Products and ii) Turnkey Projects.

- 4 The figures for the current year are for a period of 12 months whereas those of the previous year are for a period of 18 months and hence are not directly comparable.

		THIS YEAR	PREVIOUS YEAR
<b>Note 5</b>			
<b>SHARE CAPITAL</b>			
Authorised			
35,000,000	Equity Shares of ₹ 10/- each	350.00	350.00
1,500,000	Cumulative Redeemable Preference Shares of ₹ 100/- each	150.00	150.00
		500.00	500.00
Issued, Subscribed and Paid - up:			
21,139,789	Equity Shares of ₹ 10/- each fully paid-up	211.40	211.40
1275000	Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up	127.50	127.50
<b>TOTAL</b>		<b>338.90</b>	<b>338.90</b>

<b>Reconciliation of Shares outstanding at the beginning and at the end of the year:</b>				
	No. of shares	Value	No. of shares	Value
<b>Equity Shares:</b>				
At the beginning and end of the year	21,139,789	211.40	21,139,789	211.40
<b>Preference Shares:</b>				
At the beginning and end of the year	1,275,000	127.50	1,275,000	127.50

<b>Shareholders holding more than 5% shares in the company:</b>				
Name of Shareholder	Equity Shares			
	As at 30 Sept., 2014		As at 30 Sept., 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
W.S. International (P) Ltd.	1,119,798	5%		
Blue Chip Investments (P) Ltd.	4,096,138	19%	1,427,659	7%
Credit Renaissance Fund Ltd.	2,520,000	12%	2,520,000	12%
East Sail	1,985,557	9%	1,985,557	9%

Name of Shareholder	Preference Shares			
	As at 30 Sept. 2014		As at 30 Sept. 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Credit Renaissance Fund Ltd.	760,000	60%	760,000	60%
Credit Renaissance Development Fund L.P.	165,000	13%	165,000	13%
Vensunar (P) Ltd.	350,000	27%	350,000	27%

The 925,000 Non-convertible, Redeemable and cumulative Preference Shares of ₹ 100/- each fully paid up with coupon rate of 5% / 7.5% subscribed by the Overseas Investors, viz., Credit Renaissance Fund Ltd. and Credit Renaissance Development Fund L.P. and due for redemption on 3rd October, 2014 has been extended by the above shareholders by a further period of one year, i.e., upto 2nd October, 2015.

350,000 Non-convertible, Redeemable and cumulative Preference Shares ₹ 100/- each fully paid up with a coupon rate of 10% subscribed by Vensunar (P) Ltd. due for redemption on 28th February, 2013 was rolled over by the above shareholder for a further period of five years.



	As at 30th Sept., 2014	As at 30th Sept., 2013
<b>Note 6</b>		
<b>Reserves &amp; Surplus</b>		
<b>a. Capital Reserves</b>		
As per Last Balance Sheet	9.95	9.95
<b>b. Share Premium Account</b>		
As per Last Balance Sheet	180.50	180.50
<b>c. Revaluation Reserve</b>		
As per Last Balance Sheet	--	1349.82
Additions during the year	664.11	--
Less: Withdrawn during the year	--	1349.82
Closing Balance	664.11	--
<b>d. Capital Redemption Reserve</b>		
As per Last Balance Sheet	176.16	176.16
Add: Transfer from Statement of Profit and Loss	--	--
<b>e. Special General Reserve</b>		
As per Last Balance Sheet	25.81	25.81
<b>f Surplus in Statement of Profit and Loss</b>		
Balance as per last Profit and Loss Account of the previous year	(541.88)	(451.86)
Profit / (Loss) for the year	(885.11)	(90.02)
Net Surplus / (Deficit) in Statement of Profit and Loss	(1426.99)	(541.88)
Total Reserves and Surplus	<b>(370.46)</b>	<b>(149.46)</b>



	THIS YEAR	PREVIOUS YEAR
<b>Note 7</b>		
<b>NON CURRENT LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
i Non Convertible Debentures	114.60	155.45
ii Term Loans from Banks	268.38	163.20
iii Term Loans from other than Banks	305.45	414.55
<b>TOTAL</b>	<b>688.44</b>	<b>733.20</b>

The above figures are as per the statements provided by the respective Lenders.

The above Term Loans and Current maturities of long term loans are secured by the :

First Charge on the company's immovable and movable fixed assets, present and future:

- i) Term Loans availed and outstanding to banks, aggregating to ₹ 462.73 million are secured by pari passu first charge on the block assets of the company situated at the Chennai plant except to the extent of 15.08 acres of land.
- ii) Security has been created on NCD of ₹ 300 million in favour of IDBI Trusteeship Services Limited for and on behalf of the Debentureholders and in favour of Allium Finance Ltd. and Edelweiss Asset Reconstruction Company Ltd. for the Term Loans for ₹ 400 million each respectively on the block assets of the company situated at the Vizag Plant and on 5 acres of land situated at Porur, Chennai on first pari passu charge basis equally among themselves and pledge of 29,70,000 equity shares of the Promoters.
- iii) Security Receipts of ₹ 249.62 million classified as Term Loan from other than Banks are secured by Block Assets of the company situated at Chennai except for 15.08 acres of land and also secured by block assets of the company situated at Vizag.

#### Terms of Repayment

Outstanding Bank Term Loans are payable in 11 quarterly instalments from Sep. 14 in terms of the schedules agreed to with the banks.

For NCD, and loan to the tune of ₹ 800 millionm availed from NBFC & ARC Trust specific repayment terms are in place per the agreements executed with them.

For the Security Receipt of ₹ 249.62 million, term of the SR is linked to the proceeds of sale of land.

	THIS YEAR	PREVIOUS YEAR
<b>b Unsecured</b>		
i Hire Purchase facility	--	0.31
ii Loan from Subsidiary	--	163.00
iii Inter Corporate Deposit	25.00	25.00
	<b>25.00</b>	<b>188.31</b>

#### Note 8

##### Deferred Tax Liabilities

Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in:

- Depreciation	15.00	32.10
- Total	<b>15.00</b>	<b>32.10</b>



	THIS YEAR	PREVIOUS YEAR
<b>Note 9</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Advance from Subsidiary	--	127.10
	<u>--</u>	<u>127.10</u>
<b>Note 10</b>		
<b>CURRENT LIABILITIES</b>		
<b>a Short Term Borrowings</b>		
Secured		
Working Capital Borrowings from Banks	752.52	872.26
<b>TOTAL</b>	<b>752.52</b>	<b>872.26</b>
Working Capital facilities from Consortium of Banks, for Chennai and Vizag Units and for Turnkey Projects Division availed on including 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. They are further secured by a Second Charge on the block assets of the company situated at Chennai unit except to the extent of 15.08 acres of land on which charge has been ceded ranking pari-passu among themselves.		
<b>b Trade payables</b>		
Trade payables	621.08	284.51
	<u>621.08</u>	<u>284.51</u>
<b>c Other Current Liabilities</b>		
i Current maturities of Long Term Loans*	1122.12	933.37
ii Interest accrued but not due on loans	126.98	90.34
iii Interest accrued and due on loans @	112.33	13.34
iv Unclaimed Dividend	0.91	0.91
v Creditors for Capital Expenditure	10.73	12.35
vi Advance from customer	256.40	256.18
vii Interest accrued and due on NCDs #	45.38	--
viii Other payables	243.10	222.35
ix Advance received towards sale of land	2.00	1.00
<b>TOTAL</b>	<b>1919.94</b>	<b>1529.83</b>
* Period and amount of dues: ₹ 30.70 Million has fallen due on 30th Sept. 2014 @ Period and amount of dues: ₹ 112.33 Million has fallen due on 30th Sept. 2014. # Period and amount of dues: ₹ 45.37 Million has fallen due on 30th Sept. 2014.		
<b>d SHORT TERM PROVISIONS</b>		
i Provision for Employee benefits	45.37	22.75
ii Income Tax (Net of payments)	3.38	3.38
<b>TOTAL</b>	<b>48.75</b>	<b>26.13</b>

	THIS YEAR		PREVIOUS YEAR	
<b>Note 11</b>				
<b>NON-CURRENT ASSETS</b>				
<b>FIXED ASSETS</b>				
a Tangible Assets	2013.75		1494.02	
b Capital work in Progress	6.82	2020.57	14.78	1508.80
Note: Please see Annexure enclosed for details				
<b>c INVESTMENTS</b>				
<b>Non-current Investments</b>				
<b>Long Term Investments (at Cost)</b>				
<b>Unquoted :</b>				
(i) Shares in Subsidiary Companies (fully paid-up)				
21,000 Equity Shares of face value of ₹ 10/- each in W.S.Electric Ltd.		--		0.21
50,100 Equity Shares of face value of ₹ 10/- each (50,000) in W.S. Insulators Ltd.		0.50		0.50
(ii) Others				
68,000 Equity Shares of face value of ₹ 10/- each in S & S Minerals Limited		--		0.68
		<b>0.50</b>		<b>1.39</b>
<b>Current Investments</b>				
Book value of Unquoted Investments		--		1.39
Market value of short term Investments		--		--
<b>d LONG TERM LOANS AND ADVANCES</b>				
Unsecured, considered good				
Loans and advances		0.07		--
Deposits		10.08		13.22
Prepaid expenses		0.61		0.70
		<b>10.77</b>		<b>13.91</b>
<b>e OTHER NON-CURRENT ASSETS</b>				
<b>Unsecured, considered good</b>				
Deferred Revenue Expenditure (to the extent not written off)		16.61		6.16
		<b>16.61</b>		<b>6.16</b>





## ANNEXURE TO NOTE 11

## FIXED ASSETS

## TANGIBLE ASSETS

₹ in Million

Sl. No.	Description	Gross Block at Cost				Depreciation	Net Block	
		As at 01.10.2013	Additions/ Transfers	Sold/ Discarded/ Transfers	As at 30.09.2014	Upto 30.09.2014	As at 30.09.2014	As at 30.09.2013
1	Land and Betterment							
	a) Freehold Land	2.29	664.11	1.79 #	664.62	-	664.62	2.29
	b) Leasehold Rights in land	48.01			48.01	8.00	40.01	41.46
2	Buildings	502.78	-	-	502.78	118.65	384.14	402.12
3	Plant & Machinery	1567.44	8.14	184.67	1390.92	567.58	823.34	935.45
4	Electrical Installation	132.98	-	-	132.98	48.48	84.49	90.86
5	Vehicles	16.67	0.23	3.81	13.09	11.16	1.93	3.50
6	Furniture & Fixtures and other Equipment	49.25	0.26	0.13	49.39	36.10	13.28	16.10
7	Office equipment	7.63	0.05	0.05	7.63	5.69	1.94	2.23
	<b>TOTAL</b>	2327.06	672.79	190.44	2809.41	795.67	2013.74	1494.02
	Capital Work in progress	14.78	-	7.95	6.82	-	6.82	14.78
	<b>GRAND TOTAL</b>	2341.84	<b>672.79</b>	<b>198.39</b>	<b>2816.23</b>	795.67	<b>2020.57</b>	1508.79

# Land measuring around 5 acres identified as suitable for alternative purposes has been revalued both on the basis of valuation done by an approved Valuer as well as indicative values received from third parties and the resultant increase of ₹ 664.11 Million has been credited to "Revaluation Reserve" created in the books.

	THIS YEAR		PREVIOUS YEAR	
<b>Note 12</b>				
<b>CURRENT ASSETS</b>				
<b>a) INVENTORIES</b>				
(i) Stores and Spare Parts	15.16		18.38	
(ii) Raw Materials	70.77		89.62	
(iii) Packing Materials	0.45		0.67	
(iv) Materials in Transit	0.89		4.80	
(v) Work in progress	188.43		283.29	
(vi) Finished Goods	28.31	<b>304.02</b>	120.87	517.63
(For method of valuation, please refer to Note No. 1(d))				
<b>b) TRADE RECEIVABLES</b>				
Unsecured - considered good :				
Exceeding six months	218.71		194.06	
Other Debts	256.29	<b>475.00</b>	299.77	493.83
<b>c) Cash and Bank Balances</b>				
Cash and cash equivalents				
(i) Cash on hand	0.30		0.30	
(ii) Bank Balances				
- in Current Accounts*	18.76		15.93	
- Margin Money	0.14	<b>19.21</b>	0.14	16.37
* includes Unclaimed Dividend	0.91		0.91	
<b>d) Short Term Loans and Advances</b>				
Loans and advances - Unsecured - Considered good				
Related parties	163.56		387.70	
Others	979.60		983.88	
Tax deducted at source	30.51		29.13	
Deposits	6.76		8.66	
Prepaid Expenses	4.78	<b>1185.20</b>	12.03	1421.40
<b>e) Other Current Assets</b>				
i) Interest accrued on investments				
ii) Deferred Revenue Expenditure (to be written off in one year)	7.30	<b>7.30</b>	3.39	3.39

	THIS YEAR	PREVIOUS YEAR
<b>Note 13</b>		
<b>CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR</b>		
<b>I Contingent Liabilities</b>		
(a) Guarantees	650.14	827.37
(c) Corporate Guarantees issued	35.02	72.97
(d) Customs Duty on Bonded Materials	0.78	1.98
(e) Tax disputes Income Tax	12.77	11.97
(f) Arrears of dividend on Cumulative redeemable Preference Shares	34.70	24.26
(g) Labour Disputes	15.00	--
<b>II Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for -	0.02	1.51
(b) In respect of Voluntary Retirement Scheme offered by the company, the amount payable to eligible employees who have opted for the deferred payment as set out in the scheme for the coming years	318.89	35.82
<b>Note 14</b>		
<b>Revenue from operations</b>		
<b>a. Sale of Products</b>		
- Insulator Products	1069.17	1759.63
- Turnkey Products	70.57	269.02
	<b>1139.74</b>	<b>2028.65</b>
<b>Note 15</b>		
<b>Other Income</b>		
Dividend Income from Mutual Funds (Short term investments)	--	0.68
Other Receipts	2.61	8.41
Profit on Investments	136.50	--
Profit on Sale of Fixed Assets	21.61	1,372.97
<b>TOTAL</b>	<b>160.72</b>	<b>1,382.07</b>
<b>Note 16</b>		
<b>Cost of Materials Consumed</b>		
<b>(a) Raw Materials</b>		
(i) Clays and Minerals	13.44	157.04
(ii) Metal Parts	43.40	298.80
(iii) Others	840.97	872.27
<b>TOTAL</b>	<b>897.81</b>	<b>1328.11</b>



	THIS YEAR	PREVIOUS YEAR
<b>Note 17</b>		
<b>Changes in Inventories of Finished Goods &amp; Work-in-progress</b>		
<b>Closing Stock :</b>		
Work in progress	188.43	283.29
Finished Goods	28.31	120.87
	216.74	404.16
<b>LESS: Opening Stock :</b>		
Work in progress	283.29	247.25
Finished Goods	120.87	128.52
	404.16	375.77
<b>TOTAL</b>	<b>187.42</b>	<b>(28.40)</b>
<b>Note 18</b>		
<b>Employee Benefits Expenses</b>		
a Salaries, Wages and Bonus & Wages	215.05	377.80
b Contribution to PF, ESI, Gratuity, etc.	40.85	42.66
c Welfare Expenses	27.27	48.27
<b>TOTAL</b>	<b>283.17</b>	<b>468.74</b>
<b>Note 19</b>		
<b>Finance Costs</b>		
a Interest Expense	447.04	539.89
b Bank Charges	29.27	54.49
c Net (gain) / loss on foreign currency transactions	(5.97)	68.13
	<b>470.34</b>	<b>662.51</b>
<b>Note 20</b>		
<b>Other Expenses</b>		
Consumption of Stores and Spares	8.24	42.49
Power and Fuel	56.89	355.74
Rent	3.35	5.86
Rates and Taxes	(2.97)	9.81
Insurance	6.45	15.91
Repairs and Maintenance:		
Building	0.06	1.50
Plant & Machinery	4.70	18.54
Other Assets	2.52	8.88
	7.28	28.92
Research and Development	0.06	0.16
Directors' Sitting Fees	0.59	0.68
Travelling and Conveyance	15.41	29.70
Auditors' Remuneration	0.35	0.37
Donations	0.01	0.05
Agency Commission	1.07	12.98
Packing, forwarding and freight	9.78	93.47
Loss on Assets discarded / sold	41.05	38.24
Bad Debts written off	11.37	3.33
Others	105.48	189.38
<b>TOTAL</b>	<b>264.42</b>	<b>827.06</b>



	THIS YEAR		PREVIOUS YEAR	
<b>Note 21</b>				
<b>Payment to Auditor</b> (included under Note No. 17)				
As auditor:				
Audit Fee	0.30		0.30	
Tax Audit Fee	0.02		0.02	
Limited Review	0.02		0.03	
In other capacity:				
Other services (Certification Fees)	0.01		0.02	
	<u>0.35</u>		<u>0.37</u>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30.09.2014</b>		<b>30.09.2013</b>	
<b>Note 22</b>				
(iii) Value of imports on CIF basis (including Materials in transit)				
Raw Materials	15.07		434.31	
Components and Spare Parts	0.28		4.78	
<b>Note 23</b>				
Value of Raw Materials (including Components) and Stores/Spare Parts consumed.				
<b>i) RAW MATERIALS</b>				
Imported	27.51	3%	510.21	38%
Indigenous	870.30	97%	817.90	62%
	<u>897.81</u>	<u>100%</u>	<u>1328.11</u>	<u>100%</u>
<b>ii) STORES/SPARE PARTS</b>				
Imported	0.19	2%	7.18	10%
Indigenous	12.48	98%	63.45	90%
	<u>12.67</u>	<u>100%</u>	<u>70.63</u>	<u>100%</u>
<b>Note 24</b>				
Amounts remitted in foreign currencies:				
Capital Expenditure	--		--	
Technical Services	--		2.26	
Interest	--		40.90	
Others	0.83		4.09	



	THIS YEAR	PREVIOUS YEAR
<b>Note 25</b>		
<b>Earnings in Foreign Exchange</b>		
Physical Exports	56.52	146.78
Others	1.18	2.77
<b>Note 26</b>		
<b>Bank balance in Current Account includes:</b>	0.85	1.44
E E F C Account	(US\$ 6515) (Euro -- ) (GBP 4528)	(US\$ 7957) (Euro 5805) (GBP 4528)
<b>Note 27</b>		
<b>Employee cost includes:</b>		
(a) Research and Development:		
(i) Salaries and Wages	8.93	14.31
(ii) Contribution to Provident Fund	0.28	0.58
(b) Repairs and Maintenance:		
(i) Salaries and Wages	7.02	12.72
(ii) Contribution to Provident Fund	0.93	1.58

**Note 28**

On transfer of possession of 10.08 acres of land at Porur, Chennai to Mantri Premier Homes Private Ltd. (MPHPL), the same was recognized as sale of land in the books of the Company during the preceding financial year. However, the mortgage created in favour of MPHPL for the amounts received from them pending execution of the sale deed on securing necessary approvals, in their favour continued to remain for the additional amounts received from them during the current financial period under review.

**Note 29**

ING Vysya Bank Ltd (formerly The Vysya Bank Ltd) who had earlier granted working capital credit facilities to the Company's erstwhile subsidiary had secured a Debt Recovery order from DRT Bangalore representing that the Company had given Corporate guarantee for ₹ 11.06 Crores for the above facilities, while the above guarantee was furnished to another bank, who had already filed an application before DRT 1, Chennai for recovery of amounts due to them. The Company had since entered into a Memo of Compromise with that Bank and the same was taken on record by DRT 1, Chennai and had ordered the return of the original document (Guarantee for ₹ 11.06 Crores) to the Company vide their order dated 25th September 2002. Accordingly the Bank had returned the original guarantee furnished to them by the company duly cancelled. The Company had filed an appeal before DRAT, Chennai for the withdrawal of the Debt Recovery order issued by DRT, Bangalore and had secured an interim stay from DRAT, pending disposal of the appeal.

**Note 30**

One Pragathi Fabricators misrepresented to be the supplier of the Company for its Project Engineering and Services division and had secured an award dated 11.11.2011 for ₹ 21,47,430 plus future interest applicable thereon against the Company under MSMED at 2006 from The A.P. State Micro & Small Enterprises Facilitation Council, Hyderabad. The Company had contested the above award and had made a deposit of ₹ 16,16,573 representing 75% of the above award. The Company on application to the Honourable High Court at Hyderabad has also secured an order directing the tribunal to assess the exact quantum of interest applicable on the award and the City Civil Court, Hyderabad to hear and dispose the case after giving reasonable opportunities to both the parties.

## Note 31

## SEGMENT DISCLOSURE

Particulars	Electro- porcelain Products	Turnkey Projects	Total	Electro- porcelain Products	Turnkey Projects	Total
	2013-14			2012-13		
<b>A. PRIMARY SEGMENT INFORMATION</b>						
<b>1 REVENUE</b>						
Gross Sales	679.54	507.52	1187.06	1951.56	269.02	2220.58
Less: Excise Duty	47.32	-	47.32	191.93	-	191.93
Net Sales	632.22	507.52	1139.74	1759.63	269.02	2028.65
<b>2 RESULT</b>						
Segment result - EBIT	(522.78)	(69.80)	(592.59)	(635.82)	(89.16)	(724.98)
Finance Charges (Net)			(470.34)			(662.51)
Other Income			139.11			9.10
Profit on sale of fixed assets (Net)			21.61			1372.97
Income Tax			(17.10)			(84.60)
Net Profit / (Loss)			(919.31)			(90.02)
Other Information						
Segment Assets	2351.68	447.91	2799.59	2373.94	146.32	2520.26
<b>3 Unallocated Corporate Assets</b>			1239.59			1462.61
<b>Total Assets</b>			4039.17			3982.87
Segment Liabilities	594.00	296.41	890.41	902.59	(14.38)	553.03
Unallocated Corporate Liabilities			3182.53			3240.41
Total Liabilities			4072.94			3793.44
Capital expenditure	664.79	0.05	664.84	96.79	0.04	96.83
Depreciation	98.72	0.78	99.50	157.33	0.78	158.11
Non-cash expenses other than depreciation	--	--	--	--	--	--
<b>B. Secondary Segment Information</b>						
<b>Revenue by Geographical Market</b>						
India	575.71	507.52	1083.22	1612.85	269.02	1881.87
Rest of the World	56.52	-	56.52	146.78	-	146.78
Total	632.22	507.52	1139.74	1759.63	269.02	2,028.65

## 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.

**Note 32**

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

	Group Gratuity Scheme		Leave Encashment Benefits	
	This year	Previous year	This year	Previous year
<b>(a) Change in present value of obligations:</b>				
Present value of obligations at the beginning of the year	66.12	73.87	8.19	9.84
Interest Cost	4.71	8.10	0.31	0.98
Current Service Cost	30.99	16.69	0.05	(0.04)
Benefits paid	(17.84)	(25.66)	(1.80)	(5.39)
Actuarial (Gain) / Loss on obligations	--	(3.64)	2.34	1.48
Present value of obligations at the end of the year	68.96	69.36	6.19	6.51
<b>(b) Changes in the fair value of Plan Assets:</b>				
Fair value of Plan Assets at the beginning of the year	49.96	71.87	6.77	9.84
Expected Return on Plan Assets	3.49	7.65	--	--
Contributions	--	1.58	--	--
Benefits paid	(17.84)	(25.66)	1.21	1.69
Actuarial (Gain) / Loss on obligations	3.49	(2.15)	0.24	0.30
Present value Plan Assets at the end of the year	35.99	53.29	5.76	6.50
<b>(c) Fair Value of Plan Assets</b>				
Fair value of Plan Assets at the beginning of the year	49.96	71.87	--	--
Actual Return on Plan Assets	3.49	7.65	--	--
Contributions	--	1.58	--	--
Benefits paid	(17.84)	(25.66)	1.21	1.69
Actuarial (Gain) / Loss on obligations	1.49	(2.15)	--	--
Fair Value of Plan Assets at the end of the year	32.12	53.29	--	--
Funded status				
Excess of Actual over estimated return on Plan Assets				
<b>(d) Actuarial Gain / Loss recognized</b>				
Actuarial Gain / (Loss) for the Year - obligations	1.49	2.89	--	--
Actuarial Gain / (Loss) for the year – Plan Assets	(3.49)	(2.15)	--	--
Total (Gain) / Loss for the year	--	0.74	0.30	0.13
Actuarial (Gain) / Loss recognized in the year	--	0.74	0.30	0.13



	Group Gratuity Scheme		Leave Encashment Benefits	
	This year	Previous year	This year	Previous year
<b>(e) Amounts to be recognized in the Balance Sheet and Statement of Profit and Loss</b>				
Present value of obligations at the end of the year	36.85	(69.36)	6.19	5.26
Fair Value of Plan Assets at the end of the year	36.85	53.28	--	--
Funded Status	--	--	--	--
Net Asset/(Liability) recognized in Balance Sheet	(36.85)	(16.07)	6.19	(6.51)
<b>(f) Expenses recognized in the statement of Profit and Loss</b>				
Current Service Cost	30.99	16.69	0.06	(0.81)
Interest Cost	4.71	8.10	0.31	0.77
Expected Return on Plan Assets	(3.49)	(7.65)	0.00	0.62
Net Actuarial (Gain) / Loss recognized in the year	(11.53)	(1.49)	0.18	1.48
Expenses recognized in the statement of Profit and Loss	20.69	15.65	3.92	2.06
<b>(g) Actuarial Assumptions</b>				
Discount Rate	8.50%	8.50%	8.50%	8.50%
Expected return on Plan Assets	8.50%	8.50%	0.00%	0.00%
Salary increase	5.00%	5.00%	5.00%	5.00%

**Note No 33**

Disclosure of Related Party transactions, as required under Accounting Standard (AS) 18 of The Companies (Accounting Standards) Rules, 2006:

**(a) List of Related Parties :**

Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Other related Parties
W.S. Electric Limited W.S. Insulators Limited	Sri. Narayan Sethuramon	Sri. V. Srinivasan Smt. Vidya Srinivasan Sri. Murali Venkatraman	W. S. International (P) Ltd. W.S.I. Holdings (P) Ltd. W.S. Testsystems (P) Ltd. S & S Minerals Ltd.



**Note No 33**

**(b) Transactions with Related parties :**

	<b>Subsidiary Companies</b>	<b>Key Management Personnel</b>	<b>Relative of Key Management Personnel</b>	<b>Other related Parties</b>
Sale of Goods	-	-	-	0.13
Interest Payments	19.07	-	-	-
Payments for services received	0.02	-	0.36	-
Receipts for services rendered	-	-	-	-
Remuneration	-	3.19	-	-
Sitting Fees	-	-	0.16	-
Sale of Assets	-	-	-	-
Sale of Investments	134.95	-	-	-
Advance received	-	5.00	-	-
Trade Advance received	-	-	-	1.00
Balance as on 30 09 2014:				
Payable	-	-	-	-
Receivable	163.56	-	-	0.96

**(c) Remuneration to Managing Directors / Wholetime Director**

	This year	Previous year
Salary	4.12	6.43
Contribution to Provident & Other Funds	0.88	1.41
Perquisites	2.21	0.38
	<u>7.20</u>	<u>8.21</u>

**Note No 34**

The Company has entered into an understanding with International Asset Reconstruction Co Ltd (IARC) towards the settlement of a Corporate Guarantee for ₹25 Lacs furnished to The Vysya Bank Ltd (now known as ING Vysya Bank Ltd), who have since assigned their rights, title and interest in the Financing Documents and any underlining security interests, pledges and or guarantees in respect of the loans, to IARC under a deed of assignment towards discharge of above guarantee and all other obligations to IARC. The Company has effected a payment of ₹ 10 lacs against the liability already created in this regard under "other liabilities" and the balance payment is to be effected on or before 31st January, 2015.

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

The figures for the previous year are for a period of 18 months and hence are not directly comparable with those of the current year.

As per our Report of even date for **M/s. S. VISWANATHAN** Chartered Accountants Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director &  
Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) &  
Company Secretary

Place: Chennai  
29th November, 2014



## **Consolidated Financial Statements with Auditors' Report**

### **INDEPENDENT AUDITOR'S REPORT**

To

The Board of Directors of WS Industries (India) Ltd

We have audited the accompanying consolidated financial statements of WS Industries (India) Ltd ("the Company") and its subsidiary, collectively the ("Group"), which comprise the consolidated Balance Sheet as at September 30, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at September 30, 2014; and
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

17, Bishop Wallers Avenue (West)  
CIT Colony, Mylapore,  
Chennai – 600 004

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

**Chella K. Srinivasan**  
Partner  
Membership Number: 023305

Place: Chennai  
29th November, 2014



CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2014

in ₹ Million

	Notes	THIS YEAR		PREVIOUS YEAR	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
Share Capital	4	338.90		338.90	
Reserves and Surplus	5	(851.03)	(512.13)	(501.80)	(162.90)
Minority Interest			213.58		208.86
<b>2. Non-current liabilities</b>					
Long Term Borrowings	6	953.40		887.37	
Deferred Tax Liability	7	15.00		32.10	
Other Long Term Liabilities	8	54.16	1022.56	54.16	973.63
<b>3 Current Liabilities</b>					
Short Term borrowings	9 (a)	752.52		872.26	
Trade payables	9 (b)	621.08		284.51	
Other Current Liabilities	9 ( c)	2008.51		1583.72	
Short Term provisions	9 (d)	58.37	3440.49	32.74	2773.23
<b>TOTAL</b>			<b>4164.49</b>		<b>3792.82</b>
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
Fixed Assets					
i) Tangible assets	10 (a)	2013.80		1494.10	
ii) Capital Work in Progress	10 (b)	6.82	2020.63	14.78	1508.87
Non-current investments	10 (c)		--		0.68
Long Term Loans and advances	10 (d)		10.77		13.91
Other non-current assets	10 (e)		16.61		6.66
<b>2 Current Assets</b>					
i) Inventories	11 (a)	485.62		699.23	
ii) Trade receivables	11 (b)	475.00		493.83	
iii) Cash and cash equivalents	11 (c)	113.41		24.40	
iv) Short term loans and advances	11 (d)	1032.35		1041.85	
v) Other Current Assets	11 (e)	10.11	2116.48	3.39	2262.69
<b>TOTAL</b>			<b>4164.49</b>		<b>3792.82</b>
Significant Accounting Policies & Notes on Financial Statements	1 to 30				

As per our Report of even date for **M/s. S. VISWANATHAN** Chartered Accountants Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director & Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) & Company Secretary

Place: Chennai  
29th November, 2014


**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2014** ₹ in Million

	Notes	12 Months ended 30th Sept. 2014		18 Months ended 30th Sept. 2013	
<b>1 Revenue from Operations (Gross)</b>					
Sales and Other Operating income	12	1229.64		2263.17	
Less: Excise Duty		<u>47.32</u>	1182.33	<u>191.93</u>	2071.24
2 Other Income	13		26.15		1383.71
3 Total Revenue (1+2)			<u>1208.47</u>		<u>3454.95</u>
<b>4 EXPENSES</b>					
Cost of Materials consumed	14	897.81		1328.11	
Changes in Inventories of Finished Goods and Work-in-Progress	15	187.42		(28.40)	
Employee Benefit expense	16	285.57		471.08	
Finance Costs	17	482.87		659.56	
Depreciation and Amortization expenses		99.52		158.14	
Other expenses	18	<u>268.24</u>	2221.43	<u>839.76</u>	3428.25
5 PROFIT / (LOSS) BEFORE TAX (3 - 4)			(1012.96)		26.70
6 Tax expense					
i) Current tax.		9.52		10.96	
Deferred Tax		<u>(17.10)</u>	(7.58)	<u>84.60</u>	95.56
7 PROFIT / (LOSS) AFTER TAX					
Before Adjustment of Minority Interest (5 - 6)			(1005.38)		(68.86)
8 Minority Interest in Income			(7.23)		(14.92)
9 PROFIT / (LOSS) AFTER TAX					
After Adjustment of Minority Interest (7 - 8)			(1012.61)		(83.78)
10 Earnings per equity share ( in ₹):					
i) Basic			(48.13)		(3.83)
ii) Diluted			(48.13)		(3.83)
Significant Accounting Policies & Notes on Financial Statements	1 to 30				

As per our Report of even date for **M/s. S. VISWANATHAN** Chartered Accountants Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director &  
Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) &  
Company Secretary

Place: Chennai  
29th November, 2014



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2014 ₹ in Million

	THIS YEAR	PREVIOUS YEAR
<b>A CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before Taxes	(1012.96)	26.70
Adjustments for:		
Add:		
Assets discarded	41.05	38.24
Depreciation	99.52	158.14
Interest and Financial Charges (Net)	482.87	659.56
	<u>(389.52)</u>	<u>882.64</u>
Less:		
Income from Investments	0.16	0.83
Profit / (Loss) on sale of Investments	1.77	(10.00)
Effect of changes in Foreign Currency Exchange Rate	0.00	0.13
Profit on sale of Assets	21.61	1372.97
Operating Profit before Working Capital changes	<u>(413.06)</u>	<u>(481.29)</u>
Increase/(Decrease) in Working Capital		
(Increase)/Decrease in inventories	213.61	53.39
(Increase)/Decrease in Sundry Debtors	18.83	182.16
(Increase)/Decrease in other Current Assets	(4.03)	(911.27)
Increase/(Decrease) in Liabilities and Provisions	496.44	(32.81)
Income Taxes paid	(6.41)	(25.03)
Minority Interest in income	(7.23)	(14.92)
Net cash from operating activities	<u>298.15</u>	<u>(1229.78)</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including interest capitalised)	(0.72)	(96.86)
Sale/ reduction in value of Fixed Assets	34.12	1,373.36
Income from Investments	0.16	0.83
Purchase of Investments	0.00	-
Sale of Investments	2.45	59.44
Purchase /Redemption of share from minority shareholders	(0.73)	(8.51)
Change in minority interest	4.72	19.67
Net Cash (used in) / from Investing activities	<u>39.99</u>	<u>1,347.93</u>



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2014** ₹ in Million

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/decrease in secured Loans	353.79	247.48
Increase/decrease in Unsecured Loans	(0.31)	24.53
Repayment of Deferred Liability	-	-
Increase/(Decrease) in working Capital from Banks	(119.74)	265.03
Dividend and Dividend Tax paid	-	(0.00)
Interest and financing charges paid	(482.87)	(659.56)
Net Cash from Financing Activities	(249.13)	(122.52)
NET INCREASE IN CASH AND CASH EQUIVALENTS (i)	89.01	(4.37)
Cash and Cash Equivalents as at the beginning of the year	24.40	28.77
Cash and Cash Equivalents as at the close of the year	113.41	24.40

**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	113.41	24.40
UNREALISED (GAIN)/ LOSS	-	-
CASH AND BANK BALANCES RESTATED AS ABOVE	113.41	24.40

As per our Report of even date for **M/s. S. VISWANATHAN** Chartered Accountants Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
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Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) &  
Company Secretary

Place: Chennai  
29th November, 2014

**CONSOLIDATED FINANCIAL STATEMENTS**

₹ in Million

**Note****1 SIGNIFICANT ACCOUNTING POLICIES****General****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 Holding Company are drawn upto 30th Sept. 2014, whereas the Subsidiary companies' statements used in the consolidation are drawn upto 31st March 2014.

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 30th Sept. 2014 are 53.98% and 100% respectively.

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

**3 Regrouping of figures**

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



		THIS YEAR	PREVIOUS YEAR
<b>Note 4</b>			
<b>SHARE CAPITAL</b>			
Authorised			
35,000,000	Equity Shares of ₹10/- each	350.00	350.00
1,500,000	Cumulative Redeemable Preference Shares of ₹ 100/- each	150.00	150.00
		500.00	500.00
Issued, Subscribed and Paid - up:			
21,139,789	Equity Shares of ₹ 10/- each fully paid-up	211.40	211.40
1275000	Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up	127.50	127.50
<b>TOTAL</b>		<b>338.90</b>	<b>338.90</b>

<b>Reconciliation of Shares outstanding at the beginning and at the end of the year:</b>				
	No. of shares	Value	No. of shares	Value
<b>Equity Shares:</b>				
At the beginning and end of the year	21,139,789	211.40	21,139,789	211.40
<b>Preference Shares:</b>				
At the beginning and end of the year	1,275,000	127.50	1,275,000	127.50

<b>Shareholders holding more than 5% shares in the company:</b>				
Name of Shareholder	Equity Shares			
	As at 30 Sept. 2014		As at 30 Sept. 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
W.S. International (P) Ltd.	1,119,798	5%		
Blue Chip Investments (P) Ltd.	4,096,138	19%	1,427,659	7%
Credit Renaissance Fund Ltd.	2,520,000	12%	2,520,000	12%
East Sail	1,985,557	9%	1,985,557	9%

Name of Shareholder	Preference Shares			
	As at 30 Sept. 2014		As at 30 Sept. 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Credit Renaissance Fund Ltd.	760,000	60%	760,000	60%
Credit Renaissance Development Fund L.P.	165,000	13%	165,000	13%
Vensunar (P) Ltd.	350,000	27%	350,000	27%

The 925,000 Non-convertible, Redeemable and cumulative Preference Shares of ₹ 100/- each fully paid up with coupon rate of 5% / 7.5% subscribed by the Overseas Investors, viz., Credit Renaissance Fund Ltd. and Credit Renaissance Development Fund L.P. and due for redemption on 3rd October 2014 has been extended by the above shareholders by a further period of one year, i.e., upto 2nd October 2015.

350,000 Non-convertible, Redeemable and cumulative Preference Shares ₹ 100/- each fully paid up with a coupon rate of 10% subscribed by Vensunar (P) Ltd. due for redemption on 28 02 2013 was rolled over by the above shareholder for a further period of five years.



	As at 30th Sept. 2014		As at 30th Sept. 2013	
<b>Note 5</b>				
<b>Reserves &amp; Surplus</b>				
<b>a. Capital Reserves</b>				
As per Last Balance Sheet		9.95		9.95
<b>b. Share Premium Account</b>				
As per Last Balance Sheet	256.18		264.69	
Less: Utilisation on account of Buy back	<u>0.73</u>	255.45	<u>8.51</u>	256.18
<b>c. Revaluation Reserve</b>				
As per Last Balance Sheet	--		1349.82	
Additions during the year	664.11		--	
Less: Withdrawn during the year	<u>--</u>		<u>1349.82</u>	
Closing Balance		664.11		--
<b>d. Capital Redemption Reserve</b>				
As per Last Balance Sheet		176.16		176.16
<b>e. Special General Reserve</b>				
As per Last Balance Sheet		25.81		25.81
<b>f. General Reserve</b>				
As per Last Balance Sheet	(78.64)		(83.65)	
Additions during the year	<u>5.01</u>	(73.63)	<u>5.01</u>	(78.64)
<b>f. Surplus in Statement of Profit and Loss</b>				
Balance as per last Profit and Loss Account of the previous year	(891.27)		(852.44)	
Profit / (Loss) for the year	(1012.61)		(83.78)	
Transfer from General Reserve	<u>--</u>	(1903.88)	<u>--</u>	(886.26)
Appropriations:				
Transfer to Capital Redemption Reserve				
Transfer to General Reserve	5.01		5.01	
Preference Dividend	--		--	
Tax on Preference Dividend	--	5.01	--	5.01
Net Surplus / (Deficit) in Statement of Profit and Loss		<u>(1908.89)</u>		<u>(891.27)</u>
Total Reserves and Surplus		<u>(851.03)</u>		<u>(501.80)</u>

	THIS YEAR	PREVIOUS YEAR
<b>Note 6</b>		
<b>NON CURRENT LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
i Non Convertible Debentures	114.60	155.45
ii Term Loans from Banks	268.38	163.20
iii Term Loans from other than Banks	305.45	414.55
iv Lease Rental Bills Discounting	240.02	128.86
<b>TOTAL</b>	<b>928.40</b>	<b>862.06</b>

The above figures are as per the statements provided by the respective Lenders.

The above Term Loans and Current maturities of long term loans are secured by the :

First Charge on the company's immovable and movable fixed assets, present and future:

- Term Loans availed and outstanding to banks, aggregating to ₹ 462.73 million are secured by pari passu first charge on the block assets of the company situated at the Chennai plant except to the extent of 15.08 acres of land.
- "Security has been created on NCD of ₹300 million in favour of IDBI Trusteeship Services Limited for and on behalf of the Debentureholders and in favour of Allium Finance Ltd. and Edelweiss Asset Reconstruction Company Ltd. for the Term Loans for ₹ 400 million each respectively on the block assets of the company situated at the Vizag Plant and on 5 acres of land situated at Porur, Chennai on first pari passu charge basis equally among themselves and pledge of 29,70,000 equity shares of the Promoters."
- Security Receipts of ₹ 249.62 million classified as Term Loan from other than Banks are secured by Block Assets of the company situated at Chennai except for 15.08 acres of land and also secured by block assets of the company situated at Vizag.

#### Terms of Repayment

Outstanding Bank Term Loans are payable in 11 quarterly instalments from Sep 14 in terms of the schedules agreed to with the banks.

For NCD, and loan to the tune of ₹ 800 millionm availed from NBFC & ARC Trust specific repayment terms are in place per the agreements executed with them. For the Security Receipt of ₹ 249.62 million, term of the SR is linked to the proceeds of sale of land.

The lease rental bills discounting together with current maturities is secured by the exclusive charge on the rentals received by the company from its lessees which has been assigned in favour of the lender and further secured by creation of equitable mortgage by deposit of title of the land owned by the company, however covering 35,213 sq.ft. of undivided interest in land out of 1,22,054 sq.ft. relating to Phase 1 of the development and 87,279 sq.ft. of Rentable Area out of the constructed building in Phase I of the development together with the Subsidiary's entitlements thereon. The above outstanding shall carry interest at lender's base rate plus 3% (13%). The above balance loan and current maturities thereof shall be repaid in 112 monthly instalments as agreed.

	THIS YEAR	PREVIOUS YEAR
<b>b Unsecured</b>		
i Hire Purchase facility	--	0.31
ii Inter Corporate Deposit	25.00	25.00
	<b>25.00</b>	<b>25.31</b>

	THIS YEAR	PREVIOUS YEAR
<b>Note 7</b>		
<b>Deferred Tax Liabilities (Net)</b>		
Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in:		
- Depreciation	15.00	32.10
- Total	<u>15.00</u>	<u>32.10</u>
<b>Note 8</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Security Deposits	54.16	54.16
	<u>54.16</u>	<u>54.16</u>
<b>Note 9</b>		
<b>CURRENT LIABILITIES</b>		
<b>a Short Term Borrowings</b>		
Secured		
Working Capital Borrowings from Banks	752.52	872.26
<b>TOTAL</b>	<u>752.52</u>	<u>872.26</u>
Working Capital facilities from Consortium of Banks, for Chennai and Vizag Units and for Turnkey Projects Division availed on including 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. They are further secured by a Second Charge on the block assets of the company situated at Chennai unit except to the extent of 15.08 acres of land on which charge has been ceded ranking pari-passu among themselves.		
<b>b Trade payables</b>		
Trade payables	621.08	284.51
	<u>621.08</u>	<u>284.51</u>
<b>c Other Current Liabilities</b>		
a Current maturities of Long Term Loans *	1130.88	942.42
b Interest accrued but not due on loans	126.98	91.19
c Interest accrued and due on loans@	112.33	13.34
d Unclaimed Dividend	0.91	0.91
e Creditors for Capital Expenditure	10.73	12.35
f Advance from customer	256.40	256.18
g Interest accrued and due on NCDs#	45.38	
h Other payables	242.91	186.33
i Advance received towards sale of land	2.00	1.00
j Advance towards Sale of Investments	80.00	80.00
<b>TOTAL</b>	<u>2008.51</u>	<u>1583.72</u>
* Period and amount of dues: ₹ 30.70 Million has fallen due on 30th Sept. 2014		
@ Period and amount of dues: ₹ 112.33 Million has fallen due on 30th Sept. 2014.		
# Period and amount of dues: ₹ 45.37 Million has fallen due on 30th Sept. 2014.		
<b>d SHORT TERM PROVISIONS</b>		
i Provision for Employee benefits	45.37	22.95
ii Income Tax (Net of payments)	12.90	9.80
<b>TOTAL</b>	<u>58.37</u>	<u>32.74</u>



	THIS YEAR		PREVIOUS YEAR	
<b>Note 10</b>				
<b>NON-CURRENT ASSETS</b>				
<b>FIXED ASSETS</b>				
a Tangible Assets	2013.80		1494.10	
b Capital work in Progress	6.82	2020.63	14.78	1508.87
Note: Please see Annexure enclosed for details				
<b>c INVESTMENTS</b>				
<b>Non-current Investments</b>				
<b>Long Term Investments (at Cost)</b>				
<b>Unquoted :</b>				
68,000 Equity Shares of face value of Rs. 10/- each in S & S Minerals Limited		--		0.68
		--		0.68
Book value of Unquoted Investments		--		0.68
Market value of short term Investments		--		--
<b>d LONG TERM LOANS AND ADVANCES</b>				
Unsecured, considered good				
Loans and advances		0.07		--
Deposits		10.08		13.22
Prepaid expenses		0.61		0.70
		<b>10.77</b>		<b>13.91</b>
<b>e OTHER NON-CURRENT ASSETS</b>				
<b>Unsecured, considered good</b>				
Deferred Revenue Expenditure		16.61		6.16
Preliminary Expenses		--		0.32
Preoperative expenses (to the extent not written off)		--		0.18
		<b>16.61</b>		<b>6.66</b>



## ANNEXURE TO NOTE 10

## FIXED ASSETS

## TANGIBLE ASSETS

₹ in Million

Sl. No.	Description	Gross Block at Cost				Depreciation	Net Block	
		As at 01.10.2013	Additions/ Transfers	Sold/ Discarded/ Transfers	As at 30.09.2014	Upto 30.09.2014	As at 30.09.2014	As at 30.09.2013
1	Land and Betterment							
	a) Freehold Land	2.29	664.11	1.79 #	664.62	--	664.62	2.29
	b) Leasehold Rights in land	48.01	--	--	48.01	8.00	40.01	41.46
2	Buildings	502.78	--	--	502.78	118.65	384.13	402.12
3	Plant & Machinery	1567.55	8.14	184.67	1391.03	567.58	823.45	935.48
4	Electrical Installation	132.98	--	--	132.98	48.48	84.50	90.86
5	Vehicles	16.67	0.23	3.81	13.09	11.16	1.93	3.50
6	Furniture & Fixtures and other Equipment	49.37	0.26	0.13	49.51	36.28	13.23	16.15
7	Office equipment	7.63	0.05	0.05	7.63	5.69	1.94	2.23
	<b>TOTAL</b>	2327.29	672.79	190.44	2809.64	795.85	2013.81	1494.09
	Capital Work in progress	14.78	--	7.95	6.82	-	6.82	14.78
	<b>GRAND TOTAL</b>	2342.07	<b>672.79</b>	<b>198.39</b>	<b>2816.47</b>	795.85	<b>2020.63</b>	1508.87

# Land measuring around 5 acres identified as suitable for alternative purposes has been revalued both on the basis of valuation done by an approved Valuer as well as indicative values received from third parties and the resultant increase of ₹ 664.11 Million has been credited to "Revaluation Reserve" created in the books.

	THIS YEAR		PREVIOUS YEAR	
<b>Note 11</b>				
<b>CURRENT ASSETS</b>				
<b>a) INVENTORIES</b>				
(i) Stores and Spare Parts	15.16		18.38	
(ii) Raw Materials	70.77		89.62	
(iii) Packing Materials	0.45		0.67	
(iv) Materials in Transit	0.89		4.80	
(v) Stock in Trade - Realty	181.60		181.60	
(vi) Work in progress	188.43		283.29	
(vii) Finished Goods	28.31	<b>485.62</b>	120.87	699.23
<b>b) TRADE RECEIVABLES</b>				
Unsecured - considered good :				
Exceeding six months	218.71		194.06	
Other Debts	256.29	<b>475.00</b>	299.77	493.83
<b>c) Cash and Bank Balances</b>				
Cash and cash equivalents				
(i) Cash on hand	0.30		0.31	
(ii) Bank Balances				
- in Current Accounts*	112.97		23.95	
- Margin Money	0.14	<b>113.41</b>	0.14	24.40
* includes Unclaimed Dividend	0.91		0.91	
<b>d) Short Term Loans and Advances</b>				
Loans and advances -		979.62		984.36
Unsecured - Considered good				
Tax deducted at source		41.16		36.77
Deposits		6.76		8.66
Prepaid Expenses		4.80		12.05
		<b>1032.35</b>		1041.85
<b>e) Other Current Assets</b>				
i) Interest accrued on investments		2.81		--
ii) Deferred Revenue Expenditure (to be written off in one year)		7.30		3.39
		<b>10.11</b>		3.39



	THIS YEAR		PREVIOUS YEAR	
<b>Note 12</b>				
<b>Revenue from operations</b>				
<b>a. Sale of Products</b>				
- Insulator Products		1069.17		1759.63
- Turnkey Products		70.57		269.02
<b>b Lease Rental Income</b>		42.59		42.59
		<b>1182.33</b>		<b>2071.24</b>
<b>Note 13</b>				
<b>Other Income</b>				
Dividend Income from Mutual Funds (Short term investments)		0.16		0.83
Other Receipts		2.61		9.91
Profit on Investments		1.77		--
Profit on Sale of Fixed Assets		21.61		1,372.97
<b>TOTAL</b>		<b>26.15</b>		<b>1383.71</b>
<b>Note 14</b>				
<b>Cost of Materials Consumed</b>				
<b>(a) Raw Materials</b>				
(i) Clays and Minerals		13.44		157.04
(ii) Metal Parts		43.40		298.80
(iii) Others		840.97		872.27
<b>TOTAL</b>		<b>897.81</b>		<b>1328.11</b>
<b>Note 15</b>				
<b>Changes in Inventories of Finished Goods &amp; Work-in-progress</b>				
<b>Closing Stock :</b>				
Work in progress	188.43		283.29	
Finished Goods	28.31	216.74	120.87	404.16
<b>LESS: Opening Stock :</b>				
Work in progress	283.29		247.25	
Finished Goods	120.87	404.16	128.52	375.77
<b>TOTAL</b>		<b>187.42</b>		<b>(28.40)</b>
<b>Note 16</b>				
<b>Employee Benefits Expenses</b>				
a Salaries, Wages and Bonus & Wages		217.45		380.14
b Contribution to PF, ESI, Gratuity, etc.		40.85		42.66
c Welfare Expenses		27.27		48.27
<b>TOTAL</b>		<b>285.57</b>		<b>471.08</b>





	THIS YEAR	PREVIOUS YEAR
<b>Note 17</b>		
<b>Finance Costs</b>		
a Interest Expense	459.57	536.94
b Bank Charges	29.27	54.49
c Net (gain) / loss on foreign currency transactions	(5.97)	68.13
	<u>482.87</u>	<u>659.56</u>
<b>Note 18</b>		
<b>Other Expenses</b>		
Consumption of Stores and Spares	8.24	42.49
Power and Fuel	56.89	355.74
Rent	3.35	5.86
Rates and Taxes	(2.11)	10.50
Insurance	6.65	16.11
Repairs and Maintenance:		
Building	0.06	1.60
Plant & Machinery	4.70	18.54
Other Assets	2.52	7.29
Research and Development	0.06	0.16
Directors' Sitting Fees	0.62	0.71
Travelling and Conveyance	16.04	30.07
Auditors' Remuneration	0.43	0.46
Donations	0.11	0.10
Agency Commission	1.07	12.98
Packing, forwarding and freight	9.78	93.47
Loss on Assets discarded / sold	41.05	38.24
Bad Debts written off	11.37	3.33
Others	107.39	190.43
<b>TOTAL</b>	<u>268.24</u>	<u>839.76</u>
<b>Note 19</b>		
<b>Payment to Auditor</b> (included under Note No. 17)		
As auditor:		
Audit Fee	0.36	0.36
Tax Audit Fee	0.03	0.03
Limited Review	0.02	0.03
In other capacity:		
Other services (Certification Fees)	0.02	0.02
Reimbursement of expenses	-	0.01
	<u>0.43</u>	<u>0.45</u>



₹ in Million

	Year ended 30 09 2014	Year ended 30 09 2013
<b>Note 20</b>		
Calculation of Earnings per share (Face value of ₹10/- per share)		
Net Profit / (Loss)	(1005.38)	(68.86)
Preference Dividend	12.13	12.13
Net Earnings before and after extraordinary items	(1017.51)	(80.99)
No. of Equity Shares	21139789	21139789
Earnings per share before and after extraordinary items (basic / diluted ) (in ₹ )	(48.13)	(3.83)

**Note 21**

Disclosure of information relating to Subsidiary Companies required to be furnished, vide General Circular No. 2/2011 dated 8th Feb. 2011, issued by the Ministry of Corporate Affairs:

	W.S. T&D LTD.	W.S. ELECTRIC LTD.
a. Share Capital	0.50	38.41
b. Reserves	(16.47)	384.24
c. Total Assets (including Preliminary and Pre-operative expenses)	0.90	735.49
d. Total Liabilities	420.62	312.79
e. Investments	403.75	--
f. Turnover	--	42.59
g. Profit before Taxation	(0.03)	24.02
h. Provision for Taxation	--	9.52
i. Profit after Tax	(0.03)	14.50
j. Proposed Dividend	--	--

As per our Report of even date  
for **M/s. S. VISWANATHAN**  
Chartered Accountants  
Firm Regn. No. 004770S

**V.SRINIVASAN**  
Chairman

For and on behalf of the Board

**NARAYAN SETHURAMON**  
Managing Director &  
Chief Executive Officer

**K. RAMAN**  
Director

**CHELLA K. SRINIVASAN**  
PARTNER  
(Membership No.023305)

**S.SURESH**  
Director

**B.SWAMINATHAN**  
Chief Financial Officer

**HEMA PASUPATHEESWARAN**  
Vice President (Legal) &  
Company Secretary

Place: Chennai  
29th November, 2014





**ANNEXURE TO NOTE 11  
FIXED ASSETS  
TANGIBLE ASSETS**

₹ in Million

Sl. No.	Description	Gross Block at Cost			Depreciation	Net Block	
		As at 01.10.2013	Additions/ Transfers	Sold/Discarded/ Transfers		As at 30.09.2014	As at 30.09.2013
1	Land and Betterment						
	a) Freehold Land	2.29	664.11	1.79 #	-	664.62	2.29
	b) Leasehold Rights in land	48.01			8.00	40.01	41.46
2	Buildings	502.78	-	-	118.65	384.14	402.12
3	Plant & Machinery	1567.44	8.14	184.67	567.58	823.34	935.45
4	Electrical Installation	132.98	-	-	48.48	84.49	90.86
5	Vehicles	16.67	0.23	3.81	11.16	1.93	3.50
6	Furniture & Fixtures and other Equipment	49.25	0.26	0.13	36.10	13.28	16.10
7	Office equipment	7.63	0.05	0.05	5.69	1.94	2.23
	<b>TOTAL</b>	2327.06	672.79	190.44	795.67	2013.74	1494.02
	Capital Work in progress	14.78	-	7.95	-	6.82	14.78
	<b>GRAND TOTAL</b>	2341.84	<b>672.79</b>	<b>198.39</b>	795.67	<b>2020.57</b>	1508.79

# Land measuring around 5 acres identified as suitable for alternative purposes has been revalued both on the basis of valuation done by an approved Valuer as well as indicative values received from third parties and the resultant increase of ₹ 664.11 Million has been credited to "Revaluation Reserve" created in the books.

**ANNEXURE TO NOTE 10  
FIXED ASSETS  
TANGIBLE ASSETS**

₹ in Million

Sl. No.	Description	Gross Block at Cost			Depreciation Upto 30.09.2014	Net Block	
		As at 01.10.2013	Additions/ Transfers	Sold/Discarded/ Transfers		As at 30.09.2014	As at 30.09.2013
1	Land and Betterment						
	a) Freehold Land	2.29	664.11	1.79 #	--	664.62	2.29
	b) Leasehold Rights in land	48.01	--	--	8.00	40.01	41.46
2	Buildings	502.78	--	--	118.65	384.13	402.12
3	Plant & Machinery	1567.55	8.14	184.67	567.58	823.45	935.48
4	Electrical Installation	132.98	--	--	48.48	84.50	90.86
5	Vehicles	16.67	0.23	3.81	11.16	1.93	3.50
6	Furniture & Fixtures and other Equipment	49.37	0.26	0.13	36.28	13.23	16.15
7	Office equipment	7.63	0.05	0.05	5.69	1.94	2.23
	<b>TOTAL</b>	2327.29	672.79	190.44	795.85	2013.81	1494.09
	Capital Work in progress	14.78	--	7.95	-	6.82	14.78
	<b>GRAND TOTAL</b>	2342.07	<b>672.79</b>	<b>198.39</b>	795.85	<b>2020.63</b>	1508.87

# Land measuring around 5 acres identified as suitable for alternative purposes has been revalued both on the basis of valuation done by an approved Valuer as well as indicative values received from third parties and the resultant increase of ₹ 664.11 Million has been credited to "Revaluation Reserve" created in the books.



FORM - A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	W.S.Industries (India) Limited
2	Annual Financial Statement for the year ended	30th September 2014
3	Type of Audit Observation	<b>Matter of Emphasis</b>  <b>In the Annexure to the Independent Auditors' Report - referred in paragraph 5(1) under "Report on other Legal Regulatory Requirements section of the Auditors' Report, the following observation is made:</b>  <b>The accumulated losses is more than 100% of the networth of the Company</b>  <b>This is without qualification</b>
4	Frequency of Observation	Last observation for the Accounting Year ended 30th September 2013 (for 18 months) the said accumulated losses was reported as more than 50% of the networth of the Company
5	To be signed by- <ul style="list-style-type: none"><li>Chairman*</li><li>CFO</li><li>Audit Committee Chairman</li><li>Auditor of the Company</li></ul>	  For M/s. S.Viswanathan Chartered Accountants Firm Regn No.004770S    Chella K.Srinivasan Partner Membership No.023305

\* The Company does not have a MD /CEO as on date



**W.S. Industries (India) Ltd.**

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