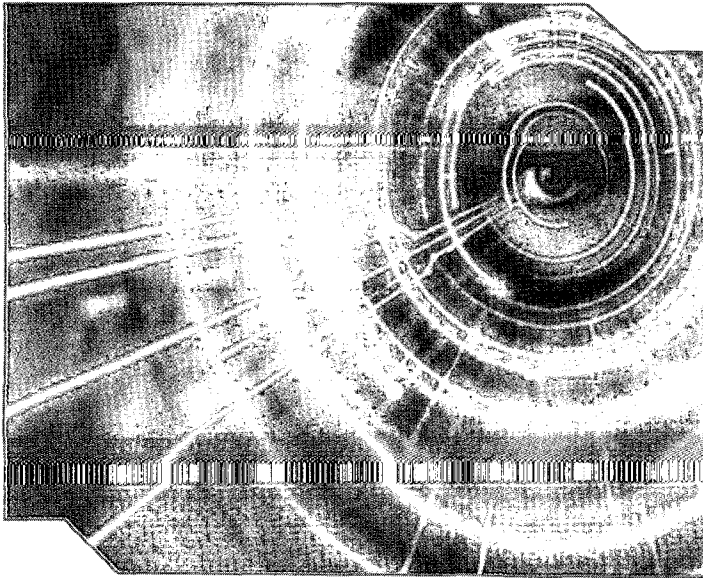


FLAT PRODUCTS EQUIPMENTS (I) LTD.



**21st
Annual Report
2006-2007**



Vision

Our vision is to exceed our customer's satisfaction by constantly delivering quality products and services well in time and at competitive prices.

Mission

Our mission is to expand our global operations and reach out to the nooks and crannies of the world while continuously delivering innovative quality products using leading edge technology and by creating an environment of increased credibility for our customers.

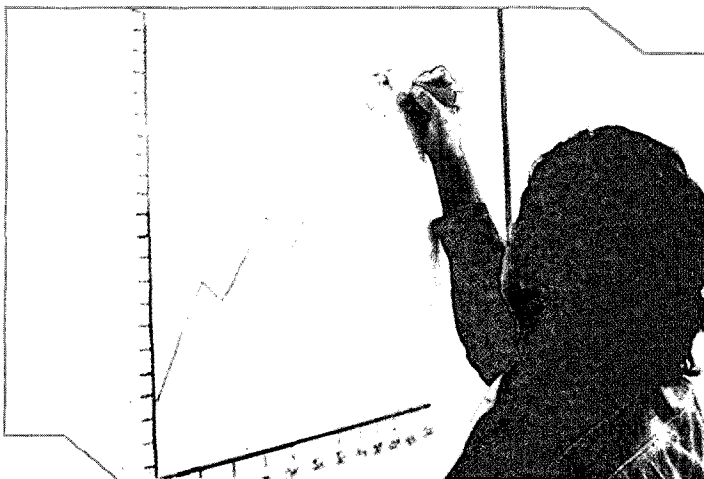


Philosophy

Flat Products Equipments (I) Ltd. is a customer driven company. Its philosophy is to continuously upgrade its resources, technical expertise and zest for highest quality products using exemplary infrastructure as well as hi-tech support services.

A sense of fair-play, dignity and ethics for people permeate all our relationships with our business partners, our customers, our employees and the community at large. This has fostered team spirit and a sense of belonging which have contributed so largely to the company's success.

We have faith in our Vision and Mission. Simply put, it is common sense, good practice and very hard work.



FLAT PRODUCTS EQUIPMENTS (I) LTD.



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the members of the Company will be held at Corporate Office at Mehta House, Plot No. 13, MIDC, Andheri (E), Mumbai – 400 093 on Friday, 28th day of September, 2007 at 3.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive consider and adopt the audited Balance Sheet as at 31st March 2007 and Profit and Loss account for the year ended on that date along with the report of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Krishnamurthy Ramamirtham Iyer, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Dr. Narayan Sitaram Datar, who retires by rotation and being eligible offers himself for reappointment.
5. 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

6. To consider and, if thought fit, pass with or without modification/s, the following resolution as a Ordinary Resolution:
"RESOLVED THAT Mr. R. K. Chouhaan, 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. "

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of member and share transfer books of the Company shall remain closed from 24th September, 2007 to 28th September, 2007 (Both days inclusive) for the purpose of dividend if approved.
3. Any member who would like to ask any questions on Annual Account, is requested to send their questions to registered office at least 10 days before the Annual General Meeting, to enable the Company to answer the question satisfactorily.
4. All documents referred to in this notice are open for inspection at the registered office of the company, during the office hours on all working days except holiday between 11 a.m. and 1 p.m. up to the date of Annual General Meeting.
5. Dividend for the year ended 31st March, 2007 as recommended by the Directors, if sanctioned at the Meeting will be paid on or after September 28th, 2007 to those members whose names appears in the Company's Register of Members as on September 28th, 2007. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depositories Limited and Central Depository Services (India) Limited for this purpose.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories of the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such member for change / deletion in such bank details. Further, instruction, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.
7. According to the provision of Section 205 (A) (5) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 any amount of dividend which remain unpaid or unclaimed for the period of seven years shall be transferred by the Company to the fund established under subsection 1 of section 205 (C) i.e. Investor Education and Protection Fund (IEPF). Dividend for the financial year ended 31st March, 2000 which remains unpaid will be due for transfer to the Investor Education and Protection fund of the Central Government on 22nd September, 2007. Members are advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.



INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed / re-appointed are given below:

1. Name : Mr. Krishnamurthi Ramamirtham Iyer
 Age : 67 Years
 Qualification : B.E. (Mechanical)
 Expertise : Vast experience in Steel Plant Engineering, Process improvement and Project Management.
 Director of the Company since 20th September 2002.
 Other Directorship : NIL
2. Name : Dr. Narayan Sitaram Datar
 Age : 82 Years
 Qualification : B.Sc. (Met.) Dr. Ing.
 Expertise : Vast experience in Steel Plant Engineering and Turnkey Project Management.
 Director of the Company since 3rd March 2003.
 Other Directorship : **Name of the Company**
 1. Datar Engg. & Consultancy Pvt. Ltd.
 2. Uttam Galva Steels Ltd.
 3. Oil Country Tubular Ltd.
 4. Cyclo Transmissions Ltd.
 5. Remi Metals Gujarat Ltd.
3. Name : Mr. R. K. Chouhaan
 Age : 57 Years
 Qualification : B. E. (Mech.)
 Expertise : Vast experience in Engineering Process Control and Turnkey Projects.
 Director of the Company since 30th October, 2006.
 Other Directorship : A.G. Multi Products Pvt. Ltd.

By Order of the Board of Directors

Mumbai:

Dated: 16th July, 2007

Tilak Raj Mehta

Chairman and Managing Director

Registered Office:

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

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

ITEM NO. 6

Mr. R. K. Chouhaan was appointed as an additional Director w.e.f. 30.10.2006. His term of office expired 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. R. K. Chouhaan has been works director of Raymond Steel and has long experience in Engineering Process Control and Turnkey Project. 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.

By Order of the Board of Directors

Mumbai:

Dated: 16th July, 2007

Tilak Raj Mehta

Chairman and Managing Director

Registered Office:

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

FLAT PRODUCTS EQUIPMENTS (INDIA) LTD.

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

PROXY FORM

I/We, _____
of _____
being a member / Members of FLAT PRODUCTS EQUIPMENTS (INDIA) LIMITED hereby appoint _____ of _____ or falling him/her _____ of _____

as my/our proxy in my/our absence to attend and vote for me/us, on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on 28th of September, 2007 at 3.30 p.m. and at any adjournment thereof.

signed this _____ day of _____ 2007

For OFFICE USE ONLY

Register Folio No. _____

No. of Shares held _____

Proxy No. _____



Signature

NOTES :

- The form should be signed across the stamp as per specimen signature registered with the Company.
- The proxy form should be deposited at the Registered Office of the Company Forty Eight hours before the time for holding the Meeting.

----- CUT HERE -----

ATTENDANCE SLIP**FLAT PRODUCTS EQUIPMENTS (INDIA) LTD.**

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

Full Name of the attending member _____

Reg. Folio No. _____

No. of Shares held _____

Full name of proxy/s (In Block Letters) _____

I hereby record my presence at the Twenty First ANNUAL GENERAL MEETING held on Friday, the 28th day of September, 2007 at Corporate Office : Mehta House, Plot No. 64, Road No. 13, MIDC, Andheri (E), Mumbai - 400 093.

Member's/Proxy's Signature

Note : The attendance slip duly filled in may please be handed over at the entrance of the Meeting Hall.

FLAT PRODUCTS EQUIPMENTS (I) LTD.



FLAT PRODUCTS EQUIPMENTS (INDIA) LIMITED

21st ANNUAL REPORT

BOARD OF DIRECTORS

Mr. Tilak Raj Mehta
Chairman and Managing Director
Mrs. Nishi T. Mehta
Mr. Durgadas Sengupta
Mr. Ravindra B. Shetye
Mr. Ravindra Nath Tandon
Mr. K. R. Iyer
Dr. N. S. Datar
Mr. R. K. Chouhaan

CORE MANAGEMENT TEAM

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

BANKERS

Canara Bank,
Syndicate Bank,
Union Bank of India

REGISTERED OFFICE

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

AUDITORS

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

WORKS

(Unit No.I)

A-84/2,3 & A-16, M.I.D.C.,
Taloja Industrial Area, Taluka: Panvel,
Dist: Raigad Maharashtra - 410 208.

SOLICITORS

M/s. PDS Legal
31, Maker Chambers VI,
3rd Floor, Nariman Point,
Mumbai - 400 021.

(Unit No.II)

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

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Sharepro Services,
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai - 400 099.

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21st Annual General Meeting will be held on Friday, 28th September, 2007
at 3.30 p.m. at Mehta House, Plot No.64, Road No.13, MIDC,
Andheri (E), Mumbai - 400 093.



CHAIRMAN'S MESSAGE



Dear Shareholders,

It is my privilege to place before you, your Company's Annual Report for the year 2006-2007.

The year 2006-2007 has been remarkable on several counts. Indian economy has been on a high, powered by services and manufacturing with an annual rate of 9.4%. Huge capital inflows as well as acquisitions abroad by Indian Companies are globally integrating our economy.

Against this backdrop, it gives me pleasure to report that your Company enhanced wealth for its Shareholders and same also reflects in market capitalization.

● 79% Growth in Revenues ● 178% Growth in EBITDA ● 599.75% Growth in PAT

This has been largely possible because of several structural changes that have taken place in Steel Industry in the recent past. As a result of this, the top 10 Global Steel Companies now produce and sell 7% more steel than they did a decade ago, which has substantially improved both top and bottom lines of the Steel Industry and helped in maintaining stable Cyclicalities. As a result of this, your Company benefited with a large number of orders for providing value addition steel plants and other ancillary equipment in developing economies closer to the consumers.

I am confident that we can sustain the drive of maintaining our enhanced market share, further strengthen our core business and continuously provide superior customer service thus improving our sales as well as profitability.

We have also overhauled our existing business processes and introduced SAP to improve our internal as well as external delivery systems. The standardization of processes coupled with improved asset utilization, smart buying as well as economies of scale have helped in reducing price of non conformance and enhanced profits. Major emphasis is also being placed on initiatives related to Management of the finances of the Company. You will notice that despite 79% increase in sales, there is proportionate decrease in interest cost during the year due to stringent application of cost saving initiatives to help improve viability of every project with focus on timely delivery and contribution to the bottom line.

As you will observe from performance of year under review, strategic initiatives put in place last year has helped enhancing Shareholders value. The steel cycle robustness will continue for next few years, backed by global economic growth of between 3.5% to 4% in near term. The specific measures taken by Chinese Government to reduce steel exports and by the Indian Government to enhance steel production will surely bring large amount of business for your Company. We anticipate that in future your Company's export business may come down from 70% to about 50% only, because of thrust on infrastructure development in our own country. Most of the Greenfield and Brownfield expansions by steel majors will open new vistas for your Company to be associated with them for downstream value addition facilities. The Steel Ministry is hoping that by 2020 India will catch up the global average of approx. 150 kgs per capita of steel consumption from the current average of 39 kgs per capita. I am sure you will agree that in order for that to happen a large amount of steel will have to be processed as the common man will use more of consumer durables, autos, better roads and houses, all of which use flat steel where your Company has the uniqueness of being one of its kind to manufacture, erect and commission steel plants for processing this kind of steel when we look at globe from Japan to Germany. No other comparative Company can provide complete host of services which your Company can provide for setting up Cold Rolling and Galvanising complexes for value addition on greenfields. Our focus on exports however will continue to be there, so that we learn from our discerning customers all over the world to improve our products and services continuously.

Today's ever-changing and dynamic environment presents vast business opportunities both within the country and in the global market place. With your continuous support, I am confident that your Company will remain in the forefront, growing always and contributing to the well being of our nation in its journey of growth and excellence.

With warm regards.

Yours Sincerely,

TILAK RAJ MEHTA

FLAT PRODUCTS EQUIPMENTS (I) LTD.



DIRECTOR'S REPORT

To
The Members
Flat Products Equipments (India) Ltd.

Your Directors have pleasure in presenting the Twentyfirst Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2007.

FINANCIAL RESULTS	Current Year 2006-2007 (Rs. in Lacs)	Previous Year 2005-2006 (Rs. in Lacs)
Sales and Other Income	51157.98	28651.35
Profit before Interest, Depreciation & Tax	3231.13	1162.91
Interest	466.69	465.89
Profit before Depreciation & Tax	2764.44	697.02
Depreciation	395.50	312.40
Profit before Tax	2368.94	384.62
Provision for Tax – Current	798.57	129.21
– Deferred	(56.92)	(24.20)
Tax relating to earlier year (net)	50.88	5.00
Fringe Benefit Tax	47.77	56.15
Profit after Tax	1528.64	218.46
Balance brought forward from previous year	1129.62	1027.47
Profit available for Appropriation	<u>2658.26</u>	<u>1245.93</u>
Appropriation :-		
Interim Dividend	49.38	0.00
Tax on Interim Dividend	6.93	0.00
Proposed Dividend	444.40	49.38
Income Tax on Dividend	75.53	6.93
Transferred to General Reserve	1200.00	60.00
Balance carried forward	882.02	1129.62
	<u>2658.26</u>	<u>1245.93</u>

DIVIDEND

Your Directors paid an interim dividend on equity share capital @ 10% (Previous year @ NIL) and recommended final dividend on equity share @90% (Previous year @10%) for the year ended 31st March 2007. The Dividend, if approved will absorb Rs.519.93 lacs including Tax on Dividend (Previous year Rs.56.31 lacs).

OPERATIONS

During the year under review your Company achieved turnover of Rs.529.32 Crores against the preceding years level of Rs.295.27 Crores. The Sales includes export sales of Rs.342.84 Crores against previous years Rs.211.09 Crores. The company's main thrust have been exports and have exported to countries like Colombia, UAE, China, Korea,



FLAT PRODUCTS EQUIPMENTS (I) LTD.

Malaysia, Morocco, Turkey, Bangladesh, Egypt, Kenya, Iran, Vietnam, Japan & Ethiopia during the year. The profit after tax for the year is Rs.15.29 Crores against Rs.2.18 Crores for the previous year.

FIXED DEPOSIT

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

DIRECTORS

Mr.Krishnamurthi R.Iyer and Dr.N.S.Datar, the directors retire by rotation and being eligible offer themselves for reappointment.

Mr.R.K.Chouhaan was appointed as an additional director of the Company w.e.f. 30th October, 2006 and his term of office expires at the end of this Annual General Meeting and being eligible offers himself for reappointment as the Director.

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:

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

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) Rules, 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) Rules, 1975 and Company's (Disclosure to particulars in the report of Board of Directors) Rules, 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.

FLAT PRODUCTS EQUIPMENTS (I) LTD.

**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.

ACKNOWLEDEMENT

Your Directors wish to thank the Central Government, Government of Maharashtra and Financial Institutions. The Company expresses its 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, 2007

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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