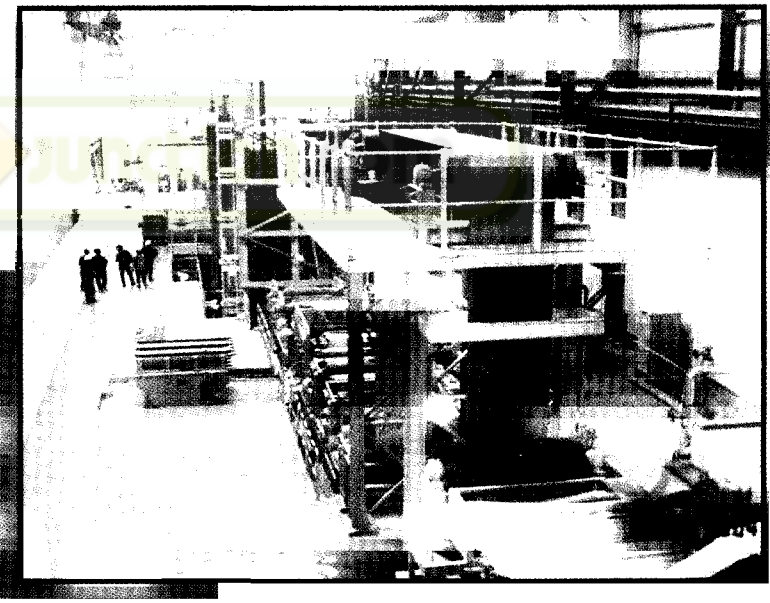
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18th ANNUAL REPORT

2003-200

FLAT PRODUCTS EQUIPMENTS (I) LTD.

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ANNUAL REPORT 2003-2004

FLAT PRODUCTS EQUIPMENTS (INDIA) LIMITED
18TH ANNUAL REPORT

BOARD OF DIRECTORS

Mr.Tilak Raj Mehta
Chairman and Managing Director
Mrs.Nishi T.Mehta
Mr.Durgadas Sengupta
Mr.S.Ananthapadmanabhan
Mr.Prashant Kumar Rath
Mr.Ravindra Nath Tandon
Mr.Krishnamurthi Ramamirtham Iyer
Dr.Narayan Sitaram Datar

REGISTERED OFFICE

Mehta House, Plot No.64,
Road No.13, MIDC,
Andheri (E), Mumbai – 400 093

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)

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

BANKERS

Canara Bank,
Syndicate Bank,
Union Bank of India

CORE MANAGEMENT TEAM

Mr.Gopalchandra Bose
Mr. J. H. Sachdev
Mr. Dinesh Tripathi

AUDITORS

M/s.Yogesh B.Mehta-Chartered Accountants,
401/402, Nand Prem Shopping Centre,
Nehru Road, Vile Parle (E),
Mumbai – 400 057

SOLICITORS

DSK Legal
Express Towers, 4th Floor,
Nariman Point, Mumbai – 400 021

REGISTRAR AND SHARE TRANSFER AGENT

Sharepro Services, Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai – 400 099

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18th Annual General Meeting will be held on Friday 17th September, 2004
at 2.30 p.m. at Mehta House, Plot No.64, Road No.13, MIDC,
Andheri (E), Mumbai – 400 093

Cover Photo : Continuous Colour Coating Line – 150 MPM at Union Steel, China

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DIRECTOR'S REPORT

To
The Members
Flat Products Equipments (India) Ltd.

Your Directors have pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2004.

FINANCIAL RESULTS	Current Year 2003-2004 (Rs.in Lacs)	Previous Year 2002-2003 (Rs.in Lacs)
Sales and Other Income	**36673.75**	17475.21
Profit before Interest, Depreciation & Tax	**2041.42**	1340.29
Interest	**347.31**	344.03
Profit before Depreciation & Tax	**1694.11**	996.26
Depreciation	**286.53**	245.00
Profit before Tax	**1407.58**	751.26
Provision for Tax - Current	**375.00**	102.00
- Deferred	**3.14**	16.39
Profit after Tax	**1029.44**	632.87
Balance brought forward from previous year	**653.31**	498.70
Profit available for Appropriation	**1682.75**	1131.57
Appropriation :		
Proposed Dividend	**158.01**	158.01
Income Tax on Dividend	**20.25**	20.25
Transferred to General Reserve	**500.00**	300.00
Balance carried forward	**1004.49**	653.31
	1682.75	1131.57

DIVIDEND

Your Directors recommend a dividend on equity share capital @ 32% (Previous year @ 32%) i.e. Rs.3.20 per share for the year ended 31st March 2004.The Dividend, if approved will absorb Rs.178.26 Lacs including Tax on Dividend (Previous year Rs.178.26).

OPERATIONS

During the year under review your Company achieved turnover of Rs. 383.03 Crores against the preceding years level of Rs.179.41 Crores. The Sales includes export sales of Rs.229.23 Crores against previous years Rs.127.08 Crores i.e. a growth of 80% in export sales. The company's main thrust have been exports and have exported to countries like China, Morrocco, Turkey, Colombia, Nigeria, Bangladesh, Korea, Malaysia, Egypt, Kenya, Iran, Vietnam, Japan & Ethiopia during the year. The profit after tax for the year is Rs.10.29 Crores against Rs.6.33 Crores for the previous year.

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FIXED DEPOSIT

Your Company has not accepted any deposits from the public during the year under review.

DIRECTORS

Mr.Prashant Kumar Rath and Mr.Ravindra Nath Tandon, the directors retire by rotation and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

a) in the preparation of the Annual Accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period;

c) the Directors had 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;

d) the Directors had prepared the annual accounts on a going concern basis.

INSURANCE

The Insurable interest in all the properties of the Company including building, plant and machinery, stocks have been adequately insured.

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DISCLOSURES

The information with regards to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to the Company's (Disclosures of particulars in the report of the Board of Directors) Rule, 1988 are given in Annexure 'A' forming part of this report.

PARTICULARS OF EMPLOYEES

The information as required u/s.217(2A) of the Companies Act, 1956 read with Company's (particulars of Employees) Rule of 1975 and Company's (Disclosure to particulars in the report of Board of Directors) Rule, 1988 and amended from time to time, are given in Annexure "B" forming part of this report.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance along with a certificate from the auditors are given in Annexure "C" forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a section on management discussion and analysis is given in Annexure "D" forming part of this report.

AUDITORS

M/s.Yogesh B.Mehta, Chartered Accountants, retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offers themselves for reappointment,

PERSONNEL

The industrial relations continued to be cordial at all levels throughout the year. Your Directors wish to place on record their appreciation of the dedicated services rendered by all Executives, Staff and Workmen of the Company.

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ACKNOWLEDEMENT

Your Directors wish to thank the Central Government, Government of Maharashtra and Financial Institutions. The Company expresses it's thanks to the Bankers for their support and co-ordination in the form of excellent services rendered by them.

By Order of the Board of Directors

Mumbai
Dated: 16th July, 2004

Tilak Raj Mehta
Chairman and Managing Director

Registered Office:
Mehta House, Plot No.64,
Road No.13,
MIDC, Andheri (East),
Mumbai – 400 093

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ANNEXURE "A" TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOUSRE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.

A. CONSERVATION OF ENERGY

Energy conservation is a continuous process and is one of the prime areas for control of cost. Steps taken by the Company are as under.

a) Energy Conservation Measures taken:

- Intensified ongoing checks and test on performance of electrical transformer plant and better load management.
- Electrical lighting in the department is decentralized for conservation.
- Improvement of Power Factor.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

- Replacing overrated motors, fan by required capacity ones, welding generators with rectifiers as and when required.

c) Improving benchmarks of the past. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- The measures taken have resulted in savings in the cost of production.

d) Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries specified in the Schedule furnishing below:

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FORM A
Disclosure of particulars with respect to conservation of energy

POWER AND FUEL CONSUMPTION	2003-2004	2002-2003
i. Electricity:		
a. Purchased		
Units (Total) - KWH	**1190713**	997280
Total Amount (Rs.in Lacs)	**40.48**	35.76
Rate / Unit (Rs.)	**3.40**	3.59
Consumption per unit of production	**N.A.**	N.A.
b. Own generation (DG set)		
Units (Total) – KWH	**164087**	NIL
Total Amount (Rs.in Lacs)	**11.24**	NIL
Rate / Unit (Rs.)	**6.85**	NIL
Consumption per unit of production	**N.A.**	N.A.
ii. Coal:	**NIL**	NIL
Iii. Furnance Oil / H.S.D.:		
c. Purchased		
Units (Total) - Litres	**36380**	31460
Total Amount (Rs.in Lacs)	**7.67**	6.29
Rate / Unit (Rs.)	**21.09**	19.99
Consumption per unit of production	**N.A.**	N.A.
d. Own generation	**NIL**	NIL
iv. Others:	**NIL**	NIL

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B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B furnished below:

FORM B
(Disclosure of particulars with respect to Technology Absorption)

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R & D carried out by the Company:
   - Ongoing development of new product design/processes/materials/toolings, improvement of systems in existing products/processes in related manufacturing areas of industrial machinery, related electrical/electronic products and systems.
   - Testing & Certification of existing products for conformity to new Indian/ international standards.
2. Benefits derived as a result of above R & D.
   - Indigenisation / Import substitution.
   - Cost reduction / improved utilization of material and energy.
   - Technology up gradation.
   - Enhancement in quality and service to the customers.
   - Development of new designs for products and processes.
   - Preparedness to counter competition in the changed liberalized environment.
3. Future Plan of Action:
   - Continuation of the present work in R&D for introduction of new products and processes, improvement in the existing products and processes in various areas in which the Company is operating.
   - Faster introduction of new products and R&D.
   - Strengthening infrastructure for R &D.
4. Expenditure on R&D (Rs.in Lacs)

	2003-2004	2002-2003
a. Capital	**9.45**	60.14
b. Revenue	**463.05**	272.51
c. Total	**472.50**	332.65
d. Total R&D Expenditure as a percentage of total Turnover	**1.23%**	1.85%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
   - Training of personnel abroad for exposure to the latest products/designs, manufacturing technologies and assembly practices.
   - Participating in national/international conferences, seminars and exhibitions.
   - Imparting training to personnel by foreign technicians in various manufacturing techniques.
   - Evaluation/adaptation/modification of imported designs/technologies to suit indigenous requirements, alternative materials/components.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, saving in foreign exchange etc.
3. Information regarding technology imported during the last 5 years.

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Sr.No.	Technology Imported	Status
a.	Continuous Stretch Levelling Lines.	Fully absorbed
b.	4 Hi Non-reversing CRM for rolling wide width Aluminum and its alloys.	Fully absorbed
c.	18 & 51/56" 4 Hi Reversing CRM for Rolling wide width HR Low Carbon Steel.	Fully absorbed
d.	Furnace for Galvanising Lines	Fully absorbed
e.	Acid Regeneration Plant	Fully absorbed

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports and export plans: The Company is making continuous efforts to explore new foreign markets for products and services. The Company has a full-fledged export department. The sales engineers are in constant touch with overseas market. The Company has agents in various countries to explore exports. Information on Foreign Exchange earnings and outgo is specified in the notes to the accounts.

ANNEXURE "B" TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES. (PARTICULARS OF EMPLOYEES), RULE 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.

EMPLOYED THROUGH OUT THE FINANCIAL YEAR OR PART OF THE YEAR UNDER REVIEW AND WHO WERE IN RECEIPT OF REMUNERATION NOT LESS THAN Rs.24,00,000/- PER ANNUM OR AT A RATE WHICH IN AGGREGATE WAS NOT LESS THAN Rs.2,00,000/- PER MONTH.

Sr. No.	Name	Age (yrs).	Designation/ Nature of Duties	Qualification	Remuneration	Exp-erie-nce (yrs)	Date of Joining	Last Employment and Designation held
1	Mr.Tilak Raj Mehta	70	Chairman & MD	B.Sc.(Engg.), PGDIG	68,65,000	40	28.05.86	Business

NOTES:

1. Remuneration includes Salary, Taxable Allowances, Commission, Medical benefit, Leave travels benefits, Company's contribution to provident fund and monetary value of perquisites calculated in accordance with provisions of Income tax Act, 1961.
2. The Nature of employment of Mr.Tilak Raj Mehta, the Chairman & Managing Director of the Company is Contractual.

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ANNEXURE 'C' TO DIRECTOR'S REPORT

CORPORATE GOVERNANCE REPORT :

1. Company's Philosophy on Corporate Governance :

FPE's philosophy of Corporate Governance envisages attainment of the highest level of transparency accountability and credibility in all its dealings with shareholders, employees, lenders, customers and Government agencies. The company emphasis on ethical values, integrity of internal control systems, accountability and compliance with all statutory/ regulatory provisions. The company's guiding principles are focused to achieve the highest standards of Corporate Governance and best Management practices.

2. Board of Directors :

(a) Composition and Category of directors (as at March 31, 2004)

The Board of Directors consists of 8 Members, four of whom are Independent Directors, viz., they have no business or other relationship with the Company that could hinder their independent judgement. The Chairman of the Board is a Executive Director. The day-to-day management of the Company is conducted by the Chairman-cum-Managing Director subject to the supervision and control of the Board of Directors and is assisted by three Wholetime Directors.

The composition of the Board of Directors is as under :

Position	Name	Category
Chairman-cum-Managing Director	Mr.T.R.Mehta	Promoter / Executive
Wholetime Director	Mrs.Nishi T. Mehta	Promoter / Executive
Wholetime Director	Mr.D.D.Sengupta	Executive
Wholetime Director	Mr.S.Ananthapadmanabhan	Executive
Director	Mr.P.K.Rath	Independent non executive
Director	Mr.R.N.Tandon	Independent non executive
Director	Mr.K.R.Iyer	Independent non executive
Director	Mr.N.S.Datar	Independent non executive

(b) Attendance of each Director at the Board of Directors Meeting and at last Annual General Meeting :

Director	No. of Board Meetings Attended	Attendance at the AGM held on September 16, 2003
Mr. T.R.Mehta - Chairman	7	Yes
Mrs.Nishi T. Mehta	7	Yes
Mr. D.D.Sengupta	7	Yes
Mr.S.Ananthapadmanabhan	7	Yes
Mr. P.K.Rath	7	NO
Mr. R.N.Tandon	7	Yes
Mr. K.R.Iyer	7	Yes
Mr. N.S.Datar	7	Yes

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(c) Other Board of Directors or Board Committees in which each director is a member or Chairperson of :

		Board Committee	
Name of Director	Other Directorship	Committee Name	Position
Mr. T.R.Mehta	Four	None	-
Mrs.Nishi T. Mehta	Four	Shareholders	Member
Mr. D.D.Sengupta	None	Remuneration	Chairman
Mr.S.Ananthapadmanabhan	None	Shareholders	Member
Mr. P.K.Rath	One	Audit	Chairman
Mr. R.N.Tandon	One	i. Audit ii. Shareholders	Member Chairman
Mr. K.R.Iyer	None	Audit	Member
Mr. N.S.Datar	Six	Remuneration	Member

(d) No. of Board Meetings held – dates on which held.

During the year, 7 Board Meetings were held on 30.04.03, 16.07.03, 31.07.03, 16.09.03, 29.10.03, 10.11.03, and 30.01.04.

3. Audit Committee :

(i) Composition, name of members and Chairperson

	Name of Director	Category	Position
1	Mr.P.K.Rath	Independent non-executive	Chairman
2	Mr.R.N.Tandon	Independent non-executive	Member
3	Mr.K.R.Iyer	Independent non-executive	Member

(ii) No. of Meetings and attendance :

Five meetings of the Audit Committee on 28th April 2003, 29th July 2003, 28th Oct. 2003, 29th January 2004 and 25th March 2004 were held during the financial year ended March 31, 2004 and the number of meetings attended by each member is as under :

Mr.P.K.Rath	5
Mr.R.N.Tandon	5
Mr.K.R.Iyer	5

Mr.Dinesh Tripathi, Sr.Vice President & Company Secretary is a permanent invitee and also acts as the Secretary to the Committee.

The minutes of the audit committee are sent to all the Directors of the Company.

(iii) Terms of Reference :

The role of the Audit Committee includes the following :

a. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

c. Reviewing with management the financial statements before submission to the Board.

d. Reviewing with the management and the external and internal auditors, the adequacy of internal control systems.

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