



# 22nd Annual Report 2007-08



**FLAT PRODUCTS EQUIPMENTS (I) LTD.**



# FLAT PRODUCTS EQUIPMENTS (I) LTD.

FLAT PRODUCTS EQUIPMENTS (INDIA) LIMITED		
22 <sup>nd</sup> ANNUAL REPORT		
<b>BOARD OF DIRECTORS</b> <b>Mr. Jean-Marc Kohlgruber</b> Chairman <b>Mr. Rob Johnson</b> Managing Director <b>Mr. Yves Honhon</b> <b>Mr. Tilak Raj Mehta</b> <b>Mr. K. R. Iyer</b> <b>Dr. N. S. Datar</b> <b>Mr. Ravindra Nath Tandon</b>	<b>CORE MANAGEMENT TEAM</b> <b>Mr. Jean Gourp</b> <b>Mr. Gopalchandra Bose</b> <b>Mr. Dinesh Tripathi</b> <b>Mr. Satish Avhad</b> <b>Mr. Anil Kumar</b> <b>Mr. S. M. Kamat</b> <b>Mr. Vijay Karayi</b>	
	<b>BANKERS</b> Canara Bank, Syndicate Bank, Union Bank of India	
<b>REGISTERED OFFICE</b> Mehta House, Plot No.64, Road No.13, MIDC, Andheri (E), Mumbai 400 093	<b>AUDITORS</b> <b>M/s.Lalit Mehta &amp; Co.</b> -Chartered Accountants, 101 Apollo Arcade, R.K.Singh Marg, Andheri (East), Mumbai 400 069	
<b>WORKS</b> <b>(Unit No.I)</b> A-84/2,3 & A-16, M.I.D.C., Taloja Industrial Area, Taluka: Panvel, Dist: Raigad Maharashtra 410 208	<b>SOLICITORS</b> M/s. PDS Legal 31, Maker Chambers VI, 3rd Floor, Nariman Point, Mumbai 400 021	
<b>(Unit No.II)</b> Survey No.144/1,2-3, Village Rakholi, Silvassa Khanvel Road, Silvassa 396 230, Union Territory	<b>REGISTRAR AND SHARE TRANSFER AGENT</b> M/s. Sharepro Services, Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099	
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22nd Annual General Meeting will be held on Friday, 19th September, 2008 at 3.30 p.m. at Mehta House, Plot No.64, Road No.13, MIDC, Andheri (E), Mumbai 400 093.		

## ANNUAL REPORT 2007-2008



## FLAT PRODUCTS EQUIPMENTS (I) LTD.

### MESSAGE FROM Mr. T. R. MEHTA

Dear Shareholders,

As Chairman & Managing Director of your company, I place the Annual Report for the year 2007-2008 before you for the last time and draw attention to some of the significant events of the year gone by.

To me personally the Share Purchasing Agreement for acquiring a majority shareholding of over 55% in your company by the Belgium Group Cockerill Maintenance & Ingenierie (CMI) from the promoter shareholders is of historic importance for all shareholders. This acquisition of FPE by CMI will provide an extended and consistent range of products, technologies and services to the customers globally in the downstream of the steel industry. This will also create a value proposition for customers who hitherto were not being serviced by either CMI or FPE because of their reach, size and geographic distances. It will also provide to customers an opportunity for acquiring a complete Cold Rolling and Galvanising Complex with the latest technologies the industry has to offer from a single source. I am very happy with this development because it will be an exciting combination for our customers and employees as FPE complements CMI's strategy for growth with minimal overlaps in products, a good range of technology synergies and local resources in the Indian steel market.

The Indian economy remains strong with average GDP growth at 8.7% per annum in the last five years. In spite of slight slow down in the manufacturing, housing and auto sector, double digit growth in services continues. Robust exports and imports with sustained capital inflows are all positive indicators of the fact that 'India Story' continues. The apparent steel consumption in 2007 in India has reached 43.4 kgs. up 9.6% year on year as compared to 39.6 kgs. in 2006 as per latest IISI Reports. This coupled with the fact that in BRIC economies, the CAGR of steel consumption has grown by 16% in 2006-2007 as against world steel consumption growing at 7% CAGR, driven by huge investments in infrastructure development activities, should benefit your company because of its strong reputation, track record, proven technical expertise, experienced management, diversified operations, moderate gearing and the fact that all manufacturing workshops are booked for next twelve months with domestic and international customer orders.

However, I am sure you will appreciate that we slipped in our performance during the year as we were caught by the fixed price contracts while the price of steel, electrical components, fabrication, shipping etc. kept going up. Our nature of business is such that execution period of a project ranges between 18 months to 24 months and like many other manufacturers we suffered delays at the hands of suppliers, fabricators and several projects could not be completed as per our plan by end of the financial year. We have now been able to address many of such issues and are quite positive for a stable and a record performance in the coming years.

We will always have challenges in years ahead. However, the rewards will also be great. The new CMI-FPE combine will be a preferred supplier for complete Cold Rolling and Galvanising Solutions for value added steel products to world class steel manufacturers. This should improve health of your company substantially and benefit all stakeholders.

As, I resign from the position of Chairman & Managing Director of the company which I have nurtured over the last 22 years with unstinting support and guidance of Board of Directors, I also gratefully acknowledge all our stakeholders – employees, customers, shareholders, suppliers and bankers, who have reposed their trust always and given their support almost unconditionally.

I am happy that the company will henceforth be run by a team of professional managers with international experience and I wish the new Chairman as well as the Managing Director my best wishes to establish a successful company which is also a 'Great Place to Work' in years to come..

With warm regards.

Yours Sincerely

**TILAK RAJ MEHTA**

**ANNUAL REPORT 2007-2008**



## FLAT PRODUCTS EQUIPMENTS (I) LTD.

### DIRECTOR'S REPORT

To  
The Members  
Flat Products Equipments (India) Ltd.

Your Directors have pleasure in presenting the Twenty second Report on the business and operations of the Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2008.

<b>FINANCIAL RESULTS</b>	<b>Current Year 2007-2008 (Rs.in Lacs)</b>	<b>Previous Year 2006-2007 (Rs.in Lacs)</b>
Sales and Other Income	32821.14	51157.98
Profit before Interest, Depreciation & Tax	2591.70	3231.13
Interest	603.48	466.69
Profit before Depreciation & Tax	1988.22	2764.44
Depreciation	540.58	395.50
Profit before Tax	1447.64	2368.94
Provision for Tax - Current	527.25	798.57
- Deferred	(7.75)	(56.92)
Tax relating to earlier year (net)	53.31	50.88
Fringe Benefit Tax	44.53	47.77
Profit after Tax	830.30	1528.64
Balance brought forward from previous year	882.02	1129.62
Profit available for Appropriation	1712.32	2658.26
<b>Appropriation :-</b>		
Interim Dividend	0.00	49.38
Tax on Interim Dividend	0.00	6.93
Proposed Dividend	98.76	444.40
Income Tax on Dividend	16.78	75.53
Transferred to General Reserve	400.00	1200.00
Balance carried forward	1196.78	882.02
	1712.32	2658.26

### DIVIDEND

Your Directors recommended dividend on equity share capital @ 20% (Previous year @ 100%) for the year ended 31st March 2008. The Dividend, if approved will absorb Rs.115.54 lacs including Tax on Dividend (Previous year Rs.576.24 lacs).

### OPERATIONS

During the year under review your Company achieved turnover of Rs.339.63 Crores against the preceding years level of Rs.529.32 Crores. The Sales includes export sales of Rs.231.51 Crores against previous years Rs.342.84 Crores. The company's main thrust have been exports and have exported to countries like Colombia, UAE, China, Nigeria, Iran, Egypt, Vietnam, Malaysia, South Africa, Turkey, Japan & Ethiopia during the year. The profit after tax for the year is Rs.8.30 Crores against Rs.15.29 Crores for the previous year.





## FLAT PRODUCTS EQUIPMENTS (I) LTD.

### PROPOSED ACQUISITION OF THE COMPANY

The promoter shareholders of the Company - Mr. Tilakraj D. Mehta, CMD and Mrs. Nishi T. Mehta, have decided to sell their 55.04% holding to Cockerill Maintenance & Ingenierie SA, ("CMI") a company incorporated in Belgium having its registered office at, Avenue Greiner, 1, 4100 Seraing, Belgium. This was essential because of advancing age and failing health of CMD and for the continuity of the business and company. It was necessary that the new owners are selected carefully. The most important criterion for selecting CMI was that they bring new technology, nurture and help enhance human capital and CMI on the other hand were in need of a manufacturing base to complement their maintenance and engineering expertise. Its truly a win win combination for both CMI and the Company. Pursuant to the signing of Share Purchase Agreement on January 14, 2008 there had to be an open offer by the acquirer company for acquiring at least 20% of the shares at the same price as was being offered to the Promoter directors. The open offer closed on June 4, 2008 and all related acts are under completion. The payment to the shareholders would be done by June 19, 2008. Accordingly there will be a Board Meeting in the last week of June 2008, where in the Board will undergo reconstitution with inclusion of CMI personnel on the Board.

### FIXED DEPOSIT

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

### DIRECTORS

Mr.Durgadas Sengupta, ceased to be director, as he expired on 17.02.2008. The directors place on record their appreciation of services rendered by Mr.Durgadas Sengupta.

### 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.

### 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



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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. Lalit Mehta & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting. You are requested to appoint the Auditors.

### 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: 12th June, 2008

**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 (I) LTD.

### ANNEXURE "A" TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008.

#### 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:

#### FORM A

#### Disclosure of particulars with respect to conservation of energy

POWER AND FUEL CONSUMPTION	2007-2008	2006-2007
<b>i. Electricity:</b>		
a. Purchased		
Units (Total) - KWH	1926870	1464506
Total Amount (Rs.in Lacs)	87.40	68.26
Rate / Unit (Rs.)	4.54	4.66
Consumption per unit of production	N.A.	N.A.
b. Own generation (DG set)		
Units (Total) - KWH	48020	21936
Total Amount (Rs.in Lacs)	6.89	5.32
Rate / Unit (Rs.)	14.34	24.25
Consumption per unit of production	N.A.	N.A.
<b>ii. Coal:</b>		
<b>iii. Furnance Oil / H.S.D.:</b>		
c. Purchased		
Units (Total) - Litres	20313	30050
Total Amount (Rs.in Lacs)	6.89	10.83
Rate / Unit (Rs.)	33.91	36.04
Consumption per unit of production	N.A.	N.A.
d. Own generation	NIL	NIL
<b>iv. Others:</b>	NIL	NIL



## FLAT PRODUCTS EQUIPMENTS (I) LTD.

### NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held at Corporate Office at Mehta House, Plot No.64, Road No.13, MIDC, Andheri (E), Mumbai 400 093 on Friday, 19<sup>th</sup> day of September, 2008 at 3.30 p.m. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2008 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.Ravindra Nath Tandon, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Tilak Raj Mehta, 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 Special Resolution:  
"RESOLVED THAT the change of name of the Company from Flat Products Equipments (India) Limited to CMI FPE Limited is hereby approved subject to Compliance of section 21 and other applicable provisions of the Companies Act, 1956."
7. To consider and, if thought fit, pass with or without modification/s, the following resolution as a an Ordinary Resolution:  
"RESOLVED THAT Mr.Jean-Marc Kohlgruber, who was appointed as an Additional Director and holds office up to the date of this Annual General Meeting of the Company, and is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director."
8. To consider and, if thought fit, pass with or without modification/s, the following resolution as a an Ordinary Resolution:  
"RESOLVED THAT Mr.Yves Honhon, who was appointed as an Additional Director and holds office up to the date of this Annual General Meeting of the Company, and is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director."
9. To consider and, if thought fit, pass with or without modification/s, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr.Rob Johnson, who was appointed as an Additional Director and holds office up to the date of this Annual General Meeting of the Company, and is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director."
10. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as a Special Resolution:  
"RESOLVED THAT Pursuant to provisions of the sections 198,269,309 and other applicable provisions if any, of the Companies Act, 1956, the member of the Company hereby accord its approval and consent to the appointment of Mr. Rob Johnson as a Managing Director for the period of three years commencing from 25<sup>th</sup> June, 2008 on the following terms of remuneration and perquisites".

#### REMUNERATION

1. Basic Salary of Rs.283,500/- per month in the grade of Rs. 250,000/- to Rs. 500,000/- per month. The annual increments will be decided by the Remuneration Committee constituted for this purpose, by the Board of Directors of the Company, based on his performance from time to time.





## FLAT PRODUCTS EQUIPMENTS (I) LTD.

2. Commission: As may be approved by the Remuneration Committee constituted for the purpose, by the Board of Directors of the Company, based on the performance of the Company and his contribution to the growth of its operations.
3. Perquisites: Perquisites and allowances will be in addition to basic salary & commission and shall be restricted as per Government guidelines in force. The perquisites are classified into two categories A and B

### **CATEGORY A**

#### **a. HOUSING:**

The company will bear expenditure incurred by him on leasing a fully furnished accommodation including maintenance thereof (*excluding utilities*) for purpose of residence for self and family.

#### **b. MEDICAL REIMBURSEMENT:**

The company will pay for all medical expenses (including hospitalization) for self and family at actuals.

#### **c. PERSONAL ACCIDENT INSURANCE:**

The company will pay insurance premium under Company's Group Personal Accident Insurance Scheme subject to any ceiling that may be fixed by the Government/Company.

### **CATEGORY B**

#### **a. CAR:**

Free use of Car on Company's business. The Company will bill use of car for personal purposes. The driver's salary shall be reimbursed as per the prevailing policy of the Company.

#### **b. 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 or leave salary in lieu thereof.

#### **c. TELEPHONE:**

Free use of telephone at home and in office including mobile phone, the Company will bill personal long distance calls.

In addition to above mentioned perquisites and allowances in category "A" & "B" Mr. Rob Johnson will also be entitled for club fees and for reimbursement of travel expenses (to and fro) to the home country for self and family.

Such perquisites and allowances will be subject to such ceiling limit as may be fixed by the Remuneration Committee from time to time.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income Tax Rules wherever applicable. In absence of any such Rules, perquisites and allowances shall be evaluated at actual cost incurred by the Company in providing such perquisites and allowances. The total remuneration to Mr. Rob Johnson, inclusive of the value of all perquisites/allowances will however be limited to rules / regulation / ceiling prescribed under the Companies Act, 1956. The changes if any, made thereof will be with the mutual consents of both the parties.

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any of the financial years during the tenure of Mr. Rob Johnson as Managing Director of the Company, he shall be entitled to receive and be paid the substantive remuneration mentioned in 'A' and 'B' above, as minimum remuneration; subject to the approval of the Central Government, if and as may be required."

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

**"RESOLVED** that the Equity Shares of the Company be delisted from The Delhi Stock Exchange Association Limited and Ahmedabad Stock Exchange Association Limited pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and in accordance with any other relevant laws, rules, regulations or guidelines and subject to such approvals as may be necessary and in compliance with such approvals / conditions / restrictions and modifications as may be necessary for the purpose.



## FLAT PRODUCTS EQUIPMENTS (I) LTD.

RESOLVED Further That the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee of thereof exercising powers conferred by the Board) be and is hereby authorized to seek voluntary delisting, to take all necessary steps in this regards as it may in its absolute discretion deem necessary and to settle any question, difficulties, doubts that may arise in regard to delisting of the existing shares and to execute all such deeds, documents, writings as may be necessary or expedient and for this purpose to delegate the authority to the Managing Director or the Company Secretary or any person whom the Managing Director may consider suitable to do various acts, deeds and things required to be done in this behalf."

By Order of the Board of Directors

### Mumbai

Dated: 25<sup>th</sup> June, 2008

### Registered Office:

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

Jean-Marc Kohlgruber  
Chairman

### 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 members and share transfer books of the Company shall remain closed from 15<sup>th</sup> September, 2008 to 19<sup>th</sup> September, 2008 (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 31<sup>st</sup> March, 2008 as recommended by the Directors, if sanctioned at the Meeting will be paid after 19<sup>th</sup> September, 2008 to those members whose names appears in the Company's Register of Members as on 19<sup>th</sup> September, 2008. 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 members 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 31<sup>st</sup> March, 2001 which remains unpaid will be due for transfer to the Investor Education and Protection Fund of the Central Government on 28<sup>th</sup> September, 2008. Members are advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.