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WIRES AND FABRIKS (S.A.) LTD.

AN ISO 9002 COMPANY

ANNUAL REPORT

1999-2000



Directors

M.P. JATIA	<i>Chairman</i>
M.L. BHAGAT	
D. D. TRIVEDI	
V. K. BHARGAVA	
M.K. KHAITAN	<i>Executive Director</i>
K. K. KHAITAN	<i>Joint Managing Director</i>
B. K. KHAITAN	<i>Managing Director</i>

Secretary

A. K. MUCHHAL

Auditors

S. S. Kothari & Co.

Bankers

State Bank of Bikaner & Jaipur
Indian Overseas Bank

Registered Office

7, Chittaranjan Avenue,
Calcutta - 700 072.

Works

Industrial Area, Jhotwara,
Jaipur - 302 012.


Sales Offices

NEW DELHI
BANGALORE
SECUNDERABAD
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



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**

DIRECTORS' REPORT FOR THE YEAR 1999-2000

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of your Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	31.3.2000	31.3.1999
Turnover	2792	2570
PBITD	660	622
PAT	41	2
Cash Accruals	314	249

DIVIDEND

The Directors had declared an interim dividend of Re 1/- per share amounting to Rs. 31 Lacs which has been paid to the members, for the year under review. The outflow for the dividend including the dividend tax of Rs. 3 Lacs has been Rs. 34 Lacs. The Directors do not recommend any further final dividend.

OPERATIONS & FUTURE PROSPECTS

The improvement in the economic scenario was not as expected. However there were good signs for the future. Most of the large mills started turning around and new projects which were held up, restarted. All this resulted in increased sales thereby improving the profit margins.

During the past few months the paper prices have been on the rise. This will result in a much better 2000-01 second half for the Paper Industry.

Besides increase in offtake in the fabrics

segment, further growth in chemicals and EDM wire sales is also expected. This will contribute further to profits.

New products being developed for special filtration applications in various process industries will also add up to the turnover and profits in the coming years.

RESEARCH & DEVELOPMENT

The emphasis on R & D continues in your Company. Continuous development of products to suit customer requirements and in-house modernisation of machines, equipment, process is being done regularly. More attention is also being given to new products, so as to make your company ready to face the future with confidence.

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

Mr. M K Khaitan and Mr. M L Bhagat retire from the Board and being eligible, offer 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.



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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 rollover to Year 2000 took place smoothly without any major problem. No major problem was also encountered in relation to leap year date in February 2000.

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.

Jaipur
4th August, 2000

For and on behalf of the Board
B. K. KHAITAN K. K. KHAITAN
Managing Director 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, 2000.

A. CONSERVATION OF ENERGY**1. Energy Conservation measures taken :**

- i) Installation of latest temperature controller on infra-red heat process.
 - ii) Regrouping of power cables.
 - iii) Decentralisation of compressed air distribution system.
- 2. Additional investments and proposals, if any, being implemented for reduction in consumption of energy :**
- i) Study of the air-conditioning system.
 - ii) Implementation of on-line annealing system.
 - iii) Replacement of old power cables.
 - iv) Improvement in lightning system.

3. Impact of the measures above for reduction of energy consumption and consequent impact on the cost of production of goods :

The measures taken have resulted in optimising energy consumption and savings in cost of production.

- i) New product/designs/processes/equipment/spares, development.
- ii) Existing products/designs/processes/equipments/spares, improvement.
- iii) Indigenisation/Import Substitution.
- iv) Cost reduction.
- v) Technology Upgradation.
- vi) Enhancement in quality and service to customers.
- vii) Maintaining market leadership
- viii) Preparation for the future.
- ix) Meeting needs of customers.
- x) Reducing manufacturing/delivery time.
- xi) Attaining recognised quality certifications.

3. Future Plan of Action :

- i) Continuation of Development of new products/designs/processes equipments/spares.
- ii) Continuation of Improvements of existing products/designs/processes/equipments/spares.
- iii) Strengthening infrastructure for R & D.
- iv) Upgradation of ISO 9000 Quality System to new version ISO 9000 - Series 2000 System.

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 products/designs/processes/equipments/spares.
- ii) Improvements of existing products/designs/processes/equipments/spares.
- iii) Development of local vendors for imported spares/equipments/raw materials.
- iv) Up gradation of testing procedures.

2. Benefits derived as a result of above R & D :**4. Expenditure on R & D :**

	(Rs. in lacs)
(a) Capital	52.46
(b) Revenue	15.37
(c) Total	67.83
(d) Total R & D Expenditure (as a % of total turnover)	2.43%

**Technology absorption, adoption and innovation.****1. Efforts made :**

- i) Training of personnel.
- ii) Participation in conferences, seminars and exhibitions.
- iii) Evaluation/adaptation/modification of imported technology to suit indigenous requirements.
- iv) Analysis and feedback to improve products and services.

2. Benefits :

- i) Improvement in products/designs/ processes.
- ii) Cost reduction.
- iii) Import substitution

- iv) Introduction of new products/designs.
- v) Development of indigenous know-how
- vi) Strengthening of the technological base

C. FOREIGN EXCHANGE EARNING AND OUTGO**1. Activities Relating to Exports :**

The Company has been regularly exporting its products to several countries. Quality systems of the Company are ISO 9002 certified. Efforts to develop new markets and consolidate the existing ones is continuing.

2. Total Foreign Exchange used and earned :

(Rs. in lacs)

Foreign Exchange earned	356.54
Foreign Exchange used	265.02

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, 2000.

Name	Age (Yrs)	Qualification	Experience (Years)	Date of Employment	Designation	Remuneration Rs.	Previous Employment
Mr. B. K. KHAITAN	46	B. COM.	28	28.12.1972	Managing Director	12,04,412	—
Mr. K. K. KHAITAN*	45	B. COM.	26	14.08.1978	Jt. Managing Director	10,33,607	Kingsley Corp. Pvt. Ltd.
Mr. M. K. KHAITAN	41	B. COM.	15	01.01.1986	Executive Director	12,01,283	—

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 except above* 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 alongwith 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 (S.A.) LIMITED as at 31st March, 2000 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. 4(a) regarding interest not considered as income and Note No. 10 regarding non-provision for demand due to reasons stated therein to the Notes on Accounts in Schedule No. 21 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, 2000 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 have been 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. 7.
- 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 except to extents indicated in Note Nos. 5 and 6 to the Notes on Accounts in Schedule No. 21 is on the same basis as in the preceding year.
- 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

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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. 4 to the Notes on Accounts in Schedule No. 21 and Rs. 2016789 which has been written off during the year being considered irrecoverable by the management.
- 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 goods and 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.
- 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 Section 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, 2000 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 2nd day of August, 2000

For S. S. KOTHARI & CO.
Chartered Accountants

R. N. BARDHAN
Partner