




W.S. INDUSTRIES (INDIA) LIMITED

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For W.S. INDUSTRIES (INDIA) LTD


N. S. SURYANARAYANAN
Company Secretary & GM - CA

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ANNUAL REPORT
2003

W.S. Industries (India) Limited

Regd. Office: Porur, Chennai - 600 116

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the Company will be held on Wednesday, the 17th September, 2003 at 9.30 A.M. at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, New No.168, TTK Road, Chennai - 600 014, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet and Profit & Loss Account of the Company for the period ended 31st March 2003, and the Auditors' Report thereon.
2. To declare dividend on the Preference Shares.
3. To appoint a Director in the place of Sri K.D. Parakh who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri Murali Venkatraman, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Sri Narayan Sethuram, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and fix their remuneration. The existing Auditors M/s S.Viswanathan, Chartered Accountants, Chennai are eligible for reappointment.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"Resolved that Sri. G.Balasubramanyan be and is hereby appointed as Director of the Company, subject to retirement by rotation."

8. To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956, and subject to the approval of the Central Government, Financial Institutions and other statutory authorities, if any required, the consent of the Company be and is hereby accorded for reappointment of Sri Murali Venkatraman as Managing Director of the Company for a period of One year with effect from 17th September, 2003 – the date of this Annual General Meeting, on the following terms and conditions :

- (I) SALARY Rs.1,00,000/- p.m. in the scale of Rs. 50,000 - 3,00,000 (The increment will be decided by the Board or Remuneration Committee constituted for this purpose).
- (II) PERQUISITES (Valued as per IT Rules)

W.S. Industries (India) Limited

PART 'A'**(i) (a) Housing**

Expenditure by the Company on hiring furnished/unfurnished accommodation in Chennai, shall be subject to a ceiling of 50% of the salary over and above 10% payable by the appointee.

If the Company does not provide accommodation, house rent allowance will be paid by the Company which shall not exceed 50% of the salary drawn by the appointee.

(b) The expenditure on Gas, Electricity, Water and Furnishings shall be met / reimbursed to the appointee at actuals by the Company; subject to a maximum of Rs.24,000 per annum**(ii) Medical Reimbursement**

Reimbursement of actual expenses incurred for self and family, the total cost of which shall not exceed 15% of the salary in a year, which could be accumulated for a maximum period of 3 years.

(iii) Leave Travel Concession

For self and family once in a year, subject to a maximum of Rs.2 Lacs per annum.

(iv) Club Fees

Fees of Clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid subject to a maximum of Rs.18,000 Per Annum.

(v) Personal Accident & Mediclaim Insurance:

Insurance premium at actuals, not exceeding Rs.48,000 per annum

PART 'B'**(i) Company's contribution towards Provident / Superannuation Fund or Annuity Fund.**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be in accordance with the practice, rules and regulations of the Company in force from time to time.

(ii) Gratuity

As per the Rules of the Company.

PART 'C'**Car and Telephone**

The appointee will be provided with a car with driver for Company's business purposes and telephone facility at residence. These will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

FURTHER RESOLVED that aforesaid remuneration and perquisites shall be paid to Sri Murali Venkatraman as minimum remuneration subject to the provisions of Schedule XIII in the absence or inadequacy of profits.



FURTHER RESOLVED that Sri Murali Venkatraman, shall be entitled to receive Retirement Benefits of the Company as per the discretion of the Board of Directors or a Committee thereof.

FURTHER RESOLVED that Sri Murali Venkatraman, shall be eligible for payment of Compensation for loss of Office as governed under Section 318 of the Companies Act, 1956. Any such payment towards this Compensation shall not exceed the remuneration payable to him for the unexpired term calculated on the basis of the average remuneration actually earned by him for a period of 3 years immediately preceding the date on which he ceases to hold office.

FURTHER RESOLVED that the Board of Directors/Remuneration Committee be and is hereby authorised to modify/alter/vary any of the above terms and conditions of the said appointment in the agreement to be entered into with Sri Murali Venkatraman, as it may in its absolute discretion deem fit, in line with the approval of the Central Government / provisions of the Companies Act, as amended from time to time."

9. To Consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

(This item will be transacted through Postal Ballot as required under Section 192A of the Companies Act and the result of the Postal Ballot will be announced at the Meeting)

"RESOLVED THAT the Consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company:

- A. For extension of Pari Passu Charge by way of hypothecation and mortgage over the entire moveable and immoveable Fixed Assets of the Company (Both present and Future) wherever situate, excluding those that are specifically charged to the other Lenders, in favour of Export and Import Bank of India (EXIM BANK) to secure the Rupee Loan of Rs.44.052 Million (together with payments of interest, compound interest, additional interest by way of Liquidated Damages, cost, charges and other expenses stipulated in the Rupee Loan Agreement) lent by them to the Company along with the mortgage/charge of the assets of the Company already created in favour of

- I.
 - i) ICICI BANK LIMITED (ICICI)
 - ii) INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

by way of First Pari Passu Charge in respect of Rupee Term Loans secured from them.

- II.
 - i) PUNJAB NATIONAL BANK (PNB)
 - ii) STATE BANK OF INDIA (SBI)
 - iii) INDIAN OVERSEAS BANK (IOB)
 - iv) CENTURION BANK LIMITED (CBL)

by way of Second Pari Passu Charge for the Working Capital facilities secured from them.

together with the interest at the respective agreed interest rates, additional interest, liquidated damages, commitment charge, premium on repayment or on redemption, costs, charges,

W.S. Industries (India) Limited

expenses and all other monies payable by the Company to ICICI, IDBI, PNB, SBI, IOB and CBL in terms of the Loan Agreement / Heads of Agreement / Hypothecation Agreement / Letters of Sanction / Memorandum of terms and conditions entered into / to be entered into by the Company, in respect of the above Loans; and

- B. For agreeing with all or any of the said ICICI / IDBI / PNB / SBI / IOB / CBL / EXIM BANK in terms of the respective Loan Agreement / Hypothecation Agreements / Letters of Sanction / Memorandum of Terms and Conditions, to reserve a right to take over the management of the business and concern of the Company in certain events.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalize with ICICI / IDBI / PNB / SBI / IOB / CBL and EXIM BANK, the documents for creating the aforesaid mortgage and/or charge and for reserving the aforesaid right to do all such acts and things as may be necessary for giving effect to the above resolutions."

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

N.S. SURYANARAYANAN
Company Secretary &
GM - Corporate Affairs

Chennai
31st July, 2003

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member. The Proxy Forms should be lodged with the Registered Office of the Company not later than 48 hours before commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed
3. The Register of Members and Share Transfer Books of the Company will remain closed from 2nd September, 2003 to 17th September, 2003 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the Meeting. They are also requested to avoid being accompanied by non-members and children.
5. Members are requested to notify any change in their addresses to the Company / Share Transfer Agents - Integrated Enterprises (India) Limited, immediately.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No 7**

Sri. G. Balasubramanyan was co opted to the Board as an Additional Director at the Meeting of the Board of Directors held on 24th October 2002. He holds office till the ensuing Annual General Meeting of the Company. A Notice proposing the candidature of Sri. G.Balasubramanyan as Director has been received from a member.

Sri. G.Balasubramanyan is a qualified practicing Chartered Accountant and consultant and has substantial industrial experience in addition to serving on the Board of several companies. The Board is of the opinion that the appointment of Sri. G. Balasubramanyan as Director will be in the best interests of the Company and the benefit of his experience would be of immense value to the Company.

Except Sri. G.Balasubramanyan, no other Director is concerned or interested in the resolution.

Item No 8

As the members may be aware, Sri. Murali Venkatraman was appointed as Managing Director of the Company for a period of 3 years by the Board of Directors at their meeting held on 27th July 2002, subject to the consent of the Central Government and the members. The consent of the members were also obtained at the Extra Ordinary General Meeting held on 2nd September 2002. An application was made to the Central Government for their approval in this matter.

The Central Government has accorded their approval for the appointment of Sri. Murali Venkatraman for a period of one Year from 3rd October 2002 till the ensuing Annual General Meeting of the Company vide their letter dated 11th June 2003. As per the terms of the appointment approved by the Central Government, his term of office expires at the forthcoming Annual General Meeting. The Board of Directors have reappointed Shri Murali Venkatraman as the Managing Director of the Company for a period of One Year with effect from the forthcoming Annual General Meeting subject to the Consent of the members of the Company and the Central Government.

Sri. Murali Venkatraman has played a vital role in effecting the turnaround of operations and implementing new initiatives for the growth of the company. Your Directors are of the opinion that his reappointment as Managing Director is in the best interest of the Company.

The Remuneration proposed to be paid to Shri. Murali Venkatraman has been considered by the Remuneration Committee at their Meeting held on the 31st July 2003, and the details of the remuneration as recommended by them are placed before the members for their consideration.

Sri. Murali Venkatraman is directly deemed to be concerned / interested in the subject. Sri. V.Srinivasan – Chairman and Sri. Narayan Sethuram – Joint Managing Director, being related to Sri. Murali Venkatraman are also deemed to be interested in the subject. No other Director is concerned or interested in the subject.

W.S. Industries (India) Limited

The information contained in the foregoing paragraphs may also be treated as a notice to be issued to the members of the Company under Section 302 of the Companies Act, 1956. The Articles of Association of the Company and the draft agreement proposed to be entered into between the Company and Sri. Murali Venkatraman as Managing Director are open to inspection at the Registered Office of the Company on any working day during business hours until the date of the Annual General Meeting.

Item No 9

The Company has secured Term Loans from ICICI and IDBI and Working Capital Facilities from its Consortium of Bankers PNB, SBI, IOB, CBL for the amounts sanctioned by them. The Company has created Mortgage / Charge by deposit of Title Deeds and Hypothecation of its immoveable and moveable Fixed Assets by way of First Charge in favour of ICICI and IDBI and in favour of Consortium Banks by way of second charge subject to the specific charges created in favour of EXIM Bank on the assets acquired out of their Production Equipment Finance Scheme released by them and in favour of others for the specific loans secured from them.

The Company has agreed to create a first pari passu charge on its Fixed Assets in favour of EXIM BANK to secure the outstanding loan of Rs.44.052 Million availed from them, at the time of seeking deferment on repayment of their loan. The Company has since executed a fresh Rupee Loan Agreement and modifying Deed of Hypothecation in favour of EXIM BANK in this regard .

Section 293(1)(a) of the Companies Act, 1956 requires that the consent of the Shareholders is to be obtained by an ordinary resolution for mortgaging / creating charge on the immoveable / moveable assets of the Company. Further, as required under Section 192A of the Companies Act (as amended), this item is to be passed by way of Postal Ballot. As per the requirement of the Passing of the Resolutions through Postal Ballot Rules, Sri K.S.Sadagopan has been appointed as Scrutinizer by the Board of Directors at their Meeting held on 31st July 2003 to receive the completed ballot papers from the members and assist the Chairman in announcing the results of the Postal Ballot after scrutinizing the votes polled. The Postal Ballot Form along with a self addressed business reply envelope bearing the address of Sri K.S.Sadagopan is enclosed herewith. All members are requested to kindly indicate their assent / dissent in respect of the resolution proposed to be passed, by filling the enclosed Postal Ballot Form and mail the same so as to reach the Scrutinizer on or before 15th September 2003. Any response received after 15th September 2003 will be treated as if no reply has been received from the member.

Your Directors recommend passing of the resolution. None of the Directors is concerned / interested in the resolution.

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

Regd. Office : Porur, Chennai - 600 116.

Folio / Client ID No.

ATTENDANCE SLIP**DATE & TIME**

Wednesday
17th September, 2003
9.30 A.M.

VENUE

Kasturi Srinivasan Hall (Mini Hall)
The Music Academy
168, TTK Road, Chennai 600 014

NO. OF SHARESMEMBER ☐PROXY ☐

(Name in CAPITAL LETTERS)

Note: Please complete this attendance slip and hand it over at the
Entrance of the Meeting Hall.

I hereby record my presence
at the Annual General Meeting
of the Company

Signature of Member/Proxy

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

Regd. Office : Porur, Chennai - 600 116.

FORM OF PROXY

Folio/CL ID No.	No. of Shares held

I/We.....of

(Address)

being Member(s) of W.S. INDUSTRIES (INDIA) LIMITED hereby appoint.....of

(Name of Proxy)

(Address of Proxy)

failing him.....of

(Name of alternate Proxy)

.....as my/our
(Address of alternate Proxy)

Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of
the Company to be held at 9.30 A.M. on Wednesday, the 17th September, 2003 and at any adjournment thereof.

Date:.....

Signature:

Affix
Rs. 1/-
Revenue
Stamp

Note: This proxy form must be deposited at the Registered Office of the Company not less than 48 hours
before the time for holding the meeting.



W.S. Industries (India) Limited

BOARD OF DIRECTORS

Chairman	V. Srinivasan
Managing Director	Murali Venkatraman
Joint Managing Director	Narayan Sethuramon

Directors

K.D. Parakh	
K. Raman	
Air Marshal S.J. Dastur (Retd.)	
G. Balasubramanyan	
G.R.M. Naidu	(Nominee of GIC)

Company Secretary & General Manager (Corporate Affairs)

N.S. Suryanarayanan

Bankers

Punjab National Bank
Chennai - 600 001

Indian Overseas Bank
Chennai - 600 004

State Bank of India
Chennai - 600 001

Centurion Bank Limited
Chennai - 600 035

Auditors

M/s. S. Viswanathan
Chennai - 600 004

Legal Advisor

T. Raghavan
47, T.T.K. Road
Chennai - 600 018

Registered Office & Works

Porur, Chennai - 600 116
Phone No. 55500811
Fax No. (091) - 44 - 55500882

Contents	Page No(s).
Directors' Report & Annexures to the Directors' Report	2 - 19
Auditors' Report	20 - 21
Balance Sheet	22
Profit & Loss Account	23
Schedules	24 - 38
Subsidiary Company	
W.S. Electric Limited	39 - 48
Consolidated Accounts	49 - 60

W.S. Industries (India) Limited**DIRECTORS' REPORT****PART I - PERFORMANCE / OPERATIONS**

Your Directors present their Annual Report along with the Audited Accounts for the 15 Month period ended 31st March 2003.

FINANCIAL RESULTS

	For the Period ended 31.03.2003 Rs.	For the Year ended 31.12.2001 Rs.
Sales and other operational Income	1,293,193,437	963,509,689
Other Income	3,050,897	4,607,798
Total Income	1,296,244,334	968,117,487
Gross Profit from Operations	191,084,928	96,630,630
Less : Depreciation	37,138,305	37,359,621
Finance Charges	97,226,785	89,637,682
Profit / (Loss)	56,719,838	(30,366,673)
Loss on sale of investment	—	(68,385,636)
Net Profit / (Loss) for the year	56,719,838	(98,752,309)
Loss Brought Forward from previous year	(203,936,978)	(121,137,894)
Debenture Redemption Reserve withdrawn	15,000,000	—
Transfer from Investment Allowance (Utilized) Reserve	—	3,745,870
Transfer from General Reserve (arising on Amalgamation)	—	12,207,355
Provision for Preference Dividend (Including Tax thereon)	22,314,065	—
Deficit carried to Balance Sheet	(154,531,205)	(203,936,978)

EXTENSION OF ACCOUNTING YEAR

In order to synchronize the Accounting Year with the Financial Year followed by the Government and the Tax Authorities, your Directors have taken a decision to extend the Accounting Year of the Company by a period of 3 months so as to end on the 31st March 2003. Consequently the Accounts of the Company have been drawn up for a period of 15 months ended as on that date.

DIVIDEND

Your Directors wish to advise that the operations of the Company have resulted in a Net Profit of Rs.56.72 Million for the period under review. Accordingly, your Directors have decided to recommend the payment of arrears of Dividend for the years ended 31st December 1999, 2000 and 2001 on the Cumulative Redeemable Preference Share Capital at the contracted coupon rates. However, they regret that they are unable to recommend any dividend on the Equity share capital.