

wires & fabriks

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Wires and Fabriks (S.A.) Ltd.

AN ISO 9001 : 2000 COMPANY

**ANNUAL REPORT
(ABRIDGED)**

2007-2008

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Directors

M. P. JATIA *Chairman*

S. AJMERA

M. L. BHAGAT

K. K. KHEMKA

D. D. TRIVEDI

M. K. KHAITAN

K. K. KHAITAN

B. K. KHAITAN

Executive Director

Joint Managing Director

Managing Director

Secretary

T. K. JAIN

OUR PRODUCTS RANGE

★ Paper Machine Clothing

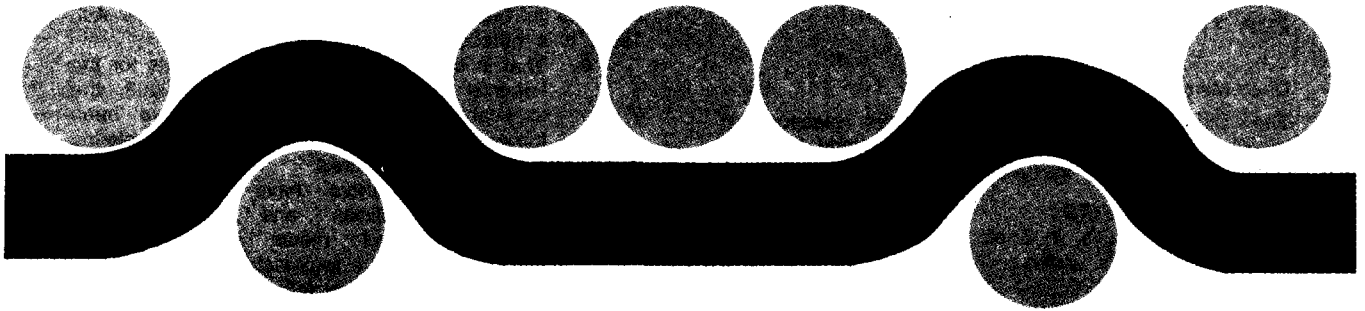
★ Paper Making Chemicals

Auditors

S. S. Kothari & Co.

Registered Office

7, Chittaranjan Avenue,
Kolkata - 700 072



In 1963, at Jaipur, with German Machinery and Technology, the Company started manufacturing Paper Machine Clothing, namely, Phosphor Bronze Wire Cloth for the Paper Industry. Stainless Steel Wire Cloth was introduced in 1974. After further additions in capacity and products, in 1981, the Company entered into manufacturing of Single Layer Synthetic Forming Fabrics, with German collaboration. Double Layer Synthetic Forming Fabrics were introduced for the first time in India in 1986 and again Triple Layer Synthetic Forming Fabrics were introduced for the first time in India in 1996. Recently, the company has also successfully entered in the field of Dryer Screens & Paper Making Chemicals both used in the Paper Industry.

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

In 2001, the Company was 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 manufacturer of technical/industrial fabrics in the country to have its in-house R&D recognized by the Govt. of India. The Company constantly updates itself with modern machines and latest technology. It also exports its products to over twenty countries.

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



wires & fabriks

DIRECTORS' REPORT FOR THE YEAR 2007-2008

Dear Members,

The Directors of the Company have pleasure in presenting the 51st Annual Report and Audited Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

The financial results, in brief, for the year ended 31st March, 2008 is as under :

	(Rs. in Lacs)	
	31.03.2008	31.03.2007
Total Income	5427.98	4,982.67
Profit Before Tax	432.12	392.44
Profit After Tax	250.22	237.79
Disposable Surplus	1081.24	968.65
(including earlier years balance)		
Appropriations	98.13	137.63
Balance Carried Forward	983.11	831.02

DIVIDEND

In view of ongoing major modernization cum expansion project, the Board has decided to keep the rate of dividend unchanged as per previous year and accordingly, has recommended to the Members a dividend of Rs. 1.50 per share, amounting to Rs.53.63 lacs, including dividend tax etc thereon for the financial year ended 31st March, 2008.

OPERATIONS & FUTURE OUTLOOK

During the year under review, the Company continued to perform well both in terms of sales as well as profits. The Company's Expansion cum Modernisation Project is in progress, the benefits of which would accrue in the forthcoming years. The Company has set up another Wind Power Plant, during the year under review. The Company has maintained its leadership, due to continuous thrust on Research & Development.

DIRECTORS

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

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the accounts for the financial year ended 31st March, 2008, 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 the profit of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2008 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 annexed herewith.

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is not given as none of the employees is covered under the provisions of the said Section.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Kolkata

Dated, the 28th day of June, 2008

B. K. Khaitan
Managing Director

K. K. Khaitan
Jt. Managing Director



ANNEXURE TO DIRECTORS' REPORT

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 and forming part of the Directors' Report for the year ended on 31st March, 2008.

A. CONSERVATION OF ENERGY

1. Energy Conservation Measures taken :
The Company continues to remain conscious of conserving energy resources and takes various measures to rationalise the consumption of energy.
2. Additional investments and proposals being implemented for reduction in consumption of energy :
Continuation of various measures for conservation of energy.
3. Impact of the measures above for reduction of energy consumption and on the cost of production of goods :
The measures taken have resulted in optimising energy consumption and savings in cost.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific areas in which R&D carried out by the Company:
 - Development of products/ processes/ equipments etc.
 - Development of local vendors for imported items.
 - Strengthening infrastructure for R&D.
 - Improvement of quality systems for recognized quality certifications.
2. Benefits derived as a result of above R&D :
 - Various developments.
 - Process consistency.
 - Indigenisation.
 - Reducing manufacturing / delivery time and cost.
 - Continuing recognised quality certifications.
 - Developing new markets.
 - Development of indigenous know-how.
 - Strengthening of the technological base.
 - Increasing ability to compete in the world market.
 - Preparation for the future.

3. Future plan of action :

- Continuation of various developments.
- New products for export market.
- Continuous upgradation of equipments.
- Further strengthening of infrastructure for R&D.

4. Expenditure on R&D :

(Rs. in Lacs)

(a) Capital	13.74
(b) Revenue	56.00
(c) Total	69.74
(d) Total R&D Expenditure (as a % of total turnover)	1.30%

Technology absorption, adaptation and innovation

1. Efforts made :

- Training of personnel.
- Absorption / adaptation of technology to suit indigenous requirements.
- Analysis and feedback to improve products / processes / equipments etc.
- Strengthening of R&D.
- Participation in conferences, seminars & exhibitions.

2. Benefits :

- New / improved products / processes / equipments etc.
- Indigenisation.
- Strengthening of technological base.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports :

The Company regularly exports its products to several countries. Efforts to develop new markets and consolidate the existing ones are continuing.

2. Total Foreign Exchange used and earned :

(Rs. in Lacs)

Foreign Exchange earned	1002.06
Foreign Exchange used	1482.53



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board is headed by Mr. M. P. Jatia, Non-Executive Chairman and is composed of eminent persons with considerable experience in varied fields and comprises majority of non-executive & independent Directors. None of the Director of the Company represents any lending/equity investor.

During the year, 8 meetings of the Board of Directors were held on 22/06/07 (12.30 P.M. & 2.30 P.M.), 31/07/07 (1.00 P.M. & 1.30 P.M.), 31/10/07 (11:30 A.M. & 2:00 P.M.) and 25/01/08 (6.00 P.M. & 7.00 P.M.). The maximum gap between any two meetings was less than four months. The Board was presented with all relevant and necessary information at its meetings including information as required under the listing agreement. Details of Directors seeking re-appointment in 51st Annual General Meeting are given with the Notice.

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

Name of Director	Category of Director	No. of Board Meetings Attended	Last AGM Attended	Directorships in other Public Ltd. Companies	Committee* Position in other Companies	
					Member	Chairman
Mr. M. P. Jatia, <i>Chairman</i>	NEI	4	No	8	1	–
Mr. B. K. Khaitan, <i>Managing Director</i>	PE	8	Yes	5	1	1
Mr. K. K. Khaitan, <i>Jt. Managing Director</i>	PE	8	Yes	1	–	–
Mr. M. K. Khaitan, <i>Executive Director</i>	PE	8	Yes	2	–	–
Mr. S. Ajmera	NEI	8	No	3	–	1
Mr. M. L. Bhagat	NEI	6	No	1	–	–
Mr. K. K. Khemka	NEI	4	Yes	3	1	–
Mr. D. D. Trivedi	NEI	8	Yes	3	–	–

NEI : Non-Executive & Independent

PE : Promoter & Executive

* Audit Committee & Shareholders Grievance Committee only

3. AUDIT COMMITTEE :

The Audit Committee comprised of three Non-Executive Independent Directors namely Mr. Satish Ajmera (Chairman), Mr. D. D. Trivedi and Mr. M. L. Bhagat. The terms of reference, role & powers of the Audit Committee are in line with the regulatory requirements mandated by SEBI and the Listing Agreement. During the year, four meetings of the Audit Committee were held on 22/06/07, 31/07/07, 31/10/07 and 25/01/08. Mr. Satish Ajmera, Mr. D. D. Trivedi & Mr. M. L. Bhagat attended 4, 4 & 3 meetings respectively. Mr. T K Jain, Company Secretary is the Secretary to the Committee.

4. REMUNERATION COMMITTEE :

The Remuneration Committee headed by Mr. M. L. Bhagat comprises of 3 Non-Executive Independent Directors namely Mr. M. L. Bhagat, Mr. K. K. Khemka and Mr. D. D. Trivedi. The terms of reference, role & powers of the Committee are in line with the regulatory requirements mandated by SEBI, the Listing Agreement as well as the Companies Act. During the year, one meeting of the Committee was held on 22/06/07, which was attended by Mr. M. L. Bhagat and Mr. D.D. Trivedi. Mr. T K Jain, Company Secretary is the Secretary to the Committee.



Remuneration Policy :

The payment of remuneration to the whole-time Director(s) are governed by the respective agreement between them and the Company, duly approved by the Remuneration Committee, the Board and the Shareholders. The current tenure of whole-time Director(s) are for a period of five years with effect from 1st April, 2007 which can be further extended by re-appointing them, subject to the approval by Members in the Annual General Meeting. The appointment of whole-time Director(s) are subject to termination by three months notice by either party. The Non-Executive Directors are paid sitting fees as approved by the Board and are as per prevailing industrial norms, for attending Board/Committee meetings besides reimbursement of actual travelling and out of pocket expenses. Presently, the Company does not have any scheme for grant of stock options either to the directors or employees of the Company.

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

Name	Salary (Rs.)	Other Benefits (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. M. P. Jatia, <i>Chairman</i>	-	-	30,000	30,000
Mr. B. K. Khaitan, <i>Managing Director</i>	72,00,000	8,62,705	-	80,62,705
Mr. K. K. Khaitan, <i>Jt. Managing Director</i>	70,80,000	8,60,730	-	79,40,730
Mr. M. K. Khaitan, <i>Executive Director</i>	69,60,000	8,36,049	-	77,96,049
Mr. S. Ajmera,	-	-	85,000	85,000
Mr. M. L. Bhagat	-	-	70,000	70,000
Mr. K. K. Khemka	-	-	30,000	30,000
Mr. D. D. Trivedi	-	-	85,000	85,000

5. SHAREHOLDERS GRIEVANCE COMMITTEE :

The Shareholders Grievance Committee headed by Mr. D.D. Trivedi, comprises of two Non-Executive Directors namely Mr. D.D. Trivedi and Mr. Satish Ajmera and one Executive Director, Mr. K. K. Khaitan, Joint Managing Director. Mr. T K Jain, Company Secretary is the Secretary to the Committee. The terms of reference, role & powers of the shareholders grievance committee are in line with the regulatory requirements mandated by SEBI and the Listing Agreement. During the year, the Committee met on 22/06/07, which was attended by all the Members. Grievances requiring specific guidance in between the meetings are communicated to the Chairman and redressed as per his advice. The Company has received 3 complaints during the year and all of them were resolved/replied within reasonable time.

6. GENERAL BODY MEETINGS :

The last three Annual General Meetings were held on 31/07/07 at 11.00 am, 28/07/06 at 11.00 am and 30/07/05 at 10.30 am at Seminar Hall, Science City, JBS Halden Avenue, Kolkata 700 046. All the Special Resolutions containing in the respective Notices of the AGMs' were passed by the Members. No Special Resolution was passed last year through postal ballot.

7. DISCLOSURES :

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

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