



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

**49th Annual Report 2011 - 2012**



## BOARD OF DIRECTORS

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

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

Your Directors hereby present the Forty Ninth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2012.

**FINANCIAL RESULTS****(₹ in Million)**

		For the year ended	
		31st March 2012	31st March 2011
Sales and other operational income		2251.04	2531.36
Other Income		167.87	393.96
Total Income		2418.91	2925.32
Gross Profit / (Loss) from Operations		(226.78)	243.89
Less : Depreciation		100.20	96.07
Interest / Finance Charges		323.54	175.77
Net Profit / (Loss) for the year		(650.52)	(27.95)
Provision / (withdrawal) for Income Tax	Deferred Tax	(101.80)	2.40
Net Profit /(Loss) for the year after Tax		(548.72)	(30.35)
Profit Brought forward from previous year		2.82	1.48
Transfer from General Reserve		94.04	60.00
Transfer to Capital Redemption Reserve		-	(17.50)
Provision for Preference Dividend		-	(9.27)
Distribution tax / Education cess on above dividend		-	(1.54)
Surplus / (Deficit) carried to Balance Sheet		(451.86)	2.82

**DIVIDEND**

During the year under review, the operations of the 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 the Company.



## **BUSINESS OPERATIONS**

The Company operates in two business segments namely (a) Insulators and (b) Turnkey Projects. The overall sales from operations was ₹ 2251.04 million as against ₹ 2531.36 in the previous year. Pressure on pricing due to predatory competition from China, customer deferment due to delay in T & D projects execution and weak overall environment contributed to the reduction in sales. Our second unit, located in the Special Economic Zone at Visakhapatnam, is now fully operational but operated at a low capacity utilization through out the financial year.

The year was marked by several adverse factors both on the production and commercial fronts. The market, both in India and overseas, saw reduction in prices due to intense competition. The overall reduction in export demand for Indian Insulator industry due to Chinese competition was further aggravated by the diversion of that capacity in to the domestic market. Added to this, direct competition from China resulted in substantial reduction in selling prices in the Indian market. The operations faced continuing inflationary trend in cost of raw materials and components. Runaway increase in crude prices also impacted the energy cost significantly. Consequent to the power cut imposed by the State utility, the Company had to rely heavily on expensive third party and self generated power in order to meet its energy requirements.

All these factors have resulted in the Company incurring net loss of ₹ 548.72 million for the year under review.

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

Other Income includes ₹ 159.90 million being the profit arising on transfer of 10,000 Equity Shares of ₹ 10/- each held by the Company in its real estate subsidiary to another subsidiary of your Company.

## **RECOGNITION**

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

## **CAPITAL EXPENDITURE PROGRAMME**

The Company continues to modernise its manufacturing facilities at its Chennai factory in a phased manner with refurbishment and addition of new equipment as appropriate, mainly to reduce the production cost. The main focus of the Capital Expenditure program at the Visakhapatnam plant is to debottleneck capacities wherever required and expand the product portfolio.

## **STATUS OF SOFTWARE TECHNOLOGY PARK**

As stated in the previous report the Subsidiary Company W.S. Electric Limited (WSE) continues to receive rental income from the Lessees regularly in terms of the lease agreements with them. The arbitration proceeding, initiated by WSE's joint developer, has been concluded and the Award is reasonably in Company's favour. However, the joint developer has sought an interim stay against the implementation of the Award in the Madras High Court and the matter is posted for further hearing.

## **FUTURE PROSPECTS**

The Company's order book presently stands at ₹ 1818 million. The Company is taking parallel steps to improve the financial health of the company by pursuing avenues for long term capital accrual in tandem with steps to improve the profitability of its businesses. These are explained in detail in Annexure D to this Report.



## PART II – CORPORATE MATTERS

### CORPORATE GOVERNANCE

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

The Statutory Auditors of the Company have reviewed the Company's compliance in this regard and have certified the same, as required under the SEBI Guidelines. Such Certificate is reproduced as Annexure – C to this Report. Further, M/s.Lakshmmi Subramanian & Associates, Practising Company Secretaries, have conducted a Secretarial Audit for the year ended 31<sup>st</sup> March, 2012 and have confirmed in their Report satisfactory compliance by the Company with all the applicable provisions of the Companies Act, 1956, the Regulations and Guidelines of SEBI as applicable to the Company and the Listing Agreements with the Stock Exchanges.

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

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

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

### DIRECTORS

Your Directors, Mr.N.Srinivasan and Mr. G.V. Viswanath retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Mr.Murali Venkatraman was redesignated as Vice-Chairman (Wholetime) and Mr.Narayan Sethuramon was redesignated as Managing Director and Chief Executive Officer.

### AUDITORS

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

### STATUTORY INFORMATION

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended regarding employees, is given in Annexure to the Director's Report. However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the company, excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the company.

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

All the dividends of the earlier years, which have remained unclaimed, have since been transferred to the Investor Education and Protection Fund at the expiry of the specified period(s) as required under Section 205C of the Companies Act, 1956. Details of Interim Dividend and Final Dividend of 2008 and Dividend of 2009 remaining unclaimed as on 31.3.2012 are as under:

	No. of Shareholders	Total unclaimed Dividend (in ₹)
Interim Dividend 2008	1997	309150.62
Final Dividend 2008	2030	262250.50
Dividend 2009	1707	340013.00



## **FIXED DEPOSITS**

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

## **SUBSIDIARY COMPANIES: W.S. ELECTRIC LIMITED AND W.S. INSULATORS LIMITED**

During the year, 10,000 Equity Shares of ₹ 10/- each, fully paid-up, held by the Company in W.S. Electric Limited, were transferred to W.S. Insulators Limited, another subsidiary of the Company.

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 the Company's subsidiaries W.S. Electric Limited and W.S. Insulators Limited elsewhere in this Report. The 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 the Company and the subsidiaries on written request for the same made to the Company quoting their Folio/Client and Depository Participant ID numbers.

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

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

## **GREEN INITIATIVE**

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

In this connection, the Company had sent communication to the shareholders seeking their consent for sending the Annual Report and other communication from the 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 the Company to implement and make the Govt.'s initiative a success.

## **ACKNOWLEDGEMENT**

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

Chennai  
31<sup>st</sup> May, 2012

For and on behalf of the Board  
V. SRINIVASAN  
Chairman



**Statement regarding Subsidiary Companies  
under Section 212(3) of the Companies Act, 1956 as at 31.03.2012**

1.	Name of the Subsidiary Company	W.S.ELECTRIC LIMITED	W.S.INSULATORS LIMITED
2.	Holding Company's interest at the end of the financial year of the Subsidiary Company		
	a. No. of Equity Shares	55,550*	50,000
	b. Extent of Holding(%)	53.98%	99.80%
	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 )	
	a. Profit / (Loss) for the Financial Year	11.71	(7.34)
	b. Profit for the previous financial years since becoming a Subsidiary	98.87	Nil

\*includes 34,550 equity shares (33.58%) held by the subsidiary company W.S. Insulators Limited.

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

**Chennai**  
**31<sup>st</sup> May, 2012**

**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.
2. Usage of Diesel reduced due to purchase of power from the exchange and private power producers during power cut and peak hour restriction period.

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

Optimal production planning and product mix to reduce unit power consumption.

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

Energy saver system provided for lighting feeder.

#### (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 resulting in lower energy costs.

### B. TECHNOLOGY ABSORPTION

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

##### a. New product development in the year 2011 – 12:

- i. 550 kV Hollow Insulators.
- ii. 800 kV Hollow Insulators
- iii. Redesign of Insulators of various ratings to improve design efficiency and performance.

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

- i. Expanded product portfolio.
- ii. Advantageous positioning in UHVAC market segment.
- iii. Improved competitive positioning in both domestic and international markets.

##### c. Future plan of action:

Wider range of Products for the UHV voltage rate and for DC application.

#### II. EXPENDITURE ON R&D: ₹ 21.86 Million.

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

Please refer above

#### IV. IMPORTED TECHNOLOGY: - Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

(₹ In million)

<b>EARNINGS</b>	
Exports	246.02
Others	4.71
<b>Total</b>	<b>250.73</b>
<b>OUTGO</b>	
Import of Raw Materials and Components	702.77
Others (Including machinery imports)	132.61
<b>Total</b>	<b>835.38</b>
<b>NET OUTGO</b>	<b>584.65</b>

Chennai  
31<sup>st</sup> May, 2012

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

**ANNEXURE-B TO DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE**

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

**1. Company's Philosophy on Corporate Governance**

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

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

**2. Board of Directors**

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

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

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

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

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

Five Meetings of the Board were held during the year under review on 11.5.2011, 27.7.2011, 14.11.2011, 8.2.2012 and 2.3.2012. The last AGM was held on 29th September, 2011.

**3. Audit Committee****a. Terms of reference**

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



The Committee's scope includes the following:

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

**b. Composition**

The Audit Committee comprises the following Independent Directors :

Mr. K.Raman- Chairman

Mr. G.Balasubramanyan

Mr. N.Srinivasan

**c. Meetings and Attendance**

Four Audit Committee Meetings were held in the financial year 2011-12 on 10.5.2011, 26.7.2011, 14.11.2011 and 7.2.2012.

Name of Director	No. of Meetings Attended
Mr. K.Raman (Chairman)	4
Mr. G.Balasubramanyan	4
Mr. N.Srinivasan	4

**4. Remuneration Committee**

**a. Terms of reference**

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

**b. Composition**

The Remuneration Committee comprises the following Independent Directors :

Mr. K. Raman – Chairman

Mr. G.V. Viswanath

Mr. G. Balasubramanyan

During the year under review, two meetings of the Remuneration Committee were held on 26.7.2011 and 8.2.2012 and both the meetings were attended by all the Members of the Committee.

**c. Remuneration policy**

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

The details of remuneration paid to the Directors for the year 2011-12 together with the shareholding details of the non-executive Directors as on 31st March, 2012 are as under:

**Executive Directors :**

( ₹ in Million )

Name of Director	Salary	Incentive	Perquisites *
Murali Venkatraman	29,40,000	-	93776
Narayan Sethuramon	28,80,000	-	29396

\* 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 the Company (Nos.)
V.Srinivasan	70,000	446453
K.Raman	1,30,000	Nil
G.Balasubramanyan	1,10,000	Nil
G.V.Viswanath	70,000	Nil
Julian C.Schroeder	30,000	Nil
N.Srinivasan	90,000	Nil

No other remuneration is being paid by the 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**

A Share Allotment Committee, comprising Mr. K. Raman, Mr. G. Balasubramanyan and Mr. G.V.Viswanath is functioning under the Chairmanship of Mr .K. Raman.

No meeting of the Share Allotment Committee was held during the year.

**6. Share Transfer and Investors Grievances Committee**

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

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

The Company confirms that there were no share transfers lying outstanding as on 31.3.2012 and all requests for de-materialization and re-materialization as on that date were confirmed/rejected through NSDL/CDSL system. There were 11 complaints received during the year for redressal and all have been satisfactorily redressed. There are no complaints pending to be resolved as on 31st March 2012.



## 7. Compliance Officer

During the year, Mr.K.S.Natarajan resigned as Company Secretary with effect from 31.12.2011. In his place, Mr.T.Chandrasekharan, Chief Financial Officer, has been designated as the Compliance 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 Financial Year ended	Date & Time	Location
31.03.2009	15.09.2009 10.30 A.M.	Kasturi Srinivasan Hall (Mini Hall), The Music Academy 168, T.T.K Road, Royapettah, Chennai - 600 014.
31.03.2010	29.09.2010 10.45 A.M	Kasturi Srinivasan Hall (Mini Hall), The Music Academy 168, T.T.K Road, Royapettah, Chennai - 600 014.
31.03.2011	29.09.2011 3.00 P.M	Mini Hall, Narada Gana Sabha, 314, T.T.K. Road, Chennai - 600 018.

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

Sl. No.	Date of General Meeting	Special Resolutions passed
1.	15.09.2009	1. Variation in terms of appointment of Mr.Murali Venkatraman as Vice Chairman & Managing Director of the Company for a period of five years with effect from 24th July 2009 on non rotational basis and on revised remuneration for a period of three years with effect from 1.4.2009. 2. Variation in terms of appointment of Mr.Narayan Sethuramon as Managing Director of the Company for a period of five years with effect from 24th July 2009 on non rotational basis and on revised remuneration for a period of three years with effect from 1.4.2009.
2.	29.09.2010	Nil
3.	29.09.2011	Nil

### Postal Ballot

During the year under review, shareholders approval was sought through Postal Ballot for inclusion of a new clause in the Objects Clause of the Memorandum of Association of the Company which would enable the Company to undertake real estate development activities. The Postal Ballot process commenced on 2nd March 2012 and concluded on 19th April, 2012 with the declaration of result by the Chairman. The amendment resolution has been approved by the shareholders with overwhelming majority.

(b) Notes on Directors seeking appointment / reappointment:

#### I. Mr. N.SRINIVASAN

Mr.N.Srinivasan is a graduate in Metallurgical Engineering. During a career span of over 43 years, Mr.N.Srinivasan has handled several key assignments and held senior positions in trade and industry including Federation of Indian Export Organisations (FIEO) and Confederation of



Indian Industry (CII), the last assignment being Advisor to the President of CII. His experience will help the Company in strategic positioning and governance.

## II. Mr. G.V. VISWANATH

Mr. G.V.Viswanath retired from the Indian Administrative Service with over three decades of experience in the field of Development Planning and Industrial Development. He has held very Senior positions in Government Departments and Public Sector Enterprises in the State of Karnataka. The Company has been greatly benefited by his knowledge and rich experience.

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

Director	Shareholding No. of shares held	Other Directorships	Membership of the Committees of the Board
Mr. N. SRINIVASAN	Nil	Integra India Group Company Limited Bangalore International Exhibition Services Pvt Ltd. Civilia India Educational Programmes Private Limited ADC India Communications Limited	Nil
Mr. G.V. VISWANATH	Nil	W.S. Electric Limited	Nil

## 9. Disclosures

- Transactions with Related Parties have been disclosed in Note No. 30 forming part of the Audited Accounts. No transaction was in conflict with the interests of the Company.
- No penalties or strictures have been imposed by any regulatory authority on any matter relating to capital markets during the last three years.
- The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges and non-mandatory requirements to the extent detailed at the end of this Report.

## 10. Means of Communication

i.	Quarterly Results	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> <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

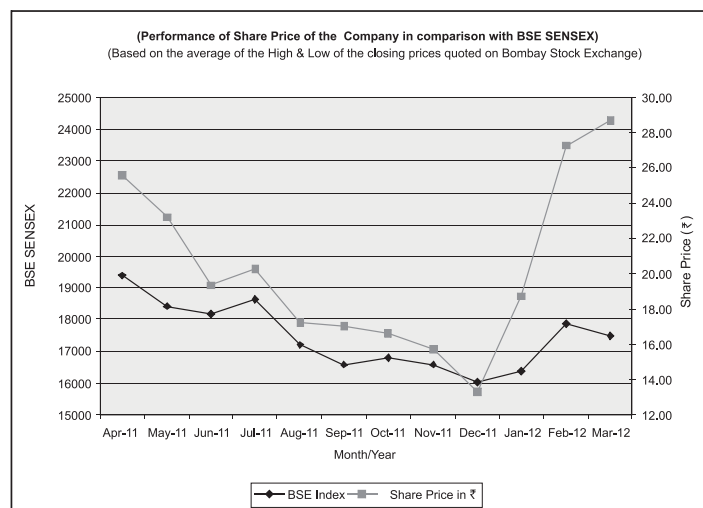


## 11. General Shareholder Information

a.	AGM - Date, Time & Venue	13th August 2012 at 10.00 A.M. at Bharatiya Vidya Bhavan, New No.18,20,22 (Old No.37-39), East Mada Street, Mylapore, Chennai – 600 004.
b.	Financial Year	April 2011 to March 2012
c.	Book Closure Date	6th August 2012 to 13th August 2012 (Both days inclusive)
d.	Listing on Stock Exchanges	Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd.
e.	SCRIP NAME & CODE ISIN No. (NSDL & CDSL)	WSI & 504220 INE 100D01014

f. Market Price - High & Low of the closing prices of Equity Shares of the Company during the year 2011-2012:

Month	Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		High	Low	High	Low
		( in ₹ )			
April	2011	27.85	23.35	27.75	23.30
May	2011	25.50	20.90	24.95	20.55
June	2011	21.00	17.75	21.35	17.90
July	2011	22.70	17.90	22.85	17.90
August	2011	18.95	15.50	18.85	15.50
September	2011	17.65	16.50	17.90	16.30
October	2011	17.15	16.10	17.00	16.05
November	2011	17.25	14.20	17.10	14.00
December	2011	14.15	12.50	15.95	12.10
January	2012	22.98	14.45	20.80	13.90
February	2012	30.55	24.00	30.50	23.70
March	2012	31.15	26.20	31.70	27.15





g.	Registrars and Share Transfer Agents:	Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. Phone No: 044 - 28140801
h.	Share Transfer System	<ol style="list-style-type: none"><li>1. Transfers of shares held in electronic form are done through the depositories by the share transfer agents without the involvement of the Company.</li><li>2. Transfers of shares in the physical form are done once in a fortnight.</li><li>3. The power to approve the transfer, transmission and other Share Certificate related matters has been delegated by the Board to Compliance Officer, Director (Corporate Affairs) and Vice Chairman and their actions are ratified at the next Share Transfer and Investors Grievance Committee Meeting.</li><li>4. Certificate under Clause 47(c) of the Listing Agreement is obtained from a Practising Company Secretary every six months confirming the transfer, transmission etc. of equity shares within one month of their lodgement and sent to Bombay Stock Exchange &amp; National Stock Exchange.</li><li>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 Practising Company Secretary is forwarded to Bombay Stock Exchange &amp; National Stock Exchange.</li></ol>

i. Distribution of Shareholding and Shareholding Pattern (as on 31.03.2012).

**a) Distribution of Shareholding**

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
UPTO 5000	10686	98.70	3257797	15.41
5001 - 10000	74	0.68	543996	2.57
10001 - 20000	22	0.20	311050	1.47
20001 - 30000	10	0.09	247735	1.17
30001 - 40000	5	0.05	170910	0.81
40001 - 50000	1	0.01	50000	0.24
50001 AND ABOVE	29	0.27	16558301	78.33
<b>TOTAL</b>	<b>10827</b>	<b>100.00</b>	<b>21139789</b>	<b>100.00</b>

**b) Shareholding Pattern**

Category	Holders	Shares	% of Shares held
Promoters	21	9898485	46.82
Mutual Funds/FIIs	4	1986077	9.40
Banks/Financial Institutions	8	73205	0.35
Other Bodies Corporate	217	1382867	6.54
NRI/Foreign Companies	75	3304778	15.63
Public	10502	4494377	21.26
<b>Total</b>	<b>10827</b>	<b>21139789</b>	<b>100.00</b>



j.	Dematerialisation of shares & liquidity	The shares of the Company can be held and traded in electronic form. 94.71% of the Company's Shareholding has been de-materialized as on 31st March, 2012.
k.	Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity	Nil
l.	Plant Locations	<b>Unit I</b> 108, Mount Poonamallee Road Porur, Chennai - 600 116 Tamil Nadu. <b>Unit II</b> Plot No 31, AP SEZ, Duppituru Village, Atchutapuram Mandal Visakhapatnam, Andhra Pradesh.
m.	Address for correspondence a) Share related matters  b) Other matters	Integrated Enterprises (India) Limited 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. Phone No: 044 - 28140801 <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a>  108, Mount Poonamallee Road Porur Chennai - 600 116. <a href="mailto:sectl@wsinsulators.com">sectl@wsinsulators.com</a>

#### Non mandatory requirements

##### a) The Board

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

##### b) Remuneration Committee : Complied with

##### c) Shareholder rights

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

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

**ANNEXURE - C TO DIRECTORS' REPORT****M/s. S. VISWANATHAN**

Chartered Accountants

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

**W.S. INDUSTRIES (INDIA) LIMITED**  
**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF**  
**CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

We have examined the compliance of conditions of Corporate Governance by W.S. Industries (India) Limited, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

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

**Chennai**  
**31st May, 2012**



## ANNEXURE - D TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### A. INTRODUCTION:

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

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

##### Performance of Generation Sector :

The year 2011-12 saw the commissioning of a record power generation capacity of 19,459 MW which is the highest capacity added in a single year since independence. There has also been a record capacity addition of 53,922 MW during the 11th Plan. This is more than two and a half times of the achievement of 21,180 MW capacity addition in the 10th Plan. In fact, the capacity addition in the 11th plan is close to the total cumulative achievement of 56,617 MW in last 15 years from the 3 plans that is - 8th to 10th plan. The total installed capacity is 1,92,792 MW. Now 75,785 MW is planned for the 12th Plan. (All data based on press releases of Government of India).

During the year, load shedding and power cuts continued in many of the industrialized States. Lack of availability of sufficient power and its cost continues to be a major drag on the competitiveness of industry since it leads to a greater recourse to self-generation and consequently higher energy costs. The per capita consumption of power grew 4.46% during 2010-11. The energy and peak shortages in the country during 2011-12 was 10.2% and 11.1% as compared to 8.5% and 10.3% during 2010-11 and still continue to be very high.

The share of Private Sector in the power generation capacity addition continues to increase. For the 11th Plan as a whole, it is expected that Private Sector's share will be around 32% as against 8.71% in 8th Plan, 26.61% in 9th Plan and 12.67% in 10th Plan. A cause for major concern is the current fuel supply position. The availability of domestic fuel has not kept pace with the growing demand. As the bulk of current and targeted capacity addition is coal based, a serious coal crunch threatens to trip the power sector. Over 40,000 MW of new generation capacity could get stranded over years for want of power.

The poor finances of many Utilities resulting from policy restrictions, inability to cut costs, high technical and commercial losses and uneconomic electricity tariffs is also a matter of continuing concern. The average T & D losses continue at around 15% and the AT & C losses are at around 27% which is clearly an unviable situation.

##### Performance Of Transmission And Distribution Sector:

The production statistics compiled by Indian Electrical and Electronics Manufacturers Association (IEEMA) indicate that the Indian Electrical Equipment Industry's growth decelerated to 6.6% in 2011-12 as compared to 13.7% in 2010-11. This is an extremely worrying trend.



The trend of fall in prices of most electrical equipment seen during 2010-11 continued during the current year due to the increase in manufacturing capacity across sector, further increase in imports in several verticals particularly from China and Korea and decline in exports and consequent re-focusing of that capacity also to the domestic market further widening the supply demand gap. In the last five years, imports have grown at a CAGR of 28.28%. The 11th Plan saw an addition of 70,239 circuit kilometres (ckms), which is 1.5 times the achievement of the 10th Plan. PGCIL led the way with a cumulative addition of 32,100 ckms in the 11th Plan.

**Insulator Industry:**

The insulator industry suffered significantly throughout the financial year due to pressure on pricing, uncontrolled surge in all input costs, especially power and fuel and a weak market. All the major players saw their profitability significantly declined during the year. The overall exports of the industry also remained weak due to the fierce competition and non-commercial pricing offered by Chinese competitors. In the Indian market, the 400 kV segment continued to see a decline in demand similar to last year. In addition, there was a decline in demand in 765 kV also due to delay in the projects. Even whatever small demand was there, was mainly met by imports.

Imports of insulators into India from China has surged rapidly in the past 3 years touching USD 65 million in 2010 as per figures reported by China. In fact, India is the largest export market for Chinese Insulator Companies in 2010 accounting for nearly 20% of their worldwide exports of approximately USD 350 million.

**C. GLOBAL SCENARIO:**

The global scenario continues to present a mixed picture. Demand in China post the Beijing Olympics has started to slacken which has resulted in significant surplus capacities among Chinese producers. These capacities are now being directed towards India and the rest of the world which has resulted in selling prices continuing to decline in spite of surge in input costs. Demand in North and South American markets continues to be moderate.

**D. COMPANY'S PERFORMANCE:****Insulators :****Production:**

The production was marginally lower during the year by 1% as compared to the previous financial year. The main reason was weak market and surge in input costs.

**Sales :**

Sales was lower in 2011-12 as compared to 2010-11 by 1%. The pricing was highly unremunerative and many product segments have become unviable due to the predatory pricing being offered by Chinese competitors.

**Factors impacting the business :**

- Predatory pricing by companies from China
- Significant selling price reductions in last 3 years



- Significant cost increases in inputs – especially key minerals, metal fittings and packing wood
- Run-away increase in power and fuel costs
- Poor capacity utilisation at the Visakhapatnam plant due to current supply demand gap prevailing in the market

**Steps taken by your company :**

- Dynamical change in product mix to meet pricing realisation
- Optimising production at Chennai plant
- Expanded the management team of the company including induction of a global insulator expert from Europe as the COO of the company.
- Focus on production scale up and expansion of product portfolio at the Visakhapatnam plant.
- Develop new products as well as increasing the sales of premium products and services.

**Turnkey Projects:**

There was significant reduction in revenue of the turnkey projects business during the year. This was consciously done. The focus was on completion, commissioning and handing over of the carry forward projects from last year. The management team of the Projects Division was significantly revamped during the year and the competence and capability is being built up to expand this business and enter into new segments in the turnkey projects business. The segment continues to see significant delay in realization of receivables and hence your company is laying enormous stress on efficient working capital management.

The experience acquired from the pursuit and execution of projects of various voltage ratings in different operating environments has laid the foundation to address increased complexity and size of such projects. The company is currently executing projects in the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) sphere which will cover turnkey rural connectivity from sub-transmission to consumer. In addition, complementary projects in the field of capacitor banks, industrial substations and related areas are also being addressed.

**Energy Costs :**

While the company had made significant savings in energy costs through various initiatives implemented over the last few years, the significant power cuts faced by the company at both its locations during the 4th quarter have negated all these efforts towards end of the financial year. There is serious concern on the energy costs for the upcoming financial year depending on the power cut situation at both the plant locations.

**Initiatives taken in Human Resources Development/CSR :**

Efforts initiated last year for re-skilling and re-training the workers in order to generate better manufacturing efficiency were continued. Several initiatives were taken in both plants with the objective of creating an empowered, multi-skilled and motivated work force which will be able to adopt innovative solutions to help the company surmount the business challenges that lie ahead as well as achieve short term and medium term objectives by adopting sound and sustainable business practices.



In addition, the company has greatly expanded the core competency of the senior management team by inducting a couple of experts from the business. The company will continue to strive to expand the skill base. At the same time, efforts are also ongoing to optimise the overall size of the work force in order to improve the manpower productivity and overall efficiency.

Your Company continues its interaction with the local community through focussed but cost-effective CSR schemes particularly in the field of vocational education and awareness programs.

#### **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 domestic 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.
- The company mitigates the business risks by
  - Continuously changing its product mix
  - Continuously expanding its geographic and customer exposure
  - Broad-basing its supply base

##### **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-core assets to improve its financial leverage.

##### **c. Foreign Exchange Risks :**

The continuous depreciation of the rupee during the course of the financial year had an adverse impact on the company's financials due to the consequential increase in cost of imported materials and components as well as the increase in cost on the foreign currency loans that the company had taken on to finance the cost of the Visakhapatnam project.

The Company has opted for professional forex advisory services and uses a structured "Foreign Exchange Risk Management Process (FRMP)" to monitor and manage the risk arising from exchange rate movements. The objective of this process is:



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

d. Contractual Risks :

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

e. Asset protection :

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

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

**G. FINANCIAL PERFORMANCE:**

The Company has two business segments viz. (a) Electro Porcelain Insulators and (b) Turnkey Projects Division.

In Electro Porcelain Insulators, the company operates two manufacturing facilities. The insulator business incurred significant loss during the year due to

- Depressed selling price
- Increased input costs especially of metal fittings, power, fuel and packing wood
- Low capacity utilisation at its Visakhapatnam plant

**Financing :**

The Company has made a judicious mix of Buyer's Credit and FCNRB loan replacing the part of the Cash Credit to contain the interest cost of the Company. The Company has also raised additional resources in the form of Term Loan/other loans mainly from Consortium Bankers.

**H. OUTLOOK:**

The short term market outlook for our company's products continues to be strong and the company continues to be one of the few to offer complete profile of insulator products in the T & D Sector. Transmission



infrastructure expansion is the key growth driver of the T & D equipment market. During the 12th Plan, a total of almost 120,000 ckm of transmission lines is expected to be added.

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 threats in the near term are mainly :

- Unhealthy import competition
- Over capacity
- Multiplicity of duties and taxes
- Depreciating rupee adding to costs
- Continued volatility in commodity and crude oil prices leading to consequent pricing pressures and depressed margins

**Steps being taken by your company :**

The company has chalked out a multi-faceted roadmap with parallel activities both for improving its financial position as well as for improving its operational performance. These consist of both short term and long term actions such as

- Monetisation of non-core assets
- Increase in capacity utilisation
- Product portfolio
- Productivity
- Efficiency and output of Visakhapatnam plant
- Optimisation of product mix in the Chennai plant
- Increased emphasis on exports
- New product development
- New business opportunities especially in Turnkey Projects business

The company is confident that the various steps being taken will yield the required benefits and bring the company back to profitability as well as strengthen its financial position.

**I. CAUTIONARY STATEMENT:**

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

**ANNEXURE – E TO DIRECTORS' REPORT****DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT.**

This is to confirm that the Company has adopted a Code of Conduct for the Members of its Board and Senior Management Personnel. I confirm that the Company has, in respect of the Financial Year ended 31st March, 2012, 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  
31st May, 2012

**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 year ended 31st March, 2012, the applicable Accounting Standards as presented in the Notes on Accounts have been followed by the Company.
2. The Accounting Policies have been selected appropriately and applied consistently and judgement and estimates have been made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year.
3. They have taken proper and sufficient care:
  - a) for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 ;
  - b) for safeguarding the assets of the Company ; and
  - c) for preventing and detecting fraud and other irregularities.
4. The Accounts of the Company have been prepared on a going-concern basis.



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

We have audited the attached Balance Sheet of M/s. W.S. Industries (India) Limited as at 31st March 2012 and also the Statement of Profit and Loss of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- a) We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
- c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit and Loss Account read with Schedules and Notes thereon dealt with by this Report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956, so far as applicable.
- e) On the basis of the written representation received from the directors as on 31st March 2012 we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act 1956
- f) Subject to the above, in our opinion and to the best of our information and explanation given to us, the said accounts read with notes thereon give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012 and
  - ii. In the case of Statement of Profit and Loss of the LOSS for the year ended on that date.
  - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

**CHELLA K SRINIVASAN**  
PARTNER  
Membership No.: 023305

**Chennai**  
**31st May 2012**

**ANNEXURE TO THE AUDITORS' REPORT****(Referred to in Paragraph (3) of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets, affecting the going concern.
- (ii) (a) Physical verification of stocks of Finished Goods, Stores, Spare Parts and Raw materials was conducted by the management during the period, except materials lying with third parties from whom confirmation certificates have been obtained. Materials in Bond have been verified with the respective Bills of Entry. In our opinion, the frequency of verification was reasonable.
- (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate, commensurate to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the Books of Accounts.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken a loan from a party covered in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year and the year end balance was ₹ 16.30 Crores.
- (iv) In our opinion the terms and conditions are not prejudicial to the interest of the Company. (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act 1956, have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) As explained to us, the company has complied with the Provisions of Section 58A of the Companies Act, 1956.
- (vii) A firm of Chartered Accountants is appointed as Internal Auditors of the company for the period under review. In our opinion, the company has internal audit system commensurate with its size and nature of its business.



- (viii) (a) The Company is regular in depositing its undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
- (b) At the end of the financial year there were no dues of sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except as follows:

Name of the statute	Nature of dues	Amount ( ₹ in Lakhs )	Forum where dispute is pending
Income Tax	Income Tax	4.00	High Court
Income Tax	Income Tax	33.18	CIT, Appeals

- (ix) The Company has not defaulted in repayment of dues to Financial Institutions or Banks, except the following:-
- (a) an amount of ₹ 245.30 Lakhs has fallen due on 31st March 2012 and since been paid.
- (b) an amount of ₹ 77.80 Lakhs has fallen due on 20th March 2012.
- (x) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) According to the information and explanations give to us, the company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
- (xii) The term loans availed during the year have been utilized for the purpose for which they have been raised.
- (xiii) The Company has incurred cash losses in the financial year under report, however, no cash loss has been incurred in the immediately preceding financial year.
- (xiv) The funds raised by the Company on short term basis have not been used for long term investments.
- (xv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xvi) No fraud on or by the Company has been noticed or reported during the course of our audit.
- (xvii) Other provisions of Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable.

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

**CHELLA K SRINIVASAN**  
PARTNER  
Membership No.: 023305

**Chennai**  
**31st May 2012**


**BALANCE SHEET AS AT 31ST MARCH, 2012**

(₹ 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	1290.38	1629.28	489.28	828.17
<b>2 Non-Current Liabilities</b>					
Long Term Borrowings	6	1076.63		1002.92	
Deferred Tax Liability - Net	7	-		49.30	
Other Long Term Liabilities	8	80.00	1156.63	80.00	1132.22
<b>3 Current Liabilities</b>					
Short Term borrowings	9(a)	857.23		559.54	
Trade payables	9(b)	724.06		663.76	
Other Current Liabilities	9(c)	429.42		266.58	
Short Term provisions	9(d)	23.73	2034.44	33.26	1523.14
<b>TOTAL</b>			<b>4820.35</b>		<b>3483.53</b>
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
Fixed Assets					
i) Tangible assets	10(a)	2821.31		1473.16	
ii) Capital Work in Progress	10(b)	137.22	2958.53	79.41	1552.57
Non-current investments	10(c)		1.39		1.39
Deferred Tax assets (Net)	10(d)		52.50		-
Long Term Loans and advances	10(e)		16.98		16.90
Other non-current assets	10(f)		6.48		5.50
<b>2 Current Assets</b>					
i) Current Investments	10(c)	15.44		15.60	
ii) Inventories	11(a)	571.02		524.78	
iii) Trade receivables	11(b)	675.99		819.95	
iv) Cash and cash equivalents	11(c)	20.82		42.92	
v) Short term loans and advances	11(d)	496.98		500.94	
vi) Other Current Assets	11(e)	4.22	1784.47	2.98	1907.17
			<b>4820.35</b>		<b>3483.53</b>

Significant Accounting Policies &  
Notes on Financial Statements

1 to 30

As per our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN**Chartered Accountants  
Firm Regn. No. 004770S**CHELLA K. SRINIVASAN**Partner  
(Membership No. 023305)

Chennai

31st May 2012

**V. SRINIVASAN**

Chairman

**G.V. VISWANATH**

Director

**MURALI VENKATRAMAN**

Vice Chairman

**T. CHANDRASEKHARAN**

Chief Financial Officer

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


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012** (₹ in Million)

	Notes	THIS YEAR		PREVIOUS YEAR	
1 Revenue from Operations (Gross)					
Sales and Other Operating income	13	2439.48		2704.00	
Less: Excise Duty		188.44	2251.04	172.64	2531.36
2 Other Income	14		167.87		393.96
3 Total Revenue (1+2)			2418.91		2925.32
4 EXPENSES					
Cost of Materials consumed	15	1399.61		1492.19	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	16	(68.06)		(6.88)	
Employee Benefit expense	17	346.70		319.93	
Finance Costs	18	323.54		175.77	
Depreciation and Amortization expenses		100.20		96.07	
Other expenses	19	967.44	3069.43	876.19	2953.27
5 PROFIT / (LOSS) BEFORE TAX (3 - 4)			(650.52)		(27.95)
6 Tax expense					
i) Current tax.		-		-	
ii) Deferred Tax		(101.80)	(101.80)	2.40	2.40
7 PROFIT / (LOSS) AFTER TAX (5 - 6)			(548.72)		(30.35)
8 Earnings per equity share ( in ₹):					
i) Basic			(26.53)		(1.95)
ii) Diluted			(26.53)		(1.95)

Significant Accounting Policies &  
Notes on Financial Statements

1 to 30

As per our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN**

Chartered Accountants

Firm Regn. No. 004770S

**CHELLA K. SRINIVASAN**

Partner

(Membership No. 023305)

Chennai

31st May 2012

**V. SRINIVASAN**

Chairman

**G.V. VISWANATH**

Director

**MURALI VENKATRAMAN**

Vice Chairman

**T. CHANDRASEKHARAN**

Chief Financial Officer

**NARAYAN SETHURAMON**

Managing Director &

Chief Executive Officer


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2012**

(₹ in Million)

	THIS YEAR	PREVIOUS YEAR
<b>A CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before Taxes	(650.52)	(27.95)
Adjustments for:		
Add:		
Loss on Fixed Assets Discarded/sold	5.28	1.28
Depreciation	100.20	96.06
Interest and Financial Charges (Net)	323.54	175.77
	(221.49)	245.15
Less:		
Income from Investments	1.41	0.64
Profit on sale/write off of Investments	159.90	387.19
Effect of changes in Foreign Currency Exchange Rate	(0.19)	1.89
Operating Profit before Working Capital changes	(382.61)	(144.57)
<u>Increase/(Decrease) in Working Capital:</u>		
(Increase)/Decrease in inventories	(46.25)	(35.69)
(Increase)/Decrease in Sundry Debtors	143.96	(64.67)
(Increase)/Decrease in other Current Assets	1.68	(392.02)
Increase/(Decrease) in Liabilities and Provisions	90.97	93.20
Income Taxes paid	(2.00)	-
Net cash from operating activities	(194.25)	(543.75)
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including interest capitalised)	(163.47)	(33.09)
Sale/ reduction in value of Fixed Assets	1.85	0.36
Income from Investments	1.41	0.64
Purchase of Investments	(5.03)	(15.50)
(Increase)/Decrease - Investment in Subsidiaries	160.00	387.50
Sale of Investments	5.09	40.90
Net Cash (used in) / from Investing activities	(0.16)	380.82

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2012**

(₹ in Million)

	THIS YEAR	PREVIOUS YEAR
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/decrease in secured Loans	372.14	230.68
Increase/decrease in Unsecured Loans	87.38	57.16
Repayment of Deferred Liability	(0.36)	(1.29)
Increase/(Decrease) in working Capital from Banks	47.69	58.49
Dividend and Dividend Tax paid	(10.81)	(8.36)
Interest and financing charges paid	(323.54)	(175.77)
Net Cash from Financing Activities	172.49	160.91
NET INCREASE IN CASH AND CASH EQUIVALENTS (i)	(21.91)	(2.02)
Cash and Cash Equivalents as at the beginning of the year	42.87	44.89
Cash and Cash Equivalents as at the close of the year	20.96	42.87

**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

<b>3 CASH AND CASH EQUIVALENTS</b>		
CASH AND BANK BALANCES	20.82	42.92
UNREALISED (GAIN) / LOSS	0.14	(0.05)
CASH AND BANK BALANCES RESTATED AS ABOVE	20.96	42.87

As per our report of even date

For and on behalf of the Board

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

**V. SRINIVASAN**  
Chairman

**MURALI VENKATRAMAN**  
Vice Chairman

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

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

**G.V. VISWANATH**  
Director

**T. CHANDRASEKHARAN**  
Chief Financial Officer

Chennai  
31st May 2012



**Notes forming part of the Balance Sheet as at 31st March 2012 and Statement of Profit and Loss for the year ended 31st March 2012.**

**Note**

**1 SIGNIFICANT ACCOUNTING POLICIES**

**General**

**(a) Basis of Presentation:**

The Financial Statements have been prepared on the historical cost convention 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 ₹ 5000/- 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 Standard) 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 Statement of Profit and Loss. 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 realisation.

**(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 SEGMENT**

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

**3 REGROUPING OF FIGURES**

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

**NOTE 4****SHARE CAPITAL**

(₹ in Million)

**Authorised**

		THIS YEAR	PREVIOUS YEAR
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>

**Reconciliation of Shares outstanding at the beginning and at the end of the year:**

	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

**Shareholders holding more than 5% shares in the company:**

Name of the Shareholder	Equity Shares			
	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Vensunar (P) Ltd.	1,980,440	9%	1,980,440	9%
Blue Chip Investments (P) Ltd.	1,427,659	7%	1,427,659	7%
Murali Consultancy (P) Ltd.	1,415,531	7%	1,415,531	7%
Schroder Credit Renaissance Fund Ltd.	2,520,000	12%	2,520,000	12%
East Sail	1,985,557	9%	1,985,557	9%

Name of the Shareholder	Preference Shares			
	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Schroder Credit Renaissance Fund Ltd.	760,000	60%	760,000	60%
Schroder Credit Renaissance Fund L.P.	165,000	13%	165,000	13%
Vensunar (P) Ltd.	350,000	27%	350,000	27%

The 925,000 Non-convertible, cumulative and Redeemable Preference Shares of ₹ 100/- each fully paid up bearing a coupon rate of 5% for the initial four years and thereafter @ 7.5% till redemption, allotted to Schroder Credit Renaissance Fund Ltd. and Schroder Credit Renaissance Fund L.P. on 3rd Oct.2006 are to be redeemed on or before the end of 7 years from the issue date, i.e., 03 Oct. 2013.

350,000 Non-convertible, cumulative, Redeemable Preference Shares ₹ 100/- each fully paid up have been allotted to Vensunar (P) Ltd. On 13.07.2009 at a coupon rate of 10% to be redeemed on or before 28.02.2013.

**NOTE 5**

(₹ in Million)

<b>Reserves &amp; Surplus</b>	<b>As at 31 March 2012</b>		<b>As at 31 March 2011</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	-		-	
Additions during the year *	1349.82		-	
Closing Balance		1349.82		-
<b>d. Capital Redemption Reserve</b>				
As per Last Balance Sheet	176.16		158.66	
Add: Transfer from Statement of Profit and Loss	-	176.16	17.50	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	94.04		154.04	
Less: Transfer to Statement of Profit and Loss	94.04		60.00	
Closing Balance		-		94.04
<b>g. Surplus in Statement of Profit and Loss</b>				
Balance as per Profit and Loss Account of the previous year	2.82		1.48	
Profit / (Loss) for the year	(548.72)		(30.35)	
Transfer from General Reserve	94.04	(451.86)	60.00	31.13
<b>Appropriations:</b>				
Transfer to Capital Redemption Reserve	-		17.50	
Preference Dividend	-		9.27	
Tax on Preference Dividend	-	-	1.54	28.31
Net Surplus / (Deficit) in Statement of Profit and Loss		(451.86)		2.82
Total Reserves and Surplus		<b>1290.38</b>		<b>489.28</b>

\* Refer Note No. 3 in Annexure to Note 10

**NOTE 6**

( ₹ in Million )

**NON CURRENT LIABILITIES****LONG TERM BORROWINGS****a Secured**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
i Term Loans from Banks	912.85	926.16
ii Deferred Liability	-	0.36
<b>TOTAL</b>	<b>912.85</b>	<b>926.52</b>

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) In respect of the Term Loans availed and outstanding to banks, aggregating to ₹ 1,166.21 Million which shall rank pari passu among them.
- ii) In favour of the concerned Bankers on specific assets acquired from the specific loans secured from them under the suppliers' credit facility for which bills have been co-accepted by these banks.
- iii) In respect of a Term loan of ₹ 250 Million, charge is yet to be created.

**Terms of Repayment**

The balance outstanding of ₹ 77 million availed in Oct 2008 is repayable in equal quarterly instalments of ₹ 11 million each, starting from June 2011.

The balance outstanding of Term Loan of ₹ 457.70 million is repayable in 16 quarterly instalments starting from Dec 2011.

The balance outstanding in the Foreign Currency loan equivalent to US \$ 10.79 Million is repayable in quarterly instalments starting from Sept. 2012.

The balance outstanding in the Term loan of ₹ 20.79 Million is fully repayable in Sept. 2012.

The balance outstanding in the Term loan of ₹ 43.17 Million is fully repayable in Sept. 2013.

The balance outstanding in the Term loan of ₹ 8 Million is repayable in quarterly instalments of ₹ 2 Million each commencing from Oct. 2011.

The Term Loan of ₹ 250 million is repayable fully in June 2012.

The balance outstanding of ₹ 7.35 Million is repayable in equal quarterly instalments, commencing from Sept. 2008.

**b Unsecured**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
i Hire Purchase facility	0.78	1.40
ii Loan from Subsidiary	163.00	75.00
	<b>163.78</b>	<b>76.40</b>

**NOTE 7****Deferred Tax Liabilities (net)**

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

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
- Depreciation	-	49.30
- Others	-	-
- Total	-	49.30

**NOTE 8****OTHER LONG TERM LIABILITIES**

Advance from Subsidiary

	THIS YEAR	( ₹ in Million ) PREVIOUS YEAR
	80.00	80.00
	<b>80.00</b>	80.00

**NOTE 9****CURRENT LIABILITIES****a Short Term Borrowings****Secured**

Working Capital Borrowings from Banks

Short Term Loans from Bank

**TOTAL**

	607.23	559.54
	250.00	-
	<b>857.23</b>	559.54

Loans from Banks, both for Chennai Unit and Vizag Unit, availed on Cash Credit, Packing Credit, WCDL and FCNDRB are secured by the Hypothecation of Stocks of Raw Materials, Stores, Spares (not relating to Plant and Machinery), Work-in-Progress, Finished Goods, Book Debts and Documentary Bills and further secured by a Second Charge on the immoveable and moveable fixed assets of the respective Units of the Company ranking pari-passu among themselves for the units for which facilities have been extended based on the joint/individual documentation executed, subject to the first pari-passu charge created in favour of the Company's term lenders in favour of -

- i) The Bankers under Consortium arrangement for the Working Capital facilities sanctioned by them for Chennai Unit.
- ii) The Bankers for the Working Capital facilities sanctioned for Vizag Unit.

**b Trade payables**

Trade payables

	724.06	663.76
	<b>724.06</b>	663.76

**c Other Current Liabilities**

i Current maturities of Long Term Loans \*

ii Interest accrued but not due on loans

iii Interest accrued and due on loans @

iv Unclaimed Dividend

v Creditors for Capital Expenditure

vi Advance from customer

vii Other payables: subsidiary

viii Other payables

**TOTAL**

	254.18	126.57
	1.40	1.33
	7.78	-
	0.91	0.92
	11.65	33.23
	29.11	25.56
	25.00	-
	99.39	78.96
	<b>429.42</b>	266.58

\* Period and amount of default: ₹ 24.53 Million has fallen due on 31st March 2012 and since been paid.

@ Period and amount of default: ₹ 7.78 Million has fallen due on 20th March 2012.

**d Short Term Provisions**

i Provision for Employee benefits

ii Dividend payable

iii Tax on Dividend payable

iv Income Tax (Net of payments)

**TOTAL**

	15.34	12.07
	-	9.27
	-	1.54
	8.39	10.38
	<b>23.73</b>	33.26

**NOTE 10****NON-CURRENT ASSETS****FIXED ASSETS**

a Tangible Assets

2821.31

1473.16

b Capital work in Progress

137.22

**2958.53**

79.41

1552.57

Note: Please see Annexure enclosed for details

**c INVESTMENTS**

Non-current Investments

Long Term Investments (at Cost)

**Unquoted :**

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

21,000 Equity Shares of face value of ₹ 10/- each in W.S.Electric Ltd. - Pledged as collateral security for the term loan secured from Indian Overseas Bank

0.21

0.21

50,000 Equity Shares of face value of ₹ 10/- each in W.S. Insulators Ltd.

0.50

0.50

(ii) Others

68,000 Equity Shares of face value of ₹ 10/- each in S &amp; S Minerals Limited

0.68

0.68

**1.39****1.39****Current Investments**

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

(10,000) Equity Shares of face value of ₹ 10/- each in W.S.Electric Ltd.

-

0.10

**Investments in Mutual Funds:**

500,000 Units of face value of ₹10/- each - Sundaram Interval Fund Qly Plan 'E'

5.00

5.00

477,085 Units of face value of ₹10/- each - ICICI Prudential Interval Fund V - Monthly Interval Plan 'A'

5.00

5.00

(508,581) Units of face value of ₹10/- each - Reliance Monthly Interval Fund

-

5.09

25,600 Units of face value of ₹10/- each - Reliance Medium Term Fund-Weekly Dividend Plan (23,934)

0.44

0.41

101,900 Units of face value of ₹10/- each - Reliance Liquid Fund - Treasury Plan

2.50

-

250,000 Units of face value of ₹10/- each - SBI Debt Fund Series -180 days-22

2.50

-

**15.44****15.60****GRAND TOTAL****16.83**

16.99

Book value of Unquoted Investments

1.39

1.39

Market value of short term Investments

16.24

15.56

**(d) DEFERRED TAX ASSETS**

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

- Depreciation
- Others
- Total

	THIS YEAR	( ₹ in Million ) PREVIOUS YEAR
	(48.00)	-
	100.50	-
	<b>52.50</b>	-
<b>(e) LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Loans and advances	0.19	1.12
Deposits	15.47	12.93
Prepaid expenses	1.32	2.86
	<b>16.98</b>	<b>16.90</b>
<b>(f) OTHER NON-CURRENT ASSETS</b>		
Unsecured, considered good		
Deferred Revenue Expenditure	6.48	5.50
	<b>6.48</b>	<b>5.50</b>

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

Sl. No.	Description	Gross Block at Cost				Depreciation	Net Block	
		As at 01.04.2011	Additions/ Transfers/	Sold/ Discarded/ Transfers	As at 31.03.2012	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	Land and Betterment							
	a) Freehold Land	2.49	# 1349.82	-	1352.31	-	1352.31	2.49
	b) Leasehold Rights in land	48.01	-	-	48.01	4.37	43.64	45.10
2	Buildings	467.08	27.93	-	495.01	79.43	415.58	403.68
3	Plant & Machinery *	** 1420.85	67.74	21.14	1467.45	584.29	883.16	891.36
4	Electrical Installation	121.62	7.13	-	128.75	32.69	96.06	95.19
5	Vehicles	17.38	1.20	1.41	17.17	10.83	6.34	7.90
6	Furniture & Fixtures and other Equipment	47.88	1.57	0.47	48.98	27.52	21.46	24.35
7	Office equipment	7.47	0.09	-	7.56	4.80	2.76	3.10
	<b>TOTAL</b>	2132.78	1455.48	23.02	3565.24	743.93	2821.31	1473.16
	Capital Work in progress	79.41	116.77	58.96	137.22	-	137.22	79.41
	<b>GRAND TOTAL</b>	2212.19	<b>1572.25</b>	<b>81.98</b>	<b>3702.46</b>	743.93	<b>2958.53</b>	1552.57

- 1 \* includes Shunt Power Capacitor Bank Systems for a value of ₹ 38.89 Million leased to the Company's customer and wind mill for a value of ₹ 36.33 Million which have been fully depreciated.
- 2 \*\* In respect of Windmill and Energy Conservation Systems installed, depreciation has been provided at accelerated rates of 10% and 20% respectively.
- 3 # Land measuring around 10 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 ₹ 1349.82 Million has been credited to "Revaluation Reserve" created in the books.

**NOTE 11**

(₹ in Million)

**CURRENT ASSETS****a) INVENTORIES**

	<b>THIS YEAR</b>		<b>PREVIOUS YEAR</b>	
(i) Stores and Spare Parts	41.22		41.84	
(ii) Raw Materials	148.04		157.76	
(iii) Packing Materials	1.59		1.82	
(iv) Materials in Transit	4.42		15.65	
(v) Work in progress	247.25		211.76	
(vi) Finished Goods	128.52	<b>571.02</b>	95.95	524.78

(For method of valuation, please refer to Note No. 1(d))

**b) TRADE RECEIVABLES**

Unsecured - considered good :

Exceeding six months	207.01		209.96	
Other Debts	468.98	<b>675.99</b>	609.99	819.95

**c) CASH AND BANK BALANCES**

Cash and cash equivalents

(i) Cash on hand	0.27		0.26	
(ii) Bank Balances				
- in Current Accounts *	19.76		42.66	
- Margin Money	0.80	<b>20.82</b>	-	42.92

\* includes Unclaimed Dividend 0.91 (Previous Year 0.92)

**d) SHORT TERM LOANS AND ADVANCES**

Loans and advances to related parties - Unsecured - considered Good	387.70		387.50	
Others - Unsecured - Considered Good	53.12		66.28	
Tax deducted at source	23.53		22.19	
Deposits	11.34		8.32	
Prepaid Expenses	21.29	<b>496.98</b>	16.65	500.94

**e) OTHER CURRENT ASSETS**

Interest accrued on investments	0.58		0.05	
Deferred Revenue Expenditure (to be written off in one year)	3.63	<b>4.22</b>	2.94	2.98

**NOTE 12**

(₹ in Million)

**CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR :**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
(I) Contingent Liabilities		
(a) Guarantees	842.24	922.65
(b) Letters of Credit in favour of suppliers of Raw materials, Capital Goods, etc. excluding the value of materials received and bills accepted there against	40.43	60.51
(c) Corporate Guarantees issued	50.80	62.39
(d) Customs Duty on Bonded Materials	6.28	5.86
(e) Tax disputes		
i) Excise and Service tax	0.07	0.21
ii) Income Tax	7.97	2.65
(f) Arrears of dividend for the year on Cumulative Redeemable Preference Shares at the contracted rates	12.13	-
(II) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for -	4.47	4.44
(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	13.53	-

**NOTE 13****REVENUE FROM OPERATIONS**

(a) Sale of Products		
- Insulator Products	2105.84	2122.67
- Turnkey Products	145.20	408.68
	<b>2251.04</b>	<b>2531.36</b>

**NOTE 14****OTHER INCOME**

Dividend Income from Mutual Funds (Short term investments)	1.40	0.64
Other Receipts	6.48	6.08
Profit on Investments	159.90	387.19
Profit on Sale of Fixed Assets	0.09	0.05
<b>TOTAL</b>	<b>167.87</b>	<b>393.96</b>

**NOTE 15****COST OF MATERIALS CONSUMED**

(a) Raw Materials		
(i) Clays and Minerals	313.60	302.21
(ii) Metal Parts	506.06	490.12
(iii) Others	579.95	699.86
	<b>1399.61</b>	<b>1492.19</b>

**NOTE 16**

( ₹ in Million )

**CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS**

Closing Stock :

Work in progress

Finished Goods

Opening Stock :

Work in progress

Finished Goods

**TOTAL****THIS YEAR****PREVIOUS YEAR**

247.25

128.52

375.77

211.76

95.95

307.71

**(68.06)**

211.76

95.95

307.71

201.27

99.56

300.83

**(6.88)****NOTE 17****EMPLOYEE BENEFITS EXPENSES**

a Salaries, Wages and Bonus &amp; Wages

b Contribution to PF, ESI, Gratuity, etc.

c Welfare Expenses

**TOTAL**

277.80

31.14

37.76

**346.70**

252.49

30.88

36.56

**319.93****NOTE 18****FINANCE COSTS**

a Interest Expense

b Bank Charges

c Net (gain) / loss on foreign currency transactions

261.71

46.83

15.00

**323.54**

138.45

40.48

**(3.16)****175.77****NOTE 19****OTHER EXPENSES**

Consumption of Stores and Spares

Power and Fuel

Rent

Rates and Taxes

Insurance

Repairs and Maintenance:

Building

Plant &amp; Machinery

Other Assets

Research and Development

Directors' Sitting Fees

Travelling and Conveyance

Auditors' Remuneration

Donations

Agency Commission

Packing, forwarding and freight

Loss on Assets discarded/sold

Bad Debts written off

Others

**TOTAL**

51.50

501.71

5.01

19.55

13.12

0.16

21.87

11.57

0.01

0.50

26.69

0.28

0.05

17.97

143.99

5.37

3.69

144.40

**967.44**

51.30

432.30

4.59

13.23

12.93

0.08

29.90

11.11

0.13

0.51

28.70

0.28

0.15

13.04

135.55

1.32

1.90

139.16

**876.19**



( ₹ in Million )

**NOTE 20****PAYMENT TO AUDITOR** (included under Note No. 19)As auditor:

	THIS YEAR	PREVIOUS YEAR
Audit Fee	0.20	0.20
Tax Audit Fee	0.01	0.01
Limited Review	0.02	0.02

In other capacity:

Other services (Certification Fees)	0.04	0.04
Reimbursement of expenses	0.01	0.01
	<b>0.28</b>	<b>0.28</b>

**NOTE 21****VALUE OF IMPORTS ON CIF BASIS**

(including Materials in transit)

Raw Materials	688.87	650.83
Components and Spare Parts	13.90	17.65

**NOTE 22****VALUE OF RAW MATERIALS (INCLUDING COMPONENTS)  
AND STORES/SPARE PARTS CONSUMED.****i) RAW MATERIALS**

Imported	748.10	53%	678.83	45%
Indigenous	651.51	47%	814.80	55%
	<b>1399.61</b>	<b>100%</b>	<b>1493.63</b>	<b>100%</b>

**ii) STORES / SPARE PARTS**

Imported	9.62	11%	6.28	7%
Indigenous	74.76	89%	80.49	93%
	<b>84.38</b>	<b>100%</b>	<b>86.77</b>	<b>100%</b>

**NOTE 23****AMOUNTS REMITTED IN FOREIGN CURRENCIES:**

Capital Expenditure	25.40	1.05
Technical Services	17.08	10.56
Interest	71.48	56.89
Others	18.65	17.99



( ₹ in Million )

**NOTE 24****EARNINGS IN FOREIGN EXCHANGE**

	<b>Year Ended 31.03.2012</b>	<b>Year Ended 31.03.2011</b>
Physical Exports	246.02	278.63
Others	4.71	3.78

**NOTE 25****BANK BALANCE IN CURRENT ACCOUNT INCLUDES:**

E E F C Account	4.71	3.44
	(US\$ 58,447)	(US\$ 47,923)
	(Euro 19,778)	(Euro 15,391)
	(GBP 80,769)	(GBP 4528)

**NOTE 26****EMPLOYEE COST INCLUDES:**

## (a) Research and Development:

(i) Salaries and Wages	11.89	4.46
(ii) Contribution to Provident Fund	0.36	0.28

## (b) Repairs and Maintenance:

(i) Salaries and Wages	8.93	8.60
(ii) Contribution to Provident Fund	0.71	1.00

**NOTE 27****Details of Investments in Mutual Funds purchased and sold during the year:**

	No. of Units	Cost of	
		Acquisition	Disposal
Reliance Fixed Horizon Fund XVIII Series 9	250000	2.50	2.50
Reliance Fixed Horizon Fund XX Series 3	250000	2.50	2.50


**NOTE 28**
**SEGMENT DISCLOSURE**

( ₹ in Million )

	Particulars	Electro- porcelain Products	Turnkey Projects	Total	Electro- porcelain Products	Turnkey Projects	Total
		2011 - 12			2010 - 11		
<b>A. PRIMARY SEGMENT INFORMATION</b>							
<b>1 REVENUE</b>							
	Gross Sales	2294.28	145.20	2439.48	2295.32	408.69	2704.00
	Less: Excise Duty	188.44	-	188.44	172.65	-	172.64
	Net Sales	2105.84	145.20	<b>2251.04</b>	2122.67	408.69	2531.36
<b>2 RESULT</b>							
	Segment result - EBIT	(417.24)	(77.61)	(494.85)	(268.34)	20.77	(247.57)
	Finance Charges (Net)			323.54			174.33
	Other Income			167.78			393.91
	Profit on sale of fixed assets (Net)			0.09			0.05
	Income Tax			(101.80)			2.40
	<b>Net Profit / (Loss)</b>			<b>(548.72)</b>			<b>(30.33)</b>
	<b>Other Information</b>						
	Segment Assets	4010.96	200.47	4,211.42	2,599.90	297.41	2,897.30
<b>3 Unallocated Corporate Assets</b>				566.80			586.23
	<b>Total Assets</b>			<b>4778.22</b>			<b>3483.53</b>
	Segment Liabilities	744.20	22.06	766.26	642.01	80.54	722.55
	Unallocated Corporate Liabilities			1,894.13			1,932.81
	<b>Total Liabilities</b>			<b>2660.39</b>			<b>2655.36</b>
	Capital expenditure	171.44	0.06	171.50	34.69	1.60	36.29
	Depreciation	100.19	0.17	100.20	96.04	0.04	96.08
	Non-cash expenses other than depreciation	-	-	-	-	-	-
<b>B. SECONDARY SEGMENT INFORMATION</b>							
	<b>Revenue by Geographical Market</b>						
	India	1855.92	145.20	2001.12	1828.54	408.69	2237.23
	Rest of the World	249.92	-	249.92	294.13	-	294.13
	<b>Total</b>	<b>2105.84</b>	<b>145.20</b>	<b>2251.04</b>	2122.67	408.69	2531.36

**Notes to Segment Reporting**

- Business Segments:  
The Company has considered business segment as the primary segment for disclosure. The business segments are: Electro-porcelain products and Turnkey Projects.
- Geographical Segments:  
The geographical segments considered for disclosure are: India and Rest of the world.
- 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 29**

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

( ₹ in Million )

	<b>Group Gratuity Scheme</b>		<b>Leave Encashment Benefits</b>	
	<b>This year</b>	<b>Previous year</b>	<b>This year</b>	<b>Previous year</b>
<b>(a) Change in present value of obligations:</b>				
Present value of obligations at the beginning of the year	75.05	68.01	9.83	8.95
Interest Cost	5.61	5.29	0.67	0.74
Current Service Cost	10.40	11.43	2.04	1.95
Benefits paid	12.93	11.80	3.00	0.83
Actuarial (Gain) / Loss on obligations	(4.26)	2.00	0.30	(1.64)
Present value of obligations at the end of the year	73.87	75.05	9.84	9.83
<b>(b) Changes in the fair value of Plan Assets:</b>				
Fair value of Plan Assets at the beginning of the year	75.66	68.01	-	-
Expected Return on Plan Assets	6.01	6.06	-	-
Contributions	2.94	7.67	-	0.83
Benefits paid	(12.93)	11.80	3.00	0.83
Actuarial (Gain) / Loss on obligations	(0.01)	0.19	0.30	-
Present value Plan Assets at the end of the year	71.87	75.05	9.84	-
<b>(c) Fair Value of Plan Assets</b>				
Fair value of Plan Assets at the beginning of the year	75.66	68.01	-	-
Actual Return on Plan Assets	6.01	6.06	-	-
Contributions	2.94	7.67	-	0.83
Benefits paid	12.93	11.80	3.00	0.83
Fair Value of Plan Assets at the end of the year	71.87	75.05	-	-
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	4.07	(2.12)	-	-
Actuarial Gain / (Loss) for the year – Plan Assets	0.18	(0.19)	-	-
Total (Gain) / Loss for the year	4.25	1.92	0.40	(1.64)
Actuarial (Gain) / Loss recognized in the year	4.25	1.92	0.40	(1.64)



( ₹ in Million )

	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	73.87	75.05	9.84	9.83
Fair Value of Plan Assets at the end of the year	71.87	75.05	-	-
Funded Status	-	-	-	-
Net Asset/(Liability) recognized in Balance Sheet	-	-	9.84	9.83
<b>(f) Expenses recognized in the statement of Profit and Loss</b>				
Current Service Cost	10.40	11.43	2.04	1.95
Interest Cost	5.61	5.29	0.67	0.74
Expected Return on Plan Assets	6.01	6.06	-	-
Net Actuarial (Gain) / Loss recognized in the year	(4.44)	1.92	0.30	(1.64)
Expenses recognized in the statement of Profit and Loss	5.56	12.46	-	1.05
<b>(g) Actuarial Assumptions</b>				
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected return on Plan Assets	8.50%	8.50%	8.50%	8.50%
Salary increase	5.00%	5.00%	5.00%	5.00%

**NOTE 30**

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. Murali Venkatraman Sri. Narayan Sethuramon	Sri. V. Srinivasan	W. S . International (P) Ltd. W.S.I. Holdings (P) Ltd. Hydro S & S Industries Ltd. W.S. Testsystems (P) Ltd. S & S Minerals Ltd. Vensunar (P) Ltd.

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

( ₹ in Million )

	Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Other related parties
Sale of Goods	-	-	-	1.57
Interest Payments	20.18	-	-	-
Dividend Payments	-	-	-	4.08
Payments for services received	-	0.36	0.18	-
Receipts for services rendered	-	-	-	0.27
Remuneration	-	7.40	-	-
Sitting Fees	-	-	0.07	-
Purchase of Assets	-	-	-	0.40
Unsecured Loan received	83.30	-	-	-
Trade Advance received	25.00	-	-	-
Sale of Investments	160.20	-	-	-
<b>Balance as on 31 03 2012:</b>				
Payable	277.47	-	-	0.96
Receivable	387.70	-	-	1.45

**(c) Remuneration to Managing Directors**

	This year	Previous year
Salary	5.82	5.82
Contribution to Provident & Other Funds	1.46	1.46
Perquisites	0.12	0.09
	<b>7.40</b>	<b>7.36</b>

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

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

Figures have been stated in ₹ Million.

As per our report of even date

For and on behalf of the Board

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

**V. SRINIVASAN**  
Chairman

**MURALI VENKATRAMAN**  
Vice Chairman

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

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

**G.V. VISWANATH**  
Director

**T. CHANDRASEKHARAN**  
Chief Financial Officer

Chennai  
31st May 2012



## CONSOLIDATED ACCOUNTS

### AUDITORS' REPORT

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

We have audited the attached Consolidated Balance Sheet of M/s W.S. Industries (India) Limited and its subsidiaries as at 31st March 2012, the Consolidated Statement of Profit and loss for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- i. In the case of Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2012
- ii. In the case of Consolidated Statement of Profit and Loss of the LOSS for the year ended on that date; and
- iii. In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Chennai  
31<sup>st</sup> May 2012

**CHELLA K. SRINIVASAN**  
Partner  
Membership No.: 023305


**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012**

( ₹ in Million )

	Notes	THIS YEAR		PREVIOUS YEAR	
<b>I EQUITY AND LIABILITIES</b>					
Shareholders' Funds					
Share Capital	4	338.90		338.90	
Reserves and Surplus	5	890.35	1229.25	173.43	512.33
Minority Interest			189.19		189.33
<b>2 Non-current liabilities</b>					
Long Term Borrowings	6	1050.57		963.19	
Deferred Tax Liability - Net	7	-		49.30	
Other Long Term Liabilities	8	54.16	1104.73	54.16	1066.65
<b>3 Current Liabilities</b>					
Short Term borrowings	9(a)	857.23		559.54	
Trade payables	9(b)	724.06		663.76	
Other Current Liabilities	9(c)	499.18		290.43	
Short Term provisions	9(d)	39.35	2119.82	42.91	1556.64
<b>TOTAL</b>			<b>4642.99</b>		<b>3324.95</b>
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
Fixed Assets					
i) Tangible assets	10(a)	2821.38		1473.25	
ii) Capital Work in Progress	10(b)	137.22	2958.60	79.41	1552.66
Non-current investments	10(c)		0.68		0.68
Deferred Tax assets (Net)	10(d)		52.50		-
Long Term Loans and advances	10(e)		16.98		16.90
Other non-current assets	10(f)		7.45		6.54
<b>2 Current Assets</b>					
i) Current Investments	10(c)	19.44		44.99	
ii) Inventories	11(a)	752.63		706.38	
iii) Trade receivables	11(b)	675.99		819.95	
iv) Cash and cash equivalents	11(c)	28.62		49.99	
v) Short term loans and advances	11(d)	125.89		123.88	
vi) Other Current Assets	11(e)	4.21	1606.78	2.98	1748.17
			<b>4642.99</b>		<b>3324.95</b>

Significant Accounting Policies &  
Notes on Financial Statements

1 to 21

As per our report of even date

For and on behalf of the Board

for **M/s. S. VISWANATHAN**

Chartered Accountants

Firm Regn. No. 004770S

**CHELLA K. SRINIVASAN**

Partner

(Membership No. 023305)

Chennai

31st May 2012

**V. SRINIVASAN**

Chairman

**G.V. VISWANATH**

Director

**MURALI VENKATRAMAN**

Vice Chairman

**T. CHANDRASEKHARAN**

Chief Financial Officer

**NARAYAN SETHURAMON**

Managing Director &amp;

Chief Executive Officer


**CONSOLIDATED STATEMENT OF PROFIT AND LOSS THE YEAR ENDED 31st MARCH, 2012 ( ₹ in Million )**

	Notes	THIS YEAR		PREVIOUS YEAR	
<b>1 Revenue from Operations (Gross)</b>					
Sales and Other Operating income	12	2479.15		2741.09	
Less: Excise Duty		188.44	2290.71	172.64	2568.45
<b>2 Other Income</b>	13		68.86		8.19
<b>3 Total Revenue (1+2)</b>			2359.57		2576.64
<b>4 EXPENSES</b>					
Cost of Materials consumed	14	1399.61		1492.19	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	15	(68.06)		(6.88)	
Employee Benefit expense	16	349.10		322.57	
Finance Costs	17	325.51		174.49	
Depreciation and Amortization expenses		100.22		96.10	
Other expenses	18	979.93	3086.31	879.08	2957.55
<b>5 PROFIT / (LOSS) BEFORE TAX (3 - 4)</b>			(726.74)		(380.91)
<b>6 Tax expense</b>					
i) Current tax.		9.39		8.89	
ii) Deferred Tax		(101.80)	(92.41)	2.40	11.29
<b>7 PROFIT / (LOSS) AFTER TAX before adjustment of Minority Interest (5 - 6)</b>			(634.33)		(392.20)
<b>8 Minority Interest in Income</b>			(9.48)		(10.45)
<b>9 PROFIT / (LOSS) AFTER TAX after adjustment of Minority Interest (7 - 8)</b>			(643.81)		(402.65)
<b>10 Earnings per equity share (in ₹):</b>					
i) Basic			(30.58)		(19.06)
ii) Diluted			(30.58)		(19.06)

Significant Accounting Policies &  
Notes on Financial Statements

1 to 21

As per our report of even date

For and on behalf of the Board

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

**V. SRINIVASAN**  
Chairman

**MURALI VENKATRAMAN**  
Vice Chairman

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

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

**G.V. VISWANATH**  
Director

**T. CHANDRASEKHARAN**  
Chief Financial Officer

Chennai  
31st May 2012


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2012** (₹ in Million)

	THIS YEAR	PREVIOUS YEAR
<b>A CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before Taxes	(726.74)	(380.91)
Adjustments for:		
Add:		
Assets discarded	5.28	1.28
Depreciation	100.22	96.09
Interest and Financial Charges (Net)	325.51	174.49
	(295.72)	(109.06)
Less:		
Income from Investments	2.33	2.06
(Profit) / Loss on sale/write off of Investments	53.21	0.00
Effect of changes in Foreign Currency Exchange Rate	(0.19)	1.89
Operating Profit before Working Capital changes	(351.08)	(113.01)
<u>Increase/(Decrease) in Working Capital:</u>		
(Increase)/Decrease in inventories	(46.25)	(35.69)
(Increase)/Decrease in Sundry Debtors	143.96	(63.65)
(Increase)/Decrease in other Current Assets	(4.23)	(9.13)
Increase/(Decrease) in Liabilities and Provisions	151.90	93.40
Income Taxes paid	(5.41)	(4.48)
Minority Interest in income	(9.48)	(10.45)
Net cash from operating activities	(120.59)	(143.02)
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including interest capitalised)	(163.47)	(33.15)
Sale/ reduction in value of Fixed Assets	1.85	0.36
Income from Investments	2.33	2.06
Purchase of Investments	(9.03)	(44.99)
sale of Investments	121.58	53.07
Purchase of share from minority shareholders	(22.84)	-
Change in minority interest	(0.14)	4.89
Net Cash (used in) / from Investing activities	(69.72)	(17.75)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2012** (₹ in Million)

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/decrease in secured Loans	458.79	289.50
Increase/decrease in Unsecured Loans	(0.62)	(17.84)
Repayment of Deferred Liability	(0.36)	(1.29)
Increase/(Decrease) in working Capital from Banks	47.69	58.49
Dividend and Dividend Tax paid	(10.81)	(8.36)
Interest and financing charges paid	(325.51)	(174.49)
Net Cash from Financing Activities	169.17	146.01
NET INCREASE IN CASH AND CASH EQUIVALENTS (i)	(21.14)	(14.76)
Cash and Cash Equivalents as at the beginning of the year	49.93	64.69
Cash and Cash Equivalents as at the close of the year	28.76	49.93

**Notes on Cash Flow Statement:**

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

<b>3 CASH AND CASH EQUIVALENTS</b>		
CASH AND BANK BALANCES	28.62	49.98
UNREALISED (GAIN) / LOSS	0.14	(0.05)
CASH AND BANK BALANCES RESTATED AS ABOVE	28.76	49.93

As per our report of even date

For and on behalf of the Board

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

**V. SRINIVASAN**  
Chairman

**MURALI VENKATRAMAN**  
Vice Chairman

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

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

**G.V. VISWANATH**  
Director

**T. CHANDRASEKHARAN**  
Chief Financial Officer

Chennai  
31st May 2012



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**CONSOLIDATED FINANCIAL STATEMENTS****NOTES FORMING PART OF ACCOUNTS****NOTE****1. SIGNIFICANT ACCOUNTING POLICIES****a Basis of presentation of Financial Statements**

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

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

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

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

**b Principles of consolidation**

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

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

The Subsidiary Companies considered in the consolidated financial statements are W.S. Electric Limited and W.S. Insulators Limited. whose country of incorporation is India and the percentage of voting power held on 31st March 2012 are 53.98% and 99.80% 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 rearranged wherever necessary.

**NOTE 4****SHARE CAPITAL**

(₹ in Million)

**Authorised**

35,000,000 Equity Shares of ₹10/- each  
1,500,000 Cumulative Redeemable Preference  
Shares of ₹ 100/- each

**THIS YEAR****PREVIOUS YEAR**

350.00

350.00

150.00

150.00

500.00

500.00

**Issued, Subscribed and Paid - up:**

21,139,789 Equity Shares of ₹10/- each fully paid-up  
1275000 Cumulative Redeemable Preference  
Shares of ₹ 100/- each fully paid-up

211.40

211.40

127.50

127.50

**TOTAL****338.90****338.90****Reconciliation of Shares outstanding at the beginning and at the end of the year:**

	No. of shares	Value (₹ in Million)	No. of shares	Value (₹ in Million)
<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

**Shareholders holding more than 5% shares in the company:**

Name of the Shareholder	Equity Shares			
	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Vensunar (P) Ltd.	1,980,440	9%	1,980,440	9%
Blue Chip Investments (P) Ltd.	1,427,659	7%	1,427,659	7%
Murali Consultancy (P) Ltd.	1,415,531	7%	1,415,531	7%
Schroder Credit Renaissance Fund Ltd.	2,520,000	12%	2,520,000	12%
East Sail	1,985,557	9%	1,985,557	9%

Name of the Shareholder	Preference Shares			
	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Schroder Credit Renaissance Fund Ltd.	760,000	60%	760,000	60%
Schroder Credit Renaissance Fund L.P.	165,000	13%	165,000	13%
Vensunar (P) Ltd.	350,000	27%	350,000	27%

The 925,000 Non-convertible, cumulative and Redeemable Preference Shares of ₹ 100/- each fully paid up bearing a coupon rate of 5% for the initial four years and thereafter @ 7.5% till redemption, allotted to Schroder Credit Renaissance Fund Ltd. and Schroder Credit Renaissance Fund L.P. on 3rd Oct.2006 are to be redeemed on or before the end of 7 years from the issue date, i.e., 03 Oct. 2013.

350,000 Non-convertible, cumulative, Redeemable Preference Shares ₹ 100/- each fully paid up have been allotted to Vensunar (P) Ltd. On 13.07.2009 at a coupon rate of 10% to be redeemed on or before 28.02.2013.

**NOTE 5****RESERVES & SURPLUS**

(₹ in Million)

	<b>As at 31 March 2012</b>		<b>As at 31 March 2011</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	287.51		287.51	
Less: utilisation on account of Buy back	22.81	264.69	-	287.51
<b>c. Revaluation Reserve</b>				
As per Last Balance Sheet	-		-	
Additions during the year *	1349.82		-	
Closing Balance		1349.82		-
<b>d. Capital Redemption Reserve</b>				
As per Last Balance Sheet	176.16		158.66	
Add: Transfer from Statement of Profit and Loss	-	176.16	17.50	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	4.76			58.89
Additions during the year	5.63			-
Less: Transfer to Statement of Profit and Loss	94.04			54.12
Closing Balance		(83.65)		4.76
<b>g. Surplus in Statement of Profit and Loss</b>				
Balance as per Profit and Loss Account of the previous year	(330.76)		46.07	
on Consolidation of subsidiaries	33.72		-	
Profit / (Loss) for the year	(643.81)		(402.65)	
Transfer from General Reserve	94.04	(846.81)	60.00	(296.58)
Appropriations:				
Transfer to Capital Redemption Reserve	-		17.50	
Transfer to General Reserve	5.63		5.88	
Preference Dividend	-		9.27	
Tax on Preference Dividend	-	5.63	1.54	34.18
Net Surplus / (Deficit) in Statement of Profit and Loss		(852.44)		(330.76)
<b>Total Reserves and Surplus</b>		<b>890.35</b>		<b>173.43</b>

\* Refer Note No. 3 in Annexure to Note No. 10

**NOTE 6****NON CURRENT LIABILITIES****LONG TERM BORROWINGS****a Secured**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
i Term Loans from Banks	912.85	926.16
ii Deferred Liability		0.36
iii Lease Rental Bill Discounting	136.94	35.27
<b>TOTAL</b>	<b>1049.79</b>	<b>961.79</b>



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) In respect of the Term Loans availed and outstanding to banks, aggregating to ₹ 1,166.21 Million which shall rank pari passu among them.
- ii) In favour of the concerned Bankers on specific assets acquired from the specific loans secured from them under the suppliers' credit facility for which bills have been co-accepted by these banks.
- iii) In respect of a Term loan of ₹ 250 Million, charge is yet to be created.

#### Terms of Repayment

The balance outstanding of ₹ 77 million availed in Oct 2008 is repayable in equal quarterly instalments of ₹ 11 million each, starting from June 2011.

The balance outstanding of Term Loan of ₹ 457.70 million is repayable in 16 quarterly instalments starting from Dec 2011.

The balance outstanding in the Foreign Currency loan equivalent to US \$ 10.79 Million is repayable in quarterly instalments starting from Sept. 2012.

The balance outstanding in the Term loan of ₹ 20.79 Million is fully repayable in Sept. 2012.

The balance outstanding in the Term loan of ₹ 43.17 Million is fully repayable in Sept. 2013.

The balance outstanding in the Term loan of ₹ 8 Million is repayable in quarterly instalments of ₹ 2 Million each commencing from Oct. 2011.

The Term Loan of ₹ 250 million is repayable fully in June 2012.

The balance outstanding of ₹ 7.35 Million is repayable in equal quarterly instalments, commencing from Sept. 2008.

The lease rental bills discounting together with current maturities is secured by exclusive charge on rentals received by the Subsidiary Company from its lessees which has been assigned in favour of the lender and further secured by creation of equitable mortgage of its entitlement in Phase I of its property. The balance loan shall be repaid in 112 months in guaranteed instalments as agreed.

#### b unsecured

( ₹ in Million )

	THIS YEAR	PREVIOUS YEAR
i Hire Purchase facility	0.78	1.40
	<b>0.78</b>	<b>1.40</b>

#### NOTE 7

##### DEFERRED TAX LIABILITIES (NET)

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

- Depreciation	-	49.30
- Others	-	-
- Total	-	49.30

#### NOTE 8

##### OTHER LONG TERM LIABILITIES

Security Deposits	54.16	54.16
	<b>54.16</b>	<b>54.16</b>

**NOTE 9****CURRENT LIABILITIES****a Short Term Borrowings**

Secured

Working Capital Borrowings from Banks

Short Term Loans from Bank

**TOTAL****THIS YEAR**

(₹ in Million)

**PREVIOUS YEAR**

607.23

559.54

250.00

-

**857.23****559.54**

Loans from Banks, both for Chennai Unit and Vizag Unit, availed on Cash Credit, Packing Credit, WCDL and FCNRRB are secured by the Hypothecation of Stocks of Raw Materials, Stores, Spares (not relating to Plant and Machinery), Work-in-Progress, Finished Goods, Book Debts and Documentary Bills and further secured by a Second Charge on the immoveable and moveable fixed assets of the respective Units of the Company ranking pari-passu among themselves for the units for which facilities have been extended based on the joint/individual documentation executed, subject to the first pari-passu charge created in favour of the Company's term lenders in favour of -

i) The Bankers under Consortium arrangement for the Working Capital facilities sanctioned by them for Chennai Unit .

ii) The Bankers for the Working Capital facilities sanctioned for Vizag Unit .

**b Trade payables**

Trade payables

724.06

663.76

**724.06****663.76****c Other Current Liabilities**

a Current maturities of Long Term Loans \*

262.77

150.12

b Interest accrued but not due on loans

2.31

1.33

c Interest accrued and due on loans @

7.78

-

d Unclaimed Dividend

0.91

0.92

e Creditors for Capital Expenditure

11.65

33.23

f Advance from customer

29.11

25.56

g Advance towards Sale of Investments

100.00

-

h Other payables

84.65

79.27

**TOTAL****499.18****290.43**

\* Period and amount of default: ₹ 24.53 Million has fallen due on 31st March 2012 and since been paid.

@ Period and amount of default: ₹ 7.78 Million has fallen due on 20th March 2012.

**d Short Term Provisions**

Provision for Employee benefits

15.48

12.21

Dividend payable

-

9.27

Tax on Dividend payable

-

1.54

Income Tax (Net of payments)

23.87

19.89

**TOTAL****39.35****42.91**



( ₹ in Million )

**NOTE 10****NON-CURRENT ASSETS****FIXED ASSETS**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
a Tangible Assets	2821.38	1473.25
b Capital work in Progress	137.22	79.41
	<b>2958.60</b>	<b>1552.66</b>

Note: Please see Annexure enclosed for details

**c INVESTMENTS****Non-current Investments****Long Term Investments (at Cost)****Unquoted :**

68,000 Equity Shares of face value of ₹ 10/- each in S & S Minerals Limited	0.68	0.68
	<b>0.68</b>	<b>0.68</b>

**Investments in Mutual Funds:**

500,000 Units of face value of ₹ 10/- each - Sundaram Interval Fund Qly Plan `E`	5.00	5.00
477,085 Units of face value of ₹ 10/- each - ICICI Prudential Interval Fund V - Monthly Interval Plan `A`	5.00	5.00
508,581 Units of face value of ₹ 10/- each - Reliance Monthly Interval Fund	-	5.09
25,600 Units of face value of ₹ 10/- each - (23,934) Reliance Medium Term Fund - Weekly Dividend Plan	0.44	0.41
101,900 Units of face value of ₹ 10/- each - Reliance Liquid Fund - Treasury Plan	2.50	-
250,000 Units of face value of ₹ 10/- each - SBI Debt Fund Series - 180 days.	2.50	-
(321,494) Units of face value of ₹ 10/- each - Kotak Floater Long Term Fund	-	3.24
(1,000,000) Units of face value of ₹ 10/- each - Kotak Quartely Interval Plan Series I	-	10.00
(85,432) Units of face value of ₹ 10/- each - Reliance Medium Term Fund	-	3.17
(307,701) Units of face value of ₹ 10/- each - Reliance Monthly Interval Fund	-	3.08
(500,000) Units of face value of ₹ 10/- each - Reliance fixed Horizon Fund 91days - Sr 5	-	5.00
(500,000) Units of face value of ₹ 10/- each - HDFC Fixed Maturity plan 100D	-	5.00
400,000 Units of face value of ₹ 10/- each - HDFC Fixed Maturity plan 92 days	4.00	-
	<b>19.44</b>	<b>44.99</b>

**GRAND TOTAL**

Book value of Unquoted Investments	0.68	0.68
Market value of short term Investments	20.28	45.12



		( ₹ in Million )	
		THIS YEAR	PREVIOUS YEAR
<b>(d) DEFERRED TAX ASSETS</b>			
Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in:			
- Depreciatoon		(48.00)	-
- Others		100.50	-
- Total		<b>52.50</b>	-
<b>(e) LONG TERM LOANS AND ADVANCES</b>			
Unsecured, considered good			
Loans and advances		0.19	1.12
Deposits		15.47	12.93
Prepaid expenses		1.32	2.86
		<b>16.98</b>	<b>16.90</b>
<b>(f) OTHER NON-CURRENT ASSETS</b>			
Unsecured, considered good			
Deferred Revenue Expenditure		6.48	5.50
Preliminary Expenses		0.79	0.85
Preoperative expenses		0.18	0.19
		<b>7.45</b>	<b>6.54</b>

#### ANNEXURE TO NOTE 10

#### FIXED ASSETS

#### TANGIBLE ASSETS

		Gross Block at Cost				Depreciation	Net Block	
Sl. No.	Description	As at 01.04.2011	Additions/ Transfers/	Sold/ Discarded/ Transfers	As at 31.03.2012	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	Land and Betterment							
	a) Freehold Land	2.49	# 1349.82	-	1352.31	-	1352.31	2.49
	b) Leasehold Rights in land	48.01	-	-	48.01	4.37	43.64	45.10
2	Buildings	467.08	27.93	-	495.01	79.43	415.58	403.68
3	Plant & Machinery *	** 1420.93	67.74	21.14	1467.53	584.36	883.17	891.37
4	Electrical Installation	121.62	7.13	-	128.75	32.69	96.06	95.19
5	Vehicles	17.38	1.20	1.41	17.17	10.83	6.34	7.90
6	Furniture & Fixtures and other Equipment	48.00	1.57	0.47	49.10	27.38	21.52	24.43
7	Office equipment	7.47	0.09	-	7.56	4.80	2.76	3.10
	<b>TOTAL</b>	2132.98	1455.48	23.02	3565.44	744.06	2821.38	1473.25
	Capital Work in progress	79.41	116.77	58.96	137.22	-	137.22	79.41
	<b>GRAND TOTAL</b>	2212.39	<b>1572.25</b>	<b>81.98</b>	<b>3702.66</b>	744.06	<b>2958.60</b>	1552.66

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

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

3 # Land measuring around 10 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 ₹ 1349.82 million has been credited.



		( ₹ in Million )	
<b>NOTE 11</b>		<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>CURRENT ASSETS</b>			
<b>a) INVENTORIES</b>			
(i) Stores and Spare Parts	41.22	41.84	
(ii) Raw Materials	148.04	157.76	
(iii) Packing Materials	1.59	1.82	
(iv) Materials in Transit	4.41	15.65	
(v) Stock in Trade - Realty	181.60	181.60	
(vi) Work in progress	247.25	211.76	
(vii) Finished Goods	128.52	<b>752.63</b>	95.95 706.38
<b>b) TRADE RECEIVABLES</b>			
Unsecured - considered good :			
Exceeding six months	207.01	209.96	
Other Debts	468.98	<b>675.99</b>	609.99 819.95
<b>c) CASH AND BANK BALANCES</b>			
Cash and cash equivalents			
(i) Cash on hand	0.27	0.27	
(ii) Bank Balances			
- in Current Accounts *	27.55	49.71	
- Margin Money	0.80	<b>28.62</b>	- 49.99
* includes Unclaimed Dividend 0.91 (Previous Year 0.92)			
<b>d) SHORT TERM LOANS AND ADVANCES</b>			
Loans and advances to related parties -	-	-	
Unsecured - considered Good			
Others - Unsecured - Considered Good	53.12	66.28	
Tax deducted at source	40.12	32.63	
Deposits	11.34	8.32	
Prepaid Expenses	21.31	<b>125.89</b>	16.65 123.88
<b>e) OTHER CURRENT ASSETS</b>			
i) Interest accrued on investments	0.58	0.05	
ii) Deferred Revenue Expenditure ( to be written off in one year)	3.63	<b>4.21</b>	2.94 2.98

**NOTE 12****REVENUE FROM OPERATIONS**

	THIS YEAR	PREVIOUS YEAR
(a) Sale of Products		
- Insulator Products	2105.84	2122.67
- Turnkey Products	145.20	408.68
(b) Lease Rental Income	39.67	37.09
	<b>2290.71</b>	<b>2568.45</b>

**NOTE 13****OTHER INCOME**

Dividend Income from Mutual Funds (Short term investments)	2.33	2.06
Other Receipts	6.48	6.08
Profit on Investments	59.96	-
Profit on Sale of Fixed Assets	0.09	0.05
<b>TOTAL</b>	<b>68.86</b>	<b>8.19</b>

**NOTE 14****COST OF MATERIALS CONSUMED**

(a) Raw Materials		
(i) Clays and Minerals	313.60	302.21
(ii) Metal Parts	506.05	490.12
(iii) Others	579.95	699.86
	<b>1399.61</b>	<b>1492.19</b>

**NOTE 15****CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS****Closing Stock :**

Work in progress	247.25	211.76
Finished Goods	128.52	95.95
	<b>375.77</b>	<b>307.71</b>

**Opening Stock :**

Work in progress	211.76	201.27
Finished Goods	95.95	99.56
	<b>307.71</b>	<b>300.83</b>
<b>TOTAL</b>	<b>(68.06)</b>	<b>(6.88)</b>

**NOTE 16****EMPLOYEE BENEFITS EXPENSES**

a Salaries, Wages and Bonus & Wages	280.20	255.12
b Contribution to PF, ESI, Gratuity, etc.	31.14	30.88
c Welfare Expenses	37.76	36.56
<b>TOTAL</b>	<b>349.10</b>	<b>322.57</b>

**NOTE 17****FINANCE COSTS**

a Interest Expense	263.68	137.17
b Bank Charges	46.83	40.48
c Net(gain)/loss on foreign currency transactions	15.00	(3.16)
	<b>325.51</b>	<b>174.49</b>

**NOTE 18****OTHER EXPENSES**

	( ₹ in Million )	
	THIS YEAR	PREVIOUS YEAR
Consumption of Stores and Spares	51.50	51.30
Power and Fuel	501.71	432.30
Rent	5.01	4.59
Rates and Taxes	20.32	13.96
Insurance	13.25	13.07
Repairs and Maintenance:		
Building	0.27	0.12
Plant & Machinery	21.87	29.90
Other Assets	11.57	11.11
Research and Development	0.01	0.13
Directors' Sitting Fees	0.53	0.56
Travelling and Conveyance	26.99	28.71
Auditors' Remuneration	0.36	0.30
Donations	0.05	0.15
Agency Commission	17.97	13.04
Packing, forwarding and freight	143.99	135.55
Loss on Assets discarded / sold	5.37	1.32
Loss on Sale of Investments	6.75	
Bad Debts written off	3.69	1.90
Others	148.72	141.07
<b>TOTAL</b>	<b>979.93</b>	<b>879.08</b>

**NOTE 19****PAYMENT TO AUDITOR (included under Note No.18)**As auditor:

Audit Fee	0.26	0.22
Tax Audit Fee	0.02	0.01
Limited Review	0.02	0.02
In other capacity:		
Other services (Certification Fees)	0.05	0.04
Reimbursement of expenses	0.01	0.01
	<b>0.36</b>	<b>0.30</b>

**NOTE 20**

## Calculation of Earnings per share (Face value of ₹. 10/-per share)

Net Profit / (Loss)	(634.33)	(402.65)
Preference Dividend	12.13	10.80
Net Earnings before and after extraordinary items	(646.46)	(413.45)
No. of Equity Shares	21,139,789	21,139,789
Earnings per Share before and after extraordinary items (basic/ diluted) (in ₹)	(30.58)	(19.56)

**NOTE 21**

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

(₹ in Million)

	<b>W.S. Electric Ltd.</b>	<b>W.S. Insulators Ltd.</b>
a) Share Capital	45.47	0.50
b) Reserves	339.55	(7.36)
c) Total Assets (including Preliminary and Pre-operative expenses)	601.41	27.10
d) Total Liabilities	216.39	487.71
e) Investments	5.00	453.75
f) Turnover	39.67	—
g) Profit Before Taxation	31.07	(7.36)
h) Provision for Taxation	9.39	—
i) Profit after Tax	21.68	(7.36)
j) Proposed Dividend	—	—

As per our report of even date

For and on behalf of the Board

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

**V. SRINIVASAN**  
*Chairman*

**MURALI VENKATRAMAN**  
*Vice Chairman*

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

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

**G.V. VISWANATH**  
*Director*

**T. CHANDRASEKHARAN**  
*Chief Financial Officer*

Chennai  
31st May 2012