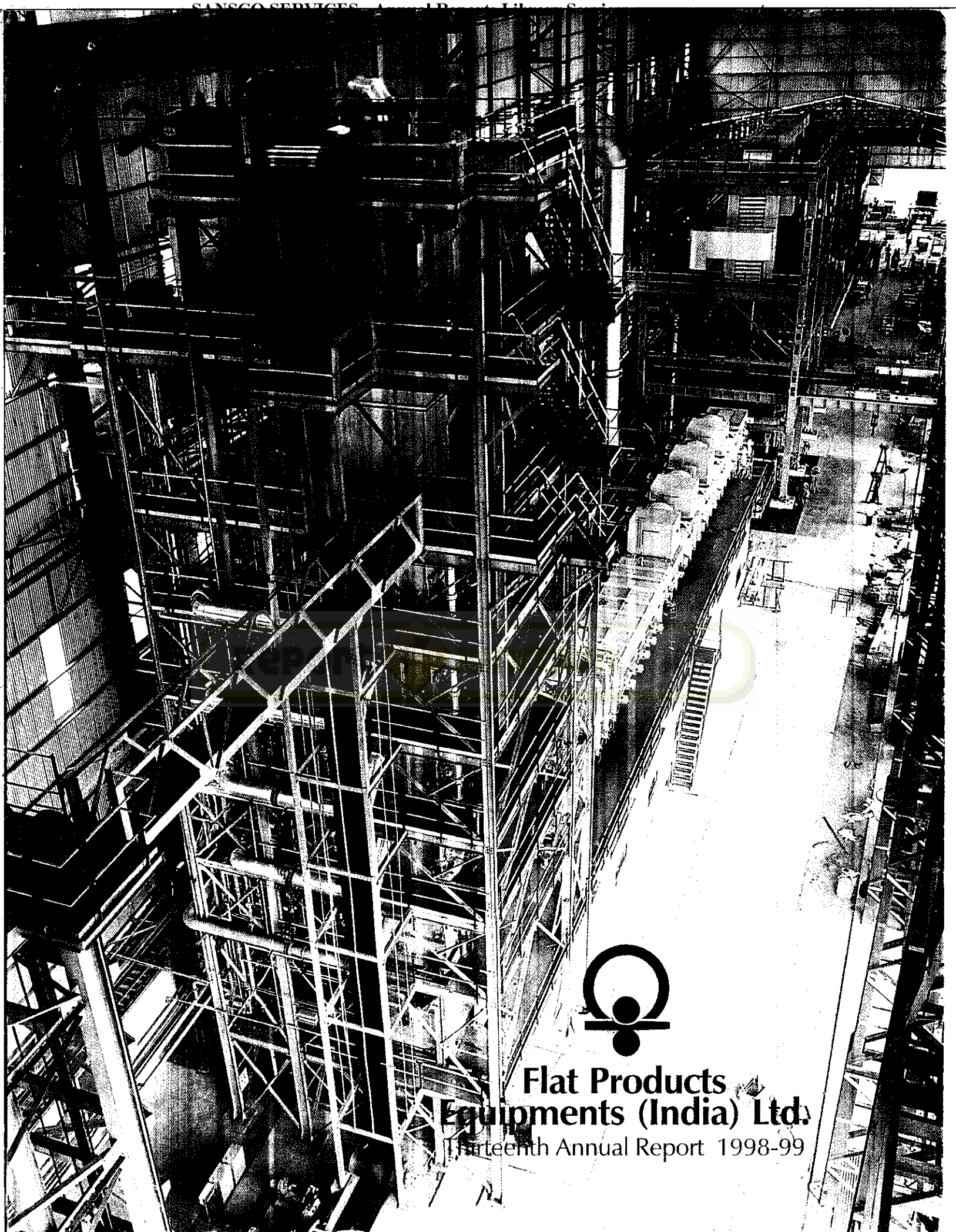
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Flat Products Equipments (India) Ltd.

Thirteenth Annual Report 1998-99

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BOARD OF DIRECTORS

Mr.Tilak Raj Mehta
Chairman and Managing Director
Mrs. Nishi T. Mehta
Mr. Durgadas Sengupta
Mr. Prashant Kumar Rath
Mrs. Rithu Niraj Kochhar (w.e.f. 01/04/99)
Mrs. Reema Nikhil Katariya (w.e.f. 01/04/99)

MANAGEMENT TEAM

Mr. Gopalchandra Bose (Sr.Vice President)
Mr. J. H. Sachdev (Sr.Vice President)
Mr. M. G. Shanbhag (Vice President)
Mr. Harbans Lal (Vice President)
Mr. Praful N. Sheth (General Manager)

BANKERS

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

AUDITORS

M/s. Yogesh B. Mehta,
Chartered Accountant,
Room No.25, 2nd Floor,
160 D. N. Road, Fort,
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,
Maharashtra - 410 208

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

(Unit No.III)
Survey No.144/1, 2-3, Village Rakholi,
Silvassa Khanvel Road,
Silvassa - 396 230,
Union Territory of Dadra & Nagar Haveli

The Annual General Meeting will be held on Friday 17th September, 1999 at 3.30 p.m. at *Registered Office: 43, S.P.S. Industrial Estate No.3, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.*

Cover : Non Ox Furnace - Continious Galvansing Line Capacity : 200000 TPA

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NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of the company will be held at Registered Office at 43, S.P.S. Industrial Estate No. 3, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 on Friday, 17th of September, 1999 at 3.30 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, 1999 and the report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. P.K. Rath, who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors 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 a Special Resolution.

"RESOLVED that pursuant to provisions of the sections 198, 269, 309, 310 and 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval and consent to the re-appointment of Mr. Durgadas Sengupta as Wholetime Director for the period of five years commencing from 8th August, 1999 to 7th August 2004 on the following terms of remuneration and perquisites" :

1. Salary of Rs.45,000/- per month with authority to the Board of Directors to fix increments from time to time.
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

a. 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.

b. 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 years.

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

c. LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with the rules specified by the Company.

d. CLUB FEES

Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.

e. PERSONAL ACCIDENT INSURANCE

Subject to any ceiling that may be fixed by the Government.

CATEGORY B

a. PROVIDENT FUND

Company's contribution to Provident Fund will be as per the Scheme of the Company.

b. SUPERANNUATION FUND

Company's contribution to Superannuation 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.

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c. 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

a. CAR

Free use of car on Company's business. Use of car for private purpose will be billed by the Company.

b. ENTERTAINMENT EXPENSES

Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.

c. EARNED/PRIVILEGE LEAVE

On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

d. TELEPHONE

Free use of telephone at his residence provided that personal long distance calls will be billed by the Company.

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

"RESOLVED that pursuant to provisions of the sections 198, 269, 309, 310 and 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval and consent to the appointment of Smt.Rithu Niraj Kochhar as Wholetime Director for the period of five years commencing from 1st April, 1999 to 31st March 2004 subject to retirement by rotation on the following terms of remuneration and perquisites" :

1. Salary of Rs.20,000/- per month with authority to the Board to fix increments from time to time.
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

a. 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.

b. 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 years.

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

c. LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with the rules specified by the Company.

d. CLUB FEES

Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.

e. PERSONAL ACCIDENT INSURANCE

Subject to any ceiling that may be fixed by the Government.

CATEGORY B

a. PROVIDENT FUND

Company's contribution to Provident Fund will be as per the Scheme of the Company.

b. SUPERANNUATION FUND

Company's contribution to superannuation 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.

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C. 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

a. CAR

Free use of car on Company's business. Use of car for private purpose will be billed by the Compnay.

b. ENTERTAINMENT EXPENSES

Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.

c. EARNED/PRIVILEGE LEAVE

On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

d. TELEPHONE

Free use of telephone at her residence provided that personal long distance calls will be billed by the Company.

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

"RESOLVED that pursuant to provisions of the sections 198, 269, 309, 310 and 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval and consent to the appointment of Smt.Reema Nikhil Katariya as Wholetime Director for the period of five years commencing from 1st April, 1999 to 31st March 2004 subject to retirement by rotation on the following terms of remuneration and perquisites" :

1. Salary of Rs.20,000/- per month with authority to the Board to fix increments from time to time.
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

a. 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.

b. 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 years.

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

c. LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with the rules specified by the Company.

d. CLUB FEES

Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.

e. PERSONAL ACCIDENT INSURANCE

Subject to any ceiling that may be fixed by the Government.

CATEGORY B

a. PROVIDENT FUND

Company's contribution to Provident Fund will be as per the Scheme of the Company.

b. SUPERANNUATION FUND

Company's contribution to superannuation 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.

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c. 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

a. CAR

Free use of car on Company's business. Use of car for private purpose will be billed by the Company.

b. ENTERTAINMENT EXPENSES

Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.

c. EARNED/PRIVILEGE LEAVE

On full pay and allowances as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

d. TELEPHONE

Free use of telephone at her residence provided that personal long distance calls will be billed by the Company.

By Order of the Board of Directors

Dated : 18th June, 1999

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 Friday, 3rd September, 1999 to *Friday, 17th September, 1999 (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 is 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 in this 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. upto 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 17th September, 1999 to those members whose names appears in the register of member of the Company as on 17th September, 1999.
8. Unclaimed dividend for the year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount by submitting an application in Form No.II to the office of the Registrar of Companies, Mumbai.

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ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO.5

The shareholders at its Annual General Meeting held on 8th August, 1994 had appointed Mr. Durgadas Sengupta as Wholetime Director of the Company for a term of five years, which expires on 7th August, 1999. The Board of Directors at its Board Meeting held on 18th June, 1999 has reappointed Mr. Durgadas Sengupta, as Wholetime Director of the Company with effect from 8th August, 1999 for a further term of five years on a monthly remuneration of Rs.45,000/- plus perquisites as per Schedule XIII of the Companies Act, 1956 subject to the approval of members in the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing alongwith requisite deposit under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the re-appointment of Mr.Durgadas Sengupta as a Wholetime Director of the Company for a further term of five years.

Mr. Durgadas Sengupta is Wholetime Director of the Company since nine years. He heads the technical aspects of the Company. His responsibilities include inter alia manufacturing, erection and commissioning etc. of the products of the Company. It will be in the interest of the Company to re-appoint him as Wholetime Director for a term of five years and pay him remuneration and other perquisites as mentioned in Resolution No.5 of the Notice.

Mr.Durgadas Sengupta may be deemed to be concerned or interested in the above mentioned Resolution which pertains to his appointment and remuneration. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

The Board recommends that the Resolution be passed as a Special resolution.

ITEM NO.6

The Board of Directors at its Board Meeting held on 7th April, 1999 had appointed Mrs.Rithu Niraj Kochhar, as Wholetime Director of the Company with effect from 1st April, 1999 for a term of five years on a monthly remuneration of Rs.20,000/- plus perquisites as per Schedule XIII of the Companies Act, 1956 subject to the approval of members in the ensuing Annual General Meeting and in respect to whom the Company has received a Notice in writing alongwith requisite deposit under section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mrs.Rithu N. Kochhar as a Wholetime Director of the Company. Mrs.Rithu Niraj Kochhar has business experience of over thirteen years.

Keeping in view of increased business activities of the Company resulting from expansion at its Silvassa unit and for effective control of operations, the Board of Directors of the Company have appointed Mrs.Rithu Niraj Kochhar as Wholetime Director.

Mrs.Rithu Niraj Kochhar may be deemed to be concerned or interested in the above mentioned Resolution which pertains to her appointment and remuneration. Mr.Tilak Raj Mehta, Mrs.Nishi T. Mehta and Mrs.Reema Nikhil Katariya, Directors, relatives of Mrs.Rithu Niraj Kochhar are also deemed to be concerned or interested in the aforesaid Resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

The Board recommends that the Resolution be passed as a Special Resolution.

ITEM NO.7

The Board of Directors at its Board Meeting held on 7th April, 1999 had appointed Mrs.Reema Nikhil Katariya, as Wholetime Director of the Company with effect from 1st April, 1999 for a term of five years on a monthly remuneration of Rs.20,000/- plus perquisites as per Schedule XIII of the Companies Act, 1956 subject to the approval of members in the ensuing Annual General Meeting and in respect to whom the Company has received a Notice in writing alongwith requisite deposit under section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mrs.Reema Nikhil Katariya as a Wholetime Director of the Company. Mrs.Reema Nikhil Katariya has business experience of over ten years.

Keeping in view of increased business activities of the Company and for strengthening the administration, the Board of Directors of the Company have appointed Mrs.Reema Nikhil Katariya as Wholetime Director.

Mrs.Reema Nikhil Katariya may be deemed to be concerned or interested in the above mentioned Resolution which pertains to her appointment and remuneration. Mr.Tilak Raj Mehta, Mrs.Nishi T. Mehta, and Mrs.Rithu Niraj Kochhar, Directors, relatives of Mrs.Reema Nikhil Katariya are also deemed to be concerned or interested in the aforesaid Resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

The Board recommends that the Resolution be passed as a Special Resolution.

By Order of the Board of Directors

Dated : 18th June, 1999

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

To
The Members,
Flat Products Equipments (India) Ltd.

Your Directors have pleasure in presenting the Thirteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 1999.

FINANCIAL RESULTS

	Current Year 1998-99 (Rs. In lacs)	Previous Year 1997-98 (Rs. In lacs)
Sales and Other Income	**13314.85**	12856.44
Gross Profit before Interest, Depreciation & Tax.	**1455.91**	1969.79
Interest	**523.93**	670.74
Gross Profit before Depreciation & Tax	**931.98**	1299.05
Depreciation	**278.34**	270.45
Profit before tax	**653.64**	1028.60
Provision for tax	**80.00**	175.00
Profit after tax	**573.64**	853.60
Balance brought forward from previous year	**590.59**	872.77
Profit available for Appropriation	**1164.23**	1726.37
Appropriation		
Proposed Dividend	**98.76**	123.44
Income Tax on Dividend	**9.87**	12.34
Transfer to General Reserve	**500.00**	1000.00
Balance carried forward	**555.60**	590.59
	1164.23	1726.37

DIVIDEND

Your Directors recommend a dividend on equity share capital at the rate of Rs.2.00 (20%) per share for the year ended 31st March, 1999. The Dividend, if approved will absorb Rs.98.76 Lacs.

OPERATIONS

During the Financial Year 1998-99 most of the Indian industries and especially the Capital Goods Industry have faced acute recession. Industrial growth had further slowed down leaving the economy starving for funds, high interest rates and falling value of Rupee. Inspite of above adverse factors, the Directors are pleased to announce that operation of the company has been maintained at a satisfactory level. The company achieved a gross turnover of Rs.132.54 Crores. The share of export turnover is 47.67% of total turnover.

CURRENT YEAR OUT LOOK

Overall performance of the industrial sector in the country has been far below expectations. The steel sector that has been languishing for the past three years has given a glimpse of revival, as a result of the budget provision. It is expected that the trend in improvement

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