



W.S. INDUSTRIES (INDIA) LIMITED

50th Annual Report 2012 - 2013

BOARD OF DIRECTORS

- **Chairman** V. Srinivasan
- **Vice Chairman** Murali Venkatraman
- **Managing Director and Chief Executive Officer** Narayan Sethuramon
- **Directors**
 - K. Raman
 - G. Balasubramanyan
 - G.V. Viswanath
 - N. Srinivasan
 - Julian C. Schroeder (Upto 28.03.2013)
 - S. Suresh (Wholetime Director w.e.f. 10.05.2013)

- **Chief Financial Officer and Company Secretary** Raja Ganapathi

- **Bankers**
 - Punjab National Bank
 - Indian Overseas Bank
 - State Bank of India

- **Auditors** M/s. S. Viswanathan
Chennai - 600 004.

- **Registered Office** 108, Mount Poonamallee Road,
Porur, Chennai - 600 116.
Phone : 91 - 44 - 6650 0811
Fax : 91 - 44 - 6650 0882

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

Your Directors hereby present the Fiftieth Annual Report along with the Audited Accounts of the Company for the 18 months period ended 30th September, 2013.

FINANCIAL RESULTS**(₹ in Million)**

		For the year ended	
		30th September, 2013 (18 months)	31st March, 2012 (12 months)
Sales and other operational income		2028.65	2251.04
Other Income		1382.07	167.87
Total Income		3410.72	2418.91
Gross Profit / (Loss) from Operations		815.20	(226.78)
Less : Depreciation		158.11	100.20
Interest / Finance Charges		662.51	323.54
Net Profit / (Loss) for the year		(5.42)	(650.52)
Provision / (withdrawal) for Income Tax	Deferred Tax	84.60	(101.80)
Net Profit /(Loss) for the year after Tax		(90.02)	(548.72)
Profit/(Loss) Brought forward from previous year		(451.86)	2.82
Transfer from General Reserve		—	94.04
Surplus / (Deficit) carried to Balance Sheet		(541.88)	(451.86)

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 Rs. 2028.65 million for the 18 months period.



In view of the working capital constraints the company had through out the year, the Operations were impacted to a significant extent. The company took various fund-raising initiatives and brought in about Rs. 165 cr of total fund inflows in the second half year but majority of the amount raised was utilized for Bank payments. As a result, needed funds could not be used for improvement of Operations. Consequently, the company was forced to operate at reduced capacity utilization.

On the positive side, the company focused a lot on increasing selling prices which is a must for improving profitability. Selling prices of orders booked last year were at a record low due to large scale Chinese dumping in the Indian market and the negative growth recorded in 2012-13 by the entire Indian Electrical equipment industry (first quarter -3%, second quarter -4.2% and third quarter -10.5%). In this environment of negative growth, selling price increase was very difficult but the company still managed to obtain price increases with all customers and was able to increase selling prices by 8 to 10%. Levy of Safeguard duty on Chinese insulators that was notified in December, 2012 by the Government of India also supported our efforts in this regard by greatly reducing the dumping of Chinese insulators in the Indian market.

The company is also optimizing the product mix to the best possible extent by focusing on higher end products with better margins.

The Industry has also applied for anti dumping duty and is putting in intensive efforts for the same.

It is also pertinent to note that due to the unabated increase in costs of inputs and the weakening of the Indian rupee, the company has incurred huge additional losses due to higher raw material, power and fuel costs which it has not been able to pass on through higher selling prices to its customers. The significant cost increases during the last 36 months are as follows:

- a) Increase in prices of imported raw materials by 25% due to the rupee depreciation.
- b) Increase in power costs by 30% in both the Chennai and Vizag plants due to 40% power cut imposed on all industrial units in the States of both Tamil Nadu and Andhra Pradesh.
- c) Increase in fuel costs by 37 - 88%.

REAL ESTATE

During the year, the company transferred possession of part of the land owned by it in Chennai to Mantri Premier Homes Private Ltd.

CASH MANAGEMENT

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

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 hearings.



FUTURE PROSPECTS

The Company's order book presently stands at about Rs 1500 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.

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
January 3, 2014

For and on behalf of the Board
V. SRINIVASAN
Chairman

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. Lakshmi Subramanian & Associates, Practising Company Secretaries, have conducted a Secretarial Audit for the 18 months period ended 30th September 2013 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.K. Raman and Mr. V. Srinivasan retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Murali Venkatraman relinquished his position as Wholetime Director and on request of the Board, accepted to continue as a Member of the Board as Vice Chairman and 'Non Executive Director' with effect from 14th August, 2012.

Mr. Julian C. Schroeder has resigned from the Directorship of the Company which was duly accepted by the Board effective from 28th March, 2013. Your Directors wish to place on record their appreciation for valuable contribution made by him during his tenure as a Member of the Board.

Mr.S.Suresh was appointed as an Additional Director with effect from 10th May, 2013 & holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of Companies Act, 1956 from a member proposing his candidature for the appointment as a Director of the Company. Further the Board of Directors has appointed Mr.S.Suresh as Wholetime Director of the Company, designated as Director (Operations), for a period of three years with effect from 10th May, 2013 subject to approval of the members in the ensuing Annual General Meeting.

DEBENTURES

During the year under review, the Company has issued on private placement basis 300 Secured Redeemable Non-Convertible Debentures of Rs.10,00,000/- each aggregating to Rs.30 crore to various financial institutions. The total Debentures issued amounting to Rs.30 Crore are listed on Bombay Stock Exchange Limited (BSE).

AUDITORS

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

COST AUDITOR

Your Company has come under the purview of The Companies (Cost Audit Report) Rules, 2011 and is required to conduct an audit of the cost records, by a Cost Accountant. In requirement of this, the Company has appointed Raman and Associates, Cost Accountants, Chennai as the Cost Auditors for the 18 months period ended 30th September 2013, the Cost Audit and Compliance Report is in process and will be submitted to the Central Government before the due date.

The Company has duly filed the Cost Compliance Report for the year ended 31st March, 2012.

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 30.9.2013 are as under:

	No. of Shareholders	Total unclaimed Dividend (in ₹)
Interim Dividend 2008	1993	308219
Final Dividend 2008	2025	261497
Dividend 2009	1704	339132

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

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 ID number.

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

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

For and on behalf of the Board

Chennai
January 3, 2014

V. SRINIVASAN
Chairman



**Statement regarding Subsidiary Companies
under Section 212(3) of the Companies Act, 1956 as at 31.03.2013**

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	51,550*	50,000
	b. Extent of Holding(%)	50.10%	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	15.13	(8.63)
	b. Profit for the previous financial years since becoming a Subsidiary	110.58	(7.34)

*includes 30,550 equity shares (29.69%) held by the subsidiary company W.S. Insulators Limited.

Chennai
January 3, 2014

For and on behalf of the Board
V. SRINIVASAN
Chairman



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

1.	Name of the Subsidiary Company	W.S.ELECTRIC LIMITED	W.S.INSULATORS LIMITED
2.	Whether there has been any, and, if so, what change in the holding company's interest in the subsidiary between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year ;	No	No
3.	Details of any material changes which have occurred between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year in respect of – (i) the subsidiary's fixed assets ; (ii) its investments ; (iii) the moneys lent by it ; (iv) the moneys borrowed by it for any purpose other than that of meeting current liabilities.	The company refinanced the existing Religare loan during the year with additional limits from SBI	Not Applicable

Chennai
January 3, 2014

For and on behalf of the Board
V. SRINIVASAN
Chairman



ANNEXURE – A TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Loading density in kilns increased to reduce energy and fuel consumption per tonne.
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 2012 – 13:

- i. 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. Improved competitive positioning in both domestic and international markets.
- iii. Reduction in cost of production.

c. Future plan of action:

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

Cost reduction through redesign and ceramic process initiatives.

II. EXPENDITURE ON R&D:

(₹ in million)

Capital	-
Recurring	15.05
Total	15.05



III. 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)

EARNINGS	
Exports	146.78
Others	2.77
Total	149.55
OUTGO	
Import of Raw Materials and Components	439.08
Others	47.25
Total	486.33
NET OUTGO	336.78

Chennai
January 3, 2014

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	7	Yes	4	1
Murali Venkatraman*	NI-NE	7	Yes	3	1
Narayan Sethuramon	NI-Ex	7	Yes	2	-
K.Raman	IN-NE	6	Yes	1	2
G.Balasubramanyan	IN-NE	7	Yes	4	1
G.V.Viswanath	IN-NE	7	Yes	1	-
Julian C.Schroeder**	NO-NI-NE	4	Yes	-	-
N. Srinivasan	IN-NE	6	Yes	3	1
S. Suresh***	NI-Ex	1	NA	-	-

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

* Mr. Murali Venkatraman relinquished his position as Whole time Director and accepted to continue as a Member of the Board as Non-Executive Director with effect from 14th August, 2012.

** Mr. Julian C. Schroeder resigned from the Directorship effective from 28th March, 2013.

*** Mr. S. Suresh was appointed as Additional Director and Whole time Director on 10th May, 2013, subject to shareholders' approval.

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.

Seven Meetings of the Board were held during the year under review on 1.5.2012, 31.5.2012, 14.8.2012, 10.11.2012, 9.2.2013, 10.5.2013 and 14.8.2013. The last AGM was held on 13th August, 2012.

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

Six Audit Committee Meetings were held during the year under review on 30.5.2012, 13.8.2012, 7.11.2012, 8.2.2013, 9.5.2013 and 14.8.2013.

Name of Director	No. of Meetings Attended
Mr. K.Raman (Chairman)	6
Mr. G.Balasubramanyan	6
Mr. N.Srinivasan	5

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, one meeting of the Remuneration Committee was held on 10.5.2013 and the meeting was attended by all the Members of the Committee.

**c. Remuneration policy**

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

The details of remuneration paid to the Directors for the 18 months period ended together with the shareholding details of the non-executive Directors as on 30th September, 2013 are as under:

Executive Directors :

(₹ in Million)

Name of Director	Salary	Incentive	Perquisites *
Murali Venkatraman**	10,90,645	-	21,132
Narayan Sethuramon	43,20,000	-	39,761
S. Suresh***	10,14,457	-	3,15,157

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

** Mr. Murali Venkatraman relinquished his position as Whole time Director with effect from 14th August, 2012.

*** Mr. S. Suresh was appointed as Additional Director and Whole time Director on 10th May, 2013, subject to shareholders' approval.

Non-executive Directors :

Name of Director	Sitting fees Paid - For Board/Committee meetings (₹)	Shares Held in the Company (Nos.)
V.Srinivasan	1,00,000	446453
Murali Venkatraman*	60,000	11359
K.Raman	1,45,000	Nil
G.Balasubramanyan	1,40,000	Nil
G.V.Viswanath	80,000	Nil
Julian C.Schroeder**	40,000	Nil
N.Srinivasan	1,10,000	Nil

* Mr. Murali Venkatraman continued as a Member of the Board as Non Executive Director with effect from 14th August, 2012.

** Mr. Julian C. Schroeder resigned from the Directorship effective from 28th March, 2013.

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. Raja Ganapathi, Chief Financial Officer and Company Secretary, is the designated Compliance Officer to supervise the share transfer, investor correspondence and to attend to their grievances and also to liaise with the statutory authorities such as SEBI, Stock Exchanges, and RoC etc.

To expedite the process of Share Transfer, the Board has delegated the power to approve Share Transfers once in a fortnight to Managing Director 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 30.9.2013 and all requests for de-materialization and re-materialization as on that date were confirmed/rejected through NSDL/CDSL system. There were 15 complaints received during the year for redressal and all have been satisfactorily redressed. There are no complaints pending to be resolved as on 30th September, 2013.

7. Chief Financial Officer & Company Secretary

During the year, Mr. Raja Ganapathi was appointed as Chief Financial Officer and Company Secretary with effect from 18th June, 2012. He has been designated as the Compliance Officer in replacement of Mr. T. Chandrasekharan 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
31.03.2010	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.
31.03.2012	13.8.2012 10.00 A.M	Bharatiya Vidya Bhavan, New NO.18,20,22 (Old NO.37-39), East Mada Street, Mylapore, Chennai - 600 004.

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

Sl. No.	Date of General Meeting	Special Resolutions passed
1.	29.09.2010	Nil
2.	29.09.2011	Nil
3.	13.08.2012	Nil

Postal Ballot

During the year under review, shareholders' approval was sought through Postal Ballot for authorizing the Board for mortgage/sale/charge/transfer of the lands or part(s) thereof belonging to the Company situated at 108, Mount Poonamallee Road, Porur, Chennai – 600 116 in terms of Section 293 (1) (a) of the Companies Act, 1956. The Postal Ballot process commenced on 15th June, 2012 and concluded on 27th July, 2012 with the declaration of result by the Chairman. The resolution has been approved by the shareholders with overwhelming majority.

(b) Notes on Directors seeking appointment / reappointment:

I. Mr. K. RAMAN

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

II. Mr. V. SRINIVASAN

Mr.V.Srinivasan is one of the founder promoters of the Company along with Late N.S.Sethuramon. He was the Chairman and Managing Director of the Company until 1997 and presently is the non – executive Chairman of the Board of Directors. Mr.V.Srinivasan has been associated with several national industry associations both in Electrical and Trade & Commerce and was the National President of CII. He has served as a Director on several companies as well as various non-profit institutions of repute. The Company has immensely benefited by his strategic direction and vision in all spheres of management.

III. Mr. S. SURESH

Mr. S. Suresh is a Mechanical Engineer by training who has also done graduation in Business Administration from University of Madras and Post Graduate Diploma in General Management. Mr. Suresh is also a certified Lead Auditor for ISO 9000:2000 Standards of CII. Has more than 30 years of experience in various manufacturing units.

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. K. RAMAN	Nil	W.S. Electric Limited	-
MR. V.SRINIVASAN	446453	W.S. Electric Limited -Chairman & Managing Director W.S. International Private Limited -Chairman W.S.Test Systems Private Limited Vensunar Holdings Private Limited	- - - -
MR. S.SURESH	Nil	He is not holding Directorship / Committee Membership in any other Company.	

9. Disclosures

- Transactions with Related Parties have been disclosed in Note No.31 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.



- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges and non-mandatory requirements to the extent detailed at the end of this Report.

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	www.wsinsulators.com/KYC www.bseindia.com , www.nseindia.com
iv.	Any official news release published	No
v.	Details of presentation made to Institutional Investors/Analysts	Nil

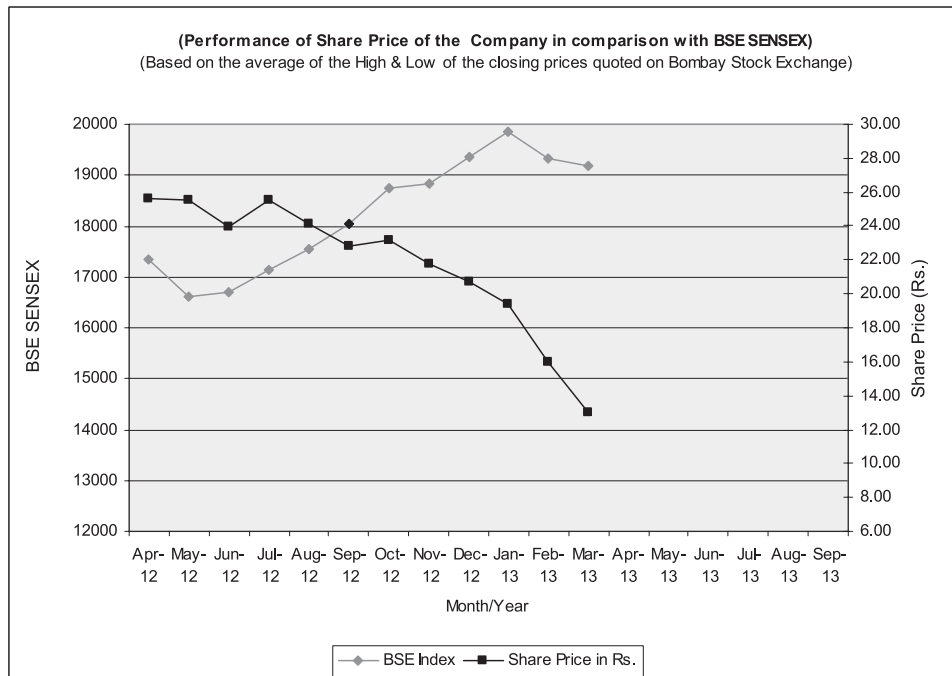
11. General Shareholder Information

a.	AGM - Date, Time & Venue	11th February, 2014 at 11 A.M. at Mini Hall, Bharatiya Vidya Bhavan, New No.18,20,22 (Old No.37-39), East Mada Street, Mylapore, Chennai - 600 004.
b.	Financial Year	April, 2012 to September, 2013 (18 months period)
c.	Book Closure Date	4th February, 2014 to 11th February, 2014 (Both days inclusive)
d.	Equity shares Listed on Stock Exchanges	Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd.
	SCRIP NAME & CODE ISIN No. (NSDL & CDSL)	WSI & 504220 INE 100D01014
e.	Private placed secured Redeemable Non-Convertible Debentures Listed on Stock Exchange	Bombay Stock Exchange Ltd.
	SCRIP CODE ISIN No.	948574 INE100D07011
	Debenture Trustee	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17th, R. Kamani Marg, Ballard Estate, Mumbai-400 001.

- f. Market Price - High & Low of the closing prices of Equity Shares of the Company during the 18 months period ended April 2012 - September 2013:



Month	Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		High	Low	High	Low
		(in ₹)			
April	2012	29.20	22.10	27.85	22.30
May	2012	27.95	23.20	27.00	23.40
June	2012	25.30	22.65	25.45	22.90
July	2012	28.10	23.00	28.20	22.90
August	2012	26.85	21.50	26.55	21.95
September	2012	24.30	21.30	25.00	21.40
October	2012	24.70	21.60	24.70	21.35
November	2012	23.60	20.00	23.70	19.90
December	2012	22.60	18.75	21.70	18.55
January	2013	20.50	18.30	20.55	18.00
February	2013	18.50	13.55	18.50	14.10
March	2013	15.00	11.01	15.00	11.20
April	2013	13.48	8.52	13.40	10.45
May	2013	13.00	10.22	13.80	11.10
June	2013	13.75	12.00	13.15	12.10
July	2013	11.50	8.60	-	-
August	2013	9.00	7.89	12.20	11.60
September	2013	9.11	7.35	11.05	10.00





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"> Transfers of shares held in electronic form are done through the depositories by the share transfer agents without the involvement of the Company. Transfers of shares in the physical form are done once in a fortnight. The power to approve the transfer, transmission and other Share Certificate related matters has been delegated by the Board to Compliance Officer, and Managing Director and their actions are ratified at the next Share Transfer and Investors Grievance Committee Meeting. 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 15 days of their lodgement and sent to Bombay Stock Exchange & National Stock Exchange. 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 & National Stock Exchange.

i. Distribution of Shareholding and Shareholding Pattern (as on 30.09.2013).

a) Distribution of Shareholding

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
UPTO 5000	10020	98.65	2973721	14.07
5001 - 10000	69	0.68	499617	2.36
10001 - 20000	22	0.21	300645	1.42
20001 - 30000	10	0.10	246834	1.17
30001 - 40000	7	0.07	235102	1.11
40001 - 50000	—	—	—	—
50001 AND ABOVE	29	0.29	16883870	79.87
TOTAL	10157	100.00	21139789	100.00

b) Shareholding Pattern

Category	Holders	Shares	% of Shares held
Promoters	19	9898485	46.82
Mutual Funds/FIIs	4	1986077	9.39
Banks/Financial Institutions	8	73205	0.35
Other Bodies Corporate	185	1236695	5.85
NRI/Foreign Companies	75	3409994	16.13
Public	9866	4535333	21.46
Total	10157	21139789	100.00

j.	Dematerialisation of shares & liquidity	The shares of the Company can be held and traded in electronic form. 94.76% of the Company's Shareholding has been de-materialized as on 30th September, 2013.
k.	Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity	Nil
l.	Plant Locations	Unit I 108, Mount Poonamallee Road Porur, Chennai - 600 116 Tamil Nadu. Unit II Plot No 31, AP SEZ, Duppituru Village, Atchutapuram Mandal Visakhapatnam, Andhra Pradesh.
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 corpserv@integratedindia.in 108, Mount Poonamallee Road Porur Chennai - 600 116. sectl@wsinsulators.com

Non mandatory requirements

a) The Board

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

b) Remuneration Committee : Complied with

c) Shareholder rights

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

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

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

Chartered Accountants

8A, Bishop Wallers Avenue (West),

Mylapore, Chennai - 600 004.

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

We have examined the compliance of conditions of Corporate Governance by W.S. Industries (India) Limited, for the 18 months period ended 30th September, 2013 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**January 3, 2014**



ANNEXURE - D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INTRODUCTION:

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

B. THE INDIAN MACRO-ECONOMIC POWER SCENARIO:

Performance of Generation Sector:

The power sector growth has slowed in the 2012-2013 period with several projects getting delayed.

Central-sector projects status report revealed that implementation of 45 out of 98 ongoing power projects and 21 coal projects out of 51 are behind schedule due to delays in land acquisition, municipal permission, supply of materials, award of work, operational issues, etc. Investment in the sector dried as environment continued to be challenging.

On the capacity addition front, India added 20623 MW of new capacity during the period April, 2012 to March, 2013, and a further 6963 MW was added between April, 2013 to November, 2013.

During the 11th Five Year Plan, nearly 55,000 MW of new generation capacity was created, yet there continued to be an overall energy deficit of 8.7% and peak shortage of 9%.

The installed base of generation capacity as on 30th November, 2013 is 232165 MW.

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

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

In terms of energy equivalent of all the primary energy sources as on 31st January, 2013, the share of Thermal, hydro, nuclear, renewables and others were 57%, 19%, 2%, 12% and 10 % respectively.

General industry survey revealed that power generation growth slowed to 4.6% in April-December, 2012 as against 9.3% reported in the same nine months a year ago, while production in almost all other core sector segments rose in the period.

Electricity generation by power utilities during 2012-13 was targeted to go up by 6.05% to 930 billion units. In the nine-month period, the plant load factor of state-sector utilities remained lower than that of private- and central-sector utilities.

Nevertheless, it expected that four ultra mega power projects of 4,000 mw, except Tilaiya UMPP, will be commissioned during the 12th Plan.

On the finance front, power accounts for 50% share in total credit flow to infrastructure sector. The rate of growth of this sector, after moderating to 13.94% in Q1FY13 improved to 21.58% in Q3.

Nevertheless, foreign direct investment in the power sector slowed to \$ 456 million in nine-months ended December, 2012 from \$1,436.75 million reported in the same period a year ago due to continued global risks and moderated business sentiment.

Performance of Transmission And Distribution Sector:

Average transmission and distribution losses (T&D) exceed 25% of total power generation compared to less than 15% for developing economies. The T&D losses are due to a variety of reasons, viz., substantial energy sold at low voltage, sparsely distributed loads over large rural areas, inadequate investment in distribution system, improper billing and high pilferage.

Losses of India's State Electricity Boards have once again assumed disproportionate levels, thus coming full circle since the Electricity Act of 2003 which tried to make these entities more efficient. The average cost of supply for all power companies has far exceeded the average revenue realized. Not surprisingly, the accumulated losses of SEBs were estimated at Rs 1.8 trillion at the end of FY12, from Rs 1.2 trillion in FY11. The non-receipt of subsidies from cash-strapped state government coffers affected the finances of distribution companies. Subsidies from state governments were estimated at 19% of the total revenue of state utilities in FY10. Although subsidies booked have grown at 30% YoY, cash received stood at only 14%.

Barriers to entry are high, especially in the transmission and distribution segments, which are largely state monopolies. Also, entering the power transmission and distribution business requires large capital investments. The other barriers are fuel linkages, payment guarantees from state governments that buy power and retail distribution license.

As far as T&D segments of the sector are concerned, there was little that actually happened in FY12-13. The country continues to reel under the pressure of higher T&D losses and with the government going very slow with the reforms process in these segments, the long-term sustainable growth of the sector seems doubtful.

After the massive grid collapse in August, 2012, the problems of the transmission segment have resurfaced to government's attention. Investments in this segment have, however, moved rather slowly. The existing inter-regional power transfer capacity was targeted to be raised to 37,150 MW by the end of the 11th Plan period. Power Grid was the only company from the power sector to have met its investment target during the 11th Plan. Its pace of investment was higher compared to the generation sector.

During the period April, 2012 to March, 2013, a total of 17107 ckm were added and for the period April, 2013 to November, 2013, a total of 7620 ckm were added.

Electrical Equipment Industry:

- The electrical equipment industry registered a negative growth of 7.8% for the first time in 10 years.

- Local players severely hit by delays in project execution and higher imports
- Indian manufacturers face unprecedented credit squeeze and repayments
- Power cable industry worst hit after suffering a negative growth of 26% (YoY)
- Capacitors makers registered a negative growth of 24% (YoY)
- Electrical Equipment Industry Mission Plan to rescue the local industry

India's local electrical equipment makers have witnessed the most challenging times in the \$25 billion industry registering a negative growth of 7.8% due to sluggish demand and higher imports for FY 12/13 for the first time in 10 years, as compared to a growth of 6.6% in 2011-12, according to the annual industry data released by the Indian Electrical and Electronics Manufacturers' Association (IEEMA). The industry was facing massive project execution delays, mostly by the state-run transmission and distribution companies and an unprecedented credit squeeze due to economic slowdown.

Slackening demand in the power sector, continuous rise in imports of electrical equipment, especially from China and South Korea and an absence of a level playing field is threatening the existence of the Indian players. The imports of electrical equipment have grown more than 25% of the total domestic market in the last fiscal, thus eating into the domestic manufacturer's pie.

The import-export data from 27 ports across the country indicate a sorry state of affairs given the significant rise in imports of 765 kV transformers (Power) and reactors, insulators, LV switchgears and HV cables.

Insulator Industry :

The domestic insulator industry continued to suffer during the first half of the financial year due to weak market, steep drop in number of tenders for insulators, continued pressure on pricing and uncontrolled surge in all input costs. However, the saving grace was that a safeguards duty of 35% on insulators from China that was notified in December, 2012 by the Govt. of India has stemmed the uncontrolled imports of insulators from China at prices which are unworkable in Indian manufacturers. Your company led the industry initiative to get the safeguards duty imposed.

Post the imposition of safeguards duty, the market pricing has stabilised in the domestic market during the period April – September, 2013. The market has also turned around to positive growth of 3.2% during this period. However, this demand is skewed across sectors and is mainly in 765 kV when all other segments continue to see a contraction.

C. GLOBAL SCENARIO:

The global scenario continues to represent 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 targeted towards India and the rest of the world which has resulted in pricing 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 and sales :

The production was significantly lower during the 18 month period 30th September, 2013 due to a weak market and inadequate working capital leading to cash and credit squeeze. The company operated at 30 – 40% capacity utilisation for the entire period.

**Turnkey Projects :**

The focus during the current year continued on completion, commissioning and handing over of carry forward projects. In addition, the order book for the Projects business was built up in a focused manner which currently stands at about Rs. 80 crores.

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

The experience acquired from the pursuit and execution of projects of various voltage ratings in different operating environments has given the foundation to address increased complexity and size of such projects.

Steps taken by your company :

- Monetisation of its non-electrical segment assets
- Working capital

Other operational steps taken :

- Intense focus on changes in product mix for better pricing and margins
- Optimising production across the two plants
- Right sizing human resources in order to reduce costs and improve management efficiency.
- Expansion of product portfolio at Vizag plant
- Develop new products as well as increasing sale of premium products and services
- Intense focus on scaling up the Turnkey Projects business

Restructuring

The Company is examining and evaluating various options to minimise losses and conserve working capital.

E. ENTERPRISE RISK ANALYSIS AND ITS MANAGEMENT:

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

a. Business Risks:

- Inability to pass on cost increases to customers due to predatory pricing from Chinese competitors and intense competition.
- Postponement in order execution by customers due to the corresponding delay in the generation projects for which these T & D investments are being set up.
- Inadequate funds for working capital due to the cash losses incurred.
- The company mitigates the business risks by
 - Continuously changing its product mix
 - Continuously expanding its geographic and customer exposure
 - Broad-basing its supply base
 - Monetisation of non electrical segment assets

**b. Financial Risks :**

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

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

c. Foreign Exchange Risks :

The 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.

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

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

d. Contractual Risks :

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

e. Asset protection :

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

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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



H. OUTLOOK:

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 positive reversal in the market during the period April – September, 2013 sustain enable the company to have a reasonable market for both the manufacturing and contracting segments. The main threats in the near term are :

- Any further delays in monetisation of the company's non-electrical segment assets will further squeeze the company's already precarious liquidity position
- The reluctance of banks to allow the company to utilise its sanctioned working capital limits, both funded and non-funded.
- Unhealthy import competition
- Over capacity in Indian market
- Multiplicity of duties and taxes
- Depreciating rupee adding to costs
- Continued volatility in commodity and crude oil prices leading to consequent pricing pressures and depressed margins

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 30th September, 2013, 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
January 3, 2014

NARAYAN SETHURAMON
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

ANNEXURE - F TO DIRECTORS’ REPORT**DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors state in good faith that :

1. In the preparation of the annual accounts for the 18 months period ended 30th September, 2013, the applicable Accounting Standards as presented in the Notes on Accounts have been followed by the Company.
2. The Accounting Policies have been selected appropriately and applied consistently and judgement and estimates have been made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year.
3. They have taken proper and sufficient care:
 - a) for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 ;
 - b) for safeguarding the assets of the Company ; and
 - c) for preventing and detecting fraud and other irregularities.
4. The Accounts of the Company have been prepared on a going-concern basis.



INDEPENDENT AUDITORS' REPORT

To the Members of W.S. Industries (India) Ltd. for the year ended September 30, 2013.

Report on the Financial Statements

We have audited the accompanying financial statements of W.S. Industries (India) Ltd. ('the Company'), which comprise the Balance Sheet as at September 30, 2013, the Statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion:

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2013 and
- b) In the case of Statement of Profit and Loss, of the **Loss** for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('Order'), as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the



Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on September 30, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on September 30, 2013 from being appointed as a Director in terms of sec 274(1)(g) of the act.

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

CHELLA K SRINIVASAN
PARTNER
Membership No.: 023305

Chennai
28th November, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal Regulatory Requirements' section of our report of even date)

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

- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 during the year. Consequently, the provisions of clauses (iii) (a) to (iii) (g) of the order are not applicable to the Company.
- (b) The company has taken 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 ₹ 163 million.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under section 301 of the Companies Act 1956.
- (b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices.
- (vi) The company has not accepted Fixed Deposit from the Public, hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other relevant provisions of the Act, and rules framed there under are not applicable for the year under audit.
- (vii) A firm of Chartered Accountants is appointed as Internal Auditors of the company for the period under review. In our opinion the company has an internal audit system that is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor's education and protection fund, income-tax, sales tax, wealth tax, service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it as on 30th September, 2013.
- (b) At the end of the financial year there were no dues of sales tax, Income Tax ,Wealth Tax,Service Tax, Customs duty, Cess which have not been deposited on account of any dispute except as follows:

Name of the statute	Nature of dues	Amount (in millions)	Forum where dispute is pending
Income Tax	Income Tax	0.40	High Court



- (x) The Company has accumulated losses as at the end of the financial year and has not incurred cash loss during the financial year .However it has incurred cash loss during the immediately preceeding financial year and the accumulated losses is more than 50% of the net worth of the company.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks/ financial institutions , except the following
- (a) An amount of ₹ 30.70 million towards principal has fallen due on 30th September, 2013.
 - (b) An amount of ₹ 13.34 million towards interest has fallen due on 30th September, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi /mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures hence clause (xiv) is not applicable.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, we report that the company has not raised any term loan during the year.
- (xvii) On the basis of our examination, the company has not used funds raised short-term basis for long term investments.
- (xviii) During the year, the company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has issued debentures during the year for which necessary securities have been created.
- (xx) During the year the management has not raised money through public issue and hence we offer no comments on the same.
- (xxi) According to the information and explanations given to us, by the Company, no fraud on or by the company has been noticed or reported, during the course of our audit.

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

CHELLA K SRINIVASAN
PARTNER
Membership No.: 023305

Chennai
28th November, 2013


BALANCE SHEET AS AT 30TH SEPTEMBER, 2013

(₹ in Million)

	Notes	THIS YEAR		PREVIOUS YEAR	
I EQUITY AND LIABILITIES					
1 Shareholders' Funds					
Share Capital	5	338.90		338.90	
Reserves and Surplus	6	(149.46)	189.44	1290.38	1629.28
2 Non-Current Liabilities					
Long Term Borrowings	7	921.51		1076.63	
Deferred Tax Liability - Net	8	32.10		-	
Other Long Term Liabilities	9	127.10	1080.71	80.00	1156.63
3 Current Liabilities					
Short Term Borrowings	10(a)	872.26		857.23	
Trade Payables	10(b)	284.51		724.06	
Other Current Liabilities	10(c)	1529.83		429.42	
Short Term Provisions	10(d)	26.13	2712.73	23.73	2034.44
TOTAL			3982.88		4820.35
II ASSETS					
1 Non-current assets					
Fixed Assets					
i) Tangible assets	11(a)	1494.02		2821.32	
ii) Capital Work in Progress	11(b)	14.78	1508.80	137.22	2958.53
Non-current investments	11(c)		1.39		1.39
Deferred Tax assets (Net)	11(d)		-		52.50
Long Term Loans and advances	11(e)		13.91		16.98
Other non-current assets	11(f)		6.16		6.48
2 Current Assets					
i) Current Investments	11(c)	-		15.44	
ii) Inventories	12(a)	517.63		571.02	
iii) Trade receivables	12(b)	493.83		675.99	
iv) Cash and cash equivalents	12(c)	16.37		20.82	
v) Short term loans and advances	12(d)	1421.40		496.98	
vi) Other Current Assets	12(e)	3.39	2452.62	4.22	1784.47
TOTAL			3982.88		4820.35

Significant Accounting Policies &
Notes on Financial Statements

1 to 31

As per our report of even date

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

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)
Chennai
28th November, 2013

For and on behalf of the Board

V. SRINIVASAN
Chairman

MURALI VENKATRAMAN
Vice Chairman

NARAYAN SETHURAMON
Managing Director &
Chief Executive Officer

K.RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013 (₹ in Million)**

	Notes	THIS YEAR		PREVIOUS YEAR	
1 Revenue from Operations (Gross)					
Sales and Other Operating income	14	2220.58		2439.48	
Less: Excise Duty		191.93	2028.65	188.44	2251.04
2 Other Income	15		1382.07		167.87
3 Total Revenue (1+2)			3410.72		2418.91
4 EXPENSES					
Cost of Materials consumed	16	1328.11		1399.61	
Changes in Inventories of Finished Goods and Work-in-Progress	17	(28.40)		(68.06)	
Employee Benefit expense	18	468.74		346.70	
Finance Costs	19	662.51		323.54	
Depreciation and Amortization expenses		158.11		100.20	
Other expenses	20	827.07	3416.14	967.44	3069.43
5 PROFIT / (LOSS) BEFORE TAX (3 - 4)			(5.42)		(650.52)
6 Tax expense					
i) Current tax.		-		-	
ii) Deferred Tax		84.60	84.60	(101.80)	(101.80)
7 PROFIT / (LOSS) AFTER TAX (5 - 6)			(90.02)		(548.72)
8 Earnings per equity share (in ₹):					
i) Basic			(4.26)		(26.53)
ii) Diluted			(4.26)		(26.53)

Significant Accounting Policies &
Notes on Financial Statements

1 to 31

As per our report of even date

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

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)
Chennai
28th November, 2013

For and on behalf of the Board

V. SRINIVASAN
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Vice Chairman

NARAYAN SETHURAMON
Managing Director &
Chief Executive Officer

K.RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

(₹ in Million)

	THIS YEAR	PREVIOUS YEAR
A CASH FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before Taxes	(5.42)	(650.52)
Adjustments for:		
Add:		
Loss on Fixed Assets Discarded/sold	38.24	5.28
Depreciation	158.11	100.20
Interest and Financial Charges (Net)	662.51	323.54
	853.44	(221.49)
Less:		
Income from Investments	0.68	1.41
Profit on sale/write off of Investments	-	159.90
Effect of changes in Foreign Currency Exchange Rate	0.13	(0.19)
Profit on Sale of Assets	1372.97	-
Operating Profit before Working Capital changes	(520.35)	(382.61)
<u>Increase/(Decrease) in Working Capital:</u>		
(Increase)/Decrease in inventories	53.39	(46.25)
(Increase)/Decrease in Sundry Debtors	182.16	143.96
(Increase)/Decrease in other Current Assets	(920.21)	1.68
Increase/(Decrease) in Liabilities and Provisions	(16.49)	90.97
Income Taxes paid	(5.00)	(2.00)
Net cash from operating activities	(1226.49)	(194.25)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including interest capitalised)	(96.83)	(163.47)
Sale/ reduction in value of Fixed Assets	1373.36	1.85
Income from Investments	0.68	1.41
Purchase of Investments	-	(5.03)
(Increase)/Decrease - Investment in Subsidiaries	-	160.00
Sale of Investments	15.44	5.09
Net Cash (used in) / from Investing activities	1292.65	(0.16)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

(₹ in Million)

	THIS YEAR	PREVIOUS YEAR
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase/decrease in secured Loans	255.09	372.14
Increase/decrease in Unsecured Loans	71.63	87.38
Repayment of Deferred Liability	-	(0.36)
Increase/(Decrease) in working Capital from Banks	265.03	47.69
Dividend and Dividend Tax paid	-	(10.81)
Interest and financing charges paid	(662.51)	(323.54)
Net Cash from Financing Activities	(70.75)	172.49
NET INCREASE IN CASH AND CASH EQUIVALENTS (i)	(4.59)	(21.91)
Cash and Cash Equivalents as at the beginning of the year	20.96	42.87
Cash and Cash Equivalents as at the close of the year	16.37	20.96

Notes on Cash Flow Statement:

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

3 CASH AND CASH EQUIVALENTS

CASH AND BANK BALANCES	16.37	20.82
UNREALISED (GAIN) / LOSS	-	0.14
CASH AND BANK BALANCES RESTATED AS ABOVE	16.37	20.96

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)
Chennai
28th November, 2013

K.RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary



Notes forming part of the Balance Sheet as at 30th September, 2013 and Statement of Profit and Loss Account for the 18 Months' period ended 30th September, 2013.

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 Rs. 5,000/- are fully depreciated in the year of purchase.

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

Expenses incurred during the construction period prior to commencement of production are classified and disclosed under Capital Work-in-progress

(c) Investments:

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

(d) Current Assets:

Inventories:

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

Others:

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

(e) Foreign Currency transactions:

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

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

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

(f) Sales:

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

(g) Retirement benefits:

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

(h) Amortization of Deferred Revenue Expenditure:

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

(i) Research & Development:

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

(j) Impairment of Assets:

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

(k) Deferred Tax:

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

(l) Lease & Rentals:

Receipts: Lease and rental receipts in respect of assets leased/rented out are accounted, in accordance with the terms and conditions of the lease/rental agreements entered into with the lessees/tenants and are in accordance with conditions specified in Accounting Standard 19.

Lease payments on assets taken on lease are recognized as an expense on a straight line basis over the lease term.

(m) Contingent Liability:

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

2 LOSS FROM OPERATIONS

During the year under review:

- a. cost of all inputs increased significantly.
- b. selling price witnessed drastic reduction consequent to dumping of electrical insulators by Chinese manufacturers
- c. exchange fluctuations adversely affected the imports.

Nevertheless, company took various initiatives to arrest the operating loss. Despite that for the third year, the company incurred loss from Operations.

However, the company is pursuing its turn around plans with monetization of the real assets and thus revive the operations. It is pointed out that the continuous losses had affected the network of the company which dropped by more than 50% from its peak level. Regardless of it, once the turn around plan is successfully implemented, the company is expected to back to normal operations with improved network.

3 SEGMENT

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

- 4 The Financial Statement for the current period have been drawn for the period from 1st April, 2012 to 30th Sept., 2013 (18 months) after receipt of letter of approval from Registrar of Companies vide their letter dt. 20th Feb., 2013.

Accordingly current year's figures are not comparable with those of previous year which is of 12 months.

**NOTE 5****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	No. of shares	Value
Equity Shares:				
At the beginning and end of the year	21,139,789	211.40	21,139,789	211.40
Preference Shares:				
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 30 Sept. 2013		As at 31 March 2012	
	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%
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 30 Sept. 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Credit Renaissance Fund Ltd.	760,000	60%	760,000	60%
Credit Renaissance Development Fund L.P.	165,000	13%	165,000	13%
Vensunar (P) Ltd.	350,000	27%	350,000	27%

The 925,000 Non-convertible, Redeemable and cumulative Preference Shares of Rs.100/- each fully paid up with coupon rate of 5% / 7.5% subscribed by the Overseas Investors, viz., Credit Renaissance Fund Ltd. and Credit Renaissance Development Fund L.P. and due for redemption on 3rd October, 2013 has been extended by the above shareholders by a period of one year, i.e., upto 3rd October, 2014.

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


NOTE 6

(₹ in Million)

Reserves & Surplus
As at 30th Sept. 2013
As at 31 March 2012
a. Capital Reserves

As per Last Balance Sheet 9.95 9.95

b. Share Premium Account

As per Last Balance Sheet 180.50 180.50

c. Revaluation Reserve

As per Last Balance Sheet	1349.82	-
Additions during the year	-	1349.82
Less: Withdrawn during the year *	1349.82	-
Closing Balance	-	1349.82

d. Capital Redemption Reserve

As per Last Balance Sheet	176.16	176.16
Add: Transfer from Statement of Profit and Loss	-	176.16

e. Special General Reserve

As per Last Balance Sheet 25.81 25.81

f. General Reserve

As per Last Balance Sheet	-	94.04
Less: Transfer to Statement of Profit and Loss	-	94.04
Closing Balance	-	-

g. Surplus in Statement of Profit and Loss

Balance as per Profit and Loss Account of the previous year	(451.86)	2.82
Profit / (Loss) for the year	(90.02)	(548.72)
Transfer from General Reserve	-	94.04
Net Surplus / (Deficit) in Statement of Profit and Loss	(541.88)	(451.86)
Total Reserves and Surplus	(149.46)	1290.38

* An amount of ₹ 1349.82 million representing Revaluation Reserve created during the previous financial year towards 10 Acres of land at Chennai has since been withdrawn consequent to recognition of Income on sale of land during the current financial year.

**NOTE 7**

(₹ in Million)

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

	THIS YEAR	PREVIOUS YEAR
i Non Convertible Debentures	155.45	-
ii Term Loans from Banks	163.20	912.85
iii Term Loans from other than Banks	414.55	-
TOTAL	733.20	912.85

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

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

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

- i) Term Loans availed and outstanding to banks, aggregating to ₹ 316.70 million are secured by pari passu first charge on the block assets of the company situated at the Chennai plant except to the extent of 15.08 acres of land.
- ii) NCD of ₹ 300 million and the Term Loans secured from NBFC & ARC Trust aggregating to ₹ 800 million are secured by pari passu first charge on the block assets of the company situated at the Vizag Plant and 5 acres of land at Chennai.
- iii) Security Receipts of ₹ 249.62 million classified as Term Loan from other than Banks are secured by Block Assets of the company situated at Chennai except for 10.08 acres of land and also secured by block assets of the company situated at Vizag.

Terms of Repayment

Outstanding Bank Term Loans are payable in 11 quarterly instalments from Sept., 2013

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

For the Security Receipt of ₹ 249.62 million terms of the Security Receipt is linked to the proceeds of sale of land.

b Unsecured

	THIS YEAR	PREVIOUS YEAR
i Hire Purchase facility	0.31	0.78
ii Loan from Subsidiary	163.00	163.00
iii Inter Corporate Deposit	25.00	-
	188.31	163.78

NOTE 8**Deferred Tax Liabilities (net)**

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

	THIS YEAR	PREVIOUS YEAR
- Depreciation	32.10	-
- Others	-	-
- Total	32.10	-


NOTE 9
OTHER LONG TERM LIABILITIES

Advance from Subsidiaries

THIS YEAR

127.10

127.10

(₹ in Million)

PREVIOUS YEAR

80.00

80.00

NOTE 10
CURRENT LIABILITIES
a Short Term Borrowings
Secured

Working Capital Borrowings from Banks

872.26

607.23

Short Term Loans from Bank

-

250.00

TOTAL
872.26
857.23

Working Capital facilities from Consortium of Banks, for Chennai and Vizag Units and for Turnkey Projects Division availed on including Cash Credit, Packing Credit, WCDL and FCNRB are secured by the Hypothecation of Stocks of Raw Materials, Stores, Spares (not relating to Plant and Machinery), Work-in-Progress, Finished Goods, Book Debts and Documentary Bills. They are further secured by a Second Charge on the block assets of the company situated at Chennai unit except to the extent of 15.08 acres of land on which charge has been ceded ranking pari-passu among themselves.

b Trade payables

Trade payables

284.51

724.06

284.51
724.06
c Other Current Liabilities

i Current maturities of Long Term Loans *

933.37

254.18

ii Interest accrued but not due on loans

90.34

1.40

iii Interest accrued and due on loans @

13.34

7.78

iv Unclaimed Dividend

0.91

0.91

v Creditors for Capital Expenditure

12.34

11.65

vi Advance from customer

256.18

29.11

vii Other payables: subsidiary

-

25.00

viii Other payables

222.35

99.39

ix Advance received towards sale of land

1.00

-

TOTAL
1529.83
429.43

* Period and amount of default: ₹ 30.70 Million has fallen due on 30th Sept. 2013

@ Period and amount of default: ₹ 13.34 Million has fallen due on 30th Sept. 2013.

d Short Term Provisions

i Provision for Employee benefits

22.75

15.34

ii Income Tax (Net of payments)

3.38

8.39

TOTAL
26.13
23.73

**NOTE 11****NON-CURRENT ASSETS****FIXED ASSETS**

	THIS YEAR		(₹ in Million) PREVIOUS YEAR	
a Tangible Assets	1494.02		2821.32	
b Capital work in Progress	14.78	1508.80	137.22	2958.53

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.	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 & S Minerals Limited	0.68	0.68
--------	--	------	------

1.39**1.39****Current Investments****Investments in Mutual Funds:**

(500,000)	Units of face value of Rs. 10/- each - Sundaram Interval Fund Qly Plan `E'	-	5.00
(477,085)	Units of face value of Rs. 10/- each - ICICI Prudential Interval Fund V - Monthly Interval Plan `A'	-	5.00
(25,600)	Units of face value of Rs. 10/- each - Reliance Medium Term Fund - Weekly Dividend Plan	-	0.44
(101,900)	Units of face value of Rs. 10/- each - Reliance Liquid Fund - Treasury Plan	-	2.50
(250,000)	Units of face value of Rs. 10/- each - SBI Debt Fund Series-180 days-22	-	2.50
		-	15.44

GRAND TOTAL**1.39****16.83**

Book value of Unquoted Investments

1.39

1.39

Market value of short term Investments

-

16.24



(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
	-	52.50

(e) LONG TERM LOANS AND ADVANCES

- Unsecured, considered good
- Loans and advances
- Deposits
- Prepaid expenses

	-	0.19
	13.22	15.47
	0.70	1.32
	13.91	16.98

(f) OTHER NON-CURRENT ASSETS

- Unsecured, considered good
- Deferred Revenue Expenditure

	6.16	6.48
	6.16	6.48

ANNEXURE TO NOTE 11

FIXED ASSETS

TANGIBLE ASSETS

Sl. No.	Description	Gross Block at Cost				Depreciation	Net Block	
		As at 01.04.2012	Additions/ Transfers/	Sold/ Discarded/ Transfers	As at 30.09.2013	Upto 30.09.2013	As at 30.09.2013	As at 31.03.2012
1	Land and Betterment							
	a) Freehold Land	1352.32	-	# 1350.02	2.29	-	2.29	1352.32
	b) Leasehold Rights in land	48.01	-	-	48.01	6.55	41.46	43.64
2	Buildings	495.01	17.18	9.41	502.78	100.66	402.12	415.58
3	Plant & Machinery *	** 1467.45	197.13	97.14	1567.44	631.99	935.45	883.16
4	Electrical Installation	128.75	4.23	-	132.98	42.12	90.86	96.05
5	Vehicles	17.17	0.23	0.73	16.67	13.17	3.50	6.34
6	Furniture & Fixtures and other Equipment	48.99	0.43	0.16	49.25	33.16	16.10	21.46
7	Office equipment	7.55	0.08	-	7.63	5.40	2.23	2.75
	TOTAL	3565.25	219.27	1457.46	2327.06	833.04	1494.02	2821.32
	Capital Work in progress	137.22	58.79	181.23	14.78	-	14.78	137.22
	GRAND TOTAL	3702.47	278.06	1638.69	2341.84	833.04	1508.80	2958.53

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

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

3 # represents sale of part of Land at Chennai.

**NOTE 12**

(₹ in Million)

CURRENT ASSETS**a) INVENTORIES**

	THIS YEAR		PREVIOUS YEAR	
(i) Stores and Spare Parts	18.38		41.22	
(ii) Raw Materials	89.62		148.04	
(iii) Packing Materials	0.67		1.59	
(iv) Materials in Transit	4.80		4.42	
(v) Work in progress	283.29		247.25	
(vi) Finished Goods	120.87	517.63	128.52	571.02

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

b) TRADE RECEIVABLES

Unsecured - considered good :

Exceeding six months

Other Debts

194.06		207.01	
299.77	493.83	468.98	675.99

c) CASH AND BANK BALANCES

Cash and cash equivalents

(i) Cash on hand

(ii) Bank Balances

- in Current Accounts *

- Margin Money

0.30		0.27	
15.93		19.76	
0.14	16.37	0.80	20.82

* includes Unclaimed Dividend 0.91 (Pervious year 0.91)

d) SHORT TERM LOANS AND ADVANCES

Loans and advances to related parties -

Unsecured - considered Good

Others - Unsecured - Considered Good

Tax deducted at source

Deposits

Prepaid Expenses

387.70		387.70	
983.88		53.12	
29.13		23.53	
8.66		11.34	
12.03	1421.40	21.29	496.98

e) OTHER CURRENT ASSETS

Interest accrued on investments

Deferred Revenue Expenditure (to be written off in one year)

-		0.58	
3.39	3.39	3.63	4.22

**NOTE 13****CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR :**

	(₹ in Million)	
	THIS YEAR	PREVIOUS YEAR
(I) Contingent Liabilities		
(a) Guarantees	827.37	842.24
(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
(c) Corporate Guarantees issued	72.97	50.80
(d) Customs Duty on Bonded Materials	1.98	6.28
(e) Tax disputes		
i) Excise and Service tax	-	0.07
ii) Income Tax	11.97	7.97
(f) Arrears of dividend on Cumulative redeemable Preference Shares	24.26	12.13
(II) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for -	1.51	4.47
(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	35.82	13.53

NOTE 14**REVENUE FROM OPERATIONS**

(a) Sale of Products		
- Insulator Products	1814.78	2105.84
- Turnkey Products	213.87	145.20
	2028.65	2251.04

NOTE 15**OTHER INCOME**

Dividend Income from Mutual Funds (Short term investments)	0.68	1.40
Other Receipts	8.41	6.48
Profit on Investments	-	159.90
Profit on Sale of Fixed Assets	1372.97	0.09
TOTAL	1382.07	167.87

* includes an amount of ₹1360.62 million towards profit on sale of land at Chennai

NOTE 16**COST OF MATERIALS CONSUMED**

(a) Raw Materials		
(i) Clays and Minerals	157.04	313.60
(ii) Metal Parts	298.80	506.05
(iii) Others	872.27	579.95
	1328.11	1399.61

**NOTE 17****CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS**

(₹ in Million)

	THIS YEAR		PREVIOUS YEAR	
Closing Stock :				
Work in progress	283.29		247.25	
Finished Goods	120.87		128.52	
Opening Stock :		404.16		375.77
Work in progress	247.25		211.76	
Finished Goods	128.52		95.95	
		375.77		307.71
TOTAL		(28.40)		(68.06)

NOTE 18**EMPLOYEE BENEFITS EXPENSES**

a Salaries, Wages and Bonus	377.80	277.80
b Contribution to PF, ESI, Gratuity, etc.	42.66	31.14
c Welfare Expenses	48.27	37.76
TOTAL	468.74	346.70

NOTE 19**FINANCE COSTS**

a Interest Expense	539.89	261.71
b Bank Charges	54.49	46.83
c Net (gain) / loss on foreign currency transactions	68.13	15.00
	662.51	323.54

NOTE 20**OTHER EXPENSES**

Consumption of Stores and Spares	42.48	51.50
Power and Fuel	355.74	501.71
Rent	5.86	5.01
Rates and Taxes	9.80	19.55
Insurance	15.91	13.12
Repairs and Maintenance:		
Building	1.50	0.16
Plant & Machinery	18.54	21.87
Other Assets	8.88	11.57
Research and Development	0.16	0.01
Directors' Sitting Fees	0.68	0.50
Travelling and Conveyance	29.70	26.69
Auditors' Remuneration	0.37	0.28
Donations	0.05	0.05
Agency Commission	12.98	17.97
Packing, forwarding and freight	93.47	143.99
Loss on Assets discarded/sold	38.24	5.37
Bad Debts written off	3.33	3.69
Others	189.38	144.40
TOTAL	827.07	967.44



(₹ in Million)

NOTE 21
PAYMENT TO AUDITOR (included under Note No. 19)

As auditor:

	THIS YEAR	PREVIOUS YEAR
Audit Fee	0.30	0.20
Tax Audit Fee	0.02	0.01
Limited Review	0.03	0.02

In other capacity:

Other services (Certification Fees)	0.01	0.03
Reimbursement of expenses	0.01	0.01
	0.37	0.27

NOTE 22
VALUE OF IMPORTS ON CIF BASIS

(including Materials in transit)

Raw Materials	434.31	688.87
Components and Spare Parts	4.78	13.90

NOTE 23
**VALUE OF RAW MATERIALS (INCLUDING COMPONENTS)
AND STORES/SPARE PARTS CONSUMED.**
i) RAW MATERIALS

Imported	510.21	38%	748.10	53%
Indigenous	817.90	62%	651.51	47%
	1328.11	100%	1399.61	100%

ii) STORES / SPARE PARTS

Imported	7.18	10%	9.62	11%
Indigenous	63.45	90%	74.76	89%
	70.63	100%	84.38	100%

NOTE 24
AMOUNTS REMITTED IN FOREIGN CURRENCIES:

Capital Expenditure	-	25.40
Technical Services	2.26	17.08
Interest	40.90	71.48
Others	4.09	18.65



(₹ in Million)

NOTE 25
EARNINGS IN FOREIGN EXCHANGE

	Year Ended 30.09.2013	Year Ended 31.03.2012
Physical Exports	146.78	246.02
Others	2.77	4.71

NOTE 26
BANK BALANCE IN CURRENT ACCOUNT INCLUDES:

E E F C Account	1.44	4.71
	(US\$ 7,957)	(US\$ 58,447)
	(Euro 5,805)	(Euro 19,778)
	(GBP 4,528)	(GBP 80,769)

NOTE 27
EMPLOYEE COST INCLUDES:

(a) Research and Development:

(i) Salaries and Wages	14.31	11.89
(ii) Contribution to Provident Fund	0.58	0.36

(b) Repairs and Maintenance:

(i) Salaries and Wages	12.72	8.93
(ii) Contribution to Provident Fund	1.58	0.71

NOTE 28
Details of Investments in Mutual Funds purchased and sold during the year:

	No. of Units	Cost of	
		Acquisition	Disposal
SBI Debt Fund Series-180 days-22	250000	2.50	2.50



NOTE 29

SEGMENT DISCLOSURE

(₹ in Million)

	Particulars	Electro- porcelain Products	Turnkey Projects	Total	Electro- porcelain Products	Turnkey Projects	Total
		2012 - 13			2011 - 12		
A. PRIMARY SEGMENT INFORMATION							
1 REVENUE							
	Gross Sales	1951.56	269.02	2220.58	2294.28	145.20	2439.48
	Less: Excise Duty	191.93	-	191.93	188.44	-	188.44
	Net Sales	1759.63	269.02	2028.65	2105.84	145.20	2251.04
2 RESULT							
	Segment result - EBIT	(635.82)	(89.16)	(724.98)	(417.24)	(77.61)	(494.85)
	Finance Charges (Net)			(662.51)			(323.54)
	Other Income			9.10			167.78
	Profit on sale of fixed assets (Net)			1372.97			0.09
	Income Tax			(84.60)			101.80
	Net Profit / (Loss)			(90.02)			(548.72)
	Other Information						
	Segment Assets	2373.94	146.32	2520.26	4,010.96	200.47	4211.42
3 Unallocated Corporate Assets				1462.62			566.80
Total Assets				3982.87			4778.22
	Segment Liabilities	567.41	(14.38)	553.03	744.20	22.06	766.26
	Unallocated Corporate Liabilities			3240.41			1894.13
Total Liabilities				3793.44			2660.39
	Capital expenditure	96.78	0.04	96.83	171.44	0.06	171.50
	Depreciation	157.33	0.78	158.11	100.19	0.17	100.20
	Non-cash expenses other than depreciation	-	-	-	-	-	-
B. SECONDARY SEGMENT INFORMATION							
Revenue by Geographical Market							
	India	1612.85	269.02	1881.87	1855.92	145.20	2001.12
	Rest of the World	146.78	-	146.78	249.92	-	249.92
Total		1759.63	269.02	2028.65	2105.84	145.20	2251.04

Notes to Segment Reporting

1 Business Segments:

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

2 Geographical Segments:

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

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

**NOTE 30**

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

(₹ in Million)

	Group Gratuity Scheme		Leave Encashment Benefits	
	This year	Previous year	This year	Previous year
(a) Change in present value of obligations:				
Present value of obligations at the beginning of the year	73.87	75.05	9.84	9.83
Interest Cost	8.10	5.61	0.98	0.67
Current Service Cost	16.69	10.40	(0.04)	2.04
Benefits paid	(25.66)	12.93	(5.39)	3.00
Actuarial (Gain) / Loss on obligations	(3.64)	(4.26)	1.48	0.30
Present value of obligations at the end of the year	69.36	73.87	6.51	9.84
(b) Changes in the fair value of Plan Assets:				
Fair value of Plan Assets at the beginning of the year	71.87	75.66	9.84	-
Expected Return on Plan Assets	7.65	6.01	-	-
Contributions	1.58	2.94	-	-
Benefits paid	(25.66)	(12.93)	1.69	3.00
Actuarial (Gain) / Loss on obligations	(2.15)	(0.01)	0.30	0.30
Present value Plan Assets at the end of the year	53.29	71.87	6.50	9.84
(c) Fair Value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	71.87	75.66	-	-
Actual Return on Plan Assets	7.65	6.01	-	-
Contributions	1.58	2.94	-	-
Benefits paid	(25.66)	(12.93)	1.69	3.00
Actuarial (Gain) / Loss on obligations	(2.15)	(0.01)	-	0.30
Fair Value of Plan Assets at the end of the year	53.29	71.87	-	-
Funded status		-	-	-
Excess of Actual over estimated return on Plan Assets		-	-	-
(d) Actuarial Gain / Loss recognized			-	
Actuarial Gain / (Loss) for the Year - obligations	2.89	4.07	-	-
Actuarial Gain / (Loss) for the year – Plan Assets	(2.15)	0.18	-	-
Total (Gain) / Loss for the year	0.74	4.25	0.13	0.40
Actuarial (Gain) / Loss recognized in the year	0.74	4.25	0.13	0.40



(₹ in Million)

	Group Gratuity Scheme		Leave Encashment Benefits	
	This year	Previous year	This year	Previous year
(e) Amounts to be recognized in the Balance Sheet and Statement of Profit and Loss				
Present value of obligations at the end of the year	(69.36)	73.87	5.26	9.84
Fair Value of Plan Assets at the end of the year	53.28	71.87	-	-
Funded Status	-	-	-	-
Net Asset/(Liability) recognized in Balance Sheet	(16.07)	-	(6.51)	9.84
(f) Expenses recognized in the statement of Profit and Loss				
Current Service Cost	16.69	10.40	(0.81)	2.04
Interest Cost	8.10	5.61	0.77	0.67
Expected Return on Plan Assets	(7.65)	6.01	0.62	-
Net Actuarial (Gain) / Loss recognized in the year	(1.49)	(4.44)	1.48	0.30
Expenses recognized in the statement of Profit and Loss	15.65	5.56	2.06	-
(g) Actuarial Assumptions				
Discount Rate	8.50%	8.00%	8.50%	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 31

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

* relinquished his wholetime directorship with effect from 14th August, 2012.

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

(₹ in Million)

	Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Other related parties
Sale of Goods	-	-	-	1.42
Interest Payments	33.06	-	-	-
Payments for services received	-	0.33	0.48	-
Receipts for services rendered	-	-	-	0.21
Remuneration	-	6.82	-	-
Sitting Fees	-	-	0.16	-
Sale of Assets	-	2.22	-	-
Unsecured Loan received	47.10	-	-	-
Trade Advance received		-	-	8.00
Balance as on 30 09 2013:				
Payable	345.33	-	-	1.42
Receivable	387.70	-	-	-

(c) Remuneration to Managing Directors / Wholetime Director

	This year	Previous year
Salary	6.42	5.82
Contribution to Provident & Other Funds	1.41	1.46
Perquisites	0.38	0.12
	8.21	7.40

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.

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

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)
Chennai
28th November, 2013

K. RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary



CONSOLIDATED FINANCIAL STATEMENTS WITH AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of W.S. Industries (India) Limited.

We have audited the accompanying consolidated financial statements of W.S. Industries (India) Ltd. ("the Company") and its subsidiaries, collectively the ("Group"), which comprise the consolidated Balance Sheet as at September 30, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at September 30, 2013; and
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Chennai
28th November, 2013

CHELLA K. SRINIVASAN
Partner
Membership No.: 023305


CONSOLIDATED BALANCE SHEET AS AT 30th SEPTEMBER, 2013

(₹ in Million)

	Notes	THIS YEAR		PREVIOUS YEAR	
I EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	4	338.90		338.90	
Reserves and Surplus	5	(501.80)	(162.90)	890.35	1229.25
Minority Interest			208.86		189.19
2 Non-current liabilities					
Long Term Borrowings	6	887.37		1050.57	
Deferred Tax Liability - Net	7	32.10		-	
Other Long Term Liabilities	8	54.16	973.63	54.16	1104.72
3 Current Liabilities					
Short Term borrowings	9(a)	872.26		857.23	
Trade payables	9(b)	284.51		724.06	
Other Current Liabilities	9(c)	1583.72		499.19	
Short Term provisions	9(d)	32.74	2773.23	39.35	2119.82
TOTAL			3792.82		4642.99
II ASSETS					
1 Non-current assets					
Fixed Assets					
i) Tangible assets	10(a)	1494.10		2821.38	
ii) Capital Work in Progress	10(b)	14.78	1508.88	137.22	2958.60
Non-current investments	10(c)		0.68		0.68
Deferred Tax assets (Net)	10(d)		-		52.50
Long Term Loans and advances	10(e)		13.91		16.98
Other non-current assets	10(f)		6.66		7.45
2 Current Assets					
i) Current Investments	10(c)	-		19.44	
ii) Inventories	11(a)	699.23		752.63	
iii) Trade receivables	11(b)	493.83		675.99	
iv) Cash and cash equivalents	11(c)	24.40		28.62	
v) Short term loans and advances	11(d)	1041.85		125.89	
vi) Other Current Assets	11(e)	3.39	2262.69	4.22	1606.78
TOTAL			3792.82		4642.99

 Significant Accounting Policies &
 Notes on Financial Statements

1 to 21

As per our report of even date

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

CHELLA K. SRINIVASAN
 Partner

(Membership No. 023305)

Chennai

28th November, 2013

For and on behalf of the Board

V. SRINIVASAN
 Chairman

MURALI VENKATRAMAN
 Vice Chairman

NARAYAN SETHURAMON
 Managing Director &
 Chief Executive Officer

K.RAMAN
 Director

RAJA GANAPATHI
 Chief Financial Officer &
 Company Secretary


CONSOLIDATED STATEMENT OF PROFIT AND LOSS THE YEAR ENDED 30th SEPTEMBER, 2013 (₹ in Million)

	Notes	THIS YEAR		PREVIOUS YEAR	
1 Revenue from Operations (Gross)					
Sales and Other Operating income	12	2263.17		2479.15	
Less: Excise Duty		191.93	2071.24	188.44	2290.71
2 Other Income	13		1383.71		68.86
3 Total Revenue (1+2)			3454.95		2359.57
4 EXPENSES					
Cost of Materials consumed	14	1328.11		1399.61	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	15	(28.40)		(68.06)	
Employee Benefit expense	16	471.08		349.10	
Finance Costs	17	659.56		325.51	
Depreciation and Amortization expenses		158.14		100.22	
Other expenses	18	839.76	3428.25	979.93	3086.31
5 PROFIT / (LOSS) BEFORE TAX (3 - 4)			26.70		(726.74)
6 Tax expense					
i) Current tax.		10.96		9.39	
ii) Deferred Tax		84.60	95.57	(101.80)	(92.41)
7 PROFIT / (LOSS) AFTER TAX before adjustment of Minority Interest (5 - 6)			(68.86)		(634.33)
8 Minority Interest in Income			(14.92)		(9.48)
9 PROFIT / (LOSS) AFTER TAX after adjustment of Minority Interest (7 - 8)			(83.78)		(643.81)
10 Earnings per equity share (in ₹):					
i) Basic			(3.83)		(30.58)
ii) Diluted			(3.83)		(30.58)

Significant Accounting Policies &
Notes on Financial Statements

1 to 21

As per our report of even date

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

CHELLA K. SRINIVASAN
Partner
(Membership No. 023305)
Chennai
28th November, 2013

For and on behalf of the Board

V. SRINIVASAN
Chairman

MURALI VENKATRAMAN
Vice Chairman

NARAYAN SETHURAMON
Managing Director &
Chief Executive Officer

K.RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2013 (₹ in Million)**

	THIS YEAR	PREVIOUS YEAR
A CASH FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before Taxes	26.70	(726.74)
Adjustments for:		
Add:		
Assets discarded	38.24	5.28
Depreciation	158.14	100.22
Interest and Financial Charges (Net)	659.56	325.51
	882.64	(295.72)
Less:		
Income from Investments	0.83	2.33
(Profit) / Loss on sale/write off of Investments	(10.00)	53.21
Effect of changes in Foreign Currency Exchange Rate	0.13	(0.19)
Profit on sale of Assets	1372.97	-
Operating Profit before Working Capital changes	(481.29)	(351.08)
<u>Increase/(Decrease) in Working Capital</u>		
(Increase)/Decrease in inventories	53.39	(46.25)
(Increase)/Decrease in Sundry Debtors	182.16	143.96
(Increase)/Decrease in other Current Assets	(911.27)	(4.23)
Increase/(Decrease) in Liabilities and Provisions	(32.81)	151.90
Income Taxes paid	(25.03)	(5.41)
Minority Interest in income	(14.92)	(9.48)
Net cash from operating activities	(1229.78)	(120.59)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including interest capitalised)	(96.86)	(163.47)
Sale/ reduction in value of Fixed Assets	1373.36	1.85
Income from Investments	0.83	2.33
Purchase of Investments	-	(9.03)
sale of Investments	59.44	121.58
Purchase of share from minority shareholders	(8.51)	(22.84)
Change in minority interest	19.67	(0.14)
Net Cash (used in) / from Investing activities	1347.93	(69.72)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2013 (₹ in Million)**

	THIS YEAR	PREVIOUS YEAR
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase/decrease in secured Loans	247.48	458.79
Increase/decrease in Unsecured Loans	24.53	(0.62)
Repayment of Deferred Liability	-	(0.36)
Increase/(Decrease) in working Capital from Banks	265.03	47.69
Dividend and Dividend Tax paid	-	(10.81)
Interest and financing charges paid	(659.56)	(325.51)
Net Cash from Financing Activities	(122.52)	169.17
NET INCREASE IN CASH AND CASH EQUIVALENTS (i)	(4.37)	(21.14)
Cash and Cash Equivalents as at the beginning of the year	28.77	49.93
Cash and Cash Equivalents as at the close of the year	24.40	28.76

Notes on Cash Flow Statement:

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

3 CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCES	24.40	28.62
UNREALISED (GAIN) / LOSS	-	0.14
CASH AND BANK BALANCES RESTATED AS ABOVE	24.40	28.76

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)
Chennai
28th November, 2013

K.RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary



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 30th Sept. 2013 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

350.00

150.00

500.00

PREVIOUS YEAR

350.00

150.00

500.00

Issued, Subscribed and Paid - up:

21,139,789 Equity Shares of ₹10/- each fully paid-up
1,275,000 Cumulative Redeemable Preference
Shares of ₹ 100/- each fully paid-up

211.40

127.50

211.40

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)
Equity Shares:				
At the beginning and end of the year	21,139,789	211.40	21,139,789	211.40
Preference Shares:				
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 30 Sept. 2013		As at 31 March 2012	
	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%
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 30 Sept. 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Credit Renaissance Fund Ltd.	760,000	60%	760,000	60%
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, Redeemable and cumulative Preference Shares of Rs.100/- each fully paid up with coupon rate of 5% / 7.5% subscribed by the Overseas Investors, viz., Credit Renaissance Fund Ltd. and Credit Renaissance Development Fund L.P. and due for redemption on 3rd October, 2013 has been extended by the above shareholders by a period of one year, i.e., upto 3rd October, 2014.

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

**NOTE 5****RESERVES & SURPLUS****a. Capital Reserves**

As per Last Balance Sheet

9.95

9.95

b. Share Premium Account

As per Last Balance Sheet

264.69

287.51

Less: utilisation on account of Buy back

8.51

256.18

22.81

264.69

c. Revaluation Reserve

As per Last Balance Sheet

1349.82

-

Additions during the year

-

1349.82

Less: Withdrawn during the year *

1349.82

1349.82

Closing Balance

-

-

-

1349.82

d. Capital Redemption Reserve

As per Last Balance Sheet

176.16

176.16

Add: Transfer from Statement of Profit and Loss

-

176.16

-

176.16

e. Special General Reserve

As per Last Balance Sheet

25.81

25.81

f. General Reserve

As per Last Balance Sheet

(83.65)

4.76

Additions during the year

5.01

5.63

Less: Transfer to Statement of Profit and Loss

-

94.04

Closing Balance

(78.64)

(83.65)

g. Surplus in Statement of Profit and Loss

Balance as per Profit and Loss Account of the previous year

(852.44)

(330.76)

on Consolidation of subsidiaries

49.96

33.72

Profit / (Loss) for the year

(83.78)

(643.81)

Transfer from General Reserve

-

(886.26)

94.04

(846.81)

Appropriations:

Transfer to Capital Redemption Reserve

-

Transfer to General Reserve

5.01

5.63

Preference Dividend

-

-

Tax on Preference Dividend

-

5.01

-

5.63

Net Surplus / (Deficit) in Statement of Profit and Loss

(891.27)

(852.44)

Total Reserves and Surplus

(501.80)

890.35

* An amount of ₹ 1349.82 million representing Revaluation Reserve created during the previous financial year towards 10 Acres of land at Chennai has since been withdrawn consequent to recognition of Income on sale of land during the current financial year.

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

i Non-convertible Debentures

155.45

-

ii Term Loans from Banks

163.20

912.85

iii Term Loans from other than Banks

414.55

-

iv Lease Rental Bills Discounting

128.86

136.94

TOTAL

862.06

1049.79



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

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

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

- i) Term Loans availed and outstanding to banks, aggregating to ₹ 316.70 million are secured by pari passu first charge on the block assets of the company situated at the Chennai plant except to the extent of 15.08 acres of land.
- ii) NCD of ₹ 300 million and the Term Loans secured from NBFC & ARC Trust aggregating to ₹ 800 million are secured by pari passu first charge on the block assets of the company situated at the Vizag Plant and 5 acres of land at Chennai.
- iii) Security Receipts of ₹ 249.62 million classified as Term Loan from other than Banks are secured by Block Assets of the company situated at Chennai except for 10.08 acres of land and also secured by Block Assets of the company situated at Vizag.

Terms of Repayment

Outstanding Bank Term Loans are payable in 11 quarterly instalments from Sep 13.

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

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

The lease rental bills discounting together with current maturities is secured by exclusive charge on rentals received by theSubsidiary Company from its lessees which has been assigned in favour of the lender and further secured by creation of equitable mortgage by deposit of title of the land owned by the Company, however covering 35,213 sq.ft. of undivided interest in land out of 122,054 sq.ft. relating to Phase I of the development and 87,279 sq.ft. of Rentable Area out of the constructed building in Phase I of the development together with the Subsidiary's entitlements thereon. The above outstanding shall carry interest at lender's base rate plus 3%. The balance loan shall be repaid in 118 months in guaranteed instalments as agreed.

b unsecured

(₹ in Million)

	THIS YEAR	PREVIOUS YEAR
i Hire Purchase facility	0.31	0.78
ii Inter Corporate Deposit	25.00	-
	25.31	0.78

NOTE 7

DEFERRED TAX LIABILITIES (NET)

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

- Depreciatoon	32.10	-
- Others	-	-
- Total	32.10	-

NOTE 8

OTHER LONG TERM LIABILITIES

Security Deposits	54.16	54.16
	54.16	54.16

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

Secured

Working Capital Borrowings from Banks

Short Term Loans from Bank

TOTAL**THIS YEAR**

872.26

-

872.26

(₹ in Million)

PREVIOUS YEAR

607.23

250.00

857.23

Working Capital facilities from Consortium of Banks, for Chennai and Vizag Units and for Turnkey Projects Division availed on including Cash Credit, Packing Credit, WCDL and FCNRB are secured by the Hypothecation of Stocks of Raw Materials, Stores, Spares (not relating to Plant and Machinery), Work-in-Progress, Finished Goods, Book Debts and Documentary Bills. They are further secured by a Second Charge on the block assets of the company situated at Chennai unit except to the extent of 15.08 acres of land on which charge has been ceded ranking pari-passu among themselves.

b Trade payables

Trade payables

284.51

724.06

284.51**724.06****c Other Current Liabilities**

a Current maturities of Long Term Loans *

942.42

262.77

b Interest accrued but not due on loans

91.19

2.31

c Interest accrued and due on loans @

13.34

7.78

d Unclaimed Dividend

0.91

0.91

e Creditors for Capital Expenditure

12.35

11.65

f Advance from customer

256.18

29.11

g Other payables

186.33

84.65

h Advance received towards sale of land

1.00

-

i Advance towards Sale of Investments

80.00

100.00

TOTAL**1583.72****499.19**

* Period and amount of dues: ₹ 30.70 Million has fallen due on 30th Sept. 2013.

@ Period and amount of dues: ₹ 13.34 Million has fallen due on 30th Sept. 2013.

d Short Term Provisions

Provision for Employee benefits

22.95

15.48

Income Tax (Net of payments)

9.80

23.87

TOTAL**32.74****39.35**



(₹ in Million)

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

	THIS YEAR	PREVIOUS YEAR
a Tangible Assets	1494.10	2821.38
b Capital work in Progress	14.78	137.22
	1508.87	2958.60

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
	0.68	0.68

Investments in Mutual Funds:

(500,000) Units of face value of Rs. 10/- each - Sundaram Interval Fund Qly Plan 'E'	-	5.00
(477,085) Units of face value of Rs. 10/- each - ICICI Prudential Interval Fund V - Monthly Interval Plan 'A'	-	5.00
(508,581) Units of face value of Rs. 10/- each - Reliance Monthly Interval Fund	-	-
(25,600) Units of face value of Rs. 10/- each - Reliance Medium Term Fund - Weekly Dividend Plan	-	0.44
(101,900) Units of face value of Rs. 10/- each - Reliance Liquid Fund - Treasury Plan	-	2.50
(250,000) Units of face value of Rs. 10/- each - SBI Debt Fund Series-180 days-22	-	2.50
(400,000) Units of Rs 10.00 each- HDFC Fixed Maturity plan 92 days Feb 2012	-	4.00
	-	19.44

GRAND TOTAL

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



		(₹ in Million)	
		THIS YEAR	PREVIOUS YEAR
(d) DEFERRED TAX ASSETS	Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in:		
- Depreciatoon		-	(48.00)
- Others		-	100.50
- Total		-	52.50
(e) LONG TERM LOANS AND ADVANCES	Unsecured, considered good		
Loans and advances		-	0.19
Deposits		13.22	15.47
Prepaid expenses		0.70	1.32
		13.91	16.98
(f) OTHER NON-CURRENT ASSETS	Unsecured, considered good		
Deferred Revenue Expenditure		6.16	6.48
Preliminary Expenses		0.32	0.79
Preoperative expenses		0.18	0.18
		6.66	7.45

ANNEXURE TO NOTE 10

FIXED ASSETS

TANGIBLE ASSETS

Sl. No.	Description	Gross Block at Cost			Depreciation	Net Block	
		As at 01.04.2012	Additions/ Transfers/	Sold/ Discarded/ Transfers		As at 30.09.2013	As at 31.03.2012
1	Land and Betterment						
a)	Freehold Land	1352.32	-	# 1350.02	2.29	-	2.29
b)	Leasehold Rights in land	48.01	-	-	48.01	6.55	41.46
2	Buildings	495.01	17.18	9.41	502.78	100.66	402.12
3	Plant & Machinery *	** 1467.53	197.16	97.14	1567.55	632.08	935.48
4	Electrical Installation	128.75	4.23	-	132.98	42.12	90.86
5	Vehicles	17.17	0.23	0.73	16.67	13.17	3.50
6	Furniture & Fixtures and other Equipment	49.11	0.43	0.16	49.37	33.23	16.15
7	Office equipment	7.55	0.08	-	7.63	5.40	2.23
	TOTAL	3565.45	219.30	1457.46	2327.29	833.20	1494.10
	Capital Work in progress	137.22	58.79	181.23	14.78	-	14.78
	GRAND TOTAL	3702.67	278.09	1638.69	2342.07	833.20	1508.88
							2958.60

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

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

3 # represents sale of part of Land at Chennai.



		(₹ in Million)	
NOTE 11	THIS YEAR	PREVIOUS YEAR	
CURRENT ASSETS			
a) INVENTORIES			
(i) Stores and Spare Parts	18.38	41.22	
(ii) Raw Materials	89.62	148.04	
(iii) Packing Materials	0.67	1.59	
(iv) Materials in Transit	4.80	4.42	
(v) Stock in Trade - Realty	181.60	181.60	
(vi) Work in progress	283.29	247.25	
(vii) Finished Goods	120.87	128.52	752.63
b) TRADE RECEIVABLES			
Unsecured - considered good :			
Exceeding six months	194.06	207.01	
Other Debts	299.77	468.98	675.99
c) CASH AND BANK BALANCES			
Cash and cash equivalents			
(i) Cash on hand	0.31	0.27	
(ii) Bank Balances			
- in Current Accounts *	23.95	27.55	
- Margin Money	0.14	0.80	28.62
* includes Unclaimed Dividend 0.91 (Previous Year 0.91)			
d) SHORT TERM LOANS AND ADVANCES			
Loans and advances	984.36	53.12	
Unsecured - Considered Good			
Tax deducted at source	36.77	40.12	
Deposits	8.66	11.34	
Prepaid Expenses	12.05	21.31	125.89
e) OTHER CURRENT ASSETS			
i) Interest accrued on investments		0.58	
ii) Deferred Revenue Expenditure (to be written off in one year)	3.39	3.63	4.21

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

	THIS YEAR	(₹ in Million) PREVIOUS YEAR
(a) Sale of Products		
- Insulator Products	1759.63	2105.84
- Turnkey Products	269.02	145.20
(b) Lease Rental Income	42.59	39.67
	2071.24	2290.71

NOTE 13**OTHER INCOME**

Dividend Income from Mutual Funds (Short term investments)	0.83	2.33
Other Receipts	9.91	6.48
Profit on Investments	-	59.96
Profit on Sale of Fixed Assets *	1372.97	0.09
TOTAL	1383.71	68.86

* includes an amount of ₹ 1360.62 million towards profit on sale of land at Chennai

NOTE 14**COST OF MATERIALS CONSUMED**

(i) Clays and Minerals	157.04	313.60
(ii) Metal Parts	298.80	506.05
(iii) Others	872.27	579.95
	1328.11	1399.61

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

Work in progress	283.29	247.25
Finished Goods	120.87	128.52
	404.16	375.77

Opening Stock :

Work in progress	247.25	211.76
Finished Goods	128.52	95.95
	375.77	307.71
TOTAL	(28.40)	(68.06)

NOTE 16**EMPLOYEE BENEFITS EXPENSES**

a Salaries, Wages and Bonus	380.14	280.20
b Contribution to PF, ESI, Gratuity, etc.	42.66	31.14
c Welfare Expenses	48.27	37.76
TOTAL	471.08	349.10

NOTE 17**FINANCE COSTS**

a Interest Expense	536.94	263.68
b Bank Charges	54.49	46.83
c Net(gain)/loss on foreign currency transactions	68.13	15.00
	659.56	325.51

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

Consumption of Stores and Spares
Power and Fuel
Rent
Rates and Taxes
Insurance
Repairs and Maintenance:
Building
Plant & 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
Loss on Sale of Investments
Bad Debts written off
Others

TOTAL**THIS YEAR**(₹ in Million)
PREVIOUS YEAR

42.48	51.50
355.74	501.71
5.86	5.01
10.50	20.32
16.11	13.25
1.60	0.27
18.54	21.87
8.88	11.57
29.02	33.71
0.16	0.01
0.71	0.53
30.07	26.99
0.45	0.36
0.10	0.05
12.98	17.97
93.47	143.99
38.24	5.37
10.11	6.75
3.33	3.69
190.43	148.72
839.76	979.93

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

Audit Fee	0.36	0.26
Tax Audit Fee	0.03	0.02
Limited Review	0.03	0.02

In other capacity:

Other services (Certification Fees)	0.02	0.05
Reimbursement of expenses	0.01	0.01
	0.45	0.36

NOTE 20

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

Net Profit / (Loss)	(68.86)	(634.33)
Preference Dividend	12.13	12.13
Net Earnings before and after extraordinary items	(80.99)	(646.46)
No. of Equity Shares	21,139,789	21,139,789
Earnings per Share before and after extraordinary items (basic/ diluted) (in ₹)	(3.83)	(30.58)

**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)

	W.S. Electric Ltd.	W.S. Insulators Ltd.
a) Share Capital	41.67	0.50
b) Reserves	369.75	(16.44)
c) Total Assets (including Preliminary and Pre-operative expenses)	611.06	48.48
d) Total Liabilities	199.65	468.17
e) Investments	0.75	403.75
f) Turnover	42.59	—
g) Profit Before Taxation	40.70	(8.62)
h) Provision for Taxation	10.50	(0.46)
i) Profit after Tax	30.20	(9.08)
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)
Chennai
28th November, 2013

K.RAMAN
Director

RAJA GANAPATHI
Chief Financial Officer &
Company Secretary

