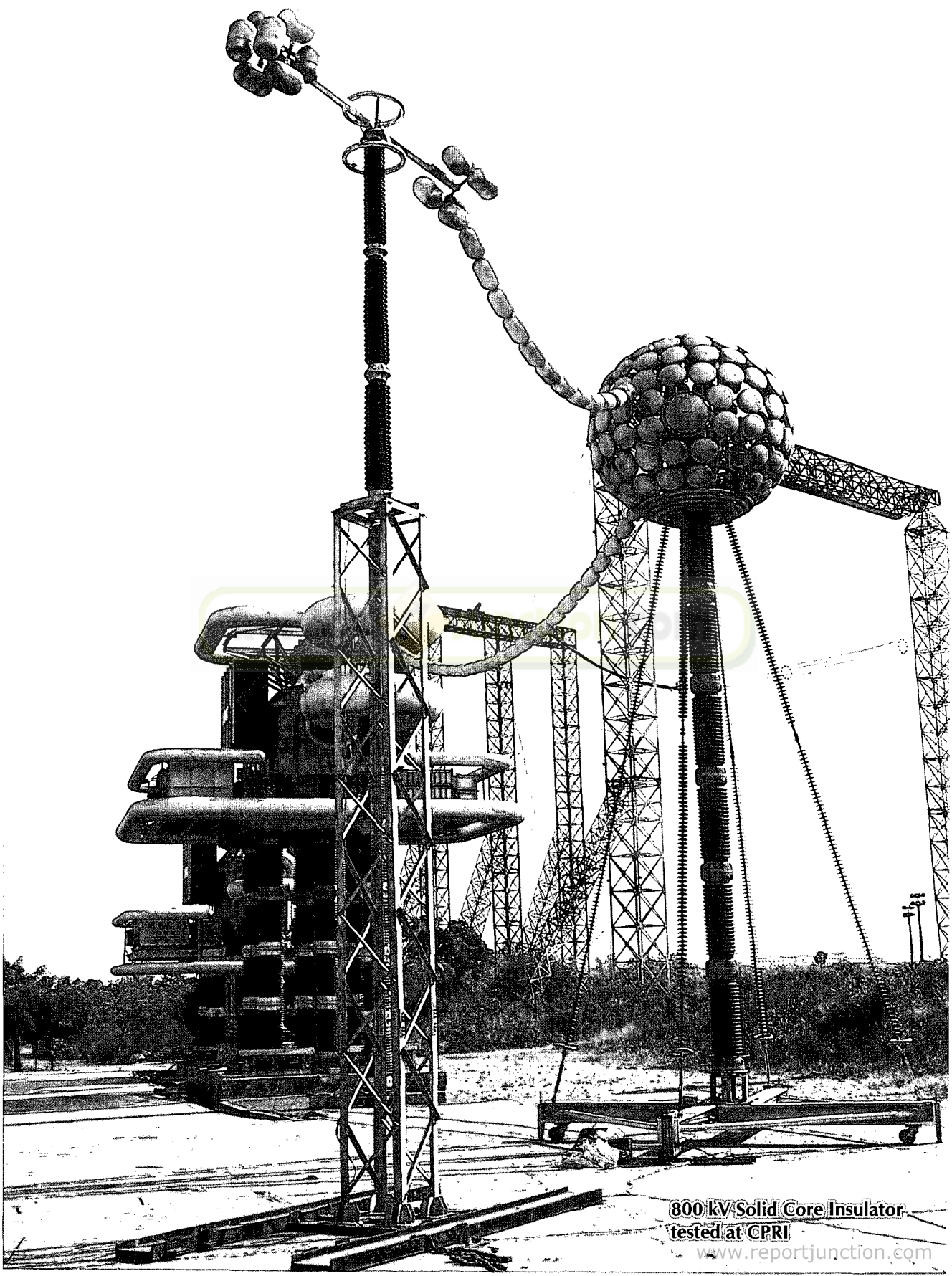


W.S. INDUSTRIES (INDIA) LIMITED
Annual Report
2006 - 2007



800 kV Solid Core Insulator
tested at CPRI

www.reportjunction.com



W.S. INDUSTRIES (INDIA) LIMITED

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

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Company will be held on Friday, the 28th September, 2007 at 10.00 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 year ended 31st March 2007, and the Auditors' Report thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in the place of Mr.Murali Venkatraman, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr.Narayan Sethuramon, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration. The retiring Auditors, M/s S.Viswanathan, Chartered Accountants, Chennai, are eligible for reappointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution, as an **Ordinary Resolution**:
 "Resolved that Mr.Julian C. Schroeder be and is hereby appointed as the Director of the Company, subject to retirement by rotation."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution, as a **Special Resolution**:

A) RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any re-enactment thereof and subject to the approval of the Financial Institutions and other Statutory authorities, as may be required, consent of the Company be and is hereby accorded for the re-appointment of Mr.Murali Venkatraman as Managing Director of the Company with effect from 16th September, 2007 for a period of three years with such remuneration as set out in the Explanatory statement annexed hereto provided that the total remuneration (including all perquisites) shall fall within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Act, provided further that in the event where in any financial year during the currency of tenure of reappointment of Mr.Murali Venkatraman, the company has no profits or its profits are inadequate, it may pay a remuneration to Mr.Murali Venkatraman, the total of which shall not exceed the ceiling limit as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such amounts as may be specified by any amendment to the Act.

FURTHER RESOLVED that Mr. Murali Venkatraman shall not be liable to retire by rotation during his tenure of appointment as Managing Director of the Company.

B) RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any re-enactment thereof and subject to the approval of the Financial Institutions and other Statutory authorities, as may be required,



consent of the Company be and is hereby accorded for the reappointment of Mr. Narayan Sethuramon as Managing Director of the Company with effect from 9th December, 2007 for a period of three years with such remuneration as set out in the Explanatory statement annexed hereto, provided that the total remuneration (including all perquisites) shall fall within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Act, provided further that in the event where in any financial year during the currency of tenure of reappointment of Mr. Narayan Sethuramon, the company has no profits or its profits are inadequate, it may pay a remuneration to Mr. Narayan Sethuramon, the total of which shall not exceed the ceiling limit as provided in Section II & III of Part II of Schedule XIII of the Companies Act, 1956 or such amounts as may be specified by any amendment to the Act.

FURTHER RESOLVED that Mr. Narayan Sethuramon shall not be liable to retire by rotation during his tenure of appointment as Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors or any Committee constituted by the Board be and is hereby authorized to vary the terms of the remuneration and/or perquisites payable to Mr. Murali Venkatraman and/or Mr. Narayan Sethuramon if it in its absolute discretion thinks fit, subject to the guidelines or ceilings wherever applicable, within the applicable provisions of the Companies Act, 1956.

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 the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements, and all other applicable rules, regulations, and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from Madras Stock Exchange Ltd. at such time or times as the Board may decide.

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

RESOLVED THAT the following Article be and is hereby approved to be inserted as Article No. 130 after Article No. 129 of the Articles of Association of the Company under the heading "Dividend and Reserves".

130. The Company shall not forfeit –

- (a) amounts in the unpaid dividend account of the company;
- (b) the application moneys received by the companies for allotment of any securities and due for refund;
- (c) matured deposits;
- (d) matured debentures/bonds;



- (e) the interest accrued on the amounts referred to in clauses (a) to (d); and such amounts which remain unclaimed and unpaid for a period of seven years from the date they became due for payment, shall be credited to the Investors Education and Protection Fund, established by the Central Government under Section 205C of the Act.

FURTHER RESOLVED that the existing Article Nos. 130 to 151 be and are hereby approved to be renumbered as Article Nos. 131 to 152 in the Articles of Association of the Company.

By order of the Board ,
for **W.S. INDUSTRIES (INDIA) LIMITED**

Chennai
25th July, 2007

N.S.SURYANARAYANAN
COMPANY SECRETARY & GM (CORPORATE AFFAIRS)

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 21st September, 2007 to 28th September, 2007 (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 quoting their Folio/Client ID No. to the Company's Share Transfer Agents – M/s.Integrated Enterprises (India) Limited, II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017 immediately.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

As the members may be aware, Schroder Credit Renaissance Fund Ltd. and Schroder Credit Renaissance Fund L.P. (investors) have invested in the Equity and Preference Share Capital of the Company by way of preferential issue made in the month of May and October, 2006 respectively for which the approval of the members were sought at the Extraordinary General Meeting held on 14th June, 2006. In terms of the Share Subscription Agreement entered into by the Company with Credit Renaissance Partners LLC on behalf of Schroder Credit Renaissance Fund Ltd. and Schroder Credit Renaissance Fund L.P., the investors have a right to appoint a nominee in the Board of the Company. In exercise of their rights, they have nominated Mr.Julian C.Schroeder as their nominee on the Board of the Company, who was co opted as an Additional Director at the Meeting of the Board of Directors held on 29th January, 2007. Mr.Julian C.Schroeder is the Principal of Credit Renaissance Partners LLC and is also an Advisor to the Schroder Credit Renaissance Funds. He has several years of experience in Investment Banking particularly in developing countries.

With regard to the details which are required to be furnished under Clause 49 IV (G) (i) of the Listing Agreement, the same is provided in the Corporate Governance Section in the Directors' Report which may kindly be referred to.



Mr. Julian C. Schroeder holds office till the ensuing Annual General Meeting of the Company. A Notice proposing the candidature of Mr. Julian C. Schroeder as Director has been received from a member.

Except Mr. Julian C. Schroeder, no other Director is concerned or interested in the resolution.

Item No. 7

Mr. Murali Venkatraman was reappointed as the Managing Director of the Company for a period of three years with effect from 16th September, 2004 and the consent of the members was obtained at the Annual General Meeting held on 20th September, 2004. Since his term of office expires on 16th September 2007, the Board of Directors have at its meeting held on 25th July 2007, reappointed him as the Managing Director of the company for a further period of three years with effect from 16th September, 2007 subject to the consent of the members of the company.

Mr. Narayan Sethuramon was reappointed as the Managing Director of the Company for a period of three years with effect from 9th December, 2004 and the consent of the members was obtained at the Annual General Meeting held on 20th September, 2004. Since his term of office expires on 9th December, 2007, the Board of Directors have at its meeting held on 25th July 2007, reappointed him as the Managing Director of the company for a further period of three years with effect from 9th December, 2007 subject to the consent of the members of the company.

Mr. Murali Venkatraman and Mr. Narayan Sethuramon have 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 their reappointments are in the best interests of the Company.

The Remuneration proposed to be paid to Mr. Murali Venkatraman and Mr. Narayan Sethuramon has been considered by the Remuneration Committee at its meeting held on 25th July, 2007 and the details of the remuneration as recommended by them are placed before the members for their consideration. The necessary details required to be disclosed under clause (iv) of proviso to paragraph 1(B) of section II of part II of Schedule XIII to the Companies Act, 1956 are furnished hereunder:

I. General Information:

1. Nature of Industry.

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

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

Not applicable as the Company is an existing Company.

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

Not applicable as the Company is an existing Company.

4. Financial Performance based on given indicators.

(Rs. in million)

Particulars	Year ended 31-12-2005	Year ended 31-03-2006	Year ended 31-03-2007
Sales	1200	1470	1652
PBDIT	124	150	203
PBIT	84	117	171
Net Profit	21	43	65



5. Export performance.

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

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

(Rs. in million)

Year ended 31-03-2005	Year ended 31-03-2006	Year ended 31-03-2007
395	404	522

6. Foreign investments or collaborations, if any.

The Company has a foreign collaboration pertaining to the manufacture of Substation Insulators.

II. Information about the appointees:

Mr. MURALI VENKATRAMAN :

S.No.	DESCRIPTION	PARTICULARS
1.	Background details.	Aged 45 years, he is a Graduate in Electrical Engineering and holds a Master's Degree in Engineering Management from Stanford University, USA. He has been a Director on the Board from 1985 and Managing Director of the Company since 1997. He is also on the Boards of other companies in the Thermoplastics, Plantation and Electrical sectors.
2.	Past Remuneration for the Financial year 2006 -2007.	Rs.3.39 million.
3.	Recognition or awards/job profile and suitability.	<p>a. Has more than 20 years of experience in the electrical industry. Has also been actively involved in the diversification and expansion activities of the group.</p> <p>b. Actively associated for several years with various industry and management bodies including Madras Management Association (MMA), Indian Electrical and Electronic Manufacturers Association (IEEMA) and The Associated Chambers of Commerce and Industry of India (ASSOCHAM).</p> <p>c. Is a past President of the Madras Chamber of Commerce and Industry (MCCI).</p>
4.	Remuneration Proposed.	As per Annexure-I enclosed.
5.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The remuneration proposed to be paid is consistent with the responsibility of the position and is comparable with the remuneration in similar industries in the same segment of business.
6.	Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.	Related to Mr.V.Srinivasan, Chairman and Mr.Narayan Sethuram, Managing Director. Apart from the above, he has no other pecuniary relationship directly or indirectly with the Company.

**Mr. NARAYAN SETHURAMON :**

S.No.	DESCRIPTION	PARTICULARS
1.	Background details.	Aged 36 years, he is a Graduate in Production Engineering and holds a Master's Degree in Management from Purdue University, USA. He has been on the Board of the Company for the last 13 years in the capacity of Whole-time Director/Joint Managing Director/Managing Director. He is also the Managing Director of Hydro S & S Industries Limited, a leading company in the Indian Thermoplastics Industry.
2.	Past Remuneration for the Financial year 2006 -2007.	Rs.1.87 million.
3.	Recognition or awards/job profile and suitability.	a. Has extensive experience in all aspects of the Insulator business. b. Is a member of CII National Council. c. Is immediate past National Chairman of CII's Young Indians. d. Is a past Chairman of the CII Southern Region Total Cost Management Sub-Committee.
4.	Remuneration Proposed.	As per Annexure-II enclosed.
5.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The remuneration proposed to be paid is consistent with the responsibility of the position and is comparable with the remuneration in similar industries in the same segment of business.
6.	Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.	Related to Mr.V.Srinivasan, Chairman and Mr.Murali Venkatraman, Vice Chairman and Managing Director. Apart from the above, he has no other pecuniary relationship directly or indirectly with the Company.

III. Other information:

The company, which is rapidly expanding its business horizon and is in the process of setting up a new green field venture, is now poised to take advantage of the several new opportunities, which are now emerging in the electrical sector. It also faces several challenges which are to be addressed from time to time with regard to costs, market and industrial policies. The company is confident of successfully addressing these issues in the long term interests of all the stakeholders under the guidance of the appointees.

Mr. Murali Venkatraman and Mr.Narayan Sethuramon are directly deemed to be concerned/interested in the subjects. Mr.V.Srinivasan – Chairman being related to Mr.Murali Venkatraman and Mr.Narayan Sethuramon is also deemed to be interested in the subjects.

No other Director is concerned or interested in the subjects.

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 agreements proposed to be entered into between the Company and Mr. Murali Venkatraman and Mr. Narayan Sethuramon 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. 8**

The shares of the Company are currently listed in the Bombay and Madras Stock Exchanges. More than 90% of the shares have been dematerialized and are traded online through Bombay Stock Exchange. To ensure further liquidity of the company's shares, the Company is in the process of listing its shares in the National Stock Exchange, Mumbai. Since there has been no trading of the Company's shares in the Madras Stock Exchange for the last 5 years, it is proposed to delist the shares of the Company from the Madras Stock Exchange. It is also felt that the interest of the investors is not likely to be prejudiced in any way by delisting the shares from the Madras Stock Exchange since the Company will continue to be listed in the Bombay and National Stock Exchanges.

Your directors recommend the resolution to the members of the Company.

Your directors are interested in the resolution to the extent of the shares held by them in the Company.

Item No. 9

As explained in Item No.7, the Company is in the process of listing its Equity Shares with National Stock Exchange of India Limited, Mumbai (NSE). As required by NSE, the articles of the Company is required to be amended to include certain Articles pertaining to Forfeiture of Shares in the Articles of Association of the Company in compliance of their listing requirement. Consequently, the Articles of Association also requires renumbering.

Your Directors recommend passing of the resolution.

Your directors are interested in the resolution to the extent of the shares held by them in the Company.

Chennai
25th July, 2007

By order of the Board,
for **W.S. INDUSTRIES (INDIA) LIMITED**

N.S.SURYANARAYANAN
COMPANY SECRETARY & GM (CORPORATE AFFAIRS)



ANNEXURE - I

REMUNERATION PROPOSED

Mr. MURALI VENKATRAMAN

S.No.	DESCRIPTION	PARTICULARS
1.	Salary	Rs.230,000 per month with an annual increment of Rs.15,000.
2.	Perquisites	LTA, Medical Reimbursement for self and family, Insurance, Club Fees etc. subject to an overall ceiling of Rs.240,000 per annum.
3.	Incentive	Incentive (payable annually) at the rate of Rs.100,000 for every increase of Rs.5,000,000 of profits using a base Profit Before Tax of Rs.80,000,000. The maximum amount payable under this head will be Rs.600,000.
4.	Retirement Benefits	Contribution to Provident Fund / Superannuation Fund and Gratuity as per the approved Scheme of the Company in force from time to time.
5.	General	<p>a. Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites.</p> <p>b. Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes), the perquisites shall be valued as per income tax rules.</p>

ANNEXURE - II

REMUNERATION PROPOSED

Mr. NARAYAN SETHURAMON

S.No.	DESCRIPTION	PARTICULARS
1.	Salary	Rs.225,000 per month with an annual increment of Rs.15,000.
2.	Perquisites	LTA, Medical Reimbursement for self and family, Insurance, Club Fees etc. subject to an overall ceiling of Rs.180,000 per annum.
3.	Incentive	Incentive (payable annually) at the rate of Rs.100,000 for every increase of Rs.5,000,000 of profits using a base Profit Before Tax of Rs.80,000,000. The maximum amount payable under this head will be Rs.600,000.
4.	Retirement Benefits	Contribution to Provident Fund / Superannuation Fund and Gratuity as per the approved Scheme of the Company in force from time to time.
5.	General	<p>a. Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites.</p> <p>b. Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes), the perquisites shall be valued as per income tax rules.</p>