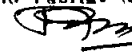


CERTIFIED TRUE COPY
For Wires and Fabriks (S.A.) Limited



Secretary


Report Junction.com

Wires and Fabriks (S.A.) Ltd.

AN ISO 9001:2000 COMPANY

**ANNUAL REPORT
2000-2001**

Directors

M. P. JATIA	Chairman
M. L. BHAGAT	
V. K. BHARGAVA	
K. K. KHEMKA	
D. D. TRIVEDI	
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

OUR PRODUCTS RANGE

- ★ Paper Machine Clothing
- ★ Paper Making Chemicals
- ★ EDM Wires
- ★ Filter Fabrics

Registered Office

7, Chittaranjan Avenue,
Kolkata - 700 072.

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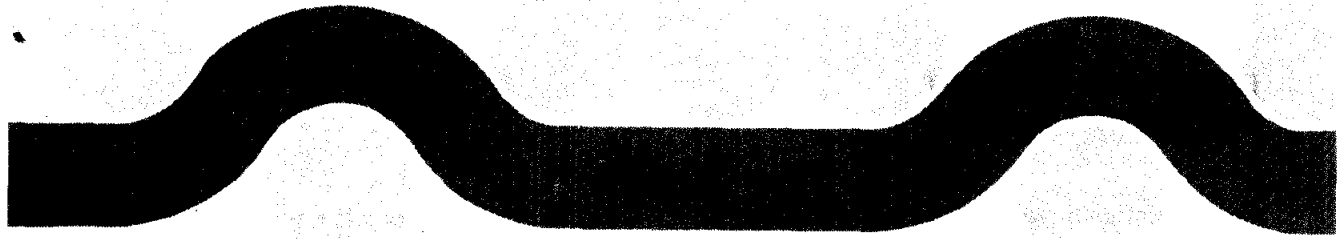
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Works

Industrial Area, Jhotwara,
Jaipur - 302 012.

Sales Offices

NEW DELHI
BANGALORE
SECUNDERABAD
PUNE



In 1963, at Jaipur, with German Machinery and technology, the Company started manufacturing Phosphor Bronze wire cloth for use in the paper industry.

Since then, some of the major milestones in respect to new product launches have been as follows :

1974 — Stainless Steel Wire cloth

1981 — Synthetic Fabrics (Single Layer) with German collaboration

1986 — Synthetic Fabrics (Double Layer) with German collaboration

1994 — Technical /Filter Fabrics

1996 — Triple Layer synthetic fabrics—Patented—

1999 — Dryer Screens for paper Industry

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.

In 1998, the Company established a Chemical Division. Through this, a new product line of Paper Making Chemicals was introduced. The Company has a tie up with some of the best overseas paper making chemical manufacturers and is steadily establishing its feet in this area.

In August 2001, the Company has been awarded accreditation under the new ISO 9001:2000 system after being the first company in its field in India with an ISO 9002 certification in 1994. The Company is the first and only manufacturer of technical/industrial fabrics in the country to have its in-house R&D recognized by the Govt. of India.

Today the company exports to over twenty countries and constantly updates itself with modern machines and the latest technology.

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 & fabriks

DIRECTORS' REPORT FOR THE YEAR 2000-2001

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of your Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	31.3.2001	31.3.2000
Turnover	2955.43	2791.69
PBIDT	623.17	660.17
PAT	48.28	41.13
Disposable Surplus	133.04	186.18
Appropriations		
Debenture Redemption Reserve	33.33	62.50
Dividend (including Dividend Tax)	33.68	33.92
Others	6.04	5.00
Balance Carried forward	59.99	84.76

DIVIDEND

The Directors have recommended a dividend of Re 1/- per share amounting to Rs. 30.56 Lacs to the members, for the year under review. The outflow for the dividend including the dividend tax of Rs. 3.12 Lacs has been Rs. 33.68 Lacs.

OPERATIONS

The economy in the year under review gave mixed signals. While few sectors showed improvement, others were either showing negative results or at the best were stand still. Paper sector too produced mixed results. While large mills were showing improvement, the picture in the medium and small sector was still not rosy. However the basket of products helped your company increase sales.

In the Paper sector it is now observed that the medium and small sector has started on the upswing curve. This will result in a improved second half of 2001-02 for the Paper Industry resulting in increased sales for the Company. Besides the above, success achieved in new chemical trails and increase in off take in the copper alloy wire sales is also expected. This will contribute further to increased sales.

RESEARCH & DEVELOPMENT

Your Company has always taken R & D as a serious and continuous activity. Emphasis on development of products to suit customer requirements and in-house modernisation of machines, equipment, process is being done regularly. Special emphasis is also being given to new products and consistent quality, so as to be ready to take advantage of the potential market growth in the future.

DIRECTORS

Mr. M. P. Jatia and Mr. D. D. Trivedi retire from the Board and being eligible, offer themselves for reappointment. Mr. K. K. Khemka, who was appointed as an additional director on the Board with effect from 31st July, 2001, holds such office till the ensuing Annual General Meeting of the Company in terms of Article 103 of the Articles of Association of the Company and being eligible offers himself for reappointment as a Director liable to retire by rotation. The Board recommends their reappointment. The necessary resolutions for these appointments will be placed before you for approval in the Annual General meeting.



AUDITORS

M/s. S S Kothari & Company, 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. The notes in the Auditors report are self-explanatory and does not require any further clarification.

DIRECTORS RESPONSIBILITY STATEMENT & OTHER INFORMATION

Pursuant to the requirement under Section 217 (2A A) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed :

- That in the preparation of the Accounts for the Financial Year ended 31st March, 2001, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit or loss of the Company for the year under review.

- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a going concern basis.

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to the Report.

Statement containing particulars of employees as required under Section 217 (2 A) of the Companies Act, 1956 is not given as none of the employees is covered under the provisions of the said section.

ACKNOWLEDGEMENT

Your directors wish to place on record their gratitude to the customers, financial institutions, banks, investors, suppliers, government agencies and other associates for their valuable assistance and continued support and confidence in your Company. Your Directors also place on record their deep appreciation to all employees of your Company for their services to your Company during the year.

For and on behalf of the Board

B. K. KHAITAN
Managing Director

K. K. KHAITAN
Jt. Managing Director

Kolkata
31st July, 2001



wires & fabriks

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, 2001.

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

The Company continues to lay great emphasis on the conservation of energy and has been taking various measures like periodic study & monitoring of all energy consumption centers, repair/replacement/modification/upgradation or required items/process/systems, etc.

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

Continuation of various measures for conservation of energy. Specific investments and proposals are reviewed periodically.

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.

systems for recognised quality certifications.

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

- Various developments and/or improvements / upgradations.
- Indigenisation/import substitution.
- Reducing manufacturing, delivery time and cost.
- Attaining recognised quality certifications.
- Developing new markets.
- Development of indigenous know-how.
- Strengthening of the technological base.
- Overcoming of certain weaknesses.
- Preparation for the future.

3. Future Plan of Action :

- Continuation of various new developments and/or improvements/upgradations.
- Further development of local vendors.
- Conduction of more trails.
- More strengthening of infrastructure for R & D.
- Attainment of further recognised quality certifications.

4. Expenditure on R & D :**B. TECHNOLOGY ABSORPTION****Research and Development (R & D)****1. Specific areas in which R & D work carried out by the Company :**

- Development of new and/or improvements /upgradation of existing products/designs/ processes/machinery/equipments/spares/ materials/technology/quality/testing/ training/service/systems/etc.
- Development of local vendors for imported machinery/equipments/spares/materials/ etc.
- Conduction of various trails.
- Strengthening infrastructure for R & D
- Improvement/upgradation of quality

	(Rs. in lacs)
(a) Capital	26.21
(b) Revenue	19.52
(c) Total	45.73
(d) Total R & D Expenditure (as a % of total turnover)	1.55%



Technology absorption, adoption and Innovation

1. Efforts made :

- Training of personnel.
- Evaluation/adaptation/modification of imported technology to suit indigenous requirements.
- Analysis and feedback to improve products/designs/processes/machinery/equipments/spares/materials/technology/quality/testing/training/service/etc.
- Strengthening of R & D.
- Participation in conferences, seminars and exhibitions.

2. Benefits :

- New/better products/designs/processes/machinery/equipments/spares/materials/

technology/quality/testing/training/service/etc.

- Indigenisation, import substitution.
- Strengthening of the technological base.
- Preparation for the future.

C. FOREIGN EXCHANGE EARNING AND OUTGO

1. Activities Relating to Exports :

The Company has been regularly exporting its products to several countries. 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	391.04
Foreign Exchange used	520.13



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, 2001 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.

On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2001 from being appointed as a director under clause (g) of sub-section (1) of Section 274 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. 8 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, 2001 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. Plant & Machinery and Electric installation of Jaipur Unit have been revalued during the year by R.B.Shah & Associates, an independent approved valuer on the basis of market value (referred to as "Depreciated Replacement Cost" in Valuer's Report). The resultant increase in the net book value of such assets Rs. 21,19,55,197 has been credited to Revaluation Reserve.
- 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 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 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.
- 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 and materials as also sale of goods, materials 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, 2001 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 unserviceable or damaged Trading Goods is determined and provision for the loss whenever necessary has been made in the accounts.

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

The 31st day of July, 2001

For S. S. KOTHARI & CO.
Chartered Accountants

R. N. BARDHAN
Partner



BALANCE SHEET

AS AT 31ST MARCH, 2001

	Schedule	As at 31st March, 2001		As at 31st March, 2000	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	3,05,62,500		3,05,62,500	
Reserves and Surplus	2	39,99,36,163	43,04,98,663	20,60,50,267	23,66,12,767
Loan Funds					
Secured Loans	3		18,99,95,237		20,93,73,602
TOTAL			62,04,93,900		44,59,86,369
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	71,06,01,402		47,91,19,608	
Less : Depreciation		30,47,22,504		27,32,62,346	
Net Block		40,58,78,898		20,58,57,262	
Capital Work-in-Progress	5	25,59,456	40,84,38,354	36,69,469	20,95,26,731
Investments	6		16,28,888		18,39,877
Current Assets, Loans and Advances					
Inventories	7	6,79,24,144		7,27,11,596	
Sundry Debtors	8	14,87,18,794		16,49,63,390	
Cash and Bank Balances	9	55,95,272		1,40,79,313	
Other Current Assets	10	52,26,392		35,35,888	
Loans and Advances	11	2,66,43,544		2,57,10,241	
		25,41,08,146		28,10,00,428	
Less : Current Liabilities & Provisions					
Liabilities	12	3,47,77,647		3,93,37,841	
Provisions	13	90,67,988		80,72,438	
		4,38,45,635		4,74,10,279	
Net Current Assets			21,02,62,511		23,35,90,149
Miscellaneous Expenditure	14		1,64,147		10,29,612
(To the extent not written off or adjusted)					
TOTAL			62,04,93,900		44,59,86,369

Notes on Accounts 21

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

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

A. K. MUCHHAL
Secretary
Kolkata

For and on behalf of the Board
B. K. KHAITAN
Managing Director
K. K. KHAITAN
Jt. Managing Director
31st July, 2001

The 31st day of July, 2001