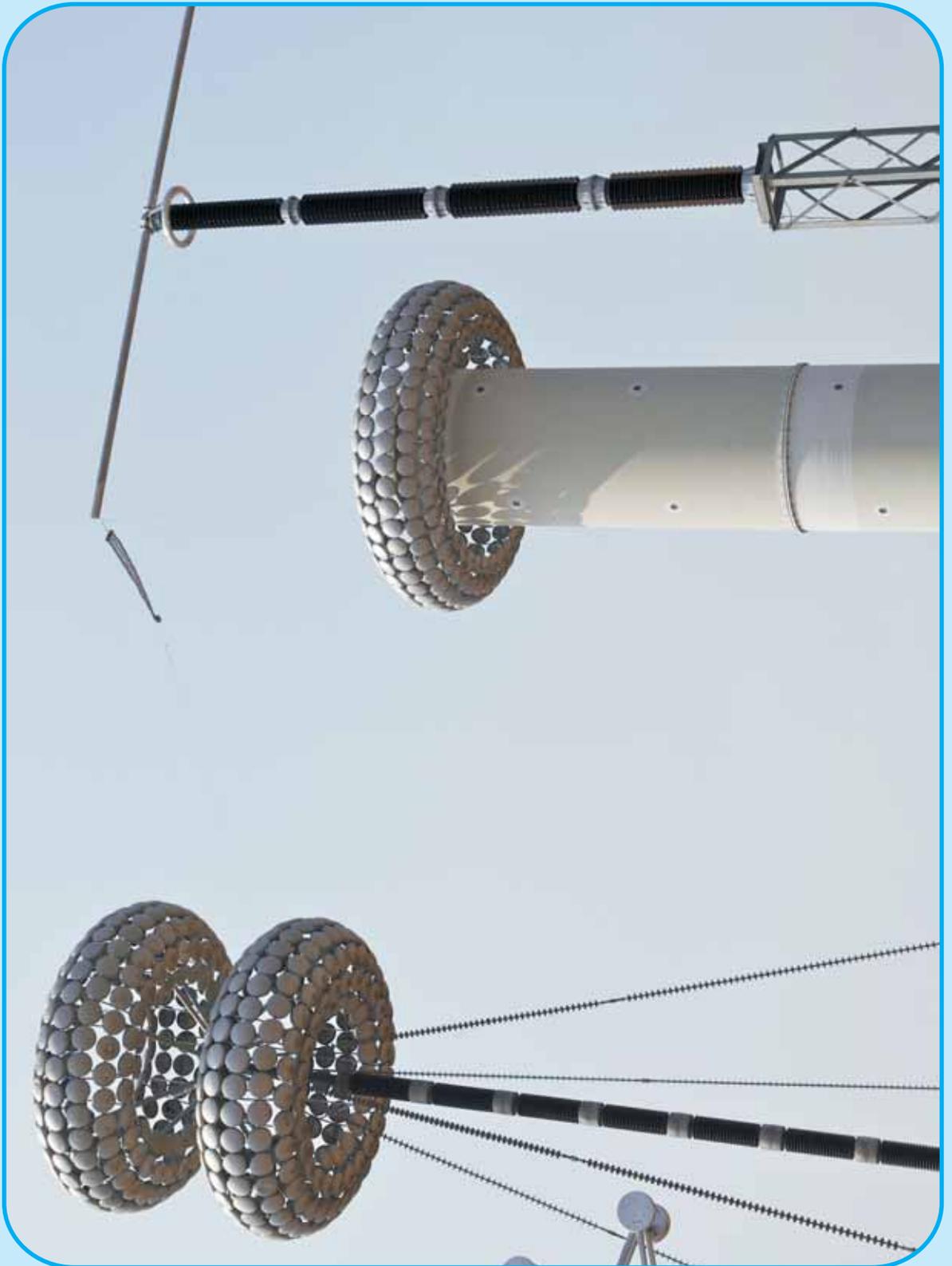




# **W.S. INDUSTRIES (INDIA) LIMITED**

**48th Annual Report  
2010 - 2011**



*1200 kV Solid Core Insulators under testing at CPRI, Hyderabad*

## BOARD OF DIRECTORS

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

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

Your Directors hereby present the Forty Eighth Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2011.

**FINANCIAL RESULTS**

(₹ in Million)

	For the year ended		
	31st March 2011	31st March 2010	
Sales and other operational income	2531.36	2175.62	
Other Income	393.96	10.47	
Total Income	2925.32	2186.09	
Gross Profit from Operations	242.46	53.86	
Less : Depreciation	96.06	79.85	
Interest /Finance Charges	174.33	113.57	
Net Profit / (Loss) for the year	(27.93)	(139.56)	
Provision /(withdrawal) for Income Tax	Deferred Tax	2.40	(9.20)
Net Profit /(Loss) for the year after Tax	(30.33)	(130.36)	
Profit Brought forward from previous year	1.48	157.69	
Transfer from General Reserve	60.00	–	
Transfer to Capital Redemption Reserve	(17.50)	(17.50)	
Provision for Preference Dividend	(9.27)	(7.14)	
Distribution tax / Education cess on dividends	(1.54)	(1.21)	
Surplus carried to Balance Sheet	2.84	1.48	

**DIVIDEND**

During the year under review, the operations of the Company were severely impacted for various reasons explained under the head 'Business Operations'. In view of the adverse financial results, no dividend has been proposed on the Equity Shares.

However, in order to meet the contractual commitments, the Directors recommend payment of dividend on the Preference Share Capital at the contracted rates out of the available reserves in terms of Companies (Declaration of Dividend out of Reserves) Rules, 1975 aggregating to Rs.9.27 million on the Cumulative Redeemable Preference Shares at the contracted rates. This dividend, together with the distribution-tax/education cess thereon, has been provided for in the accounts.

**BUSINESS OPERATIONS**

The Company operates in two business segments namely (a) Insulators and (b) Turnkey Projects. The net sales from Insulator business for the year was Rs.2122.67 million as against Rs.1764.59 million made in the previous year resulting in a growth of 20% in value terms. Our second unit, located in the Special Economic Zone at Visakhapatnam, is now stabilizing its operations but operated at a low capacity utilization through out the financial year.



The Turnkey Projects Division achieved a turnover of Rs.408.69 million in the current financial year as against Rs.411.03 million for the previous year.

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

All these factors have resulted in the Company incurring net loss of Rs.27.93 million for the year under review.

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

Other Income includes Rs.387.19 million being the profit arising on transfer of 31,000 Equity Shares of Rs.10/- each held by the Company in its real estate subsidiary to another subsidiary of your Company.

## **RECOGNITION**

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

## **CAPITAL EXPENDITURE PROGRAMME**

The Company continues to upgrade its manufacturing facilities at its Chennai factory in a phased manner with refurbishment and addition of new equipment as appropriate. The CAPEX Programme initiated by the Company during the year is mainly focused on capacity addition for high end Insulators and for improving process efficiency.

## **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, is in the final stages of completion.

## **FUTURE PROSPECTS**

The Company's order book presently stands at Rs.1689 million. The Company is taking vigorous steps to restore profitability of operations as explained in detail in Annexure D to this Report. With the thrust given to the Power Sector in the 12th Plan, as well as the activities taking place in the construction, rehabilitation and upgradation of electricity networks in many parts of the world, the demand for our Company's products and project capabilities continues to remain vibrant though competitive.



## PART II - CORPORATE MATTERS

### CORPORATE GOVERNANCE

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

The Statutory Auditors of the Company have reviewed the Company's compliance in this regard and have certified the same, as required under the SEBI Guidelines. Such Certificate is reproduced as Annexure - C to this Report. Further, M/s.Lakshmmi Subramanian & Associates, Practising Company Secretaries, have conducted a Secretarial Audit for the year ended 31st March, 2011 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 Vice Chairman & Managing Director, with regard to compliance with the Company's Code of Conduct by the Board Members and senior management personnel, is furnished as Annexure-E to this Report.

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

### DIRECTORS

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

### AUDITORS

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

### STATUTORY INFORMATION

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not applicable since there is no employee drawing remuneration more than Rs.60,00,000/- per annum (full year) or Rs.5,00,000/-p.m (part of the year).

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

All the dividends of the earlier years, which have remained unclaimed, have since been transferred to the Investor Education and Protection Fund at the expiry of the specified period(s) as required under Section 205C of the Companies Act, 1956. Details of Interim Dividend and Final Dividend of 2008 and Dividend of 2009 remaining unclaimed as on 31.3.2011 are as under:

	No. of Shareholders	Total unclaimed Dividend (in ₹)
Interim Dividend 2008	2004	310428.00
Final Dividend 2008	2037	263165.50
Dividend 2009	1717	347158.00



## **FIXED DEPOSITS**

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

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

During the year, 31,000 Equity Shares of Rs.10/- each, fully paid-up, held by the Company in W.S. Electric Limited, were transferred to W.S. Insulators Limited, another subsidiary of the Company. A further 10,000 shares were approved for transfer to W.S. Insulators Limited during the current year. With this transfer, W.S. Insulators Limited holds 41,000 Equity Shares (38.86%) of W.S. Electric Ltd. while your Company holds 21,000 (19.91%).

The Restructuring Programme proposed to be undertaken by W.S. Electric Limited was withdrawn in view of certain constraints envisaged.

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 Secretary quoting their Folio/Client ID number.

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

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

## **GREEN INITIATIVE**

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

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

We are thankful to such of the shareholders who have accepted 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.

**For and on behalf of the Board**

**Chennai**  
**27th July, 2011**

**V. SRINIVASAN**  
**Chairman**



**Statement regarding Subsidiary Companies  
under Section 212(3) of the Companies Act, 1956 as at 31.03.2011**

1.	Name of the Subsidiary Company	W.S.ELECTRIC LIMITED	W.S.INSULATORS LIMITED
2.	Holding Company's interest at the end of the financial year of the Subsidiary Company		
	a. No. of Equity Shares	62,000 *	50,000
	b. Extent of Holding	58.77% *	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 for the Financial Year	14.89	Nil
	b. Profit for the previous financial years since becoming a Subsidiary	83.98	Nil

\* includes 31,000 shares (29.38%) held by the subsidiary company W.S. Insulators Limited.

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

**Chennai**  
**27th July, 2011.**

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



## ANNEXURE – A TO DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY

#### (a) Energy Conservation measures taken:

1. Loading density in kilns increased to reduce energy and fuel consumption.
2. Usage of diesel reduced due to purchase of power from the exchange and private power producers during power cut and peak hour restriction period.

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

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

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

Energy saver system provided for lighting feeder.

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

Reduction in consumption of thermal and electrical energy resulting in lower energy costs.

### B. TECHNOLOGY ABSORPTION

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

##### a. New product development during the year:

- i. 1200kV UHVAC Solidcore Insulators.
- ii. Redesign of Insulators of various ratings to improve design efficiency and performance.

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

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

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

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

#### II. EXPENDITURE ON R&D:

(₹ in million)

Capital	–
Recurring	3.52
Total	3.52

Total R&D expenditure as a percentage of Total Turnover 0.14%

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

Please refer above

**IV. IMPORTED TECHNOLOGY:**

- Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

(₹ in million)

<b>EARNINGS</b>	
Exports	278.63
Others	3.78
<b>Total</b>	<b>282.41</b>
<b>OUTGO</b>	
Import of Raw Materials and Components	668.48
Others (Including machinery imports)	86.49
<b>Total</b>	<b>754.97</b>
<b>NET OUTGO</b>	<b>472.56</b>

Chennai  
27<sup>th</sup> July, 2011

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	6	Yes	5	3
Murali Venkatraman	NI-Ex	6	Yes	4	3
Narayan Sethuramon	NI-Ex	5	Yes	2	-
K.Raman	IN-NE	6	Yes	1	3
Air Marshal (Retd.) S.J.Dastur**	IN-NE	1	No	-	-
G.Balasubramanyan	IN-NE	5	Yes	4	2
G.V.Viswanath	IN-NE	6	Yes	1	1
Julian C.Schroeder	NO-NI-NE	5	Yes	1	-
N.Srinivasan	IN-NE	5	Yes	3	-

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

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

\*\* Air Marshal (Retd.) S.J.Dastur resigned from the Directorship effective from 30.07.2010.

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

Six Meetings of the Board were held during the year under review on 30.4.2010, 30.7.2010, 29.09.2010, 30.10.2010, 29.1.2011 and 28.03.2011. The last AGM was held on 29<sup>th</sup> September, 2010.

#### 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 ( from 30.07.2010)

Mr. G.Balasubramanyan

Mr. N.Srinivasan ( inducted from 30.07.2010)

Air Marshal (Retd.) S.J.Dastur was Chairman of the Audit Committee till 30.7.2010.

**c. Meetings and Attendance**

Four Audit Committee Meetings were held in the financial year 2010-11 on 29.4.2010, 30.7.2010, 30.10.2010 and 29.1.2011.

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Air Marshal (Retd.) S.J.Dastur (Chairman till 30.07.2010)	1*
Mr. K.Raman (Chairman) (effective from 30.07.2010)	4
Mr. G.Balasubramanyan	3
Mr. N.Srinivasan	2

\* Air Marshal (Retd.) S.J.Dastur resigned from the Audit Committee effective from 30.07.2010.

**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 (from 30.07.2010)

Mr.G.V.Viswanath

Mr.G.Balasubramanyan

Air Marshal (Retd.) S.J.Dastur resigned from the Remuneration Committee effective from 30.7.2010.

During the year under review, one meeting of the Remuneration Committee was held on 29.04.2010 and the meeting was attended by all the Members of the Committee.

**(c) Remuneration policy**

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

The details of remuneration paid to the Directors for the year 2010-11 together with the shareholding details of the non-executive Directors as on 31<sup>st</sup> March, 2011 are as under:

**Managing Directors :**

(In ₹ )

Name of Director	Salary	Incentive	Perquisites *
Murali Venkatraman	29,40,000	-	65,306
Narayan Sethuramon	28,80,000	-	20,019

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

**Non-executive Directors :**

Name of Director	Sitting fees Paid - For Board/Committee meetings (₹)	Shares Held in the Company (Nos.)
V.Srinivasan	80,000	441453
K.Raman	1,30,000	Nil
Air Marshal (Retd.) S.J.Dastur *	30,000	2000
G.Balasubramanyan	80,000	Nil
G.V.Viswanath	70,000	Nil
Julian C.Schroeder	50,000	Nil
N.Srinivasan	70,000	Nil

\* Air Marshal (Retd.) S.J.Dastur resigned from the Directorship effective from 30.07.2010.

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.K.S.Natarajan, Company Secretary, is the designated Compliance Officer to supervise the share transfer, investors correspondence and to attend to their grievances and also to liaise with the statutory authorities such as SEBI, Stock Exchanges, RoC etc.

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



The Company confirms that there were no share transfers lying outstanding as on 31.3.2011 and all requests for de-materialization and re-materialization as on that date were confirmed/rejected through NSDL/CDSL system. There were 24 complaints received during the year for redressal and all have been satisfactorily redressed. There are no complaints pending to be resolved as on 31<sup>st</sup> March 2011.

## 7. General Body Meetings

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

For the Financial Year ended	Date & Time	Location
31.3.2008	29.9.2008 12.00 Noon	Mini Hall, Narada Gana Sabha 314, T.T.K Road, Chennai - 600 018.
31.3.2009	15.9.2009 10.30 A.M.	Kasturi Srinivasan Hall (Mini Hall), The Music Academy 168, T.T.K Road, Royapettah, Chennai - 600 014.
31.03.2010	29.9.2010 10.45 A.M	Kasturi Srinivasan Hall (Mini Hall), The Music Academy 168, T.T.K Road, Royapettah, Chennai - 600 014

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

Sl. No.	Date of General Meeting	Special Resolutions passed
1.	29.9.2008	Nil
2.	15.9.2009	1. Variation in terms of appointment of Mr.Murali Venkatraman as Vice Chairman & Managing Director of the Company for a period of five years with effect from 24th July 2009 on non rotational basis and on revised remuneration for a period of three years with effect from 1.4.2009. 2. Variation in terms of appointment of Mr.Narayan Sethuramon as Managing Director of the Company for a period of five years with effect from 24th July 2009 on non rotational basis and on revised remuneration for a period of three years with effect from 1.4.2009.
3.	29.09.2010	Nil

No Resolution involving Postal Ballot was passed during the year under review.

(b) Notes on Directors seeking appointment / reappointment:

### I 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.

### II MR. G.BALASUBRAMANYAN

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

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. V.SRINIVASAN	441453	W.S. ELECTRIC LIMITED -Chairman & Managing Director	Audit Committee - Member
		HYDRO S&S INDUSTRIES LIMITED	Share Transfer and Investor Grievance Committee – Chairman
		W.S. INTERNATIONAL PRIVATE LIMITED -Chairman	Remuneration Committee - Member
		W.S.TEST SYSTEMS PRIVATE LIMITED	Nil
MR. G.BALASUBRAMANYAN	Nil	VENSUNAR HOLDINGS PRIVATE LIMITED	Nil
		HYDRO S&S INDUSTRIES LIMITED	Audit Committee – Member
		W.S.INSULATORS LIMITED	Remuneration Committee – Chairman
		GBA CONSULTING PRIVATE LIMITED	Nil

## 8. Disclosures

- i. Transactions with Related Parties have been disclosed in Note No. 22 Schedule 15 forming part of the Audited Accounts. No transaction was in conflict with the interests of the Company.
- ii. No penalties or strictures have been imposed by any regulatory authority on any matter relating to capital markets during the last three years.
- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges and non-mandatory requirements to the extent detailed at the end of this Report.

## 9. Means of Communication

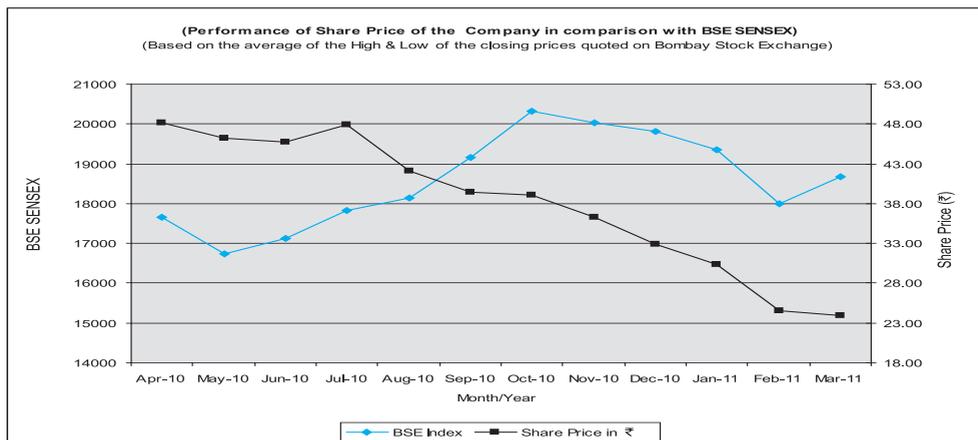
i.	Quarterly Results	Communicated through advertisement in newspapers.
ii.	Newspapers wherein results normally published	Business Standard and Dhina Bhoomi (Tamil)
iii.	Any Website where displayed	<a href="http://www.wsinsulators.com/KYC">www.wsinsulators.com/KYC</a> <a href="http://www.bseindia.com">www.bseindia.com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

**10. General Shareholder Information**

a.	AGM - Date, Time & Venue	29th September, 2011 at 3.00 P.M at Mini Hall, Narada Gana Sabha 314, T.T.K Road, Chennai - 600 018.
b.	Financial Year	April 2010 to March 2011
c.	Book Closure Date	15th September, 2011 to 29th September, 2011 (Both days inclusive)
d.	Dividend Payment Date	Preference Shares - On or before 28th October, 2011 Equity Shares - Not Applicable
e.	Listing on Stock Exchanges	Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd.
f.	SCRIP NAME & CODE ISIN No. (NSDL & CDSL)	WSI & 504220 INE 100D01014

g. Market Price - High & Low of the closing prices of Equity Shares of the Company during the year 2010-2011:

Month	Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
		High	Low	High	Low
(in ₹)					
April	2010	52.50	43.70	51.90	43.95
May	2010	47.50	45.00	47.45	44.65
June	2010	46.45	45.00	46.55	44.60
July	2010	49.75	46.00	49.75	46.10
August	2010	46.15	38.05	46.10	37.80
September	2010	41.55	37.25	41.45	37.30
October	2010	40.15	38.05	40.75	37.85
November	2010	39.05	33.60	39.30	33.40
December	2010	34.90	31.00	34.45	31.05
January	2011	33.35	27.45	33.85	27.50
February	2011	26.50	22.60	26.70	22.25
March	2011	24.95	22.80	24.75	22.85





h.	Registrars and Share Transfer Agents:	Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. Phone No: 044 - 28140801
i.	Share Transfer System	<ol style="list-style-type: none"> <li>1. Transfers of shares held in electronic form are done through the depositories by the share transfer agents without the involvement of the Company.</li> <li>2. Transfers of shares in the physical form are done once in a fortnight.</li> <li>3. The power to approve the transfer, transmission and other Share Certificate related matters has been delegated by the Board to Compliance Officer, Director (Corporate Affairs) and Vice Chairman and their actions are ratified at the next Share Transfer and Investors Grievance Committee Meeting.</li> <li>4. Certificate under Clause 47(c) of the Listing Agreement is obtained from a Practising Company Secretary every six months confirming the transfer, transmission etc. of equity shares within one month of their lodgement and sent to Bombay Stock Exchange &amp; National Stock Exchange.</li> <li>5. Reconciliation of Share capital Audit as stipulated by SEBI is conducted on quarterly basis reconciling the admitted equity share capital with the shares in electronic and physical form and Certificate issued in this regard by Practising Company Secretary is forwarded to Bombay Stock Exchange &amp; National Stock Exchange.</li> </ol>

j. Distribution of Shareholding and Shareholding Pattern (as on 31.3.2011).

**a) Distribution of Shareholding**

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
UPTO 5000	11145	98.68	3421176	16.18
5001 - 10000	70	0.62	519783	2.46
10001 -20000	30	0.27	426383	2.02
20001 -30000	13	0.11	318905	1.51
30001 -40000	5	0.04	172640	0.82
40001 -50000	2	0.02	99950	0.47
50001 AND ABOVE	29	0.26	16180952	76.54
<b>TOTAL</b>	<b>11294</b>	<b>100.00</b>	<b>21139789</b>	<b>100.00</b>

**b) Shareholding Pattern**

Category	Number	Shares	% of Shares held
Promoters	25	9898435	46.82
Mutual Funds/FIIs	5	2010730	9.51
Banks/Financial Institutions	8	73205	0.35
Other Bodies Corporate	239	1257808	5.95
NRIs/Foreign Companies	95	3491975	16.52
Public	10922	4407636	20.85
<b>TOTAL</b>	<b>11294</b>	<b>21139789</b>	<b>100.00</b>



k.	Dematerialisation of shares & liquidity	The shares of the Company can be held and traded in electronic form. 94.54% of the Company's Shareholding has been de-materialized as on 31st March, 2011.
l.	Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity	Nil
m.	Plant Locations	<b>Unit I</b> 108, Mount Poonamallee Road Porur, Chennai - 600 116 Tamil Nadu.  <b>Unit II</b> Plot No 31, AP SEZ, Duppituru Village, Atchutapuram Mandal Visakhapatnam, Andhra Pradesh.
n.	Address for correspondence a) Share related matters  b) Other matters	Integrated Enterprises (India) Limited 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. Phone No: 044 - 28140801 <a href="mailto:corpserv@iepindia.com">corpserv@iepindia.com</a>  108, Mount Poonamallee Road Porur Chennai - 600 116. <a href="mailto:sectl@wsinsulators.com">sectl@wsinsulators.com</a>

### Non mandatory requirements

#### a) The Board

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

b) Remuneration Committee : Complied with

#### c) Shareholder rights

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

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



**ANNEXURE - C TO DIRECTORS' REPORT**

**M/s. S. VISWANATHAN**

Chartered Accountants

8A, Bishop Wallers Avenue (West),

Mylapore, Chennai - 600 004.

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

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

We have examined the compliance of conditions of Corporate Governance by W.S. Industries (India) Limited, for the year ended on 31st March, 2011 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

**Chennai**  
**27th July, 2011**

**Chella K. Srinivasan**

Partner

Membership Number: 023305

## ANNEXURE - D TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### A. INTRODUCTION:

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

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

##### Performance of Generation Sector :

The year 2010-11 saw the commissioning of a record power generation capacity of 12,160 MW which is the highest capacity added in a single year since independence. As on date, the addition is 38,097 MW during the 11th Plan. For the final year of the 11th Plan, Government expects to add 17,196 MW which will result in total capacity addition of around 51,658 MW during the 11th Five Year Plan which is still a gap of around 17% against the revised 11th Plan target of 62,374 MW.

During the year, load shedding and power cuts continued in many of the industrialized States. Lack of availability of sufficient power and its cost continues to be a major drag on the competitiveness of industry since it leads to a greater recourse to self-generation and consequently higher energy costs. The demand for power during 2010-11 grew at a CAGR of 6.4% in terms of energy and 5.8% in terms of peak. The energy and peak shortages in the country during 2010-11 was 8.5% and 10.3% respectively which although lower than the corresponding figures of 10.1% and 12.7% during 2009-10, still continue to be very high. At present, India's continuing power shortage is estimated at 18,000 MW – 20,000 MW which is around 10 – 12% of the total installed capacity as on date which is around 173,626 MW.

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

The poor finances of many Utilities resulting from policy restrictions, inability to cut costs, high technical and commercial losses and uneconomic electricity tariffs is also a matter of continuing concern.

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

The production statistics compiled by IEEMA indicate that the Indian Electrical Equipment Industry registered a growth of 13.68% in 2010-11 as compared to 11.25% in 2009-10. However, the concern area here is that while the first 3 quarters showed growth rates of 16.73%, 15.28% and 15.92%. the 4th quarter slowed down to 8.87%. The major drivers of the growth are demand from Power Grid, Realty and Infrastructure, Railways and Core Sector Industries. There is also a growing demand from Utilities for High Voltage Equipment and for the replacement of ageing infrastructure in order to strengthen the T & D system, reduce losses and utilise electricity more efficiently.

The trend of fall in pricing for most electrical equipment seen during 2009-10 continued during the current year due to the increase in manufacturing capacity across sector, further increase in imports in several verticals particularly from China and Korea and decline in exports and consequent re-focusing of that capacity also to the domestic market further widening the supply demand gap. An analysis of Exim data by IEEMA for the year 2010-11 revealed a decline of exports by more than 15% whereas imports have increased by more than 12%. The annual value of imports of electrical equipment in India has grown at a compounded growth rate (CAGR) of over 20% since 2000-01. According to DGCI&S, Ministry of Commerce and Industry, imports of electrical equipment from China have increased from just Rs. 37 crores in 2002-03 to Rs.5,748 crores in 2009-10. In the case of power projects, imports from China have zoomed from Rs.334 crores in 2005-06 to Rs.6306 crores in just the half year of 2010-11.

#### **Insulator Industry :**

The Insulator Industry saw a mixed market situation. While the Transmission Line segment saw a growth of only 4% during the year, the Substation segment saw an improved growth mainly led by the 28% growth in the market for high tension circuit breakers. The overall exports of Indian Insulator Industry continued to decline due to the slackening of demand in traditional markets as well as fierce competition and non-market pricing offered by Chinese competitors. Pricing during the year saw a decline as high as 12% in certain markets. In the Indian Transmission Line market, the 400 kV and 220 kV sub-segments which have been the main market for the Indian Insulator companies saw a huge decline in demand during the year. The main off-take was in the 765 kV segment which today is mainly fed by imports.

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

#### **C. GLOBAL SCENARIO:**

The global scenario continues to represent a mixed picture. China, which is now by far the world's largest insulator market continued to show strong growth. The insulator demand in China has grown at a CAGR of 14% in the period 2006 – 10 owing to large scale development of T & D network, high voltage rail and smart grid policy. The North American market showed a positive uptrend in demand. The Latin American market and especially Brazil continued to show strong demand during the year. However, the delay in the "Light for All" programme in Brazil could impact demand during the coming year.

#### **D. COMPANY'S PERFORMANCE:**

##### **Insulators :**

##### **Production:**

The production was higher during the year by 29% as compared to the previous financial year. The Visakhapatnam plant of the company continued to suffer from stabilisation issues which however have mostly been sorted out by end of the financial year. The Chennai plant's performance was fairly stable but it was impacted by the power shortages and shortages in supply chain, especially metal parts.

##### **Sales :**

Sales was higher in 2010-11 as compared to 2009-10 by 31% in volume terms and 20% in value terms. Significant difference between volume and value was because of the further reduction in selling prices due to intense competition and unviable pricing being offered by Chinese competitors.

**Factors impacting the business :**

- Significant selling price reductions in last 3 years.
- Significant cost increases in inputs – especially key minerals, metal fittings and packing wood.
- Run-away increase in power and fuel costs.
- Poor capacity utilisation at the Visakhapatnam plant due to current supply demand gap prevailing in the market.

**Steps taken by your Company :**

- Increased volumes to partially offset some of the cost increases.
- Taking Cost reduction actions through initiatives in power, packing and efficiency improvement. Combined benefit of all these has resulted in nearly Rs.30 million of cost savings in 2010-11.
- Changed product mix to improve pricing realisation.
- Strengthened the technical team to stabilise the Visakhapatnam plant as well as to take innovative efforts on the technology side for cost reduction.
- Developed new products as well as increased sales of premium products and services.

**Turnkey Projects:**

Projects Division reported a slight decline in growth during the year. This was mainly due to delays in execution due to labour shortages and delays in supply by key vendors. The execution challenges are being addressed through induction of competent managerial talent and expansion of the supply chain choices. A number of new players entered this segment during the year resulting in intense competition. Further, this segment is seeing periodic delays in realisation of receivables and hence your Company is laying enormous stress on working capital management of this business.

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

**Capital Expenditure :**

Your Company incurred a capital expenditure of Rs. 36 million during the year. Major focus areas were capacity increase for transmission line insulators in the Chennai plant and certain balancing equipment in the Visakhapatnam plant.

**Energy Conservation :**

The wind energy generators and energy recycling schemes implemented by the Company continued to significantly contribute to the efforts to control the energy costs at both the plants. In addition, restructuring the Production Planning in the Chennai Plant has reduced the power costs significantly compared to the last financial year.

**Initiatives taken in Human Resources Development :**

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



Long term wage settlements were signed at both the plants in a smooth manner with increased emphasis on productivity, quality and customer satisfaction.

**Affirmative Actions and CSR initiatives :**

The Company took the following CSR activities during 2010-11:

- 104 socially under privileged school final students in the vicinity of the plant were given special coaching to face the Public Examination by providing learning materials and coaching by teachers. It gave good results.
- Provided food for the economically under privileged pregnant women in the Primary Health Center, Porur, every week.

**Plan for CSR activities in current financial year :**

- Provision of street name boards in the vicinity of the plant which the Executive Officers and the Heads of Panchayats have agreed.
- Support Traffic Management.
- Provision of Public Toilet facilities in the local area.

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

b. Financial Risks :

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

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



The high cost of capital in India today pose a significant threat to the margins of the business. Company partially offsets this by accessing lower cost foreign borrowings to the extent possible and supported by its overseas sales. The Company is also taking necessary steps to monetize its non-core assets to improve its financial leverage.

c. Foreign Exchange Risks :

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

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

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

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

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

**G. FINANCIAL PERFORMANCE:**

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

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

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

**Financing :**

During the year, the Company has raised additional funds from its term lenders of Rs.280 million towards long term working capital and towards further capital expenditure amounting to Rs.43 million.

**H. OUTLOOK:**

The short term market outlook for our Company's products continues to be strong and the Company continues to be one of the few to offer complete profile of transmission insulator products in the T & D Sector. Transmission infrastructure expansion is the key growth driver of the T & D equipment market. During the 12th Plan, a total of almost 120,000 ckm of transmission lines is expected to be added.

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

The threats in the near term are mainly :

- Unhealthy import competition.
- Global over capacity.
- Multiplicity of duties and taxes.
- Non-availability of skilled manpower.
- Upward revision in the interest rate environment.
- Continued volatility in commodity and crude oil prices leading to consequent pricing pressures and depressed margins.

**Steps being taken by your Company :**

The Company has chalked out multi-faceted roadmap for returning to profitability in the shortest possible timeframe. This will be done through

- dynamic changes in product mix at the Chennai plant.
- cost reduction and improvement of process efficiency in both the plants.
- increased emphasis on exports.
- increase in capacity utilisation, productivity and output in the Visakhapatnam plant.
- new product development.

The opening order book for the current financial year is satisfactory for Transmission Insulators but low for Substation Insulators and the Projects Division. Hence, numerous efforts are being put in to improve the order book for Substation Insulators and the Turnkey Projects Division. The Company is confident that the various steps being taken will yield the required benefits and bring the Company back to profitability as well as strengthen its financial position.

**I. CAUTIONARY STATEMENT:**

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

[Data Source: IEEMA]



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

This is to confirm that the Company has adopted a Code of Conduct for the Members of its Board and Senior Management Personnel. I confirm that the Company has, in respect of the Financial Year ended 31st March, 2011, 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**  
**27th July, 2011**

**MURALI VENKATRAMAN**  
**VICE CHAIRMAN & MANAGING DIRECTOR**

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

The Directors state in good faith that :

1. In the preparation of the annual accounts for the year ended 31st March, 2011, 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.



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

We have audited the attached Balance Sheet of M/s. W.S. Industries (India) Limited as at 31st March 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
- c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit and Loss Account read with Schedules and Notes thereon dealt with by this Report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956, so far as applicable.
- e) On the basis of the written representation received from the directors as on 31st March 2011 we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act 1956
- f) Subject to the above, in our opinion and to the best of our information and explanation given to us, the said accounts read with notes thereon give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2011 and
  - ii. In the case of Profit and Loss Account of the LOSS for the year ended on that date.
  - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Chennai  
27th July, 2011



## ANNEXURE TO THE AUDITORS' REPORT

### (Referred to in Paragraph (3) of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets, affecting the going concern.
- (ii) (a) Physical verification of stocks of Finished Goods, Stores, Spare Parts and Raw materials was conducted by the management during the period, except materials lying with third parties from whom confirmation certificates have been obtained. Materials in Bond have been verified with the respective Bills of Entry. In our opinion, the frequency of verification was reasonable.
- (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate, commensurate to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the Books of Accounts.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The following are the particulars of loans taken by the Company from Companies, firms and other parties covered by the Register maintained under Section 301 of the Companies Act, 1956.  
No. of parties : Two; Amount: ₹ 83,000,000 and Year end Balance – ₹ 75,000,000.
- (c) In our opinion the terms and conditions are not prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act 1956, have been made at prices, at which transactions for similar goods have been entered with other parties.
- (vi) As explained to us, the company has complied with the Provisions of Section 58A of the Companies Act, 1956.
- (vii) A firm of Chartered Accountants is appointed as Internal Auditors of the company for the period under review. In our opinion, the company has internal audit system commensurate with its size and nature of its business.
- (viii) (a) The Company is regular in depositing its undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.



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

Name of the statute	Nature of dues	Amount	Forum where dispute is pending
Income Tax	Income Tax	₹ 399,979	High Court

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

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

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

**Chennai**  
**27th July, 2011**

**BALANCE SHEET AS AT 31st MARCH, 2011**

(₹ in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	338.90		338.90	
Reserves and Surplus	2	489.29	828.19	530.43	869.33
<b>Loan Funds</b>					
Secured Loans	3	1610.39		1326.35	
Unsecured Loans	4	78.29		21.13	
Deferred Liability		0.35	1689.03	1.65	1349.13
<b>DEFERRED TAX LIABILITY - NET</b>			49.30		46.90
			2566.52		2265.36
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets</b>					
Gross Block	5	2132.78		2084.08	
Less: Depreciation		659.62		568.43	
Net Block		1473.16		1515.65	
Capital Work in Progress		79.41	1552.57	106.65	1622.31
<b>Investments</b>	6		16.99		42.70
<b>Current Assets, Loans and advances</b>					
Inventories	7	524.78		489.08	
Sundry Debtors		819.95		755.28	
Cash and Bank Balances		42.92		43.05	
Other Current Assets		0.05		0.09	
Loans and advances		517.84		127.12	
		1905.54		1414.62	
	8				
Current Liabilities		895.83		802.64	
Provisions		21.18		18.73	
		917.01		821.37	
<b>Net Current Assets</b>			988.53		593.25
Miscellaneous Expenditure (to the extent not written off or adjusted)	9		8.43		7.10
			2566.52		2265.36
NOTES FORMING PART OF ACCOUNTS	15				

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

For and on behalf of the Board

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

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

**Chennai**  
**27th July, 2011**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011** (₹ in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
<b>INCOME</b>					
Gross Sales		2704.00		2266.94	
Less: Excise Duty		172.64		91.32	
Net Sales		2531.36		2175.62	
Other Income	10	393.96	2925.32	10.47	2186.09
<b>EXPENDITURE</b>					
Material Cost	11	1486.74		1114.52	
Employee Cost	12	319.93		271.04	
Other Costs	13	876.19		746.67	
Finance Charges	14	174.33	2857.19	113.57	2245.80
<b>PROFIT / (LOSS) BEFORE DEPRECIATION</b>			68.13		(59.71)
Depreciation			96.06		79.85
<b>PROFIT / (LOSS) BEFORE TAX</b>			(27.93)		(139.56)
Less : Provision for taxation - Deferred Tax			2.40		(9.20)
<b>PROFIT / (LOSS) after Tax</b>			(30.33)		(130.36)
Balance brought forward from previous year			1.48		157.69
Transfer from General Reserve			60.00		–
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			31.15		27.33
<b>APPROPRIATIONS</b>					
Transfer to Capital Redemption Reserve		17.50		17.50	
Preference Dividend		9.27		7.14	
Dividend Distribution Tax		1.54	28.31	1.21	25.85
Balance carried to Balance Sheet			2.84		1.48
Earnings per Share before and after extraordinary items (basic/diluted) (in ₹)			(1.95)		(6.56)
NOTES FORMING PART OF ACCOUNTS	15				

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

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN** **MURALI VENKATRAMAN** **NARAYAN SETHURAMON**  
*Chartered Accountants* *Chairman* *Vice Chairman & Managing Director* *Managing Director*  
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*Partner* *Director* *Chief Financial Officer* *Company Secretary*  
 (Membership No. 023305)

Chennai  
 27th July, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

(₹ in Million)

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>A CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before Taxes	(27.93)	(139.56)
Adjustments for:		
Depreciation	96.06	79.98
Interest (Net)	174.33	113.57
Unrealised (gain)/loss on foreign exchange rate variation	(1.89)	2.58
(Income) from Investments	(0.64)	(2.68)
(Profit) /Loss on Fixed Assets sold	1.28	3.92
(Profit) / Loss on sale/write off of Investments	(387.19)	–
Operating Profit before Working Capital changes	(145.98)	57.81
Adjustments for:		
(Increase)/Decrease in inventory	(35.70)	(117.43)
(Increase)/Decrease in trade and other receivables	(455.35)	(153.68)
(Increase)/Decrease in Deferred Expenditure - operating	(1.33)	(1.99)
Increase/(Decrease) in trade payables	93.20	86.03
Cash generated from operations	(545.16)	(129.26)
Interest paid	174.43	113.96
Direct Taxes paid	-	10.69
Net cash from operating activities	(719.59)	(253.91)
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including interest capitalised)	(33.09)	(165.16)
Sale of Fixed Assets	0.36	0.58
Purchase of Investments	(15.50)	(40.90)
Sale/Write off of Investments	40.90	60.09
(Increase)/Decrease - Investment in Subsidiaries	387.50	–
Interest received	0.10	0.39
Income from Investments	0.64	2.68
Net Cash (used in) / from Investing activities	380.91	(142.32)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

(₹ in Million)

	<b>THIS YEAR</b>	PREVIOUS YEAR
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Preference Shares	–	35.00
Increase in Secured Loans	323.00	77.50
Increase/(Decrease) in working Capital from Banks	58.49	261.71
Increase in Unsecured Loans	96.89	20.57
Repayment of Secured Loans	(92.33)	(29.80)
Repayment of Unsecured Loans	(39.73)	(2.66)
Repayment of Deferred Liability	(1.30)	(2.86)
Dividends Paid	(8.36)	(29.81)
Net Cash Flow (used in) / From Financing Activities	336.66	329.65
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
(A + B + C)	(2.02)	(66.58)
Cash and Cash Equivalents as at the beginning of the year	44.89	111.47
Cash and Cash Equivalents as at the close of the year	42.87	44.89

**Notes on Cash Flow Statement:**

- Above statement has been prepared following the Indirect method except in case of Interest received / Paid. Dividend Received / Paid, Purchase / Sale of Investments, loans taken and repaid and Taxes Paid, which have been considered on the basis of actual movement of cash with necessary adjustments in corresponding assets and Liabilities.
- Purchase of Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between beginning and end of the year
- |  |        |       |
|--|--------|-------|
| <b>CASH AND CASH EQUIVALENTS</b>         |        |       |
| CASH AND BANK BALANCES                   | 42.92  | 43.05 |
| UNREALISED (GAIN) / LOSS                 | (0.05) | 1.84  |
| CASH AND BANK BALANCES RESTATED AS ABOVE | 42.87  | 44.89 |

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

For and on behalf of the Board

for **M/s. S. VISWANATHAN V.SRINIVASAN** **MURALI VENKATRAMAN** **NARAYAN SETHURAMON**  
*Chartered Accountants* *Chairman* *Vice Chairman & Managing Director* *Managing Director*  
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*Partner* *Director* *Chief Financial Officer* *Company Secretary*  
 (Membership No. 023305)

**Chennai**  
**27th July, 2011**



## SCHEDULES

### SCHEDULE 1

(₹ in Million)

#### SHARE CAPITAL

##### Authorised

	THIS YEAR	PREVIOUS YEAR
35,000,000 Equity Shares of ₹ 10/- each	350.00	350.00
1,500,000 Cumulative Redeemable Preference Shares of ₹ 100/- each	150.00	150.00
	500.00	500.00

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

21,139,789 Equity Shares of ₹10/- each fully paid - up*	211.40	211.40
1,275,000 Cumulative Redeemable Preference Shares of ₹100/- each fully paid up**	127.50	127.50
<b>TOTAL</b>	<b>338.90</b>	<b>338.90</b>

\* Includes 1,101,312 Bonus Shares issued by capitalising the Reserves in 1982 and 1988 and 5,850,000 Equity Shares allotted pursuant to the scheme of amalgamation in 2003.

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

### SCHEDULE 2

#### RESERVES AND SURPLUS

	As at 31.03.2010	Additions	Deductions	As at 31.03.2011
Capital Reserve	9.95	-	-	9.95
Share Premium Account	180.50	-	-	180.50
Capital Redemption Reserve	158.65	17.50	-	176.15
Special General Reserve	25.81	-	-	25.81
General Reserve	154.04	-	60.00	94.04
Balance in Profit and Loss Account	1.48	1.36	-	2.84
<b>TOTAL</b>	530.43	18.86	60.00	<b>489.29</b>

### SCHEDULE 3

#### SECURED LOANS

From Banks

	THIS YEAR	PREVIOUS YEAR
a) As Working Capital	559.54	501.06
b) As Term Loans	1050.85	825.29
<b>TOTAL</b>	<b>1610.39</b>	<b>1326.35</b>

Refer Notes No. 5 & 6 of Notes forming part of Accounts (Schedule 15) for details of nature of securities for the above loans

### SCHEDULE 4

#### UNSECURED LOANS

Unsecured Loans	75.00*	17.00
Hire Purchase facility	3.29	4.13
<b>TOTAL</b>	<b>78.29</b>	<b>21.13</b>

\* represents amount secured from the Subsidiary Company.

**SCHEDULE 5****FIXED ASSETS**

(₹ in Million)

Sl. No.	Description	Gross Block at Cost			Depreciation	Net Block		
		As at 01.04.2010	Additions/Transfers	Sold/ Discarded/ Transfers	As at 31.03.2011	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land and Betterment							
	a) Freehold Land	2.49	–	–	2.49	–	2.49	2.49
	b) Leasehold Rights in land	48.01	–	–	48.01	2.91	45.10	46.56
2	Buildings	468.39	0.64	1.95	467.08	63.40	403.68	419.95
3	Plant & Machinery *	**1373.65	58.27	11.06	1420.86	529.49	891.37	906.16
4	Electrical Installation	121.99	0.13	0.51	121.61	26.43	95.18	101.46
5	Vehicles	16.34	2.05	1.01	17.38	9.49	7.89	8.33
6	Furniture & Fixtures and other Equipment	53.21	2.39	0.25	55.35	27.90	27.45	30.71
	<b>TOTAL</b>	2084.08	63.48	14.78	2132.78	659.62	1473.16	1515.66
	Capital Work in progress	106.65	31.83	59.07	79.41	–	79.41	106.65
	<b>GRAND TOTAL</b>	2190.73	<b>95.31</b>	<b>73.85</b>	<b>2212.19</b>	659.62	<b>1552.57</b>	1622.31

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

\*\* In respect of Windmill and Energy Conservation Systems installed in 2007-08 aggregating to ₹ 44.03 Million, depreciation has been provided at the accelerated rates of 10% and 20% respectively.

**SCHEDULE 6****INVESTMENTS (AT COST) - NON TRADE****Long Term Investments :****Unquoted :**

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

62,000 Equity Shares of face value of ₹ 10/- each in W.S. Electric Ltd.

31,000 Less: Deduction during the year

31,000

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

## (ii) Others

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

	<b>THIS YEAR</b>	PREVIOUS YEAR
	0.62	0.62
	<u>0.31</u>	
	0.31	
	0.50	0.50
	0.68	0.68



**Short Term Investments :**

**Investments in Mutual Funds:**

(₹ in Million)

1,999,560	Units of face value ₹ 10/- each - Reliance Quarterly Interval Fund - Series II	–	20.00
22,746	Units of face value ₹ 10/- each - ICICI Prudential Flexible Income Plan Premium	–	0.39
1,036,903	Units of face value ₹ 10/- each - Reliance Liquidity Fund	–	10.37
461,996	Units of face value ₹ 10/- each - Principal Monthly Income Plan	–	5.00
48,583	Units of face value ₹ 100/- each - ICICI Prudential Flexible Income Plan Premium	–	5.14
500,000	Units of face value ₹ 10/- each - Sundaram Interval Fund Qly Plan 'E'	5.00	–
477,085	Units of face value ₹ 10/- each - ICICI Prudential Interval Fund V -Monthly Interval Plan A	5.00	–
508,581	Units of face value ₹ 10/- each - Reliance Monthly Interval Fund	5.09	–
23,934	Units of face value ₹ 10/- each - Reliance Medium Term Fund - Weekly Dividend Plan	0.41	–
		<b>15.50</b>	<b>40.90</b>
	<b>GRAND TOTAL</b>	<b>16.99</b>	<b>42.70</b>
	Book value of Unquoted Investments	1.49	1.80
	Market value of short term Investments	15.56	41.13

**SCHEDULE 7**

**CURRENT ASSETS, LOANS AND ADVANCES**

**THIS YEAR**

**PREVIOUS YEAR**

**A Current Assets**

1	Interest accrued on Investments	0.05		0.09
2	Inventories			
	(i) Stores and Spare Parts	41.84		28.88
	(ii) Raw Materials	157.76		131.15
	(iii) Packing Materials	1.82		4.68
	(iv) Materials in Transit	15.65		23.54
	(v) Work in progress	211.76		201.27
	(vi) Finished Goods	95.95	524.78	99.56
3	Sundry Debtors (considered good for which the company holds no security other than debtors' personal security)			
	(i) Debts outstanding for a period exceeding 6 months	209.96		127.34
	(ii) Other Debts	609.99	819.95	627.94
4	Cash and Bank Balances			
	(i) Cash on hand	0.26		0.82
	(ii) Bank Balance with Scheduled Banks in			
	Fixed Deposits	–		3.65
	Margin Money	–		0.41
	Current Accounts	42.66	42.92	38.17
				43.05



**SCHEDULE 7**

(₹ in Million)

**CURRENT ASSETS, LOANS AND ADVANCES**

**B Loans and Advances**

	<b>THIS YEAR</b>		<b>PREVIOUS YEAR</b>	
1 Advances recoverable in cash or in kind for value to be received (unsecured and considered good) *	454.90		68.51	
2 Tax deducted at source	22.18		19.74	
3 Deposits	21.25		26.12	
4 Prepaid Expenses	19.51	517.84	12.75	127.12
<b>TOTAL</b>		<b>1905.54</b>		<b>1414.62</b>

\* includes due from Subsidiary ₹ 387.50 million

**SCHEDULE 8**

**CURRENT LIABILITIES AND PROVISIONS**

**A Current Liabilities**

1 Acceptances		308.05		211.91
2 Sundry Creditors				
(a) Micro, small and Medium Enterprises	—		—	
(b) Others	388.94	388.94	403.71	403.71
3 Advance from customers		25.56		33.21
4 Interest accrued but not due on loans		1.33		1.23
5 Investor Education and Protection Fund *				
- Unpaid Dividend	0.92	0.92	0.93	0.93
6 Other Liabilities **		171.03		151.65
<b>TOTAL</b>		<b>895.83</b>		<b>802.64</b>

**B Provisions**

Income Tax (Net of payments)		10.38		10.38
Proposed Dividends		10.80		8.35
<b>TOTAL</b>		<b>21.18</b>		<b>18.73</b>

\* These represent warrants/cheques issued and remaining un-encashed as on 31st March 2011

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

\*\* includes due to Subsidiary of ₹ 80 Million (previous year ₹ 80 Million)

**SCHEDULE 9**

**MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Deferred Revenue Expenditure #		8.43		7.10
<b>TOTAL</b>		<b>8.43</b>		<b>7.10</b>

# Represents VRS compensation yet to be written off and ₹ 3.55 Million has been charged off to expenses during the year. (Previous year: ₹ 3.26 Million)

**SCHEDULE 10**

(₹ in Million)

**OTHER INCOME**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
Dividend Income from Mutual Funds (Short term investments)	0.64	2.68
Other Receipts	6.08	7.77
Profit on Investments	387.19	–
Profit on Sale of Fixed Assets	0.05	0.02
<b>TOTAL</b>	<b>393.96</b>	<b>10.47</b>

**SCHEDULE 11****MATERIAL COST**

Raw Materials and Components consumed				
Opening Stock	131.15		153.43	
Add: Purchases	1520.22		1172.33	
	<u>1651.38</u>		<u>1325.76</u>	
Less: Closing Stock	157.76	1493.62	131.15	1194.61
(Increase ) / Decrease in Stock				
Opening Stock :				
Work in progress	201.27		159.73	
Finished Goods	99.56		61.01	
	<u>300.83</u>		<u>220.74</u>	
Closing Stock :				
Work in progress	211.76		201.27	
Finished Goods	95.95		99.56	
	<u>307.71</u>		<u>300.83</u>	
		(6.88)		(80.09)
<b>TOTAL</b>	<b>1486.74</b>		<b>1114.52</b>	

**SCHEDULE 12****EMPLOYEE COST**

Salaries, Wages and Bonus	252.49	212.78
Contribution to PF, ESI, Gratuity, etc.	30.88	24.06
Welfare Expenses	36.56	34.20
<b>TOTAL</b>	<b>319.93</b>	<b>271.04</b>

**SCHEDULE 13**

(₹ in Million)

**OTHER COSTS**

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
Consumption of Stores and Tools	51.30	54.42
Power and Fuel	432.30	359.12
Rent	4.59	3.71
Rates and Taxes	13.23	12.04
Insurance	12.93	10.96
Repairs and Maintenance:		
Building	0.08	0.16
Plant & Machinery	29.90	32.57
Other Assets	11.11	7.82
Research and Development	0.13	0.05
Directors' Sitting Fees	0.51	0.45
Travelling and Conveyance	28.70	23.08
Auditors' Remuneration	0.28	0.27
Donations	0.15	0.05
Agency Commission	13.04	22.16
Packing, forwarding and Freight	135.55	104.34
Loss on Assets discarded / sold	1.32	3.94
Bad Debts written off	1.90	1.98
Others	139.17	109.55
<b>TOTAL</b>	<b>876.19</b>	<b>746.67</b>

**SCHEDULE 14****FINANCE CHARGES**

Interest on :

Fixed Loans	62.06	49.00
Other Loans	71.89	38.20
	133.95	87.20
Less: Interest received on deposits	0.10	0.39
	133.85	86.81
Bank Charges	40.48	26.76
<b>TOTAL</b>	<b>174.33</b>	<b>113.57</b>

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Presentation:

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

(b) Fixed Assets and Depreciation:

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

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

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

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

(c) Investments:

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

(d) Current Assets:

Inventories:

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

Others:

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

(e) Foreign Currency transactions:

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



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

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

(f) Sales:

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

(g) Retirement benefits:

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

(h) Amortization of Deferred Revenue Expenditure:

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

(i) Research & Development:

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

(j) Deferred Tax:

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

(k) Lease & Rentals:

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

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

(l) Contingent Liability:

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

3. The Company has two reportable business segments, namely, i) Electro – porcelain Products and ii) Turnkey Projects.
4. (a) The 925,000 Non-convertible, cumulative and Redeemable Preference Shares of ₹ 100/- each fully paid up bearing a coupon rate of 5% for the initial four years and thereafter @ 7.5% till redemption, allotted to Schroder Credit Renaissance Fund Ltd. and Schroder Credit Renaissance Fund L.P. on 3rd October 2006 are to be redeemed on or before the end of 7 years from the issue date, i.e., 03rd October 2013.

- (b) 350,000 Non-convertible, cumulative, Redeemable Preference Shares ₹ 100/- each fully paid up have been allotted to Vensunar (P) Ltd. on 13th July, 2009 at a coupon rate of 10% to be redeemed on or before 28th February, 2013 .
5. Loans from Banks, both for Unit I (at Chennai) and Unit II (at Visakhapatnam) availed on Cash Credit, Packing Credit, WCDL and FCNRB are secured by the Hypothecation of Stocks of Raw Materials, Stores, Spares (not relating to Plant and Machinery), Work-in-Progress, Finished Goods, Book Debts and Documentary Bills and further secured by a Second Charge on the immovable and moveable fixed assets of the respective Units of the Company ranking pari-passu among themselves for the units for which facilities have been extended based on the joint/individual documentation executed, subject to the first pari-passu charge created in favour of the Company's term lenders in favour of –
- The Bankers under Consortium arrangement for the Working Capital facilities sanctioned by them for Unit I .
  - The Bankers for the Working Capital facilities sanctioned for Unit II.
6. First Charge has been created on the company's immovable and movable fixed assets, present and future:
- In respect of the Term Loans availed and outstanding to banks, aggregating to ₹ 1,050.85 Million which shall rank pari passu among them.
  - In favour of the concerned Bankers on specific assets acquired from the specific loans secured from them under the suppliers' credit facility for which bills have been co-accepted by these banks.

	(₹ in Million)	
	<b>This Year</b>	Previous Year
7. Bank balance in Current Account includes: E E F C Account	3.44 (US\$ 0.048 Million) (Euro 0.015 Million) (GBP 0.005 Million)	17.46 (US\$ 0.025 Million) (Euro 0.265 Million) (GBP 0.004 Million)
8. Lien on Fixed Deposits with Banks towards Margin for Co-acceptance facility and specific letters of Guarantee, etc.	–	3.65
9. Estimated amount of Contracts remaining to be executed on Capital Account (Net of Advances) and not provided for amounts to		
- Unit I	0.12	4.86
- Unit II	4.32	5.49
10. Contingent Liabilities on account of:		
(i) Letters of Credit in favour of suppliers of Raw materials, Capital Goods, etc. excluding the value of materials received and bills accepted there against	60.51	58.52
(ii) Guarantees to Electricity Boards, Government Departments and Undertakings	922.65	753.73
(iii) Corporate Guarantees issued	62.39	11.18
(iv) Customs Duty on Bonded Materials	5.86	2.85
(v) Tax disputes		
a) Sales Tax	–	4.57
b) Excise and Service tax	0.21	0.39
c) Income Tax	2.65	2.65



**11. 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
<b>I. (a) Change in present value of obligations:</b>				
Present value of obligations at the beginning of the year	68.01	67.00	8.95	8.37
Interest Cost	5.29	5.17	0.74	0.59
Current Service Cost	11.43	10.01	1.95	1.45
Benefits paid	11.80	12.31	0.83	2.08
Actuarial (Gain) / Loss on obligations	2.00	(2.40)	(1.64)	0.62
Present value of obligations at the end of the year	75.05	68.01	9.83	8.95
<b>II. (b) Changes in the fair value of Plan Assets:</b>				
Fair value of Plan Assets at the beginning of the year	68.01	67.00	–	–
Expected Return on Plan Assets	6.06	5.56	–	–
Contributions	7.67	6.40	0.83	2.08
Benefits paid	11.80	12.31	0.83	2.08
Actuarial (Gain) / Loss on obligations	0.19	5.14	–	–
Present value Plan Assets at the end of the year	75.05	68.01	–	–
<b>(c) Fair Value of Plan Assets</b>				
Fair value of Plan Assets at the beginning of the year	68.01	67.00	–	–
Actual Return on Plan Assets	6.06	5.56	–	–
Contributions	7.67	6.40	0.83	2.08
Benefits paid	11.80	12.31	0.83	2.08
Fair Value of Plan Assets at the end of the year	75.05	68.01	–	–
Funded status	–	–	–	–
Excess of Actual over estimated return on Plan Assets	–	–	–	–
<b>(d) Actuarial Gain / Loss recognized</b>				
Actuarial Gain / (Loss) for the Year - obligations	(2.12)	2.28	–	–
Actuarial Gain / (Loss) for the year – Plan Assets	(0.19)	(5.14)	–	–
Total (Gain) / Loss for the year	1.92	(7.54)	(1.64)	0.62
Actuarial (Gain) / Loss recognized in the year	1.92	(7.54)	(1.64)	0.62
<b>(e) Amounts to be recognized in the Balance Sheet and Statement of Profit and Loss</b>				
Present value of obligations at the end of the year	75.05	68.01	9.83	8.95
Fair Value of Plan Assets at the end of the year	75.05	68.01	–	–
Funded Status	–	–	–	–
Net Asset/(Liability) recognized in Balance Sheet	–	–	9.83	8.94
<b>(f) Expenses recognized in the statement of Profit and Loss</b>				
Current Service Cost	11.43	10.01	1.95	1.45
Interest Cost	5.29	5.17	0.74	0.59
Expected Return on Plan Assets	6.06	5.56	–	–
Net Actuarial (Gain) / Loss recognized in the year	1.92	(7.54)	(1.64)	0.62
Expenses recognized in the statement of Profit and Loss	12.46	2.08	1.05	2.66
<b>(g) Actuarial Assumptions</b>				
Discount Rate	8.00%	8.00%	8.00%	7.50%
Expected return on Plan Assets	8.50%	8.50%	8.50%	9.30%
Salary increase	5.00%	5.00%	5.00%	4.50%



12. Details of Investments in Mutual Funds purchased and sold during the year:

	No. of Units	Cost of	
		Acquisition	Disposal
SBIMF-SDFS-90 Days	250,000	2.50	2.50

(₹ in Million)

13. Earnings per share

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

	This year	Previous year
Net Profit / (Loss)	(30.33)	(130.36)
Preference Dividend	10.81	8.35
Net Earnings before and after extraordinary items	(41.14)	(138.71)
No. of Equity Shares	21,139,789	21,139,789
Earnings per Share before and after extraordinary items (basic/diluted) (in ₹)	(1.95)	(6.56)
<b>14. Composition of Net Deferred Tax Liability :</b>		
Deferred Tax Liabilities - Depreciation	49.30	46.90
<b>15. Employee cost includes:</b>		
(a) Research and Development:		
(i) Salaries and Wages	4.46	5.02
(ii) Contribution to Provident Fund	0.28	0.29
(b) Repairs and Maintenance:		
(i) Salaries and Wages	8.60	7.69
(ii) Contribution to Provident Fund	1.00	0.97
<b>16. Managerial Remuneration:</b>		
Remuneration to Managing Directors		
Salary	5.82	5.82
Contribution to Provident & Other Funds	1.46	1.46
Perquisites	0.08	0.41
<b>TOTAL</b>	<b>7.36</b>	<b>7.69</b>

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



**18. INFORMATION PURSUANT TO THE PROVISIONS OF THE PARAGRAPH 3, 4C AND 43 DOF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

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

Class of Goods	Unit	This Year				Previous Year			
		Production	Opening Stock	Sales	Closing Stock	Production	Opening Stock	Sales	Closing Stock
(a) Manufactured: Insulators (fully assembled)	M.T ₹ in Million	27,175	2,129 99.56	27,049 2,122.67	2,255 96.01	21,069	1,682 61.01	20,622 1,764.59	2,129 99.56
(b) Turnkey Projects	₹ in Million			408.69				411.03	

(ii) Raw Materials consumed

	Unit	This Year		Previous Year	
		Quantity	₹ in Million	Quantity	₹ in Million
Minerals	M.T.	25,261	302.21	25,552	307.68
Metal Parts	M.T.	6,442	490.12	5,355	395.14
Others			701.29		491.79
<b>TOTAL</b>			<b>1,493.62</b>		<b>1,194.61</b>

	THIS YEAR		PREVIOUS YEAR	
	(₹ in Million)			
(iii) Value of imports on CIF basis (including Materials in transit)				
Raw Materials	650.83		308.19	
Components and Spare Parts	17.65		4.48	
(iv) Expenditure in Foreign Exchange during the year				
Capital Expenditure	1.05		8.81	
Technical Services	10.56		13.52	
Interest	56.89		32.36	
Others	17.99		21.70	
(v) Earnings in Foreign Exchange				
Physical Exports	278.63		444.15	
Others	3.78		3.95	
(vi) Value of Raw Materials (including Components) and Stores / Spare Parts consumed.				
RAW MATERIALS				
Imported	678.83	(45%)	337.23	(28%)
Indigenous	814.79	(55%)	857.38	(72%)
	<u>1,493.62</u>	<u>(100%)</u>	<u>1,194.61</u>	<u>(100%)</u>
STORES/SPARE PARTS				
Imported	6.28	(7%)	6.08	(7%)
Indigenous	80.49	(93%)	84.29	(93%)
	<u>86.77</u>	<u>(100%)</u>	<u>90.37</u>	<u>(100%)</u>
vii) Remuneration to Auditors :				
(a) Statutory Audit	0.20		0.20	
(b) Certification	0.06		0.05	
(c) Tax Audit	0.01		0.01	
(d) Expenses	0.01		0.01	
	<u>0.28</u>		<u>0.27</u>	



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

**20. SEGMENT DISCLOSURE**

(₹ in Million)

A.	PRIMARY SEGMENT INFORMATION	Electro-porcelain Products	Turnkey Projects	Total	Electro-porcelain Products	Turnkey Projects	Total
		2010 - 11			2009 - 10		
1	<b>REVENUE</b>						
	Gross Sales	2295.32	408.69	2704.00	1855.91	411.03	2266.94
	Less: Excise Duty	172.64	-	172.64	91.32	-	91.32
	Net Sales	2122.67	408.69	2531.36	1764.59	411.03	2175.62
2	<b>RESULT</b>						
	Segment result - EBIT	(268.34)	20.77	(247.57)	(90.53)	64.54	(25.99)
	Finance Charges (Net)			174.33			113.57
	Other Income			393.96			10.47
	Profit on sale of fixed assets (Net)			-			0.02
	Income Tax			2.40			(9.20)
	<b>Net Profit / (Loss)</b>			<b>(30.33)</b>			<b>(130.36)</b>
	Other Information						
3	<b>Unallocated Corporate Assets</b>						
	Segment Assets	2,599.90	297.40	2,897.30	2639.47	227.23	2,866.70
	<b>Total Assets</b>			<b>586.23</b>			<b>220.06</b>
	Segment Liabilities	642.01	80.54	722.55	554.71	94.12	648.83
	Unallocated Corporate Liabilities			1932.81			1570.57
	<b>Total Liabilities</b>			<b>2655.36</b>			<b>2219.40</b>
	Capital expenditure	34.69	1.60	36.29	86.69	0.31	87.00
	Depreciation	96.04	0.04	96.08	76.65	3.20	79.85
	Non-cash expenses other than depreciation	-	-	-	-	-	-
B.	<b>SECONDARY SEGMENT INFORMATION</b>						
	Revenue by Geographical Market						
	India	1828.54	408.69	2237.23	1318.10	411.03	1729.13
	Rest of the World	294.13	-	294.13	446.49	-	446.49
	<b>Total</b>	<b>2122.67</b>	<b>408.69</b>	<b>2531.36</b>	<b>1764.59</b>	<b>411.03</b>	<b>2175.62</b>

**Notes to Segment Reporting**

1 Business Segments:

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

2 Geographical Segments:

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

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

**21. Related Party Disclosure**

(a) List of Related Parties :

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

(b) Transactions with Related parties : (in ₹ Million)

Description	Subsidiary Company	Key Management Personnel	Relative of Key Management Personnel	Other related parties
Sale of Goods	–	–	–	1.22
Interest Payments	6.96	–	–	1.69
Dividend Payments	–	–	–	2.51
Payments for services received	–	0.36	0.18	–
Receipts for services rendered	–	–	–	0.36
Remuneration	–	7.36	–	–
Sitting Fees	–	–	0.08	–
Unsecured Loan received	75.00	–	–	–
Unsecured Loan repaid	–	–	–	17.00
Sale of Investments	387.50	–	–	–
Balance as on 31 03 2011:				
Payable	–	–	–	–
Receivable	232.50	–	–	0.75

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

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

24. Since the previous year's figures include that of Unit II for a period of 9 months only, the same are not directly comparable with those of the current year.

25. Figures have been stated ₹ in Million.

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

For and on behalf of the Board

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

**Chairman**

**MURALI VENKATRAMAN**  
Vice Chairman & Managing Director

**NARAYAN SETHURAMON**  
Managing Director

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

**K.RAMAN**  
Director

**T.CHANDRASEKHARAN**  
Chief Financial Officer

**K.S.NATARAJAN**  
Company Secretary

**Chennai**  
**27th July, 2011**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## I. Registration Details :

Registration No :	04568/61
State Code :	18
Balance Sheet Date	31.03.2011

(₹ in Thousands)

	2010-11	2009-10
<b>II. Capital raised during the year</b>		
Public Issue	–	–
Rights Issue	–	–
Bonus Issue	–	–
Private Placement	–	35,000
<b>III. Position of mobilisation and deployment of funds</b>		
Total Liabilities	2,566,525	2,265,359
Total Assets	2,566,520	2,265,356
Sources of Funds :		
Paid-up Capital	338,898	338,898
Reserves and Surplus	489,293	530,431
Secured Loans	1,610,394	1,326,350
Unsecured Loans	78,288	21,129
Application of Funds :		
Net Fixed Assets	1,552,574	1,622,308
Investments	16,986	42,697
Net Current Assets	988,528	593,253
Miscellaneous Expenditure	8,432	7,099
Accumulated Losses	–	–
<b>IV Performance of the Company</b>		
Turnover	2,531,359	2,175,624
Total expenditure	2,953,255	2,325,647
Profit/(Loss) before tax	(27,933)	(139,557)
Profit/(Loss) after tax	(30,333)	(130,357)
Earnings per share (in rupees)	(1.95)	(6.56)
Dividend rate (in per cent)	–	–
<b>V. Generic Names of Principal Products/Services of company</b>		
Item Code No.	854620-02	
Product Description	Insulators	



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## CONSOLIDATED ACCOUNTS

### AUDITORS' REPORT

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

We have audited the attached Consolidated Balance Sheet of M/s W.S. Industries (India) Limited and its subsidiaries as at 31st March 2011, the Consolidated Profit and loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- i. In the case of Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2011
- ii. In the case of Consolidated Profit and Loss Account of the LOSS for the year ended on that date; and
- iii. In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Chennai  
27th July, 2011

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

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011**

(₹ in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	338.90		338.90	
Reserves and Surplus	2	173.44	512.34	586.88	925.78
Minority Interest			189.33		184.44
<b>Loan Funds</b>					
Secured Loans	3	1669.21		1326.35	
Unsecured Loans	4	3.29		21.13	
Deferred Liability		0.35	1672.85	1.65	1349.13
<b>DEFERRED TAX LIABILITY - NET</b>			49.30		46.90
			2423.82		2506.25
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets</b>					
Gross Block	5	2132.98		2084.22	
Less: Depreciation		659.73		568.50	
Net Block		1473.25		1515.72	
Capital Work in Progress		79.41	1552.66	106.65	1622.37
<b>Investments</b>	6		45.67		53.75
<b>Current Assets, Loans and Advances</b>					
Inventories	7	706.38		670.68	
Sundry Debtors		819.95		756.30	
Cash and Bank Balances		49.99		62.86	
Other Current Assets		0.05		0.09	
Loans and advances		140.78		133.89	
		1717.15		1623.82	
Less: Current Liabilities and Provisions	8				
Current Liabilities		870.43		777.04	
Provisions		30.69		23.83	
		901.12		800.87	
<b>Net Current Assets</b>	9		816.03		822.95
Miscellaneous Expenditure (to the extent not written off or adjusted)			9.46		7.18
			2423.82		2506.25
NOTES FORMING PART OF ACCOUNTS	15				

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

For and on behalf of the Board

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

Chairman

**MURALI VENKATRAMAN**  
Vice Chairman & Managing Director

**NARAYAN SETHURAMON**  
Managing Director

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

**K.RAMAN**  
Director

**T.CHANDRASEKHARAN**  
Chief Financial Officer

**K.S.NATARAJAN**  
Company Secretary

Chennai  
27th July, 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011** (₹ in Million)

	Schedule	THIS YEAR		PREVIOUS YEAR	
<b>INCOME</b>					
Gross Sales/Revenue		2741.09		2304.03	
Less: Excise Duty		172.64		91.32	
Net Sales/Revenue		2568.45		2212.71	
Other Income	10	8.19	2576.64	10.64	2223.35
<b>EXPENDITURE</b>					
Material Cost	11	1486.75		1114.52	
Employee Cost	12	322.56		272.77	
Other Costs	13	879.09		748.20	
Finance Charges	14	173.05	2861.45	113.77	2249.26
<b>PROFIT / (LOSS) BEFORE DEPRECIATION</b>			(284.81)		(25.91)
Depreciation			96.09		79.88
<b>PROFIT / (LOSS) BEFORE TAX</b>			(380.90)		(105.79)
Less : Provision for taxation					
Current Tax		8.89		8.89	
Deferred Tax		2.40		(9.20)	
			11.29		(0.31)
<b>PROFIT / (LOSS) AFTER TAX</b>			(392.19)		(105.48)
(before adjustment for Minority Interest)			(10.45)		(10.26)
Minority Interest					
<b>PROFIT / (LOSS) AFTER TAX</b>			(402.64)		(115.74)
Balance brought forward from previous year			46.07		217.04
<b>PROFIT / (LOSS) Carried down</b>			(356.57)		101.31
<b>APPROPRIATIONS:</b>					
Transfer from General Reserve		60.00		-	
<b>Less:</b>					
Transfer to Capital Redemption Reserve		17.50		17.50	
Transfer to General Reserve		5.88		29.38	
Preference Dividend		9.27		7.14	
Dividend Distribution Tax		1.54		1.21	
		34.18	25.82	55.23	(55.23)
Balance carried to Balance Sheet			(330.75)		46.07
Earnings per Share before and after extraordinary items (basic/diluted) (in ₹)			(19.56)		(5.87)
NOTES FORMING PART OF ACCOUNTS	15				

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

For and on behalf of the Board

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

*Chairman*

**MURALI VENKATRAMAN**  
*Vice Chairman & Managing Director*

**NARAYAN SETHURAMON**  
*Managing Director*

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

**K.RAMAN**  
*Director*

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

**K.S.NATARAJAN**  
*Company Secretary*

**Chennai**  
**27th July, 2011**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011** (₹ in Million)

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>A CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) before Taxes	(380.90)	(105.79)
Adjustments for:		
Depreciation	96.09	80.00
Interest (Net)	173.05	113.77
Unrealised (gain)/loss on foreign exchange rate variation	(1.89)	2.58
(Income) from Investments	(2.06)	(2.85)
(Profit) /Loss on Fixed Assets sold	1.28	3.92
Operating Profit before Working Capital changes	(114.43)	91.63
Adjustments for:		
(Increase)/Decrease in inventory	(35.70)	(117.43)
(Increase)/Decrease in trade and other receivables	(70.50)	(156.81)
(Increase)/Decrease in Deferred Expenditure - operating	(2.28)	(2.03)
Increase/(Decrease) in trade payables	93.40	82.44
Cash generated from operations	(129.51)	(102.20)
Interest paid	173.15	114.16
Direct Taxes paid	4.48	14.48
Minority Interest in income	(10.45)	(10.26)
Net cash from operating activities	<u>(317.59)</u>	<u>(241.10)</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including interest capitalised)	(33.15)	(165.16)
Sale of Fixed Assets	0.36	0.58
Purchase of Investments	(44.99)	(53.07)
Sale/Write off of Investments	53.07	60.09
Interest received	0.10	0.39
Income from Investments	2.06	2.85
Change in minority interest	4.89	10.26
Net Cash (used in) / from Investing activities	<u>(17.66)</u>	<u>(144.06)</u>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011** (₹ in Million)

	<b>THIS YEAR</b>	<b>PREVIOUS YEAR</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Preference Shares	–	35.00
Increase in Secured Loans	398.00	77.50
Increase/(Decrease) in working Capital from Banks	58.49	261.71
Increase in Unsecured Loans	21.89	20.57
Repayment of Secured Loans	(108.50)	(29.80)
Repayment of Unsecured Loans	(39.73)	(35.02)
Repayment of Deferred Liability	(1.30)	(2.86)
Dividends Paid	(8.36)	(29.80)
Net Cash Flow(used in )/From Financing Activities	320.49	297.30
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(14.76)</b>	<b>(87.86)</b>
Cash and Cash Equivalents as at the beginning of the year	64.69	152.55
Cash and Cash Equivalents as at the close of the year	49.93	64.69

**Notes on Cash Flow Statement:**

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

<b>3 CASH AND CASH EQUIVALENTS</b>		
CASH AND BANK BALANCES	49.99	62.86
UNREALISED (GAIN) / LOSS	(0.05)	1.83
CASH AND BANK BALANCES RESTATED AS ABOVE	49.93	64.69

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

For and on behalf of the Board

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

**V.SRINIVASAN**  
Chairman

**MURALI VENKATRAMAN**  
Vice Chairman & Managing Director

**NARAYAN SETHURAMON**  
Managing Director

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

**K.RAMAN**  
Director

**T.CHANDRASEKHARAN**  
Chief Financial Officer

**K.S.NATARAJAN**  
Company Secretary

**Chennai**  
**27th July, 2011**


**SCHEDULES TO CONSOLIDATED ACCOUNTS**

(₹ in Million)

**SCHEDULE 1**
**SHARE CAPITAL**

Authorised

35,000,000 Equity Shares of ₹ 10/- each

350.00

350.00

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

150.00

150.00

500.00

500.00

Issued, Subscribed and Paid - up:

21,139,789 Equity Shares of ₹ 10/- each fully paid-up\*

211.40

211.40

 1275000 Cumulative Redeemable Preference  
Shares of ₹ 100/- each fully paid up

127.50

127.50

**TOTAL**
**338.90**
**338.90**

\* includes 1,101,312 Bonus Shares issued by capitalising the Reserves in 1982 and 1988 and 5,850,000 Equity Shares allotted pursuant to the scheme of amalgamation in 2003.

**SCHEDULE 2**
**RESERVES AND SURPLUS**

	As at 31 03 2010	Additions	Deductions	As at 31 03 2011
Capital Reserve	9.95	–	–	9.95
Share Premium Account	287.51	–	–	287.51
Capital Redemption Reserve	158.65	17.50	–	176.15
Special General Reserve	25.81	–	–	25.81
General Reserve	58.89	–	54.12	4.76
Balance in Profit and Loss Account	46.07	–	376.82	(330.75)
<b>TOTAL</b>	<b>586.88</b>	<b>17.50</b>	<b>430.94</b>	<b>173.44</b>

**SCHEDULE 3**
**SECURED LOANS**

From Banks

a) As Working Capital

559.54

501.06

b) As Term Loans

1109.67

825.29

**TOTAL**
**1669.21**
**1326.35**



#### SCHEDULE 4

#### UNSECURED LOANS

(₹ in Million)

	THIS YEAR	PREVIOUS YEAR
Unsecured Loans	-	17.00
Hire Purchase facility	3.29	4.13
<b>TOTAL</b>	<b>3.29</b>	<b>21.13</b>

#### SCHEDULE 5

#### FIXED ASSETS

Sl. No.	Description	Gross Block at Cost				Depreciation	Net Block	
		As at 01.04.2010	Additions/ Transfers/	Sold/ Discarded/ Transfers	As at 31.03.2011	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land and Betterment							
	a) Freehold Land	2.49	-	-	2.49	-	2.49	2.49
	b) Leasehold Rights in land	48.01	-	-	48.01	2.91	45.10	46.56
2	Buildings	468.39	0.64	1.95	467.08	63.40	403.68	419.95
3	Plant & Machinery *	** 1373.72	58.28	11.06	1420.94	529.56	891.38	906.18
4	Electrical Installation	121.99	0.13	0.51	121.61	26.43	95.18	101.46
5	Vehicles	16.34	2.05	1.01	17.38	9.49	7.90	8.33
6	Furniture & Fixtures and other Equipment	53.28	2.44	0.25	55.47	27.94	27.53	30.75
	<b>TOTAL</b>	2084.22	63.54	14.78	2132.98	659.73	1473.25	1515.71
	Capital Work in progress	106.65	31.83	59.07	79.41	-	79.41	106.65
	<b>GRAND TOTAL</b>	2190.87	95.37	73.85	2212.39	659.73	1552.66	1622.37

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

\*\* In respect of Windmill and Energy Conservation Systems installed in 2007-08 aggregating to ₹ 44.03 Million, depreciation has been provided at the accelerated rates of 10% and 20% respectively.

**SCHEDULE 6****INVESTMENTS (AT COST) - NON TRADE****Long Term Investments :****Unquoted :**

	THIS YEAR	PREVIOUS YEAR
68,000 Equity Shares of face value of ₹ 10/- each fully paid-up in S & S Minerals Limited	0.68	0.68
50,000 Equity Shares of face value of ₹ 10/- each fully paid-up in W.S. Technology Parks Limited	–	0.50
50,000 Equity Shares of face value of ₹ 10/- each fully paid-up in W.S. Infotech Holdings Limited	–	0.50
	<b>0.68</b>	<b>1.68</b>

**Short Term Investments :**

## Investments in Mutual Funds:

500,000 Units of face value of ₹ 10/- each - Sundaram Interval Fund Qly Plan 'E'	5.00	
477,085 Units of face value of ₹ 10/- each - ICICI Prudential Interval Fund V -monthly Interval Plan A	5.00	
508,581 Units of face value of ₹ 10/- each - Reliance Monthly Interval Fund	5.09	
23,934 Units of face value of ₹ 10/- each - Reliance Medium Term Fund - Weekly Dividend Plan	0.41	
1,999,560 Units of face value of ₹ 10/- each - Reliance Quarterly Interval Fund - Series II	–	20.00
22,747 Units of face value of ₹ 10/- each - ICICI Prudential Flexible Income Plan Premium	–	0.39
1,036,903 Units of face value of ₹ 10/- each - Reliance Liquidity Fund	–	10.37
461,996 Units of face value of ₹ 10/- each - Principal Monthly Income Plan	–	5.00
48,583 Units of face value of ₹ 100/- each - ICICI Prudential Flexible Income Plan Premium	–	5.13
506,838 Units of face value of ₹ 10/- each - Birla Sunlife Short Term Fund	–	5.07
321,494 Units of face value of ₹ 10/- each - Kotak Floater Long Term Fund	3.24	3.08
85,432 Units of face value of ₹ 10/- each - Reliance Medium Term Fund	3.17	3.03
1,000,000 Units of face value of ₹ 10/- each - Kotak Quarterly Interval Plan Series I	10.00	–
307,701 Units of face value of ₹ 10/- each - Reliance Monthly Interval Fund	3.08	–
500,000 Units of face value of ₹ 10/- each - Reliance fixed Horizon Fund 91days - Sr 5	5.00	–
500,000 Units of face value of ₹ 10/- each - HDFC Fixed Maturity plan 100D	5.00	–
	<b>44.99</b>	<b>52.07</b>

**GRAND TOTAL**

<b>45.67</b>	<b>53.75</b>
Aggregate Book value of Unquoted Investments	0.68
Market value of short term Investments	45.12
	52.32

**SCHEDULE 7**

(₹ in Million)

**CURRENT ASSETS, LOANS AND ADVANCES****A Current Assets**

	<b>THIS YEAR</b>		<b>PREVIOUS YEAR</b>	
1 Interest accrued on Investments		0.05		0.09
2 Inventories				
(i) Stores and Spare Parts	41.84		28.88	
(ii) Raw Materials	157.76		131.15	
(iii) Packing Materials	1.82		4.68	
(iv) Materials in Transit	15.65		23.54	
(v) Stock in Trade (Realty)	181.60		181.60	
(vi) Work in progress	211.76		201.27	
(vii) Finished Goods	95.95	706.38	99.56	670.68
3 Sundry Debtors (considered good for which the company holds no security other than debtors' personal security)				
(i) Debts outstanding for a period exceeding 6 months	209.96		127.34	
(ii) Other Debts	609.99	819.95	628.96	756.30
4 Cash and Bank Balances				
(i) Cash on hand	0.27		0.82	
(ii) Bank Balance with Scheduled Banks in				
Fixed Deposits	–		3.65	
Margin Money	–		0.41	
Current Accounts	49.71	49.99	57.98	62.86

**B Loans and Advances**

1 Advances recoverable in cash or in kind for value to be received (unsecured and considered good)	67.40		69.25	
2 Tax deducted at source	32.62		25.77	
3 Deposits	21.25		26.12	
4 Prepaid Expenses	19.51	140.78	12.75	133.89
<b>TOTAL</b>		<b>1717.15</b>		<b>1623.82</b>

**SCHEDULE 8**

(₹ in Million)

**CURRENT LIABILITIES AND PROVISIONS****A Current Liabilities**

	<b>THIS YEAR</b>		<b>PREVIOUS YEAR</b>	
1 Acceptances		308.05		211.91
2 Sundry Creditors				
(a) Micro, Small and Medium Enterprises		–		–
(b) Others	388.94	388.94	403.71	403.71
3 Advance from customers		25.56		33.21
4 Interest accrued but not due on loans		1.33		1.23
5 Investor Education and Protection Fund*				
- Unpaid Dividend	0.92	0.92	0.93	0.93
6 Other Liabilities		145.63		126.05
<b>TOTAL</b>		<b>870.43</b>		<b>777.04</b>

**B Provisions**

Income Tax (Net of payments)		19.89		15.48
Proposed Dividends		10.80		8.35
<b>TOTAL</b>		<b>30.69</b>		<b>23.83</b>

\* These represent warrants/cheques issued and remaining un-encashed as on 31st March 2011  
There is no amount which has fallen due as at Balance Sheet date to be credited to Investor Education and Protection Fund.

**SCHEDULE 9****MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Deferred Revenue Expenditure #		9.46		7.18
<b>TOTAL</b>		<b>9.46</b>		<b>7.18</b>

# Represents VRS compensation yet to be written off and ₹ 3.55 Million has been charged off to expenses during the year. (Previous year ₹ 3.26 Million)

**SCHEDULE 10****OTHER INCOME**

Income from Investments		2.06		2.85
Other Receipts		6.08		7.77
Profit on Sale of Fixed Assets		0.05		0.02
<b>TOTAL</b>		<b>8.19</b>		<b>10.64</b>

**SCHEDULE 11**

(₹ in Million)

**MATERIAL COST**

Raw Materials and Components consumed

	<b>THIS YEAR</b>		<b>PREVIOUS YEAR</b>	
Opening Stock	131.15		153.43	
Add: Purchases	1520.24		1172.33	
	<u>1651.39</u>		<u>1325.76</u>	
Less: Closing Stock	157.76	1493.63	131.15	1194.61
			<u></u>	
(Increase ) / Decrease in Stock				
Opening Stock :				
Work in progress	201.27		159.73	
Finished Goods	99.56		61.01	
	<u>300.83</u>		<u>220.74</u>	
Closing Stock :				
Work in progress	211.76		201.27	
Finished Goods	95.95		99.56	
	<u>307.71</u>		<u>300.83</u>	
		(6.88)		(80.09)
<b>TOTAL</b>		<b><u>1486.75</u></b>		<b><u>1114.52</u></b>

**SCHEDULE 12****EMPLOYEE COST**

Salaries, Wages and Bonus	255.12	214.51
Contribution to PF, ESI, Gratuity, etc.	30.88	24.06
Welfare Expenses	36.56	34.20
<b>TOTAL</b>	<b><u>322.56</u></b>	<b><u>272.77</u></b>

**SCHEDULE 13**

(₹ in Million)

**OTHER COSTS**

	<b>THIS YEAR</b>		<b>PREVIOUS YEAR</b>	
Consumption of Stores and Tools		51.30		54.42
Power and Fuel		432.30		359.12
Rent		4.59		3.71
Rates and Taxes		13.96		12.73
Insurance		13.07		10.96
Repairs and Maintenance:				
Building	0.12		0.23	
Plant & Machinery	29.90		32.57	
Other Assets	11.11	41.13	7.82	40.62
Research and Development		0.13		0.05
Directors' Sitting Fees		0.56		0.48
Travelling and Conveyance		28.71		23.08
Auditors' Remuneration		0.30		0.30
Donations		0.05		0.05
Agency Commission		13.04		22.16
Packing, forwarding and Freight		135.55		104.34
Loss on Assets discarded/sold		1.32		3.94
Bad Debts written off		1.90		1.98
Others		141.18		110.26
<b>TOTAL</b>		<b>879.09</b>		<b>748.20</b>

**SCHEDULE 14****FINANCE CHARGES**

Interest on :

Fixed Loans		62.06		49.00
Other Loans		70.61		38.20
		132.67		87.20
Less: Interest received on deposits		0.10		0.39
		132.57		86.81
Bank Charges		40.48		26.96
<b>TOTAL</b>		<b>173.05</b>		<b>113.77</b>

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

## 1. a Basis of presentation of Financial Statements

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

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

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

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

## 1. b Principles of consolidation

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

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

The Subsidiary Companies considered in the consolidated financial statements are W.S. Electric Limited and W.S. Insulators Limited. whose country of incorporation is India and the percentage of voting power held on 31st March 2011 are 58.77% and 100% respectively.

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

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

	<b>This Year</b>	(₹ in Million) Previous Year
Net Profit / (Loss)	(402.64)	(115.74)
Preference Dividend	10.80	8.35
Net Earnings before and after extraordinary items	(413.44)	(124.09)
No. of Equity Shares	21,139,789	21,139,789
Earnings per Share before and after extraordinary items (basic/diluted) (in ₹)	(19.56)	(5.87)



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

(₹ in Million)

	<b>W.S.Electric Ltd.</b>	<b>W.S. Insulators Ltd.</b>
a) Share Capital	45.50	0.50
b) Reserves	350.34	–
c) Total Assets (including Preliminary and Pre-operative expenses)	489.25	0.51
d) Total Liabilities	64.09	387.51
e) Investments	29.49	387.50
f) Turnover	37.09	–
g) Profit Before Taxation	34.23	–
h) Provision for Taxation	8.89	–
i) Profit after Tax	25.34	–
j) Proposed Dividend	–	–

As per our Report Attached

For and on behalf of the Board

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

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

**Chennai**  
**27th July, 2011**



*Disc Insulators on display at GRIDTECH 2011*

