

Board of Directors

Chairman & Managing Director

SUNIL KHAITAN

Directors

B. DASGUPTA (Nominee Director representing IDBI)
P. K. SARKAR (Nominee Director representing SBI)
SANJOY GUPTA (Nominee Director representing ARCIL)
DIPAK DASGUPTA
DIPAK RUDRA
PROBIR ROY

Executives

R. P. DHANUKA – Sr. President
D. KHAITAN – President - Paper Machine Wire Unit (Nasik)
S. J. SENGUPTA – Chief Financial Officer
S. K. KEJRIWAL – Company Secretary

Solicitors

Khaitan & Co.
Jhunjhunwala & Co.
L. P. Agarwalla & Co.

Auditors

S. S. Kothari & Co.
G. P. Agrawal & Co.

Bankers

State Bank of India
HDFC Bank Ltd.

Registered and Head Office

25, Ganesh Chandra Avenue
Kolkata - 700 013

SHALIMAR WIRES INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the members of Shalimar Wires Industries Limited will be held at Science City Mini Auditorium, J.B.S. Haldane Avenue, Kolkata -700 046, on Thursday, the 30th September, 2010 at 10.00 A.M. to transact the following business :

1. To consider and adopt the Profit & Loss Account of the Company for the financial year ended 31st March 2010 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon
2. To elect a Director in place of Mr. Dipak Rudra who retires by rotation and being eligible, offers himself for re-election.
3. To elect a Director in place of Mr. Probir Roy who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Joint Auditors and to fix their remuneration and in this connection to pass, with or without modification, the following resolution which will be proposed as an **Ordinary Resolution** :

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

Registered Office :
25, Ganesh Chandra Avenue
Kolkata - 700 013
The 30th July, 2010

By Order of the Board

S. K. Kejriwal
Company Secretary

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member of the Company. Proxies in order to be valid must be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.09.2010 to 30.09.2010 (both days inclusive).
3. Members/proxy holders are requested to bring the attendance slip duly filled in for attending the meeting. For shares held in dematerialised form, the DP ID and Client ID numbers should be indicated in the attendance slip.
4. Members are requested to notify any change in their address to the Company or its share transfer agent M/s. Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, Kolkata - 700 001 and in case shares are held in dematerialised form, this information should be passed on to their respective Depository participants without any delay.
5. Under the provisions of the Companies Act, 1956 (as amended with effect from 31st October, 1998) shareholders may file nomination forms in respect of their shareholdings. Any shareholder willing to avail of this facility may submit to the Company at its Registered Office the prescribed Form 2B duly filled in.
6. In all correspondences with the Company, members are requested to quote their Account/Folio numbers and in case their shares are held in dematerialised form, they must quote their client ID number and their DP ID number.
7. As per requirement of Clause 49 VI (A) of the Listing Agreement with Stock Exchanges, the particulars relating to Directors proposed to be appointed/reappointed are given in **ANNEXURE**.
8. Pursuant to Circular no. SEBI/CFD/DIL/LA/2/2007/26/4 dated April 26, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient feature of the balance sheet, profit and loss account and auditors' report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the unabridged Annual Report, may write to the Company Secretary at the Company's Registered Office address.

SHALIMAR WIRES INDUSTRIES LIMITED

ANNEXURE

Particulars Relating to Directors proposed to be appointed/re-appointed

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

Registered Office :
25, Ganesh Chandra Avenue
Kolkata - 700 013
The 30th July, 2010

By Order of the Board

S. K. Kejriwal
Company Secretary

SHALIMAR WIRES INDUSTRIES LIMITED

DIRECTORS' REPORT

To The Members

Your Directors have pleasure in presenting the 14th Annual Report on the working of the Company together with the audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

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

	2009-2010 (Rs. in lacs)	2008-2009 (Rs. in lacs)
Sales & Other Income (Net of excise and write off)	7862.58	7501.03
Operating Surplus	2259.44	2402.02
Less : Interest (Net)	1038.43	3713.28
Less : Depreciation	636.59	863.39
Less : Loss on sale of Plant and Machinery (Nasik unit)	528.08	—
Net Profit/(Loss) before adjustment	56.34	(2174.65)
Add: Adjustment on restructuring of debts (exceptional item)	1990.46	2461.57
Profit/(Loss) before Tax	2046.80	286.92
Less : Fringe Benefit Tax	—	25.52
Net Profit/(Loss) for the year	2046.80	261.40

OPERATIONAL REVIEW

During the year under review, the total income of the Company amounted to Rs. 7862.58 lacs as compared to Rs. 7501.03 lacs in the previous year. The operating surplus (profit before interest and depreciation) of the Company was Rs. 2259.44 lacs as compared to Rs. 2402.02 lacs in the previous year. The Company has incurred loss of Rs. 528.08 lacs on sale of Plant and Machinery of strip division of Nasik unit during the year. The net profit (before considering exceptional item) during the year is Rs. 56.34 lacs as compared to loss of Rs 2174.65 lacs in the previous year. The Company has accounted for relief granted by the Financial Institutions/Banks of Rs 1990.46 lacs in the current year as compared to Rs 2461.57 lacs in the previous year. The net profit (after aforesaid adjustment) during the year amounted to Rs. 2046.80 lacs as compared to Rs 261.40 lacs in previous year.

RESTRUCTURING OF DEBTS

The Company has already completed one time settlement with all the secured lenders except two insurance companies which are likely to be settled during the current year. Your Directors are hopeful that the performance of the Company will further improve in the coming years once the restructured debts are paid and interest cost is reduced.

DIVIDEND

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

EXPORT

The Company's export turnover has increased by 14% during the year under review i.e. Rs. 1887.80 lacs as compared to Rs. 1657.27 lacs in the previous year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed and no material departures have been made from the same save and except as mentioned in the Auditor's Report;
- ii) They have adopted such accounting policies and applied them consistently and made judgements and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

- iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, for preventing and detecting fraud and other irregularities;
- iv) They have prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

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

TRANSFER TO INVESTORS' EDUCATION AND PROTECTION FUND

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

REHABILITATION SCHEME

The BIFR has approved a Draft Rehabilitation Scheme (DRS) on June 10, 2010, the order copy of which was received by the Company on June 24, 2010. The DRS provides for the settlement of dues of the various stakeholders, which would be given effect to at varying points of time. Further, the order copy was received by the company near the time of closing of the accounts, and hence the impact of the order in terms of various reliefs and concessions granted, will be given in the books of accounts of the Company in the current financial year.

CONSERVATION OF ENERGY

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is provided in the Annexure to the Report. However, as permitted by Section 219(1)(b)(iv) of the Act, this Annual Report is being sent to all the members of the Company excluding the said Annexure.

DEPOSITS

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

DIRECTORS.

The Central Government vide its letter Ref. SRN No. A-50716901-CL.VII dated 18.03.2010 have approved the appointment of Mr Sunil Khaitan as Managing Director of the Company for a period of three years w.e.f. 1st April, 2008 and also has approved the increase in his remuneration vide its letter Ref. SRN No. A-67472464 dated 18.03.2010, in terms of the provisions of Section 269 of Companies Act, 1956 and other applicable provisions. The Board of Directors has appointed Mr. Sunil Khaitan as Chairman of the Company and re-designated him as Chairman & Managing Director with effect from 23rd October, 2009.

Dr L R Vaidyanath, who was associated with the Company as one of the director in the Board of Directors of the company since 1986, passed away on 26th July, 2010. The Board places on record its deep appreciation and gratitude for the valuable services rendered by Dr. L.R. Vaidyanath during his tenure as Director of the company.

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

CORPORATE GOVERNANCE REPORT

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

COMPLIANCE CERTIFICATE

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

SHALIMAR WIRES INDUSTRIES LIMITED

AUDITORS

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

PARTICULARS OF EMPLOYEES

There was no employee in receipt of remuneration of Rs.24 lacs or more in the financial year or Rs.2,00,000/- or more per month within the meaning of Section 217(2A) of the Companies Act, 1956.

SUBSIDIARY COMPANY

The audited Accounts as on 31st March, 2010 along with the Auditors Report thereon and the report of the Board of Directors of SWIL International (PTE) Limited have not been annexed as the value of assets and liabilities of the company have become nil and the share capital of the company has been fully eroded against accumulated losses and the subsidiary have made application for winding up before the Regulatory Authority at Singapore which is awaited. However, a statement as required under Section 212 of the Companies Act, 1956 is annexed.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

Registered Office :
25, Ganesh Chandra Avenue
Kolkata - 700 013
The 30th July, 2010

For and on behalf of the Board

Sunil Khaitan
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Paper Machine Clothings (PMC)

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

EDM Wires

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

OPPORTUNITIES AND THREATS

Paper Machine Clothings (PMC)

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

EDM Wires

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

OUTLOOK

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

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

RISKS AND CONCERNS

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

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

INTERNAL CONTROL SYSTEM

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

HUMAN RESOURCES

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

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

INFORMATION TECHNOLOGY

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is to ensure transparency in all dealings and maintain highest standards of professionalism, integrity, accountability, social responsibility, fairness and business ethics. We consider ourselves as Trustees of our shareholders and relentlessly attempt to maximize long term shareholder value.

Your Directors confirm the practice of good Corporate Governance codes by the Company in true spirit and are pleased to present below the Report on Corporate Governance.

2. BOARD OF DIRECTORS

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

During the year, four Board Meetings were held on 28.04.2009, 25.07.2009, 23.10.2009 and 30.01.2010.

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

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

* Since Deceased

Code of Conduct for Directors & Senior Management

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

3. COMMITTEES OF THE BOARD

Your Company's Board has three Sub Committees

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

A. Audit Committee

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

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

During the financial year ended 31st march, 2010, four meetings of the Audit Committee were held on 28.04.2009, 25.07.2009, 23.10.2009 and 30.01.2010.

SHALIMAR WIRES INDUSTRIES LIMITED

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

SI. No.	Name	Status	No. of meetings attended
1	Mr. Sanjoy Gupta	Member	4
2	Mr. B. Dasgupta	Member	3
3	Mr. P. K. Sarkar	Member	3
4	Mr. Dipak Rudra	Member	4
5	Mr. Dipak Dasgupta	Member	4

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

B. Remuneration Committee

a) **Composition of the Committee**

The present composition of the Remuneration Committee comprises four members, all being non-executive directors. During the financial year ended 31st march, 2010, no meeting of the Remuneration Committee was held. The details are as follows :

SI. No.	Name	Status	No. of meetings attended
1	Mr. Sanjoy Gupta	Member	N.A.
2	Mr. B. Dasgupta	Member	N.A.
3	Mr. P. K. Sarkar	Member	N.A.
4	Mr. Dipak Rudra	Member	N.A.

b) **Terms of Reference of the Committee**

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

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

c) **Remuneration to Directors**

The details of remuneration paid to all the Directors during the year ended on 31.03.2010 are given below :

Name	Salary (Rs.)	Perquisites & Allowances (Rs.)	Sitting fee (Rs.)	Total (Rs.)	Service Contract if any
Mr. Sunil Khaitan (Chairman & Mg. Director)	18,00,000	4,10,142	—	22,10,142	Yes
Mr. M. Sanjoy Gupta (Nominee Director)	—	—	47,000	47,000	Nominee
Mr. B. Dasgupta (Nominee Director)	—	—	33,000	33,000	Nominee
Mr. P. K. Sarkar (Nominee Director)	—	—	36,000	36,000	Nominee
Dr. L. R. Vaidyanath*	—	—	15,000	15,000	No
Mr. Probir Roy	—	—	5,000	5,000	No
Mr. Dipak Rudra	—	—	47,000	47,000	No
Mr. Dipak Dasgupta	—	—	44,000	44,000	No
TOTAL	18,00,000	4,10,142	2,27,000	24,37,142	

* Since Deceased

C) Investor Grievance/Share Transfer Committee

a) **Composition of the Committee**

The present composition of the Remuneration Committee comprises five members, all being non-executive directors. During the financial year ended 31st March, 2010, four meetings of the Investors' Grievance Committee were held

SHALIMAR WIRES INDUSTRIES LIMITED

on 28.04.2009, 25.07.2009, 23.10.2009 and 30.01.2010. The details of meetings attended by the Members are as follows :

Sl. No.	Name	Status	No. of meetings attended
1	Mr. Sanjoy Gupta	Member	4
2	Mr. B. Dasgupta	Member	3
3	Mr. P. K. Sarkar	Member	3
4	Mr. Dipak Rudra	Member	4
5	Mr. Dipak Dasgupta	Member	4

b) Terms of Reference

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

- Ensure redressal of Shareholders and Investors complaints relating to transfer of shares, Non-receipt of balance sheet etc.
- Redressal of Investors complaints in respect of non-receipt of interest/redemption proceeds against the non-convertible debenture.
- To oversee the performance of Maheshwari Datamatics Pvt. Ltd., the Registrar and Share Transfer Agent.
- To delegate the powers of approving transfer of shares/debentures to the Company's Registrar under the supervision and control of the Company Secretary, subject to placing of the summary statement of transfer/transmission etc. of shares/debentures of the company at the committee meeting.
- To implement and monitor the various requirement as set out in the Code of Conduct for provision of insider trading pursuant to the provisions of the SEBI (prohibition of Insider Trading Regulations, 1992.)

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

The Company confirms that there were no share transfers lying pending as on 31.03.2010 and all requests for dematerialisation and re-materialisation of shares as on that date were confirmed/rejected into the NSDL/CDSL system. Details of shareholders' complaints received and resolved during the period April, 2009 to March, 2010 :

a) Number of Shareholders' complaints received during the year	:	12
b) Number of Shareholders' complaints resolved during the year	:	12
c) Number of complaints not resolved to the satisfaction of shareholders	:	Nil
d) Number of complaints pending	:	Nil

4. GENERAL BODY MEETINGS

The last three Annual General Meeting were held as under :

Financial Year	Date and Time	Venue	No. of Special Resolution
2008-2009	24.09.2009 10.00 a.m.	Science City Mini Auditorium Kolkata	None
2007-2008	30.09.2008 10.00 a.m.	Science City Mini Auditorium, Kolkata	1 (Appointment of Mg. Director)
2006-2007	28.09.2007 11.00 a.m.	Science City Mini Auditorium, Kolkata	None

In the last AGM held on 24.09.2009 no resolution was passed through Postal Ballot.

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

5. DISCLOSURES

- Related Party transactions have been disclosed under note 11 on schedule to the accounts for year under review.
- The Company has complied with all the requirements of the listing agreements with the Stock Exchanges as well as regulations and guidelines of SEBI, wherever applicable.
- No penalties or stricture have been imposed by SEBI, Sock Exchanges or any Statutory Authorities on matters related to Capital Markets during the last three years.

6. MANAGEMENT RESPONSIBILITY STATEMENT

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

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

7. MANAGING DIRECTOR/CFO CERTIFICATION

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

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

The above certificate was placed before the Board Meeting on 30.07.2010.

8. MEANS OF COMMUNICATION

(i) Financial Results

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

(ii) Management discussion and analysis Report:

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

9. GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting
 - Date : 30th September, 2010
 - Time : 10.00 A.M.
 - Venue : Science City Mini Auditorium, J B S Haldane Avenue
Kolkata-700 046
- b) Financial Calender (tentative) for the year 2010 – 2011
 - : 1st Quarterly Results – 30th July, 2010
 - 2nd " " In the month of October, 2010
 - 3rd " " In the month of January 2011
 - 4th " " In the month of April, 2011
- c) Book Closure Date : 24th September, 2010 to 30th September, 2010
(both days inclusive)

SHALIMAR WIRES INDUSTRIES LIMITED

- d) Dates of the completion of the Secretarial Audits for each quarter : 1st Quarter - 30th July, 2010
2nd Quarter - On or before 31st October, 2010
3rd Quarter - On or before 31st January, 2011
4th Quarter - On or before 30th April, 2011
- e) Listing of Equity shares on Stock Exchanges : The Company's shares are listed on the Stock Exchanges at :
• Calcutta (Sock Code 100294),
• Mumbai (Stock Code 532455),
The listing fees for the period 2010-2011 have been paid to both the Stock Exchanges.
Demat ISIN Number in NSDL and CDSL : INE 655 D 01017
- f) Market Price Data : The market price data (Monthly High/Low) of the company's Equity Shares traded on The Stock Exchange, Mumbai during the period April 2009 to March 2010 is given below. There was no trading in Calcutta Stock Exchange.

Month	Bombay Stock Exchange	
	High	Low
April, 09	4.12	3.55
May, 09	5.32	3.66
June, 09	8.72	5.58
July, 09	10.64	6.75
August, 09	12.65	10.60
September, 09	16.75	11.69
October, 09	15.04	12.35
November, 09	13.90	10.58
December, 09	10.57	8.99
January, 10	16.90	10.00
February, 10	17.07	13.26
March, 10	19.20	15.50

- g) Registrar and Share Transfer Agent : Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
- h) Share Transfer System : The Company's shares are in compulsory demat mode. The share received for transfer in physical mode are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respect. Shares under objection are returned within two weeks. Total number of physical shares transferred during the year ended 31.03.2010 was 1247.
- i) Distribution of shareholding & shareholding Pattern : As per Appendix
- j) Dematerialisation of shares : The shares of the Company are compulsorily traded in dematerialized form under depository system of both the National Securities Depository Ltd.(NSDL) and the Central Depository Services (India)Ltd. (CDSL).
Company's Electronic Connectivity Registrar is Maheshwari Datamatics Pvt.Ltd., 6, Mangoe Lane, Kolkata – 700 001.
6024690 Nos. of equity shares (90.53%)of the paid up share capital of the Company was held in demat form with NSDL and CDSL as on 31st March, 2010. International Securities & Identification Number is INE 655 D 01017.
- k) Factory location : The Company's factories are located at the following places :
1. 77, Netaji Subhas Road, Uttara para, Dist. Hooghly, W.B.
2. E-26/29, Industrial Area, Satpur, Nashik - 422 007
3. Paper Machine Wire Unit, 73, Industrial Estate, Satpur, Nashik – 422 007

SHALIMAR WIRES INDUSTRIES LIMITED

l) Address for correspondence

With the Company :

Share Department
25, Ganesh Chandra Avenue, 2nd Floor, Kolkata - 700 013
Tel. : 2234-9308/09/10, Fax : 2211-6880
E-mail : secretarial@shalimarwires.com
The Company can also be visited at its Website :
<http://www.shalimarwires.com>

With the Registrar :

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

APPENDIX

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

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2010.

Kolkata

Dated : 30th July, 2010

Sunil Khaitan

Chairman & Managing Director

APPENDIX

Pattern of Shareholding as on 31st March, 2010

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Promoters/Directors & their relatives including associate companies.	36	00.23	28,32,794	42.57
Financial Institutions/Insurance Companies/Mutual Funds & Bank	27	00.18	11,22,148	16.86
Non-resident Indians/Overseas Corporate Bodies.	13	00.09	1,297	00.02
Other bodies corporate	177	01.16	9,54,910	14.35
Indian Public	14968	98.34	17,43,974	26.20
Total	15,221	100.00	66,55,123	100.00

Distribution of Shareholding as on 31st March, 2010

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	14831	97.4379	872247	13.1063
501-1000	184	1.2088	154470	2.3211
1001-5000	137	0.9000	312374	4.6937
5001-10000	16	0.1051	118259	1.7772
10001 and above	53	0.3482	5197773	78.1017
Total	15,221	100.00	66,55,123	100.00

SHALIMAR WIRES INDUSTRIES LIMITED

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF SHALIMAR WIRES INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by Shalimar Wires Industries Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

As required by the guidance note issued by The Institute of Chartered Accountants of India, we have to state as per the records maintained, there were no investors grievances remaining unattended/pending for more than 30 days as at 31 March, 2010.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For G. P. AGRAWAL & CO.

Chartered Accountants
FR No. 302082E

CA Sunita Kedia

Membership No. 60162
Partner

7A, Kiran Shankar Ray Road
Kolkata, 30th July, 2010

For S. S. KOTHARI & CO.

Chartered Accountants
FR No. 302034E

CA A. Datta

Membership No. 5634
Partner

21, Old Court House Street
Kolkata, 30th July, 2010

AUDITOR'S REPORT ON ABRIDGED FINANCIAL STATEMENTS OF SHALIMAR WIRES INDUSTRIES LIMITED

To the Members of Shalimar Wires Industries Limited

We have examined the attached abridged Balance Sheet of Shalimar Wires Industries Limited ('the Company) as at March 31, 2010, the abridged Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date annexed thereto, together with the notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the financial statements of the Company for the year ended March 31, 2010 prepared in accordance with the Schedule VI of the Companies Act, 1956 and is covered by our report of even date to the members of the Company which report is attached herewith.

For G. P. AGRAWAL & CO.

Chartered Accountants
FR No. 302082E

CA Sunita Kedia

Membership No. 60162
Partner

7A, Kiran Shankar Ray Road
Kolkata, 30th July, 2010

For S. S. KOTHARI & CO.

Chartered Accountants
FR No. 302034E

CA A. Datta

Membership No. 5634
Partner

21, Old Court House Street
Kolkata, 30th July, 2010

SHALIMAR WIRES INDUSTRIES LIMITED

AUDITORS' REPORT

TO THE MEMBERS

1. We have audited the attached Balance Sheet of **SHALIMAR WIRES INDUSTRIES LIMITED** as at 31st March 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, which have been signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the aforesaid Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account have been kept by the company as required by law so far as appears from our examination of those books.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **except Accounting Standard 29 regarding Contingent Liabilities (refer Note No. B 1 & B 26 of Schedule 'O'), the quantum of non-provision in respect whereof is not ascertained.**
 - v. On the basis of legal opinion and the written representations received from the Board of Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. Attention is drawn to the following notes in Schedule 'O' of Significant Accounting Policies and Notes on Accounts:
 - a) **Note B 5 (b) regarding non-provision against Loans given amounting to Rs. 565.39 Lacs.**
 - b) **Note B 6 regarding non-provision against Sundry Debtors and advances amounting to Rs. 28.75 Lacs.**
 - c) **Note B 7 regarding amount due from Sundry Debtors and Loans & Advances given and due to Sundry Creditors, in respect of which we are unable to express our opinion, in the absence of confirmation from the parties;**

- d) Note B 22 regarding non incorporation of effect of Scheme of Rehabilitation sanctioned by the Hon'ble Board For Industrial and Financial Reconstruction for vide its order dated 10th June, 2010 in the accounts (quantum unascertained).
- e) Preparation of accounts on going concern basis although the Net Worth of the company has been fully eroded.

Without considering item nos. (iv), (vi) (c), (d) and (e) above, whose impact on the company's loss is presently not ascertainable, and if the impact of items vi (a) and (b) above had been considered, the profit for the year would have been Rs. 1452.66 Lacs as against the reported profit of Rs. 2046.80 Lacs and the debit balance of Profit and Loss account would have been Rs. 30212.77 Lacs as against the reported figure of Rs. 29618.63 Lacs.

Subject to the above and read together with other Notes appearing in Schedule 'O', in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- b) In the case of the Profit and Loss Account, of its profit for the year ended on that date and
- c) In the case of Cash Flow Statement, of cash flows for the year ended on that date.

For G. P. AGRAWAL & CO.

*Chartered Accountants
FR No. 302082E*

CA Sunita Kedia

Membership No. 60162
Partner
7A, Kiran Shankar Ray Road
Kolkata, 30th July, 2010

For S. S. KOTHARI & CO.

*Chartered Accountants
FR No. 302034E*

CA A. Datta

Membership No. 5634
Partner
21, Old Court House Street
Kolkata, 30th July, 2010

SHALIMAR WIRES INDUSTRIES LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Auditors' Report to the members of **SHALIMAR WIRES INDUSTRIES LIMITED** on the Accounts for the year ended 31st March, 2010:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) The fixed assets, **except those at the Strip & Wire Unit at Nashik, which is under closure**, have been physically verified under a phased program of physical verification. To the best of our knowledge, no material discrepancies were noticed on such verification.
- c) The Company has not disposed off substantial part of fixed assets during the year.
- ii. a) The inventories, **except those at the Strip & Wire Unit at Nashik, which is under closure**, have been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. a) The Company has granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount of loan outstanding during the year was Rs. 159.22 Lacs and the year end balance was Rs. 159.22 Lacs.
- b) In our opinion and according to the information given to us, the rate of interest and other terms and conditions of unsecured loans given by the Company are prima facie not prejudicial to the interest of the Company **except that no interest is being charged on these loans since 1st April, 2002. Receipt of principal amount and interest on the above loans are not regular.**
- c) **As explained to us, the aforesaid loans given have become overdue and are doubtful, however, necessary legal action have been initiated by the Company in these regards.**
- d) The Company has not taken any loans, secured or unsecured from companies, firms or others parties covered in the register maintained under section 301 of the Companies Act, 1956, except loans amounting to Rs. 167.50 Lacs from a director and his relative. The maximum amount of loan outstanding during the year was Rs. 167.50 Lacs and the year end balance was Rs. 167.50 Lacs.
- e) The above loans are interest free and other terms and conditions thereof are not prejudicial to the interests of the company.
- f) There has been no repayment of the principal amount against the aforesaid loans during the year.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system, commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and also for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v. To the best of our information and explanations given to us, no contracts or arrangements were entered into during the year as referred to in section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposit within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the internal audit system of the Company is commensurate with the size of Company and nature of its business **except that no internal audit has been carried out during the year at the Strip & Wire Unit at Nashik.**
- viii. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the company.

SHALIMAR WIRES INDUSTRIES LIMITED

- ix. a) According to the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty and other statutory dues with appropriate authorities, **except in respect of the following amounts to be deposited in the Investor Education & Protection Fund and dues in respect of Strip & Wire Unit at Nashik** which are outstanding as on 31st March 2010 for a period of more than six months from the date of becoming payable.

Sl. No.	Name of Act	Nature of Dues	Year	Amount not paid (Rs. Lacs)
1	Octroi Chgs. – NMC	Octroi charges payable to Nashik Municipal Corporation	2001-2004	3.18
2	Property Tax	Property Tax payable to Nashik Municipal Corporation	2005-2009	6.18
3	Central Excise Act, 1944	Excise Duty payable to CEGAT	2003-2004	0.69
4	CST Act, 1956	Sales Tax	2003-2004	0.72
5	Bombay States Stamps Act, 1958	Stamp Duty and Interest thereon	2001-2010	425.19
6	Companies Act, 1956 The BIFR has, vide its recent approval of the rehabilitation scheme advised the relevant authorities for exemption (reference Note No. 22 of Schedule O)	Investor Education & Protection Fund – Debenture Redemption and Accrued Interest Money	2009-2010	211.98

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

- b) The disputed statutory dues aggregating to Rs 5092.79 Lacs that have not been deposited on account of matters pending before appropriate authorities are as under :

Sl. No.	Name of Act	Nature of Dues	Amt. not paid due to dispute (Rs. Lacs)	Year to which it Relates	Forum
1	WBST Act, 1994	Tax & Penalty	2.91	1999-00	The Deputy Commissioner of Commercial Taxes, Kolkata
2	WBST Act, 1994	Tax & Penalty	0.11	1988-1989	The Assistant Commissioner of Commercial Taxes, Kolkata
3	WBST Act, 1994	Tax, Interest & Penalty	3.42	1998-99 & 2002-03	The Additional Commissioner of Commercial Taxes, Kolkata
4	WBST Act, 1994	Tax & Penalty	9.49	1980-81, 1993-94 1997-98, 2000-01, 2003-04 & 2004-05	The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata
5	WBST Act, 1994	Tax & Penalty	4.82	2001-02	The West Bengal Taxation Tribunal
6	WBST Act, 1994	Tax & Penalty	22.22	2005-06 & 2006-07	The Sr. Joint Commissioner of S. Tax
7	CST Act, 1956	Tax, Interest & Penalty	317.65	1999-00, 2004-05,	The Deputy Commissioner of Commercial Taxes, Kolkata
8	CST Act, 1956	Tax	0.72	1988-89	The Assistant Commissioner of Commercial Taxes, Kolkata
9	CST Act, 1956	Tax	871.89	1996-97, 1998-99 2001-02 & 2002-03	The Additional Commissioner of Commercial Taxes, Kolkata
10	CST Act, 1956	Tax	779.60	1993-94, 1995-96, 1997-98, 2000-01 2003-04	The West Bengal Commercial Taxes Appellate & Revision Board, Kolkata
11	CST Act, 1956	Tax & Penalty	80.18	2005-06 & 2006-07	The Sr. Joint Commissioner of S. Tax

SHALIMAR WIRES INDUSTRIES LIMITED

Sl. No.	Name of Act	Nature of Dues	Amt. not paid due to dispute (Rs. Lacs)	Year to which it Relates	Forum
12	Central Excise Act, 1944	Tax & Penalty	139.87	1992-93, 1994-95 2002-03, 2003-04	Commissioner (Appeals) CE Cal - IV Kolkata
13	Central Excise Act, 1944	Tax & Penalty	1724.69	1987-97 & 2000-03	Hob'ble Supreme Court, New Delhi
14	Central Excise Act, 1944	Tax	11.23	1989-90 & 2005-06	Hob'ble High Court, Mumbai
15	Central Excise Act, 1944	Tax & Penalty	0.32	1994-95	CESAT, Kolkata
16	Central Excise Act, 1944	Penalty	0.15	2002-03	CEGAT, Mumbai
17	Central Excise Act, 1944	Tax & Penalty	2.21	2003-04	Commissioner (Appeals) Nashik
18	Central Excise Act, 1944	Tax	1.73	2002-03	CESTAT, Mumbai
19	Central/Delhi Sales Tax Act	Tax	0.62	1999-2002	The Asst. Commissioner, Sales Tax, Delhi
20	Central/ Gujarat Sales Tax Act.	Tax & Penalty	5.50	1999-2000 & 2002-03	The Asst. Commissioner Sales Tax, Ahmedabad
21	Foreign Exchange Management Act, 1999	Penalty	22.40	1995-96	Special Director of Enforcement, Enforcement, Directorate, Govt. of India, New Delhi
22	Customs Act, 1962	Tax	1063.96	2000-03	Commissioner, Customs Nashik & Mumbai
23	Municipal Tax Demands	Tax	20.21	1982-89	Nashik Municipal Corporation
24	Octroi MNC	Octroi Duties	6.89	2007-09	Bombay High Court

- x. The accumulated losses of the Company have exceeded fifty percent of its net worth though it has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi. **The Company has defaulted in payment of dues to debenture-holders. Amount in this regard as on Balance Sheet date was Rs. 2489.19 Lacs, which is overdue from 13th August 1998 and onwards.**
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- xiv. The Company is not trading or dealing in shares, debentures and other investments. However, the investments made by the company are held in its own name.
- xv. The Company has not given any guarantees for loans taken by others from banks during the year.
- xvi. The Company has neither taken any term loan during the year nor applied during the year any part of the term loans taken in earlier years.
- xvii. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that short-term funds have not been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debenture during the year.
- xx. The Company has not raised any money during the year by public issue.
- xxi. Based upon the audit procedure performed and the information and explanation given by the Company, we report that no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For G. P. AGRAWAL & CO.

Chartered Accountants
FR No. 302082E

CA Sunita Kedia

Membership No. 60162
Partner

7A, Kiran Shankar Ray Road
Kolkata, 30th July, 2010

For S. S. KOTHARI & CO.

Chartered Accountants
FR No. 302034E

CA A. Datta

Membership No. 5634
Partner

21, Old Court House Street
Kolkata, 30th July, 2010

SHALIMAR WIRES INDUSTRIES LIMITED

ABRIDGED BALANCE SHEET AS AT MARCH 31, 2010

[Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956]

	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS				
(1) Shareholders Funds				
(a) Capital				
(i) Equity Share Capital	66,551,230		66,551,230	
(ii) Cumulative Redemable Preference Shares	<u>293,434,866</u>	359,986,096	<u>293,434,866</u>	359,986,096
(b) Reserves & Surplus				
(i) Capital Reserve	10,209,787		10,209,787	
(ii) Security Premium Reserve	121,021,600		121,021,600	
(iii) Capital Redemption Reserve	1,000,000		1,000,000	
(iv) Debenture Redemption Reserve	113,800,000		113,800,000	
(v) General Reserve	28,763,318		28,763,318	
Less : Debit Balance of Profit & Loss Account (as per contra)	<u>(28,763,318)</u>	246,031,387	<u>(28,763,318)</u>	246,031,387
(2) Loan Funds				
(a) Debentures (Convertible/Partly Convertible)	338,919,282		631,539,226	
(b) Secured Loans	2,581,892,202		2,624,379,692	
(c) Unsecured Loans	<u>78,876,369</u>	2,999,687,853	<u>73,871,576</u>	3,329,790,494
(3) Deferred Tax Liability (Net)		<u>9,570,984</u>		<u>9,570,984</u>
TOTAL		<u>3,615,276,320</u>		<u>3,945,378,961</u>
II. APPLICATION OF FUNDS				
(1) Fixed Assets				
(a) Net Block (Gross Block less depreciation)	449,466,572		546,930,842	
(b) Capital Work-in-Progress	<u>1,437,733</u>	450,904,305	<u>11,375,194</u>	558,306,036
(2) Investments (Net of Provision for Diminution)				
(a) In Subsidiary Companies	—		—	
(b) Unquoted	—		—	
(c) Quoted	3,443,356		3,345,176	
(d) In Government Security	<u>23,000</u>	3,466,356	<u>28,000</u>	3,373,176
Market Value (Quoted)	<u>3,963,615</u>		<u>3,345,176</u>	
(3) (i) Current Assets, Loans and Advances				
(a) Inventories	246,118,551		244,334,579	
(b) Sundry Debtors	213,438,152		209,555,779	
(c) Cash and Bank Balances	68,154,839		85,890,392	
(d) Loans and Advances to others	<u>135,981,591</u>		<u>141,005,053</u>	
	<u>663,693,133</u>		<u>680,785,803</u>	
Less :				
(ii) Current Liabilities and Provisions				
(a) Liabilities	434,162,402		433,070,108	
(b) Provisions	<u>1,725,000</u>		<u>1,814,929</u>	
	<u>435,887,402</u>		<u>434,885,037</u>	
Net Current Assets (i-ii)		227,805,731		245,900,766
(4) Miscellaneous Expenditure (to the extent not written off)		—		18,792
(5) Profit & Loss Account (Debit Balance as per annexed account)	2,961,863,246		3,166,543,509	
Less : General Reserve (as per contra)	<u>28,763,318</u>	2,933,099,928	<u>28,763,318</u>	3,137,780,191
TOTAL		<u>3,615,276,320</u>		<u>3,945,378,961</u>

Refer Notes forming part of the Abridged Financial Statements

Compiled from the Audited Financial Statements of the Company referred to in our Report dated July 30, 2010

As per our Report of even date annexed

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

Chartered Accountants
FR No. 302082E

CA Sunita Kedia

Membership No. 60162

Partner

Kolkata, 30th July, 2010

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

Chartered Accountants
FR No. 302034E

CA A. Datta

Membership No. 5634

Partner

Kolkata, 30th July, 2010

S. J. Sengupta

Chief Financial Officer

S. K. Kejriwal

Company Secretary

Sunil Khaitan

Managing Director

Dipak Dasgupta

Director

SHALIMAR WIRES INDUSTRIES LIMITED

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

[Statement containing salient features of Profit and Loss Account as per Section 219(1)(b)(iv) of the Companies Act, 1956]

	Rs.	2009-2010 Rs.	Rs.	2008-2009 Rs.
I. INCOME				
Sales		775,788,318		730,810,424
Dividend		84,450		84,450
Interest		1,493,526		1,450,494
Other Income		10,385,523		19,207,840
TOTAL		<u>787,751,817</u>		<u>751,553,208</u>
II. EXPENDITURE				
Cost of Goods consumed/sold				
(i) Opening Stock	213,937,860		212,061,453	
(ii) Purchases	191,467,659		199,048,505	
	<u>405,405,519</u>		<u>411,109,958</u>	
Less : Closing Stock	215,419,084	189,986,435	213,937,860	197,172,098
Manufacturing Expenses		66,053,021		58,109,833
Salaries,Wages and other Employee Benefits		136,916,171		119,320,243
Selling Expenses		51,677,964		43,725,406
Managerial Remuneration		2,210,142		2,231,570
Interest		105,336,993		372,778,796
Depreciation		63,658,638		86,339,038
Auditors Remuneration		460,365		385,877
Other Expenses		165,817,918		88,956,295
TOTAL		<u>782,117,647</u>		<u>969,019,156</u>
III. Profit/(Loss) Before Taxation and Exceptional Items		5,634,170		(217,465,948)
IV. Exceptional Items :				
One Time Settlement of Loans		199,046,093		246,157,071
V. Profit/(Loss) Before Taxation		204,680,263		28,691,123
VI. Provision for Taxation				
Fringe Benefit Tax		—		2,551,529
VII. Profit/(Loss) After Tax		204,680,263		26,139,594
VIII. Surplus/(Deficit) brought forward from Previous Year		<u>(3,166,543,509)</u>		<u>(3,192,683,103)</u>
IX. Balance carried to Balance Sheet		<u>(2,961,863,246)</u>		<u>(3,166,543,509)</u>
Earning Per Equity Share (Basic & Diluted)				
(Face Value of Rs. 10 per share)		30.76		3.93

Refer Notes forming part of the Abridged Financial Statements

Compiled from the Audited Financial Statements of the Company referred to in our Report dated July 30, 2010

As per our Report of even date annexed

For **G. P. AGRAWAL & CO.**
Chartered Accountants
FR No. 302082E
CA Sunita Kedia
Membership No. 60162
Partner
Kolkata, 30th July, 2010

For **S. S. KOTHARI & CO.**
Chartered Accountants
FR No. 302034E
CAA. Datta
Membership No. 5634
Partner
Kolkata, 30th July, 2010

S. J. Sengupta
Chief Financial Officer

Sunil Khaitan
Managing Director

S. K. Kejriwal
Company Secretary

Dipak Dasgupta
Director

SCHEDULES TO THE ACCOUNTS

Notes to Abridged Financial Statements

A. SIGNIFICANT ACCOUNTING POLICIES

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

1) Recognition of Income & Expenditure :

Income and Expenditure are recognised on accrual basis.

2) Fixed Assets :

Fixed Assets are stated at original cost.

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

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

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

3) Depreciation and Amortisation :

Depreciation has been charged during the year on all assets at revised straight line rates prescribed in Schedule XIV to the Companies Act, 1956 vide Notification dated 16th December, 1993 issued by the Central Government. Depreciation has been calculated with reference to the month of addition/sale.

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

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

4) Inventories :

Inventories of Raw Material and General Stores, Work in Process, Finished Goods and Scrap Materials are stated at 'cost or net realisable value, whichever is lower'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'Weighted Average Cost'.

5) Investments :

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

6) Foreign Currency Transactions :

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

b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rates. The effect of exchange rate fluctuations in respect of the same is taken to Profit & Loss Account.

7) Research & Development Expenditure :

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

8) Employee Benefits :

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.

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- b) Post employment and other long-term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuations. Actuarial gains and losses in respect of post employment and other long-term employee benefits are recognized in the Profit and Loss Account.

9) **Amortisation of Miscellaneous Expenditure :**

Miscellaneous Expenditure are being charged off on the following basis :

Preliminary Expenditure : Over ten years, on straight line basis.

The unamortised portions of the above are being shown under Miscellaneous Expenditure (To the extent not written off)

10) **Provisions and Contingent Liabilities :**

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

11) **Borrowing Costs :**

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

12) **Taxes on Income :**

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

13) **Impairment of Assets :**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

- B. Notes to the Abridged Balance Sheet as at 31st March, 2010 and Abridged Profit & Loss Account for the year ended on that date :

	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
1. (Note No. B - 1 of Schedule O of Financial Statements) Contingent Liabilities not provided for	579,077,201	551,195,142
2. (Note No. B - 2 of Schedule O of Financial Statements) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	25,038,912	27,468,135
3. (Note No. B-3 of Schedule O of Financial Statements)		

350,000 19% Redeemable Non-Convertible Debentures of Rs.100/- each privately placed with the New India Assurance Co.Ltd. (NIA) was redeemable in three equal instalments starting from the end of the 6th year till the end of the 8th year from the date of allotment i.e. 19th June, 1993.

100,000 19% Non-Convertible Debentures of Rs.100/- each privately placed with The Oriental Insurance Co. Ltd.

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(OIC) are redeemable in three equal annual instalments on the expiry of 6th, 7th and 8th years from the date of allotment i.e. 30th May, 1996.

100,000 20% Non-Convertible Debentures of Rs.100/- privately placed with NIA are redeemable in three equal annual instalments on the expiry of 4th, 5th and 6th year from the date of allotment i.e. 3rd December, 1996.

1,000,000 18% Non Convertible Debentures of Rs.100/- each privately placed with Industrial Development Bank of India (IDBI) are redeemable in sixteen instalments commencing from 1st April, 2005.

375,000 14% Non-Convertible Debentures of Rs.100/- each privately placed with Industrial Investment Bank of India (IIBI) are redeemable in 24 equal quarterly instalments commencing from 1st October, 2003. Out of the above the whole of Rs. 37,500,000/- due to IIBI has been transferred to Asset Reconstruction Company India Ltd.(ARCIL) during the year 2009-10 in full.

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

Term Loans of Rs. 110,681,935/- (Previous Year: Rs.110,681,935/-) under various schemes of Financial Institutions (IDBI) are secured by exclusive charge on Fixed Assets purchased thereunder.

380,982 14% Secured Redeemable Debentures of Rs.30/- each (Non-Convertible Portion)

249,375 14% Secured Redeemable Debentures of Rs.20/- each (Non-Convertible Portion) and 10,300 14% Secured Redeemable Debentures of Rs.10/- each (Non-Convertible Portion) were redeemable at par on the expiry of the 7th, 8th, and 9th years from the respective dates of allotment i.e., 4th February, 1992 and 18th February, 1992.

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

Various series of Debentures other than those restructured during the year as above which have matured/ partly matured for redemption before 31st March, 2010 could not be repaid due to liquidity constraint. The company has, however, applied to the Financial Institutions for One Time Settlement (OTS).

In respect of the Debentures held by the public, the company has since redeemed, in full, such Debentures the certificates for which were surrendered within 31st March, 2010.

Principal amount of Rs. 734,681,568/- together with Interest accrued and Due upto 31.12.09 amounting to Rs. 1,658,727,033/- in respect of dues to Bank of India , Allahabad Bank, Indian Overseas Bank, NIC, Canara Bank, SBI and IIBI has been transferred on assignment to Asset Reconstruction Company India Ltd.(ARCIL). Subsequent to assignment, ARCIL has restructured the loan.

4. (Note No. B-4 of Schedule O of Financial Statements)

Persuant to the restructuring of dues, waiver made has been written back in the accounts and treated as exceptional item, made up as under :

	Amount (Rs.)
i) UTI	163,213,905
ii) LIC-MF	7,365,194
iii) UIIC	28,466,994
	<u>199,046,093</u>

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	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
5. (Note No. B - 5 of Schedule O of Financial Statements)		
(a) Advances include Loans and interest due thereon. In view of the long outstanding position, no interest income has been accounted for since 2001-02.	56,539,424	56,539,424
(b) The above loans have not been repaid as stipulated. However, no provision against the same has been considered necessary.		
6. (Note No. B-6 of Schedule O of Financial Statements) Sundry Debtors and Advances include Rs.2,875,455/- (Previous Year: Rs.2,875,455/-) outstanding since a long period. However, no provision against the same has been considered necessary.		
7. (Note No. B-7 of Schedule O of Financial Statements) Amount due from Sundry Debtors, Loans & Advances given, which are considered good and dues to Sundry Creditors are subject to confirmation of the parties.		
8. (Note No. B-11 of Schedule O of Financial Statements) Capital Work-In-Process includes advance on Capital Account	1,437,733	11,375,194
9. (Note No. B-17 of Schedule O of Financial Statements) No provision for taxation has been made in the accounts in view of carry forward loss. Also Minimum Alternate Tax (MAT) provision has not been made since this is in applicable, the Company being a Sick Industrial Company.		
10. (Note No. B-20 of Schedule O of Financial Statements) Consolidated Financial Statements under Accounting Standard 21 : The Company has a wholly owned subsidiary in Singapore in the name and style of SWIL International Pte Ltd. In view of huge accumulated losses of the subsidiary as on 31st March, 2010, the subsidiary is under severe financial constraints which significantly impairs its ability to transfer funds to the holding company. As such, the management is of the view that preparation of Consolidated Financial Statement of the Company and its above named subsidiary is not required as per para 11 (b) of Accounting Standard 21.		
11. (Note No. B-21 of Schedule O of Financial Statements) Related party disclosures under Accounting Standard 18 :		
A. Names of related parties and nature of related party relationship :		
(a) Subsidiary companies : SWIL International Pte Ltd.		
(b) Key Management Personnel : Mr. Sunil Kumar Khaitan		
(c) Relatives of Key Management Personnel : Mrs. Sita Devi Khaitan (Mother of Mr. Sunil Kumar Khaitan) Mr. Anil Kumarr Khaitan (Brother of Mr. Sunil Kumar Khaitan) Mr. Umaesh Khaitan (Brother of Mr. Sunil Kumar Khaitan)		
(d) Enterprises over which key management personnel and their relatives are able to exercise significant influence : Sunil Healthcare Limited Shalimar Industries Limited ASIL Industries Limited Satya Sons Services Limited		

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B. Details of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2010 :

Transactions with Related Parties	Subsidiaries		Enterprises over which significant Influence exists		Key Management Personnel		Relatives to Key Management Personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Remuneration										
Mr. Sunil Kumar Khaitan	—	—	—	—	2,210,142	2,231,570	—	—	2,210,142	2,231,570
Closing Balance Receivable										
Mr. Sunil Kumar Khaitan	—	—	—	—	—	7,315	—	—	—	7,315
Anil Special Steel Industries Ltd.	—	—	18,464,932	18,464,932	—	—	—	—	18,464,932	18,464,932
Shalimar Industries Limited	—	—	762,151	547,929	—	—	—	—	762,151	547,929
Closing Balance Payable										
Mr. Sunil Kumar Khaitan	—	—	—	—	16,687,063	17,079,361	—	—	16,687,063	17,079,361
Mr. Anil Kumarr Khaitan	—	—	—	—	—	—	3,000,000	3,374,727	3,000,000	3,374,727
Mr. Umaesh Khaitan	—	—	—	—	—	—	—	—	—	—
Mrs. Sita Devi Khaitan	—	—	—	—	—	—	—	—	—	—
Shalimar Industries Limited	—	—	135,373	135,373	—	—	—	—	135,373	135,373
Sunil Healthcare Limited	—	—	153,322	153,322	—	—	—	—	153,322	153,322
Satya Sons Services Limited	—	—	1,575	1,575	—	—	—	—	1,575	1,575

No amount has been written back/off during the year in respect of due to/from related parties.

No provision for doubtful debts has been made in respect of dues from related parties.

12. (Note No. B-22 of Schedule O of Financial Statements)

The accumulated losses of the Company exceeded its net worth and the Company was declared as Sick Industrial Company as per The Sick Industrial Companies (special provisions) Act, 1985 by the Board of Industrial and Financial Reconstruction (BIFR) vide its order dated 30.01.2006. The said Board has accorded its approval as conveyed vide its order dated 10.06.2010 to the Draft Rehabilitation Scheme (DRS) submitted by the Company, and which was received by the company on 24.06.2010 the effect of which will be given in the accounts in totality in the succeeding accounting year after receiving requisite approval from various authorities in respect of the reliefs and concessions provided in the scheme.

13. (Note No. B-24 of Schedule O of Financial Statements)

Segment reporting disclosures under Accounting Standard 17 :

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

Segment wise Revenue, Results and Capital Employed for the year ended 31st March, 2010 :

A. Primary Segment	2009-2010		2008-2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1. Segment Revenue				
(Gross Sales / Income from each segment)				
(a) Paper Mill Products				
i) External Revenue	710,501,209		657,589,396	
ii) Intersegment Revenue	—	710,501,209	—	657,589,396
(b) Strip & Wire				
i) External Revenue	123,968,729		146,849,923	
ii) Intersegment Revenue	—	123,968,729	—	146,849,923
(c) Others		182,631		827,761
		834,652,569		805,267,080

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NOTE :

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

14. (Note No. B-26 of Schedule O of Financial Statements)

Disclosure in terms of Accounting Standard-29 on Provisions, Contingent Liabilities and Contingent Assets :

- (a) Movement for Provision for Liabilities : (Rs.in lacs)
- | Particulars | Legal Cases |
|---------------------------------|---------------------------------------|
| Balance as at 1st April, 2009 | 3.5 |
| Provided During the period | — |
| Amount used during the period | — |
| Reversed during the period | — |
| Balance as at 31st March, 2010 | 3.5 |
| Timing of outflow/uncertainties | Outflow on settlement/Crystallization |
- (b) The Contingent Liabilities & Liabilities mentioned at Sl. No. 1 & 14 (a) respectively are dependent upon Court decision/ out of Court Settlement/ Disposal of appeals, etc.
- (c) No reimbursement is expected in the case of Contingent Liabilities & Liabilities shown respectively under Sl. No. 1 & 14(a) above.

15. (Note No. B-27 of Schedule O of Financial Statements)

- a) Computation of net profit u/s 349 of the Companies Act, 1956 has not been given as no Commission has been paid to the Directors.
- b) Minimum Remuneration paid/payable to Directors and debited under respective Head of Accounts.

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Salary	1,800,000	1,800,000
Contribution to - PF	216,000	216,000
Perquisites	194,142	215,570
	<u>2,210,142</u>	<u>2,231,570</u>

16. (Note No. B-28 of Schedule O of Financial Statements)

The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31.03.10. The disclosure pursuant to the said Act is as under :

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Principal amount due to suppliers under MSMED Act, 2006	2,560,674	2,770,668
Payment made to suppliers (other than interest) beyond the appointed day during the year	2,883,307	4,054,149
Interest paid to suppliers under MSMED Act (Section 16)	48,522	—
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	55,788	48,522

Note : The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

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17. (Note No. B-30 of Schedule O of Financial Statements)

Deferred Tax Liabilities (Net)

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Deferred Tax Liabilities		
Accumulated Depreciation	122,475,145	122,475,145
Deferred Tax Assets		
Accrued expenses deductible on payment	<u>112,904,161</u>	<u>112,904,161</u>
Deferred Tax Liabilities (net)	<u>9,570,984</u>	<u>9,570,984</u>

18. (Note No. B-31 of Schedule O of Financial Statements)

Employee benefits(Revised Accounting Standard 15)

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

The Company has with effect from 1st April, 2007 adopted Accounting Standard - 15 (revised 2005), "Employee Benefits".

Defined Contribution Plan :

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

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

	Rs. (in lacs)
Defined Contribution Plan	
Employer's Contribution to Providend Fund	75.69
Employer's Contribution to Superannuation Fund	—
Employer's Contribution to Employee State Insurance Scheme	14.44
Employer's Contribution to Labour Welfare Fund	0.10

Defined Benefit Plan :

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

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

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

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Rs. in lacs						
	Gratuity				Leave Encashment	
	Funded		Unfunded		Funded	
	09-10	08-09	09-10	08-09	09-10	08-09
I. Components of Employer Expense :						
1. Current Service Cost	(0.09)	(1.54)	20.46	17.12	2.50	1.50
2. Past Service Cost	—	—	—	—	—	—
3. Interest Cost	4.04	3.71	18.03	16.44	7.53	6.84
4. Expected Return on Plan Asset	—	—	(4.17)	(4.75)	—	—
5. Acturial (gain)/loss recognized in the year	—	—	30.29	(14.74)	8.09	13.98
6. Expense recognized in statement of Profit & Loss Account	3.95	2.17	64.61	14.07	18.12	22.32
II. Change in Present Value of Defined Benefit Obligation						
1. Present Value of Defined Benefit Obligation at the beginning of the year	45.00	42.83	200.21	210.84	99.50	79.82
2. Interest Cost	4.04	3.71	18.03	16.44	7.53	6.84
3. Past Service Cost	—	—	—	—	—	—
4. Current Service Cost	(0.09)	(1.54)	20.46	17.13	2.50	1.50
5. Benefits paid	—	—	(19.32)	(30.81)	(9.62)	(9.97)
6. Acturial (gain)/loss	—	—	31.26	(13.39)	8.09	13.98
7. Present Value of Obligation at the end of the year	48.95	45.00	250.64	200.21	108.00	92.17
III. Change in fair value of Plan Assets during the year ended 31st March, 2010 :						
1. Plan Assets at the beginning of the year	45.00	42.83	47.24	71.51	—	—
2. Expected Return on Plan Assets	—	—	4.16	4.75	—	—
3. Actual Company Contribution	3.95	2.17	23.85	0.43	9.14	9.24
4. Benefits Paid	—	—	(19.32)	(30.81)	(9.14)	(9.24)
5. Acturial (gain)/loss	—	—	0.97	1.36	—	—
6. Plan Assets at the end of the year	48.95	45.00	56.90	47.24	—	—
IV. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2010 :						
1. Present value of Defined Benefit Obligation	49.12	46.75	250.64	200.21	100.68	92.18
2. Fair Value on Plan Assets	—	—	56.90	47.24	—	—
3. Funded Status [Surplus/(Deficit)]	—	—	(193.74)	(152.97)	(100.68)	(92.18)
4. Net Asset/(Liability) recognized in Balance Sheet	(49.12)	(46.75)	(193.74)	(152.97)	(100.68)	(92.18)
V. Acturial Assumptions						
1. Discount Rate(per annum)	—	—	8.00%	7.50%	8% 7.50%	8% 7%
2. Expected rate of return on Plan Assets(per annum)	—	—	N.A.	N.A.	N.A.	N.A.
3. Salary increases	—	—	5%	5%	5% / 6%	5% / 6%
4. Retirement / Superannuation age	—	—	58 years	58 years	58 years	58 years
5. Mortality	—	—	LIC (1994-96) ultimate Mortality Rates	LIC (1994-96) ultimate Mortality Rates	LIC (1994-96) ultimate Mortality Rates	LIC (1994-96) ultimate Mortality Rates
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end :						
	—	—	N.A.	N.A.	—	—
VII. Experience Adjustments :						
1. Defined Benefit Obligation	—	—	250.64	200.21	85.70	78.38
2. Plan Assets	—	—	56.90	47.24	—	—
3. Funded Status	—	—	(193.74)	(152.97)	(85.70)	(78.38)
4. Experience Gain/(Loss) adjustments on Plan Liabilities	—	—	(31.26)	13.39	(8.55)	(13.20)
5. Experience Gain/(Loss) adjustments on Plan Assets	—	—	0.97	1.35	—	—
VIII. Expected Employer's Contribution for the next year :						
Expected Employer's Contribution for the next year	—	—	40.42	—	—	—

SHALIMAR WIRES INDUSTRIES LIMITED

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

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

X. Other Disclosures

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

The Gratuity expenses have been recognized in "Contribution To Provident & Other Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule- L of Financial Statement

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

19. (Note No. B-32 of Schedule O of Financial Statements)

Details of installed capacity and productivity of main items manufactured

Class of Goods	Unit	Installed Capacity		Actual Production	
		2009-10	2008-09	2009-10	2008-09
Wire Cloth/Fabric for Pulp, Paper & Board Industry	Sq. Mtr.	207,000	207,000	200,876	183,780
Copper & Copper Alloy Wires including Monel Wires	M.T.	900	900	237	229
Stainless Steel Wire	M.T.	125	125	—	—
Dandy Roll & Dandy Roll Bracket	No.	420	420	33	30
Strips	M.T.	—	4,400	—	—
Capsule Making Machineries	No.	4	4	—	—
Wire Drawing Machineries	No.	6	6	—	—
Patenting Machine	No.	2	2	—	—

20. (Note No. B-32 of Schedule O of Financial Statements)

Details of Sales

Class of Goods	Unit	2009-10		2008-09	
		Quantity	Amount	Quantity	Amount
Wire Cloth/Fabric for Pulp, Paper & Board Industry	Sq. Mtr.	198,726	650,184,132	183,263	594,201,950
Copper & Copper Alloy Wires including Monel Wires	M.T.	237	118,177,811	234	133,010,480
Dandy Roll & Dandy Roll Bracket	No.	33	45,528,891	34	46,272,028
Others		—	10,291,762	—	12,490,332
			<u>824,182,596</u> @		<u>785,974,790</u> @
Less : Excise Duty			<u>48,394,278</u>		<u>55,164,366</u>
			<u>775,788,318</u>		<u>730,810,424</u>

@ Sales includes Rs. 1,780,468/- being loss on account of exchange rate fluctuation (Previous year : Rs. 5,468,569/- gain)

21. Key Financial Ratios

	As at 31st March, 2010	As at 31st March, 2009
Sales / Total Assets	0.69	0.59
Operating Profit/Capital Employed %	3.04%	3.91%
Return on Net Worth %	0.93%	4.31%
Net Profit/Sales %	26.38%	3.58%

22. (Note No. B-33 of Schedule O of Financial Statements)

Previous year's figures have been regrouped/rearranged wherever considered necessary.

As per our Report of even date annexed

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

Chartered Accountants

FR No. 302082E

CA Sunita Kedia

Membership No. 60162

Partner

Kolkata, 30th July, 2010

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

Chartered Accountants

FR No. 302034E

CA A. Datta

Membership No. 5634

Partner

Kolkata, 30th July, 2010

S. J. Sengupta

Chief Financial Officer

S. K. Kejriwal

Company Secretary

Sunil Khaitan

Managing Director

Dipak Dasgupta

Director

SHALIMAR WIRES INDUSTRIES LIMITED

8. Additional information as required under Part IV of Schedule VI to the Companies Act,1956

Balance Sheet Abstract and Company's General Business Profile :

1. Registration No.	81521
State Code	21
Balance Sheet Date	31st March 2010
	(Rs'000)
2. Capital raised during the period :	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
3. Position of mobilisation and deployment of funds :	
Total Liabilities *	3,615,276
Total Assets	3,615,276
Sources of Funds :	
Paid-up Capital	359,986
Reserves & Surplus	246,031
Secured Loans	2,920,812
Unsecured Loans	78,876
Deferred tax Liability	9,571
Application of Funds :	
Net Fixed Assets	450,904
Investments	3,466
Net Current Assets	227,806
Miscellaneous Expenditure	—
Debit balance of Profit & Loss Account	2,933,100
* Excluding Current Liabilities & Provisions of Rs. 435,887 Thousand.	
4. Performance of Company :	
Turnover (including Other Income)	786,258
Total Expenditure	780,623
Profit/(Loss) before Exceptional Items and Tax	5,634
Profit/(Loss) before Tax	204,680
Profit/(Loss) after Tax	204,680
Earning per Equity Share (in Rs.)	30.76
Dividend Rate	NIL
5. Generic Names of Principal Products, Services of the Company :	
Item Code No.	Product Description
59.11	Synthetic Fabric for Pulp, Paper and Board Industry
74.08	Copper & Copper Alloy Wire
73.14	Stainless Steel Wire Cloth

As per our Report of even date annexed

For **G. P. AGRAWAL & CO.**
Chartered Accountants
FR No. 302082E
CA Sunita Kedia
Membership No. 60162
Partner
Kolkata, 30th July, 2010

For **S. S. KOTHARI & CO.**
Chartered Accountants
FR No. 302034E
CA A. Datta
Membership No. 5634
Partner
Kolkata, 30th July, 2010

S. J. Sengupta
Chief Financial Officer

Sunil Khaitan
Managing Director

S. K. Kejriwal
Company Secretary

Dipak Dasgupta
Director

SHALIMAR WIRES INDUSTRIES LIMITED

ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Description	<i>For the Year Ended 31st March, 2010 Rs.</i>	For the Year Ended 31st March, 2009 Rs.
A. Cash Flow from Operating Activities :		
Net Profit/(Loss) before Tax	204,680,263	28,691,123
Adjustments For :		
Depreciation	63,658,638	86,339,038
Income from Exceptional Items	(199,046,093)	(246,157,071)
Loss on Sale / discardation of Fixed Assets (Net)	53,368,296	90,746
Dividend Received	(84,450)	(84,450)
Interest Expense (Net)	103,843,467	371,328,302
Deferred Revenue Expenses etc. Written Off	18,792	18,792
Provision for Diminution in value of Investments written back	—	1,105,879
Operating profit before working capital changes	226,438,913	241,332,359
Adjustments For :		
Trade & Other Receivables	9,035,158	(19,586,972)
Inventories	(1,783,972)	(5,067,547)
Trade & Other Payables	2,643,302	(193,020,941)
Cash Generated from Operations	236,333,401	23,656,899
Taxes Paid	(933,151)	(2,122,998)
Net Cash from Operating Activities (A)	235,400,250	21,533,901
B. Cash Flow from Investing Activities :		
Additions to Fixed Assets	(62,588,405)	(25,581,801)
Sale of Fixed Assets	52,963,202	(395,918)
Dividend Received	84,450	84,450
Net Cash Used in Investing Activities (B)	(9,540,753)	(25,893,269)
C. Cash Flow from Financing Activities :		
Proceeds from Long term Borrowings (Net)	169,567,643	388,311,652
Proceeds from Short term Borrowings (Net)	(285,107,524)	(322,150,932)
Interest Paid	(121,004,322)	(8,234,652)
Net Cash Flow from Financing Activities (C)	(236,544,203)	57,926,068
Net Increase in Cash & Cash Equivalents (A+B+C)	(10,684,706)	53,566,700
Cash & Cash Equivalents (Opening Balance)	71,360,392	17,793,692
Cash & Cash Equivalents (Closing Balance)	60,675,686	71,360,392
Net Increase/(Decrease) in Cash & Cash Equivalents	(10,684,706)	53,566,700

NOTES :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Additions to Fixed Assets include movement of Capital Work in-Progress during the year.
- Proceeds from Long Term Borrowings are shown net of repayments.
- Figures in brackets indicate deductions.
- Previous Year Figures have been rearranged/regrouped wherever considered necessary.
- Cash & Cash Equivalents do not include any amount which is not available to the company for its use.
- Cash & Cash Equivalent at the end of the year consist of :

i) Cash in Hand	1,409,747	622,600
ii) Balance with Scheduled Banks in Current Accounts	59,265,939	70,737,792
	60,675,686	71,360,392

For **G. P. AGRAWAL & CO.**
Chartered Accountants
FR No. 302082E
CA Sunita Kedia
Membership No. 60162
Partner
Kolkata, 30th July, 2010

For **S. S. KOTHARI & CO.**
Chartered Accountants
FR No. 302034E
CA A. Datta
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Kolkata, 30th July, 2010

S. J. Sengupta
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Managing Director

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Dipak Dasgupta
Director

SHALIMAR WIRES INDUSTRIES LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Particulars	Name of the Subsidiary Companies	
	Swil International Pte Ltd. (Singapore) (Subsidiary of Shalimar Wires Industries Limited)	
The Financial Year of the Subsidiary Ended on	<i>March 31, 2010</i>	March 31, 2009
Number of Shares in the Subsidiary Company held by the Holding Company at the above date		769,125
Extent of Holding		100%
The Net Aggregate of Profits/(Losses) of the Subsidiary Company for the Year so far as it concern the members of Holding Company	See Note Below *	S \$
A) Dealt with in the Accounts of Holding Company		—
B) Not Dealt with in the Accounts of Holding Company		7,440,573
The Net Aggregate of Profits/(Losses) of the Subsidiary Company up to the Year so far as it concern the members of Holding Company		
A) Dealt with in the Accounts of Holding Company		—
B) Not Dealt with in the Accounts of Holding Company		(1,817,778)

*Figures for the year ended 31st march 2010 have not been given, since as per the audited statement of accounts of the wholly owned subsidiary the values of assets/liabilities of the Company has become nil and the share capital has been fully eroded against accumulated losses. The subsidiary have made application for winding up before the regulatory authority of the concerned country which is awaited. Besides, the value of investments made in the subsidiary and appearing in the books of the Company have been adjusted against full provision made there against.

S. J. Sengupta
Chief Financial Officer

Sunil Khaitan
Managing Director

Kolkata, 30th July, 2010

S. K. Kejriwal
Company Secretary

Dipak Dasgupta
Director

ATTENDANCE SLIP

Shalimar Wires Industries Limited

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

14th ANNUAL GENERAL MEETING

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

I hereby record my presence at the 14th ANNUAL GENERAL MEETING of the Company at Science City Mini Auditorium, J.B.S. Haldane Avenue, Kolkata - 700 046, on Thursday, the 30th September, 2010 at 10.00 a.m.

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

FORM OF PROXY

Shalimar Wires Industries Limited

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

I/We

of

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

of or failing him

of or failing him

of as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 14th ANNUAL GENERAL MEETING of the Company at Science City Mini Auditorium, J.B.S. Haldane Avenue, Kolkata - 700 046, on Thursday, the 30th September, 2010 at 10.00 a.m. and at any adjournment thereof.

Signed this.....day of.....2010

Signature.....

Affix
Revenue
Stamp

Regd. Folio/DP ID No.

Notes :

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

BOOK POST

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