



wires & fabriks

Wires and Fabriks (S.A.) Limited

AN ISO 9001 : 2008 COMPANY

ANNUAL REPORT

2010-2011

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OUR PRODUCT RANGE
<ul style="list-style-type: none"> • Paper Machine Clothing • Paper Making Chemicals

Directors

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

Secretary

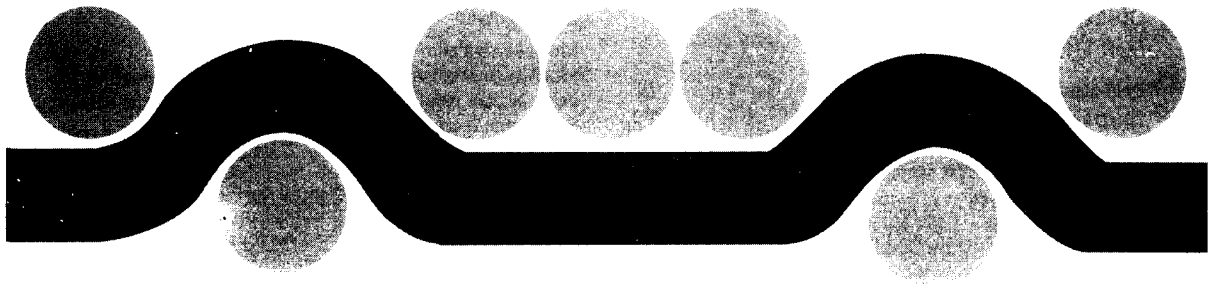
M. K. Tiwari

Auditors

S. S. Kothari & Co.

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 2010-11

Dear Members,

The Directors of the Company have pleasure in presenting the 54th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

The financial results, in brief, for the year ended 31st March, 2011 are as under:

	(Rs. in Lacs)	
	31.03.2011	31.03.2010
Total Income	8124.60	6677.57
Profit Before Tax	654.56	515.84
Profit After Tax	433.38	346.29
Disposable Surplus	1944.82	1581.72
(including earlier years balance)		
Appropriations	99.35	72.07
Balance Carried Forward	1845.46	1509.65

DIVIDEND

Your directors have recommended to the Members a dividend of Rs.1.80 per share (previous year Rs.1.50 per share) amounting to Rs. 63.94 Lacs, including dividend tax thereon for the financial year ended 31st March, 2011.

OPERATIONS & FUTURE OUTLOOK

During the year under review, the Company performed well with a growth of more than 20% in Sales and more than 26% in Profit Before Tax. To an extent, this was possible due to the benefits accrued from recently concluded expansion cum modernisation project.

From 10 million tons production in 2010, the Indian Paper industry is expected to touch 20 million tons by 2020. To maintain the current market leadership and take full advantage of this growth, your company has taken an important step in technology upgradation. The company has a technical collaboration with the world leader in paper machine clothing, Albany International Corp., U.S.A. Under this agreement, Albany will enhance the competence of your company in modern SSB forming fabrics manufacturing, application and technical service to world class levels. Worldwide, over 50% of the paper industry today uses SSB designs of forming fabrics. With the recent completion of expansion cum modernisation, coupled now with the technical collaboration, we foresee an increased market share in the existing and new - large and modern paper machines. The Company has maintained its leadership, due to continuous thrust on research, development and technology upgradation and expect to further improve its performance in the forthcoming years.

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 & 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 31st March, 2011, 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 31st March, 2011 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.

During the financial year, Mr. Anil Kumar Sethi, Chief Financial Officer (CFO) resigned from the services of the Company.

The Board places on record its appreciation for the valuable services rendered by him during his tenure. The Company has since appointed Mr. Rajesh Patni as CFO of the Company with effect from 19th March, 2011.

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.

GROUP FOR INTER SE TRANSFER OF SHARES

As required under Clause 3(1) (e) of the Securities and Exchange Board of India (substantial Acquisitions of Shares

and Takeovers) Regulation, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid regulations, are given in the separate annexure attached herewith and forms part of this Annual Report.

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.

Kolkata
Dated, the 27th day of May, 2011

For and on behalf of the Board
M. K. Khaitan K. K. Khaitan
Executive Director Jt. Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

"Group" for inter se transfer of shares under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulation, 1997:

1	Mr. Basant Kumar Khaitan	24	BKM Trading Private Limited
2	Mr. Kishan Kumar Khaitan	25	DHM Trading Private Limited
3	Mr. Mahendra Kumar Khaitan	26	Khaitan Estates Private Limited
4	Mr. Devesh Khaitan	27	KIL Mercantile Private Limited
5	Mr. Madhur Krishna Khaitan	28	KIL Trading Private Limited
6	Mr. Harsh Vasant Khaitan	29	Kingsley Industries Limited
7	Ms. Vajantimala Khaitan	30	Kingsley Mercantile Private Limited
8	Ms. Ranjana Khaitan	31	KMI Estates Private Limited
9	Ms. Shailja Khaitan	32	Natwest Construction & Trading Private Limited
10	Ms. Parul Khaitan	33	NEBB Engineering India Limited
11	Ms. Yashashvini Khaitan	34	Rajputana Investment Society Private Limited
12	Mr. Viraj Khaitan	35	W & F Chemicals Limited
13	Ms. Sanvi Khaitan	36	W & F Commercial Private Limited
14	Mr. Reyansh Khaitan	37	W & F Filtertech Private Limited
15	Ms. Vidhi Khaitan	38	W & F Millennium Private Limited
16	Ms. Pranika Khaitan	39	W & F Securities Private Limited
17	Ms. Varshita Khaitan	40	Wires & Fabriks Private Limited
18	Ms. Divisha Khaitan	41	WMW Business Private Limited
19	M/s. Basant Kumar Khaitan a/c Nathmall Janakilal (Partnership firm)	42	WMW Mercantile Private Limited
20	M/s. Basant Kumar Khaitan a/c Basant Kumar Khaitan HUF	43	WMW Metal Fabrics Limited
21	M/s. Kishan Kumar Khaitan a/c Janakilal Khaitan HUF	44	WMW Securities Private Limited
22	M/s. Mahendra Kumar Khaitan a/c Mahendra Kumar Khaitan HUF	45	WMW Trading Private Limited
23	BKM Mercantile Private Limited		

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

During the year, 9 meetings of the Board of Directors were held on 27th May, 2010 (4.30 P.M. & 5.30 P.M.), 26th July, 2010 (1.00 P.M. & 1.30 P.M.), 9th November, 2010 (1.30 P.M. & 2.00 P.M.), 28th January, 2011 (3.30 P.M. & 4.30 P.M.) and 19th March, 2011 (2.30 P.M.). The maximum gap between any two meetings was less than four months. The Board was presented with all relevant and necessary informations at its meetings including information as required under the listing agreement. Details of Directors seeking re-appointment in 54th 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	–	No	5	3	–
Mr. B. K. Khaitan, Managing Director	PE	9	Yes	8	1	2
Mr. K. K. Khaitan, Jt. Managing Director	PE	7	Yes	4	–	–
Mr. M. K. Khaitan, Executive Director	PE	9	Yes	4	–	–
Mr. S. Ajmera	NEI	9	Yes	3	1	3
Mr. M. L. Bhagat	NEI	4	No	1	–	–
Mr. K. K. Khemka	NEI	8	Yes	3	–	–
Mr. D. D. Trivedi	NEI	7	Yes	3	–	–

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

* Audit Committee & Shareholders' Grievance Committee only.

3. AUDIT COMMITTEE:

During the period under review, Audit Committee headed by Mr. M. L. Bhagat, comprised of three Non-Executive Independent Directors namely Mr. M.L Bhagat, Mr. Satish Ajmera and Mr. D. D. Trivedi. 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 the Companies Act, 1956. During the year, five meetings of the Audit Committee were held on 27/05/2010, 26/07/2010, 09/11/2010, 28/01/2011 and 19/03/2011. Mr. M. L. Bhagat, Mr. Satish Ajmera and Mr. D.D. Trivedi attended 2, 5 & 4 meetings respectively. Company Secretary acts as a Secretary to the Committee.

4. REMUNERATION COMMITTEE:

During the period under review, Remuneration Committee headed by Mr. D. D. Trivedi comprises of 3 Non-Executive Independent Directors namely Mr. D. D. Trivedi, Mr. K. K. Khemka 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, no meeting of the Committee held. 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 1st April, 2007 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 2 years with effect from 1st April, 2010. 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, Chairman	–	–	–	–
Mr. B. K. Khaitan, Managing Director	72,00,000	9,20,781	–	81,20,781
Mr. K. K. Khaitan, Jt. Managing Director	70,80,000	8,84,908	–	79,64,908
Mr. M. K. Khaitan, Executive Director	69,60,000	8,74,986	–	78,34,986
Mr. S. Ajmera, Director	–	–	1,50,000	1,50,000
Mr. M. L. Bhagat, Director	–	–	70,000	70,000
Mr. K. K. Khemka, Director	–	–	80,000	80,000
Mr. D. D. Trivedi, Director	–	–	1,10,000	1,10,000

5. SHAREHOLDERS' GRIEVANCE COMMITTEE :

During the period under review, Shareholders' Grievance Committee headed by Mr. Satish Ajmera, comprises of two Non-Executive Directors namely Mr. Satish Ajmera and Mr. M. L. Bhagat and two Executive Directors namely 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, the Listing Agreement as well as Companies Act, 1956. During the year, the Committee met on 27/05/2010, 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 complaint, 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 26th July, 2010 at 11.30 a.m., 28th July, 2009 at 11.30 a.m. and 26th September, 2008 at 11.00 a.m. 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 :

Sq. 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:

Sq. 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 June/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's website and can be viewed on 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, 9th August, 2011 at 1.00 P.M.
Indian Chamber of Commerce, ICC Towers, 10th Floor,
4, Indian Exchange Place, Kolkata - 700001
- (c) Financial Year : 1st April to 31st March
- (d) Dates of Book closure : 2nd August to 9th August, 2011 (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 2011-2012 has been paid to all the above Stock Exchanges.

- (g) Share Price Data, as traded at Bombay Stock Exchange Limited during 2010-2011 (in Rs.)

	2010									2011		
	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	143.50	125.80	122.50	147.70	133.00	133.95	135.00	139.45	134.00	128.75	117.00	104.90
Low	105.00	108.10	107.60	112.00	118.95	119.25	115.00	115.85	99.05	95.40	82.60	81.00

(Source: BSE Website)

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

	As on 31.03.2010	As on 31.03.2011	Increase %
BSE Sensex	17527.77	19445.22	10.05
Company's Stock Price at BSE (Rs.)	140.90	91.00	(35.42)

(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, 2011

No. of shares	No. of Equity Shareholders	% of Shareholders	No. of Equity Shares held	% of Shareholding
1 to 1000	4129	98.12	508651	16.64
1001 to 10000	63	1.50	174593	5.71
10001 & above	16	0.38	2373006	77.65
Total	4208	100.00	3056250	100.00

- (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. Approx 90.47% of shares were held in dematerialisation form by the shareholders of the Company, as on 31st March, 2011. 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
Erode, Tamil Nadu
Howrah, West Bengal
- (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, 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

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 31st March, 2011.

Kolkata
Dated, the 27th day of May, 2011

M. K. KHAITAN
(CEO)

Certificate to the Members of Wires & Fabriks (S.A.) Limited on the conditions of Corporate Governance for the year ended 31st March 2011 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 31st March, 2011 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, 27th May, 2011

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

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT 2010-11

INDUSTRY STRUCTURE AND DEVELOPMENTS

The company mainly deals in technical products for the Paper Industry. The Paper Industry in India is growing at a rate higher than the GDP growth. Globalisation has entered the Indian Paper industry as well. International Paper, U.S.A. took over Andhra Pradesh Paper Mills Limited. This is a clear sign of the changing industry structure to think big and think global. Large mills will increasingly dominate the scene with modern equipment leading to faster capacity growth. Our products requiring tailor made services offer us a great opportunity both by way of geographical advantage and local expertise.

OPPORTUNITIES & THREATS

With paper consumption in India being below 10Kg/capita as compared to over 40 Kg/capita in China and over 200 Kg/capita in the developed countries, growth in the paper industry is unstoppable. Our product being an important consumable, shares an equally optimistic outlook. We have developed and are successfully marketing the latest product: SSB forming fabrics and are prepared for this new market scenario. We continue to increase our market share in India. Besides, growth in the domestic sector, growth opportunity also exists in the export sector, as Asia is the fastest growing region in the world for the paper industry. The threat from overseas suppliers may increase because of the changing Indian economic scenario. Being competitive and service oriented, we are well equipped to meet such challenges.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

As can be seen from our Balance Sheet figures, turnover and profits for our paper mill segment is continuously rising. Wind Mills segment is also working satisfactorily.

FUTURE OUTLOOK

The completion of our expansion and modernization project is supporting us in offering new products to the market and increasing our market share in India as well as in exports. Our recent collaboration with the world leader Albany International, U.S.A. is providing the impetus to our efforts of improving efficiencies and repeatability in product quality. With a good growth in the Indian paper industry and our strong foray in the export market, we see a healthy growth in the future. During the year, your company has further set up further wind power plants.

RISKS AND CONCERNS

Reduction in growth rate of Indian Paper Industry and increased competition both from domestic and overseas suppliers and rise in Raw material prices due to high oil prices and low value of US\$ could affect our profit margins. Increase in capacity entails very high capital costs and is time consuming, this may result in losing market share to overseas players in case paper production rises faster than projected. However, the emphasis on Research & Development has led to an inherent technical strength. The technical collaboration with Albany International Corp., U.S.A., will help the company to maintain its leadership and bottom line.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has adequate internal control procedure commensurate with the nature of its business & size of its operations. Internal Audit is conducted at regular intervals and covers the key areas of operations.

DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company closed last year with an improved performance in almost all sections of its operations. The Company plans to further strengthen the areas where more improvement opportunities exist.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Company continues to give its high attention to its Human Resources. Various initiatives were successfully implemented during the year. Industrial relations continue to be cordial.

CAUTIONARY STATEMENT

Some of the statements made above are stated as required by applicable regulations. While they are based on the data available and the bonafide judgment of the management, the actual results may be affected by various factors, which may be different from what your management envisages in terms of future performance & outlook.

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, 2011 and the Profit & Loss Account of the Company for the year ended on that date and Cash Flow Statement for the year ended on that date as attached hereto which are in agreement with the Company's books of account, as submitted to us. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes appearing there in, comply with the applicable accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 and 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, 2011. Profit and Loss Account gives a true and fair view of the profit for the year ended on that date and the Cash Flow Statement gives a true and fair view of the cash flows of the Company for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of section 227 of Companies Act, 1956 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) a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The Company has a programme of physical verification of fixed assets in a phased manner so as to cover all the assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the said programme, fixed assets other than Office Equipments were physically verified during the year and according to the informations and explanations given to us, no material discrepancies were noticed on such verification.
- c. During the year, the Company has not disposed off a substantial part of fixed assets.
- ii) a. The inventories lying at all location except in transit and with third parties has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. On the basis of our examination of the records we are of the opinion that the Company is maintaining proper records of inventory.
- d. The discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of accounts.
- iii) a. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii) (b), (c) & (d) of the order are not applicable.
- b. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii) (f) & (g) of the order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) a. On the basis of representation made by the management and scrutiny of books of accounts carried out by us, the particulars of contracts or arrangements that need to be entered in the Register

- in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements required to be entered in the Register u/s 301 of Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 - vi. According to the information and explanations given to us and on the basis of our checking during the course of audit, the Company has not accepted any deposits from the public during the year.
 - vii. In our opinion, the internal audit of Company carried out during the year by firms of Chartered Accountants appointed by the Company have been commensurate with the size of the Company and the nature of its business.
 - viii. The Central Government has prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 in respect of generation of electricity from wind power and such accounts and records have been made and maintained by the company. However, we have not made a detailed examination of the records with a view to determine whether they are accurate.
 - ix. a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were outstanding as at 31.03.2011 for a period of more than six months from the date they become payable.
 - b. According to the records of the Company, there are no dues of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except :-
 - (i) Sales tax demand of Rs.1,13,551/- for the year 2004-05, Rs.6,44,801/- for the year 2007-08 and Rs.10,47,164/- for the year 2008-09 for which appeals are pending before the West Bengal Commercial Taxes Appellate and Revisional Board, Senior Joint Commissioner of Sales Tax, Dharamtala Circle, Kolkata and Dy. Commissioner (Appeal) - III, Jaipur respectively.
 - (ii) Service tax demand of Rs.2,65,643/- for the period from 16.06.2005 to 31.12.2005 for which appeals are pending before The Appellant Tribunal, Customs, Excise and Service Tax, New Delhi.
 - (iii) Excise duty demand of Rs.14,07,362/- for the period from April, 2002 to March, 2005 for which appeal is pending before Commissioner (Appeal) - II, of Central Excise, Kolkata.
 - x. The Company has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year and has no accumulated loss.
 - xi. The Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
 - xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii. The Company is not a chit fund, nidhi or mutual benefit fund/society.
 - xiv. The Company has maintained proper records of the transactions and contracts in respect of dealing in shares & securities and timely entries have been made therein. All shares & securities have been held by the Company in its own name.
 - xv. The Company has not given any guarantee for loan taken by others during the year.
 - xvi. According to the information and explanation given to us, term loans availed by the Company were, prima facie, applied during the year for the purposes for which the loans were obtained.
 - xvii. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have prima facie, not been used during the year for long term investment.
 - xviii. The Company has not made any issue of shares during the year.
 - xix. The Company has not issued debenture during the year.
 - xx. The Company has not made any public issue during the year.
 - xxi. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the course of audit.

"INDIA STEAMSHIP HOUSE"
21, Old Court House Street
Kolkata - 700 001
The 27th day of May, 2011

For **S.S.KOTHARI & CO.**
Chartered Accountants
R N BARDHAN
Partner
M. No.17270
Firm Reg. No. 302034E

BALANCE SHEET

AS AT 31st MARCH, 2011

		As at 31 st March, 2011		As at 31 st March, 2010	
	Schedule	Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds :					
Share Capital	1	30,562,500		30,562,500	
Reserves and Surplus	2	<u>388,420,831</u>	<u>418,983,331</u>	<u>380,009,719</u>	<u>410,572,219</u>
Loan Funds					
Secured Loans	3		<u>529,713,955</u>		<u>460,991,067</u>
Deferred Tax Liability			<u>83,171,089</u>		<u>74,778,297</u>
TOTAL			<u><u>1,031,868,375</u></u>		<u><u>946,341,583</u></u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	<u>1,390,305,708</u>		<u>1,222,063,715</u>	
Less : Depreciation		<u>687,955,734</u>		<u>599,605,949</u>	
Net Block		<u>702,349,974</u>		<u>622,457,766</u>	
Capital Work in Progress		<u>45,960,454</u>	<u>748,310,428</u>	<u>67,071,988</u>	<u>689,529,754</u>
Investments	5		<u>88,154</u>		<u>88,154</u>
Current Assets, Loans and Advances					
Inventories	6	<u>106,581,817</u>		<u>117,163,673</u>	
Sundry Debtors	7	<u>268,472,281</u>		<u>236,420,583</u>	
Cash and Bank Balances	8	<u>9,992,474</u>		<u>10,310,109</u>	
Other Current Assets	9	<u>30,183,674</u>		<u>19,333,860</u>	
Loans and Advances	10	<u>22,712,613</u>		<u>15,204,889</u>	
		<u>437,942,859</u>		<u>398,433,114</u>	
Less :					
Current Liabilities & Provisions :					
Liabilities	11	<u>147,328,180</u>		<u>134,756,219</u>	
Provisions	12	<u>7,144,886</u>		<u>6,953,220</u>	
		<u>154,473,066</u>		<u>141,709,439</u>	
Net Current Assets			<u>283,469,793</u>		<u>256,723,675</u>
TOTAL			<u><u>1,031,868,375</u></u>		<u><u>946,341,583</u></u>
Significant Accounting Policies and Notes on Accounts					
	16				

As per our Report Annexed

"INDIA STEAMSHIP HOUSE"
21, Old Court House Street
Kolkata - 700 001
The 27th day of May, 2011

For **S.S.KOTHARI & CO.**
Chartered Accountants
R. N. BARDHAN
Partner
M. No.17270
Firm Reg. No. 302034E

For and on behalf of the Board
M. K. Tiwari **M. K. Khaitan** **K. K. Khaitan**
Company Secretary Executive Director Jt. Managng Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Gross Sales		795,259,662		659,268,398	
Less : Excise Duty		47,279,189	747,980,473	33,286,392	625,982,006
Other Income	13		17,199,993		8,488,558
			765,180,466		634,470,564
EXPENDITURE					
Cost of Sales	14		599,698,598		492,093,222
PROFIT BEFORE INTEREST & DEPRECIATION			165,481,868		142,377,342
Interest	15	29,088,966		30,753,966	
Depreciation (Net of transfer from Revaluation Reserve)		70,937,040	100,026,006	60,038,982	90,792,948
PROFIT BEFORE TAX			65,455,862		51,584,394
Provision for Taxation					
Income Tax		13,600,000		9,400,000	
Wealth Tax		125,000		90,000	
Deferred Tax Adjustment (Net)		8,392,792	22,117,792	7,465,378	16,955,378
PROFIT AFTER TAX			43,338,070		34,629,016
Add : Balance as per last account			150,965,185		116,814,998
Tax for earlier years including refunds			179,032		6,727,953
SURPLUS AVAILABLE FOR APPROPRIATION			194,482,287		158,171,967
APPROPRIATION					
Proposed Dividend		5,501,250		4,584,375	
Provision for Tax on Proposed Dividend		892,440		761,407	
Provision for Doubtful debts		41,600		361,000	
Transfer to General Reserve		3,500,000	9,935,290	1,500,000	7,206,782
BALANCE CARRIED OVER TO BALANCE SHEET			184,546,997		150,965,185
Earning per share (Rs.) - Basic & Diluted (Refer Note No.12 of Schedule 16)			14.18		11.33
Significant Accounting Policies and Notes on Accounts	16				

This is the Profit and Loss Account referred to in our Report of even date :

For **S.S.KOTHARI & CO.**

Chartered Accountants

"INDIA STEAMSHIP HOUSE"

21, Old Court House Street
Kolkata - 700 001

The 27th day of May, 2011

R. N. BARDHAN

Partner

M. No.17270

Firm Reg. No. 302034E

For and on behalf of the Board

M. K. Tiwari
Company Secretary

M. K. Khaitan
Executive Director

K. K. Khaitan
Jt. Managng Director

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 1 : SHARE CAPITAL				
Authorised :				
25000000 Equity Shares of Rs.10/- each	250,000,000		250,000,000	
1000000 Redeemable Preference Shares of Rs.10/- each	<u>10,000,000</u>	<u>260,000,000</u>	<u>10,000,000</u>	<u>260,000,000</u>
		<u>260,000,000</u>		<u>260,000,000</u>
Issued, Subscribed and Paid up :				
3056250 Equity Shares of Rs.10/- each		<u>30,562,500</u>		<u>30,562,500</u>
		<u>30,562,500</u>		<u>30,562,500</u>
Above includes 1345000 Equity Shares issued as bonus by capitalisation of General Reserve.				

SCHEDULE 2 : RESERVES & SURPLUS

General Reserve :				
As per last Account	40,000,000		38,500,000	
Add: Transfer from Profit & Loss Account	<u>3,500,000</u>	<u>43,500,000</u>	<u>1,500,000</u>	<u>40,000,000</u>
Capital Reserve:				
As per last Account		9,250		9,250
Share Premium Account :				
As per last Account		30,562,500		30,562,500
Revaluation Reserve :				
As per last account	158,472,784		187,219,287	
Less : Transfer to Profit & Loss Account				
Disposal of Fixed Assets	264,299		304,282	
Depreciation	<u>28,406,401</u>	<u>129,802,084</u>	<u>28,442,221</u>	<u>158,472,784</u>
Profit & Loss Account :				
Balance as per annexed Account		<u>184,546,997</u>		<u>150,965,185</u>
		<u>388,420,831</u>		<u>380,009,719</u>

SCHEDULE 3 : SECURED LOANS

Loans and Advances from Banks :

Term Loans	499,024,787	418,589,263
Working Capital Loans	<u>30,689,168</u>	<u>42,401,804</u>
	<u>529,713,955</u>	<u>460,991,067</u>

SCHEDULE 4 : FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31 st March, 2010 Rupees	Additions During the Year Rupees	Deductions During the Year Rupees	As at 31 st March, 2011 Rupees	Upto 31 st March, 2010 Rupees	For the Year Rupees	Deductions During the year Rupees	Upto 31 st March, 2011 Rupees	As at 31 st March, 2011 Rupees	As at 31 st March, 2010 Rupees
Leasehold Land	1,010,130	2,150,000	1,925	3,158,205	54,544	90,393	812	144,125	3,014,080	955,586
Freehold Land	1,500,000	—	—	1,500,000	—	—	—	—	1,500,000	1,500,000
Buildings	51,865,565	1,601,842	14,694,462	38,772,945	13,351,528	1,536,643	2,893,322	11,994,849	26,778,096	38,514,037
Plant & Machinery including Electric Installations	1,081,732,011	177,668,760	7,158,106	1,252,242,665	527,608,408	93,462,929	6,562,547	614,508,790	637,733,875	554,123,603
Furniture and Office Equipments etc.	68,656,074	4,276,448	84,594	72,847,928	53,932,931	2,470,860	34,702	56,369,089	16,478,839	14,723,143
Vehicles	17,299,935	9,491,830	5,007,800	21,783,965	4,658,538	1,782,616	1,502,273	4,938,881	16,845,084	12,641,397
TOTAL	1,222,063,715	195,188,880	26,946,887	1,390,305,708	599,605,949	99,343,441	10,993,656	687,955,734	702,349,974	622,457,766
PREVIOUS YEAR	1,052,557,412	181,243,716	11,737,413	1,222,063,715	513,445,583	88,481,203	2,320,837	599,605,949	622,457,766	
Capital Work-in-Progress									45,960,454	67,071,988

- Note** 1. Depreciation for the year includes Rs.28,406,401 (Rs.28,442,221) transferred from revaluation reserves in respect of revalued assets and Rs.70,937,040 (Rs.60,038,982) charged to Profit & Loss Account.
2. Capital Work-in-Progress includes Rs.2,559,456 (Rs.2,687,456) for advance against capital expenditures and Rs.1,597,779/- (Rs.3,712,936) for Pre-operative Expenses (pending allocation).

SCHEDULE 5 : INVESTMENTS

PARTICULARS	Face Value Rupees	As at 31st March, 2011		As at 31st March, 2010	
		Nos.	Book Value Rupees	Nos.	Book Value Rupees
LONG TERM INVESTMENTS (QUOTED - At cost)					
In Fully paid-up Equity Shares					
Eastern Silk Ind. Ltd	10	100	32,954	100	32,954
Indian Overseas Bank	10	2,300	55,200	2,300	55,200
Total			88,154		88,154
Market Value of Quoted Investments			331,171		212,238

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 6 : INVENTORIES				
(As per Inventories taken, valued and certified by the Management)				
Raw Materials		54,036,488		28,421,192
Finished Products / Traded Goods		16,050,931		21,498,216
Work-In-Process		22,395,851		23,766,731
Stores, Spare Parts and Packing Materials		13,634,776		42,641,797
Scrap		463,771		835,737
		<u>106,581,817</u>		<u>117,163,673</u>
NOTE : The above include				
a) Materials in transit :				
Raw Materials		10,505,877		9,572,352
Trading Goods		320,047		402,546
Stores, Spare Parts and Packing Materials		626,818		748,650
b) Raw Material lying at CWC warehouse		9,150,246		—
SCHEDULE 7 : SUNDRY DEBTORS				
(Unsecured and Unconfirmed)				
Debts Outstanding for a period exceeding six months:				
Considered Good	51,655,144		31,319,201	
Considered Doubtful	<u>2,039,198</u>		<u>1,963,505</u>	
	53,694,342		33,282,706	
Less : Provision for Doubtful Debts	<u>1,023,600</u>	52,670,742	<u>982,000</u>	32,300,706
Other Debts :				
Considered Good		215,801,539		204,119,877
		<u>268,472,281</u>		<u>236,420,583</u>
SCHEDULE 8 : CASH AND BANK BALANCES				
Cash in Hand (Including stamps in hand)		729,916		293,525
Cheques in Hand		—		17,084
With Scheduled Banks :				
On Current Account		7,678,993		8,988,188
On Fixed Deposit Accounts (including interest accrued Rs.256,964 - Previous year Rs.191,693)		1,583,565		1,011,312
		<u>9,992,474</u>		<u>10,310,109</u>
SCHEDULE 9 : OTHER CURRENT ASSETS				
Claims, Subsidy & Export Benefits Receivable etc.				
Considered Good		30,183,674		19,333,860
		<u>30,183,674</u>		<u>19,333,860</u>
SCHEDULE 10 : LOANS AND ADVANCES (Unsecured)				
Advances :				
(Recoverable in Cash or in kind or for value to be received)				
Considered Good		20,987,500		13,754,070
Deposits :				
Sundry Deposits		1,725,113		1,450,819
		<u>22,712,613</u>		<u>15,204,889</u>

	As at 31 st March, 2011		As at 31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 11 : CURRENT LIABILITIES				
Sundry Creditors				
Due to Micro, Small and Medium Enterprises	630,288		3,130,813	
Others	79,631,496	80,261,784	72,393,549	75,524,362
Other Liabilities (Including advance from customers Rs.8,042,444 Previous year Rs.5,212,018)		66,247,975		58,437,014
Unclaimed Dividend		818,421		794,843
		<u>147,328,180</u>		<u>134,756,219</u>

SCHEDULE 12 : PROVISIONS

Taxation (Net of advance/TDS)	626,196	1,517,438
Wealth Tax	125,000	90,000
Proposed Dividend	5,501,250	4,584,375
Tax on Proposed Dividend	892,440	761,407
	<u>7,144,886</u>	<u>6,953,220</u>

	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 13 : OTHER INCOME				
Dividend		8,110		10,450
Interest (Gross) :				
On Fixed Deposits (Tax deducted at source Rs. 8,870 ; Previous year Rs.8,854)	98,403		88,541	
From Others (Tax deducted at source Rs.5,515; Previous year Rs.7,117)	70,450	168,853	244,160	332,701
Miscellaneous Income : (Tax deducted at source Rs.59,419; Previous year Rs. 115,980)		878,779		4,525,202
Adjustment in respect of earlier years (net)		168,229		—
Sundry Balances Adjusted (net)		—		714,782
Profit on sale of Assets (Net)		10,852,830		—
Liabilities no longer required written back		5,123,192		2,905,423
		<u>17,199,993</u>		<u>8,488,558</u>

	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 14 : COST OF SALES				
Raw Materials :				
Opening Stock	28,421,192		35,721,367	
Add : Purchases	163,183,932		103,322,805	
	191,605,124		139,044,172	
Less : Stock At Close	54,036,488	137,568,636	28,421,192	110,622,980
Variation in Stocks:				
Stock in Trade (At Close)				
Finished Goods / Traded Goods	16,050,931		21,498,216	
Work in Process	22,395,851		23,766,731	
Scrap	463,771		835,737	
	38,910,553		46,100,684	
Stock in Trade : (At Commencement)				
Finished Goods / Traded Goods	21,498,216		27,728,786	
Work in Process	23,766,731		14,971,062	
Scrap	835,737		842,712	
	46,100,684		43,542,560	
(Increase) / Decrease in Stocks		7,190,131		(2,558,124)
Purchases :				
Trading Goods		68,112,769		56,921,260
Payment to and Provision for Employees :				
Salaries, Wages, Bonus etc.	104,854,303		85,940,009	
Contribution to Provident, Gratuity and Other funds	6,827,592		6,293,181	
Employees Welfare Expenses	1,916,385	113,598,280	1,802,960	94,036,150
Manufacturing Expenses :				
Stores & Spare Parts consumed	49,220,302		45,360,818	
Packing & Inward Freight	33,169,226		23,825,149	
Power and Fuel (Including Office Electric Charges & Other Expenses)	28,258,719		23,608,535	
Professional Services	5,315,692		4,931,077	
Job Charges	15,793,785		14,275,354	
Plant & Machinery Repairs	5,733,319		4,880,368	
Excise Duty (Difference of duty on opening and closing stock of finished goods)	462,354	137,953,397	89,281	116,970,582
Sales & Distribution Expenses :				
Freight & Forwarding Charges	11,501,979		7,612,511	
Commission	9,875,808		6,283,921	
Sales Promotion & Advertisement	4,750,363		7,114,097	
Rebate on Sales and Compensation	14,896,899		11,239,765	
Sales Tax / VAT	11,187,713	52,212,762	9,701,815	41,952,109

	For the year ended 31 st March, 2011		For the year ended 31 st March, 2010	
	Rupees	Rupees	Rupees	Rupees
Other Expenses :				
Rent	2,724,328		2,096,130	
Rates & Taxes	834,678		575,982	
Insurance	7,169,564		8,647,364	
Building & Road Repairs	3,054,039		4,125,751	
Other Repairs	2,526,331		2,232,988	
Travelling & Conveyance Expenses	27,179,312		22,814,840	
Directors' Fees	410,000		425,000	
Miscellaneous Expenses	37,870,291		32,151,233	
Adjustment in respect of earlier years (net)	~		76,849	
<i>Sundry Balances Adjusted (net)</i>	582,478		~	
Loss / Profit on Sale of Fixed Assets	~		659,707	
Fixed Asset Written off	1,325		3,120	
Bad Debts	710,277		339,301	74,148,265
		83,062,623		492,093,222
		599,698,598		492,093,222

SCHEDULE 15 : INTEREST

Interest :

On Fixed Loans	25,620,689		18,099,878	
To Others	3,468,277	29,088,966	12,654,088	30,753,966
		29,088,966		30,753,966

SCHEDULE 16 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Annexed to and forming part of the accounts for the year ended 31st March, 2011

SIGNIFICANT ACCOUNTING POLICIES :

A) GENERAL:

- 1) The accounts have been prepared on historical cost convention under accrual method of accounting and as a going concern concept.
- 2) Accounting policies not specifically referred to otherwise are consistent and in accordance with the accounting principles generally accepted as recommended by The Institute of Chartered Accountants of India.

B) REVENUE RECOGNITION :

- 1) Revenue is recognised on completion of sale and rendering of services.
- 2) Income and expenditure are recognised on accrual basis. However, since it is not possible to ascertain with reasonable accuracy, the quantum of accrual in respect of interest recoverable from parties for delayed retirement of documents and leave travel allowance payable to employees, the same continue to be accounted for as and when received / settled. Customers' claims are accounted for as and when arise / settled on the basis of joint performance analysis / assessment.
- 3) Sales includes export incentives, packing charges, excise duty, sales tax & VAT and are net of discounts & returns in respect of earlier years.
- 4) Export Incentives are recognised on post export basis on entitlement rates.
- 5) Government grants are recognised on receipt / reasonable ascertainment of ultimate collection thereof

C) FIXED ASSETS :

- 1) Fixed Assets (other than those which have been revalued) are stated at cost of acquisition or construction inclusive of freight, duties and other directly attributable costs of bringing the assets in its working condition for its intended use, less depreciation. In case of revalued assets, as at the close of the year, the book value is also inclusive of revaluations made.
- 2) Depreciation on all fixed assets other than Wind Power Plants is provided on "straight line method" and on Wind Power Plant on "Written down value method" as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation also includes amortisation of (a) leasehold land over the period of lease and (b) Intangible assets (computer software) in the year of purchase/use.
- 3) Insurance claims for damaged capital goods are accounted for on settlement of claims as per practice.
- 4) Pre-operative expenditure are allocated on the respective assets in the year of capitalisation.

D) BORROWING COST :

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as a part of cost of such assets. All other borrowing costs are charged to revenue.

E) INVESTMENTS :

Investments intended to be held for more than a year from the date of acquisition are classified as long term investments and are carried at cost. Provision for diminution in value of investments is made to recognise a decline, other than temporary in the value of investments. Investments other than the long term investments being current investments are valued at cost or market value whichever is lower.

F) INVENTORIES :

- 1) Inventories are valued at lower of cost or net realisable value. Cost of stores and spares, raw materials, packing materials, trading and other products is determined on weighted average basis except Raw Material at Jaipur Unit which is valued at specific cost. Scrap is valued at estimated market value. Cost of Finished Stock and Work in Progress is determined on absorption costing method. Value of Finished Goods includes Excise Duty.
- 2) Provisions are made on determination of obsolete and unserviceable stocks found on physical verification.

G) RESEARCH AND DEVELOPMENT EXPENDITURE :

- 1) Capital Expenditure is included in Fixed Assets & Capital Work-in-Progress and depreciation is provided at the respective applicable rates.
- 2) Revenue Expenditure is charged off in the year in which they are incurred.

H) EMPLOYEE BENEFITS :

- 1) Employee benefits in the form of Provident Fund, ESIC and Labour Welfare Fund are considered as defined contribution plan and the contributions to recognised funds are charged to the Profit and Loss Account of the year when the contributions are due, as per the provisions of respective statutes. The company has no further obligations beyond its stipulated contributions. Other short term employee benefits are recognised as expenses at the un-discounted amount in the Profit & Loss Account of the year in which the related service is rendered. Termination benefits are recognised as an expenses as and when paid.
- 2) The Gratuity liability in respect of employees of the Company (except wholetime Directors) is covered through a policy taken by a trust established under the Group Gratuity Scheme with Life Insurance Corporation of India (LIC). The liability is determined and provided for based on an actuarial valuation performed by LIC.
- 3) Provision for leave encashment and Gratuity liability of wholetime Directors, which are defined benefits has been ascertained on an actuarial valuation performed by an independent actuary as at the Balance Sheet date.

I) FOREIGN CURRENCY TRANSACTIONS :

Exchange difference arising from foreign currency transactions relating to import/export of goods are dealt with in the Profit and Loss Account. Foreign Currency assets and liabilities are restated at the rates ruling at the end of the year and exchange difference arising out of such transactions are dealt with in the Profit and Loss Account.

J) SEGMENT ACCOUNTING :

- 1) The accounting policies applicable to the reportable segments are same as those used in the preparation of the financial statements.
- 2) Items of Income and Expenditure, Assets and Liabilities (including Advance Tax, Borrowings, Provision for Taxation and Deferred Tax Liability) which are not directly attributable/identifiable/allocable on a reasonable basis to a business segment are shown as unallocated.

K) TAXATION :

- 1) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961 and also considering assessment orders and decisions of appellate authorities in the Company's case.
- 2) Deferred tax for timing differences between tax profit and book profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future.

L) IMPAIRMENT OF ASSETS :

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

M) PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSETS :

- 1) Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best current estimate.
- 2) Contingent Liabilities are not provided for in the accounts and are separately shown in the Notes on Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES ON ACCOUNTS :

- 1) Contingent Liabilities not provided for in respect of :
 - a) Guarantees issued by banks for Rs.1,677,655 (Rs.2,298,083)
 - b) Letters of Credits issued by banks for Rs.3,821,669 (Rs.530,712)
 - c) Claims against the Company not acknowledged as debt Rs.568,629 (Rs.542,469)
 - d) Demands / Claims by various Government Authorities not acknowledge as debt :
 - i) Sales Tax Rs.1,805,516 (Rs.1,177,539) pending appeals.
 - ii) Service Tax Rs.265,647 (Rs.692,229) pending appeal.
 - iii) Excise Duty Rs.1,407,362 (Rs.1,407,632) pending appeals.
 - iv) Income Tax Rs.98,304 (Rs. Nil) pending appeal.
- 2) Estimated amount of Contract remaining to be executed on capital account, not provided for Rs.2,559,456 (Rs.3,628,956), advances paid Rs.2,559,456 (Rs.2,687,456).
- 3)
 - a) Term Loans due within succeeding one year Rs.44,584,465 (Rs.23,688,369).
 - b) Term Loans from banks are secured by joint mortgage by deposit of title deeds in respect of immovable properties, present and future, ranking pari passu and hypothecation of fixed assets, (save and except certain specified assets as indicated in (c) below) and second charge over current assets of the company.

- c) Term Loans from bank - availed under Car Loan Scheme are secured by exclusive first charge by way of hypothecation of the related assets purchased.
- d) Working Capital Loans from banks are secured against hypothecation of raw materials, finished goods, work-in-process, packing materials, book debts, bills for collection and other current assets and second charge over fixed assets of the Company.
- 4) Plant & Machinery and Electric Installation of Jaipur Unit were revalued as on 1st January, 2006 by 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 by Rs.20,77,80,730 was credited to Revaluation Reserve.
- 5) Fixed Deposits Receipts of Rs.858,286 (Rs.858,286) are pledged with Banks as Security against Letters of Guarantee etc.
- 6) Loans and Advances includes Balance with Central Excise Department Rs.4,936,368 (Rs.8,133,567).
- 7) a) Based on the information received by the Company from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act,2006, the relevant information are as follows :-
- | | | |
|---|---------|-----------|
| i) Amount due to Micro, Small and Medium Enterprises (MSME) : | | |
| Principal amount | 630,288 | (500,760) |
| Interest due on above | Nil | (Nil) |
| ii) Amount of interest paid alongwith principal amount paid beyond appointed day during the year to MSME | Nil | (Nil) |
| iii) Amount of interest due and payable (but not paid) on principal amount paid beyond appointed day / due date during the year to MSME | Nil | (Nil) |
| iv) Total interest accrued and remaining unpaid at year end | Nil | (Nil) |
| v) Further interest in respect of earlier years remaining due and payable in current year up to the date of payment | Nil | (Nil) |
- b) Unclaimed Dividend does not include any amount, due and outstanding, to be credited to Investor Education & Protection Fund.
- 8) a) Purchase of Raw Materials includes transfer from Trading Goods Rs.24,415,027 (Rs.34,230,585).
- b) Rebate on Sales and Compensation is net of Rs.459,633 (Rs.751,652).
- c) Interest on Fixed Loans is net of Interest transfer to Pre-operative expenses Nil (Rs.3,603,972).
- d) Miscellaneous Expenses include :-
- | | | |
|--|----------------|------------------|
| a) Loss on account of foreign exchange fluctuation (net) Rs.279,210; previous year (Rs.Nil). | | |
| b) Fees and out-of-pocket expenses paid / payable to Auditors. | Rupees | Rupees |
| i) For Services as Auditors | 153,240 | (136,696) |
| ii) For Certifications | 33,090 | (33,092) |
| iii) For Company Law Matters | 31,545 | (3,971) |
| iv) Reimbursement of Expenses | 54,900 | (54,895) |
| | 272,775 | (228,654) |
- 9) a) Export incentive included in Sales of Rs.14,543,931, (Rs. Nil) which includes relating to previous years Rs.3,570,388.
- b) Miscellaneous Income includes, gain on account of foreign exchange fluctuation (net) Rs. Nil; previous year Rs.3,538,062.
- c) Profit on sale of assets (net) includes profit on transfer of a portion of Lease hold Land and Buildings thereon Rs.10,997,747 (Rs. Nil).

10) The break-up of net deferred tax liability as at the end of the year is as under :

	Deferred Tax Assets Rupees	Deferred Tax Liabilities Rupees
Timing differences on account of :		
i) Difference between book depreciation and depreciation under the Income Tax Act, 1961		90,778,817 (81,344,464)
ii) Expenditure under Section 43B of the Income Tax Act, 1961 (Allowable for tax purpose when paid)	6,073,795 (4,791,806)	
iii) Others	1,533,933 (1,774,361)	
	7,607,728	90,778,817
	(6,566,167)	(81,344,464)
Net Deferred Tax Liability	83,171,089 (74,778,297)	

11) Research & Development Expenditure :

	Rupees
Capital Expenditure (included in Plant & Machinery)	63,701 (1,762,389)
Revenue Expenditure	16,048,322 (5,971,963)

12) Earning per Share :

a) Calculation of weighted average number of Equity shares of Rs.10/- each		
Number of shares at the beginning of the year	3,056,250	3,056,250
Shares issued during the year	—	—
Total Number of equity shares outstanding at the end of the year	3,056,250	3,056,250
Weighted average number of equity shares outstanding during the year	3,056,250	3,056,250
b) Net profit after tax available for equity share holders	43,338,070	34,629,016
c) Basic and Diluted earning per share (Rs.)	14.18	11.33

13) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 is not required as remuneration has been paid as per Section II of Part II of Schedule XIII of the Companies Act, 1956 to wholetime Directors.

14) As per the Accounting Standard 15 "Employee benefit" the disclosures as defined in Accounting Standard are given below:

- Contribution to Defined Contribution Plans are charged off in Profit & Loss Account.
- The present value of Obligation for Defined Benefit Plans (Gratuity & leave encashment) are recognised as per the actuarial valuation.

- c) The Employee Gratuity Fund Scheme is managed by Life Insurance Corporation of India (LIC). The following figures are as per actuarial valuation report performed by LIC and recognised in the financial statements :

	<u>As on 31.03.2011</u>	<u>As on 31.03.2010</u>
i) Assumptions		
Discount Rate	8%	8%
Salary Escalation	7%	7%
	<u>Rupees</u>	<u>Rupees</u>
ii) Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	7,197,126	7,057,530
Interest cost	575,770	564,602
Current Service Cost	574,008	529,806
Benefits Paid	-168,750	-709,100
Actuarial (gain)/Loss on obligations	-731,227	-245,712
Present value of obligations as at end of year	7,446,927	7,197,126
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	2,905,478	2,806,436
Expected return on plan assets	270,589	234,134
Contributions	614,581	574,008
Benefits paid	-168,750	-709,100
Actuarial Gain / (Loss) on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	3,621,898	2,905,478
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	2,905,478	2,806,436
Actual return on plan assets	270,589	234,134
Contributions	614,581	574,008
Benefits Paid	-168,750	-709,100
Fair value of plan assets at the end of year	3,621,898	2,905,478
Funded status	-3,825,029	-4,291,648
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 st March)	NIL	NIL
v) Actuarial Gain/Loss recognized		
Actuarial gain/(Loss) for the year - obligation	731,227	245,712
Actuarial (gain)/Loss for the year - plan assets	NIL	NIL
Total (gain)/Loss for the year	-731,227	-245,712
Actuarial (gain)/Loss recognized in the year	-731,227	-245,712
vi) The amounts to be recognized in the Balance Sheet and statements of Profit and Loss		
Present value of obligations as at the end of year	7,446,927	7,197,126
Fair value of plan assets as at the end of the year	3,621,898	2,905,478
Funded status	-3,825,029	-4,291,648
Net Asset/(Liability) recognized in Balance Sheet	3,825,029	4,291,648
vii) Expenses Recognised in statement of Profit & Loss		
Current Service cost	574,008	529,806
Interest Cost	575,770	564,602
Expected return on plan assets	-270,589	-234,134
Net Actuarial (gain)/Loss recognised in the year	-731,227	-245,712
Expenses recognised in statement of Profit & Loss	147,962	614,562

- 15) As per the General Notification No S.O. 301(E) dated 8th February, 2011 issued under Section 211 (3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their Profit and Loss Account. The Company being an "export oriented company" is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of part II of schedule VI of Companies Act, 1956 have not been provided. The other information pursuant to provisions of paragraphs 3 & 4 of Schedule VI to the Companies Act, 1956 are as under :

a) **Licence Capacity, Installed Capacity and Production :**

	Unit	Licensed Capacity	Installed * Capacity	Actual Production
i) Woven Wire Cloth	Sq. Mtrs	N.A. (N.A.)	87,225 (87,105)	153,536 (140,256)
ii) Chemical	Kgs.	N.A. (N.A.)	N.A. (N.A.)	939,833 (532,803)
iii) Wind Energy	Units	N.A. (N.A.)	5.10 MW (3.25 MW)	** 5,768,680 ** (6,587,608)

* As certified by the management

** Production includes transmission loss of 134,261 (157,537) Units and Power used for Captive Consumption 256,523 (404,478) Units

b) **Value of Imports Calculated on CIF Basis :**

	<u>Rupees</u>
Raw Materials	104,012,949 (60,296,390)
Stores & Spare Parts	5,069,695 (7,373,984)
Capital Goods	25,523,293 (52,652,370)

c) **Details regarding imported and indigenous materials consumed during the year :**

	IMPORTED		INDIGENOUS		TOTAL
	Value (Rs.)	% to Total consumption	Value (Rs.)	% to Total consumption	Value of Consumption
Raw Materials	104,071,508 (96,117,781)	75.65% (90.56)	33,497,128 (14,505,199)	24.35% (9.44)	137,568,636 (110,622,980)
Stores & Spare Parts	33,056,114 (32,354,395)	67.16% (76.46)	16,164,188 (13,006,423)	32.84% (24.54)	49,220,302 (45,360,818)

d) **Earnings in Foreign Exchange :**

	<u>Rupees</u>
Export of goods on FOB basis	187,012,809 (129,368,553)
Others	166,130 (-)

e) **Expenditure in Foreign Currency :**

	<u>Rupees</u>
Professional Services	4,830,649 (4,410,396)
Interest	414,496 (296,497)
Other Matters	21,482,567 (15,908,192)

f) Remuneration to Wholetime Directors	Rupees
Salary & Allowances	21,240,000 (21,240,000)
Provident Fund Contribution	2,462,400 (2,462,400)
Gratuity	1,107,000 (—)
Perquisites	218,275 (228,608)
	25,027,675 (23,931,008)

Note : Remuneration excludes provisions for leave pay which are based on actuarial valuation done on overall company basis.

16) a) Segment Information about Primary Business Segment	Paper Mill Products	Wind power	(Rupees) Total
Revenue			
External	778,246,214 (640,339,896)	17,013,448 (18,928,502)	795,259,662 (659,268,398)
Inter segment sales	— (—)	910,657 (1,411,628)	910,657 (1,411,628)
Total Revenue	778,246,214 (640,339,896)	17,924,105 (20,340,130)	796,170,319 (660,680,026)
Result			
Segment result (before interest and tax)	144,404,601 (125,173,760)	(7,570,968) (2,024,958)	136,833,633 (123,148,802)
Unallocated expenditure net of unallocated Income			42,387,490 (41,084,654)
Operating Profit			94,446,143 (82,064,148)
Interest Expenses			29,088,966 (30,753,966)
Interest Income			98,685 (274,212)
Profit before Taxation and exceptional items			65,455,862 (51,584,394)
Provision for Taxation			22,117,792 (16,955,378)
Profit after taxation and before exceptional items			43,338,070 (34,629,016)
Exceptional Items			— (—)
Net Profit			43,338,070 (34,629,016)

Other Information

Segment Assets	965,700,071 (952,741,410)	193,968,469 (111,959,817)	1,159,668,540 (1,064,701,227)
Unallocated Assets			40,670,305 (32,894,239)
Total Assets			1,200,338,845 (1,097,595,466)
Segment Liabilities	127,185,452 (114,169,729)	136,143 (1,260,215)	127,321,595 (115,429,944)
Unallocated Liabilities			654,033,919 (571,593,303)
Total Liabilities			781,355,514 (687,023,247)
Capital Expenditure	94,426,012 (181,243,716)	100,762,868 (—)	195,188,880 (181,243,716)
Unallocated Capital Expenditure			— (—)
Total Capital Expenditure			195,188,880 (181,243,716)
Depreciation	48,936,885 (40,703,086)	22,000,155 (19,335,896)	70,937,040 (60,038,982)
Unallocated Depreciation			— (—)
Total Depreciation			70,937,040 (60,038,982)
Non-cash expenses other than depreciation			— (—)

NOTES :

- i) The Company is organised into two main business segments :
 - a) Paper Mill Products - Comprising of Finished Woven Wire Cloth, Chemicals and Equipments for Paper Industry.
 - b) Wind Power - Comprising of Wind Power.

Segment has been identified and reported after taking into account the class of customers for the products & services, the differing risks & returns and the organisation structure. Other Industrial Products, not reportable, being less than required percentage as per Accounting Standard - 17, shown as Unallocated.
- ii) Segment revenue includes sales, income from services rendered and export incentives. Inter-segment revenue is recognised on the basis of prevailing market rates.
- iii) Segment revenues, results, assets and liabilities include the respective amounts identifiable to reportable segments and amounts allocated on a reasonable basis.

b) Information about Secondary Business Segment.

	India Rupees	Outside India Rupees	Total Rupees
Revenue by geographical Market			
External	604,966,241	190,293,421	795,259,662
	(526,572,593)	(132,695,805)	(659,268,398)
Intersegment	910,657	–	910,657
	(1,411,628)	(–)	(1,411,628)
TOTAL	605,876,898	190,293,421	796,170,319
	(527,984,221)	(132,695,805)	(660,680,026)

NOTES :

- i) The segment revenue in the geographical segment considered for disclosure are as follows :
 - a) Revenue within India includes sales to customers located within India and earnings in India.
 - b) Revenue outside India includes sales to customers located outside India and earnings outside India.
- ii) The Company has no assets located outside India.

17) Information regarding related parties as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India are given below :

- 1 Names of the related parties with whom transactions were carried out during the year and description of relationship:
 - a) Enterprises over which Key Management Personnel exercises significant influence :
 - i) Kingsley Industries Ltd.
 - ii) WMW Metal Fabrics Ltd.
 - iii) W & F Securities Pvt Ltd (Holding Company)
 - iv) Nathmall Jankilal
 - v) WMW Mercantile Pvt. Ltd.
 - b) Key Management personnel
 - i) Mr. B K Khaitan
 - ii) Mr. K K Khaitan
 - iii) Mr. M K Khaitan
 - c) Relatives of Key Management personnel
 - i) Mr. Devesh Khaitan S/o Mr. K.K. Khaitan
 - ii) Mr. Madhur Krishna Khaitan S/o Mr. B.K. Khaitan

2. The following transactions were carried out with the related parties in the ordinary course of business

a) Details relating to parties referred to in item 1(a) above	<u>Rupees</u>	<u>Rupees</u>
i) Purchase and receiving of Services	72,932,437	(49,952,577)
ii) Sale and rendering of Services	8,851,304	(5,232,326)
iii) Rent Received	576,774	(720,000)
iv) Rent Paid	1,325,178	(1,298,754)
v) Fixed Assets Purchases	3,255,699	(-)
vi) Fixed Assets Sold	22,800,000	(-)
vii) Outstanding - Payable (Net)	630,288	(-)
viii) Outstanding - Receivable (Net)	1,422,104	(107,654)
ix) Provisions for doubtful debts/amounts written off/written back	Nil	(Nil)
b) Details relating to parties referred to in item 1 (b) above.		
i) Remuneration	25,027,675	(23,931,008)
ii) Outstanding - Payable	Nil	(Nil)
iii) Provisions for doubtful debts/amounts written off/written back	Nil	(Nil)
c) Details relating to parties referred to in item 1 (c) above.		
i) Remuneration	8,168,856	(5,631,762)
ii) Outstanding - Payable	Nil	(Nil)
iii) Provisions for doubtful debts/amounts written off/written back	Nil	(Nil)

18) Figures in brackets represent figures for the previous year.

19) Previous year's figures have been rearranged and regrouped wherever practicable and considered necessary.

Signatures to Schedule 1 to 16 annexed to and forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account.

For **S.S.KOTHARI & CO.**
Chartered Accountants
R. N. BARDHAN
Partner
M. No.17270
Firm Reg. No. 302034E
"INDIA STEAMSHIP HOUSE"
21, Old Court House Street
Kolkata - 700 001
The 27th day of May, 2011

For and on behalf of the Board
M. K. Tiwari **M. K. Khaitan** **K. K. Khaitan**
Company Secretary Executive Director Jt. Managng Director

Cash Flow Statement For the year ended 31st March, 2011
(Rs. in Lacs)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extra ordinary items	654.56	515.84
ADJUSTMENTS FOR :		
Net prior period expenses	(1.68)	0.77
	652.88	516.61
ADJUSTMENTS FOR :		
Depreciation	709.37	600.39
(Profit) / Loss on sale of assets / Investments	(108.53)	6.60
Liabilities no longer required written back	(51.23)	(29.05)
Income from Interest	(1.69)	(3.33)
Interest expenses	290.89	307.54
Dividend Received	(0.08)	(0.10)
Fixed Assets written off	0.01	0.03
	838.74	882.08
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,491.62	1,398.69
ADJUSTMENTS FOR :		
Trade & other Receivables	(504.51)	(493.15)
Inventories	105.82	369.80
Trade payables	176.72	(103.26)
	(221.97)	(226.61)
CASH GENERATED FROM OPERATIONS	1,269.65	1,172.08
Direct Taxes Paid	(144.02)	(31.59)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	1,125.63	1,140.49
Net Prior Period Expenses	1.68	(0.77)
NET CASH FROM OPERATING ACTIVITIES	1,127.31	1,139.72
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,740.77)	(550.33)
Sale of Fixed Assets	265.40	49.24
Interest Received	1.69	3.33
Dividend Received	0.08	0.10
NET CASH USED IN INVESTING ACTIVITIES	(1,473.60)	(497.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	804.35	548.86
Proceeds from Short Term Borrowings	(117.13)	(831.26)
Interest Paid	(290.89)	(307.54)
Dividend Paid	(53.22)	(53.30)
NET CASH USED IN FINANCING ACTIVITIES	343.11	(643.24)
Net increase in cash and cash equivalents (A + B + C)	(3.18)	(1.18)
Opening cash and cash Equivalents	103.10	104.28
Closing cash and cash Equivalents	99.92	103.10

This is the Cash Flow Statement referred to in our report of even date.

For **S.S.KOTHARI & CO.**

Chartered Accountants

"INDIA STEAMSHIP HOUSE"

R. N. BARDHAN

21, Old Court House Street

Partner

Kolkata - 700 001

M. No.17270

The 27th day of May, 2011

Firm Reg. No. 302034E

For and on behalf of the Board

M. K. Tiwari
Company Secretary

M. K. Khaitan
Executive Director

K. K. Khaitan
Jt. Managng Director

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

L	2	9	2	6	5	W	B	1	9	5	7	P	L	C	0	2	3	3	7	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code

						2	1
--	--	--	--	--	--	---	---

 Balance Sheet Date

3	1	-	0	3	-	2	0	1	1
---	---	---	---	---	---	---	---	---	---

II. Capital Raised During The Year (Amount in Rs. Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)

Total Liabilities

	1	0	3	1	8	6	8
--	---	---	---	---	---	---	---

 Total Assets

			1	0	3	1	8	6	8
--	--	--	---	---	---	---	---	---	---

SOURCES OF FUNDS :
 Paid-up Capital

			3	0	5	6	3
--	--	--	---	---	---	---	---

 Reserves & Surplus

				3	8	8	4	2	0
--	--	--	--	---	---	---	---	---	---

 Secured Loans

		5	2	9	7	1	4
--	--	---	---	---	---	---	---

 Deferred Tax

					8	3	1	7	1
--	--	--	--	--	---	---	---	---	---

APPLICATION OF FUNDS :
 Net Fixed Assts

		7	4	8	3	1	0
--	--	---	---	---	---	---	---

 Investments

								8	8
--	--	--	--	--	--	--	--	---	---

 Net Current Assets

		2	8	3	4	7	0
--	--	---	---	---	---	---	---

 Misc. Expenditure

							N	I	L
--	--	--	--	--	--	--	---	---	---

 Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover *

		7	6	5	1	8	0
--	--	---	---	---	---	---	---

 Total Expenditure

				6	9	9	7	2	5
--	--	--	--	---	---	---	---	---	---

 Profit Before tax

			6	5	4	5	5
--	--	--	---	---	---	---	---

 Profit After tax

					4	3	3	3	8
--	--	--	--	--	---	---	---	---	---

 Earning per Share in Rs. (weighted & diluted)

			1	4		1	8
--	--	--	---	---	--	---	---

 Dividend Per Share

						1		8	0
--	--	--	--	--	--	---	--	---	---

* Including other income

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

5	9		1	1
---	---	--	---	---

 Product Description

F	i	n	i	s	h	e	d	W	o	v	e	n	W	i	r	e	C	l	o	t	h
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 Item Code No. (ITC Code)

3	4		0	2
---	---	--	---	---

 Product Description

C	h	e	m	i	c	a	l
---	---	---	---	---	---	---	---

 Item Code No. (ITC Code)

--	--	--	--	--	--	--	--

 Product Description

W	i	n	d	P	o	w	e	r
---	---	---	---	---	---	---	---	---

OUR QUALITY POLICY

Quality

is the basis for all our actions.

Quality improvement

is the job of every member

Our focus is to

Consistently delight our customers

with our value added products and service

We are committed to an

Environment of teamwork

which fosters innovation, leadership and continuous improvement, thus creating a strong technological base

WIRES AND FABRIKS (S.A.) LIMITED
7, CHITTARANJAN AVENUE, KOLKATA - 700 072