



Shalimar

Wires Industries Limited

**16TH ANNUAL REPORT
2011-2012**

Board of Directors

Chairman & Managing Director

SUNIL KHAITAN

Directors

B. DASGUPTA (Nominee Director representing IDBI)

MANASH CHAKRABORTY (Nominee Director representing ARCIL)

DIPAK DASGUPTA

DIPAK RUDRA

P. K. SARKAR

PROBIR ROY

Executives

R. P. DHANUKA – Sr. President

D. KHAITAN – President - Paper Machine Wire Unit (Nasik)

S. J. SENGUPTA – Sr. VP & CFO

S. K. KEJRIWAL – Company Secretary

Solicitors

Khaitan & Co.

Jhunjhunwala & Co.

L. P. Agarwalla & Co.

Auditors

S. S. Kothari & Co.

G. P. Agrawal & Co.

Bankers

State Bank of India

HDFC Bank Ltd.

Registered and Head Office

25, Ganesh Chandra Avenue

Kolkata - 700 013

SHALIMAR WIRES INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of Shalimar Wires Industries Limited will be held at Science City Mini Auditorium, J.B.S. Haldane Avenue, Kolkata-700 046, on Friday, the 28th September, 2012 at 10.00 A.M. to transact the following business :

1. To consider and adopt the Profit & Loss of the Company for the financial year ended 31st March 2012 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Mr. Dipak Rudra who retires by rotation and being eligible, offers himself for re-election.
3. To elect a Director in place of Mr. Probir Roy who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Joint Auditors and to fix their remuneration and in this connection to pass, with or without modification, the following resolution which will be proposed as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act 1956, Messrs S. S. Kothari & Co., Chartered Accountants, Kolkata and Messrs G.P. Agarwal & Co., Chartered Accountants, Kolkata, the retiring Auditors, be and are hereby re-appointed as Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

To consider and if thought, to pass with or without modification, the following resolution :

5. As a Special Resolution

“RESOLVED THAT pursuant to Section 314 and any other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company namely Mr. Vedant Khaitan (who is within the meaning of Section 6 of the Act, a relative of Mr. Sunil Khaitan, the Chairman & Managing Director) as Management Trainee from 4th August, 2011 to 3rd February, 2012 at a monthly remuneration of Rs.30,000/- and as Executive Assistant to CMD with effect from 4th February, 2012 at a monthly remuneration of Rs. 52,812/- with such increment as may be decided by the Board of Directors from time to time, subject to overall limit of Rs.1,00,000/- per month, and on such terms and conditions as contained in the letter of appointment issued to him and on such other terms and conditions as will from time to time, be determined by the Board of Directors of the Company.”

Registered Office :
25, Ganesh Chandra Avenue
Kolkata - 700 013
The 14th August, 2012

By Order of the Board

S. K. Kejriwal
Company Secretary

NOTES

1. A Member is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of Company not less than 48 hours before the time for holding of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 21.09.2012 to 28.09.2012 (both days inclusive).
3. Members/proxy holders are requested to bring the attendance slip duly filled in for attending the meeting. For shares held in dematerialised form, the DP ID and Client ID numbers should be indicated in the attendance slip.

4. Members are requested to notify any change in their address to the Company or its share transfer agent M/s. Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, Kolkata - 700 001 and in case shares are held in dematerialised form, this information should be passed on to their respective Depository participants without any delay.
5. Under the provisions of the Companies Act, 1956 (as amended with effect from 31st October, 1998) shareholders may file nomination forms in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company at its Registered Office the prescribed Form 2B duly filled in.
6. In all correspondences with the Company, members are requested to quote their Account/Folio numbers and in case their shares are held in dematerialised form, they must quote their client ID number and their DP ID number.
7. The Ministry of Corporate Affairs (MCA) vide their Circulars No.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 have taken "Green Initiative" in the Corporate Governance. Accordingly, should you going forward desire to receive documents including Annual Report, electronically, please register your e-mail id either with the Company or its Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Pvt. Ltd., by post or e-mail. Members holding shares in electronic form are requested to register their e-mail id (if not already done) with Depository Participants they are dealing with. Nevertheless in compliance of requirements of aforesaid MCA Circulars, Annual Report and other documents will also be displayed on Company's web-site i.e. www.shalimarwires.com
8. Reduction of face value of the equity shares of the Company was carried out in the year 2010. New Share Certificates were despatched to the members who are holding equity shares in physical forms. Members who have not received the new share certificate as yet, may contact with the Registrar and Share Transfer Agent of the Company.
9. Members who are holding 14% Partly Convertible Debentures of Rs.30/- each and not yet surrendered their debentures certificate(s), are requested to surrender the same to the company at its Registered Office at 25 Ganesh Chandra Avenue, Kolkata - 700 013.
10. As per requirement of Clause 49 VI (A) of the Listing Agreement with Stock Exchanges, the particulars relating to Directors proposed to be appointed/reappointed are given in **ANNEXURE**.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE CONVENING NOTICE

Item No. 5

Mr. Vedant Khaitan is a B.Sc. in Business Administration from Indiana University, USA and M.A. in International Business and Management from University of Westminster, UK and has been appointed as Management Trainee in the Company by the Board of Directors with effect from 4th August, 2011. Subsequently, on completion of 6 months training, he was appointed as Executive Assistant to CMD w.e.f. 4th February, 2012. Since he is the relative of Mr. Sunil Khaitan, Chairman & Managing Director of the Company, it is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore approval of the members of the Company by Special Resolution is required. The Board of Directors recommends the shareholders to accord their consent for his continuing to hold the office or place of profit under the Company as Executive Assistant to CMD. The remuneration proposed to be paid to Mr. Vedant Khaitan is commensurate with his qualification & knowledge and is in line with Industry Standards prevalent in the current scenario.

Save and except Mr. Sunil Khaitan, no other Director of the Company is concerned or interested in the Resolution No. 5.

SHALIMAR WIRES INDUSTRIES LIMITED

| Particulars Relating to Directors proposed to be appointed/re-appointed | | |
|--|---|--|
| Name of Directors | Mr. Dipak Rudra | Mr. Probir Roy |
| Date of Birth | 23.08.1940 | 19.04.1944 |
| Date of Appointment/ Re-appointment | 21.07.2005 | 21.07.2005 |
| Expertise in specific functional area | A Retd. IAS officer of W.B. Cadre. He has had several challenging assignments during his career. He was the Dist. Magistrate of Howrah & Darjeeling. Besides holding the position of Secretary and Chairman, he was Special Assistant to the Union Commerce Minister and Resident Director (West Europe) of the Trade Development authority, Govt. of India, in Frankfurt, Germany. He was also the Chairman & Managing Director of UCO Bank under the Ministry of Finance, Govt. of India. | He is the Ex-Managing Director of Bengal Chemical & Pharmaceutical Ltd., a loss making Central Govt. PSU. He was recognized as best MD of PSU and was awarded SCOPE meritorious Award of Excellence by the Hon'ble Prime Minister, Shri Atal Behari Vajpayee on 1st April, 2000 for turning around a sick Public Sector Undertaking. |
| Qualification | Retd. IAS | M. Sc., MBA (London) |
| List of outside directorship | (1) GTFS Multi Services Ltd (2) India Power Corpn. Ltd (3) Guniess Securities Ltd. (4) GTFS Training Services Ltd. (5) Adams Elevator Company Private Ltd. (6) Jagaran Microfin Pvt. Ltd. | (1) East India Pharmaceuticals Works Ltd. (2) Durgapur Chemicals Ltd. (3) Keventor Agro Ltd. |
| Chairman/member of the Committee of the Board of Directors of the Company | Member Audit Committee Remuneration Committee Investors' Grievance Committee | NIL |
| No. of equity shares held in the Company | NIL | NIL |

Registered Office :
25, Ganesh Chandra Avenue
Kolkata - 700 013
The 14th August, 2012

By Order of the Board

S. K. Kejriwal
Company Secretary

DIRECTORS REPORT**To the Members**

Your Directors have pleasure in presenting the 16th Annual Report on the working of the Company together with the audited accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial results of the Company as prescribed in the said Accounts are summarised below :

| | 2011-12 (Rs. In lacs) | 2010-11 (Rs. In lacs) |
|---|--|--------------------------|
| Revenue from Operations (Net) | 8648.19 | 8258.33 |
| Other Income | 126.45 | 83.17 |
| Total Revenue | 8774.64 | 8341.50 |
| Less : Total Expenses | 6693.90 | 5911.29 |
| Profit before Finance Cost and Depreciation | 2080.74 | 2430.21 |
| Less : Finance Cost | 335.41 | 454.98 |
| Depreciation and Amortization Expense | 533.16 | 542.64 |
| Profit before exceptional/extra-ordinary items | 1212.17 | 1432.59 |
| Add : Exceptional Items | — | 2313.22 |
| Extraordinary Items | — | 2992.72 |
| Profit before Tax | 1212.17 | 6738.54 |
| Add : Deferred Tax | 95.71 | — |
| Profit for the year from continuing operation | 1307.88 | 6738.54 |
| Profit/(Loss) from discontinuing operation | (112.79) | 2115.68 |
| Profit for the year | 1195.09 | 8854.22 |

OPERATIONAL REVIEW

During the year under review, the total revenue of the company was Rs.8774.64 lacs as compared to Rs. 8341.50 lacs in the previous year. The operating surplus (profit before finance cost and depreciation) of the Company was Rs. 2080.74 lacs as compared to Rs.2430.21 lacs in the previous year. The Company has accounted for relief and concession (exceptional and extra-ordinary items) of Rs. 5305.94 lacs in the previous year, in terms of the Rehabilitation Scheme sanctioned by BIFR. The Company has incurred loss of Rs. 112.79 lacs for its discontinuing operation during the year as against profit of Rs. 2115.68 lacs in the previous year. The net profit during the year was Rs. 1195.09 lacs as compared to Rs.8854.22 lacs (after aforesaid adjustment) in the previous year.

RESTRUCTURING OF DEBTS

The Company has already completed one time settlement with all the secured lenders except two insurance companies who have not agreed for one time settlement, and the Company is making provision of these debts as per the Rehabilitation Scheme sanctioned by BIFR. The Company is also exploring various options for restructuring its high cost debts. Your Directors are hopeful that the performance of the Company will further improve in the coming years once the restructured debts are paid and interest cost is further reduced.

DIVIDEND

Due to inadequate profit, your Directors are unable to recommend payment of any dividend on Equity Shares for the year under review.

EXPORT

The Company's export turnover was Rs. 1882.44 lacs during the year under review, as compared to Rs.1709.53 lacs in the previous year.

SHALIMAR WIRES INDUSTRIES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 217(2AA) of the Companies Act, 1956, the Directors of your Company confirm that :

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed and no material departures have been made from the same, save and except as mentioned in the Auditor's Report.
- ii) They have adopted such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, for preventing and detecting fraud and other irregularities;
- iv) They have prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

The comments made by the Auditors in point no. 4(vi) of their report and other relevant points in Annexure to their report are self-explanatory. The relevant notes to the accounts also clarify the points referred to by the Auditors and hence need no further clarification/explanation.

TRANSFER TO INVESTORS' EDUCATION AND PROTECTION FUND

In terms of sections 205A and 205C of the Companies Act, 1956 read with General Circular No. 22/2002 dated 23rd September, 2002 issued by the Department of Company Affairs, the Company could not deposit unclaimed and unpaid redemption amount of debentures and accrued interest thereon to Investors' Education and Protection Fund and had filed necessary application with the BIFR seeking relief u/s 22(3) of SICA and also their approval to make the payment to public debenture holders as and when debentures certificates are surrendered to the Company. The BIFR has approved the same in terms of the Rehabilitation Scheme sanctioned by them vide order dated 10th June, 2010. The Company is making payment to the debenture holders under public category as and when the debenture certificates are surrendered with the company.

REHABILITATION SCHEME

As you are aware, the Rehabilitation Scheme of the company, under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, was sanctioned by Hon'ble Board of Industrial & Financial Reconstruction vide its order dated June 10, 2010. The Scheme envisaged comprehensive financial restructuring of the company which is still under implementation.

CONSERVATION OF ENERGY

Information pursuant to 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 is provided in the Annexure to the Report.

DEPOSITS

The Company has not accepted any public deposit since its inception.

DIRECTORS

The nomination of Mr Satish Kumar Gupta as Nominee Director of the company was withdrawn by Asset Reconstruction Company (India) Limited (ARCIL) w.e.f. 9th May, 2012 and Mr Manash Chakraborty was appointed as Nominee Director of the Company by ARCIL w.e.f. 9th May, 2012. The Board places on record its deep appreciation of the valuable services rendered by Mr Satish Kumar Gupta during his tenure as Director of the company.

Mr. Dipak Rudra and Mr Probir Roy retire from the Board pursuant to Section 255 of the Companies Act, 1956 read with Article 143 of Articles of Association of the Company and being eligible offer themselves for reappointment.

CORPORATE GOVERNANCE REPORT

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis and Corporate Governance Report have been annexed to the Directors' Report and forms part of this report.

COMPLIANCE CERTIFICATE

A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement is also attached to this report.

AUDITORS

Messrs S. S. Kothari & Co., and Messrs G. P. Agrawal & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness to be re-appointed.

PARTICULARS OF EMPLOYEES

There was no employee in receipt of remuneration of Rs. 60 lacs or more in the current financial year or Rs. 5,00,000/- or more per month within the meaning of Section 217(2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

The Company continued to have cordial relations with the employees at its plants located at Uttarpara and Paper Machine Wire unit at Nasik, Registered Office and Branch Offices and the Board records its appreciation for the useful contribution made by them.

ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation for the support and cooperation extended by the lenders i.e. Financial Institutions and Banks, customers, suppliers, employees, investors and Government Authorities during the year.

Registered Office :
25, Ganesh Chandra Avenue,
Calcutta – 700 013
Dated : 14th August, 2012

For and on behalf of the Board

Sunil Khaitan
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT
 Conservation of Energy Technology Absorption &
 Foreign Exchange Earnings and Outgo
 In accordance with the Companies (Disclosure of Particulars
 in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY :**a) Energy Conservation measures taken**

At Uttarpara

1. Use of energy efficient drives in new application(SLC Shed)
 - a) Head Roll Drive b) Stretch Roll Drive
2. Undertaking, in near future, modification of modern energy efficient electronics based control system in the following :
 - a) SLC heater control (expected completion shortly)
 - b) Electrolysis control at coating plant (expected completion within Sept. 2012)
3. Use of 11Kw self cooled A.C Motor(with VVVF drive) in place of 20 KW forced air cooled D.C Motor in metal loom (L7) and 5.5 KW self cooled A.C Motor(with VVVF drive) in place of 11 KW forced air cooled D.C Motor in metal loom (L4).
4. Use of UPS instead of stand-by running generator in emergency light.
5. Use of higher capacity new (500 KVA) generator with higher efficiency (3.9 Unit/L) in place of old 350 KVA generator (3.5 Unit/L).
6. Electricity saving on account of upgradation of air compressor system is continuing –saving about 145000 KWH yearly.

b) Investments and proposals being implemented for reduction of consumption of energy:

No major investment proposal is planned at the moment.

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

Overall reduction in energy consumption has been achieved.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**POWER & FUEL CONSUMPTION***(Uttarpara Unit)*

| | Current Year | Previous Year |
|--------------------------------------|--------------|---------------|
| 1 Electricity | | |
| (a) Purchased | | |
| Unit | 4,031,476 | 4,033,664 |
| Total Amount | 26,172,785 | 23,458,410 |
| Rate / unit | Rs. 6.49 | Rs. 5.82 |
| (b) (i) Own Generation | | |
| Through Diesel Generator | | |
| Unit | 8,600 | 17,915 |
| Units per ltr. of diesel oil | 1.72 | 1.05 |
| Cost / unit | Rs. 38.71 | Rs. 39.94 |
| (ii) Through steam turbine/generator | | |
| Unit | NIL | NIL |
| Units per ltr. of fuel oil/gas | | |
| Cost / unit | | |

| | | |
|-------------------------------|-----|-----|
| 2 Coal | | |
| Quantity (Tonnes) | NIL | NIL |
| Total Cost | | |
| Average Rate | | |
| 3 Furnace Oil | | |
| Quantity (K. Ltrs.) | NIL | NIL |
| Total Amount | | |
| Average Rate | | |
| 4 Others (Rice Husk) | | |
| Quantity | NIL | NIL |
| Total Cost | | |
| Rate / Unit | | |

B. TECHNOLOGY ABSORPTION**Research & Development (R & D)****1. Specific areas in which R & D carried out by the Company in Paper Machine Clothing area.****Wire Weaving :**

Upgradation of one loom from shuttle picking system to Band Rapier system for higher productivity and better quality of wire cloth.

Synthetic :

1. Launching of SSB fabric in the market.
2. One SC5 Automatic Seaming machine installed.
3. New Warping machine planned.
4. Plan for upgradation of one old loom undertaken.

2. Benefits derived as a result of above effort :

We are able to meet the market demand.

3. Future Plan of Action :

To continue modification of Plant and Machinery, Product development and increase productivity.

4. Expenditure on R&D

Rs. 2.94 Lacs.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts in brief towards technology absorption, adaptation and innovation.**

A cross functional team has been created within the factory who have been entrusted to upgrade the technological aspects of various products produced at Uttarpara.

2. Benefits derived as a result of the above efforts.

The above efforts have enabled the Company to upgrade its technology and produce better quality of products to match international standards.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

| | |
|---|---------------|
| Total foreign exchange used and earned | (Rs in Lacs) |
| Foreign exchange earned | 1,882.44 |
| Foreign exchange used | 2,547.54 |

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Paper Machine Clothings (PMC)

PMC Industries are solely dependent on the Paper making activities. Our per-capita paper consumption is only 7.0 Kgs as against world's average of 56.0 Kgs., indicating great potentiality for growth at home. Besides, the real growth in Paper making activity is taking place in Asian region while the other part of the world has already come to a saturating stage. Therefore, being stationed in the developing region and with sufficient knowledge about paper making condition of Asian sub-continent, we see a great future in export potentiality for PMC products. We are also in the process of developing new PMC products to fetch more business from export market.

EDM Wires

Use of EDM machines in Tool Room Industry is gaining popularity all over the world. The situation has become challenging to the EDM wire makers with the invention of developed EDM machines and it has increased demand of specialty EDM wires happily, which are the major product of Uttarpura Plant. Similar situation prevails all the over the world and with our reputation in export market with our Patented products especially to the developed countries, we see a bright future for this product. A new product DYNA "XT" is specially being developed to fetch more business from the export market as well as home market.

OPPORTUNITIES AND THREATS

Paper Machine Clothings (PMC)

After a bad spell, the paper industry both at home and abroad has started doing well and as a result the PMC industries are also looking forward for brighter days. At this stage in the home market when our Company is all set for a better business, a great threat is foreseen from Overseas PMC suppliers who have started dumping their products in Indian Paper Mills at a price lower than Indian suppliers, which may drastically reduce the NSR of our products as well as the off-take. Further, PMC suppliers from developed countries have started supplying their latest patented design to large paper mills in India. This becomes biggest threat to the Company. Unless we upgrade our Plant & Machinery and continually develop our product it will be extremely difficult to sustain our market share and further enhance it.

EDM Wires

Threat from imported material in Indian market is seriously felt although the specialty products of Shalimar are ruling the home market. In the export front, the market in the developed countries is very large and if quality of the product is maintained consistently the product has a very bright future. We have already obtained Industrial Patent for one of our specialty products while some varieties are waiting for approval. And with increase of price of NF metal, competition has become stiffer. But, we are confident with constant improvement in process, Shalimar would be able to take up the challenge.

OUTLOOK

The outlook of Company appears bright. The Company anticipates modest growth in its operations in coming years and have taken steps to improve further in following areas :-

- Maintain high Quality Standards consistently.
- Create wide based product range to cater to export market.
- Modernize after-sales service.
- Improve efficiency at all states from procurement to disposal.
- Upgrading the Old machinery.
- Develop new design of fabric.

RISKS AND CONCERNS

Volatile technological environment and tough competition from domestic as well as foreign markets are area of concern for which Company's focus is to make cost of production more competitive and reduce interest cost by financial restructuring with a view to withstand during downturn. Main area of concern are as under :

- Growth of Indian Paper Industry is yet to be satisfactory.
- Improved technology is expensive.

INTERNAL CONTROL SYSTEM

The Company has adopted internal control system commensurate with its size. The Company has appointed external firm of Chartered Accountants as Internal Auditors and Company ensures its strict implementation so that assets and business interest of Company are adequately safeguarded. Moreover SAP implementation is also in progress.

HUMAN RESOURCES

The Company's human resources strategy revolves around development of the individual. The Company undertook various Human Resources Initiative, namely –

- A Performance Management System.
- Training Programmes in the area of behavioural, management and technical skill up-gradation.

INFORMATION TECHNOLOGY

The Company is making full use of Information Technology, all the branches and the regional offices of the Company are connected with the units by means of internet. The Company's website namely www.shalimarwires.com provide all the details about the Company, its management and its products. SAP has also been implemented.

CAUTIONARY STATEMENT

Statement in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either.

CORPORATE GOVERNANCE REPORT

1. Brief Statement on Company's Philosophy on Code of Governance

- The Company's philosophy of Corporate Governance is to ensure transparency in all dealings and maintain highest standards of professionalism, integrity, accountability, social responsibility, fairness and business ethics. We consider ourselves as Trustees of our shareholders and relentlessly attempt to maximize long term shareholder value.
- Your Directors confirm the practice of good Corporate Governance codes by the Company in true spirit and are pleased to present below the Report on Corporate Governance.

2. Board of Directors

The Board of Directors of the company is presently having seven directors. The Chairman & Managing Director of the Company is the only Executive Director. The other directors including two nominee directors are non-executive directors.

During the financial year ended 31st March, 2012, four Board Meetings were held on 14.05.2011, 02.08.2011, 14.11.2011 and 04.02.2012.

The composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting as also other directorships and Committee Memberships are given below :

| Name of Director | Category | No. of Board Meetings Attended during the year | Whether last AGM attended | No. of other Directorship | No. of other Committee membership/ Chairmanship |
|--|------------------|--|---------------------------|---------------------------|---|
| Mr. Sunil Khaitan, Chairman & Managing Director | Executive | 4 | No | 2 | NIL |
| Mr. Satish Kumar Gupta * | Nominee of ARCIL | 4 | No | NIL | NIL |
| Mr. B. Dasgupta | Nominee of IDBI | 4 | No | NIL | NIL |
| Mr. P. K. Sarkar ** | Independent | 4 | No | 7 | 1 |
| Mr. Probir Roy | Independent | 4 | No | 3 | NIL |
| Mr. Dipak Rudra, IAS(Retd) | Independent | 4 | Yes | 6 | 4 |
| Mr. Dipak Dasgupta | Independent | 4 | Yes | 5 | NIL |

* Nomination of Mr. Satish Kumar Gupta was withdrawn by ARCIL w.e.f. 9th May, 2012 and in his place Mr. Manash Chakraborty was appointed as Nominee Director of ARCIL w.e.f. 9th May, 2012.

** Nomination of Mr. P. K. Sarkar was withdrawn by SBI w.e.f. 19th May, 2011. Mr. P. K Sarkar was appointed as Independent Director of the Company w.e.f. 2nd August, 2011.

None of the Directors of the Company's Board is a member of more than 10 Committees or Chairman of more than 5 Committees (committees being Audit Committee, Remuneration Committee and Shareholders Grievance Committee) across all the Companies in which he is Director and neither of them holds office of Director in more than 15 Public Limited Companies. All Independent Directors are liable to retire by rotation.

Code of Conduct for Directors & Senior Management

The Board had framed a code of conduct for all Board members and senior management personnel of the Company focusing transparency, accountability & ethical expression in all acts and deeds. A certificate of affirmation in this regard is appended.

3. COMMITTEES OF THE BOARD

Your Company's Board has three Sub Committees

- Audit Committee
- Remuneration Committee
- Share Transfer/Investors' Grievance Committee

A. Audit Committee

The Audit Committee of the Company, inter alia, provides assurance to the Board on the adequacy of the internal control systems, financial disclosures and ensures that generally accepted accounting principles are observed by the Company. They also provide guidance and liaise with the Internal Auditors as well as the Statutory Auditors of the Company.

The Terms of Reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the financial year ended 31st March, 2012, four meetings of the Audit Committee were held on 14.05.2011, 02.08.2011, 14.11.2011 and 04.02.2012.

The present composition of the Audit Committee comprises five members, all being independent directors. The details of meetings attended by the Members are as follows :

| SI.No. | Name | Status | No.of meetings attended |
|--------|-------------------------|--------|-------------------------|
| 1 | Mr. Satish Kumar Gupta* | Member | 3 |
| 2 | Mr. B. Dasgupta | Member | 4 |
| 3 | Mr. P. K. Sarkar ** | Member | 3 |
| 4 | Mr. Dipak Rudra | Member | 4 |
| 5 | Mr. Dipak Dasgupta | Member | 4 |

* Nomination of Mr. Satish Kumar Gupta was withdrawn by ARCIL w.e.f. 9th May, 2012 and in his place Mr. Manash Chakraborty was appointed as Nominee Director of ARCIL w.e.f. 9th May, 2012.

** Nomination of Mr. P. K. Sarkar was withdrawn by SBI w.e.f. 19th May, 2011.

Mr. P. K. Sarkar was appointed as Member of the Committee w.e.f. 2nd August, 2011.

The Internal Auditor and the Statutory Auditors attend the meeting as and when felt necessary. The Company Secretary acts as the Secretary of the Committee.

B) Remuneration Committee**a) Composition of the Committee**

The present composition of the Remuneration Committee comprises four members, all being independent directors. During the financial year ended 31st March, 2012, one meeting of the Remuneration Committee was held on 14.05.2011. The details of meeting attended by the members are as follows :

| SI.No. | Name | Status | No. of meetings attended |
|--------|-------------------------|--------|--------------------------|
| 1 | Mr. Satish Kumar Gupta* | Member | NIL |
| 2 | Mr. B. Dasgupta | Member | 1 |
| 3 | Mr. P. K. Sarkar ** | Member | 1 |
| 4 | Mr. Dipak Rudra | Member | 1 |

* Nomination of Mr. Satish Kumar Gupta was withdrawn by ARCIL w.e.f. 9th May, 2012 and in his place Mr. Manash Chakraborty was appointed as Nominee Director of ARCIL w.e.f. 9th May, 2012.

** Nomination of Mr. P. K. Sarkar was withdrawn by SBI w.e.f. 19th May, 2011.

Mr. P. K. Sarkar was appointed as Member of the Committee w.e.f. 2nd August, 2011.

b) Terms of Reference of the Committee

The Committee shall have authority to deal with the matters specified under the Companies Act, 1956 and the terms of reference of the Committee are as under :-

- Any fixation/change in remuneration of whole time directors/Managing Director.
- Any fixation/ change in sitting fees payable to the Board/Committee members for attending the meeting.
- To review the existing remuneration of the executives (GM level and above) and to approve any changes thereof.

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c) Remuneration to Directors

The details of remuneration paid to all the Directors during the year ended on 31.03.2012 are given below :

| Name | Salary (Rs.) | Perquisites & Allowances (Rs.) | Sitting fee (Rs.) | Total (Rs.) | Service Contract if any |
|--|------------------|--------------------------------------|----------------------|------------------|-------------------------------|
| Mr. Sunil Khaitan (Chairman & Mg. Director) | 22,20,000 | 13,88,000 | - | 36,08,000 | Yes |
| Mr. Satish Kumar Gupta* (Nominee Director) | - | - | 45,000 | 45,000 | Nominee |
| Mr. B. Dasgupta (Nominee Director) | - | - | 54,000 | 54,000 | Nominee |
| Mr. P. K. Sarkar** | - | - | 48,000 | 48,000 | No |
| Mr. Probir Roy | - | - | 23,000 | 23,000 | No |
| Mr. Dipak Rudra | - | - | 54,000 | 54,000 | No |
| Mr. Dipak Dasgupta | - | - | 51,000 | 51,000 | No |
| Total | 22,20,000 | 13,88,000 | 2,75,000 | 38,83,000 | |

* Nomination of Mr. Satish Kumar Gupta was withdrawn by ARCIL w.e.f. 9th May, 2012 and in his place Mr. Manash Chakraborty was appointed as Nominee Director of ARCIL w.e.f. 9th May, 2012.

** Nomination of Mr. P. K. Sarkar was withdrawn by SBI w.e.f. 19th May, 2011.

Mr. P. K. Sarkar was appointed as Member of the Committee w.e.f. 2nd August, 2011.

C) Investor Grievance/Share Transfer Committee

a) Composition of the Committee

The present composition of the Investors' Grievance Committee comprises five members, all being independent directors. During the financial year ended 31st March, 2012, four meetings of the Investors' Grievance Committee were held on 14.05.2011, 02.08.2011, 14.11.2011 and 04.02.2012. The details of meetings attended by the Members are as follows :

| Sl. No. | Name | Status | No. of meetings attended |
|---------|-------------------------|--------|--------------------------|
| 1 | Mr. Satish Kumar Gupta* | Member | 3 |
| 2 | Mr. B. Dasgupta | Member | 4 |
| 3 | Mr. P. K. Sarkar ** | Member | 3 |
| 4 | Mr. Dipak Rudra | Member | 4 |
| 5 | Mr. Dipak Dasgupta | Member | 4 |

* Nomination of Mr. Satish Kumar Gupta was withdrawn by ARCIL w.e.f. 9th May, 2012 and in his place Mr. Manash Chakraborty was appointed as Nominee Director of ARCIL w.e.f. 9th May, 2012.

** Nomination of Mr. P. K. Sarkar was withdrawn by SBI w.e.f. 19th May, 2011.

Mr. P. K. Sarkar was appointed as Member of the Committee w.e.f. 2nd August, 2011.

b) Terms of Reference

The terms of reference of the Investor Grievance Committee are as follows :

- Ensure redressal of Shareholders and Investors complaints relating to transfer of shares, Non-receipt of balance sheet etc.
- Redressal of Investors complaints in respect of non-receipt of interest/redemption proceeds against the non-convertible debenture.
- To oversee the performance of Maheshwari Datamatics Pvt. Ltd., the Registrar and Share Transfer Agent.

- iv) To delegate the powers of approving transfer of shares/debentures to the Company's Registrar under the supervision and control of the Company Secretary, subject to placing of the summary statement of transfer/transmission etc. of shares/debentures of the company at the committee meeting.
- v) To implement and monitor the various requirement as set out in the Code of Conduct for provision of insider trading pursuant to the provisions of the SEBI (prohibition of Insider Trading Regulations, 1992).

As per SEBI guidelines, the powers of processing of the share transfers, both physical and demat mode have been delegated to M/s. Maheshwari Datamatics Pvt. Ltd. in order to expedite the process of share transfers, issue of duplicate certificates and certificates after split/consolidation/renewal and rematerialisation. Mr. S. K. Kejriwal, Company Secretary has been appointed as the compliance officer for complying with the requirement of SEBI and the listing agreement.

The Company confirms that there were no share transfers lying pending as on 31.03.2012 and all requests for dematerialisation and re-materialisation of shares as on that date were confirmed/rejected into the NSDL/CDSL system. Details of shareholders' complaints received and resolved during the period April, 2011 to March, 2012 :

| | | |
|--|---|-----|
| a) Number of Shareholders' complaints received during the year | : | 2 |
| b) Number of Shareholders' complaints resolved during the year | : | 2 |
| c) Number of complaints not resolved to the satisfaction of shareholders | : | Nil |
| d) Number of complaints pending | : | Nil |

4. General Body Meetings

The last three Annual General Meeting were held as under :

| Financial Year | Date and Time | Venue | No. of Special Resolution |
|----------------|--------------------------|--------------------------------------|--------------------------------------|
| 2010-2011 | 30.09.2011 10.00 A.M. | Science City Mini Auditorium Kolkata | 1 (appointment of Managing Director) |
| 2009-2010 | 30.09.2010 10.00 A.M. | Science City Mini Auditorium Kolkata | None |
| 2008-2009 | 24.09.2009 10.00 A.M. | Science City Mini Auditorium Kolkata | None |

In the last AGM held on 30.09.2011 no resolution was passed through Postal Ballot.

There is no proposal for passing any resolution through Postal Ballot in the ensuing AGM.

5. Disclosures

- i) Related Party transactions have been disclosed under note no. 2.30 (viii) to the accounts for year under review.
- ii) The Company has complied with all the requirements of the listing agreements with the Stock Exchanges as well as regulations and guidelines of SEBI, wherever applicable.
- iii) No penalties or stricture have been imposed by SEBI, Sock Exchanges or any Statutory Authorities on matters related to Capital Markets during the last three years.
- iv) Resume and other information of the Directors proposed to appointed/re-appointed (including those retiring by rotation) at the ensuing Annual General Meeting are given in the Notice relating thereto to the shareholders as required under clause 49(IV)(G) of the Listing Agreement.

6. Management Responsibility Statement

The management confirms that the Financial Statements are in full conformity with requirements in the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. The Management accepts responsibility for the integrity and objectivity of these financial statements as well as for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements of operation reflect fairly the form and substance of transactions and reasonably present the Company's financial condition and the results of operations. The Company has a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The internal Audits have conducted periodic audits to provide reasonable assurance that the Company's established policy and procedures have been followed.

SHALIMAR WIRES INDUSTRIES LIMITED

The financial statements have been audited by Messrs. G. P. Agarwal & Co. and Messrs. S. S. Kothari & Co., Chartered Accountants and have been discussed in the Audit Committee.

7. Managing Director/CFO Certification

Mr. Sunil Khaitan, Managing Director and Mr. S. J. Sengupta, CFO have certified to the Board that :-

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and believe :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
 - (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
 - (d) They have indicated to the Auditors and the Audit Committee :
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the control system over financial reporting.
- The above certificate was placed before the Board Meeting on 14th August, 2012.

8. Means of Communication

(i) Financial Results

The quarterly unaudited financial results and the audited financial results as approved and taken on record by the Board of Directors of the company are published during the year under review in leading national newspapers viz Financial Express (all edition) and a local language newspaper and also sent immediately to all the Stock Exchanges with which the shares of the Company are listed. The annual reports are posted to every shareholder of the Company.

(ii) Management discussion and analysis Report :

Management Discussion and Analysis report has been given as part of the Directors' Report.

9. General Shareholders Information :

- a) Annual General Meeting
 - Date : 28th September, 2012
 - Time : 10.00 A.M.
 - Venue : Science City Mini Auditorium, J B S Haldane Avenue
Kolkata - 700 046
- b) Financial Calender (tentative) : 1st Quarterly Results – 14th August, 2012
for the year 2012-2013
 - 2nd " " On or before 15th Nov, 2012
 - 3rd " " On or before 15th Feb, 2013
 - 4th " " On or before 15th May, 2013
- c) Book Closure Date : 21st September, 2012 to 28th September, 2012
(both days inclusive)
- d) Dates of the completion of the : 1st Quarter - 14th July, 2012
Secretarial Audits for each quarter
 - 2nd Quarter - On or before 15th October, 2012
 - 3rd Quarter - On or before 15th January, 2013
 - 4th Quarter - On or before 15th April, 2013

SHALIMAR WIRES INDUSTRIES LIMITED

- e) Listing of Equity shares on Stock Exchanges : The Company's shares are listed on the Stock Exchanges at :
- Calcutta (Sock Code 100294)
 - Mumbai (Stock Code 532455)

The listing fees for the period 2011-2012 have been paid to both the Stock Exchanges.

Demat ISIN Number in NSDL and CDSL : INE 655 D 01025

- f) Market Price Data : The market price data (Monthly High/Low) of the company's Equity Shares traded on The Stock Exchange, Mumbai during the period April 2011 to March 2012 is given below. There was no trading in Calcutta Stock Exchange.

| Month | Bombay Stock Exchange | |
|-----------|-----------------------|-------|
| | High | Low |
| April, 11 | 26.10 | 16.10 |
| May, 11 | 26.50 | 13.65 |
| June, 11 | 17.90 | 13.60 |
| July, 11 | 17.50 | 13.31 |
| Aug, 11 | 15.85 | 12.50 |
| Sept, 11 | 15.40 | 11.26 |
| Oct, 11 | 14.88 | 11.21 |
| Nov, 11 | 14.00 | 8.37 |
| Dec, 11 | 10.25 | 6.80 |
| Jan, 12 | 10.29 | 7.01 |
| Feb, 12 | 10.12 | 8.07 |
| Mar, 12 | 10.40 | 8.00 |

- g) Registrar and Share Transfer Agent : Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001

- h) Share Transfer System : The Company's shares are in compulsory demat mode. The share received for transfer in physical mode are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respect. Shares under objection are returned within two weeks. Total number of physical shares transferred during the year ended 31.03.2012 was 7579.

- i) Distribution of shareholding & shareholding Pattern : As per Appendix

- j) Dematerialisation of shares : The shares of the Company are compulsorily traded in dematerialized form under depository system of both the National Securities Depository Ltd.(NSDL) and the Central Depository Services (India) Ltd. (CDSL).

Company's Electronic Connectivity Registrar is Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001.

6086462 Nos. of equity shares (19.23%) of the paid up share capital of the Company was held in demat form with NSDL and CDSL as on 31st March, 2012. International Securities & Identification Number is INE 655 D 01025.

- k) Corporate Identity Number : The Corporate Identity Number (CIN) of the Company is L74140WB1996PLC081521.

- L) Factory location : The Company's factories are located at the following places :
1. 77, Netaji Subhas Road, Uttarpara, Dist. Hooghly, W.B.
 2. E-26/29, Industrial Area, Satpur, Nashik - 422 007
 3. Paper Machine Wire Unit, 73, Industrial Estate, Satpur, Nashik - 422 007

SHALIMAR WIRES INDUSTRIES LIMITED

l) Address for correspondence

With the Company :

Share Department
25, Ganesh Chandra Avenue, 2nd Floor, Kolkata - 700 013
Tel. Nos. : (033) 2234-9308/09/10, Fax Nos. : (033) 2211-6880
E-mail : secretarial@shalimarwires.com
Website : http://www.shalimarwires.com

With the Registrar :

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001
Tel. Nos. : (033) 2243-5029/5809, 2248-2248
Fax : (033) 2248 5787 • E-mail : mdpl@cal.vsnl.net.in

APPENDIX

DECLARATION UNDER CLAUSE 49(I) (D) (ii)

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

Kolkata

Dated : 14th August, 2012

Sunil Khaitan

Chairman & Managing Director

APPENDIX

Pattern of Shareholding as on 31st March, 2012

| Category | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|--|---------------------|-------------------|--------------------|-------------------|
| Promoters/Directors & their relatives including associate companies. | 23 | 0.15 | 2,78,24,849 * | 87.90 |
| Financial Institutions/Insurance Companies/Mutual Funds & Bank | 27 | 0.18 | 7,77,469 | 2.46 |
| Non-resident Indians/Overseas Corporate Bodies. | 22 | 0.15 | 10,817 | 0.03 |
| Other bodies corporate | 166 | 1.11 | 11,51,569 | 3.64 |
| Indian Public | 14776 | 98.41 | 18,90,419 | 5.97 |
| Total | 15,014 | 100.00 | 3,16,55,123 | 100.00 |

Distribution of Shareholding as on 31st March, 2012

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500 | 14555 | 96.94 | 8,73,335 | 2.75 |
| 501-1000 | 206 | 1.37 | 1,70,109 | 0.54 |
| 1001-5000 | 177 | 1.18 | 4,04,470 | 1.28 |
| 5001-10000 | 25 | 0.17 | 1,82,133 | 0.58 |
| 10001 and above | 51 | 0.34 | 3,00,25,076 * | 94.85 |
| Total | 15,014 | 100.00 | 3,16,55,123 | 100.00 |

* In terms of BIFR order 2,50,00,000 equity shares of Rs. 2/- each were issued to the Promoters and their Associates, which are partly paid up.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF SHALIMAR WIRES INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by Shalimar Wires Industries Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the listing agreement of the said company with the 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, and the representation made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

As required by the guidance note issued by The Institute of Chartered Accountants of India, we have to state as per the records maintained, there were no investors grievances remaining unattended/pending for more than 30 days as at 31 March, 2012.

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 G. P. AGRAWAL & CO.

Chartered Accountants
FR No. 302082E

CA Sunita Kedia

Membership No. 60162
Partner
7A, Kiran Shankar Ray Road
Kolkata, 14th August, 2012

For S. S. KOTHARI & CO.

Chartered Accountants
FR No. 302034E

CA A. Datta

Membership No. 5634
Partner
21, Old Court House Street
Kolkata, 14th August, 2012

Auditors' Report

TO THE MEMBERS

1. We have audited the attached Balance Sheet of **SHALIMAR WIRES INDUSTRIES LIMITED** as at 31st March 2012 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the aforesaid Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except compliance of Accounting Standard 29 regarding Contingent Liabilities (refer Note No. 2.30 clause (i) and (iii)), the quantum of non-provision in respect whereof is not ascertained pending settlement/disposal of appeals.**
 - v. On the basis of legal opinion and the written representations received from the Board of Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. Attention is drawn to the following notes in Notes on Accounts:
 - a) **Note No.2.13, 2.14 and 2.18 regarding non-provision against Loans and Advances given and Claims Receivable amounting to Rs. 592.37 Lacs together with non accounting of Interest due thereon.**
 - b) **Note No.2.16 regarding non-provision against Sundry Debtors and advances amounting to Rs. 28.75 Lacs.**
 - c) **Note No.2.30 clause (v) regarding amount due from Sundry Debtors and Loans & Advances given and due to Sundry Creditors, in respect of which we are unable to express our opinion, in the absence of confirmation from the parties.**
 - d) **Note No.2.30 clause (ix) regarding preparation of accounts on going concern basis although the Net Worth of the company has been fully eroded.**

Without considering item nos. (iv), (vi) (c) and (d) above, whose impact on the company's loss is presently not ascertainable, and if the impact of items vi (a) and (b) above had been considered, the profit for the year would have been Rs. 573.97 Lacs as against the reported profit of Rs. 1195.09 Lacs and the debit balance of Statement of Profit and Loss would have been Rs. 19902.81 Lacs as against the reported figure of Rs. 19281.69 Lacs.

Subject to the above and read together with other Notes appearing in Notes to Accounts, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 :-

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- b) In the case of the Statement of Profit and Loss, of its PROFIT for the year ended on that date and
- c) In the case of Cash Flow Statement, of cash flows for the year ended on that date.

For G. P. AGRAWAL & CO.

*Chartered Accountants
FR No. 302082E*

CA Sunita Kedia

Membership No. 60162
Partner

7A, Kiran Shankar Ray Road
Kolkata, 14th August, 2012

For S. S. KOTHARI & CO.

*Chartered Accountants
FR No. 302034E*

CA A. Datta

Membership No. 5634
Partner

21, Old Court House Street
Kolkata, 14th August, 2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Auditors' Report to the members of **SHALIMAR WIRES INDUSTRIES LIMITED** on the Accounts for the year ended 31st March, 2012:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) The fixed assets, **except those at the Strip & Wire Unit at Nashik, which is under closure**, have been physically verified under a phased program of physical verification. To the best of our knowledge, no material discrepancies were noticed on such verification.
- c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. a) The inventories, **except those at the Strip & Wire Unit at Nashik, which is under closure**, have been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks, followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. a) The Company has granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 159.22 Lacs and the year end balance was Rs. 159.22 Lacs.
- b) In our opinion and according to the information given to us, the rate of interest and other terms and conditions of unsecured loans given by the Company are prima facie not prejudicial to the interest of the Company **except that no interest is being charged on these loans since 1st April, 2002**.
- c) **Receipt of the principal amount and interest on the above loans are not regular.**
- d) **As explained to us, the aforesaid loans given have become overdue and are doubtful, however, necessary legal action have been initiated by the Company in these regards.**
- e) The Company has taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.16.75 Lacs and the year end balance was Rs.16.75 Lacs.
- f) The above loans are **interest free** and other terms and conditions thereof are not prejudicial to the interests of the company.
- g) There has been no repayment of the principal amount against the aforesaid loans during the year. However, 90% of the original loan is written back pursuant to BIFR order dated 10th June, 2010.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system, commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and also for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v. To the best of our information and explanations given to us, no contracts or arrangements were entered into during the year as referred to in section 301 of the Companies Act, 1956. Therefore, provisions of clause (v) of paragraph 4 of the said order are not applicable to the Company.
- vi. The Company has not accepted any deposit within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- vii. In our opinion, the internal audit system of the Company is commensurate with the size of Company and nature of its business **except that no internal audit has been carried out during the year at the Strip & Wire Unit at Nashik, which is under closure**.
- viii. We have broadly reviewed the books of account maintained by the company in respect of products where pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed

SHALIMAR WIRES INDUSTRIES LIMITED

under section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.

- ix. a) According to the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty and other statutory dues with appropriate authorities, except the following amounts which are outstanding as on 31st March 2012 for a period of more than six months from the date of becoming payable :

| Sl. No. | Name of Act | Nature of Dues | Year | Amount not paid (Rs. Lacs) |
|---------|--------------------------------|---------------------------------|-----------|----------------------------|
| 1 | CST Act, 1956 | Sales Tax | 2003-2004 | 0.72 |
| 2 | Bombay States Stamps Act, 1958 | Stamp Duty and Interest thereon | 2001-2010 | 210.32 |

As explained to us, the Company does not have any dues in respect of Wealth Tax, Service Tax and Cess.

- b) The disputed statutory dues aggregating to Rs 4694.80 Lacs that have not been deposited on account of matters pending before appropriate authorities are as under :

| Sl. No. | Name of Act | Nature of Dues | Amt. not paid due to dispute (Rs. Lacs) | Year to which it Relates | Forum |
|---------|----------------|-------------------------|---|--|---|
| 1 | WBST Act, 1994 | Tax & Penalty | 0.11 | 1988-1989 | The Assistant Commissioner of Commercial Taxes, Kolkata |
| 2 | WBST Act, 1994 | Tax, Interest & Penalty | 4.22 | 1998-99 & 2002-03 | The Additional Commissioner of Commercial Taxes, Kolkata |
| 3 | WBST Act, 1994 | Tax & Penalty | 8.17 | 1980-81, 1993-94, 2000-01, 2003-04 & 2004-05 | The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata. |
| 4 | WBST Act, 1994 | Tax & Penalty | 4.73 | 2001-02 | The High Court of Calcutta |
| 5 | WBST Act, 1994 | Tax & Penalty | 16.79 | 2005-06 & 2006-07 | The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata. |
| | WBST Act, 1994 | Tax & Penalty | 0.34 | 2008-09 | Additional Commissioner of Commercial Taxes |
| 6 | CST Act, 1956 | Tax, Interest & Penalty | 190.53 | 1999-00 | The Sr. Joint Commissioner of Sales Tax |
| | CST Act, 1956 | Tax, Interest & Penalty | 130.12 | 2004-05 | The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata. |
| 7 | CST Act, 1956 | Tax | 0.72 | 1988-89 | The Assistant Commissioner of Commercial Taxes, Kolkata |
| 8 | CST Act, 1956 | Tax, Penalty & Interest | 529.26 | 1998-99 & 2002-03 | The Additional Commissioner of Commercial Taxes, Kolkata |
| 9 | CST Act, 1956 | Tax, Penalty & Interest | 340.56 | 1996-97 & 2001-02 | The High Court of Calcutta |
| 10 | CST Act, 1956 | Tax, Penalty & Interest | 795.60 | 1993-94, 1995-96, 1997-98, 2000-01 & 2003-04 | The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata. |

SHALIMAR WIRES INDUSTRIES LIMITED

| Sl. No. | Name of Act | Nature of Dues | Amt. not paid due to dispute (Rs. Lacs) | Year to which it Relates | Forum |
|---------|--------------------------------|----------------|---|--|---|
| 11 | CST Act, 1956 | Tax & Penalty | 75.08 | 2005-06, 06-07 and 07-08 | The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata. |
| 12 | CST Act, 1956 | Tax & Penalty | 11.07 | 2008-09 | The Additional Commissioner of Commercial Taxes, Kolkata |
| 13 | Central Excise Act, 1944 | Tax & Penalty | 167.24 | 1992-93, 1994-95, 1999-00, 2002-03 2003-04 & 2009-10 | Commissioner (Appeals), C.E. , Cal – IV, Kolkata |
| 14 | Central Excise Act, 1944 | Tax & Penalty | 1744.69 | 1987-97 & 2000-03 | Hon'ble Supreme Court, New Delhi |
| 15 | Central Excise Act, 1944 | Tax | 11.23 | 1989-90 & 2005-2006 | Hon'ble High Court, Mumbai |
| 16 | Central Excise Act, 1944 | Tax & Penalty | 4.34 | 2003-04 | Commissioner (Appeals) Nashik |
| 17 | Central Excise Act, 1944 | Tax | 1.73 | 2002-03 | CESTAT, Mumbai |
| 18 | Central/Delhi Sales Tax Act | Tax | 0.62 | 1999-2002 | The Asst. Commissioner, Sales Tax, Delhi |
| 19 | Central/ Gujarat Sales Tax Act | Tax & Penalty | 5.50 | 1999-2000 & 2002-03 | The Asst. Commissioner, Sales Tax, Ahmedabad |
| 20 | Customs Act, 1962 | Tax | 639.16 | 2000-03 | Commissioner, Customs, Nashik & Mumbai |
| 21 | Municipal Tax Demands Act. | Tax | 11.69 | 1982-89 | Nashik Municipal Corporation |
| | | | 4694.80 | | |

- x. The accumulated losses of the Company have exceeded fifty percent of its net worth though it has not incurred **cash loss** during the financial year covered by our audit and in the immediately preceding financial year.
- xi. **The Company has defaulted in repayment of dues of Rs. 1575.00 lacs (excluding SICOM and Sales Tax Loan dues) to banks, financial institutions and debenture holders, as referred in Note No.2.9 to the Notes to Accounts.**
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- xiv. The Company is not trading or dealing in shares, debentures. The Company has maintained proper records of transactions and contracts in respect of investment in shares and timely entries have been made therein. All investments have been held by the Company in its own name.
- xv. The Company has not given any guarantees for loans taken by others from banks during the year.
- xvi. The Company has neither taken any term loan during the year nor applied during the year any part of the term loans taken in earlier years.
- xvii. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that short-term funds have not been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 in accordance with the guidelines issued by Securities Exchange Board of India and the price is not prejudicial to the interest of the company.

- xix. The Company has not issued any debenture during the year.
- xx. The Company has not raised any money during the year by public issue.
- xxi. Based upon the audit procedure performed and the information and explanation given by the Company, we report that no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For G. P. AGRAWAL & CO.

Chartered Accountants
FR No. 302082E

CA Sunita Kedia

Membership No. 60162
Partner

7A, Kiran Shankar Ray Road
Kolkata, 14th August, 2012

For S. S. KOTHARI & CO.

Chartered Accountants
FR No. 302034E

CA A. Datta

Membership No. 5634
Partner

21, Old Court House Street
Kolkata, 14th August, 2012

SHALIMAR WIRES INDUSTRIES LIMITED

| BALANCE SHEET AS AT MARCH 31, 2012 | | | | | |
|--|----------|---|-----------------------------|--|----------------------|
| | Schedule | <i>Balance As at 31.03.2012</i> | | <i>Balance As at 31.03.2011</i> | |
| | | Rs. | Rs. | Rs. | Rs. |
| I. EQUITY AND LIABILITIES | | | | | |
| 1. Shareholders' Funds | | | | | |
| a) Share Capital | 2.1 | 330,645,112 | | 306,745,112 | |
| b) Reserves and Surplus | 2.2 | <u>(1,928,169,106)</u> | <u>(1,597,523,994)</u> | <u>(2,047,678,248)</u> | (1,740,933,136) |
| 2. Share Application Money pending Allotment | 2.3 | | - | | 12,000,000 |
| 3. Non-Current Liabilities | | | | | |
| a) Long Term Borrowings | 2.4 | 534,222,659 | | 960,407,213 | |
| b) Deferred Tax Liabilities (Net) | 2.5 | - | | 9,570,984 | |
| c) Other Long Term Liabilities | 2.6 | 69,130,066 | | 78,937,274 | |
| d) Long Term Provisions | 2.7 | <u>33,367,973</u> | <u>636,720,698</u> | <u>29,236,879</u> | 1,078,152,350 |
| 4. Current Liabilities | | | | | |
| a) Trade Payables | 2.8 | 45,992,723 | | 25,240,290 | |
| b) Other Current Liabilities | 2.9 | 2,049,804,787 | | 1,768,793,465 | |
| c) Short Term Provisions | 2.10 | <u>4,891,587</u> | <u>2,100,689,097</u> | <u>6,033,911</u> | 1,800,067,666 |
| Total | | | <u>1,139,885,801</u> | <u>1,149,286,880</u> | |
| II. ASSETS | | | | | |
| 1. Non-Current Assets | | | | | |
| a) Fixed Assets | 2.11 | | | | |
| i) Tangible Assets | | 408,458,948 | | 400,571,040 | |
| ii) Intangible Assets | | 448,420 | | 527,520 | |
| iii) Capital Work-in-Progress | | <u>3,264,901</u> | | <u>3,339,619</u> | |
| Total | | <u>412,172,269</u> | | <u>404,438,179</u> | |
| b) Non-Current Investments | 2.12 | 2,921,188 | | 3,161,706 | |
| c) Long Term Loans and Advances | 2.13 | 98,094,554 | | 72,482,127 | |
| d) Other Non-Current Assets | 2.14 | <u>11,544,530</u> | <u>524,732,541</u> | <u>20,304,750</u> | 500,386,762 |
| 2. Current Assets | | | | | |
| a) Inventories | 2.15 | 246,242,480 | | 253,435,537 | |
| b) Trade Receivables | 2.16 | 278,950,533 | | 242,539,081 | |
| c) Cash and Bank Balances | 2.17 | 39,980,499 | | 90,131,216 | |
| d) Short Term Loans and Advances | 2.18 | 49,082,142 | | 60,941,946 | |
| e) Other Current Assets | 2.19 | <u>897,606</u> | <u>615,153,260</u> | <u>1,852,337</u> | 648,900,117 |
| Total | | | <u>1,139,885,801</u> | <u>1,149,286,880</u> | |
| Significant Accounting Policies | 1 | | | | |
| Notes to Accounts | 2.30 | | | | |
| The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements | | | | | |
| As per our Report of even date attached | | | | | |
| For G. P. AGRAWAL & CO. Chartered Accountants FR No. 302082E CA Sunita Kedia Membership No. 60162 Partner Kolkata, 14th August, 2012 | | For S. S. KOTHARI & CO. Chartered Accountants FR No. 302034E CA A. Datta Membership No. 5634 Partner Kolkata, 14th August, 2012 | | S. J. Sengupta Sr. V. P. & (CFO) S. K. Kejriwal Company Secretary | |
| | | | | Sunil Khaitan Managing Director Dipak Dasgupta Director | |

SHALIMAR WIRES INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

| | Schedule | Rs. | 2011-12 Rs. | Rs. | 2010-11 Rs. |
|--|-----------|-------------|--------------------|-------------|--------------------|
| I. Revenue from Operations | 2.20 | | | | |
| a) Sale of goods (Gross) | | 925,381,630 | | 868,996,328 | |
| Less : Excise Duty | | 72,325,114 | | 66,907,860 | |
| Net Sale of Goods | | 853,056,516 | | 802,088,468 | |
| b) Other Operating Income | | 11,762,583 | 864,819,099 | 23,744,512 | 825,832,980 |
| II. Other Income | 2..21 | | 12,644,861 | | 8,317,174 |
| III. Total Revenue (I + II) | | | <u>877,463,960</u> | | <u>834,150,154</u> |
| IV. Expenses : | | | | | |
| Cost of Materials Consumed | 2.22 | | 237,776,929 | | 209,105,394 |
| Changes in Inventories of Finished Goods, Work in Progress & Stock in Trade | 2.23 | | 24,995,680 | | (5,814,434) |
| Employees Benefits expense | 2.24 | | 156,520,922 | | 151,189,530 |
| Finance Costs | 2.25 | | 33,540,502 | | 45,497,717 |
| Depreciation and Amortisation Expense | 2.26 | | 53,315,690 | | 54,264,284 |
| Other Expenses | 2.27 | | 250,097,707 | | 236,648,085 |
| Total Expenses | | | <u>756,247,430</u> | | <u>690,890,576</u> |
| V. Profit before exceptional and extraordinary items and tax (III - IV) | | | 121,216,530 | | 143,259,578 |
| VI. Exceptional Items | 2.28 | | - | | (231,321,787) |
| VII. Profit before extraordinary items and tax (V - VI) | | | 121,216,530 | | 374,581,365 |
| VIII. Extraordinary Items | 2.29 | | - | | (299,272,371) |
| IX. Profit before tax (VII - VIII) | | | 121,216,530 | | 673,853,736 |
| X. Tax Expense | | | | | |
| i) Current Tax | | - | - | - | - |
| ii) Deferred Tax | | (9,570,984) | (9,570,984) | - | - |
| XI. Profit for the year from continuing operations (IX - X) | | | 130,787,514 | | 673,853,736 |
| XII. Profit / (Loss) from discontinuing operations | | | (11,278,372) | | 211,567,943 |
| XIII. Tax Expenses of discontinuing operations | | | - | | - |
| XIV. Profit / (Loss) from discontinuing operations (after tax) (XII - XIII) | | | (11,278,372) | | 211,567,943 |
| XV. Profit for the Year (XI + XIV) | | | 119,509,142 | | 885,421,679 |
| XVI. Earnings Per Equity Share | 2.30 (ii) | | | | |
| Basic & Diluted | | | 10.36 | | 101.25 |
| a) Continuing operations | | | 9.47 | | 133.04 |
| b) Total operations | | | | | |
| Earnings Per Equity Share (excluding extraordinary items) | | | | | |
| Basic & Diluted | | | | | |
| a) Continuing operations | | | 10.36 | | 56.28 |
| b) Total operations | | | 9.47 | | 88.07 |

Significant Accounting Policies

1

Notes to Accounts

2.30

The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements.

As per our Report of even date attached

For **G. P. AGRAWAL & CO.**

Chartered Accountants

FR No. 302082E

CA Sunita Kedia

Membership No. 60162

Partner

Kolkata, 14th August, 2012

For **S. S. KOTHARI & CO.**

Chartered Accountants

FR No. 302034E

CA A. Datta

Membership No. 5634

Partner

Kolkata, 14th August, 2012

S. J. Sengupta

Sr. V. P. & (CFO)

S. K. Kejriwal
Company Secretary

Sunil Khaitan

Managing Director

Dipak Dasgupta
Director

SHALIMAR WIRES INDUSTRIES LIMITED

| Particulars | <i>Year Ended</i> 31.03.2012 | For the Year Ended 31.03.2011 |
|--|--|---|
| CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH' 2012 | | |
| A. Cash Flow from Operating Activities : | | |
| Net Profit (Loss) before Tax | 109,938,158 | 586,149,308 |
| Adjustments For : | | |
| Depreciation and amortisation expense | 55,052,216 | 58,598,156 |
| Provision for Impairment Loss | – | 15,015,337 |
| Income from Exceptional Items | – | (466,769,029) |
| (Profit) / Loss on Sale / Discard of Tangible Fixed Assets | (367,415) | 3,529,035 |
| Interest Income | (1,858,566) | (2,241,772) |
| Interest Expense | 33,540,502 | 45,497,717 |
| Sundry Balances Written Off | 2,037,422 | 861,476 |
| Unspent Liabilities Written Back | (2,205,861) | (8,188,260) |
| Provision for Diminution in value of Investment | 230,518 | 304,650 |
| Provision for doubtful debts and advances | 32,191 | 13,350,722 |
| Operating Profit before Working Capital Changes | 196,399,165 | 246,107,340 |
| Adjustments to reconcile operating profit to cash flow provided by changes in working capital : | | |
| Increase/(Decrease) in Other Long Term Liabilities | (7,601,347) | 144,682,164 |
| Increase/(Decrease) in Long Term Provisions | 4,131,094 | 27,511,879 |
| Increase/(Decrease) in Short Term Provisions | (1,142,324) | 6,033,911 |
| Increase/(Decrease) in Trade Payables | 20,752,433 | (238,114,236) |
| Increase/(Decrease) in Other Current Liabilities | (7,533,123) | 33,241,381 |
| Decrease/(Increase) in Long Term Loans & Advances | (26,287,862) | 16,187,767 |
| Decrease/(Increase) in Other Non-Current Assets | 8,760,220 | (2,093,209) |
| Decrease/(Increase) in Inventories | 7,193,057 | (7,316,986) |
| Decrease/(Increase) in Trade Receivables | (38,481,065) | (40,180,671) |
| Decrease/(Increase) in Short Term Loans & Advances | 11,859,803 | (29,531,346) |
| Decrease/(Increase) in Other Current Assets | 954,731 | 183,916 |
| Cash Generated from / (used in) Operating Activities | 169,004,782 | 156,711,910 |
| Tax Expense | 675,435 | (120,478) |
| Net Cash Flow from/(used in) Operating Activities (A) | 169,680,217 | 156,591,432 |
| B. Cash Flow from Investing Activities : | | |
| Interest Income | 1,858,566 | 2,241,772 |
| Deposits under lien with banks | 1,669,746 | (8,302,862) |
| Proceeds from sale of Non-Current Investments | 10,000 | – |
| Addition to Tangible Fixed Assets | (65,954,584) | (31,846,128) |
| Addition to Intangible Fixed Assets | (60,405) | – |
| Sale of Tangible Fixed Assets | 3,596,100 | 1,169,726 |
| Net Cash flow from/(used in) Investing activities (B) | (58,880,577) | (36,737,492) |

C. Cash Flow from Financing Activities :

| | | |
|---|----------------------|---------------------|
| Proceeds from Equity Shares | 11,900,000 | – |
| Proceeds from Long term Borrowings | (138,276,709) | 143,466,190 |
| Proceeds from Short term Borrowings | – | – |
| Interest Expense | (32,903,902) | (242,167,462) |
| Net Cash Flow from Financing Activities (C) | (159,280,611) | (98,701,272) |
| Net Increase in Cash & Cash Equivalents (A+B+C) | (48,480,971) | 21,152,668 |
| Cash & cash Equivalents (Opening Balance) | 81,828,354 | 60,675,686 |
| Cash & cash Equivalents (Closing Balance) (Refer Note No.2.16) | 33,347,383 | 81,828,354 |
| Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C) | (48,480,971) | 21,152,668 |

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Addition to Fixed Assets include movement of Capital Work in Progress during the year.
3. Proceeds from Longs term Borrowings are shown net of repayments.
4. Figures in brackets represent cash outflow from respective activities.
5. Cash & cash Equivalents do not include any amount which is not available to the Company for its use.

As per our Report of even date attached

For **G. P. AGRAWAL & CO.**

Chartered Accountants

FR No. 302082E

CA Sunita Kedia

Membership No. 60162

Partner

Kolkata, 14th August, 2012

For **S. S. KOTHARI & CO.**

Chartered Accountants

FR No. 302034E

CA A. Datta

Membership No. 5634

Partner

Kolkata, 14th August, 2012

S. J. Sengupta

Sr. V. P. & (CFO)

Sunil Khaitan

Managing Director

S. K. Kejriwal
Company Secretary

Dipak Dasgupta
Director

SHALIMAR WIRES INDUSTRIES LIMITED

Note No. : 1

SIGNIFICANT ACCOUNTING POLICIES :

The accounts are prepared under the historical cost convention and are in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are stated below :

1) Recognition of Income & Expenditure :

Income and Expenditure are recognised on accrual basis.

2) Fixed Assets :

Fixed Assets are stated at original cost net of accumulated depreciation and impairments.

Cost includes acquisition price, attributable expenses (including in respect of assets taken on lease) and pre-operational expenses including finance charges and issue expenses, wherever applicable.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortization and impairment, if any.

Expenditure (including financing cost relating to borrowed funds for construction or acquisition of Fixed assets) incurred on projects under implementation are being treated as pre-operative expenses pending allocation to the assets and are shown under "Capital Work in Progress".

Impairment Loss is recognised where applicable when the carrying amount of the Fixed Assets of a Cash generating unit exceeds its market value or value in use, whichever is higher.

3) Depreciation and Amortisation :

Depreciation has been charged during the year on all assets at straight line rates prescribed in Schedule XIV to the Companies Act, 1956, as amended. Depreciation has been calculated with reference to the month of addition/sale.

Cost of Leasehold Land and installation and other expenses incurred on machineries taken on lease are amortised over the period of the respective lease.

Cost of acquisition of Patents are amortised over the period of patent right.

4) Inventories :

Inventories are stated at 'cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'Weighted Average Cost'.

5) Investments :

Long Term Investments are carried at cost and Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments, script wise.

6) Foreign Currency Transactions :

(a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.

(b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rates.

(c) Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

- (d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognized in the Statement of Profit & Loss.
- (e) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference. The premium or discount on forward exchange contracts is recognized over the period of the respective contract.

7) Research & Development Expenditure :

Revenue expenditure is charged to Statement of Profit & Loss and Capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

8) Employee Benefits :

- (a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuations.

Actuarial gains and losses in respect of post employment and other long-term employee benefits are recognized in the Statement of Profit and Loss.

9) Amortisation of Miscellaneous Expenditure :

Miscellaneous Expenditure are being charged off on the following basis :

- (a) Technical Know-how : Over six years, on straight line basis;
- (b) Preliminary Expenditure : Over ten years, on straight line basis.

10) Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet Date is considered probable. Contingent Liabilities are shown by way of Notes to Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is not considered probable, hence not provided for. Contingent assets are not recognised in the accounts.

11) Borrowing Costs :

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

12) Taxes on Income :

Income-tax expense comprises Current tax and Deferred tax charge or credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. The Deferred tax Asset and Deferred tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax Assets on account of other timing differences are recognised only to the extent there is a reasonable certainty that the assets can be realized in future.

13) Impairment of Assets :

Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the

SHALIMAR WIRES INDUSTRIES LIMITED

present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased.

Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

After impairment, depreciation or amortisation on assets is provided on the revised carrying amount of the respective asset over its remaining useful life.

14) Operating Cycle :

All Assets and Liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule VI to the Companies' Act, 1956. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as less than 12 months for the purpose of current and non-current classification of assets and liabilities.

15) Cash flow statement :

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

16) Segment Reporting :

Segments are identified based on the dominant source and nature of risks and returns and the internal organisation and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting :

- (a) Inter segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market led.
- (b) Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been disclosed as "Unallocable".

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | <i>As at 31st March, 2012</i> | | | <i>As at 31st March, 2011</i> | | |
|---|-------------------------------|-------------------------------|--------------------|-------------------------------|----------------|--------------------|
| | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> |
| 2.1 SHARE CAPITAL : | | | | | | |
| a) Authorised : | | | | | | |
| i) 50,000,000 (Previous Year 50,000,000) Equity Shares of Rs.2/- (Previous Year Rs.2/-) each. | | | 100,000,000 | | | 100,000,000 |
| ii) 5,000,000 (Previous Year 5,000,000) Preference Shares of Rs.100/- each. | | | 500,000,000 | | | 500,000,000 |
| Total | | | 600,000,000 | | | 600,000,000 |
| b) Issued,Subscribed & Paid Up : | | | | | | |
| i) Equity Shares Fully Paid Up: | | | | | | |
| i) 6,655,123 (Previous Year 6,655,123) Equity Shares of Rs.2/- (Previous Year Rs,2/-). | | 13,310,246 | | 13,310,246 | | |
| ii) Equity Shares Partly Paid Up: | | | | | | |
| 25,000,000 (Previous Year Nil) Equity Shares of Rs.2/- each | 50,000,000 | | | - | | |
| Less : Calls Unpaid by a Director and others | 26,100,000 | 23,900,000 | 37,210,246 | - | - | 13,310,246 |
| iii) Preference Shares Fully Paid Up: | | | | | | |
| 2,934,349 (Previous Year 2,934,349) 8% Cumulative Redeemable Preference Share of Rs,100/- each. | | | 293,434,866 | | | 293,434,866 |
| Total | | | 330,645,112 | | | 306,745,112 |
| c) Reconciliation of the number of Equity Shares Outstanding : | | | | | | |
| Particulars | | 2011-12 | | | 2010-11 | |
| | | Nos | Nos | | Nos | Nos |
| Number of Shares outstanding at the beginning of the year. | | | 6,655,123 | | | 6,655,123 |
| Add : Number of shares allotted during the year (partly paid) | | | 25,000,000 | | | - |
| Number of Shares outstanding at the end of the year | | | 31,655,123 | | | 6,655,123 |
| d) Shares in the Company held by each Shareholders holding more than 5% Shares | | | | | | |
| Name of Shareholders | | As at 31st March, 2012 | | As at 31st March, 2011 | | |
| | | No. of | % of | No. of | % of | |
| | | shares held | holding | shares held | holding | |
| Sunita Khaitan | | 10,000,000 | 31.59 | - | - | |
| Life Insurance Corporation of India | | - | - | 671,950 | 10.10 | |
| Reliance Sheet Works Pvt. Ltd. | | 7,000,000 | 22.11 | - | - | |
| Amit Commercial Co. Ltd. | | 7,000,000 | 22.11 | - | - | |
| e) Rights, Preferences and Restrictions attached to shares | | | | | | |
| i) Each Equity Share holder holding shares of Rs.2/- each is eligible for one vote per share held and are entitled to receive dividends as declared from time to time. In the event of liquidation, the equity shares holders are eligible to receive the remaining assets of the Company after distribution of all preferential creditors in proportion to their Shareholdings. | | | | | | |
| ii) 8% Cumulative Redeemable Preference shares issued as per IDBI sanction dated 13th June 2006 by way of converting their overdue interest and redeemable in sixteen instalments commencing from 1st April 2017 and ending on 1st January 2021. Cumulative Preference dividend is expected to be paid annually over a period of four years commencing from the financial years 2017-18, based on the projected profitability and cashflows of the company. | | | | | | |

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

2.2 RESERVE & SURPLUS :

| PARTICULARS | Balance as at 1st April, 2011 | Addition | Deduction | Balance as at 31st March, 2012 |
|--|----------------------------------|--------------------|-----------|-----------------------------------|
| a) General Reserve | 28,763,318 | - | - | 28,763,318 |
| b) Surplus in the Statement of Profit and Loss | (2,076,441,566) | 119,509,142 | - | (1,956,932,424) |
| Total | (2,047,678,248) | 119,509,142 | - | (1,928,169,106) |

Notes :

General reserve is primarily created to comply with the requirements of section 205 (2A) of the Companies Act, 1956. This is a free reserve and can be utilised for any general purpose like for issue of bonus shares, payment of dividend, buy back of shares etc.

| | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|------------------------|-----|------------------------|------------|
| | Rs. | Rs. | Rs. | Rs. |
| 2.3 Share Application Money | | | | |
| (Share Application Money pending allotment to the extent not refundable) | | | | |
| Money received against 25,000,000 Equity Shares of Rs.2/- each proposed to be issued to a director and others | | | | 12,000,000 |

2.4 Long Term Borrowings :

a) Bonds / Debentures

Secured

| | | | | |
|--|-------------------|--------------------|-------------------|--------------------|
| i) 1,000,000 (Previous Year 1,000,000) 18% Redeemable Non-Convertible Debentures of Rs.100/- each privately placed with IDBI. | 100,000,000 | | 100,000,000 | |
| Less : Amount Due | <u>10,000,000</u> | 90,000,000 | <u>10,000,000</u> | 90,000,000 |
| Period of redemption: Pursuant to the BIFR Order dated 10th June 2010 repayment will start from financial year 2013-14 and end on 2016-17. | | | | |
| ii) 350,000 (Previous Year 350,000) 6% Redeemable Non-Convertible Debenture of Rs.100/- each privately placed with NIA. | | 2,145,658 | | 2,145,658 |
| iii) 100,000 (Previous Year 100,000) 6% Redeemable Non-Convertible Debentures of Rs.100/- each privately placed with OIC. | | 8,988,957 | | 8,988,957 |
| iv) 100,000 (Previous Year 100,000) 6% Redeemable Non-Convertible Debentures of Rs.100/- each privately placed with NIA. | 10,546,481 | <u>111,681,096</u> | 10,546,481 | <u>111,681,096</u> |

Period of redemption in respect of (ii) to (iv) above :

Repayment will be made after all the secured creditors agreeing to the restructuring scheme pursuant to the BIFR Order dated 10th June 2010 have been fully paid off.

NOTES TO ACCOUNTS**Nature of Security :**

The aforesaid debentures have been secured by a Second mortgage and charge (by execution of Debenture Trust Deed on certain immovable and movable properties of the Company. They are also secured by a second mortgage and charge on the immovable and movable assets of the Company at Uttarpara and Nasik (save and except book debts) both present and future but excluding assets purchased/to be purchased under Deferred Payment Scheme, Asset Credit Scheme and equipments purchased/to be purchased against Rupee and Foreign Currency Loans granted / to be granted by Financial Institutions subject, however, to prior charges created/to be created in favour of the Company's bankers on stocks and receivables for securing borrowings for working capital requirements.

| | <i>As at 31st March, 2012</i> | | | <i>As at 31st March, 2011</i> | | |
|--|-------------------------------|------------------|--------------------|-------------------------------|-------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| b) Term Loans : | | | | | | |
| i) From Banks/Financial Institutions | | | | | | |
| Secured : | | | | | | |
| ARCIL | 541,681,568 | | | 618,181,568 | | |
| IDBI | 99,000,000 | | | 99,000,000 | | |
| IDBI (ACS) | <u>50,681,935</u> | | | <u>110,681,935</u> | | |
| | 691,363,503 | | | 827,863,503 | | |
| Less : Current maturities of Term Loans (Refer Note - 2.9) | 124,000,000 | | | 177,500,000 | | |
| Less : Overdue portion of Term Loans (Refer Note - 2.9) | <u>157,500,000</u> | | | <u>-</u> | | |
| | | 409,863,503 | | | 827,863,503 | |
| Terms of Repayment : | | | | | | |
| IDBI : Pursuant to the BIFR Order dated 10th June 2010 repayment will start from the financial year 2013-14 and end on 2016-17. | | | | | | |
| ii) Other Parties | | | | | | |
| a) Loans and Advances from Related Parties : | | | | | | |
| Unsecured | | 2,591,049 | | | 2,731,050 | |
| b) Other than related parties | | | | | | |
| Unsecured : | | | | | | |
| Body corporates | 1,404,177 | | | 1,404,177 | | |
| SICOM | 4,757,756 | | | 4,757,756 | | |
| Sale Tax Loan (Under Sales Tax Deferral Scheme) | <u>28,906,419</u> | | | <u>28,906,419</u> | | |
| | 35,068,352 | | | 35,068,352 | | |
| Less : Overdue portion of Term Loans (Refer Note - 2.9) | <u>26,931,340</u> | <u>8,137,012</u> | <u>420,591,564</u> | <u>20,198,505</u> | <u>14,869,847</u> | <u>845,464,400</u> |

Terms of repayment :

- (i) Unsecured loans relating to promoters & body corporates are repayable after the repayment of all settled dues of the secured creditors are made pursuant to the rehabilitation scheme sanctioned by BIFR vide its Order dated 10th June, 2010.
- (ii) Loans from SICOM & Sale Tax Loan (Under Sales Tax Deferral Scheme) are repayable over a period of five Years after cut off date (31.03.2009) in equal annual instalments pursuant to the rehabilitation scheme sanctioned by BIFR vide its Order dated 10th June, 2010.

Nature of Security :

- (i) Term Loans from Financial Institutions and Banks except term loans of Rs.50,681,935/- (Previous Year Rs.110,681,935/-) as stated herein after are secured / to be secured by pari passu first charge by deposit of title deeds of all the immovable and movable properties, both present and future subject, however, to prior charges to created / to be created in favour of the Company's bankers on stocks and receivables for securing borrowings for working capital requirements.

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

(ii) Term Loans of Rs.50,681,935 /- (Previous Year Rs.110,681,935/-) under various Schemes of Financial Institution (IDBI) are secured by exclusive charge on Fixed Assets purchased as hereafter stated.

(iii) Period and amount in continuing default :

Refer Note - 2.9

| | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|---|------------------------|------------------|-----------|------------------------|-----------|-----|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| c) Long Term Maturities of Finance Lease | | | | | | |
| Secured : | | | | | | |
| Hdfc Bank Ltd | | 2,760,839 | | 4,113,209 | | |
| Tata Motors finance ltd | | 293,084 | | 497,396 | | |
| Family credit ltd | | 197,064 | | 266,003 | | |
| | | <u>3,250,987</u> | | <u>4,876,608</u> | | |
| Less : Current Maturities of Finance Lease Obligations (Refer Note - 2.9) | | <u>1,300,988</u> | 1,949,999 | <u>1,614,891</u> | 3,261,717 | |

NOTE :

i) Terms of repayment

Repayable in monthly instalments from July 2009 to January 2015 for respective cars covered under above lease.

ii) Nature of Security

The aforesaid leases are secured by the hypothication of the cars.

| | | | | | | |
|--------------|--|--------------------|--|--------------------|--|--|
| Total | | <u>534,222,659</u> | | <u>960,407,213</u> | | |
|--------------|--|--------------------|--|--------------------|--|--|

2.5 Deferred Tax Liabilities (Net) :

| | | | | | | |
|---|--|-------------------|--|--------------------|--|--|
| Deferred Tax Liabilities | | | | | | |
| Depreciation | | 47,027,517 | | 122,475,145 | | |
| Less : Deferred Tax Assets | | | | | | |
| Expenses allowable for tax purposes when paid | | <u>47,027,517</u> | | <u>112,904,161</u> | | |
| Total | | <u>-</u> | | <u>9,570,984</u> | | |

2.6 Other Long Term Liabilities :

| | | | | | | |
|---|--|-------------------|------------|-------------------|------------|--|
| a) Trade Payables | | 4,487,336 | | 13,656,110 | | |
| b) Other Payables | | | | | | |
| Accrued Expenses | | 39,723,247 | | 37,947,433 | | |
| Sales Tax in connection Leased Assets sales | | 4,593,236 | | 4,593,236 | | |
| Others | | <u>20,326,247</u> | 64,642,730 | <u>22,740,495</u> | 65,281,164 | |
| Total | | <u>69,130,066</u> | | <u>78,937,274</u> | | |

2.7 Long Term Provisions :

| | | | | | | |
|-------------------------------------|--|-------------------|------------|-------------------|------------|--|
| a) Provision for Employees Benefits | | | | | | |
| Gratuity | | 20,583,840 | | 17,988,171 | | |
| Leave Encashment | | <u>11,059,133</u> | 31,642,973 | <u>9,523,708</u> | 27,511,879 | |
| b) Others | | | | | | |
| Debenture Premium | | 1,375,000 | | 1,375,000 | | |
| Provision for Contingencies | | <u>350,000</u> | 1,725,000 | <u>350,000</u> | 1,725,000 | |
| Total | | <u>33,367,973</u> | | <u>29,236,879</u> | | |

NOTES TO ACCOUNTS

| | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|--|------------------------|-------------------|-----|------------------------|-----|-------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 2.8 Trade Payables : | | | | | | |
| Total outstanding dues of Micro and Small Enterprises | | 1,326,763 | | | | 453,330 |
| Total outstanding dues of other than Micro and Small Enterprises | | 44,665,960 | | | | 24,786,960 |
| | | <u>45,992,723</u> | | | | <u>25,240,290</u> |

Note :

1) Amount dues to suppliers are subject to confirmation of the parties.

2) **The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2012 as under :**

| | | |
|---|-----------|---------|
| The Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year. | 1,326,763 | 453,330 |
|---|-----------|---------|

| | | |
|--|---|---|
| The amount of Interest paid in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year. | - | - |
|--|---|---|

| | | |
|--|---|---|
| The amount of interest due and payable for the period of delay payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | - | - |
|--|---|---|

| | | |
|---|---|---|
| The amount of Interest accrued and remaining unpaid at the end of the year. | - | - |
|---|---|---|

| | | |
|---|---|---|
| The amount of Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | - | - |
|---|---|---|

| | | |
|--|---|---|
| The information has given in respect of such vendors to the extent they could be identified as "Micro and Small " enterprise on the basis of information available with the Company. | - | - |
|--|---|---|

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|--|------------------------|----------------------|---------------|------------------------|----------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 2.9 Other Current Liabilities : | | | | | | |
| Current Maturities of Finance Lease Obligations | | | 1,300,988 | | | 1,614,891 |
| Current Maturities of Lease Rent Payable | | | 4,862,496 | | | 4,862,496 |
| Current Maturities of Long Term Debts | | | 124,000,000 | | | - |
| Term Loans - Overdue | | | | | | |
| i) From Banks/Financial Institutions | | | | | | |
| Secured : | | | | | | |
| ARCIL (Refer Note No.2.4) | | 157,500,000 | | | - | |
| ii) Other parties - other than related parties | | | | | | |
| Unsecured : | | | | | | |
| SICOM | 3,806,205 | | | 2,854,654 | | |
| Sale Tax Loan (Under Sales Tax Deferral Scheme) (Refer Note No.2.4) | 23,125,135 | 26,931,340 | 184,431,340 | 17,343,851 | 20,198,505 | |
| Debentures - Overdue | | | | | | |
| i) 374,097 (Previous Year 374467) 14% Redeemable Debentures of Rs.30/- each. (Non-Convertible Portion) | 11,222,913 | | | 11,234,000 | | |
| ii) 249,375 (Previous Year 249,375) 14% Redeemable Debentures of Rs.20/- each. (Non-Convertible Portion) | 4,987,500 | | | 4,987,500 | | |
| iii) 10,300 (Previous Year 10,300) 14% Redeemable Debentures of Rs.10/- each. (Non-Convertible Portion) | 103,000 | | | 103,000 | | |
| | | | | | | |
| | | 16,313,413 | | 16,324,500 | | |
| Less : | | | | | | |
| Allotment Money in arrear. | 87,360 | | | 87,360 | | |
| Unpaid matured debentures (Payable as per BIFR Scheme) | 15,225,510 | | 1,000,543 | 15,225,510 | | 1,011,630 |
| Unpaid Matured Debentures and Interest accrued | | | | | | |
| Unpaid Matured Debentures | | 15,225,510 | | | 15,225,510 | |
| Interest Accrued and Due on Borrowings | | 1,672,851,334 | 1,688,076,844 | | 1,672,214,734 | 1,687,440,244 |
| Other Payables | | | | | | |
| Advance from Customers & others | 4,736,768 | | | 11,452,996 | | |
| Unpaid salaries and other payroll dues | 23,135,269 | | | 22,464,281 | | |
| Statutory liabilities | 5,254,818 | | | 4,331,023 | | |
| Accrued expenses | 12,956,129 | | | 15,391,852 | | |
| Retention Money | 25,784 | | | 4,189 | | |
| Others | 23,808 | 46,132,576 | | 21,358 | 53,665,699 | |
| Total | | <u>2,049,804,787</u> | | | <u>1,768,793,465</u> | |

NOTES TO ACCOUNTS**Notes :**

(i) **Period of redemption of Debentures in respect of (i) to (iii) above :** At par on the expiry of 7th, 8th and 9th years from the date of allotment i.e. 4th Feb' 1992.

(ii) **Nature of Security :** Refer Note No.2.4

(iii) **Period and amount in continuing default :** These loans could not be repaid even as per the restructuring terms (refer Note no. 2.19(2)). The company has reclassified them from long term borrowings under non-current liabilities and short term borrowing under current liabilities to Other current liabilities :

| Nature of Loans | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|---|--------------------------|------------------|-----|------------------------|-----|-----|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| | Amount of Default | Due Since | | | | |
| Secured - Term Loan | | | | | | |
| ARCIL | 22,500,000 | June, 2011 | | | | |
| ARCIL | 40,000,000 | Sep., 2011 | | | | |
| ARCIL | 40,000,000 | Dec., 2011 | | | | |
| ARCIL | 55,000,000 | March, 2012 | | | | |
| Unsecured Term Loan | | | | | | |
| SICOM | 951,551 | March, 2010 * | | | | |
| SICOM | 951,551 | March, 2011 * | | | | |
| SICOM | 951,551 | March, 2012 * | | | | |
| Sale Tax Loan (Under Sales Tax Deferral Scheme) | 5,781,284 | March, 2010 * | | | | |
| Sale Tax Loan (Under Sales Tax Deferral Scheme) | 5,781,284 | March, 2011 * | | | | |
| Sale Tax Loan (Under Sales Tax Deferral Scheme) | 5,781,284 | March, 2012 * | | | | |

* As confirmation regarding waiver of interest and penalty as per BIFR Scheme has not been received by us from SICOM and Sales tax Loan (Under Sales Tax Deferral Scheme) department Government of Maharashtra the amount as above could not be repaid.

2.10 Short Term Provisions :

| | | | | | | |
|--|--|-----------|----------------------|--|-----------|----------------------|
| a) Provision for Employees Benefits | | | | | | |
| Gratuity | | 2,943,847 | | | 3,683,495 | |
| Leave Encashment | | 1,947,740 | 4,891,587 | | 2,350,416 | 6,033,911 |
| Total | | | 4,891,587 | | | 6,033,911 |
| Grand Total | | | 1,139,885,801 | | | 1,149,286,880 |

SHALIMAR WIRES INDUSTRIES LIMITED

| 2.11 Fixed Assets | | | | | | | | | | | | | |
|--|-----------------|------------|------------|------------------|-------------------|---------------|------------|------------------|-------------------------|---------------------|---------------------|------------------|------------------|
| i) Tangible Assets | | | | | | | | | | | | | |
| Reconciliation of the Gross Carrying Amounts and Net Carrying Amounts at the beginning and at the end of the year | | | | | | | | | | | | | |
| Description of Assets | Gross Block | | | Depreciation | | | Impairment | | | Net Block | | | |
| | As at 1.04.2011 | Addition | Disposals | As at 31.03.2012 | Up to 31.03.2011 | For the Year | Disposals | Up to 31.03.2012 | As at 1.04.2011 | Reversed during the | Provided during the | As at 31.03.2012 | As at 31.03.2011 |
| Lands | 1,270,150 | - | - | 1,270,150 | - | - | - | - | - | - | - | 1,270,150 | 1,270,150 |
| Freehold | 1,005,213 | - | - | 1,005,213 | 284,804 | 11,581 | - | 296,385 | - | - | - | 708,828 | 720,409 |
| Buildings | 1,69,189,018 | 4,509,762 | - | 173,698,780 | 76,847,474 | 4,677,578 | - | 81,525,052 | - | - | - | 92,173,728 | 92,341,544 |
| Plant and Equipments | 1,125,826,950 | 60,020,070 | 82,553,612 | 1,103,293,408 | 831,457,611 | 46,577,712 | 64,387,102 | 813,643,281 | 15,015,337 | 15,015,337 | - | 289,650,127 | 279,353,669 |
| Furniture And Fixtures | 36,970,163 | 880,664 | - | 37,850,827 | 25,424,903 | 1,428,243 | - | 26,853,146 | - | - | - | 10,997,681 | 11,545,590 |
| Vehicles | 10,405,644 | 106,758 | - | 10,405,644 | 2,429,932 | 864,025 | - | 3,293,957 | - | - | - | 7,111,687 | 7,975,712 |
| Office Equipments | 8,661,235 | 512,048 | 1,033,415 | 8,767,993 | 5,884,225 | 306,519 | - | 2,577,249 | - | - | - | 2,577,249 | 2,777,011 |
| Computers | 31,083,519 | - | - | 30,562,152 | 26,496,563 | 1,051,994 | 955,903 | 26,592,654 | - | - | - | 3,969,498 | 4,586,955 |
| Total | 1,384,411,892 | 66,029,302 | 83,587,027 | 1,366,854,167 | 988,825,512 | 54,912,712 | 65,343,005 | 958,395,219 | 15,015,337 | 15,015,337 | - | 408,458,948 | 400,571,040 |
| Previous Year | 1,383,139,874 | 29,944,242 | 28,672,224 | 1,384,411,892 | 934,320,188 | 58,478,788 | 23,973,463 | 968,825,512 | - | - | 15,015,337 | 400,571,040 | - |
| Note : 1. Building include Rs.234277/- being cost of co-ownership flats. (Previous Year Rs.234277/-) | | | | | | | | | | | | | |
| 2. Fixed Assets include assets taken on hire purchase system after 01.04.2001 | | | | | | | | | | | | | |
| Vehicles Gross Block Rs.8810321/- (Previous Year Rs.8810321 /-) and Net Block Rs.7576038 /- (Previous Year Rs.7576038 /-). | | | | | | | | | | | | | |
| 3. Details of Minimum Hire Purchase Payments and their Present Value. | | | | | | | | | | | | | |
| | | | | | As at 31.03.2012 | | | | As at 31.03.2011 | | | | |
| a) Not later than one year | | | | | Min. HP Payment | Present Value | | | Min. HP Payment | Present Value | | | |
| b) Not later than one year and not later than five years. | | | | | | | 3,332,062 | 2,941,030 | 4,998,490 | 4,209,514 | | | |
| c) Later than five years | | | | | | | | | | | | | |
| 4. Provision for Impairment loss made during the year on the basis of valuation carried out by an Approved Valuer in respect of Plant & Machinery lying in Company's Nasik Unit. | | | | | | | | | | | | | |
| ii) Intangible Assets (Consolidated) | | | | | | | | | | | | | |
| Reconciliation of the Gross Carrying Amounts and Net Carrying Amounts at the beginning and at the end of the year | | | | | | | | | | | | | |
| Description of Assets | Gross Block | | | Depreciation | | | Impairment | | | Net Block | | | |
| | As at 1.04.2011 | Addition | Disposals | As at 31.03.2012 | Up to 31.03.2011 | For the Year | Disposals | Up to 31.03.2012 | As at 1.04.2011 | Reversed during the | Provided during the | As at 31.03.2012 | As at 31.03.2011 |
| Goodwill | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Brand / Trade Marks | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Software | - | 60,405 | - | 60,405 | - | 20,135 | - | 20,135 | - | - | - | 40,270 | - |
| - acquired | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - internally generated | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Copyright | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - acquired | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - internally generated | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Patents | 2,030,078 | - | - | 2,030,078 | 1,502,559 | 119,369 | - | 1,621,928 | - | - | - | 408,150 | 527,520 |
| - acquired | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - internally generated | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 2,030,078 | 60,405 | - | 2,090,483 | 1,502,559 | 139,504 | - | 1,642,063 | - | - | - | 448,420 | 527,520 |
| ii) Capital Work in Progress | | | | | | | | | | | | | |
| | | | | | Addition | | | | Deduction | | | | |
| | | | | | Op Bal 01.04.2011 | 494,442 | | | CI Bal As On 31.03.2012 | 569,160 | | | 3,264,901 |
| | | | | | 3,339,619 | | | | | | | | |

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | <i>As at 31st March, 2012</i> | | | <i>As at 31st March, 2011</i> | | |
|---|-------------------------------|---------------|-------------------|-------------------------------|---------------|-------------------|
| | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> |
| 2.12 Non-Current Investments | | | | | | |
| a) Investments in Equity instruments (At cost less provision for other than temporary diminution) | | | | | | |
| Quoted, Fully Paid Up | | | | | | |
| i) Anil Special Steel Industries Ltd 101550 (Previous Year 101550) Equity Shares of Rs.10/- each | 693,587 | | | 924,105 | | |
| ii) Sunil Synchem Ltd 337800 (Previous Year 168900) Equity Shares of Rs.10/- each | 2,195,700 | | | 2,195,700 | | |
| iii) Pamwi Tissues Ltd 260130 (Previous Year 519880) Equity Shares of Rs. 10/- each | 1 | | | 1 | | |
| iv) Sumangala Investment Co.Ltd 4200 (Previous Year 4200) Equity Shares of Rs. 10/- each. | <u>18,900</u> | 2,908,188 | | <u>18,900</u> | 3,138,706 | |
| Un-Quoted Fully Paid Up. | | | | | | |
| i) Shalimer Impex Ltd 1000 (Previous Year 1000) Equity Shares of Rs. 10/- each (Cost Rs.10,000/-, fully provided for diminution in value) | - | | | - | | |
| ii) Satya Sons Services Ltd 2000 (Previous Year 2000) Equity Shares of Rs.10/- each (Cost Rs.20,000/-, fully provided for diminution in value) | <u>-</u> | - | | <u>-</u> | - | |
| | | | 2,908,188 | | | 3,138,706 |
| b) Investments in Govt. or Trust Securities 7 Year National Savings Certificate (Lodge with Govt. Authorities) | | <u>13,000</u> | 13,000 | | <u>23,000</u> | 23,000 |
| Total | | | <u>2,921,188</u> | | | <u>3,161,706</u> |
| Aggregate amount of Quoted Investments | | | 5,583,013 | | | 5,583,013 |
| Market value of Quoted Investments | | | 5,624,146 | | | 5,854,665 |
| Aggregate amount of Un-Quoted Investment | | | 43,000 | | | 53,000 |
| Aggregate Provision for diminution in value of Investments | | | <u>2,704,825</u> | | | <u>2,474,307</u> |
| 2.13 Long Term Loans and Advances (Unsecured, Considered Good) | | | | | | |
| a) Capital Advances | | | 29,005,323 | | | 3,857,781 |
| b) Security Deposits | | | 16,087,430 | | | 13,561,285 |
| c) Other Loans and Advances | | | | | | |
| Inter Corporate Deposit* | 40,617,747 | | | 40,617,747 | | |
| Duties and taxes paid under protest | 6,530,105 | | | 8,534,307 | | |
| Staff Advance | 3,782,626 | | | 3,164,249 | | |
| Advance Income Tax | 1,726,323 | | | 2,401,758 | | |
| Others | <u>345,000</u> | | | <u>345,000</u> | | |
| Total | | | <u>53,001,801</u> | | | <u>55,063,061</u> |
| | | | <u>98,094,554</u> | | | <u>72,482,127</u> |

* In view of the long outstanding position, no interest income has been accounted for since 2001-2002 in respect of the above. No provision has been made against the same.

SHALIMAR WIRES INDUSTRIES LIMITED

| NOTES TO ACCOUNTS | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|---|------------------------|--------------------|-------------------|------------------------|-------------|-------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 2.14 Other Non-Current Assets (Unsecured, Considered Good) | | | | | | |
| Export Entitlement | | | 8,034,770 | | | 8,034,770 |
| Claim Receivable * | | | 2,697,618 | | | 2,697,618 |
| Advance for Gratuity | | | - | | | 7,352,537 |
| Fixed deposits with banks (Non current portion with original maturity period of more than 12 months) | | | | | | |
| - As Margin Money with banks | | | 812,142 | | | 2,219,825 |
| Total | | | <u>11,544,530</u> | | | <u>20,304,750</u> |
| * Realisable only when Nasik Unit comes into operation. No provision has been made against the same. | | | | | | |
| 2.15 Inventories (Valued at lower of cost and net realizable value, unless stated otherwise) | | | | | | |
| Raw Materials | | | 57,501,867 | | | 51,271,338 |
| Work in Progress | | | | | | |
| Wire | 11,663,375 | | | 7,324,785 | | |
| Brass | 5,020,301 | | | 2,253,892 | | |
| Cloth | 31,028,302 | | | 29,847,095 | | |
| Synthetic Cloth | 88,365,388 | | | 123,115,861 | | |
| Dandy Bracket | 1,089,993 | | | 2,045,371 | | |
| Others | 83,000 | 137,250,359 | | 232,423 | 164,819,427 | |
| Finished Goods | | 9,080,716 | | | 6,303,525 | |
| Stores & Spares | | 42,351,234 | | | 30,779,140 | |
| Factory Scrap * | | 58,304 | | | 262,107 | |
| Total | | <u>246,242,480</u> | | <u>253,435,537</u> | | |
| * Valued at Net Realisable Value | | | | | | |
| 2.16 Trade Receivables (Unsecured, Considered Good) | | | | | | |
| Outstanding for a period exceeding six month | 34,353,187 | | | 33,821,734 | | |
| Less : Provision for doubtful debts | 304,359 | | | 304,359 | | |
| | <u>34,048,828</u> | | | <u>33,517,375</u> | | |
| Others | 244,901,705 | 278,950,533 | | 209,021,706 | 242,539,081 | |
| | | <u>278,950,533</u> | | <u>242,539,081</u> | | |
| NOTE : | | | | | | |
| Trade receivables include Rs.28,75,455 outstanding since a long period from Related parties. However no provision against the same has been considered necessary. | | | | | | |
| 2.17 Cash and bank balances | | | | | | |
| Cash and Cash Equivalents | | | | | | |
| a) Balances with Banks | | | | 80,505,230 | | |
| In Current Accounts | 19,437,066 | | | | | |
| In Fixed Deposits | 12,890,884 | | | - | | |
| b) Cash on hand | <u>1,019,433</u> | 33,347,383 | | <u>1,323,124</u> | 81,828,354 | |
| Other bank balances | | | | | | |
| Deposits under lien with banks | | | | | | |
| Fixed deposits with banks as margin money | | | | | | |
| - Current portion of original maturity period more than 12 months | | | 6,633,116 | | 8,302,862 | |
| Total | | <u>39,980,499</u> | | <u>90,131,216</u> | | |

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | <i>As at 31st March, 2012</i> | | | <i>As at 31st March, 2011</i> | | |
|---|-------------------------------|-------------------|-------------------|-------------------------------|------------|-------------------|
| | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> |
| 2.18 Short Term Loans and Advances | | | | | | |
| a) Loans and Advances to Related Parties* (Unsecured, Considered Good) | | | 15,921,677 | | | 15,921,677 |
| b) Other loans and advances (Unsecured, Considered Good) | | | | | | |
| Advance to suppliers & others | 16,737,924 | | | 33,618,031 | | |
| Cenvat, Vat and other taxes/duties | 11,585,344 | | | 5,194,791 | | |
| Prepaid Expenses | 1,752,648 | | | 1,421,945 | | |
| Others | <u>3,084,549</u> | <u>33,160,465</u> | | <u>4,785,502</u> | | <u>45,020,269</u> |
| Total | | | <u>49,082,142</u> | | | <u>60,941,946</u> |

* In view of the long outstanding position, no interest income has been accounted for since 2001-2002 in respect of the above. No provision has been made against the same.

2.19 Other Current Assets

| | | | | |
|------------------------------|--|----------------|--|------------------|
| Interest accrued but not due | | <u>897,606</u> | | <u>1,852,337</u> |
| Total | | <u>897,606</u> | | <u>1,852,337</u> |

2.20 Revenue from operations

| | | | | | |
|--|--|------------------|--------------------|-------------------|--------------------|
| Sale of goods (Gross) | | | | | |
| Wire/Fabric for Pulp, Paper Board Industries | | 762,899,329 | | 705,838,994 | |
| Copper & Copper Alloy Wires Including Monel Wires | | 127,496,907 | | 121,829,169 | |
| Dandy Roll & Dandy Bracket | | 25,075,404 | | 31,223,064 | |
| Others | | <u>9,909,990</u> | 925,381,630 | <u>10,105,101</u> | 868,996,328 |
| Other operating income | | | | | |
| Export Entitlement | | 8,717,767 | | 20,450,324 | |
| Scrap Sale* | | <u>3,044,816</u> | <u>11,762,583</u> | <u>3,294,188</u> | <u>23,744,512</u> |
| Revenue from operations (Gross) | | | <u>937,144,213</u> | | <u>892,740,840</u> |
| Less : Excise duty and cess on sale of goods | | | <u>72,325,114</u> | | <u>66,907,860</u> |
| Revenue from operations (net) | | | <u>864,819,099</u> | | <u>825,832,980</u> |

* Net of Excise Duty.

2.21 Other Income

| | | | | | |
|---|--|----------------|-------------------|------------------|------------------|
| a) Interest Income | | | 1,858,566 | | 2,239,467 |
| b) Other Non-Operating Income (Net) | | | | | |
| Net gain on foreign currency transactions and translations | | 7,557,807 | | 1,325,207 | |
| Unspent liabilities/balances written back | | 2,205,861 | | 2,317,734 | |
| Profit on sale of fixed assets | | 367,415 | | - | |
| Miscellaneous income | | <u>655,212</u> | <u>10,786,295</u> | <u>2,434,766</u> | <u>6,077,707</u> |
| Total | | | <u>12,644,861</u> | | <u>8,317,174</u> |
| * Tax Deducted at Source | | | 124,328 | | 128,161 |

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | <i>Rs.</i> | <i>2011-12</i> | | <i>2010-11</i> | |
|--|------------|--------------------|-------------------|--------------------|--------------------|
| | | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> |
| 2.22 Cost of Materials Consumed | | | | | |
| Raw Materials | | | | | |
| Copper & Copper Alloy Wire | | 86,126,664 | | 73,080,383 | |
| Trivera Wire | | 69,339,616 | | 69,781,951 | |
| Stainless Steel Wire | | 61,063,831 | | 42,617,523 | |
| Strips | | 5,431,642 | | 4,929,653 | |
| Non-Ferrous | | 7,428,971 | | 5,319,533 | |
| Others | | 8,386,205 | | 13,376,351 | |
| Total | | <u>237,776,929</u> | | <u>209,105,394</u> | |
| 2.23 Changes in Inventories of finished goods, work-in-progress and scrap | | | | | |
| Finished Goods : | | | | | |
| Opening Stock | | 6,303,525 | | 14,697,844 | |
| Less : Closing Stock | | <u>9,080,716</u> | (2,777,191) | <u>6,303,525</u> | 8,394,319 |
| Work in Progress : | | | | | |
| Opening Stock | | 164,819,427 | | 150,531,237 | |
| Less : Closing Stock | | <u>137,250,359</u> | 27,569,068 | <u>164,819,427</u> | (14,288,190) |
| Scrap | | | | | |
| Opening Stock | | 262,107 | | 341,544 | |
| Less : Closing Stock | | <u>58,304</u> | 203,803 | <u>262,107</u> | 79,437 |
| Total | | | <u>24,995,680</u> | | <u>(5,814,434)</u> |
| 2.24 Employees Benefits Expense | | | | | |
| Salaries and Wages | | 135,046,424 | | 130,826,320 | |
| Contribution to Provident Fund and Other Fund | | 8,982,527 | | 8,377,850 | |
| Staff welfare Expense | | 12,491,971 | | 11,985,360 | |
| | | <u>156,520,922</u> | | <u>151,189,530</u> | |
| Note : Salaries and Wages include Rs.2,94,529/- (Previous Year Rs.2,46,558 /-) being expenses incurred on Research & Development. | | | | | |
| 2.25 Finance Cost | | | | | |
| Interest Expense | | | 33,540,502 | | 45,497,717 |
| 2.26 Depreciation and Amortization Expense | | | | | |
| Tangible Assets | | | 53,176,186 | | 54,144,915 |
| Intangible Assets | | | 139,504 | | 119,369 |
| Total | | | <u>53,315,690</u> | | <u>54,264,284</u> |

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | <i>Rs.</i> | <i>2011-12</i> | | <i>2010-11</i> | |
|---|------------|------------------|--------------------|------------------|--------------------|
| | | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> |
| 2.27 Other Expenses | | | | | |
| Consumption of Stores & Spare parts | | | 48,152,306 | | 46,035,817 |
| Power & Fuel | | | 28,040,193 | | 25,083,624 |
| Rent | | | 3,388,741 | | 3,538,799 |
| Repairs | | | | | |
| Building | | 816,083 | | 2,749,531 | |
| Machinery | | 30,862,609 | | 20,640,345 | |
| Others | | <u>2,206,729</u> | 33,885,421 | <u>3,214,545</u> | 26,604,421 |
| Insurance | | | 3,170,879 | | 2,754,848 |
| Rates & Taxes | | | 732,968 | | 965,531 |
| Travelling & Conveyance | | | 30,347,236 | | 26,946,898 |
| Directors' Fees | | | 397,000 | | 266,000 |
| Payment to Auditors | | | | | |
| As auditor for statutory audit | | 150,000 | | 134,185 | |
| For tax audit | | 85,000 | | 75,000 | |
| For other services (Limited reviews & certifications) | | 52,500 | | 109,060 | |
| For reimbursement of expenses | | <u>7,560</u> | 295,060 | <u>36,416</u> | 354,661 |
| Brokerage & Commission | | | 17,597,483 | | 14,581,038 |
| Legal and Professional Expense | | | 25,499,250 | | 29,578,928 |
| Freight & Forwarding | | | 5,511,562 | | 5,144,298 |
| Compensation | | | 8,966,910 | | 7,679,107 |
| Loss on Sale / Discard of Tangible Assets | | | - | | 3,529,035 |
| Provision for doubtful debts and advances | | | 32,191 | | 14,044,826 |
| Sundry Balances Written off | | | 2,037,422 | | 861,476 |
| Prior Period Expense * | | | 9,469,686 | | 2,107,798 |
| Miscellaneous Expenses | | | <u>32,573,399</u> | | <u>26,570,980</u> |
| | | | <u>250,097,707</u> | | <u>236,648,085</u> |
| * Prior period expense includes | | | | | |
| Contribution to Gratuity Fund | | 7,545,461 | | 305,250 | |
| Legal & Professional Fees | | 460,000 | | 223,132 | |
| Vehicle Expenses | | 11,520 | | 74,263 | |
| Rates & Taxes | | 113,143 | | - | |
| DEPB License | | 964,604 | | - | |
| Exchange Fluctuation | | - | | 412,712 | |
| Others | | <u>374,958</u> | 9,469,686 | <u>1,092,441</u> | 2,107,798 |

SHALIMAR WIRES INDUSTRIES LIMITED

NOTES TO ACCOUNTS

| | <i>Rs.</i> | <i>2011-12</i> <i>Rs.</i> | <i>Rs.</i> | <i>Rs.</i> | <i>2010-11</i> <i>Rs.</i> | <i>Rs.</i> |
|--|------------|------------------------------|------------|-------------|------------------------------|------------|
| 2.28 Exceptional and Extraordinary Items | | | | | | |
| i) Exceptional Items | | | | | | |
| Write back of accrued interest and principal amount of SBI India MF & SBI acif MF | | | - | | 932,349 | |
| Write back of accrued interest amount of NIA | | | - | | 122,730,955 | |
| Write back of accrued interest amount of OIC | | | - | | 79,873,355 | |
| Write back of ICD taken from promoters & Body Corporates including interest | | | - | | 29,962,910 | |
| Write back of Sundry Creditors Balances | | | - | | 82,642,216 | |
| Write back of accrued interest amount of SBI Lease Finance | | | - | | 105,099,638 | |
| Write back of accrued interest amount of MSEB | | | - | | 10,559,329 | |
| Write back of accrued interest amount of Demerger of Stamp Duty | | | - | | 23,059,261 | |
| Write back of accrued interest amount of SICOM Loan | | | - | | 9,899,104 | |
| Write back of accrued interest amount of SICOM Package Scheme | | | - | | 2,009,912 | |
| Total | | | <u>-</u> | | <u>466,769,029</u> | |
| 2.29 Extraordinary Items | | | | | | |
| Reduction in Equity Shares of the Company on account of capital restructuring | | | - | | 53,240,984 | |
| Adjustment of the Balance in Capital Reseve on account of capital restructuring | | | - | 10,209,787 | | |
| Adjustment of the Balance in Securities Reserve on account of capital restructuring | | | - | 121,021,600 | | |
| Adjustment of the Balance in Capital Redemption | | | - | 1,000,000 | | |
| Adjustment of the Balance in Debenture Redemption Reseve on account of capital restructuring | | | - | 113,800,000 | 246,031,387 | |
| Total | | | <u>-</u> | | <u>299,272,371</u> | |

NOTES TO ACCOUNTS

| | Qty (Kg) | 2011-12 Value | Value | Qty (Kg) | 2010-11 Value | Value |
|--|-------------|------------------|--------------------|-------------|------------------|--------------------|
| 2.30 Other Disclosure | | | | | | |
| (i) Contingent Liabilities and Commitments (To the extent not provided for) | | | | | | |
| i) Contingent Liabilities | | | | | | |
| (a) Claims against the company not acknowledged as debt | | | 12,200,831 | | | 53,723,591 |
| (b) Guarantees | | | 7,415,258 | | | 8,134,491 |
| (c) Sale Tax Demands | 211,368,516 | | | 215,730,802 | | |
| (d) Excise Demands | 193,611,551 | | | 190,859,573 | | |
| (e) Municipal Tax Demands | 1,168,750 | | | 1,168,750 | | |
| (f) Non fulfilment of Export Obligation under DEEC Scheme | 57,324,691 | | | 57,324,691 | | |
| (g) Non fulfilment of Export Obligation under ISIL Scheme | 6,590,672 | 470,064,180 | | 6,590,672 | 471,674,488 | |
| Total | | | <u>489,680,269</u> | | | <u>533,532,570</u> |
| ii) Commitments. | | | | | | |
| a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for. | | | 58,396,355 | | | 13,804,048 |
| b) Advance paid against above | | | 29,005,323 | | | 3,857,781 |

Note :

- The above contingent liability in respect of Sales Tax includes an amount of Rs.1,79,166,738/- (Previous Year Rs.1,79,166,738/-) being tax demand by the Sales Tax Authorities on sale of synthetic fabric manufactured by the Company for the year 1993-94,1995-96 to 2004-05 consequent upon the treatment of such fabric as a taxable item which the Company claims to be non-taxable. The Company's appeal in respect of the aforesaid demand is pending before various authorities. In respect of demand for disputed Sales Tax in Synthetic of Rs.78,061,140 /- for the year 1993-94,1995-96,1997-98,1999-2000 and 2003-04,orders in favour of the Company have been issued by W.B.Commercial Taxes Appellate and Revision Board and Sr.Joint Commissioner. The Sales Tax department has filed review petition before the West Bengal Commercial Taxes appellate and Revision Board for the year 1995-96,1997-98 and 2003-04 against their aforesaid order which is pending.

Proceedings have also been initiated by the Sales Tax authorities to re-open assesment in respect of certain other years, though no demand has been raised by the Department in respect of above years. The company is contesting the same and has been legally advised that the above is not taxable.
- The above Contingent Liabilities for Excise Demands includes demands made by Central Excise Authorities from time to time on some alleged intermediate product (Grey Fabric) of Synthetic Wire Cloth for the following periods -

From September' 1987 to June' 1997 Rs.36,362,543 /- and From July'1992 to January' 1996 & 2000 to March'2010 Rs.1,52,798,363 /-. The Company is contesting the same before CESTAT and Supreme Court simultaneously and has been legally advised that no duty is payable on the same intermediate product.
- The Contingent Liabilities representing dues to various Government Authorities as stated in (i) (a) to (i) (c) above have been arrived at after considering the reliefs granted by BIFR vides its Order dated 10.06.2010. however, the figure for fulfilment of export obligation under ISIL does not include interest / penalty, demand etc.amounting to Rs.34398564 /- as the export obligation has been extended by the appropriate authority vide Order no.01/94/180/142/AM11/PC-4/606 dated 02.07.2010 for certain years as according to the Company obligations of the same have been extended and is pending for fulfilment.

SHALIMAR WIRES INDUSTRIES LIMITED

| NOTES TO ACCOUNTS | | | | | | |
|--|------------|------------------|-------|------------|------------------|-------|
| | Qty (Kg) | 2011-12 Value | Value | Qty (Kg) | 2010-11 Value | Value |
| (ii) Earnings per share | | | | | | |
| Including Extraordinary Items | | | | | | |
| Profit/(Loss) after taxation as per Statement of Profit and Loss from Continuing Operations | | 130787514 | | | 673,853,736 | |
| Profit/(Loss) after taxation as per Statement of Profit and Loss from Total Operations | | 119509142 | | | 885,421,679 | |
| Excluding Extraordinary Items | | | | | | |
| Profit/(Loss) after taxation as per Statement of Profit and Loss from Continuing Operations | | 130787514 | | | 374,581,365 | |
| Profit/(Loss) after taxation as per Statement of Profit and Loss from Total Operations | | 119509142 | | | 586,149,308 | |
| Weighted average number of equity shares outstanding | | 12625751 | | | 6,655,123 | |
| Basic and diluted Earnings per Share (in Rupees) | | | | | | |
| Including Extraordinary Items | | | | | | |
| Profit/ (Loss) after taxation as per Statement of Profit and Loss from Continuing Operations | | 10.36 | | | 101.25 | |
| Profit/ (Loss) after taxation as per Statement of Profit and Loss from Total Operations | | 9.47 | | | 133.04 | |
| Excluding Extraordinary Items | | | | | | |
| Profit/(Loss) after taxation as per Statement of Profit and Loss from Continuing Operations | | 10.36 | | | 56.28 | |
| Profit/ (Loss) after taxation as per Statement of Profit and Loss from Total Operations | | 9.47 | | | 88.07 | |
| (Face value - Rs.2/- per Share) | | | | | | |
| (iii) a) The aggregate, if material, of any amounts set aside to provisions made for meeting specific liabilities, contingencies or commitments. | | | | | | |
| Contingencies | | 350,000 | | | 350,000 | |
| Total | | 350,000 | | | 350,000 | |
| Note : The above contingencies Rs.3.50 lakhs (Previous Year Rs.3.50 lakhs) is dependent upon Court decision/out of Court Settlement Disposal of appeals, etc. | | | | | | |
| (iv) a) Value of imports calculated on C.I.F basis by the company during the financial year in respect of - | | | | | | |
| I. Raw Materials | | 179,612,713 | | | 139,091,353 | |
| II. Components and Spare Parts | | 19,084,363 | | | 12,648,871 | |
| III. Capital Goods | | 34,718,019 | | | 689,602 | |
| b) Expenditure in Foreign Currency during the financial year : | | | | | | |
| I. Travelling | | 4,231,266 | | | 5,045,776 | |
| II. Commission to Selling Agents | | 16,657,449 | | | 14,471,338 | |
| III. Others | | 449,693 | | | 40,593 | |

NOTES TO ACCOUNTS

| | Qty (Kg) | 2011-12 Value | Value | Qty (Kg) | 2010-11 Value | Value |
|--|------------|--------------------|-------|------------|--------------------|-------|
| c) Total value of Imported and Indigenous materials consumed : | | | | | | |
| I. Raw Material | | | | | | |
| Imported | | 172,715,922 | | | 149,717,854 | |
| Indigenous | | 65,061,007 | | | 59,387,540 | |
| Total | | <u>237,776,929</u> | | | <u>209,105,394</u> | |
| II. Spare Parts and Components | | | | | | |
| Imported | | 5,214,751 | | | 7,120,943 | |
| Indigenous | | 42,937,555 | | | 38,914,874 | |
| Total | | <u>48,152,306</u> | | | <u>46,035,817</u> | |
| d) Earnings in Foreign Exchange | | | | | | |
| I. Export of Goods calculated on F.O.B. Basis. | | 188,243,661 | | | 170,952,734 | |
| (v) Amounts due in respect of Trade receivables, Loans & advance given which are considered good and the amounts due to parties are subject to confirmation from the respective parties. | | | | | | |
| (vi) Debenture Redemption Reserve has not been created during the year in view of brought forward loss. | | | | | | |
| (vii) No provision for taxation has been made in the accounts in view of carry forward loss. Also Minimum Alternate Tax (MAT) provision has not been made since this is not applicable as the Company is a Sick Industrial Company. | | | | | | |
| (viii) Related Party Disclosures under Accounting Standard - 18 : | | | | | | |
| (a) Key Management Personnel : | | | | | | |
| Mr. Sunil Kumar Khaitan | | | | | | |
| (b) Relatives of Key Management Personnel : | | | | | | |
| Mrs. Sita Devi Khaitan (Mother of Mr. Sunil Kumar Khaitan) | | | | | | |
| Mr. Anil Kumarr Khaitan (Brother of Mr. Sunil Kumar Khaitan) | | | | | | |
| Mr. Umaesh Khaitan (Brother of Mr. Sunil Kumar Khaitan) | | | | | | |
| (c) Enterprises over which key management personnel and their relatives are able to exercise significant influence : | | | | | | |
| Sunil Healthcare Limited | | | | | | |
| Shalimar Industries Limited | | | | | | |
| ASIL Industries Limited | | | | | | |
| Satya Sons Services Limited | | | | | | |

SHALIMAR WIRES INDUSTRIES LIMITED

Details of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2012 :

| Transactions with Related Parties | Enterprises over which significant Influence exists | | Key Management Personnel | | Relatives to Key Management Personnel | | Total | |
|---|---|------------|--------------------------|-----------|---------------------------------------|---------|------------|------------|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Remuneration | | | | | | | | |
| Mr. Sunil Kumar Khaitan | - | - | 3,608,000 | 2,253,844 | - | - | 3,608,000 | 2,253,844 |
| Balance Outstanding | | | | | | | | |
| Inter Corporate Deposit receivable | | | | | | | | |
| Anil Special Steel Industries Ltd. | 15,589,477 | 15,589,477 | - | - | - | - | 15,589,477 | 15,589,477 |
| Shalimar Industries Limited | 332,200 | 332,200 | - | - | - | - | 332,200 | 332,200 |
| Accounts Receivable : | | | | | | | | |
| Anil Special Steel Industries Ltd. | 2,875,455 | 2,875,455 | | | | | 2,875,455 | 2,875,455 |
| Shalimar Industries Limited | 429,951 | 429,951 | | | | | 429,951 | 429,951 |
| Accounts Payables : | | | | | | | | |
| Mr. Sunil Kumar Khaitan | - | - | 1,749,305 | 1,889,305 | - | - | 1,749,305 | 1,889,305 |
| Mr. Anil Kumar Khaitan | - | - | - | - | 674,727 | 674,727 | 674,727 | 674,727 |
| Shalimar Industries Limited | 13,537 | 13,537 | - | - | - | - | 13,537 | 13,537 |
| Sunil Healthcare Limited | 153,322 | 153,322 | - | - | - | - | 153,322 | 153,322 |
| Satya Sons Services Limited | 158 | 158 | - | - | - | - | 158 | 158 |

NOTES :

- a) No amount has been written back / written off during the year in respect of due to / from related parties except write back of Inter Corporate Deposit payable of Rs. Nil (Previous year Rs.15,075,000/-) and Sundry creditor balances of Rs.Nil (Previous year Rs.123,253/-) as per BIFR order.
 - b) No provision for doubtful debts has been made in respect of dues from related parties.
- (ix) The accumulated losses of the Company exceeded its net worth and the Company was declared as Sick Industrial Company as per the Sick Industrial Companies (Special Provision) Act, 1985 by the Board of Industrial and Financial Reconstruction (BIFR) vide its order dated 30.01.2006. The said Board has accorded its approval as conveyed vide its Order dated 10.06.2010 to the Draft Rehabilitation Scheme (DRS) submitted by the Company and which was received the Company on 24.06.2010 the effect of the above has been duly given in the accounts.

SHALIMAR WIRES INDUSTRIES LIMITED

(x) Discontinued Operation :

a) The Company has discontinued its Nasik Unit from 2nd July' 2003 onwards. The results of the discontinued business during the year were as under :

(Amount in Rs.)

| PARTICULARS | For the year ended 31st March, 2012 | | For the year ended 31st March, 2011 | |
|---|--|---------------------|--|---------------------|
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Expenses : | | | | |
| Cost of Materials Consumed | - | - | - | - |
| Purchases of Stock in Trade | - | - | - | - |
| Changes in Inventories of Finished Goods, Work-in-Progress & Stock in Trade | - | - | 7,231,762 | - |
| Employees Benefits | 1,248,730 | - | 1,104,459 | - |
| Finance Cost | - | - | - | - |
| Depreciation and Amortisation | 1,736,526 | - | 4,333,872 | - |
| Other Expenses | 8,793,116 | - | 18,440,968 | - |
| Total Expenses | | 11,778,372 | | 31,111,061 |
| Loss before tax from ordinary activities | | (11,778,372) | | (31,111,061) |
| Add : Gain on disposal of assets/settlement of liabilities attributable to Discontinuing operation | | 500,000 | | 242,679,004 |
| Profit / (Loss) from discontinuing operations after tax | | (11,278,372) | | 211,567,943 |
| Carrying amount of the total assets relating to discontinuing operations to be disposed off | | 49,735,799 | | 54,337,012 |
| Carrying amount of the total liabilities relating to discontinuing operations to be settled | | 51,805,229 | | 53,227,010 |
| Net cash flow attributable to the discontinued operation | | | | |
| Cash inflows / (outflow) from operating activities | | 22,256,701 | | (5,323,383) |
| Cash inflows / (outflow) from investing activities | | 4,708,026 | | 19,349,209 |
| Cash inflows / (outflow) from financing activities | | (26,964,852) | | (14,025,932) |

b) As per the demarger order passed by the Hon'ble Calcutta High Court long back the Company is liable to pay stamp duty under Bombay Stamp Act, 1958 for registration of its immovable properties located in Maharashtra and accordingly has made estimated provision of Rs. 210.32 lakhs on account of stamp duty. Pursuant to the said order, Rs. 210.32 lakhs is receivable from Jhagadia Copper Ltd (Formerly SWIL Ltd.) which will be accounted for as and when received.

(xi) Segment Reporting Disclosures under Accounting Standard - 17 :

Based on the guiding principles given in Accounting Standard 17 'Segment Reporting', the Company's primary business segments are (a) Paper Mill Product and (b) Strip & Wire.

Segment wise Revenue, Results and Capital Employed for the year ended 31st March, 2012 :

| A. Primary Segment | 2011-2012 | | 2010-2011 | |
|--|-------------|--------------------|-------------|--------------------|
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| 1. Segment Revenue (Gross Sales / Income from each segment) | | | | |
| (a) Paper Mill Products | | | | |
| i) External Revenue | 821,758,870 | - | 776,539,590 | - |
| ii) Inter segment Revenue | - | 821,758,870 | - | 776,539,590 |
| (b) Strip & Wire | | | | |
| i) External Revenue | 128,530,204 | - | 131,750,186 | - |
| ii) Inter segment Revenue | - | 128,530,204 | - | 131,750,186 |
| (c) Others | | 950,289,074 | | 908,289,776 |

SHALIMAR WIRES INDUSTRIES LIMITED

| | | | | |
|---|------------------------|--------------------|------------------------|--------------------|
| | 2011-2012 | | 2010-2011 | |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| 2. Segment Results [(Profit / (Loss) before Tax and interest] | | | | |
| (a) Paper Mill Products | | 180,341,605 | | 201,710,418 |
| (b) Strip & Wire | | (36,632,427) | | (38,767,238) |
| (c) Others | | (230,518) | | (304,650) |
| Total | | <u>143,478,660</u> | | <u>162,638,530</u> |
| Less : Interest Cost | | (33,540,502) | | (43,258,250) |
| Add : Exceptional Items : Write back (Net) on account of BIFR scheme | | - | | 466,769,029 |
| Total Profit /(Loss) before Tax | | <u>109,938,158</u> | | <u>586,149,309</u> |
| 3. Net Segment Assets (Segment Assets less Segment Liabilities) | | | | |
| | As at 31st March, 2012 | | As at 31st March, 2011 | |
| | Assets | Liabilities | Assets | Liabilities |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| (a) Paper Mill Products | 917,779,958 | 129,112,575 | 949,776,125 | 124,377,359 |
| (b) Strip & Wire | 132,713,538 | 107,200,607 | 119,320,144 | 73,166,190 |
| (c) Unallocable liabilities less unallocable assets. | 89,392,305 | 27,120,536 | 80,190,612 | 37,082,552 |
| | <u>1,139,885,801</u> | <u>263,433,718</u> | <u>1,149,286,881</u> | <u>234,626,101</u> |
| 4. Capital expenditure including capital work-in-progress and depreciation | | | | |
| | 2011-2012 | | 2010-2011 | |
| | Capital Expenditure | Depreciation | Capital Expenditure | Depreciation |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| (a) Paper Mill Products | 66,014,989 | 47,629,478 | 31,846,128 | 45,261,817 |
| (b) Strip & Wire | - | 7,422,738 | - | 13,336,339 |
| (c) Others | - | - | - | - |
| Total | <u>66,014,989</u> | <u>55,052,216</u> | <u>31,846,128</u> | <u>58,598,156</u> |
| 5. Significant non cash expenses other than Depreciation | | | | |
| | | 2011-2012 | | 2010-2011 |
| | | (Rs.) | | (Rs.) |
| (a) Paper Mill Products | | 32,191 | | 13,350,722 |
| (b) Strip & Wire | | - | | 15,710,307 |
| (c) Others | | - | | - |
| Total | | <u>32,191</u> | | <u>29,061,029</u> |

SHALIMAR WIRES INDUSTRIES LIMITED

B. Secondary Segment

Geographical distribution of segment revenues

| | Paper Mill Products (Rs.) | Strip & Wire (Rs.) | Others (Rs.) | Total (Rs.) |
|-----------------------------|--|--|-----------------|--|
| 1. India | 645,037,467 (627,961,337) | 117,007,946 (112,087,879) | - | 762,045,413 (740,049,216) |
| 2. European Continent | 543,518 | 8,939,320 (16,522,013) | - | 9,482,838 (16,522,013) |
| 3. African Continent | 3,588,035 (5,598,577) | - | - | 3,588,035 (5,598,577) |
| 4. U.S.A. | 1,695,858 | - | - | 1,695,858 |
| 5. South American Continent | - | (52,137) | - | (52,137) |
| 6. Other Asian Countries | - | - | - | - |
| | 170,893,992 (142,979,676) | 2,582,938 (3,088,157) | - | 173,476,930 (146,067,833) |
| Total | 821,758,870 (776,539,590) | 128,530,204 (131,750,186) | - | 950,289,074 (908,289,776) |

Note :

- a) The Company has disclosed business segment as the primary segment.
- b) Transactions between segments are for materials which are transferred at cost.
- c) Segment revenue and expense include items directly attributable to the segment and common costs, apportioned on a reasonable basis. They do not include investment income, interest income from Inter-corporate deposits and loans given, dividend income and interest expense.
- d) All Segment assets and liabilities are directly attributable to the segment.
Segment assets include all operating assets used by the segment and consists principally of net fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include investments, loans given, interest accrued and due/ but not due, share capital, reserves and surplus and loans.

(xii) Disclosure in terms of Accounting Stanadrd - 29

(a) Movement for Provision for Liabilities :

| Particulars | Legal Cases |
|---------------------------------|--|
| Balance as at 1st April,2011 | 350,000 |
| Provided During the period | - |
| Amount used during the period | - |
| Reversed during the period | - |
| Balance as at 31st March,2012 | 350,000 |
| Timing of outflow/uncertainties | Outflow on settlement/ Crystallization |

- (b) The Contingent Liabilities & Liabilities mentioned at Sl. No. 1 & 24 (a) repectively are dependent upon Court decision/out of Court Settlement/ Disposal of appeals, etc.
- (c) No reimbursement is expected in the case of Contingent Liabilities & Liabilities shown respectively under Sl. No. 1 & 24(a) above.

SHALIMAR WIRES INDUSTRIES LIMITED

(xiii) Employees Benefits under Accounting Standard - 15 :

2011-2012
(Rs.)

2010-2011
(Rs.)

As per Accounting Standard - 15 " Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are as follows :

Defined Contribution Plan :

Employee benefits in the form of Provident Fund, Superannuation Fund, Employee State Insurance Scheme and Labour Welfare Fund are considered as defined contribution plan except that Provident Fund in respect of certain employees is contributed to a fund set up by the Company which is treated as a Defined Benefit Plan since the Company has to meet the interest shortfall.

The contributions to the funds are made in accordance with the relevant statute and are recognized as an expense when employees have rendered service entitling them to the contributions. The contribution to Defined Contribution Plan, recognized as expense for the year are as under :

Defined Contribution Plan

| | | |
|--|-----------|-----------|
| Employer's Contribution to Provident Fund | 8,982,527 | 8,377,850 |
| Employer's Contribution to Employee State Insurance Scheme | 3,111,742 | 3,241,555 |
| Employer's Contribution to Labour Welfare Fund | 10,371 | 9,378 |

Defined Benefit Plan :

Post employment and other long-term employee benefits in the form of gratuity and leave encashment are considered as Defined Benefit Obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognized in the Balance Sheet represent the present value of the obligation as adjusted for unrecognized past service cost and as reduced by the fair value of plan assets.

Provident Fund in respect of certain employees is contributed to a fund set up by the Company which is treated as a Defined Benefit Plan since the Company has to meet the interest shortfall. There is no interest shortfall as at the year end. As advised by an independent actuary, it is not practical or feasible to actuarially value the liability considering that the rate of interest is notified by the Government . Accordingly other related disclosures in respect of Provident Fund have not been made.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the Statement of Profit and Loss for the year in respect of Employees Benefit Schemes based on actuarial reports is as follows :

| | Rs. in Lacs | | | | | |
|--|-----------------|--------|----------|--------|------------------|-------|
| | <i>Gratuity</i> | | | | Leave Encashment | |
| | Funded | | Unfunded | | Funded | |
| | 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| Components of Employer Expense : | | | | | | |
| Current Service Cost | (3.80) | (5.04) | 20.62 | 22.58 | 4.63 | 4.51 |
| Past Service Cost | - | - | - | - | - | - |
| Interest Cost | 3.98 | 4.13 | 23.27 | 21.28 | 9.71 | 8.59 |
| Expected Return on Plan Asset | - | - | (5.50) | (5.01) | - | - |
| Acturial (gain)/loss recognized in the year | - | - | 5.48 | 4.36 | 17.58 | 23.54 |
| Expense recognized in statement of Profit & Loss | 0.18 | (0.91) | 43.87 | 43.21 | 31.92 | 36.64 |

SHALIMAR WIRES INDUSTRIES LIMITED

Change in Present Value of Defined Benefit Obligation :

| | <i>Gratuity</i> | | | | Leave Encashment | |
|--|-----------------|--------|----------|---------|------------------|---------|
| | Funded | | Unfunded | | Funded | |
| | 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| Present Value of Defined Benefit Obligation at the beginning of the year | 48.04 | 48.95 | 281.49 | 250.64 | 117.33 | 100.68 |
| Interest Cost | 3.98 | 4.13 | 23.27 | 21.28 | 9.71 | 8.59 |
| Past Service Cost | - | - | - | - | - | - |
| Current Service Cost | (3.80) | (5.04) | 20.62 | 22.58 | 4.64 | 4.51 |
| Benefits paid | - | - | (31.38) | (17.77) | (21.15) | (19.98) |
| Acturial (gain)/loss | - | - | 6.21 | 4.76 | 17.58 | 23.54 |
| Present Value of Obligation at the end of the year | 48.22 | 48.04 | 300.21 | 281.49 | 128.11 | 117.34 |

Change in fair value of Plan Assets during the year :

| | <i>Gratuity</i> | | | | Leave Encashment | |
|--|-----------------|--------|----------|---------|------------------|---------|
| | Funded | | Unfunded | | Funded | |
| | 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| Plan Assets at the beginning of the year | 48.04 | 48.95 | 68.44 | 56.90 | - | - |
| Expected Return on Plan Assets | - | - | 5.50 | 5.01 | - | - |
| Actual Company Contribution | 0.18 | (0.91) | 25.82 | 23.90 | 21.15 | 19.98 |
| Benefits Paid | - | - | (31.38) | (17.77) | (21.15) | (19.98) |
| Acturial (gain)/loss | - | - | 0.74 | 0.40 | - | - |
| Plan Assets at the end of the year | 48.22 | 48.04 | 69.12 | 68.44 | - | - |

Net Asset/(Liability) recognized in the Balance Sheet as at the year end :

| | <i>Gratuity</i> | | | | Leave Encashment | |
|---|-----------------|---------|----------|----------|------------------|----------|
| | Funded | | Unfunded | | Funded | |
| | 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| Present value of Defined Benefit Obligation | 48.22 | 48.04 | 300.21 | 281.48 | 128.11 | 117.34 |
| Fair Value on Plan Assets | - | - | 69.12 | 68.44 | - | - |
| Funded Status [Surplus/(Deficit)] | - | - | (231.09) | (213.04) | (128.11) | (117.34) |
| Net Asset/(Liability) recognized in Balance Sheet | (48.22) | (48.04) | (231.09) | (213.04) | (128.11) | (117.34) |

Acturial Assumptions :

| | <i>Gratuity</i> | | | | Leave Encashment | |
|---|-----------------|-------|--|--|--|--|
| | Funded | | Unfunded | | Funded | |
| | 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| Discount Rate (% p.a.) | - | - | 8.00 | 8.00 | 8.00 / 8.50 | 8.00 / 7.50 |
| Expected rate of return on Plan Assets(per annum) | - | - | N.A. | N.A. | N.A. | N.A. |
| Expected Rate of Salary increase % | - | - | 5.00 | 5.00 | 5.00 / 7.00 | 5.00 / 6.00 |
| Retirement/Superannuation Age (Years) | - | - | 58 | 58 | 58 | 58 |
| Mortality Rates | - | - | LIC (1994-96) ultimate Mortality Rates | LIC (1994-96) ultimate Mortality Rates | LIC (1994-96) ultimate Mortality Rates | LIC (1994-96) ultimate Mortality Rates |

SHALIMAR WIRES INDUSTRIES LIMITED

Major Category of Plan Assets as a % of the Total Plan Assets as at year end :

| | | <i>Gratuity</i> | | Leave Encashment | |
|--------|----------|-----------------|----------|------------------|----------|
| | | Unfunded | | Funded | |
| Funded | Unfunded | Funded | Unfunded | Funded | Unfunded |
| 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| - | - | N.A. | N.A. | - | - |

Experience Adjustments :

| | | <i>Gratuity</i> | | | |
|--|---|-----------------|----------|----------|----------|
| | | Unfunded | | Funded | |
| | | 09-10 | 10-11 | 11-12 | 09-10 |
| | | | | | |
| Defined Benefit Obligation | - | - | 300.21 | 281.48 | 250.64 |
| Plan Assets | - | - | 69.12 | 68.44 | 56.90 |
| Funded Status | - | - | (231.09) | (213.04) | (193.74) |
| Experience Gain/(Loss) adjustments on Plan Liabilities | - | - | (6.21) | (4.76) | (31.26) |
| Experience Gain/(Loss) adjustments on Plan Assets | - | - | 0.74 | 0.40 | 0.97 |

| | | Leave Encashment | | |
|--|----------|------------------|---------|-------|
| | | Funded | | |
| | | 11-12 | 10-11 | 09-10 |
| Defined Benefit Obligation | 128.11 | 99.99 | 85.70 | |
| Plan Assets | - | - | - | |
| Funded Status | (128.11) | (99.99) | (85.70) | |
| Experience Gain/(Loss) adjustments on Plan Liabilities | (17.58) | (22.11) | (8.55) | |
| Experience Gain/(Loss) adjustments on Plan Assets | - | - | - | |

Expected Employer's Contribution for the next year :

| | | <i>Gratuity</i> | | Leave Encashment | |
|--|----------|-----------------|----------|------------------|----------|
| | | Unfunded | | Funded | |
| Funded | Unfunded | Funded | Unfunded | Funded | Unfunded |
| 11-12 | 10-11 | 11-12 | 10-11 | 11-12 | 10-11 |
| Expected Employer's Contribution for the next year | - | - | 15.57 | 42.89 | - |

Basis used to determine the expected Rate of return on Plan Assets :

The basis used to determine the expected rate of return on Plan Assets is Deep Discount Interest rate of R.B.I. or average interest rate of R.B.I. Long Term Instrument.

Other disclosures :

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Gratuity expenses have been recognized in "Contribution to Provident & Other Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Note No 30.

The amount of the present value of obligations, fair value of Plan Assets, surplus/deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous two annual periods are not available and therefore, not disclosed.

(xiv) The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures.

Shalimar Wires Industries Limited

Regd. Office : 25, Ganesh Chandra Avenue
Kolkata - 700 013

Dear Members,

Sub : Green Initiative in Corporate Governance

As you are aware that the Ministry of Corporate Affairs (MCA) vide their Circular No. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative" by allowing paperless compliances by Companies to serve the requisite documents to its Members through electronic mode in compliance with Section 53 of the Companies Act, 1956.

Accordingly, we are updating the database of our shareholders holding shares in physical mode by incorporating their designated e-mail address in our records. You are requested to kindly register your e-mail address by filling up and signing at proper place in the E-mail Address Update Form given below and forward the same to our Registrar and Transfer Agents, M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, 2nd Floor, Kolkata - 700001, West Bengal, India.

Please note that in respect of those shareholders who are holding shares in electronic form and who have not yet registered their e-mail address or who wish to change their existing e-mail addresses are requested to submit their e-mail addresses with their Depository Participants.

For those shareholders who have already registered their e-mail ID with their Depository Participants we shall send all documents/communications at their registered mail address unless a specific request for receiving the documents/communications in physical form is received from them.



E-MAIL ADDRESS UPDATE FORM

M/s. Maheshwari Datamatics Private Limited
Unit : Shalimar Wires Industries Limited
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
West Bengal, India

In view of the circulars no. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 issued by The Ministry of Corporate Affairs, I/We _____ son/daughter/wife _____ of Sri _____ holding _____ Equity Shares of Shalimar Wires Industries Limited under my/our Registered Folio No(s) _____ do hereby accord my/our consent to receive all future communication/documents from the Company at my/our e-mail address given below :

E-mail address : _____

Signature of the Shareholder(s)

ATTENDANCE SLIP

Shalimar Wires Industries Limited

Regd. Office : 25, Ganesh Chandra Avenue
Kolkata - 700 013

16th ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I hereby record my presence at the 16th ANNUAL GENERAL MEETING of the Company at Science City Mini Auditorium, J.B.S. Haldane Avenue, Kolkata - 700 046, on Friday, the 28th September, 2012 at 10.00 a.m.

| | | |
|---------------------------|--|-----------|
| Regd. Folio/ DP ID No. | | |
| | Full Name of the Shareholder (In Block Letters) | Signature |
| | Full Name of the Proxy (In Block Letters) | Signature |

FORM OF PROXY

Shalimar Wires Industries Limited

Regd. Office : 25, Ganesh Chandra Avenue
Kolkata - 700 013

I/We

of

being a member/members of Shalimar Wires Industries Limited, hereby appoint

of or failing him

of or failing him

of as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 16th ANNUAL GENERAL MEETING of the Company at Science City Mini Auditorium, J.B.S. Haldane Avenue, Kolkata - 700 046, on Friday, the 28th September, 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this.....day of.....2012

Signature.....

Affix
Revenue
Stamp

Regd. Folio/DP ID No.

Notes :

- a) The Proxy must be deposited at the Registered Office of the Company at 25, Ganesh Chandra Avenue, Kolkata - 700 013 not less than 48 hours before the time fixed for holding the meeting.
- b) Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

BOOK POST

If undelivered please return to :
SHALIMAR WIRES INDUSTRIES LTD.
25, Ganesh Chandra Avenue
Kolkata - 700 013