



wires & fabriks

Wires and Fabriks (S.A.) Limited

ANNUAL REPORT

2012 - 2013

CONTENTS	Page
Introduction	3
Directors' Report	4
Auditors' Report	11
Balance Sheet	14
Statement of Profit & Loss	15
Cash Flow Statement	16
Notes	17

Directors

Basant Kumar Khaitan, *Chairman cum Managing Director*
Satish Ajmera
Mohan Lal Bhagat
Dinkarray Durgashankar Trivedi
Mahendra Kumar Khaitan, *Executive Director*
Kishan Kumar Khaitan, *Joint Managing Director*

Secretary

Amit Dhanuka

Auditors

S. S. Kothari & Co.

OUR PRODUCT RANGE

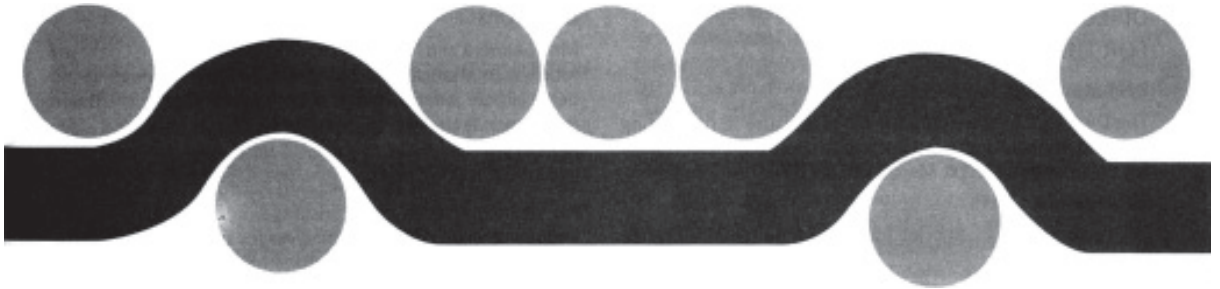
- Paper Machine Clothing
- Paper Making Chemicals

Registered Office

7, Chittaranjan Avenue
Kolkata – 700072

Ph. (033) 4012-4012, Fax : (033) 2237-2712

Website : www.wirefabrik.com



In 1963, at Jaipur, with German Machinery and Technology, the Company started manufacturing Paper Machine Clothing, namely, Phosphor Bronze Wire Cloth for the Paper Industry. Stainless Steel Wire Cloth was introduced in 1974. After further additions in capacity and products, in 1981, the Company entered into manufacturing of Single Layer Synthetic Forming Fabrics, with German collaboration. Double Layer Synthetic Forming Fabrics were introduced for the first time in India in 1986 and again Triple Layer Synthetic Forming Fabrics were introduced for the first time in India in 1996. The Company's product range now includes Dryer Screens (woven & spiral), Pulp Fabrics and Technical Fabrics for new industry segments where filtration/ drying are required.

Today, Wires & Fabriks is the market leader in India and the sub-continent for Synthetic Forming Fabrics and among the few manufacturers in world for SSB Fabrics, which represents the latest in Synthetic Forming Fabrics Technology. In the Paper Making Chemicals, the Company has a tie-up with some of the best overseas Paper Making Chemical manufacturers.

The Company was awarded accreditation under ISO 9002 system in 1994 and has been upgraded to 9001 : 2008 in 2009. The Company is the first manufacturer of technical/industrial fabrics in the Country to have its In-house R&D recognized by the Govt. of India. The Company has a technical collaboration with the world leader in paper machine clothing, Albany International Corp., U.S.A. The Company constantly updates itself with modern machines and latest technology. It also exports its products to over twenty countries.

The Company's mission is to consistently delight its customers through its value-added products and services and to create a strong technological base through an environment of team-work which will enable it to become a world-class manufacturer in its existing product line and to use its strength to diversify into other profitable ventures.

DIRECTORS' REPORT FOR THE YEAR 2012-13

Dear Members,

The Directors of the Company have pleasure in presenting the 56th Annual Report and Audited Financial Statements of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

The financial results, in brief, for the year ended 31st March, 2013 are as under :

	(Rs. in Lacs)	
	<u>31.03.2013</u>	<u>31.03.2012</u>
Total Income	9,136.63	8,860.14
Profit Before Tax	170.18	638.05
Profit After Tax	161.66	506.38
Disposable Surplus (Including earlier years balance)	2,476.33	2,351.85
Appropriations	78.94	138.81
Balance Carried Forward	2,397.39	2,213.04

DIVIDEND

Your directors have recommended to the Members a dividend of Rs.1.80 per share (previous year Rs. 1.80 per share) amounting to Rs. 63.94 Lacs, including dividend tax thereon for the financial year ended 31st March, 2013.

OPERATIONS & FUTURE OUTLOOK

During the year under review, the current economic scenario affected the company seriously. The company closed the financial year with a marginal increase in turn over. Profits came under pressure mainly due to lower than projected increase in turnover and increase in costs.

However, your company continues to maintain its leadership due to continued thrust on new product development and technical up-gradation. A number of steps taken to reduce costs and increase market penetration will lead to improved performance in the coming years. The current economic scenario may however continue to affect the results of the Company in the short term. With economic improvement, the Indian Paper Industry is expected to grow at a higher rate than the GDP growth, specially in the packaging segment. Additionally, with renewed thrust on exports, the expansion cum modernisation once completed, will enable your Company to enter new markets.

DIRECTORS

Mr. M. L. Bhagat and Mr. M. K. Khaitan, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

AUDITORS

M/s S. S. Kothari & Co., Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT & OTHER INFORMATIONS

Pursuant to Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for the year under review;
- That the Directors 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 and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a going concern basis.

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, forms a part of this report.

The statement of particulars, required pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment) Rules, 2002, forms a part of this report.

However, as permitted by the Companies Act, 1956, the Report and Accounts are being sent to all Members and other entitled persons excluding the above statements. Those interested in obtaining a copy of the said statements, may write to the Company at its Registered Office and the same will be sent by post. The statements are also available for inspection at

the Registered Office, during working hours upto the date of the Annual General Meeting.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

In accordance with Clause 49 of the Listing Agreement, the Management Discussion & Analysis Report together with the Report on Corporate Governance and the certificate, in respect of compliance with the conditions of corporate governance, is annexed herewith.

Kolkata
Dated, the 30th day of May, 2013

ACKNOWLEDGEMENT

The directors wish to place on record their gratitude to the Customers, Banks, Investors, Suppliers, Government agencies and all other business associates for their valuable assistance, continued support and confidence in the Company. The Directors also place on record their deep appreciation to all employees of the Company for their unstinted efforts during the year.

For and on behalf of the Board

B. K. Khaitan	K. K. Khaitan
Chairman cum Managing Director	Jt. Managing Director

REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes in and practices good corporate governance. The Company creates an environment to enable the management for the efficient conduct of the business and to meet its obligations to all stakeholders.

2. BOARD OF DIRECTORS

During the year, 9 meetings of the Board of Directors were held on 18th April 2012 (2.00 P.M.), 15th May 2012 (5.00 P.M. & 5.30 P.M.), 9th August, 2012 (2.30 P.M. & 3.00 P.M.), 7th November 2012 (11.30 A.M. & 12 Noon) and 8th February 2013 (2.30 P.M. & 3.00 P.M.). The maximum gap between any two meetings was less than four months. The Board was presented with all relevant and necessary information at its meetings including information as required under the listing agreement. Details of Directors seeking re-appointment in 56th Annual General Meeting are given with the Notice.

The composition and category of the Board of Directors of the Company and other information as required, is as follows:

Name of Directors	Category of Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Public Ltd. Companies	Committee* Position in other Companies	
					Member	Chairman
Mr. B. K. Khaitan, CMD	PE	7	Yes	10	1	1
Mr. K. K. Khaitan, Jt. Managing Director	PE	7	Yes	5	–	–
Mr. M. K. Khaitan, Executive Director	PE	9	Yes	6	–	–
Mr. S. Ajmera	NEI	8	Yes	2	–	2
Mr. M. L. Bhagat	NEI	7	No	2	–	–
Mr. D. D. Trivedi	NEI	7	Yes	4	2	–

NEI: Non-Executive & Independent. PE : Promoter & Executive, CMD : Chairman cum Managing Director

* Audit Committee & Shareholders Grievance Committee only.

3. AUDIT COMMITTEE:

During the period under review, Audit Committee headed by Mr. M L Bhagat, comprised of three Non-Executive Independent Directors namely Mr. M L Bhagat, Mr. Satish Ajmera and Mr. D. D. Trivedi. The terms of reference, role and powers of the Audit Committee are in line with the regulatory requirements mandated by SEBI, the Listing Agreement as well as the Companies Act, 1956. During the year, four meetings of the Audit Committee were held on 15th May 2012, 9th August, 2012, 7th November 2012 and 8th February 2013.

Mr. M L Bhagat, Mr. Satish Ajmera and Mr. D.D. Trivedi attended 3, 4 & 3 meetings respectively. The Company Secretary acts as a Secretary to the Committee.

4. REMUNERATION COMMITTEE:

During the period under review, Remuneration Committee headed by Mr. Satish Ajmera comprised of 3 Non-Executive Independent Directors namely Mr. Satish Ajmera, Mr. D. D. Trivedi and Mr. M L Bhagat. The terms of reference, role and powers of the Committee are in line with the regulatory requirements mandated by SEBI, the Listing Agreement as well as Companies Act, 1956. During the year, no meeting of the Committee was held. The Company Secretary acts as a Secretary to the Committee.

Remuneration Policy:

The payment of remuneration to the Whole-time Director(s) are governed by the respective agreement between them and the Company. The current tenure of Whole-time Director(s) is for a period of five years with effect from 1st April, 2012 which can be further extended by re-appointing them, subject to the approval by Members in the General Meeting. The current remuneration of Whole-time Director(s) is for a period of 3 years with effect from 1st April, 2012. The Non-Executive Directors are paid sitting fees as approved by the Board/Committee meetings besides reimbursement of actual travelling and out of pocket expenses. Presently, the Company does not have any scheme for grant of stock options either to the directors or employees of the Company.

The details of remuneration to the Directors during the year is as under:

Name	Salary (Rs.)	Other Benefits (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. B. K. Khaitan, CMD	72,00,000	9,21,345	–	81,21,345
Mr. K. K. Khaitan, Jt. Managing Director	70,80,000	9,66,002	–	80,46,002
Mr. M. K. Khaitan, Executive Director	69,60,000	9,92,729	–	79,52,729
Mr. S. Ajmera, Director	–	–	1,30,000	1,30,000
Mr. M. L. Bhagat, Director	–	–	1,10,000	1,10,000
Mr. D. D. Trivedi, Director	–	–	1,00,000	1,00,000

5. SHAREHOLDERS GRIEVANCE COMMITTEE:

During the period under review, Shareholders Grievance Committee headed by Mr. D.D. Trivedi, comprised of three Non-Executive Directors namely Mr. D.D. Trivedi, Mr. M. L. Bhagat and Mr. S. Ajmera and two Executive Directors, Mr. K. K. Khaitan, Joint Managing Director and Mr. M. K Khaitan, Executive Director. The terms of reference, role and powers of the shareholders grievance committee are in line with the regulatory requirements mandated by SEBI and the Listing Agreement. During the year, the Committee met on 15th May 2012, which was attended by Mr. S. Ajmera, Mr. M. L. Bhagat, Mr. K.K Khaitan and Mr. M. K Khaitan. Grievances requiring specific guidance in between the meetings are communicated to the Chairman and redressed as per his advice.

The Company has received Nil complaint during the year. All complaints, if any, are resolved / replied within reasonable time. The Company Secretary acts as the Secretary to the Committee.

6. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held on 11th September, 2012 at 2.30 p.m., 9th August, 2011 at 1.00 p.m. (both at Indian Chamber of Commerce, ICC Towers, 10th Floor, 4 India Exchange Place, Kolkata – 700 001), and 26th July 2010 at 11.30 a.m. (at Seminar Hall, Science City, JBS Halden Avenue, Kolkata 700 046). All the Special Resolutions contained in the respective Notices of the AGM's were passed by the Members. No Special Resolution was passed last year through postal ballot.

7. DISCLOSURES:

As a matter of policy, the Company does not enter into any transaction with any related party that may have potential conflict with the interests of the Company at large. The transactions with related party in normal course of business have been disclosed in the Notes forming part of Accounts.

The Company does not have a whistle blower policy. However, no employee has been denied access to the Audit Committee and / or Director in respect of his / her grievances.

The details of Compliance with mandatory requirements and adoption of non-mandatory requirements is as under:

Compliance with Mandatory Requirements:

Sl. No.	Particulars	Compliance Status/Remarks
1	Board of Directors	Complied with
2	Audit Committee	Complied with
3	Subsidiary Companies	Not Applicable
4	Disclosure	Complied with
5	CEO/CFO Certification	Complied with
6	Report on Corporate Governance	Complied with

Adoption of Non - Mandatory Requirements:

Sq. No.	Particulars	Compliance Status / Remarks
(a)	Remuneration Committee	The Remuneration Committee is already in existence, comprising of only non-executive directors.
(b)	Audit Qualification	The financial statement has no major qualifications.

8. MEANS OF COMMUNICATION:

Annual Reports in respect of each financial year are mailed to all shareholders generally in July of each calendar year. The quarterly financial results are normally published in Business Standard (English) & Dainik Lipi (Vernacular) and are also furnished to the concerned Stock Exchanges in required format to enable them to display at their respective websites. The quarterly/annual financial statement, shareholding pattern etc. are posted on Company website and can be viewed on www.wirefabrik.com

9. GENERAL SHAREHOLDER INFORMATION:

- (a) Company Registration Details : The Company is registered in the State of West Bengal, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29265WB1957PLC023379.
- (b) AGM: Date, Time & Venue : Tuesday, the 30th day of July, 2013 at 11.30 A.M.
Seminar Hall, Science City, JBS Halden Avenue,
Kolkata 700 046.
- (c) Financial Year : 1st April to 31st March
- (d) Dates of Book closure : 23rd July, 2013 to 30th July, 2013
(both days inclusive)
- (e) Dividend payment date : The Dividend, declared if any, will be paid within 30 days from the date of AGM.
- (f) Listing of Stock Exchanges & Stock Code

Bombay Stock Exchange Ltd P. J. Towers, Dalal Street Mumbai 400 001 (Stock Code: 507817)	The Calcutta Stock Exchange Ass. Ltd 7, Lyons Range Kolkata 700 001 (Stock Code: 10033008)
---	---

The annual listing fee for the year 2013-2014 has been paid to all the above Stock Exchanges.

- (g) Share Price Data, as traded at Bombay Stock Exchange Limited during 2012-2013 (in Rs.)

	2012										2013		
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
High	89.25	84.00	92.40	89.25	79.00	79.40	78.00	73.80	76.10	78.95	75.00	62.00	
Low	80.00	80.00	80.00	69.85	70.05	68.50	70.10	61.90	69.00	69.85	61.00	56.10	

(Source: BSE Website)

- (h) Stock Performance in comparison to BSE Sensex:

	As on 31.03.2012	As on 31.03.2013	Increase %
BSE Sensex	17404.20	18835.77	8.23
Company's Stock Price at BSE (Rs.)	82.00	56.30	(31.73)

(Source: BSE Website)

- (i) Registrar & Transfer Agent : ABS Consultant Pvt. Ltd.
99, Stephen House, 6th Floor, 4, B.B D Bag (E)
Kolkata-700 001
Ph: 2220-1043, 2243-0153. E-Mail: absconsultant@vsnl.net
- (j) Share Transfer System : Share transfer documents complete in all respects are registered and / or share transfer under objections are returned within stipulated time period.
- (k) Distribution of Shareholding as on 31st March, 2013

No. of shares	No. of Equity Shareholders	% of Shareholders	No. of Equity Shares held	% of Shareholding
1 to 1000	4019	98.12	488526	15.98
1001 to 10000	61	1.49	169538	5.55
10001 & above	16	0.39	2398186	78.47
Total	4096	100.00	3056250	100.00

- (l) Dematerialisation of shares and liquidity : The Equity Shares of the Company are eligible for demat by both the depositories namely NSDL & CDSL, under ISIN: INE469D01013. About 91.03% of shares were held in dematerialisation form by the shareholders of the Company, as on 31st March, 2013. The trading of the equity shares of the Company on the Stock Exchanges are under the list of compulsory delivery in dematerialization form by all investors. The shares of the Company are regularly traded at BSE.
- (m) Outstanding ADR's / GDR's / Warrants or any other Convertible Instruments : Nil
- (n) Plant Locations : Jaipur & Jaisalmer, Rajasthan
Howrah, West Bengal.
Erode, Tamil Nadu
- (o) Address for Correspondence & Redressal of Investor Grievances : The Compliance Officer
Wires and Fabriks (S.A.) Limited
7, Chittaranjan Avenue, Kolkata-700 072
Phone Nos.: 91-33-4012 4012, Fax : 91-33-2237 2721
E-Mail : ig@cal.wirefabrik.com
- (p) Compliance officer : The Company Secretary act as Compliance Officer of the Company.
- (q) Shareholding of Non-Executive Directors : Mr. S. Ajmera – 150 Nos. Equity Shares
Mr. D. D. Trivedi – 1000 Nos. Equity Shares
- (r) Promoter's Group Shareholding : 2291056 Nos. Equity Shares representing 74.96%

For and on behalf of the Board

Kolkata
Dated, the 30th day of May, 2013

B. K. Khaitan
Chairman cum Managing Director

K. K. Khaitan
Jt. Managing Director

Declaration in respect of Compliance with the Code of Conduct

It is hereby declared that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, for the financial year ended 31st March, 2013.

Kolkata
Dated, the 30th day of May, 2013

M. K. KHAITAN
(CEO)

Certificate to the Members of Wires & Fabriks (S.A.) Limited on the conditions of Corporate Governance for the year ended 31st March, 2013 under the Clause 49 of the Listing Agreement with the concerned Stock Exchanges

We have examined the Compliance of the conditions of Corporate Governance by Wires & Fabriks (S.A.) Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to the review of the procedures and compliance thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the company.

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.

8, Ganesh Chandra Avenue,
Kolkata - 700013
Dated, 30th day of May, 2013

(B. N. Khandelwal)
Company Secretary in Practice
C.P. No. 1148
M. No. 1614

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT 2012-13

INDUSTRY STRUCTURE & DEVELOPMENTS

The Company mainly deals in technical products for the Paper Industry. The Paper Industry in India is growing at a rate higher than the GDP growth. Present per capita paper consumption in India being low, it is bound to increase, resulting in increased production of paper and increased consumption of company's products. The same is true in the case of other Asian countries. Our products requiring tailor made services offer us a great opportunity both by way of geographical advantage & local expertise.

OPPORTUNITIES & THREATS

Growth in the Paper Industry is a foregone conclusion. Besides growth in the domestic sector, growth opportunity also exists in the export sector, as Asia is the fastest growing region in the world for the paper sector. Besides domestic competition, competition from overseas suppliers may increase due to various developments in the Indian Economy. However, the Company has maintained its leadership due to continuous thrust on modernisation & technology upgradation.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Products for both the Paper industry & Wind mills are performing satisfactorily.

FUTURE OUTLOOK

Company's Expansion cum Modernisation Project, considering expected future increase in domestic off take and strengthening of exports is underway. This will improve the performance in the forthcoming years. The current economic scenario may however affect the results in short term.

RISKS & CONCERNS

Reduction in growth rate of Indian Paper Industry and increased competition both from domestic and overseas suppliers and foreign currency rates are main areas of concern. Costly equipments and constantly upgrading technology reduces margins. However, the emphasis on Research & Development has led to an inherent technical strength, which helps the Company to maintain its leadership and bottom-line.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has adequate internal control procedure commensurate with the nature of its business & size of its operations. Internal Audit is conducted at regular intervals and covers the key areas of operations.

DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's closed last financial year with marginally increased turnover. Profit was affected considerably, mainly due to lower than projected increase in turnover and increase in costs mainly in raw material and personnel. However, the ongoing investments are making the company ready for the future & the company is looking forward to growth in sales & profits in the near future.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company continues to give its high attention to its Human Resources. Various initiatives were successfully implemented during the year. Industrial relations continue to be cordial.

CAUTIONARY STATEMENT

Some of the statements made above are stated as required by applicable regulations. While they are based on the data available and the bonafide judgment of the management, the actual results may be affected by various factors, which may be different from what your management envisages in terms of future performance & outlook.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WIRES AND FABRIKS (S.A.) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **WIRES & FABRIKS (S.A.) LIMITED**, which comprise the Balance Sheet as at March, 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements subject to our comments/observations given hereunder, give the information required by the Act 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 March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As stated by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 and
 - e. On the basis of the written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)g of the Companies Act, 1956.

"INDIA STEAMSHIP HOUSE"
21, Old Court House Street
Kolkata - 700 001

The 30th day of May, 2013

For **S.S.KOTHARI & CO.**
Chartered Accountants
R N BARDHAN
Partner
M. No.17270
Firm Reg. No. 302034E

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date)

1. (a) The company's has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The Company has a programme of physical verification of fixed assets in a phased manner so as to cover all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the said programme, fixed assets other than Furniture & Fixtures were physically verified during the year and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
(c) During the year, the company has not disposed off substantial part of fixed assets.
2. (a) The inventory lying at all locations except in transit and with third parties has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory.
(d) The discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii) (b), (c) & (d) of the order are not applicable.
(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii) (f) & (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchases of inventory, fixed assets and for the sale of goods and service. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) On the basis of representation made by the management and scrutiny of books of accounts carried out by us, the particulars of contracts or arrangements that need to be entered in the Register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements required to be entered in the Register u/s 301 of Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us and on the basis of our checking during the course of audit, the Company has not accepted any deposits from the public during the year.
7. In our opinion, the internal audit of Company carried out during the year by firms of Chartered Accountants appointed by the Company have been commensurate with the size of the Company and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for the products of the company and such accounts and records have been made and maintained by the company. However we have not made a detailed examination of the records with a view to determine whether they are accurate.
9. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were outstanding as at 31.03.2013 for a period of more than six months from the date they become payable.

- (b) According to the records of the Company, there are no dues of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except :-

Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax	64753	2006-07	Dy. Commissioner of Income Tax, Circle -3, Kolkata
	1056780	2009-10	Dy. Commissioner of Income Tax, Circle -3, Kolkata
Sales Tax	295183	2004-05	West Bengal Commercial Taxes Appellate and Revisional Board
	192731	2006-07	West Bengal Commercial Taxes Appellate and Revisional Board
	295782	2007-08	West Bengal Commercial Taxes Appellate and Revisional Board
	39001	2008-09	West Bengal Commercial Taxes Appellate and Revisional Board
	358543	2009-10	Senior Joint Commissioner of Sales Tax, Dharamtala Circle, Kolkata
	469437	2009-10	Commercial Tax Officer, Special Circle VI, Jaipur
	3040984	2010-11	Dy. Commissioner (Appeals) – III, Jaipur
Excise	520230	2010-11	Commissioner (Appeals) – II of Central Excise, Kolkata

10. The Company has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year and has no accumulated loss.
11. The Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi or mutual benefit fund / society.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing in shares & securities and timely entries have been made therein. All shares & securities have been held by the Company in its own name.
15. The Company has not given any guarantee for loan taken by others during the year.
16. According to the information and explanations given to us, term loans availed by the Company were, prima facie, applied during the year for the purposes for which the loans were obtained.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have prima facie, not been used during the year for long term investment.
18. The Company has not made any issue of shares during the year.
19. The Company has not issued debentures during the year.
20. The Company has not made any public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the course of audit.

“INDIA STEAMSHIP HOUSE”
 21, Old Court House Street
 Kolkata - 700 001

The 30th day of May, 2013

For **S.S.KOTHARI & CO.**
 Chartered Accountants
R N BARDHAN
 Partner
 M. No.17270
 Firm Reg. No. 302034E

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes	As at 31 st March, 2013		As at 31 st March, 2012	
		Rupees	Rupees	Rupees	Rupees
I EQUITY AND LIABILITIES					
Shareholders' Funds :					
Share Capital	1	3,05,62,500		3,05,62,500	
Reserves and Surplus	2	<u>39,22,55,690</u>	42,28,18,190	<u>40,08,06,442</u>	43,13,68,942
Non-current Liabilities :					
Long-term borrowings	3	30,87,84,260		38,80,74,620	
Deferred tax liabilities (Net)	4	7,15,87,748		8,37,25,175	
Long-term provisions	5	<u>95,28,474</u>	38,99,00,482	<u>1,42,95,279</u>	48,60,95,074
Current Liabilities :					
Short-term borrowings	6	11,16,45,673		3,02,90,823	
Trade payables	7	6,96,84,592		3,82,95,759	
Other current liabilities	8	11,51,88,546		11,83,03,936	
Short-term provisions	9	<u>3,64,58,007</u>	33,29,76,818	<u>2,93,36,261</u>	21,62,26,779
TOTAL			<u><u>114,56,95,490</u></u>		<u><u>113,36,90,795</u></u>
II ASSETS					
Non-current Assets :					
Fixed Assets					
Tangible assets	10	56,39,94,652		63,36,60,962	
Capital work-in-progress		27,04,280		1,97,51,163	
Intangible assets under development		<u>84,18,517</u>	57,51,17,449	<u>63,65,122</u>	65,97,77,247
Non Current Investments	11	55,200		88,154	
Long-term loans and advances	12	<u>44,79,010</u>	45,34,210	<u>41,22,475</u>	42,10,629
Current Assets :					
Inventories	13	13,55,35,929		11,08,36,277	
Trade Receivables	14	36,30,27,941		29,24,33,494	
Cash and Bank Balances	15	89,23,034		1,70,60,247	
Short Term Loans and Advances	16	2,80,41,429		1,98,90,982	
Other Current Assets	17	<u>3,05,15,498</u>	56,60,43,831	<u>2,94,81,919</u>	46,97,02,919
TOTAL			<u><u>11,456,95,490</u></u>		<u><u>113,36,90,795</u></u>
Significant Accounting Policies and Notes on Financial Statement	1 to 37				

As per our Report Annexed

For **S.S.KOTHARI & CO.**
Chartered Accountants
R. N. BARDHAN
Partner
M. No.17270
Firm Reg. No. 302034E

"INDIA STEAMSHIP HOUSE"
21, Old Court House Street
Kolkata - 700 001
The 30th day of May, 2013

For and on behalf of the Board

Amit Dhanuka **B. K. Khaitan** **K. K. Khaitan**
Company Secretary Chairman cum Jt. Managing Director
Managing Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	Notes	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
		Rupees	Rupees	Rupees	Rupees
INCOME :					
Revenue From Operations	18	90,75,98,126		87,68,43,885	
Less : Excise Duty		6,27,00,437	84,48,97,689	5,16,08,848	82,52,35,037
Other Income	19		60,64,727		91,69,758
Total Revenue			85,09,62,416		83,44,04,795
EXPENSES :					
Cost of materials consumed	20		20,07,04,002		17,19,10,381
Purchases of Stock-in-Trade			8,52,03,641		7,08,09,532
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21		(34,06,381)		(70,21,464)
Employee benefits expenses	22		14,32,83,406		12,21,10,636
Finance costs	23		3,91,30,543		4,01,35,055
Depreciation and amortization expenses	24		8,39,64,987		8,79,69,819
Other expenses	25		28,50,64,707		28,46,85,618
Total Expenses			83,39,44,905		77,05,99,577
Profit before tax			1,70,17,511		6,38,05,218
Tax expenses:					
Current tax			1,30,00,000		1,29,00,000
Deferred tax			(1,21,37,427)		5,54,086
			8,62,573		1,34,54,086
Less: Earlier years adjustments(net)			11,379	8,51,194	2,86,644
Profit for the year			1,61,66,317		5,06,37,776
Earnings per equity share:	30				
Basic & Diluted			5.29		16.57
Significant Accounting Policies and Notes on Financial Statement	1 to 37				

This is the Statement of Profit and Loss referred to in our Report of even date.

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

Chartered Accountants

"INDIA STEAMSHIP HOUSE"

R. N. BARDHAN

For and on behalf of the Board

21, Old Court House Street

Partner

Kolkata - 700 001

M. No.17270

The 30th day of May, 2013

Firm Reg. No. 302034E

Amit Dhanuka
Company Secretary

B. K. Khaitan
Chairman cum
Managing Director

K. K. Khaitan
Jt. Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra ordinary items	170.17	638.05
ADJUSTMENTS FOR :		
Net prior period expenses	<u>(4.87)</u>	<u>(10.98)</u>
	165.30	627.07
ADJUSTMENTS FOR :		
Depreciation & Amortisation	839.65	879.70
(Profit) / Loss on sale of assets / Investments	9.33	7.54
Liabilities no longer required written back	(11.95)	(31.71)
Income from Interest	(15.19)	(2.19)
Interest expenses	388.36	390.16
Dividend Received	(0.10)	(0.12)
Fixed Assets written off	0.00	0.17
	<u>1210.10</u>	<u>1,243.55</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES :	1375.40	1,870.62
ADJUSTMENTS FOR :		
Trade & other Receivables	(751.37)	(253.55)
Inventories	(247.00)	(42.54)
Trade payables	204.12	(225.58)
	<u>(794.25)</u>	<u>(521.67)</u>
CASH GENERATED FROM OPERATIONS	581.15	1,348.95
Direct Taxes Paid	43.45	(139.26)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	624.60	1,209.69
Net Prior Period Expenses	4.87	10.98
NET CASH FROM OPERATING ACTIVITIES	<u>629.47</u>	<u>1,220.67</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(297.71)	(314.38)
Sale of Fixed Assets	10.48	3.00
Sale of Investments	0.01	0.00
Interest Received	15.19	2.19
Dividend Received	0.10	0.12
	<u>(271.93)</u>	<u>(309.07)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	(792.91)	(381.32)
Proceeds from Short Term Borrowings	813.55	(3.98)
Interest Paid	(396.34)	(392.29)
Dividend Paid	(63.21)	(63.33)
	<u>(438.91)</u>	<u>(840.92)</u>
NET CASH USED IN FINANCING ACTIVITIES	(81.37)	70.68
Net increase in cash and cash equivalents (A + B + C)	170.60	99.92
Opening balance of cash and cash equivalents	170.60	170.60
Closing balance of cash and cash equivalents	89.23	170.60

This is the Cash Flow Statement referred to in our report of even date.

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

Chartered Accountants

"INDIA STEAMSHIP HOUSE"

21, Old Court House Street
Kolkata - 700 001

The 30th day of May, 2013

R. N. BARDHAN

Partner

M. No.17270

Firm Reg. No. 302034E

For and on behalf of the Board

Amit Dhanuka
Company Secretary

B. K. Khaitan
Chairman cum
Managing Director

K. K. Khaitan
Jt. Managing Director

SIGNIFICANT ACCOUNTING POLICIES

Annexed to and forming part of the accounts for the year ended 31st March, 2013

1 BASIS OF PREPARATION OF FINANCIAL STATEMENT

- a) The accounts have been prepared on historical cost convention under accrual method of accounting and as a going concern concept.
- b) Accounting policies not specifically referred to otherwise are consistent and in accordance with the accounting principles generally accepted as recommended by The Institute of Chartered Accountants of India (ICAI).

2 REVENUE RECOGNITION :

- a) Revenue is recognised on completion of sale and rendering of services.
- b) Income and expenditure are recognised on accrual basis. However, since it is not possible to ascertain with reasonable accuracy, the quantum of accrual in respect of interest recoverable from parties for delayed retirement of documents and leave travel allowance payable to employees, the same continue to be accounted for as and when received / settled. Customers' claims are accounted for as and when arise / settled on the basis of joint performance analysis/assessment.
- c) Sales constitutes Paper Mills Products, Wind Power, etc and includes packing charges, excise duty and sales tax are net of discounts & returns in respect of earlier years.
- d) Export Incentives are recognised on post export basis on entitlement rates.
- e) Government grants are recognised on receipt / reasonable ascertainment of ultimate collection thereof.

3 USE OF ESTIMATES

The preparation of financial statements requires estimates to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

4 FIXED ASSETS AND DEPRECIATION & AMORTISATION

- a) Tangible Assets (other than those which have been revalued) are stated at cost of acquisition or construction inclusive of freight, duties and other directly attributable costs of bringing the assets in its working condition for its intended use, less depreciation. In case of revalued assets, as at the close of the year, the book value is also inclusive of revaluations made.
- b) Depreciation on all tangible assets other than Wind Power Plants is provided on "straight line method" and on Wind Power Plant on "written down value method" as per the rates prescribed in Schedule XIV to the Companies Act, 1956.
- c) Amortisation of Intangible Assets includes (a) leasehold land over the period of lease and (b) Computer software in the year of purchase / use.
- d) Insurance claims for damaged capital goods are accounted for on settlement of claims as per practice.
- e) Pre-operative expenditure are allocated on the respective assets in the year of capitalisation.

5 BORROWING COST :

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as a part of cost of such assets. All other borrowing costs are charged to revenue.

6 INVESTMENTS :

Investments intended to be held for more than a year from the date of acquisition are classified as long term investments and are carried at cost. Provision for diminution in value of investments is made to recognise a decline, other than temporary in the value of investments. Investments other than the long term investments being current investments are valued at cost or market value whichever is lower.

7 INVENTORIES :

- a) Inventories are valued at lower of cost or net realisable value. Cost of stores and spares, raw materials, packing materials, trading and other products is determined on weighted average basis except Raw Material at Jaipur Unit which is valued at specific cost. Scrap is valued at estimated market value. Cost of Finished Stock and Work-in-Progress for woven wire cloth is determined on absorption costing method. Value of Finished Goods includes Excise Duty.
- b) Provisions are made on determination of obsolete and unserviceable stocks found on physical verification.

8 RESEARCH AND DEVELOPMENT EXPENDITURE :

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred under respective heads of accounts. Expenditure which results in the creation of capital assets is capitalised and depreciation is provided on such assets as applicable.

9 EMPLOYEE BENEFITS :

- a) Employee benefits in the form of Provident Fund, ESIC and Labour Welfare Fund are considered as defined contribution plan and the contributions to recognised funds are charged to the Profit and Loss Account of the year when the contributions are due, as per the provisions of respective statutes. The company has no further obligations beyond its stipulated contributions. Other short term employee benefits are recognised as expenses at the un-discounted amount in the Profit & Loss Account of the year in which the related service is rendered. Termination benefits are recognised as an expenses as and when paid.
- b) The Gratuity liability in respect of employees of the Company (except wholetime Directors) is covered through a policy taken by a trust established under the Group Gratuity Scheme with Life Insurance Corporation of India (LIC). The liability is determined and provided for based on an actuarial valuation performed by LIC.
- c) Provision for leave encashment and Gratuity liability of wholetime Directors, which are defined benefits has been ascertained on an actuarial valuation performed by an independent actuary as at the Balance Sheet date.

10 FOREIGN CURRENCY TRANSACTIONS :

Exchange difference arising from foreign currency transactions relating to import/export of goods are dealt with in the Profit and Loss Account. Foreign Currency assets and liabilities are restated at the rates ruling at the end of the year and exchange difference arising out of such transactions are dealt with in the Profit and Loss Account.

11 SEGMENT ACCOUNTING :

- a) The accounting policies applicable to the reportable segments are same as those used in the preparation of the financial statements.
- b) Items of Income and Expenditure, Assets and Liabilities (including Advance Tax, Borrowings, Provision for Taxation and Deferred Tax Liability) which are not directly attributable / identifiable / allocable on a reasonable basis to a business segment are shown as unallocated.

12 TAXATION :

- a) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961 and also considering assessment orders and decisions of appellate authorities in the Company's case. Minimum Alternate Tax (MAT) is paid in accordance with the tax law. This gives rise to future economic benefit in the form of tax credit against future income tax liability. The company reviews the position of the MAT credit entitlements at each balance sheet date and recognises the same, if there is convincing evidence that the company will utilise the same for payment of normal tax during the specified period and the resultant credit can be measured reliably.
- b) Deferred tax for timing differences between tax profit and book profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future.

13 IMPAIRMENT OF ASSETS :

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

14 PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSETS :

- a) Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best current estimate.
- b) Contingent Liabilities are not provided for in the accounts and are separately shown in the Notes on Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 1 : SHARE CAPITAL

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Authorised :				
25000000 Equity Shares of Rs.10/-each	25,00,00,000		25,00,00,000	
1000000 Redeemable Preference Shares of Rs.10/- each	<u>1,00,00,000</u>	<u>26,00,00,000</u>	<u>1,00,00,000</u>	<u>26,00,00,000</u>
		<u>26,00,00,000</u>		<u>26,00,00,000</u>
Issued, Subscribed and Fully Paid up :				
3056250 Equity Shares of Rs.10/-each		<u>3,05,62,500</u>		<u>3,05,62,500</u>
		<u>3,05,62,500</u>		<u>3,05,62,500</u>

1.1 Reconciliation of number of Equity Shares outstanding is given below :

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	30,56,250	3,05,62,500	30,56,250	3,05,62,500
Change during the year	—	—	—	—
Shares outstanding at the end of the year	<u>30,56,250</u>	<u>3,05,62,500</u>	<u>30,56,250</u>	<u>3,05,62,500</u>

1.2 Rights attached to Equity Shares

The Company has only one class of shares (Issued), having face value of Rs. 10/- each. Each holder of Equity Shares is entitled to one vote per share. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Equity Shareholder are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

1.3 The Board of Directors at its meeting held on 30.05.2013 has recommended Dividend of Rs. 1.80 per equity share for the year.

1.4 Shares held by holding company and its associates

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number	% held	Number	% held
Equity Shares				
W&F Securities Pvt. Limited - Holding Company	16,93,969	55.43%	16,93,969	55.43%
Associates of the Holding Company	597,087	19.54%	597,087	19.54%

1.5 Details of shareholders holding more than 5% shares

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number	% held	Number	% held
W&F Securities Pvt. Limited	16,93,969	55.43%	16,93,969	55.43%
BKM Mercantile Pvt. Limited	347,642	11.37%	347,642	11.37%

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 2 : RESERVES & SURPLUS

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
General Reserve :				
As per last Account	4,75,00,000		4,35,00,000	
Add: Transfer from Profit & Loss Account	<u>25,00,000</u>	5,00,00,000	<u>40,00,000</u>	4,75,00,000
Capital Reserve:				
As per last Account		9,250		9,250
Security Premium Account :				
As per last Account		3,05,62,500		3,05,62,500
Revaluation Reserve :				
As per last account	10,14,30,300		12,98,02,084	
Less : Transfer to Profit & Loss Account				
Disposal of Fixed Assets	1,58,178		—	
Depreciation	<u>2,83,27,695</u>	7,29,44,427	<u>2,83,71,784</u>	10,14,30,300
Surplus (Profit & Loss Account) :				
Balance as per last account	22,13,04,392		18,45,46,997	
Add: Profit for the year (as per Annexed Statement of Profit & Loss)	1,61,66,317		5,06,37,776	
Add: MAT Credit Entitlement (Refer Note 16.1)	95,97,042		—	
Add: Reversal of Provision for doubtful debts	5,65,452		—	
Surplus Available for Appropriation	<u>24,76,33,203</u>		<u>23,51,84,773</u>	
Less : Appropriations				
Proposed Dividend	55,01,250		55,01,250	
Provision for Tax on Proposed Dividend	8,92,440		8,92,440	
Provision for Doubtful debts	—		34,86,691	
Transfer to General Reserve	<u>25,00,000</u>	<u>23,87,39,513</u>	<u>40,00,000</u>	<u>22,13,04,392</u>
		<u>39,22,55,690</u>		<u>40,08,06,442</u>

NOTE 3 : LONG TERM BORROWINGS

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees Non Current	Rupees Current	Rupees Non Current	Rupees Current
Secured				
Term Loans from Banks	30,87,84,260	6,75,79,000	38,80,74,620	6,75,79,000
	<u>30,87,84,260</u>	<u>6,75,79,000</u>	<u>38,80,74,620</u>	<u>6,75,79,000</u>

3.1 Term Loans from banks are secured by joint equitable mortgage of immovable properties, present and future, ranking pari passu and hypothecation of fixed assets and second charge over current assets of the company.

3.2 Term Loans from banks are re-payable in quarterly installments, maturity profile are given here in under:

	1-2 Year	2-3 Year	3-4 Year	Beyond 4 Years
Maturity profile	6,93,72,000	5,67,96,000	5,50,00,000	12,76,16,260

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 4 : DEFERRED TAX LIABILITIES (NET)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Deferred Tax Liability				
Difference between book and tax depreciation		7,98,28,977		9,35,10,745
Less : Deferred Tax Assets				
Disallowances under the Income Tax Act,1961		82,41,229		97,85,570
		<u>7,15,87,748</u>		<u>8,37,25,175</u>

NOTE 5 : LONG TERM PROVISIONS

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Provision for Employee's Benefits (Refer Note 31)		95,28,474		1,42,95,279
		<u>95,28,474</u>		<u>1,42,95,279</u>

NOTE 6 : SHORT TERM BORROWINGS

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Secured and Payable on Demand				
Working Capital Loans from Banks		11,16,45,673		3,02,90,823
		<u>11,16,45,673</u>		<u>3,02,90,823</u>

6.1 Working Capital Loans from banks are secured against hypothecation of raw materials, finished goods, work-in-process, packing materials, book debts, bills for collection and other current assets and second pari passu charge over fixed assets of the company.

NOTE 7 : TRADE PAYABLES

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Trade Payables				
Due to Micro, Small and Medium Enterprises	49,23,658		13,94,770	
Others	<u>6,47,60,934</u>	<u>6,96,84,592</u>	<u>3,69,00,989</u>	<u>3,82,95,759</u>
		<u>6,96,84,592</u>		<u>3,82,95,759</u>

7.1 Based on the information received by the Company from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act,2006, the relevant information are as follows :-

i) Amount due to Micro, Small and Medium Enterprises (MSME) :				
Principal amount		49,23,658	13,94,770	
Interest due on above and unpaid		Nil	Nil	
ii) Interest paid alongwith principal amount paid beyond appointed day during the year.		Nil	Nil	
iii) Interest due and payable for the period of delay on principal amount paid beyond appointed day / due date during the year.		Nil	Nil	
iv) Interest accrued and remaining unpaid		Nil	Nil	
v) Further interest remaining due and payable for the succeeding year.		Nil	Nil	

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 8 : OTHER CURRENT LIABILITIES

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Current Maturities of long term debts (Refer Note 3)		6,75,79,000		6,75,79,000
Interest accrued but not due on borrowings		42,26,910		50,25,360
Unclaimed Dividend		9,50,315		8,78,179
Other Payables		4,24,32,321		4,48,21,397
		<u>11,51,88,546</u>		<u>11,83,03,936</u>

8.1 Unclaimed Dividend does not include any amount, due and outstanding, to be credited to Investor Education & Protection Fund.

8.2 Other payables include :

a. Creditors for Capital Goods		40,96,035		89,85,134
b. Advance from Customers		1,01,40,492		57,99,322
c. Statutory Dues		47,61,988		58,57,403

NOTE 9 : SHORT TERM PROVISIONS

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Provision for Employee's Benefits (Refer Note 31)		1,27,53,365		67,49,953
Provision for Wealth Tax		1,48,023		1,10,000
Proposed Dividend		55,01,250		55,01,250
Tax on Proposed Dividend		8,92,440		8,92,440
Other Provisions		1,71,62,929		1,60,82,618
		<u>3,64,58,007</u>		<u>2,93,36,261</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 10 : FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31 st March 2012 Rupees	Additions During the year Rupees	Deductions During the year Rupees	As at 31 st March 2013 Rupees	Upto 31 st March 2012 Rupees	For the Year Rupees	Deductions During the year Rupees	Upto 31 st March 2013 Rupees	As at 31 st March 2013 Rupees	As at 31 st March 2012 Rupees
10.1 Tangible Assets										
Leasehold Land	31,58,205	—	—	31,58,205	3,09,996	1,65,872	—	4,75,868	26,82,337	28,48,209
Freehold Land	15,00,000	—	—	15,00,000	—	—	—	—	15,00,000	15,00,000
Buildings	5,62,40,814	—	—	5,62,40,814	1,36,42,655	17,14,517	—	1,53,57,172	4,08,83,642	4,25,98,159
Plant & Machinery & Electric Installations	127,75,53,976	2,85,56,250	30,40,048	130,30,70,178	72,38,32,589	10,51,65,956	26,13,418	82,63,85,127	47,66,85,051	55,37,21,387
Furniture and Fixtures	88,97,697	27,87,760	—	1,16,85,457	53,58,132	4,65,785	—	58,23,917	58,61,540	35,39,565
Office Equipments etc	3,26,05,203	54,68,168	4,55,156	3,76,18,215	1,75,72,356	24,58,470	1,35,976	1,98,94,850	1,77,23,365	1,50,32,847
Vehicles	2,05,21,314	77,56,427	38,24,514	2,44,53,227	61,00,519	21,57,156	24,63,165	57,94,510	1,86,58,717	1,44,20,795
Sub Total (a)	140,04,77,209	4,45,68,605	73,19,718	143,77,26,096	76,68,16,247	11,21,27,756	52,12,559	87,37,31,444	56,39,94,652	63,36,60,962
10.2 Intangible Assets										
Softwares	3,65,06,605	1,64,925	—	3,66,71,530	3,65,06,605	164,925	—	3,66,71,530	—	—
Sub Total (b)	3,65,06,605	1,64,925	—	3,66,71,530	3,65,06,605	164,925	—	3,66,71,530	—	—
TOTAL (a + b)	143,69,83,814	4,47,33,530	73,19,718	147,43,97,626	80,33,22,852	11,22,92,681	52,12,559	91,04,02,974	56,39,94,652	63,36,60,962
PREVIOUS YEAR	139,03,05,708	4,87,23,044	20,44,939	143,69,83,813	68,79,55,734	11,63,41,603	9,74,486	80,33,22,851	63,36,60,962	
10.3 Capital Work-in-Progress									27,04,280	1,97,51,163
10.4 Intangible assets under development									84,18,517	63,65,122
10.5	<p>a) The Gross Block of Fixed Assets includes Rs. 20,77,80,730 (Previous year Rs. 20,77,80,730) on account of revaluation of Fixed Assets. Consequent to the said revaluation an additional charge of depreciation of Rs. 2,83,27,695 (previous year Rs. 2,83,71,784) during the year, which is set off by withdrawing the equivalent amount from Revaluation Reserve. This has no impact on profit for the year.</p> <p>b) Capital Work-in-Progress includes Project & Pre-Operative Expenditure Rs. 27,04,280 (Previous year Rs. 1,45,76,52), pending allocation.</p> <p>c) Intangible Assets under development includes Project & Pre-Operative Expenditure Rs. 3,53,758 (Previous year Rs. Nil), pending allocation.</p>									

NOTE 11 : NON CURRENT INVESTMENTS

Particulars	Face Value Rupees	As at 31 st March, 2013		As at 31 st March, 2012	
		Nos.	Book Value Rupees	Nos.	Book Value Rupees
11.1 OTHER INVESTMENTS (QUOTED - At cost)					
In Fully paid-up Equity Shares					
Eastern Silk Ind. Ltd	2	—	—	500	32,954
Indian Overseas Bank	10	2,300	55,200	2,300	55,200
Total			55,200		88,154
11.2 Market Value of Quoted Investments			1,49,615		2,18,825

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 12 : LONG TERM LOANS AND ADVANCES (Unsecured and considered good)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Capital Advances		25,59,456		25,59,456
Security Deposits		19,19,554		15,63,019
		<u>44,79,010</u>		<u>41,22,475</u>

NOTE 13 : INVENTORIES

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Raw Materials		6,81,58,635		5,03,65,245
Work-In-Progress		3,70,91,494		3,57,32,280
Finished Goods		56,70,955		76,05,203
Traded Goods		61,51,694		21,26,648
Stores, Spare and Packing Materials		1,80,38,896		1,45,39,015
Scrap		4,24,255		4,67,886
		<u>13,55,35,929</u>		<u>11,08,36,277</u>

13.1 The above include

a) Materials in transit :				
Raw Materials		2,49,59,105		1,02,46,800
Trading Goods		25,50,782		—
Stores, Spare and Packing Materials		1,44,104		28,71,896
b) Raw Material Lying at CWC warehouse		—		26,95,060

NOTE 14 : TRADE RECEIVABLES (Unsecured and Unconfirmed)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Trade Receivable outstanding for a period exceeding six months from the date they are due for payment :				
Considered Good		5,98,76,279		3,70,54,071
Considered Doubtful		39,44,839		45,10,291
		<u>6,38,21,118</u>		<u>4,15,64,362</u>
Less : Provision for Doubtful Debts		<u>39,44,839</u>		<u>45,10,291</u>
Others				
Considered Good		30,31,51,662		25,53,79,423
		<u>36,30,27,941</u>		<u>29,24,33,494</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 15 : CASH AND BANK BALANCES

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Cash and Cash Equivalent				
Balances with Banks :				
In Current Account		64,75,644		1,54,05,073
Cheques on Hand		7,91,248		—
Cash on Hand		7,56,142		7,55,174
Other Bank Balance				
On Fixed Deposit Accounts		9,00,000		9,00,000
		<u>89,23,034</u>		<u>1,70,60,247</u>

15.1 Balance with Banks includes Unclaimed Dividend of Rs. 9,50,315 (Previous year Rs. 8,78,179)

15.2 Fixed Deposits Receipts for Rs. 9,00,000 (Previous year Rs. 9,00,000) are pledged with Banks as Security against Letters of Guarantee etc and having maturity of more than 12 months.

NOTE 16 : SHORT TERM LOANS AND ADVANCES (Unsecured and considered good)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Advance Tax		51,28,570		1,31,243
Balance with Central Excise Department		30,16,279		28,29,959
Other Loans & Advances		1,98,96,580		1,69,29,780
		<u>2,80,41,429</u>		<u>1,98,90,982</u>

16.1 Advance Tax shown as net of tax provisions and after adjustment of MAT credit entitlement used Rs. 95,97,042 (Previous year Rs. Nil).

NOTE 17 : OTHER CURRENT ASSETS (Considered Good)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Claims, Subsidy, Benefits etc. receivable		3,05,15,498		2,94,81,919
		<u>3,05,15,498</u>		<u>2,94,81,919</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 18 : REVENUE FROM OPERATIONS

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Sale of Finished & Trading goods	90,33,00,902		86,04,48,678	
Income from Services	1,00,000		60,000	
Other operating Revenues	41,97,224	90,75,98,126	1,63,35,207	87,68,43,885
Less : Excise Duty		6,27,00,437		5,16,08,848
		<u>84,48,97,689</u>		<u>82,52,35,037</u>

NOTE 19 : OTHER INCOME

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Interest				
On Fixed Deposits	95,353		1,43,224	
From Others	14,23,870	15,19,223	76,000	2,19,224
Dividend		10,350		11,500
Miscellaneous Income		4,15,571		2,13,820
Exchange Gain (net)		24,36,947		34,69,273
Adjustment in respect of earlier years (net)		4,87,401		10,97,573
Sundry Balances Adjusted (net)		—		9,86,906
Liabilities no longer required written back		11,95,235		31,71,462
		<u>60,64,727</u>		<u>91,69,758</u>

NOTE 20 : COST OF MATERIAL CONSUMED

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	% of Consumption	Rupees	% of Consumption
Imported	15,40,76,290	76.77%	13,04,18,476	75.86%
Indigenous	4,66,27,712	23.23%	4,14,91,905	24.14%
	<u>20,07,04,002</u>		<u>17,19,10,381</u>	

20.1 Particulars of Material Consumed :

Monofilament yarn	8,86,96,228	8,67,88,223
Chemicals	10,34,63,628	7,44,19,247
Others	85,44,146	1,07,02,911

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 21 : CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROGRESS AND STOCK IN TRADE

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Inventories (at close)				
Finished Goods	56,70,955		76,05,203	
Stock-in-Trade	61,51,694		21,26,648	
Work-in-Progress	3,70,91,494		3,57,32,280	
Scrap	4,24,255		4,67,886	
	<u>4,93,38,398</u>		<u>4,59,32,017</u>	
Inventories (at commencement)				
Finished Goods	76,05,203		1,26,62,909	
Stock-in-Trade	21,26,648		33,88,022	
Work-in-Progress	3,57,32,280		2,23,95,851	
Scrap	4,67,886		4,63,771	
	<u>4,59,32,017</u>		<u>3,89,10,553</u>	
Change in Inventories		<u><u>(34,06,381)</u></u>		<u><u>(70,21,464)</u></u>

NOTE 22 : EMPLOYEES BENEFITS EXPENSES

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Salaries, Wages, Bonus etc.		13,22,83,924		11,20,64,178
Contribution to Provident, Gratuity and Other funds (Refer Note 31)		73,19,464		74,21,812
Employees Welfare Expenses		36,80,018		26,24,646
		<u>14,32,83,406</u>		<u>12,21,10,636</u>

NOTE 23 : FINANCE COST

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Interest Expenses				
On Long Term Loans	3,28,93,955		3,74,57,335	
To Others	59,42,010	3,88,35,965	15,58,469	3,90,15,804
Other Borrowing costs		2,94,578		11,19,251
		<u>3,91,30,543</u>		<u>4,01,35,055</u>

NOTE 24 : DEPRECIATION AND AMORTISATION EXPENSES

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Depreciation and amortisation (Refer Note 10)	11,22,92,682		11,63,41,603	
Less : Transferred from Revaluation Reserve (Refer Note 10.5)	2,83,27,695	8,39,64,987	2,83,71,784	8,79,69,819
		<u>8,39,64,987</u>		<u>8,79,69,819</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT

NOTE 25 : OTHER EXPENSES

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Consumption of Stores & Spare		2,65,04,564		4,02,01,828
Packing		3,95,27,662		4,25,51,864
Power and Fuel		2,39,30,507		2,58,05,733
Job Charges		1,75,07,245		1,77,40,953
Plant & Machinery Repairs		63,21,878		33,13,608
Freight & Forwarding Charges		1,35,70,389		1,26,77,889
Sales Commission		1,33,26,051		1,17,69,023
Rebate on Sales and Compensation		99,92,037		95,59,306
Sales Tax		1,19,95,605		1,10,95,993
Rent		25,03,474		26,27,566
Rates & Taxes (excluding taxes on Income)		13,11,227		3,99,021
Insurance		78,49,258		76,75,766
Building & Road Repairs		42,71,254		50,93,344
Travelling & Conveyance Expenses		3,96,73,386		3,36,00,967
Miscellaneous Expenses		6,52,52,155		59,801,671
Sundry Balances Adjusted (net)		5,94,966		—
Loss on Sale of Fixed Assets (net)		9,01,208		7,54,159
Fixed Asset Written off		—		16,927
Loss on Sale of Investment		31,841		—
		<u>28,50,64,707</u>		<u>28,46,85,618</u>

25.1 Value of Stores and Spares Consumed

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	% of Consumption	Rupees	% of Consumption
Imported	1,58,02,273	59.62%	87,20,890	21.69%
Indigenous	1,07,02,291	40.38%	3,14,80,938	78.31%
	<u>2,65,04,564</u>		<u>4,02,01,828</u>	

25.2 Miscellaneous Expenses include :-

	Rupees	Rupees
(a) Fees and out-of-pocket expenses paid / payable to Auditors.		
i) For Services as Auditors	1,92,360	1,54,888
ii) For Certifications	53,075	38,605
iii) For Company Law Matters	15,309	—
iv) Reimbursement of Expenses	54,940	54,980
	<u>3,15,684</u>	<u>2,48,473</u>
(b) Difference between excise duty on opening and closing stock of finished goods	(1,51,164)	3,58,861
(c) Bad Debts written off	7,76,556	1,47,919
(d) Directors' fees	3,40,000	3,30,000

NOTES FORMING PART OF THE FINANCIAL STATEMENT

26 VALUE OF IMPORTS CALCULATED ON CIF BASIS :

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Raw Materials		13,89,43,632		10,72,68,525
Stores & Spare Parts		1,58,67,883		1,02,86,262
Capital Goods		17,20,668		11,29,377

27 EXPENDITURE IN FOREIGN CURRENCY :

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Professional Services		45,46,190		50,83,335
Interest		6,76,462		1,85,378
Other Matters		3,54,42,956		2,59,60,879

28 EARNINGS IN FOREIGN EXCHANGE :

	For the Year Ended 31 st March, 2013		For the Year Ended 31 st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Export of goods on FOB basis		24,16,43,050		24,32,19,278
Other Income		--		17,02,323

29 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for) :

29.1 Contingent Liabilities :

- Guarantees issued by banks for Rs. 17,33,182 (Rs. 14,39,795)
- Letters of Credits issued by banks for Rs. 1,19,41,083 (Rs. 90,85,524)
- Claims against the Company not acknowledged as debt Rs. 6,20,949 (Rs. 5,94,789)
- Demands / Claims by various Government Authorities not acknowledge as debt :
 - Sales Tax Rs. 46,91,661 (Rs. 1,00,94,433) pending appeals on account of non submission of declaration forms and other matters.
 - Excise Duty Rs. 5,20,230 (Rs. Nil) pending appeals.
 - Income Tax Rs. 11,21,533 (Rs. 5,05,532) pending rectification.

29.2 Commitments :

- Estimated amount of Contract remaining to be executed on capital account, not provided for Rs. 25,59,456 (Rs. 25,59,456) advances paid Rs. 25,59,456 (Rs. 25,59,456).

30 EARNING PER SHARE (EPS) :

a) Weighted average number of Equity shares of Rs.10/- each		
Number of shares at the beginning of the year	30,56,250	30,56,250
Shares issued during the year	--	--
Total Number of equity shares outstanding at the end of the year	30,56,250	30,56,250
Weighted average number of equity shares outstanding during the year	30,56,250	30,56,250
b) Net profit after tax available for equity share holders	1,61,66,317	5,06,37,776
c) Basic and Diluted earning per share (Rs.)	5.29	16.57

NOTES FORMING PART OF THE FINANCIAL STATEMENT

31 EMPLOYEES BENEFITS :

a) As per the Accounting Standard 15 " Employee benefit" the disclosures as defined in Accounting Standard are given below:

i) Defined Contribution Plans :

Contribution to Defined Contribution Plans are recognised as expenses and charged off in Profit & Loss Account.

ii) Defined Benefit Plans :

Employees Gratuity Fund Scheme and Leave encashment are considered as defined benefit plans. The present value of obligation are recognised as per the actuarial valuation.

iii) The Employee Gratuity Fund Scheme is managed by Life Insurance Corporation of India (LIC). The following figures are as per actuarial valuation report performed by LIC and recognised in the financial statements :

	<u>As on 31.03.2013</u>	<u>As on 31.03.2012</u>
a) Assumptions		
Discount Rate	8%	8%
Salary Escalation	7%	7%
b) Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	74,80,895	74,46,927
Interest cost	5,98,472	5,95,754
Current Service Cost	6,62,269	6,14,581
Benefits Paid	-9,85,154	-6,57,693
Actuarial (gain)/Loss on obligations	-4,40,807	-5,18,674
Present value of obligations as at end of year	73,15,675	74,80,895
c) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	39,31,663	36,21,898
Expected return on plan assets	3,23,533	3,05,189
Contributions	7,08,794	6,62,269
Benefits paid	-9,85,154	-6,57,693
Actuarial Gain / (Loss) on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	39,78,836	39,31,663
d) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	39,31,663	36,21,898
Actual return on plan assets	3,23,533	3,05,189
Contributions	7,08,794	6,62,269
Benefits Paid	-9,85,154	-6,57,693
Fair value of plan assets at the end of year	39,78,836	39,31,663
Funded status	-33,36,839	-35,49,232
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	NIL	NIL
e) Actuarial Gain/Loss recognized		
Actuarial gain/(Loss) for the year -Obligation	4,40,807	5,18,674
Actuarial (gain)/Loss for the year - plan assets	NIL	NIL
Total (gain)/Loss for the year	-4,40,807	-5,18,674
Actuarial (gain)/Loss recognized in the year	-4,40,807	-5,18,674
f) The amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligations as at the end of year	73,15,675	74,80,895
Fair value of plan assets as at the end of the year	39,78,836	39,31,663
Funded status	-33,36,839	-35,49,232
Net Asset/(liability) recognized in balance sheet	33,36,839	35,49,232

NOTES FORMING PART OF THE FINANCIAL STATEMENT

g) Expenses Recognised in statement of Profit & Loss		
Current Service cost	6,62,269	6,14,581
Interest Cost	5,98,472	5,95,754
Expected return on plan assets	-3,23,533	-3,05,189
Net Actuarial (gain)/Loss recognised in the year	-4,40,807	-5,18,674
Expenses recognised in statement of Profit & loss	4,96,401	3,86,472

- b) The Company has applied to the Central Government, Ministry of Corporate Affairs, for approval of managerial remuneration as per the provisions of section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956. Pending approval, remuneration is being paid during the year as per the last approval.

32 Purchase of Raw Materials includes transfer from Trading Goods Rs. 1,86,68,378 (Rs. 109,75,216).

33 SEGMENT INFORMATION :

- i) The Company is organised into two main business segments :
- Paper Mill Products - Comprising of Finished Woven Wire Cloth, Chemicals and Equipments mainly for Paper Industry.
 - Wind Power - Comprising of Wind Power
- Segment has been identified and reported after taking into account the class of customers for the products & services, the differing risks & returns and the organisation structure.
- ii) Segment revenue includes sales, income from services rendered and export incentives. Inter-segment revenue is recognised on the basis of prevailing market rates.
- iii) Segment revenues, results, assets and liabilities include the respective amounts identifiable to reportable segments and amounts allocated on a reasonable basis.

33.1 a) Segment Information about Primary Business Segment :

	Paper Mill Products (Rupees)	Wind Power (Rupees)	Total (Rupees)
Revenue			
External	81,79,29,929	2,69,67,760	84,48,97,689
	(79,87,94,084)	(2,64,40,953)	(82,52,35,037)
Inter segment sales	—	10,60,450	10,60,450
	(—)	(9,63,697)	(9,63,697)
	81,79,29,929	2,80,28,210	84,59,58,139
Total Revenue	(79,87,94,084)	(2,74,04,650)	(82,61,98,734)
Result			
Segment result (before interest and tax)	9,55,87,669	(14,75,047)	9,41,12,622
	(14,57,83,684)	(-47,61,491)	(14,10,22,193)
Unallocated expenditure net of unallocated Income			3,97,78,369
			(3,84,20,395)
Operating Profit			5,43,34,253
			(10,26,01,798)
Interest Expenses			3,88,35,965
			(3,90,15,804)
Interest Income			15,19,223
			(2,19,224)
Profit before Taxation and exceptional items			1,70,17,511
			(6,38,05,218)
Provision for Taxation			8,51,194
			(1,31,67,442)
Profit after taxation and before exceptional items			1,61,66,317
			(5,06,37,776)
Exceptional Items			—
			(—)
Net Profit			1,61,66,317
			(5,06,37,776)

NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Paper Mill Products (Rupees)	Wind Power (Rupees)	Total (Rupees)
Segment Assets	96,50,26,767 (93,67,34,314)	14,62,26,744 (17,16,48,208)	1,111,253,511 (1,108,382,522)
Unallocated Assets			51,386,818 (42,718,564)
Total Assets			<u>1,162,640,329</u> <u>(1,151,101,086)</u>
Segment Liabilities	13,19,29,989 (10,92,81,348)	6,47,543 (—)	132,577,532 (109,281,348)
Unallocated Liabilities			607,244,607 (610,450,796)
Total Liabilities			<u>739,822,139</u> <u>(719,732,144)</u>
Other Information			
Capital Expenditure	4,47,33,530 (4,87,23,044)	— (—)	44,733,530 (48,723,044)
Unallocated Capital Expenditure			— (—)
Total Capital Expenditure			<u>44,733,530</u> <u>(48,723,044)</u>
Depreciation	6,01,53,470 (5,98,86,094)	2,38,11,517 (2,80,83,725)	83,964,987 (87,969,819)
Unallocated Depreciation			— (—)
Total Depreciation			<u>83,964,987</u> <u>(87,969,819)</u>
Non-cash expenses other than depreciation			— (—)

33.1 b) Information about Secondary Business Segment :

- i) The segment revenue in the geographical segment considered for disclosure are as follows :
 - a) Revenue within India includes sales to customers located within India and earnings in India.
 - b) Revenue outside India includes sales to customers located outside India and earnings outside India.
- ii) The Company has no assets located outside India.

	India Rupees	Outside India Rupees	Total Rupees
Revenue by geographical Market			
External	60,08,48,371 (58,11,37,300)	24,40,49,318 (24,40,97,737)	84,48,97,689 (82,52,35,037)
Intersegment	10,60,450 (9,63,697)	— (—)	10,60,450 (9,63,697)
TOTAL	<u>60,19,08,821</u> <u>(58,21,00,997)</u>	<u>24,40,49,318</u> <u>(24,40,97,737)</u>	<u>84,59,58,139</u> <u>(82,61,98,734)</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT

34 Information regarding related parties as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below :

34.1 Names of the related parties with whom transactions were carried out during the year and description of relationship:

a) Enterprises over which Key Management Personnel exercises significant influence :

- i) Kingsley Industries Ltd.
- ii) WMW Metal Fabrics Ltd.
- iii) W & F Securities Pvt. Ltd. (Holding Company)
- iv) W & F Chemicals Ltd.
- v) WMW Mercantile Pvt. Ltd.
- vi) Nathmall Jankilal

b) Key Management personnel

- i) Mr. B K Khaitan
- ii) Mr. K K Khaitan
- iii) Mr. M K Khaitan

c) Relatives of Key Management personnel

- i) Mr. Devesh Khaitan S/o. Mr. K.K. Khaitan
- ii) Mr. Madhur Krishna Khaitan S/o. Mr. B.K. Khaitan

34.2 The following transactions were carried out with the related parties in the ordinary course of business

a) Details relating to parties referred to in item 1(a) above

	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
	Rupees	Rupees
i) Purchase and receiving of Services	10,85,77,157	9,22,94,356
ii) Sale and rendering of Services	31,60,301	20,42,934
iii) Rent Paid	13,25,178	13,25,178
iv) Fixed Assets Purchases	—	20,25,108
v) Outstanding - Payable (Net)	69,94,182	13,02,761
vi) Outstanding - Receivable (Net)	—	3,17,896
vii) Provisions for doubtful debts /amounts written off /written back	Nil	Nil
b) Details relating to parties referred to in item 1 (b) above.		
i) Remuneration	241,20,076	2,42,29,216
ii) Outstanding - Payable	Nil	Nil
iii) Provisions for doubtful debts /amounts written off /written back	Nil	Nil
c) Details relating to parties referred to in item 1 (c) above.		
i) Remuneration	93,61,811	1,13,26,940
ii) Outstanding - Payable	Nil	Nil
iii) Provisions for doubtful debts /amounts written off /written back	Nil	Nil

35 RESEARCH & DEVELOPMENT EXPENDITURE :

	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
	Rupees	Rupees
Capital Expenditure (included in Plant & Machinery)	—	2,49,15,040
Revenue Expenditure	2,41,93,723	1,80,48,345

36 Figures in brackets represent figures for the previous year.

37 Previous year's figures have been rearranged and regrouped wherever practicable and considered necessary.

Signatures to Note 1 to 37 annexed to and forming part of the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date.

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

Chartered Accountants

"INDIA STEAMSHIP HOUSE"

21, Old Court House Street
Kolkata - 700 001

The 30th day of May, 2013

R. N. BARDHAN

Partner

M. No.17270

Firm Reg. No. 302034E

For and on behalf of the Board

Amit Dhanuka
Company Secretary

B. K. Khaitan
Chairman cum
Managing Director

K. K. Khaitan
Jt. Managing Director

OUR QUALITY POLICY

Quality

is the basis for all our actions.

Quality improvement

is the job of every member

Our focus is to

Consistently delight our customers

with our value added products and service

We are committed to an

Environment of teamwork

which fosters innovation, leadership and continuous improvement, thus creating a strong technological base

BOOK-POST

If undelivered, please return to :

WIRES AND FABRIKS (S.A.) LIMITED

7, CHITTARANJAN AVENUE, KOLKATA - 700 072

Notice of the 56th Annual General Meeting - 2013

NOTICE is hereby given that the 56th Annual General Meeting of the Members of the Company will be held at Seminar Hall, Science City, JBS Halden Avenue, Kolkata - 700 046 on Tuesday, the 30th day of July, 2013 at 11.30 A.M. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2013 together with Directors' Report and Auditors' Report thereon.
2. To declare dividend on the equity shares for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. M.L. Bhagat, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. K. Khaitan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

NOTES:

- A. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company. The proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the Meeting.**
- B. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- C. The Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, the 23rd day of July, 2013 to Tuesday, the 30th day of July, 2013 (both days inclusive)**, for the purpose of payment of dividend for the financial year ended 31st March, 2013. The dividend, if approved and declared at the forthcoming Annual General Meeting, will be paid, in case of physical shareholding to those Members whose name appear in the Register of Members of the Company as on 30th day of July, 2013 and in case of dematerialised shares to those Beneficiaries appearing at the close of 23rd day of July, 2013, in the records of National Securities Depository Ltd. (NSDL) and Central Depository Services

(India) Ltd. (CDSL) and furnished for this purpose, subject to the provisions of section 206A of the Companies Act, 1956.

- D. **Shareholders who have so far neither received nor encashed dividend warrants for any of the financial years ended 31st March, 2006 and thereafter, may claim or approach the Company for payment.** Pursuant to provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 2005-2006 and thereafter, which remains unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred to Investor Education and Protection Fund (IEPF) of the Central Government. **All unpaid/unclaimed dividends for the financial years up to 2004-2005 have been transferred to the IEPF set up by the Central Government. It may be noted that once the unpaid/unclaimed dividend is transferred to the IEPF of the Central Government as above, no claim with the Company or the IEPF will lie in respect thereof.**
- E. As required by Clause 49 of the Listing Agreement, the information relating to Directors who are proposed to be re-appointed are given in following order: Name of the Director, Age, Date of Appointment, Educational Qualification, Brief Profile and Area of Expertise, Other Directorships, Committee Memberships and Shareholding.

Mr. M. L. Bhagat, 78 Years, 08.07.1992, B.Com. Mr. Bhagat has vast experience of managing large companies particularly in the field of paper, petrochemicals and biotechnology (agriculture) and has expertise in finance and management. He is also director in Sandhar Technologies Ltd. He is member of Audit Committee and Remuneration Committee of the Company. He is not holding any Equity Shares of the Company.

Mr. M. K. Khaitan, 52 Years, 26.06.1989, B.Com. Mr. Khaitan is a renowned industrialist with rich experience in Paper industry. He is the Executive Director of the Company. He is also director in several companies, including GKD India Limited, Kingsley Industries Limited, Nebb Engineering India Ltd., W & F Chemicals Ltd., W & F Filtertech Ltd., WMW Metal Fabrics Ltd., BKM Mercantile Pvt. Ltd., BKM Trading Pvt. Ltd., DHM Trading Pvt. Ltd., Kil Mercantile Pvt. Ltd., KIL Trading Pvt. Ltd., Kingsley Mercantile Pvt. Ltd., KMI Estates Pvt. Ltd., Symbiont Business Pvt. Ltd., Symbiont Commercial Pvt. Ltd., Varioform Commercial Pvt. Ltd., W & F Commercial Pvt. Ltd., WMW Securities Pvt. Ltd., W & F Millennium Mercantile Pvt. Ltd., W & F Securities Pvt. Ltd., Wires & Fabriks Pvt. Ltd., WMW Business Pvt. Ltd., WMW

Commercial Pvt. Ltd., WMW Mercantile Pvt. Ltd., WMW Trading Pvt. Ltd., Disha Foundation Association. He is member of the Shareholders Grievance Committee of the Company. He is holding 30,500 Equity Shares of the Company.

- F. As per the provisions of the Companies Act, 1956, the facility for making nominations is available to the shareholders in respect of the equity shares held by them. Members holding shares in physical form may send their request in duly filled and signed prescribed Form 2B at Company's Registered Office address. This facility is made available folio wise to individual shareholders including joint holders and for the entire shares registered under the folio. Members holding shares in dematerialised form may contact and consult their respective depository participants (DP) for availing the nomination facility.
- G. In the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- H. Members are requested to intimate to the Company their Queries, if any, regarding accounts at least seven days before the Meeting to enable the management to keep the required information ready at the Meeting.
- I. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the company on all working days during business hours up to the date of the Meeting.
- J. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent, M/s ABS Consultant Private Limited.
- K. Since the Equity Shares of the company are under compulsory demat trading, shareholders are requested to get their physical shareholdings converted into DEMAT form. Equity Shares of the company are admitted with NSDL and CDSL, both the Depositories and bearing ISIN No. INE469D01013. All the queries related to this may please be forwarded directly to the Company's Registrar.
- L. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with M/s. ABS Consultants Private Limited, Registrar and Transfer Agent of the Company.
- M. Members/proxies are requested to bring their Attendance Slips duly filled in along with their copy of Annual Report to the Meeting.
- N. Members holding physical shares in multiple folios' are requested to consolidate their holdings for overall convenience.
- O. Members holding shares in physical form are requested to forward/update the details of their Bank particulars, for printing the necessary details on dividend warrants to avoid fraudulent encashment, if any. Members holding shares in dematerialised form are requested to inform the necessary details/updation to the concerned Depository Participant, where the demat account is maintained.

**By Order of the Board
For Wires and Fabriks (S.A.) Ltd.**

**(Amit Dhanuka)
Company Secretary**

Kolkata
Dated, the 30th day of May, 2013

WIRES AND FABRIKS (S. A.) LTD.**Attendance Slip-56th AGM**

Regd. Office: 7, Chittaranjan Avenue, Kolkata – 700 072.

(Please sign and handover at the entrance of the Meeting Hall)

I being a Member / Proxy for the member(s) of the Company, hereby record my/our presence at the 56th Annual General Meeting of the Company on Tuesday, the 30th day of July, 2013 at 11.30 A.M. at Seminar Hall, Science City, JBS Halden Avenue, Kolkata - 700 046

No. of Shares	Folio No.	DP ID No.*
		Client ID No. *
		* Applicable for members holding shares in electronic form.
Name & Address		
Signature of the Member / Proxy		

Members / Proxies are requested to kindly bring their copies of Annual Report to the Meeting Hall.

..... Please cut along this line

WIRES AND FABRIKS (S. A.) LTD.**Proxy Form-56th AGM**

Regd. Office: 7, Chittaranjan Avenue, Kolkata – 700 072.

I/We _____

of _____

being Member(s) of M/s. Wires & Fabriks (S. A.) Ltd. hereby appoint

of _____

or failing whom _____

of _____

or failing whom _____

of _____

as my / our proxy to attend and vote for me/us and on my/our behalf at the 56th Annual General Meeting of the Company to be held on Tuesday, the 30th day of July, 2013 at 11.30 A.M. at Seminar Hall, Science City, JBS Halden Avenue, Kolkata - 700 046 or at any adjournment thereof.

No. of Shares	Folio No.	DP ID No.*
		Client ID No. *
		* Applicable for members holding shares in electronic form.
Name & Address		

Dated, this _____ day of _____ 2013

Note : The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

Signature _____	Affix Re. 1/- Revinue Stamp
-----------------	-----------------------------------