



# W.S. INDUSTRIES (INDIA) LIMITED

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

## NOTICE

NOTICE is hereby given that the 50th Annual General Meeting of the Company will be held on Tuesday, the 11th February, 2014, at 11.00 A.M. at Mini Hall, Bharatiya Vidya Bhavan, New No.18,20,22 (Old No.37-39), East Mada Street, Mylapore, Chennai - 600 004, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet and Profit & Loss Account of the Company for the 18 months period ended 30th September, 2013 and the Auditors' Report thereon.
2. To appoint a Director in the place of Mr.K.Raman, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mr.V.Srinivasan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

[The retiring Auditors, M/s.S.Viswanathan, Chartered Accountants, Chennai, are eligible for reappointment and have indicated their willingness for such appointment.]

### SPECIAL BUSINESS

5. Appointment of Mr.S. Suresh as the Whole time Director of the Company.

To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 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 if any as may be required, consent of the Company be and is hereby accorded to the Board for the appointment of Mr. S. Suresh as a Whole time Director of the Company, designated as Director (Operations), for a period of three years with effect from 10th May 2013 on rotational basis and other terms and conditions as set out in the Explanatory Statement annexed hereto as approved by the Remuneration Committee and the Board Meeting held on 10th May 2013.

RESOLVED FURTHER THAT in the year in which adequate profits are available, the Board of Directors/ Remuneration Committee constituted by the Board be and are hereby authorized to vary the terms of remuneration and perquisites with liberty to revise the remuneration payable to Mr. S.Suresh if it in its absolute discretion thinks fit in accordance with the provisions of Section 198 read with Section 309 and Schedule XIII i.e. within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Companies Act without further reference to or approval from the shareholders of the Company.

RESOLVED FURTHER THAT the Board of Directors/Remuneration Committee constituted by the Board be and are hereby authorized to revise the remuneration payable to Mr. S. Suresh, if it in its absolute discretion thinks fit, in accordance with the provisions of the new Companies Act, 2013 as and when it is made applicable and comes into effect without further reference to or approval from the shareholders of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any Committee of Directors or Director(s).

RESOLVED FURTHER THAT the information provided above shall be treated as an Abstract under Section 302 of the Companies Act, 1956."



6. Increase in borrowing power in terms of Section 180 (1) (c) of the Companies Act, 2013.

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

“RESOLVED THAT in supersession of the resolution passed by the Shareholders of the Company at the Annual General Meeting of the Company held on 29th September 2010, pursuant to Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 / Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, for the purpose of the Company's business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding shall be in excess of the aggregate of the paid-up share capital and free reserves, but not exceeding Rs.400,00,00,000/- (Rupees Four Hundred Crores only) over and above the paid up share capital and free reserves for the time being of the Company.”

7. Creation of charge / mortgage etc. on Company's movable or immovable properties in terms of Section 180 (1) (a) of the Companies Act, 2013.

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

“RESOLVED THAT in supersession of the resolution passed by the Shareholders of the Company at the Annual General Meeting of the Company held on 29th September, 2010, pursuant to Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 / Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable assets and properties of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial / investment institution(s), bank(s), insurance company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the loans, borrowings, debentures, hire purchase and / or working capital facilities and other credit facilities up to a sum not exceeding Rs.700,00,00,000/- (Rupees Seven Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors or such Committee or person/(s) as may be authorized by the Board be and is hereby authorized to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and / or movable properties of the Company on such terms and conditions and at such time(s) / tranche(s) as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution.”

BY ORDER OF THE BOARD

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

**Chennai**  
**3rd January, 2014**

**RAJA GANAPATHI**  
**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**



## 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. Proxies in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 4th February, 2014 to 11th February, 2014 (both days inclusive).
3. Pursuant to Section 102 of the Companies Act, 2013, an Explanatory Statement in respect of the Item No. 5,6,7 & 8 of the Notice is enclosed.
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 immediately any change in their addresses quoting their Folio/Client ID No. to the Company's Registrars & Share Transfer Agents – M/s.Integrated Enterprises (India) Limited, 2nd Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

### Item No.5

Mr. S. Suresh was appointed as an Additional Director by the Board at its Meeting held on 10th May, 2013, to assume responsibility of Whole time Director with immediate effect. In accordance with Section 260 of the Companies Act, 1956, Mr. S. Suresh holds office till the conclusion of the Annual General Meeting of the Company scheduled to be held on 11th February, 2014. Notices have been received pursuant to the Section 257 of the Companies Act, 1956, together with the requisite deposit proposing Mr.S. Suresh as a Director of a Company.

Mr. S.Suresh joined the Company in August, 2009 and is in charge of both Chennai and Vizag units. Prior to joining WSI, he was employed as Associate VP at NITCO Tiles, Chennai. Mr.S. Suresh has over 30 years experience in various manufacturing units.

The Board of Directors of your Company after considering his qualifications and experience as well as the substantial increase in the activities/operations of the Company and the additional responsibilities undertaken by him, it is thought it fit to appoint Mr. S. Suresh as Whole time Director with the designation of Director (Operations) for a period of three years with effect from 10th May 2013.

In terms of Part II Section II (B) (iv) of Schedule XIII of the Companies Act 1956, approval of the shareholders by way of Special Resolution is required for payment of the proposed remuneration.

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 Electro Porcelain Insulators and execution of turnkey power projects.

2. Date or expected date of commencement of Commercial production.  
Not applicable since 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 since the Company is an existing Company.



4. Financial Performance based on given indicators.

(₹ in million)

Particulars	Year ended 31-03-2011	Year ended 31-03-2012	18 months period ended 30-09-2013
Sales	2531.36	2251.04	2028.65
PBDIT	243.89	(226.78)	815.20
PBIT	68.12	(550.32)	152.69
Net Profit	(30.35)	(548.72)	(90.02)

5. Foreign investments or collaborations, if any: NIL

**II. Information about the appointee: MR. S. SURESH**

S.NO.	DESCRIPTION	PARTICULARS
1.	Background details	Mr. S. Suresh aged 47 years, is a Mechanical Engineer by training who has also done graduation in Business Administration from University of Madras and Post Graduate Diploma in General Management. Mr. Suresh is also a certified Lead Auditor for ISO 9000:2000 Standards of CII. He has also undergone a Business Leadership programme of IIM, Bangalore, certificate course in Supply Chain Management from IIM, Ahmedabad and Supervision course conducted by National Productivity Council.
2.	Past Remuneration for the Financial year 2011 -2012.	Rs.3.4 million.
3.	Recognition or awards	Having regard to his experience and qualification as set herein above, in the opinion of the Board, he is eminently suited for the above mentioned position.
4.	Job profile and suitability	Has more than 30 years of experience in various manufacturing units.
5.	Remuneration Proposed	Same as mentioned in Sl. No. 2. Details of Remuneration proposed to Mr.S. Suresh are set out in Annexure.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The remuneration proposed to be paid to Mr. S. Suresh is not out of tune with the remuneration in similar industries in same segment of business.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.	Other than the remuneration stated above, Mr. S. Suresh has no other pecuniary relationship directly or indirectly with the Company.

**III. Other information:**

In view of the losses carried forward arising out of earlier years, there is inadequacy in profits as determined in accordance with Section 349 of the Companies Act 1956.

The Company has taken various steps for improvement of its profitability on a sustained basis under the direction and supervision of the appointee. These include the following:



1. Launching new products like RTV coating.
2. Improving the efficiency of the Vizag operations.
3. Enhancing geographical customer base and introducing new export customers.
4. Introducing various cost control measures including implementation of energy conservation, increase in the yield of product delivery.

The above steps are expected to contribute significantly to the growth and profitability of the Company in the coming years.

#### IV. Disclosures

Mr.S. Suresh is directly deemed to be concerned / interested in the subject.

No other Director is concerned or interested in the subject.

Mr. S. Suresh does not hold any share in the Company and is not related to any other director of the Company.

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.

### ANNEXURE

#### MR.S. SURESH

SL NO.	DESCRIPTION	PARTICULARS
1	Salary	Rs. 95,000/- per month.
2	Other allowances	Rs. 186,542/- per month.
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.120,000,000/-. The maximum amount payable under this head will be Rs.1,000,000/-.
4	Retirement Benefits (exempted perquisites)	Contribution to Provident Fund / Superannuation Fund and Gratuity as per the approved Scheme of the Company in force from time to time.
5	General	a. Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites.
		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.

#### Item No.6

In terms of the resolution passed by the Shareholders at the Annual General Meeting held on 29th September, 2010 pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company is authorised to borrow upto a sum of Rs.200 Crores over and above the paid-up share capital and free reserves of the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of



business). The Business Reorganisation proposal which is being carried out by the Company requires additional funds. Hence, the mobilization of the funds has been substantially increased. Therefore, it is considered desirable to increase the Board's borrowing powers from the existing limit of Rs.200 Crores to Rs.400 Crores over and above the paid-up share capital and free reserves of the Company. Accordingly, the consent of the Shareholders at the General Meeting is sought under Section 180 (1) (c) of the Companies Act, 2013.

Your Directors recommend passing the above resolution.

None of the Directors is concerned or interested in the said resolution.

#### **Item No.7**

In terms of the resolution passed by the Shareholders at the Annual General Meeting held on 29th September 2010, pursuant to Section 293 (1) (a) of the Companies Act, 1956, consent of the Members was secured for authorizing the Board of Directors to create mortgage and / or charge on the immovable and movable properties of the Company upto Rs.500 crores.

The Company would be borrowing monies by way of debentures, bonds, loans, hire purchase finance either in rupee or in foreign currency from Financial Institutions / Banks / Insurance Companies and other Corporate Bodies apart from working capital facilities from banks in ordinary course of business. This in turn would necessitate further creation of securities by suitable mortgages and / or charges on all or some of the immovable and movable properties of the Company, both present and future, in favour of the lenders / trustees upto an extent of Rs.200 Crores over and above the existing limit of Rs.500 Crores taking the total limit to Rs.700 Crores. To create mortgage and / or charge upto the said limit, approval of the Members is required to be obtained pursuant to Section 180 (1) (a) of the Companies Act, 2013 authorizing the Board of Directors of the Company in this regard. Hence the resolution is placed before the Members for their approval.

Your Directors recommend passing the above resolution.

None of the Directors is concerned or interested in the said resolution.

BY ORDER OF THE BOARD

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

**Chennai**  
**3rd January, 2014**

**RAJA GANAPATHI**  
**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

#### **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to give their consent by providing their e - mail Id to the Company or to the Integrated Enterprises (India) Limited, Registrar and Share Transfer Agent of the Company.



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

**50th Annual Report 2012 - 2013**

## BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

**DIVIDEND**

During the year under review, the operations of the Company were severely impacted for several reasons explained under the head 'Business Operations'. In view of the adverse financial results, the Directors regret that it will not be possible to propose any dividend on the Equity Shares.

The Directors also regret their inability to recommend any payment of contracted dividend on Preference Share Capital in view of the loss sustained by the Company.

**BUSINESS OPERATIONS**

The Company operates in two business segments namely (a) Insulators and (b) Turnkey Projects. The overall sales from operations was Rs. 2028.65 million for the 18 months period.



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

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

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

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

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

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

## **REAL ESTATE**

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

## **CASH MANAGEMENT**

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

## **STATUS OF SOFTWARE TECHNOLOGY PARK**

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