



**wires & fabriks**

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**Wires and Fabriks (S.A.) Limited**

**AN ISO 9001 : 2008 COMPANY**

**ANNUAL REPORT**

**2011 - 2012**

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## Directors

B. K. KHAITAN, *Chairman cum Managing Director*  
 S. AJMERA  
 M. L. BHAGAT  
 D. D. TRIVEDI  
 M. K. KHAITAN, *Executive Director*  
 K. K. KHAITAN, *Joint Managing Director*

## Secretary

Amit Dhanuka

## Auditors

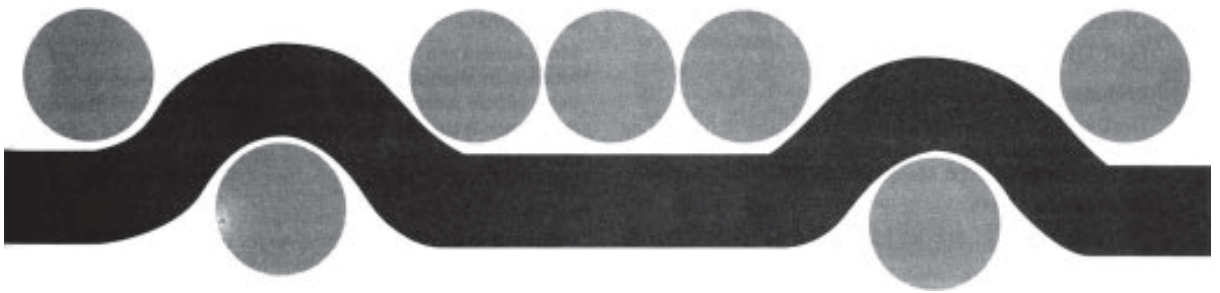
S. S. Kothari & Co.

## OUR PRODUCT RANGE

- Paper Machine Clothing
- Paper Making Chemicals

## Registered Office

7, Chittaranjan Avenue  
 Kolkata – 700072



*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. The Company's product range now includes Dryer Screens (woven & spiral), Pulp Fabrics and Technical Fabrics for new industry segments where filtration/ drying are required.*

*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 SSB 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.*

*The Company was awarded accreditation under ISO 9002 system in 1994 and has been upgraded to 9001 : 2008 in 2009. 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 has a technical collaboration with the world leader in paper machine clothing, Albany International Corp., U.S.A. 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.*

## DIRECTORS' REPORT FOR THE YEAR 2011-12

Dear Members,

The Directors of the Company have pleasure in presenting the 55th Annual Report and Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

The financial results, in brief, for the year ended 31<sup>st</sup> March, 2012 are as under:

	(Rs. in Lacs)	
	<b>31.03.2012</b>	<b>31.03.2011</b>
Total Income	8860.14	8116.89
Profit Before Tax	638.05	654.56
Profit After Tax	506.38	435.17
Disposable Surplus (Including earlier years balance)	2351.85	1944.82
Appropriations	138.81	99.35
Balance Carried Forward	2213.04	1845.47

### DIVIDEND

Your directors have recommended to the Members a dividend of Rs.1.80 per share (previous year Rs. 1.80 per share) amounting to Rs. 63.94 Lacs, including dividend tax thereon for the financial year ended 31<sup>st</sup> March, 2012.

### OPERATIONS & FUTURE OUTLOOK

During the year under review, the Company performed well in all sections of its operations. The Company has maintained its leadership, due to continuous thrust on Research, Development and Technology up-gradation and is expected to further improve its performance in the forthcoming years. The current economic scenario may however affect the results of the company in short term.

From ten million tons production in 2010, the Indian Paper industry is expected to double its capacity by 2020. At nearly 90 million tons/year, China is today the largest paper & Board producer in the world. Easy availability of raw material and good infrastructure can catapult the growth of the Indian paper industry. A buoyant consumer market and a good export growth can increase demand for packaging paper phenomenally.

Major expansions continue to be planned and implemented by the large mills in India. Since the last three years, exports of our products have been growing well. Expecting this to continue, we are preparing to add capacity through a new expansion cum modernisation initiative. For our new line of SSB Forming fabrics, we continue to seek assistance from our on-going collaborators M/s Albany International Corp., U.S.A. To maintain its leadership position, your Company is pursuing TPM activities very seriously and expects to gain TPM compliance soon.

### DIRECTORS

With a heavy heart, we have to inform that during the year, your Board lost two senior members of its team. Our Chairman Mr M. P. Jatia left for his heavenly abode on 25<sup>th</sup> May 2012 and our Director Mr. K. K. Khemka on 15<sup>th</sup> October 2011. Their contribution in growth of the Company was enormous. Their experience & advice will be missed by the Board.

The Chairman's chair being vacant the Board appointed Mr. B. K. Khaitan as Chairman of the Company. He will hence forth be Chairman cum Managing Director (CMD) of the Company. The Board welcomes him in the new position.

Mr. Mr. D.D. Trivedi and Mr. S. Ajmera, 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 & OTHER INFORMATION'S

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 31<sup>st</sup> March, 2012, the applicable accounting standards have been followed along with 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 31<sup>st</sup> March, 2012 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, forms a part of this report.

The statement of particulars, required pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment) Rules, 2002, forms a part of this report.

However, as permitted by the Companies Act, 1956, the Report and Accounts are being sent to all Members and other entitled persons excluding the above statements. Those interested in obtaining a copy of the said statements, may write to the Company at its Registered Office and the same will be sent by post. The statements are also available for inspection at the Registered Office, during working hours upto the date of the Annual General Meeting.

#### **CORPORATE GOVERNANCE & 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 unstinted efforts during the year.

For and on behalf of the Board

Kolkata  
Dated, the 9<sup>th</sup> day of August, 2012

B. K. Khaitan	K. K. Khaitan
Chairman cum Managing Director	Jt. Managing Director

## REPORT ON CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

### 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

During the year, 8 meetings of the Board of Directors were held on 27<sup>th</sup> May 2011 (11.30 A.M. & 12.30 P.M.), 9<sup>th</sup> August, 2011 (3.00 P.M. & 4.00 P.M.), 8<sup>th</sup> November 2011 (8.00 A.M. & 8.30 A.M.) and 6<sup>th</sup> February 2012 (1.30 P.M. & 2.00 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 55<sup>th</sup> Annual General Meeting are given with the Notice.

The composition and 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, Chairman #	NEI	2	No	5	-	-
Mr. B. K. Khaitan, Managing Director	PE	6	Yes	10	1	1
Mr. K. K. Khaitan, Jt. Managing Director	PE	8	Yes	5	-	-
Mr. M. K. Khaitan, Executive Director	PE	8	Yes	6	-	-
Mr. S. Ajmera	NEI	8	Yes	2	-	2
Mr. M. L. Bhagat	NEI	6	No	1	-	-
Mr. K. K. Khemka ##	NEI	0	Yes	3	-	-
Mr. D. D. Trivedi	NEI	4	Yes	3	1	-

NEI : Non Executive & Independent, PE : Promoter & Executive

\* Audit Committee & Shareholders' Grievance Committee only.

# Demise on 25<sup>th</sup> May, 2012. ## Demise on 15<sup>th</sup> October, 2011

### 3. AUDIT COMMITTEE:

During the period under review, Audit Committee headed by Mr. Satish Ajmera, comprised of three Non-Executive Independent Directors namely Mr. Satish Ajmera, Mr. M.L Bhagat and Mr. D. D. Trivedi. The terms of reference, role and powers of the Audit Committee are in line with the regulatory requirements mandated by SEBI, the Listing Agreement as well as the Companies Act, 1956. During the year, four meetings of the Audit Committee were held on 27<sup>th</sup> May 2011, 9<sup>th</sup> August, 2011, 8<sup>th</sup> November 2011 and 6<sup>th</sup> February 2012.

Mr. Satish Ajmera, Mr. M. L. Bhagat and Mr. D.D. Trivedi attended 4, 3 & 2 meetings respectively. Company Secretary acts as a Secretary to the Committee.

### 4. REMUNERATION COMMITTEE:

During the period under review, Remuneration Committee headed by Mr. M.L. Bhagat comprised of 3 Non-Executive Independent Directors namely Mr. M.L. Bhagat, Mr. D. D. Trivedi and Mr. Satish Ajmera. The terms of reference, role and powers of the Committee are in line with the regulatory requirements mandated by SEBI, the Listing Agreement as well as Companies Act, 1956. During the year, one meeting of the Committee was held on 27<sup>th</sup> May 2011. Mr. M. L. Bhagat and Mr. Satish Ajmera attended the Meeting of the Remuneration Committee. The Company Secretary acts as a 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. The current tenure of Whole-time Director(s) is for a period of five years with effect from 1<sup>st</sup> April, 2012 which can be further extended by re-appointing them, subject to the approval by Members in the General Meeting. The current

remuneration of Whole-time Director(s) is for a period of 3 years with effect from 1<sup>st</sup> April, 2012. The Non-Executive Directors are paid sitting fees as approved by the 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>	—	—	20,000	20,000
Mr. B. K. Khaitan, <i>Managing Director</i>	72,00,000	10,28,614	—	82,28,614
Mr. K. K. Khaitan, <i>Jt. Managing Director</i>	70,80,000	9,60,631	—	80,40,631
Mr. M. K. Khaitan, <i>Executive Director</i>	69,60,000	9,99,971	—	79,59,971
Mr. S. Ajmera, <i>Director</i>	—	—	1.40.000	1,40,000
Mr. M. L. Bhagat, <i>Director</i>	—	—	1.10,000	1,10,000
Mr. K. K. Khemka, <i>Director</i>	—	—	—	—
Mr. D. D. Trivedi, <i>Director</i>	—	—	60,000	60,000

#### 5. SHAREHOLDERS' GRIEVANCE COMMITTEE:

During the period under review, Shareholders Grievance Committee headed by Mr. D.D. Trivedi, comprised of three Non-Executive Directors namely Mr. D.D. Trivedi, Mr. M. L. Bhagat and Mr. S. Ajmera and two Executive Directors, Mr. K. K. Khaitan, Joint Managing Director and Mr. M. K. Khaitan, Executive Director. The terms of reference, role and 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 27<sup>th</sup> May 2011, which was attended by Mr. Satish Ajmera, Mr. M. L. Bhagat, Mr. K.K. Khaitan and Mr. M. K. Khaitan. Grievances requiring specific guidance in between the meetings are communicated to the Chairman and redressed as per his advice.

The Company has received Nil complaint during the year. All complaints, if any, are resolved/replied within reasonable time. The Company Secretary acts as the Secretary to the Committee.

#### 6. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held on 9<sup>th</sup> August, 2011 at 1.00 p.m. (at Indian Chamber of Commerce, ICC Towers, 10<sup>th</sup> Floor, 4 India Exchange Place, Kolkata - 700 001), 26<sup>th</sup> July 2010 at 11.30 a.m. and 28<sup>th</sup> July, 2009 at 11.30 a.m. (both at Seminar Hall, Science City, JBS Halden Avenue, Kolkata 700 046). All the Special Resolutions contained in the respective Notices of the AGM's 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 Director in respect of his / her grievances.

The details of Compliance with mandatory requirements and adoption of non-mandatory requirements is as under:

Compliance with Mandatory Requirements:

Sl. No.	Particulars	Compliance Status/Remarks
1	Board of Directors	Complied with
2	Audit Committee	Complied with
3	Subsidiary Companies	Not Applicable
4	Disclosure	Complied with
5	CEO/CFO Certification	Complied with
6	Report on Corporate Governance	Complied with

**Adoption of Non - Mandatory Requirements:**

Sl.No.	Particulars	Compliance Status/Remarks
1	The Board	All expenses incurred by the Non-Executive Chairman, in performance of his duties, are being reimbursed.
2	Remuneration Committee	The Remuneration Committee is already in existence, comprising of only non-executive directors.
3	Audit Qualification	The financial statements are already unqualified.

**8. MEANS OF COMMUNICATION:**

Annual Reports in respect of each financial year are mailed to all shareholders generally in July of each calendar year. The quarterly financial results are normally published in Business Standard (English) & Dainik Lipi (Vernacular) and are also furnished to the concerned Stock Exchanges in required format to enable them to display at their respective websites. The quarterly/annual financial statement, shareholding pattern etc. are posted on Company website and can be viewed on [www.wirefabrik.com](http://www.wirefabrik.com)

**9. GENERAL SHAREHOLDER INFORMATION:**

- (a) Company Registration Details : The Company is registered in the State of West Bengal, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29265WB1957PLC023379.
- (b) AGM : Date, Time & Venue : Tuesday, the 11<sup>th</sup> day of September, 2012 at 2.30 P.M. Indian Chamber of Commerce, ICC Towers, 10<sup>th</sup> Floor, 4 India Exchange Place, Kolkata – 700 001.
- (c) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- (d) Dates of Book closure : 4<sup>th</sup> September, 2012 to 11<sup>th</sup> September, 2012 (both days inclusive)
- (e) Dividend payment date : The Dividend, declared if any, will be paid within 30 days from the date of AGM.

**(f) Listing of Stock Exchanges & Stock Code**

Bombay Stock Exchange Ltd P. J. Towers, Dalal Street Mumbai 400 001 (Stock Code: 507817)	The Calcutta Stock Exchange Ass. Ltd 7, Lyons Range Kolkata 700 001 (Stock Code: 10033008)
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The annual listing fee for the year 2012-2013 has been paid to all the above Stock Exchanges.

**(g) Share Price Data, as traded at Bombay Stock Exchange Limited during 2011-2012 (in Rs.)**

	2011									2012		
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	121.00	125.00	110.45	111.25	107.40	108.35	104.00	104.15	98.5	91.00	97.90	96.95
Low	89.00	82.00	85.00	90.00	98.00	96.00	85.65	94.25	85.00	85.00	87.00	82.00

(Source: BSE Website)

**(h) Stock Performance in comparison to BSE Sensex:**

	As on 31.03.2011	As on 31.03.2012	Decrease %
BSE Sensex	19445.22	17404.20	10.50
Company's Stock Price at BSE (Rs.)	91.00	82.00	9.89

(Source: BSE Website)



- (i) Registrar & Transfer Agent : ABS Consultant Pvt. Ltd.  
99, Stephen House, 6th Floor, 4, B.B D Bag (E)  
Kolkata-700 001  
Ph: 2220-1043, 2243-0153  
E-Mail: absconsultant@vsnl.net
- (j) Share Transfer System : Share transfer documents complete in all respects are registered and /or share transfer under objections are returned within stipulated time period.
- (k) Distribution of Shareholding as on 31st March, 2012

No. of shares	No. of Equity Shareholders	% of Shareholders	No. of Equity Shares held	% of Shareholding
1 to 1000	4019	98.22	497395	16.27
1001 to 10000	56	1.37	151898	4.97
10001 & above	17	0.42	2406957	78.76
<b>Total</b>	<b>4092</b>	<b>100.00</b>	<b>3056250</b>	<b>100.00</b>

- (l) Dematerialisation of shares and liquidity : The Equity Shares of the Company are eligible for demat by both the depositories namely NSDL & CDSL, under ISIN: INE469D01013. About 90.84% of shares were held in dematerialisation form by the shareholders of the Company, as on 31st March, 2012. The trading of the equity shares of the Company on the Stock Exchanges are under the list of compulsory delivery in dematerialization form by all investors. The shares of the Company are regularly traded at BSE.
- (m) Outstanding ADR's / GDR's/Warrants / or any other Convertible Instruments : Nil
- (n) Plant Locations : Jaipur & Jaisalmer, Rajasthan  
Howrah, West Bengal.  
Erode, Tamil Nadu
- (o) Address for Correspondence & Redressal of Investor Grievances : The Compliance Officer  
Wires and Fabriks (S.A.) Limited  
7, Chittaranjan Avenue, Kolkata-700 072  
Phone Nos.: 91-33-2237-0116/7. Fax: 91-33-2225-7136  
E-Mail: ig@cal.wirefabrik.com
- (p) Compliance officer : The Company Secretary act as Compliance Officer of the Company.
- (q) Shareholding of Non-Executive Directors : 1150 Equity Shares
- (r) Promoter's Group Shareholding : 2291056 Equity Shares

For and on behalf of the Board

Kolkata  
Dated, the 9<sup>th</sup> day of August, 2012

B. K. Khaitan  
Chairman cum Managing Director

K. K. Khaitan  
Jt. Managing Director

### **Declaration in respect of Compliance with the Code of Conduct**

It is hereby declared that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, for the financial year ended 31<sup>st</sup> March, 2012.

Kolkata  
Dated, the 9<sup>th</sup> day of August, 2012

**M. K. KHAITAN**  
(CEO)

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### **Certificate to the Members of Wires & Fabriks (S.A.) Limited on the conditions of Corporate Governance for the year ended 31<sup>st</sup> March 2012 under the Clause 49 of the Listing Agreement with the concerned Stock Exchanges**

We have examined the Compliance of the conditions of Corporate Governance by **Wires & Fabriks (S.A.) Limited** for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to review of the procedures and compliance thereof, adopted by the Company for ensuing compliance with the conditions of Corporate Governance. It is neither an audit nor expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

8, Ganesh Chandra Avenue,  
Kolkata - 700013  
Dated, 9<sup>th</sup> day of August, 2012

**(B. N. Khandelwal)**  
*Company Secretary in Practice*  
C.P. No. 1148  
M. No. 1614