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LAT PRODUCTS EQUIPMENTS (INDIA) LTD.

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[Annual Report 1996-97]

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FLAT PRODUCTS EQUIPMENTS (INDIA) LTD.

BOARD OF DIRECTORS

Mr. Tilak Raj Mehta
Chairman & Managing Director
Mrs. Nishi Mehta
Mr. Durgadas Sengupta
Mr. Nikhil Katariya
(Up to 30.06.97)
Mr. Prashant Kumar Rath
(W.e.f. 25.03.97)

MANAGEMENT TEAM

Mr. Gopalchandra Bose (Sr. Vice President)
Mr. Ajay Gandhi (Vice President)
Mr. M. G. Shanbhag (Vice President)
Mr. J. H. Sachdev (Vice President)
Mr. Harbans Lal (Vice President)

COMPANY SECRETARY

Mr. Dinesh Tripathi

BANKERS

Canara Bank
Oman International Bank S.A.O.G.

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AUDITORS

M/s. Yogesh B. Mehta,
Chartered Accountant,
Room No. 25, 2nd Floor,
160 D. N. Road, Boribunder, Mumbai-400 001.

SOLICITORS

Shah, Desai, Doijode & Phatarphekar
Advocates & Solicitors
301, Banaji House, 361, Dr.D.N.Road,
Flora Fountain, Mumbai - 400 001

REGISTERED OFFICE

43, S.P.S. Industrial Estate No. 3, L.B.S. Marg, Bhandup (W),
Mumbai - 400 078. India.

WORKS

(Unit No I)
A/84/2/3, M.I.D.C.,
Taloja Industrial Area, Taluka: Panvel, Dist: Raigad,
Maharastra, India.

(Unit No II)
Shed No 1A,
S.P.S. Industrial Estate, L.B.S. Marg, Bhandup (W),
Mumbai 400 078. Maharashtra

The Annual General Meeting will be held on Thursday 25th September, 1997 at 4.30 p.m. at Maha Kavi Kalidas Hall, P. K. Road, Mulund (W), Mumbai - 400 080.

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NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of the company will be held at Maha Kavi Kalidas Hall, P.K. Road, Mulund (W), Mumbai 400 080 on Thursday, 25th of September, 1997 at 4.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss account for the year ended 31st March, 1997 and the report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Durgadas Sengupta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditor to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution.

   "RESOLVED that Mr. Prashant Kumar Rath, whose term of office as an Additional Director expires on conclusion of this Annual General Meeting be and is hereby appointed as Director of the company."

6. To consider and if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution.

   "RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors, of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of the following, namely :-

   The Bankers or Industrial Development Bank of India (IDBI) or any Financial Institutions to secure :

   a) All fund based and non fund based limits, current or future, from bankers.

   b) Margin for Working Capital Loan not exceeding Rs.500 lacs (Rupees Five Hundred Lacs only) lent and advanced by IDBI to the Company.

   c) Together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, guarantee commission, remuneration payable to the Trustees for the public, costs, charges, expenses and other monies payable by the Company to the bankers or IDBI or any financial institutions under the Loan Agreements/Letters of Sanction.

   "RESOLVED further that the Board of Directors of the Company be and is hereby authorised to finalise with Bankers, IDBI or any Financial Institutions the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

7. To consider and if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution.

   "RESOLVED that pursuant to provisions of the sections 198, 269, 309, 310 and 314, Schedule XIII and all other applicable provisions if any of the Companies Act, 1956, and further subject to such approvals and/or consents as may be necessary and based on the approval of the Board of Directors of the Company:

   Mrs. Nishi Mehta, Whole Time Director of the Company be and hereby be paid remuneration as detailed below from the date of passing the said Resolution".

   1. Salary of Rs. 52,000/- per mensem
   2. Perquisites : Perquisites will be in addition to salary and shall be restricted as per Government guidelines in force. The perquisites are classified into three categories A, B, and C.

      CATEGORY A

      1 HOUSING

      Expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the appointee.

      2. MEDICAL REIMBURSEMENT

      Expenses incurred for self and family, subject to a ceiling of one month's salary in a year of three months salary over a period of three years.

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Insurance premium for hospitalisation under Hospitalisation and Medical Expenses Insurance Scheme for self and family will be paid by the Company.

3. **LEAVE TRAVEL CONCESSION**
   For Self and family once in a year incurred in accordance with the rules specified by the Company.
4. **CLUB FEES**
   Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.
5. **PERSONAL ACCIDENT INSURANCE**
   Subject to any ceiling that may be fixed by the Government.

CATEGORY B

1. **PROVIDENT FUND**
   Company's contribution to Provident Fund will be as per the Scheme of the Company.
2. **SUPERANNUATION / ANNUITY FUND**
   Company's contribution to superannuation / Annuity Fund will be in accordance with the Scheme of the Company. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these, either singly or put together, are not taxable under the Income Tax Act.
3. **GRATUITY**
   As per the rules of the Company, payable in accordance with the approved fund at the rate of half a month's salary for each completed year of service, subject to any ceiling that may be fixed by the Government.

CATEGORY C

1. **CAR**
   Free use of car on Company's business. Use of car for private purpose will be billed by the Company.
2. **ENTERTAINMENT EXPENSES**
   Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.
3. **EARNED / PRIVILEGE LEAVE**
   One full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.
4. **TELEPHONE**
   Free use of telephone at her residence provided that personal long distance calls will be billed by the Company.

8. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution.

"RESOLVED that pursuant to provisions of the sections 198, 269, 309, 310 and 314, schedule XIII and all other applicable provisions if any of the Companies Act, 1956, and further subject to such approvals and/or consents as may be necessary and based on the approval of the Board of Directors of the Company Mr. DurgaDas Sengupta whole time Director of the Company be and hereby be paid remuneration as detailed below from the date of passing of the said Resolution"

1. Salary of Rs 36,000/- per mensem.
2. Perquisites : Perquisites will be in addition to salary and shall be restricted as per Government guidelines in force. The perquisites are classified into three categories A, B, and C.

CATEGORY A

1. **HOUSING**
   Expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the appointee.

   Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings will be valued as per IT Rules, 1962, and will be subject to a ceiling of 10% of the salary.
2. **MEDICAL REIMBURSEMENT**
   Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months salary over a period of three months salary over a period of three years.

   Insurance premium for hospitalisation under Hospitalisation and Medical Expenses Insurance Scheme for self and family will be paid by the Company.
3. **LEAVE TRAVEL CONCESSION**
   For Self and family once in a year incurred in accordance with the rules specified by the Company.

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4. **CLUB FEES**
   Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.
5. **PERSONAL ACCIDENT INSURANCE**
   subject to any ceiling that may be fixed by the Government.

CATEGORY B

1. **PROVIDENT FUND**
   Company's contribution to Provident fund will be as per the Scheme of the Company.
2. **SUPERANNUATION / ANNUITY FUND**
   Company's contribution to superannuation / Annuity Fund will be in Accordance with the Scheme of the Company. Contribution to Provident Funds, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these, either singly or put together, are not taxable under the Income Tax Act.
3. **GRATUITY**
   As per the rules of the Company, payable in accordance with the approved fund at the rate of half a month's salary for each completed year of service, subject to any ceiling that may be fixed by the Government.

CATEGORY C

1. **CAR**
   Free use of car on Company's business. Use of car for private purpose will be billed by the Company.
2. **ENTERTAINMENT EXPENSES**
   Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.
3. **EARNED / PRIVILEGE LEAVE**
   One full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.
4. **TELEPHONE**
   Free use of telephone at his residence provided that personal long distance calls will be billed by the Company.

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Mumbai
Dated : June 30th, 1997.

For and on behalf of
Board of Directors

Registered Office :
43, S.P.S. Industrial Estate No.3,
L.B.S. Marg, Bhandup (W),
Mumbai 400 078.

Mr. Tilak Raj Mehta
Chairman and Managing Director

NOTES

1. A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such proxy need not be member of the company. Proxies in order to be effective must reach at the registered office of the company not less than 48 hours before the time fixed for the meeting.
2. The Register of members and share transfer books of the company shall remain closed from 12th September, 1997 to 25th September, 1997 (Both days inclusive) for the purpose of dividend if approved.
3. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
4. Any member who would like to ask any questions on Annual Account are requested to send their questions to the registered office at least 10 days before the Annual General Meeting to enable the company to answer the questions satisfactorily.
5. No Income tax is to be deducted at source from the dividend payment made to the members.
6. All documents referred to the company notice and explanatory statement are open for inspection at the registered office of the company, during the office hours on all working days except holidays between 11 a.m. and 1 p.m. up to the date of Annual General Meeting.
7. Dividend as recommended by the Directors, if declared at the ensuing Annual General Meeting will be paid on or after 25th September, 1997 to those members whose names appears in the register of member of the Company on 25th September, 1997.
8. There are no unclaimed dividend which are outstanding for more then three years in dividend accounts as on date.

Mumbai
Dated : June 30th, 1997.

For and on behalf of
Board of Directors

Registered Office :
43, S.P.S. Industrial Estate No.3,
L.B.S. Marg, Bhandup (W),
Mumbai 400 078

Mr. Tilak Raj Mehta
Chairman and Managing Director

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ANNEXURE TO THE NOTICE

(Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956)

ITEM NO 5

Mr. Prashant Kumar Rath was appointed as Additional Director on 25.03.97. His term of office expires at the end of this Annual General Meeting. A notice of intention from a member has been received u/s 257 (1) of the Companies Act together with deposit of Rs. 10,000 proposing his Candidature for the post of Director. Mr. Rath has been director of various public sector undertakings and has experience of over 40 years. Appointment of this technocrat on the Board of the company will benefit the company. None of the Directors of the company is concerned or interested in the Resolution. The Board recommends passing of the Resolution.

ITEM NO 6

The Company has approached Industrial Development Bank of India (IDBI) for financial assistance in the form of Margin money for working capital loan and Canara Bank and Oman International Bank S.A.O.G. for various Fund based and non fund based limits.

The financial assistance from the above institutions/banks has to be secured by a Parripasu mortgage of all the immovable and movable properties of the Company, present and future.

Section 293 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the financial institutions/banks may be regarding as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/charges.

None of the Directors of the company is concerned and are interested in the said Resolution.

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ITEM NO 7

Mrs Nishi Mehta is whole-time Director of the Company since the inception of the Company. She is looking after co-ordination, public relations and day-to-day affairs of the Company. As Company is expanding its activities, it will be in the interest of the Company to continue her appointment as whole-time Director on terms and conditions as mentioned in Resolution no. 7 of the Notice.

Mr. Tilak Raj Mehta, being related, may be concerned and interested in the said resolution.

The Board recommends that the resolution be passed as an Ordinary Resolution.

ITEM NO 8

Mr. Durgadas Sengupta is Director of the Company since past seven years. He heads the technical side of the Company. His responsibilities include looking after total manufacturing aspect of the Company. It will be in the interest of the Company to appoint him as Whole-time Director and be paid remuneration and other perquisites as mentioned in the Resolution no.8 of the Notice.

None of the Directors of the Company is concerned and are interested in the said Resolution.

The Board recommends that the Resolution be passed as an Ordinary resolution.

Mumbai
Dated : June 30th, 1997.

For and on behalf of
Board of Directors

Registered Office :

43, S.P.S. Industrial Estate No.3,
L.B.S. Marg, Bhandup (W),
Mumbai 400 078.

Mr. Tilak Raj Mehta
Chairman and Managing Director

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DIRECTORS' REPORT

Dear Shareholders ,

Your Directors herewith submit the Eleventh Annual Report on the Business and operations of the Company and Audited Statement of Accounts for the financial year ended 31st March, 1997

FINANCIAL RESULTS

	Current Year 1996-97 (Rs. In lacs)	Previous Year 1995-96 (Rs. In lacs)
Sales and Other Income	9519.74	9222.38
G.P. before Interest, Depreciation & Tax.	1107.85	1685.31
G.P. before depreciation	696.19	1407.13
Depreciation	284.97	197.18
Profit before Income tax	411.22	1209.93
Provision for Income tax	172.94	278.00
Profit after Income tax	238.28	931.93
Net Profit	238.28	931.93
Balance brought forward from previous year	768.87	439.74
Profit available for Appropriation	1007.15	1371.67
Appropriation		
Proposed Dividend	49.38	102.80
General Reserve	85.00	500.00
Balance carried forward	872.77	768.87
	1007.15	1371.67

DIVIDEND

Your Directors recommend dividend on equity share capital at the rate of Rs. 1.00 (10%) per share for the year ended 31st March, 1997. The Dividend, if approved will absorb Rs. 49,37,588.00. The dividend has been pruned keeping in mind the lower profits after tax for the year as well as the need to conserve resources.

OPERATIONS

Financial year 1996-97 was a difficult year for most of Indian industries. Industrial growth for the year 1996-97 indicates growth of 7.5% , sharply down from 11.7% during the same period in 1995-96. The year gone by saw the economy trapped in a vicious circle. The severe liquidity crisis implied a greatly reduced availability of funds and high interest rates. The Company achieved a turnover of Rs. 92.29 crores against the preceding year's level of Rs. 90.27 crores. The profit after tax for the year ended March 31, 1997 was Rs. 2.38 crores to Rs. 9.32 crores of the preceding year. Fall in Net profit was recorded mainly due to high interest rates and credit crunch. Due to liquidity squeeze our major customers failed to meet the payment schedules resulting delay in manufacturing and deliveries. This has resulted in delaying payments for procuring bought outs and other custom made inputs. The company was unable to conduct despatches

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