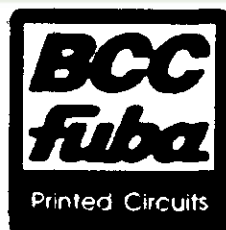


# **ANNUAL REPORT**

**1998-99**

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***BCC FUBA INDIA LIMITED***

## BCC FUBA INDIA LIMITED

### 13th Annual Report

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#### BOARD OF DIRECTORS

MR. D. R. BHAGAT	CHAIRMAN
MR. V. SAGAR BHAGAT	MANAGING DIRECTOR
MRS. RENU BHAGAT	DIRECTOR
MR. S.P. GUGNANI	DIRECTOR
MR. SWARANJIT SINGH	DIRECTOR
MR. S.D. KAPUR	DIRECTOR
MR. GERHARD FRHR. GROTE	DIRECTOR
DR. FRANZ BOTZL	DIRECTOR
MR. KLAUS BENZ (Alternate to Mr. Gerhard FRHR. Grote)	DIRECTOR
MR. N.S. CHOUDHARY (Special Director appointed by BIFR)	DIRECTOR

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#### AUDITORS

##### **VINAY AGGARWAL & ASSOCIATES**

Chartered Accountants  
E-67, (LGF), Greater Kailash-III,  
(Masjid Moth), New Delhi-110 048

#### INTERNAL AUDITORS

##### **S. MALHOTRA & CO.**

Chartered Accountants  
E-513, Greater Kailash-II  
New Delhi-110 048

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<b>Regd. Office &amp; Works</b>	:	4 Km., Swarghat Road, Nalagarh-174 101 Distt. Solan, Himachal Pradesh.
<b>Head Office</b>	:	Samrat Cinema Complex, Ring Road, Shakurpur Delhi - 110 034

**NOTICE**

Notice is hereby given that the 13th Annual General Meeting of the members of BCC FUBA INDIA LIMITED will be held on Tuesday the 28th day of Sept., 1999 at 2.30 P.M. at the Regd. Office of the Company at 4km, Swarghat Road, Nalagarh, Distt. Solan (H.P) to transact the following business ;

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.P.Gugnani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s), the following resolution as a special resolution.  
"RESOLVED that M/s Vinay Aggarwal & Associates, Chartered Accountants, the retiring auditors be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Managing Director in consultation with them."

**SPECIAL BUSINESS**

4. To consider and if thought fit to pass the following resolution as a special resolution with or without any modification(s).  
"RESOLVED that pursuant to the provisions of section 269 read with Schedule XIII, section 311 and other applicable provisions, if any, of the Companies Act, 1956 sanction and consent be and is hereby accorded to the re-appointment of Mr. V.S. Bhagat as Managing Director of the Company for a period of five years w.e.f. 15th July, 1999 on the remuneration, terms and conditions as contained in agreement approved by the Board of Directors of the Company in their meeting held on 28/06/99 and entered into between the Company and Mr. V.S. Bhagat, Managing Director of the Company, and as per details given in the notice of the Annual General Meeting.  
Further resolved that the said remuneration shall also be paid as a minimum remuneration notwithstanding that the Company has no profit or has inadequate profits in any financial year.  
Further resolved that the Board of Directors of the Company is authorised to review the terms and conditions of the reappointment of Mr. V.S. Bhagat as Managing Director, more particularly relating to the remuneration, as may be necessary in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and any amendment/modification therein made by the Govt. from time to time."
5. To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution.  
"RESOLVED that the vacancy caused by retirement of Mr. S D Kapur who is retiring by rotation in terms of Section 256 of Companies Act, 1956 but has not offered himself for reappointment, be not filled in."

By Order of the Board of Directors

Place : New Delhi  
Date : 30.7.99

**V S BHAGAT**  
Managing Director

**NOTES**

1. Explanatory Statement for item No. 3 to 5 as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy so appointed need not be member of the Company.
3. The proxy form duly executed and properly stamped should reach the Company at its Registered Office at least 48 hours before the time of the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 23-09-99 to 28-09-99 (both days inclusive).

**ANNEXURE TO THE NOTICE  
(EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

**ITEM NO 3**

In terms of Article 67(2) of the Articles of Association of the Company the appointment of Auditors is made by special resolution. The members may consider and pass necessary resolution.

None of the Directors is directly or indirectly interested in the proposed resolution.

**ITEM NO 4**

The term of Mr. V.S. Bhagat, Managing Director of the Company expired on 14th July, 1999 and he was eligible for reappointment.

Mr. V.S. Bhagat has been fully involved in the project right from the very beginning and he is also well versed on all aspects of production, marketing and administration. Keeping in view the untiring efforts, experience and ability of Mr. Bhagat and in the interest of the Company and continuity of present Management and for efficient running of the Company, the services of Mr. V.S. Bhagat are required.

Further to comply with the provisions of Section 269 of the Companies Act, 1956 and after considering the efforts made, experience and ability of Mr. V.S. Bhagat and for the efficient, progress and benefit of the Company, the Board of Directors in their meeting held on 28/06/1999 reappointed Mr. V.S. Bhagat as Managing Director of the Company for a period of 5 years w.e.f. 15th July, 1999 subject to the approval of the members in the Annual General Meeting, on the terms and conditions as contained in draft agreement as approved by the Board.

The provisions of amended Schedule XIII to the Companies Act, 1956 provides for remuneration to a managerial person, by way of salary, dearness allowance, perquisites and any other allowances (as applicable in our case) not exceeding ceiling limit of Rs.8,64,000/- per annum or Rs.72,000/- per month. The Board of Directors, after having discussions fixed the total remuneration payable to Managing Director by the way of Salary, perquisites and allowances etc. at Rs.864000/- p.a. or Rs.72000/-p.m.

The remuneration by way of salary and perquisites as follows are strictly within the limits prescribed under Part II of amended Schedule XIII.

Briefly, the main terms and conditions of the re-appointment and remuneration of Mr. V.S. Bhagat are as follows :

1. Mr. V.S. Bhagat is reappointed as the Managing Director of the Company for a period of 5 years w.e.f. 15/07/99 and as Managing director he shall be entitled to perform all the duties and exercise all the powers, do all such acts and deeds as the Company is authorised to exercise and do, subject to the supervision and control of the Board of Directors, provided that he shall not exercise any power or do any act or thing which is directed or required by any law or by the Memorandum or by the Articles of the Company or otherwise, to be exercised or done by the Company in General Meeting or by a Resolution of the Board Meeting.
2. The Managing Director shall continue to hold the said office subject to, as hereinafter provided for a term of five years with effect from 15-07-99.
3. The Managing Director shall unless provided by ill health or any other inevitable accident beyond his control throughout the term devote so much of his time and attention as will be necessary to manage the business and affairs of the Company to promote the interest thereof.
4. Notwithstanding the provisions contained in Paragraph two thereof, the Managing Director shall be entitled to resign from his office at any time upon giving to the Company at least three calendar months previous notice in writing, intimating such intention.
5. The appointment of the Managing Director shall stand terminated as soon as he ceases to be a Director of the Company.
6. The terms of remuneration of the Managing Director during the tenure of his office shall be as follows :  
The total remuneration will be subject to a ceiling of Rs.8,64,000/-p.a. or Rs.72,000/- p.m. as below :

**I. SALARY**

Rs.58,000/- (Rupees Fifty Eight Thousand Only) per month.

**II. PERQUISITES**

As below but restricted to Rs. 14,000/-p.m or Rs. 1,68,000/- per year.

- i) **Housing** : Expenditure on hiring unfurnished accommodation are allowable upto Rs.13,000/- per month. If it exceeds Rs.13,000/- p.m., the excess of amount over Rs.13,000/- per month shall be recoverable from the salary of the Managing Director.

In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance @ Rs.13,000/- per month.

- ii) **Medical Reimbursement** : For self and family subject to a ceiling of Rs. 12,000/- per year.

**He will also be entitled for the following perquisites which will not be included in the computation of ceiling on remuneration as stated above**

- a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) encashment of leave at the end of the tenure.

Car for use on Company's business and telephone at residence will be provided. They will, however, not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose, shall be billed by the company.

The salary and prerequisites as above shall be paid as remuneration notwithstanding absence or inadequacy of profits.

Mr. V.S. Bhagat, Managing Director of the Company so long as he functions as such, shall not be entitled to any sitting fees for attending the meeting of the Board of Directors or Committee thereof.

7. The Managing Director shall not be as long he functions as such become interested directly or through his wife or unmarried daughters in any selling agency of the Company without prior approval of the Central Government.
8. Without prejudice to the generality of the provisions of aforesaid paragraphs thereof, the Managing Director shall have the following powers on behalf of the Company:
  - a) To make, draw, endorse, sign, accept, negotiate and give all Cheques, Bills of Lading, Drafts, Orders, Bills of Exchange, Promissory Notes and other negotiable instruments required in the business of the Company and to sign and give all receipts for money payable to the Company and for the claims and demands of the Company.
  - b) To purchase or otherwise require for the purpose of the Company and/or otherwise dispose of any property rights or privileges, goods, articles, plants and machinery etc.
  - c) To pay and/or receive payments, as the case may be, for any property, rights or privilege etc. purchased or acquired and/or sold, disposed off or services rendered to or by the Company.
  - d) To invest the funds of the Company and to increase, reduce or realise the Company's investments.
  - e) To borrow money with or without security, to open and operate upon any Bank Accounts of the Company including Cash Credit and/or overdraft account, to sign and deliver contracts, transfer contracts, transfer deeds and other instruments and negotiable instruments.
  - f) To employ officers, staff and other persons required for the business and management of the Company and to determine their salaries, powers and duties.
  - g) To discharge, suspend dismiss the officers, staff and other persons employed for the business and management of the Company and to pay their remuneration.
  - h) To execute lease agreements and documents etc. on behalf of the company.
  - i) To institute, conduct, defend, compromise or refer to arbitration and abandon any legal or other proceedings, claims and disputes by or against the Company.  
To engage lawyer/advocate/vakil/pleader/attorney on behalf of the Company in any matter/dispute/case/suit/appeal/complaint or arbitration case filed or to be filed by/against the Company.  
To sign, verify, affirm and file papers, affidavit, documents, replies and any other document that may be necessary/requisite and to make statement and depose on behalf of the Company.
  - j) To delegate and authorise further in writing any other person/official/employee of the Company to perform, act and execute any of his above powers.
9. The Managing Director will not liable to retire by rotation during the term of the Agreement.
10. The Managing Director is entitled to claim damages in case of prior termination of this Agreement on account of reconstruction or amalgamation, with full wages for the balance period of agreement.
11. The Managing Director will not divulge to any person any trade secret, manufacturing process or any information concerning the business or finance of the Company.
12. All disputes and differences between the parties hereto shall be referred to the arbitrators, one to be appointed by each of the parties to these presents and all proceedings of such arbitration shall be subject to the provisions of the Arbitration Act, 1940.

This statement should be treated as an abstract of the terms of the contract with Mr. V.S. Bhagat for the purpose of section 302 of the Companies Act, 1956.

A copy of Agreement is open for inspection of the members of the Company during normal office hours on any working day at the Registered Office of the Company and will also be available at the meeting.

Mr. V.S. Bhagat himself and Mrs. Renu Bhagat, Director of the Company being related with him are interested in the proposed resolution.

#### ITEM NO 5

Mr. S. D. Kapur is retiring by rotation at the forthcoming Annual General Meeting. He has not offered himself for reappointment. Members are requested to consider and pass the said resolution.

None of the Directors except Mr. S D Kapur is interested in the resolution.

By Order of the Board of Directors

Place : New Delhi  
Date : 30/07/99

**V S BHAGAT**  
Managing Director

**DIRECTORS' REPORT****The Members,**

Your directors have pleasure in presenting the 13th Annual Report and the Audited Accounts of the Company for the financial year ended 31st March, 1999.

**FINANCIAL RESULTS**

	<i>(Rs. in lacs)</i>	
	<b>1998-99</b>	<b>1997-98</b>
Turnover	<b>513.03</b>	655.41
Profit/(Loss) before interest & depreciation	<b>26.55</b>	93.12
Interest	<b>156.99</b>	157.97
Profit/(Loss) before depreciation	<b>(130.44)</b>	(64.85)
Depreciation (not provided)	<b>NIL</b>	NIL
Net Profit/(Loss)	<b>(130.44)</b>	(64.85)

**DIVIDEND**

On account of the losses suffered by the company, the directors don't recommend any dividend for the year.

**OPERATIONAL HIGHLIGHTS**

In the current year the Company could not perform well as expected. Because of labour unrest, there was strike in the factory for 45 days from 10th Sept. to 25th Oct., 1998 and consequent loss of production, the Company's turnover got reduced from Rs. 655.41 lacs to Rs. 513.03 lacs resulting in increased net losses. However, the labour unrest is over and production is going on smoothly. In the current year 1999-2000, we expect higher turnover as compared to last year because of better order position and cordial relations with the workmen. The establishment costs shall also be reduced because of reduction in the strength of surplus staff.

**MATTER BEFORE BIFR**

The matter for reconstruction of the Company is still pending before BIFR. The Company has also given a proposal to the Financial Institutions for One Time Settlement.

**DIRECTORS**

Mr. S.D. Kapur and Mr. S.P. Gugnani Directors of the Company retire by rotation at the ensuing Annual General Meeting. Mr. S.D. Kapur has shown his inability for re-appointment due to some personal reasons. Mr. S.P. Gugnani being eligible, offer himself for re-appointment. As his continued presence on the Board is of immense importance to the Company, your Directors recommend Mr. Gugnani's re-appointment. The term of Mr. V.S. Bhagat as Managing Director expired on 14/07/99 and he has been reappointed as Managing Director of the Company by the Board of Directors for a period of 5 years w.e.f. 15/07/99. The approval of the members is sought in the Annual General Meeting.

During the year the nomination of Mr. Rudolf Schwarz was withdrawn by Fuba Printed Circuits GMBH (Formerly Fuba Hans Kolbe & Co.) now taken over by VOGT Electronic Ag, Erlau. They have nominated Dr. Franz Botzl as Director on the Board of the Company.

**AUDITORS**

The auditors of the Company M/s VINAY AGGARWAL & ASSOCIATES, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment. The requisite certificate pursuant to Section 224 (1B) of the Companies Act 1956, has been received.

**FIXED DEPOSITS**

The Company did not accept any deposits covered under Section 58A of the Companies Act, 1956 during the year under review.

**LISTING OF SECURITIES**

The financial condition of the Company is not sound. It is expensive for the Company to be listed on five Stock Exchanges, but as per new guidelines the delisting procedure is itself so cumbersome and expensive that the Company has given up its attempt to get it delisted from The Stock Exchange, Ahmedabad. However, the application for delisting the securities of the Company is pending with The Calcutta Stock Exchange Association Ltd. since 1997. At present the securities of the Company are listed with The Ludhiana Stock Exchange Assn. Ltd., The Stock Exchange Mumbai, The Delhi Stock Exchange Assn. Ltd., The Stock Exchange Ahmedabad and The Calcutta Stock Exchange Association Ltd. The Company has paid Annual Listing Fees of all the Stock Exchanges except The Calcutta Stock Exchange Association Ltd. with whom application for delisting is pending.

**BCC FUBA INDIA LIMITED****OBSERVATION OF THE AUDITORS IN THE ANNUAL ACCOUNTS**

The auditors have made no comment in their report.

**INDUSTRIAL RELATIONS**

There was labour unrest which resulted in illegal strike for 45 days from 10th Sep. to 25th Oct., 1998. Now the relations with the labour are once more cordial.

**ENERGY CONSERVATION/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars of Energy Conservation/ Technology Absorption and Foreign Exchange earnings and outgo as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are given in Annexure 'I' and form part of this report.

**PARTICULARS OF EMPLOYEES**

There was no employee during the previous year drawing salary of Rs.6,00,000/-p.a. or more or Rs. 50,000/-p.m. or more during any period of the previous year so the provisions relating to the particulars of employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not attracted.

**Y2K COMPLIANCE**

The Company has taken appropriate and effective steps to be Y2K compliant by October 1999. The expenditure to ensure Y2K compliance is not expected to have any material financial impact.

**ACKNOWLEDGMENT**

Your Directors take the opportunity to offer thanks to ICICI, IDBI, IFCI, DEG and State Bank of Patiala for their valuable assistance. Your Directors place on record their gratitude to FUBA Printed Circuits GMBH, Germany (Formerly Fuba Hans Kolbe & Co.) now taken over by VOGT Electronics Ag, Erlau.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the Company for smooth operations of the Company.

By order of the Board of Directors

Place : New Delhi  
Dated : 30.07.99

**D.R. Bhagat**  
Chairman

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