



W.S. Industries (India) Limited

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

POSTAL BALLOT NOTICE

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011

Sub: Passing of Resolutions by Postal Ballot

Dear Shareholders,

NOTICE is hereby given pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, Section 180(1)(a) of the Companies Act, 2013 read with Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, seeking approval of the Shareholders by way of two special resolutions for

(a) for making reference to Board for Industrial and Financial Reconstruction (BIFR) under the provisions of the Sick Industrial Companies Act for being a potentially sick unit (where the peak net worth in the immediately preceding past 4 years was eroded by more than 50%) and

(b) for sale of certain fixed assets of the company in the Chennai plant.

Out of the above, the approval of the Shareholders for making reference to BIFR can be obtained either at a General Meeting or by way of Postal Ballot. The Board of Directors has decided to obtain the approval of Shareholders by way of Postal Ballot.

The Companies Act, 2013 has been enacted with effect from August 29, 2013 and the provisions of Companies Act, 2013 with respect to sale of assets under section 180(1)(a) of the Companies Act, 2013 and section 102(1) with respect to explanatory statement has been notified w.e.f. September 12, 2013. However, the provisions of passing of resolutions by postal ballot have not been notified as on the date of this Notice and the Company is following the procedure prescribed under Companies (passing of Resolution by Postal Ballot) Rules, 2011.

Hence, as per Section 192A of the Companies Act, 1956, with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, Resolutions and the Explanatory Statements are being sent to you along with a Postal Ballot Form for your consideration.

The Board has appointed Mrs Lakshmmi Subramanian, Senior Partner, M/s. Lakshmmi Subramanian & Associates, Practising Company Secretaries, Chennai as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

A Ballot Paper bearing unique serial number is attached to this Notice. We request you carefully read the instructions mentioned in the Postal Ballot Form and vote by placing a tick mark (✓) at the appropriate place to indicate your assent (for) or dissent (against) to the resolutions and return the Form duly completed, in the attached self-addressed postage prepaid envelope so as to reach the Scrutinizer on or before Thursday, March 27, 2014. The Scrutinizer will submit his report to the Director / Company Secretary of the Company after completion of the scrutiny. The result of the Postal ballot shall be announced on Monday, March 31, 2014 at 03:00 P.M., at the Registered Office of the Company at 108 Mount Poonamallee Road, Porur, Chennai 600 116.

Shareholders, who wish to be present at the time of declaration of result, may do so at the aforementioned venue and time.

Item No. 1: To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT the Report of Board of Directors of the Company to the shareholders on erosion of more than fifty percent of the Company's peak net worth during immediately preceding four financial years by its accumulated losses as on September 30, 2013 and the causes for such erosion, as required under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved.

RESOLVED FURTHER THAT in accordance with the requirement of section 23 of the SICA, the Company do report to the Board for Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on September 30, 2013 have resulted in an erosion of more than fifty percent of its peak net worth during immediately preceding four financial years.

RESOLVED FURTHER THAT the Board of Directors be authorised to finalise and send the report to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto."

Item No. 2: To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT subject to the consents, approvals and permissions as may be required, and in terms of Sections 180(1) (a) of the Companies Act 2013, and 192A of the Companies Act, 1956 and other applicable provisions, if any, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, including any statutory modifications or re-enactments thereof for the time being in force, in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company

with BSE Limited and National Stock Exchange of India Limited and subject to the approvals, consents, permissions and sanctions as may be necessary from concerned statutory authorities and Banks/ Financial Institutions/NBFCs, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as "Board"), to transfer, sell, or otherwise dispose of certain assets in the Chennai plant of the Company, comprising identified plant & machinery, buildings & structures, electrical installations & equipment, furniture and others either movable, immovable, tangible, intangible and/or other fixed assets.

RESOLVED FURTHER THAT the Board be authorized to take such steps as may be necessary for obtaining approvals, statutory or contractual or otherwise in relation to the above resolution and to negotiate, finalize, settle all questions and matters arising out of and or incidental thereto and to enter into and sign and execute, file, submit and withdraw, any or all such deeds, applications, forms, documents, agreements, indemnities, warranties, undertakings and writings that may be required on behalf of the Company for the purpose of implementation of this Resolution."

By order of the Board
For W.S. Industries (India) Limited

Date : February 19, 2014
Place : Chennai

Raja Ganapathi
Company Secretary

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 read with Section 192A(2) of the Companies Act, 1956

Item no. 1

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, the said company falls under the category of 'Potentially Sick Industrial Company' and is required to report the fact of such erosion to the Board for Industrial and Financial Restructuring ("BIFR") within 60 days from the date of finalization of the audited accounts, which is the date of the Annual General Meeting in which such accounts are approved by the shareholders.

As per the audited annual accounts of the Company for the financial year ended September 30, 2013 approved by the shareholders of the Company in their 50th Annual General Meeting held on February 11, 2014, the accumulated losses of the Company as at 30th September 2013 amounting to Rs.54.18 Crore have resulted in erosion of more than fifty percent of its peak net worth of Rs.95.80 Crore during the four financial years preceding the financial year ended September 30, 2013 (calculated as per the provisions of SICA).

The facts relating to such erosion and its causes and the revival measures being taken by the Company are explained in the Report of the Board of Directors forming part of this notice.

The Board recommends the resolution as given in the Notice for your approval as a special resolution.

The documents referred to in this notice and explanatory statement are available for inspection during business hours on all working days (except Saturdays, Sundays and holidays) at the Registered Office of the Company until the date of the declaration of postal ballot results by the Scrutiniser or any adjournment thereof.

None of the directors and key managerial personnel and their relatives is any way concerned or interested, financially or otherwise, in the resolution, except to the extent of their shareholding in the Company.

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF W.S. INDUSTRIES (INDIA) LIMITED UNDER SECTION 23(1)(b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To the Members of W.S. Industries (India) Limited:

In terms of requirements of Section 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985, a report of the Board of Directors on erosion of more than 50% of the Company's peak net worth during the immediately preceding four financial years along with its causes and revival plan is being submitted herewith to the Members of the Company.

As per audited financial accounts of the Company for the financial year ended September 30, 2013 adopted by the shareholders of the Company at their 50th Annual General Meeting held on February 11, 2014, the accumulated losses as at the end of financial year ended September 30, 2013 stood at Rs.54.18 Crore

(corresponding accumulated losses were Rs.9.00 Crore in 2012-13, Rs.54.82 Crore in 2011-12 and Rs.3.03 Crore in 2010-11) which exceeds 50% of its peak net worth of Rs. 95.80 Crore during the four financial years preceding the financial year ended September 30, 2013 calculated as per the provisions of SiCA.

Causes for Erosion of the relevant Net Worth:

Business Factors

The Company manufactures and markets porcelain insulators up to 800 KV and is also engaged in design, supply, erection and commissioning of electrical high voltage transmission lines and substations across the country.

The Chennai plant situated in Porur was commissioned in 1964. The state of the art Vizag plant is located at Achutapuram in the outskirts of Visakhapatnam and was commissioned in 2009.

The company was manufacturing both transmission line insulators and substation insulators in Chennai plant while the Vizag plant was mainly built for substation insulators.

The company had a total debt of only around Rs. 45 crores till 2006-07. Having overcome the deepest crisis in its history in year 2000, the company was very cautious and grew in a steady manner till up to 2009.

In 2007, given the then buoyant export market for insulators as well as the rapidly increasing domestic demand, the company took a decision to almost double its production capacity for insulators as well as specifically increase its capacity for high end substation insulators. In pursuit of this objective the company invested almost Rs. 140 crores in setting up a new state of the art insulator plant at Achutapuram, Visakhapatnam.

This plant was commissioned in 2009. Unfortunately, the timing of commissioning coincided with two market changing events

1. The 2009 global financial crisis
2. Entry of the Chinese insulator companies into the market through large scale dumping of insulators

While the global financial crisis resulted in a significant reduction in demand in global markets, the Chinese invasion resulted in a total disruption in both the domestic and global markets and inflicted heavy damage on the domestic insulator industry who were not equipped to handle this.

Cost increases:

In addition, between 2010 to 2013, there was a steep increase in prices of all key raw materials such as minerals, metal castings and forgings.

During the last two years, the states of Andhra Pradesh and Tamil Nadu suffered from continuous power cuts plus massive hikes in power tariffs, the combination of which has doubled the energy cost. In addition, the fuel cost which is one of the highest cost elements has increased by more than 50%.

Therefore, on one hand, there was a significant reduction in demand resulting in steep fall in prices and on the hand, a massive increase in costs. The combination affected the entire industry including your Company. Companies with substantial financial reserves managed the crisis but other companies have struggled to stay afloat.

Rupee devaluation:

Since the Vizag plant is located in an SEZ, your company took significant initiatives for developing inputs for the plant from a global supply base whose pricing was more advantageous as compared to domestic suppliers. In addition, the loans for setting up the plant was also taken in foreign currency. However, the heavy fall in the Rupee compared to US Dollar added to the company's woes and significantly increased its costs. The Rupee which was at around 45 to the Dollar when the plant was commissioned weakened to around 63 against the Dollar which totally destroyed the economics of import driven production and foreign exchange debt. Consequently, the input variable costs and financial costs increased significantly.

Steps taken already and being implemented

1. Safeguards duty

Your company played a pivotal role in arresting the Chinese import surge by approaching the Union Government of India to levy Safeguards Duty on the Chinese imports. The Government after extensive investigations has levied Safeguards duty which provided a breather for the domestic industry. However, due to the expiry of the China specific safeguards duty policy at the WTO by December 2013, the safeguards duty on insulators has expired on 31st December 2013.

2. Anti-dumping duty

Your company has again led the industry initiative in applying for anti-dumping duty on Chinese exporters to India. The government has commenced the investigations.

3. Operational improvements

Your company has brought in one of the foremost global experts from Europe as the Chief Operating Officer of the Company. He has effected significant improvements in the operations and efficiencies of the Vizag plant. Today the yield levels in the Vizag plant are comparable to global best practices.

Your company has changed the product mix at the Vizag plant to focus on higher end products, better plant utilisation and with better margins.

Your company is again intensively focusing on regaining lost business as well as developing new business in export markets.

Your company has introduced new service offerings such as insulator coatings which are higher margin business.

4. Rationalisation of Production

In view of the significant continued unfair competition from imports of insulators from China at very low prices, your company is constrained to rationalise its production to ensure economic sustainability. The company has however retained its ability to produce different types of insulators and the same shall not be impacted in any way by this rationalisation of the production.

5. New businesses

Your company is putting in intense efforts to build up its turnkey projects business where the potential for growth is interesting due to the necessity for enhancing the power infrastructure in the country. It is expanding its geographical base of operations and increasing its competency of service offerings and voltage levels.

6. Real Estate initiatives

As per the shareholders' approval already obtained, your company is implementing several initiatives on the real estate front under the agreement signed with Mantri Developers, Bengaluru.

7. Financial Restructuring

In order to support the revival of the insulator business, growth of the turnkey projects business, infuse immediately funds for working capital and match the loan repayments with likely cash inflows from the real estate initiatives, the company is preparing a debt restructuring package in consultation with its lenders. It is hopeful of concluding these discussions in the short term.

All the above measures will result in turnaround of the operations arising from improved turnover and profitability and optimum utilization of available infrastructure. The Company has a well laid out strategy for future growth. The Company is expecting to garner positive momentum from the above and is confident of returning to profitability and to take advantage of the opportunities being offered by the Indian power sector.

The Board of Directors believes that the Company will be able to recover and recoup the above stated erosion in its net worth and gain newer heights in the years to come.

Item no. 2

W.S. Industries (India) Limited pursuant to its revival plan is undertaking certain internal and external reorganization steps that are intended to give the Company the required impetus and organisational support to recover from the losses and focus on profitable operations.

The Board of Directors of the Company ("Board"), at its meeting held on February 11, 2014, considered the re-organization steps and consciously and as a whole opined that in view of the significant continued unfair competition from imports of insulators from China at very low prices, your Company is constrained to rationalise its production to ensure economic saleability of its products. This rationalisation, sale and disposal of certain assets which includes energy inefficient process equipment, obsolete equipment, unutilised sheds and related civil structures etc. in the Chennai plant, along with the ongoing real estate initiatives is critical for the Company to meet its obligations, conserve its cash by cutting its losses and generate enough funds for the revival process.

In terms of Section 180(1)(a) of the Companies Act, 2013 and 192A of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956 & 2013, and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited, and subject to the approvals, consents, permissions and sanctions as may be necessary from concerned statutory authorities and Banks/Financial Institutions/NBFCs, consent of the shareholders is being sought for the Board of Directors to sell, dispose the assets as stated in the aforesaid Special Resolution. The approval is sought to be obtained under the provisions of Section 192A of the Companies Act, 1956, read with provisions of Companies (Passing of Resolution by Postal Ballot) Rules, 2011, through postal ballot as set out in the accompanying Notice.

The Board of Directors is of the opinion that the aforesaid Resolutions is in the best interest of the Company and hence recommends the Resolutions for your approval.

The Directors of the Company may be deemed to be concerned or interested in the above Resolutions as set out in the notice pursuant to Section 192A of the Companies Act, 1956 to the extent of their respective shareholding in the Company.

By order of the Board
For W.S. Industries (India) Limited

Date : February 19, 2014
Place : Chennai

Raja Ganapathi
Company Secretary



W.S. Industries (India) Limited

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

POSTAL BALLOT FORM

Ballot Serial No.

1. Registered Folio No./
DP ID No. & Client ID No. :
2. Name(s) and Registered Address of :
the Sole/ First named Shareholder/
Beneficial owner, including
Joint holder(s), if any

3. No. of shares held :

I/We hereby exercise my/our vote in respect of the following RESOLUTION to be passed through Postal Ballot for the business stated in the Notice dated 19th February 2014 of the Company by sending my/our assent or dissent to the said resolution by placing a tick (✓) mark at the appropriate box below:

Description	No. of Shares	Please place tick (✓) mark at the appropriate place	
		Assent	Dissent
Special Resolution for making reference to Board for Industrial and Financial Reconstruction (BIFR) under the provisions of the Sick Industrial Companies Act for being a potentially sick unit.			
Special Resolution for sale of certain fixed assets of the company in the Chennai plant.			

Place:

Date:

(Signature of the Shareholder)

Note: Please read carefully the instructions printed overleaf before exercising your vote.

INSTRUCTIONS

1. A Member desiring to exercise vote by Postal Ballot may please complete this Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed postage pre-paid envelope. Members need not affix postal stamps since the postage will be paid by the Company. However, envelopes containing Postal Ballots, sent by courier or by registered post at the expense of the registered shareholders, will also be accepted.
2. The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participant). In case of joint holding, this form should be completed and signed by the first named shareholder and in his absence, by the next named shareholder.
4. Incomplete or unsigned Postal Ballot Form will be rejected.
5. In case the shares are held by bodies corporate or by persons authorized under power of attorney, the Postal Ballot Form signed in representative capacity must be accompanied by a certified true copy of the resolution of the Board of Directors of the concerned body corporate or by an attested true copy of the power of attorney authorizing such person, as the case may be, along with a specimen signature of the said authorized representative or power of attorney holder.
6. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours i.e. 5.30 P.M. on 27th March 2014. Postal Ballot Form received after this date will not be valid and will be strictly treated as if the reply from the Member has not been received.
7. Voting rights shall be reckoned on the paid-up value of shares registered in the name/s of the shareholders on 21st February 2014.
8. Members are requested not to send any other document along with the Postal Ballot Form in the enclosed self addressed envelope.