


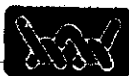
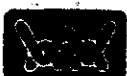
 **wires & fabriks**   




WIRES AND FABRIKS (S.A.) LTD.
AN ISO 9002 COMPANY

ANNUAL REPORT

98-99



Directors

M. P. JATIA *Chairman*
M. L. BHAGAT
D. D. TRIVEDI
V. K. BHARGAVA
M. K. KHAITAN *Executive Director*
K. K. KHAITAN *Joint Managing Director*
B. K. KHAITAN *Managing Director*

Secretary

A. K. MUCHHAL

Auditors

S. S. Kothari & Co.

Bankers

State Bank of Bikaner & Jaipur
Indian Overseas Bank
ICICI Banking Corporation Ltd.

Registered Office

7, Chittaranjan Avenue,
Calcutta - 700 072.

Works

Industrial Area, Jhotwara,
Jaipur - 302 012.

Sales Offices

NEW DELHI
BANGALORE
HYDERABAD
PUNE

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The Shareholders are requested to send
correspondence at the following address

Share Department
Wires and Fabriks (S.A.) Limited
7, Chittaranjan Avenue,
Calcutta - 700 072

Director
ing Director
Director

In 1963, at Jaipur with German Machinery and technology, the Company started manufacturing Phosphor Bronze and Stainless Steel wire cloth which found application in the paper industry.

In 1981, the Company introduced Single Layer Synthetic Fabrics with West German collaboration. The Company was the first to introduce Double Layer Synthetic Fabrics in 1986. The Company has also successfully introduced technical fabrics in 1994.

Today, Wires & Fabriks is the market leader in India for Forming Fabrics and the only manufacturer in India and among the few in World for Triple Layer Fabrics, which represents the latest in Forming Fabrics Technology.

The Company has a rare distinction of being the only ISO 9002 Company in its field in India. The Company is proud of its in-house R&D record, with major innovations to its credit. The Company is the first manufacturer of industrial fabrics in the country to have a Govt. of India recognised in-house R&D unit. The Company's chequered history on the export front proves that it can compete with the best in the world.

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

wires & fabrics

DIRECTOR'S REPORT FOR THE YEAR 1998-99

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of your Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	31.3.99	31.3.98
Turnover	2568	2697
Operating Profit	602	738
Profit After Tax	2	125
Cash Accruals	223	343

DIVIDEND

The Directors have recommended a dividend of Rs. 1/- per share amounting to Rs. 31 Lacs for the year under review. The consequent outflow including the dividend tax of Rs. 3 Lacs is Rs. 34 Lacs.

OPERATIONS & FUTURE PROSPECTS

Against expectations, there was no improvement in the economic front even in the second half of the last Financial year. If anything, things went from bad to worse. A few large paper mills closed down. New Paper projects did not start up as scheduled. All this resulted in reduced sales to the Paper industry segment. Severe price pressures and reduced offtake resulted in a slide in profit margins.

During the past few months, overall sentiments seem to be changing for the better. Worldwide, pulp prices have increased, followed by immediate revisions in paper prices. Domestic paper prices have also risen. Indications are that the year 2000 should prove

to be a good year for the industry. Industrial recovery will increase the need for advertising, packaging, communication etc., directly increasing paper demand.

The Chemicals Division has captured significant ground in the last year. This year onwards, it will also start contributing significantly to profits.

The EDM division is also on a strong footing now. Trails have been taken with almost all users and they have been very successful. We see this as a high growth area because the usage/growth is directly linked to the growth of, mainly, the Automobile industry, which can go only one way-up!

New products are also been successfully developed for special filtration applications in various process industries. This business is presently under close watch. Demand for these products will rise substantially as the process industry modernises and pollution control measures increase.

EXPORTS

Entry into new markets was slower than expected, primarily due to the prevailing recessionary trend in most economies. We have continued to stress on appointing the right agents in the respective countries. Our base has expanded and we hope to make deeper inroads in the near future.

RESEARCH & DEVELOPMENT

Introduction of Triple layer fabrics, in-house modernisation of some critical machines &

equipment, new process methods, new products were all results of our continued investments and efforts in R & D. Our emphasis on in-house development will continue.

HUMAN RELATIONS

Your Directors wish to express its deep appreciation to all employees of your Company for their services to your Company during the year. Industrial relations continued to be cordial.

DIRECTORS

Nomination of Ms. S B Chitre and Mr. R C Mody were withdrawn by IDBI and RIICO respectively and Mr. M D Agarwal resigned from the Board during the year. Your Board is thankful to them for their valuable contribution to the Company during their tenure. Mr. D D Trivedi and Mr. V K Bhargava retire from the Board and being eligible, offers themselves for re-appointment. The Board recommends their re-appointment. The necessary resolutions for these appointments will be placed before you for approval, in the Annual General Meeting.

AUDITORS

M/s. S S Kothari & Co., Chartered Accountants, auditors of the Company retire from office and being eligible, offer themselves for re-

appointment. The necessary resolution for their appointment will be placed before you for approval, in the Annual General meeting.

INFORMATION

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 given in the Annexure to the Report.

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in the Annexure to the report.

The Company estimates Y2K compliance well in time. Hardware and software to be updated has been identified and the cost of compliance is expected not to be significant. No material adverse effect is expected due to Y2K issue.

APPRECIATION

Your directors wish to place on record their gratitude to the financial institutions, banks and investors for their valuable assistance and continued support and confidence in your Company. Thanks are also due to our customers, suppliers, government agencies and other associates for their valuable & continued support and confidence in your Company.

Calcutta
31st July, 1999

For and on behalf of the Board

B. K. KHAITAN
Managing Director

K. K. KHAITAN
Jt. Managing Director

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ANNEXURE TO DIRECTORS' REPORT

Information pursuant to section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of Directors) Rules, 1988 and forming part of the Directors' report for the year ended on 31st March, 1999.

A. CONSERVATION OF ENERGY

1. Energy Conservation measures taken:

- i) Installation of temperature controllers for effective control of air heating process to save on the electrical energy.
- ii) Redistributing of load for optimum loading of DG Set to achieve maximum fuel efficiency.
- iii) Installation of devices and electric panels for automatic operation of DG sets to save power consumption.

2. Additional investments and proposals, if any, being implemented for reduction in consumption of energy:

- i) Study on possibility of installing latest temperature controller for Infra-Red Heat Process.
- ii) Replacement of old power cables and control panels to save energy loss.

3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above will optimise energy consumption, improve the quality and availability of power and reduce power cost.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which R & D work carried out by the Company:

- i) Development of new fabric weaving design.
- ii) Development of new products, including coated EDM wire, filter fabrics, etc.
- iii) Development of local vendors for substitutions of components and raw material.

iv) Upgradation of testing procedures.

- v) Development of new methods of joining Synthetic Fabrics for specific application areas for easy and quick mounting of fabric during use.

2. Benefits derived as a result of above R & D:

- i) Upgradation of Testing Process resulted in increased reliability and better quality parameters.
- ii) New product development resulted in serving new market segment and application.
- iii) Development new fabric design facilitated to offer products matching to specific customer requirements.
- iv) Indigenisation of raw-material will result in easy availability and reduction in cost.

3. Future Plan of Action:

- i) Development of new fabric designs.
- ii) Development of new products.
- iii) Automisation of Heat Setting Process to improve quality consistency and increase productivity.
- iv) Upgradation of ISO 9000 Quality System to ISO 9001.
- v) Development of new type of seams for joining of fabrics.

4. Expenditure on R & D:

	(Rs. in lacs)
(a) Capital	0.41
(b) Recurring	11.01
(c) Total	11.42
(d) Total R & D Expenditure as a percentage of total turnover	0.44%



Technology absorption, adoption and Innovation.

1. Efforts made :

Technology of various products is being developed and absorbed.

2. Benefits :

The technological base is becoming more stronger and the Company is now doing research and upgrading the technology further depending on the market needs. This has further widen the scope of further development and introduction of new products.

C. FOREIGN EXCHANGE EARNING AND OUT GO

1. Activities Relating to Exports:

The Company has been regularly exporting its products to several countries and its product has been well received by all the customers abroad. The major thrust given by the company to export is continuing and has already started yielding results helped by the R & D made and the ISO 9002 certification.

2. Total Foreign Exchange used and earned :

	(Rs. in lacs)
Foreign Exchange earned	285.09
Foreign Exchange used	374.52

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' report for the year ended on 31st March, 1999.

Name	Age (Yrs)	Qualification	Experience (Years)	Date of Employment	Designation	Remuneration Rs.	Previous Employment
Mr. B. K. KHAITAN	45	B. COM.	27	28.12.1972	Managing Director	12,71,333	—
Mr. K. K. KHAITAN	44	B. COM.	25	14.08.1978	Jt. Managing Director	14,84,670	Kingsley Corporation Pvt. Ltd.
Mr. M. K. KHAITAN	40	B. COM.	14	01.01.1986	Executive Director	11,99,325	—

NOTES : i) All appointments are contractual.

ii) Mr. B.K. Khaitan, Managing Director and Mr. M.K. Khaitan, Executive Director are related to each other.

iii) Remuneration includes salary, HRA, Company's contribution to Provident Fund, Provision for leave pay payable at end of tenure and monetary value of perquisites but does not include proportionate share of contribution to Gratuity under Group Gratuity Scheme.

iv) There was no employee covered under above rules, employed for part of the year.

v) None of the employees of the Company was in receipt of remuneration in the year which is in excess of that drawn by the Managing/Jt. Managing/Executive Directors and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company.

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AUDITORS' REPORT TO THE SHAREHOLDERS

We report that we have audited the Balance Sheet of WIRES AND FABRIKS (SA) LIMITED as at 31st March, 1999 and the Profit & Loss Account of the Company for the year ended on that date, both as attached hereto, which are in agreement with the Company's books of account, as submitted to us. 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. In our opinion, proper books of account have been kept by the Company as required by law so far as it appears from our examination of those books and the aforesaid Balance Sheet and Profit & Loss Account have been prepared by the Company in compliance with the Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to Note No. 6(a) regarding interest not considered as income, Note No. 6(b) regarding non-provision for outstanding loan and interest awaiting recovery and Note No. 12 regarding non-provision for demand due to reasons stated therein to the Notes on Accounts in Schedule No. 22 and resultant effects on profit for the year as indicated therein and read together with other Notes and Accounting Policies appearing therein give the information required by the Companies Act, 1956 in the manner so required and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st March, 1999 and the Profit and Loss Account gives a true and fair view of the profit for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of audit, we state that in our opinion :-

- i. The Company is maintaining proper records showing full particulars including quantitative detail and situation of fixed assets. The fixed assets of the Company were physically verified by the Management on a phased programme in a cycle of three years as adopted by the Company. No material discrepancy on such verification was noticed. In our opinion, the frequency of verification of fixed assets is reasonable.
- ii. The company has not revalued any assets during the year.
- iii. The stock of Finished goods, Stores, Spare parts, Raw materials and Trading goods lying at its location, have been physically verified by the management at reasonable intervals except those in transit, in warehouses and with third parties as indicated under Schedule No. 8.
- iv. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- v. The discrepancies noticed on physical verification of stock as compared to book records, which are, in our opinion, were not material, have been properly dealt with in the books of account.
- vi. In our opinion and on the basis of our examination, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year subject to note no. 7 read with relevant part of Accounting Policy in Schedule No. 22 regarding non-consideration of excise duty which has no bearing on the profit.
- vii. The Company has not taken any Secured and Unsecured loan from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956 (as applicable).



- viii. The Company has not granted any Loan during the year, Secured and Unsecured, to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 (as applicable).
- ix. In respect of loans and advances in the nature of loans, given by the Company, including to the employees, the same are being repaid together with interest as stipulated, except in the cases mentioned in Note No. 6 (a), (b) & (c).
- x. In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of Stores, Raw materials including Components, Plant and Machinery, Equipment and other assets and for the Sale of goods.
- xi. According to the records produced for our verification and as per information and explanations given to us transactions of purchase of goods, materials and services as also sale of services in pursuance of contracts or arrangement entered in the Register maintained under Section 301 of the Companies Act, 1956 aggregating during the year Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials and services. There are no contracts or arrangement for sale of goods or materials.
- xii. As per information and explanations given to us, unserviceable or damaged Stores, Raw materials or Finished goods are determined and provision for the loss wherever necessary has been made in the accounts.
- xiii. The Company has not accepted any deposit from public within the meaning of the provisions of Sec. 58A of the Companies Act, 1956 and the Rules framed there under.
- xiv. In our opinion, the Company has maintained reasonable records for sale and disposal of realisable scrap. It has no by-products.
- xv. The Company has appointed firms of Chartered Accountants to conduct the internal audit. On the basis of their reports, we are of the opinion that the system of internal audit is commensurate with the size of the Company and the nature of its business.
- xvi. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for the products of the Company.
- xvii. The Company is regular in depositing the Provident Fund and Employees State Insurance dues with the appropriate authorities.
- xviii. There are no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty as at 31st March, 1999 which are outstanding for a period of more than six months from the date they became payable.
- xix. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses has been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx. The Company is not a sick industrial company within the meaning of Clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi. As per the information and explanations given to us, in respect of the trading activities there were no damaged goods in the class of goods traded in by the Company.

INDIA STEAMSHIP HOUSE
21, Old Court House Street,
Calcutta - 700 001.

The 31st day of July, 1999

For S. S. KOTHARI & CO.
Chartered Accountants

R. N. BARDHAN
Partner



SOURCES OF FUNDS

BALANCE SHEET

AS AT 31ST MARCH, 1999

	Schedule	As at 31st March, 1999 Rupees	Rupees	As at 31st March, 1998 Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	3,05,62,500		3,05,62,500	
Reserves and Surplus	2	22,33,39,157	25,39,01,657	24,38,61,363	27,44,23,863
Loan Funds					
Secured Loans	3	24,66,93,488		24,61,94,773	
Unsecured Loans	4	—	24,66,93,488	1,00,00,000	25,61,94,773
TOTAL			50,05,95,145		53,06,18,636
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	47,03,05,740		45,77,83,903	
Less : Depreciation		23,29,62,059		19,40,26,954	
Net Block		23,73,43,681		26,37,56,949	
Capital Work-in-Progress	6	36,57,862	24,10,01,543	43,00,574	26,80,57,523
Investments	7		18,83,164		18,95,164
Current Assets, Loans and Advances					
Inventories	8	7,67,65,993		7,74,47,540	
Sundry Debtors	9	17,01,39,522		17,16,70,140	
Cash and Bank Balances	10	1,62,62,267		1,09,56,782	
Other Current Assets	11	27,48,045		27,92,916	
Loans and Advances	12	3,30,22,817		3,14,00,642	
		29,89,38,644		29,42,68,020	
Less : Current Liabilities & Provisions					
Liabilities	13	3,89,30,845		3,15,00,737	
Provisions	14	41,92,438		48,61,875	
		4,31,23,283		3,63,62,612	
Net Current Assets			25,58,15,361		25,79,05,408
Miscellaneous Expenditure (To the extent not written off or adjusted)	15		18,95,077		27,60,541
TOTAL			50,05,95,145		53,06,18,636
Notes on Accounts	22				

As per our Report Annexed
INDIA STEAMSHIP HOUSE
21, Old Court House Street,
Calcutta - 700 001

For S. S. KOTHARI & CO.
Chartered Accountants
R. N. BARDHAN
Partner

For and on behalf of the Board
A. K. MUCHHAL K. K. KHAITAN Jt. Managing Director
Secretary M. K. KHAITAN Executive Director

The 31st day of July, 1999