



FINE-LINE

CIRCUITS LIMITED

MD	✓		BKC	✓
CS	N/A		DPY	N/D
RO	✓		DIV	N/D
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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SEVENTH ANNUAL REPORT 1996-97



BOARD OF DIRECTORS

B. T. Doshi - Chairman
M. F. Tamboli
R. J. Shah
R. V. Gandhi
V. R. Polavarapu
U. Nimmagadda
G. B. Doshi
U. A. Deshpande - ICICI Nominee
V. A. Kumbhani - Director - Technical
A. B. Doshi - Jt. Managing Director
G. Sudarsanam - Managing Director

BANKERS

Allahabad Bank
State Bank of Hyderabad

AUDITORS

Saurabh S. Shah & Co.

REGISTRARS & SHARE TRANSFER AGENTS

Shepan Consultants Pvt. Ltd.
82-86, Perin Nariman Street
Mumbai 400 001

REGISTERED OFFICE

145 GIDC Indl. Estate,
Ankleshwar 393 002.
Gujarat,
INDIA

OPERATIONS

145, SDF-V, SEEPZ,
Andheri (East), Mumbai 400 096.
INDIA

NOTICE

Notice is hereby given that the SEVENTH ANNUAL GENERAL MEETING of the Members of FINE-LINE CIRCUITS LIMITED will be held on Saturday, the 27th September, 1997 at 2.00 p.m. at 145, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat, the Registered Office of the Company to transact following business :

AS ORDINARY BUSINESS :

1. To receive and adopt the Audited Balance Sheet as at 31st March, 1997 and the audited Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri B. T. Doshi who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. U. Nimmagadda who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri G. B. Doshi who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
6. As Special Business :

Appointment of Shri Vijay A. Kumbhani as Whole-time Director

As an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force), and subject to the limits specified in Schedule XIII to the said Act, the Company hereby approves the appointment of and remuneration payable to Shri Vijay A. Kumbhani as a Whole-time Director of the Company for a period of 5 years with effect from 1st October, 1997 on the terms and conditions including remuneration as are set out in the draft Agreement dated 26th June, 1997 entered into between the Company and Shri Vijay A. Kumbhani copy whereof is placed before the Members and are hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force or any amendment or modifications that may hereafter be made thereto by the Central Government) as may be agreed to between the Board of Directors and Shri Vijay A. Kumbhani.

"RESOLVED FURTHER THAT where in any financial year closing on or after 1st October, 1997 the Company has no profits or its profits are inadequate, the Company may pay Shri Vijay A. Kumbhani Remuneration by way of salary perquisites and other allowances not exceeding the ceiling limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation of the Central Government to Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorised to vary, or increase the remuneration including salary, perquisites and other allowances with such prescribed limit, and the aforesaid Agreement between the Company and Shri Vijay A. Kumbhani be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

By Order of the Board of Directors

A. B. DOSHI
Jt. Managing Director

Mumbai, 26th June, 1997

Registered Office : 145, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat, INDIA.

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote instead of himself and the Proxy need not be a member. The proxies to be effective, must be deposited with the Company not less than 48 hours before the meeting.
2. Explanatory Statement as required under Section 173 is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd to 29th August, 1997 (both days inclusive).
4. Members desiring any information as regards the accounts are requested to write to the Company at least seven days in advance of Annual General Meeting so as to enable the Management to keep the information ready.
5. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
6. Shareholders are requested to notify change in address, if any, to the Registrars & Transfer Agents of the Company, quoting their Folio Numbers, at an early date.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Shri Vijay A. Kumbhani was appointed as a Technical Director of the Company from 1st October, 1992 for a period of 5 years. The said appointment would come to an end on 30th September, 1997. Your Directors at its meeting held on 26th June, 1997 has decided to appoint Shri Vijay A. Kumbhani as a Whole-time Director of the Company with effect from 1st October, 1997 on a salary of Rs. 20,000/- per month and other perquisites and benefits as per Schedule XIII of the Companies Act, 1956.

Terms and Conditions ;

- I. Salary : Rs. 20,000/- per month

- II. Perquisites & Allowances :

In addition to salary Shri Vijay A. Kumbhani shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs, medical reimbursement, education allowance, Leave Travel Concession for self and family, club fees, premium for Medical Insurance and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors subject to overall ceiling of remuneration and perquisites as stipulated in Section 178 and 309 and Schedule XIII of the Companies Act, 1956. The terms and conditions as set out in the Draft Agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or any amendment made thereof).

The Agreement may be terminated by either party by giving to the other party six months notice.

The above statement may be treated as an abstract of the draft agreement proposed to be entered into between the Company and Shri Vijay A. Kumbhani pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement dated 26th June, 1997 proposed to be entered between the Company and Shri Vijay A. Kumbhani is available for inspection by the members of the Company at the Registered Office of the Company or any working day excluding Saturdays upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

The Directors recommend the resolution as set out in Item 6 of the Notice for approval of the shareholders. Shri Vijay A. Kumbhani is deemed to be concerned or interested in the resolution as set out at Item 6 at the Notice as it pertains to his appointment as Whole-time Director and remuneration payable to him. Shri Abhay B. Doshi is related to Shri Vijay A. Kumbhani and as such may be deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board of Directors

A. B. DOSHI
Jt. Managing Director

Mumbai, 26th June, 1997

Registered Office : 145, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat, INDIA.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 7th Annual Report and the Audited Accounts for the financial year ended 31st March, 1997.

FINANCIAL RESULTS

	Year Ended 31-03-97 (Rupees)	Year Ended 31-03-96 (Rupees)
Profit/(Loss) before Interest and Depreciation	4,67,56,576	1,04,80,087
Interest	31,46,423	1,04,55,921
Depreciation	50,71,951	48,36,979
Profit/(Loss) before Taxation	3,85,38,202	(48,12,813)
Provision for Taxation	40,00,000	Nil
Profit/(Loss) after Tax	3,45,38,202	(48,12,813)

The profit before interest and depreciation for the year includes profit on sale of investments and miscellaneous income.

In order to conserve resources for working capital requirements and capital expenditure for upgradation of plant and machinery, your Directors do not recommend payment of dividend.

PERFORMANCE

The sales turnover of the Company declined to Rs. 335.18 lacs from Rs.477.78 lacs for the previous year. This was due to difficult Industrial Relations during the first half of the year and a strike by the workmen during July-August 1996. However, the Company subsequently entered into a long term agreement with the Union for 3 years with effect from 1st November, 1996 and cordial relations have been restored with the workmen.

During the year the Company sold its investment in Movitone Electronics Limited and surrendered its Lease Rights on Plot No. 22 to Seepz in favour of the Buyer.

In order to reduce interest cost and improve profitability the Company negotiated a one time settlement with ICICI and IDBI. Upon full repayment of the Principal Loans of Rs. 425 lacs the financial institutions have agreed to full waiver of all interest and other charges.

BUSINESS PROSPECTS

The Company has made and planned substantial investments in plant and machinery towards upgradation of technology and improvement in reliability during the year. In addition to its exports to the U.S. Market, the Company has undertaken development of new markets in European countries particularly U.K, Germany, Holland and Finland. These developments and the strong world market for electronics products augurs well for the Company's business prospects during the year.

Your Company has made operating transparency and good corporate governance as the agenda to enable reaching its goal of becoming an industry leader by the year 2002.

DIRECTORS

Shri B. T. Doshi, Shri U. Nimmagadda Shri G. B. Doshi Directors fo the Company retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s. Saurabh S. Shah & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from the Auditors to the effect that their appointment if made, would be within the prescribed limits under Section 224 (i-c) of the Companies Act, 1956. You are requested to approve their reappointment.

STATUTORY INFORMATION

1. The Company has not accepted any deposits within the meaning of Section 58 A of the Companies Act, 1956 and/or Acceptance of Deposits Rules. The Company does not have any deposits remaining unclaimed, and/or claimed but not paid, for which information is required to be given in this report.
2. Information as per Section 217(2A) of the 'Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure 'B' forming part of this Report.
3. Notes forming part of accounts and/or referenced to in the Auditors Report are self-explanatory and therefore do not require any clarification.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are as follows.:

Conservation of Energy

The Company's manufacturing operations are not energy intensive. However, the Company makes continuous efforts for energy conservation. The Company has introduced equipment for improvement and correction of power factor during the year. The power and full consumption and consumption per unit of production is given in Annexure 'A' forming part of this Report.

Technology Absorption

Research & Development

No research & development work has been carried out by the Company and therefore there is no expenditure on this head nor any benefits accrued from it.

Technology absorption

Continuous efforts are being made in improving the quality of products and also in improving the existing production methods. The Company has installed new equipment for Precleaning and Post-Cleaning of PCB panels to upgrade product technology.



Foreign Exchange Earnings & Outgo

The Company has exported Single Sided, Double Sided and Multilayer Printed Circuit Boards during the year. The Company is making constant efforts to increase its export sales by tapping new markets.

The details of Foreign Exchange Earnings and Outgo are as under :

	(Rs. Lacs)
Foreign Exchange Earnings	305.05
Foreign Exchange Outgo :	
Raw Material	85.78
Consumables	43.00
Travel	5.10

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workmen of the Company.

For and on behalf of the Board of Directors

B.T. DOSHI
Chairman

Mumbai, June 26, 1997

Registered Office : 145, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat, INDIA

ANNEXURE A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Year Ended 31.03.97	Year Ended 31.03.96
A. POWER & FUEL CONSUMPTION		
ELECTRICITY :		
Purchased Units	8,14,345	10,63,451
Total Amount (Rs.)	39,99,821	47,70,668
Rate Per Unit (Rs.)	4.91	4.49
B. CONSUMPTION PER UNIT OF PRODUCTION		
ELECTRICITY kwh	215	93

Fine-Line Circuits Limited

Annexure B to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March 1997.

Sr. No.	Name of Employee	Age Years	Designation/ Nature of Duties	Remune- ration (Rs.)	Qualifi- cation	Experi- ence Years	Date of Commence- ment of Employment	Last Employment/Name of the Co., Designation & period.
1.	*Shri G. Sudarsanam	55	Managing Director	2,42,678	M. Tech	29	19.08.1996	M/s Stovec Industries Ltd. Vice President-Operations.
2.	Shri A.B. Doshi	36	Jt. Managing Director	3,15,141	B.E., M.B.A.	11	01.06.1991	Maxtor Corporation, U.S.A. Sr. Financial Analyst.
3.	Shri V.A. Kumbhani	37	Technical Director	3,17,418	B.Tech., M.F.M.	15	01.10.1992	Larsen & Toubro Ltd.

*Employed for a part of the year.

Notes : (1) Appointments are contractual

(2) Remuneration includes salary, allowances, perquisites and company's contribution to Provident Fund.

(3) Shri A.B. Doshi is related to Shri B.T. Doshi, Shri G.B. Doshi & Shri V.A. Kumbhani, Directors of the Company.
Shri V.A. Kumbhani is related to Shri A.B. Doshi Director of the Company.

For and on behalf of the Board of Directors

Mumbai, Dated : 26th June, 1997.

B.T. DOSHI
Chairman

Registered Office : 145 GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat, INDIA.