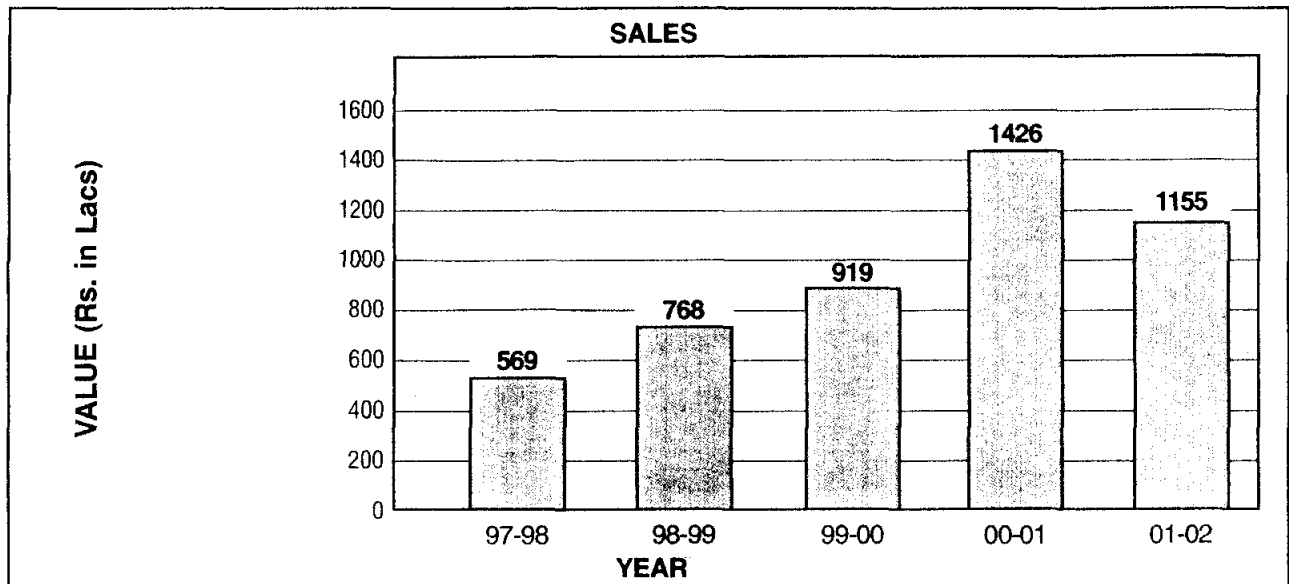


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TWELFTH ANNUAL REPORT 2001-2002
www.finelineindia.com

COMPANY ASPIRATION

Our Aspiration for Fine-Line is to be a Growing, Performance driven, High Quality, manufacturer, exporter "Pleasing Customers 101 %" in the High count Multilayer Rigid and Flex Printed Circuit Board Market with a growing earnings per share.



AT A GLANCE

(Rs. In Lakhs)

	31-3-1998	31-3-1999	31-3-2000	31-3-2001	31-3-2002
SALES & EARNINGS					
Sales	569	768	919	1426	1155
Profit after taxes	15	22	44	56	3
ASSETS & LIABILITIES					
Gross Fixed Assets	957	936	1013	1072	1215
Net Fixed Assets	700	635	660	462	430
Net Current Assets	107	149	137	341	349
Total (Applications)	807	784	797	803	779
REPRESENTED BY					
Net Worth	645	667	711	801	779
Share Capital	541	541	541	541	541
Reserves	104	126	170	260	238
Borrowings	162	117	86	2	0
Total (Sources)	807	784	797	803	779
RATIOS					
Acid Test Ratio	0.37	0.59	0.56	2.00	2.76
Total Liability to Net Worth	0.66	0.47	0.40	0.14	0.12
Sales to Net Fixed Assets	0.81	1.21	1.39	3.08	2.69
Earning Per Share (Rs.)	0.28	0.41	0.82	1.03	0.06
Return on Investment	3%	4%	8%	9%	1%

CORPORATE INFORMATION

12th ANNUAL GENERAL MEETING

Date : 16th September, 2002
Day : Monday
Time : 4.00 p.m.

Place : 145, SDF - V,
SEEPZ (SEZ), Andheri (East),
Mumbai 400 096.

: Since SEEPZ (SEZ) is a Restricted Zone requiring Special Prior Permission for entry, please see instructions on last page regarding attendance at AGM

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

B. T. Doshi	Executive Chairman
G. Sudarsanam	Vice - Chairman
A. B. Doshi	Managing Director

NON - EXECUTIVE DIRECTORS

R. J. Shah
U. Nimmagadda
R. V. Gandhi
V. A. Kumbhani
G. B. Doshi

REGISTERED OFFICE

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

AUDIT COMMITTEE

R. J. Shah	Chairman
R. V. Gandhi	Member
V. A. Kumbhani	Member

SHARE TRANSFER COMMITTEE

A. B. Doshi
V. A. Kumbhani
R. V. Gandhi

SENIOR MANAGEMENT

S. A. Balaji

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AUDITORS

Ashit V. Shah & Co.

REGISTRARS & SHARE TRANSFER AGENTS

R & D Consultants Ltd.
610, Dalamal Tower,
211, Nariman Point, Mumbai - 400 021.

NOTICE

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twelfth Annual General Meeting of the Members of FINE LINE CIRCUITS LTD. will be held on Monday 16th September, 2002 at 4.00 p.m at 145, SDF V, Seepz (SEZ), Andheri (E), Mumbai 400 096 to transact the following business:

As Ordinary Business :

- 1) To consider and adopt the Balance Sheet as at 31st March, 2002 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Shri Abhay B. Doshi who retires by rotation and being eligible, offers himself for reappointment.
- 3) To appoint a Director in place of Shri Gautam B. Doshi who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri U. Nimmagadda who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint M/S Ashit V. Shah & Co., Chartered Accountants as Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD

B. T. DOSHI
EXECUTIVE CHAIRMAN

REGISTERED OFFICE:
145, SDF V, Seepz, SEZ,
Andheri (E), Mumbai – 400 096.

Date : 27th June, 2002

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. Members /Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. All documents, referred to in the accompanying Notice and in the Explanatory Statement annexed hereto, are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
4. The Register of Members and Share Transfers Books of the Company will remain closed from 10th September, 2002 to 16th September, 2002 (both days inclusive) .
5. Members who hold shares in demat form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. Members holding shares in demat form may please check and correct, if necessary , the bank account details given by them to their Depository Participants (DPs) as such bank details passed on to the Company by such DPs only would an authentic record with the company.
7. The Company's shares have been notified by SEBI for compulsory trading in demat form only for all investors with effect from CSDL 17th September 2001 & NSDL 25th September 2001. (INE 087E01011) Hence investors are requested to dematerialise their holding at the earliest.
8. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
9. Member s desiring and information as regards the accounts are requested to write to the Company atleast seven days in advance of Annual General Meeting so as to enable the Management to keep the information ready.
10. Re -appointment of Director:
At the ensuing Annual General Meeting Shri U. Nimmagadda, Shri Abhay B. Doshi & Shri Gautam B. Doshi retires by rotation, and being eligible, offer themselves for re-appointment.

A brief resume of the Directors appointed / eligible for re-appointment is as follows :

Shri. Upendranath Nimmagadda holds a MBBS degree from Andhra University and ECFMG passed in 1965. He retired as a physician having over two decades of an outstanding medical career and presently is teaching at the Illinios Masonic Medical Center at Chicago and is Chairman of Executive Committee of National Republic Bank of Chicago, IL, USA since 1986. He is also a member of following institutions : Fellow of American College of Surgeons, Fellow of Royal College of Surgeons, India Medical Association of Illinios and Association of American Physicians of India (AAPI). He is an active investor in many businesses and has interests in a academic entrepreneurial and charitable activities and is a Director in Amararaja Batteries Limited, India.

Shri. Abhay B. Doshi is a promoter director and has been involved in managing the company since its inception. He is a graduate in Electronics and Communication Engineering (B. E.) from Mysore, India with a Post Graduate M. B. A. degree in Finance from University of California, Berkeley, USA. He has experience in the High Technology area through his work experience at Maxtor Corporation in San Jose, CA, USA (Silicon Valley) prior to promoting Fine-Line Circuits Limited He has no other directorship and is a member of the Share Transfer Committee of your company.

Shri. Gautam B. Doshi has graduated with a Bachelors degree in Electrical Engineering from the Indian Institution of Technology, Mumbai , and a Master of Engineering degree in Electrical Engineering from University of California, Berkeley, USA. He joined Intel Corporation in 1988 & has held a series of increasingly senior technical and management roles in microprocessor architecture, design. He holds 13 patents in the field of processor architecture, design and software, and has been twice awarded Intel's highest technical honor – the Intel Achievement Award. He has been instrumental in guiding the Marketing efforts in the USA market for the company since 1993. He has no other directorship.

DIRECTORS REPORT

To,
The Members,
FINE-LINE CIRCUITS LIMITED
MUMBAI

Your Directors have pleasure in presenting to you the Twelfth Annual Report & the Audited Accounts for the year ended 31st March, 2002. The year in retrospect was characterised by global economic slow down. The situation was further aggravated by disturbances arising out of border tensions and riots. Your Company is confident of facing the resulting challenges and presume in such a scenario the performance of your company would be rated satisfactory.

FINANCIAL RESULTS :

	2001-2002 (Rs. in lakhs)	2000-2001 (Rs. in lakhs)
Gross Profit before Interest & Depreciation	194.02	326.47
Less : Interest	1.29	9.87
Depreciation	186.26	258.95
Profit before Tax	6.47	57.65
Provision for taxation	0.46	2.00
Deferred Tax Credit	2.68	
Profit after Tax	3.33	55.65
Excess provision for Tax of earlier years	1.70	34.67
Add : Balance Brought Forward from Previous year	260.47	170.15
Less : Deferred Tax Liabilities	27.97	
Amount available for appropriations	237.53	260.47
Transfer to General Reserve	237.53	260.47
Proposed Dividend on Equity Shares	-	-
Tax on Dividend	-	-
Balance carried forward to next year	237.53	260.47

DIVIDEND :

In order to conserve resources for modernization and working capital, your directors do not recommend any dividend.

BUSINESS PROSPECTS :

Printed Circuit Boards continues to be widely used since it is a basic electronic component, but price realisation are always on a descending scale. To combat this your Company intends to pursue more vigorously the higher value added segment (High Count Multi layer Rigid and Flex PCBs) to enable profit growth.

MANAGEMENT DISCUSSION AND ANALYSIS :

As required under Corporate Governance, the Management Discussion & Analysis Report which is forming a part of this, is reflection of the current state of business. Endeavour is made to focus on opportunities and combat the challenges the company is likely to face in near future.

Printed Circuit Boards business is a highly competitive business and your company being a 100% EOU in Seepz - (SEZ) directly competes with suppliers from China, Taiwan & other far eastern countries in the G7 market that the company sells in.

The lower realizations & all-round upward trend in all inputs and services had a direct adverse effect on profitability. Your directors are conscious of the situation and various cost cutting measures & efficiency improvement in all sectors of production, administration & marketing are expected to improve profitability. Additionally we have added Controlled Impedance PCB's, Multilayers with Blind & Buried vias & Multilayers with metallic Heat Sinks to our range of product offerings.

PERFORMANCE:

The sales decreased to Rs.11.54 crores from Rs. 14.25 crores (a 19% reduction) primarily on account of severe recession in USA on which the Company is significantly dependent. However the combined efforts of Directors, Staff and Workers enabled the Company to control its costs and remain profitable. The Company exports to USA, Germany, UK, Switzerland & Singapore. Your Directors are hopeful of achieving better results in future.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE :

Please refer note no 14 of schedule 16 notes to Accounts in the Annual Report.

The auditors have mentioned about non maintenance of cost records u/s 209(1)(d) of the Companies Acts, 1956 and rules made thereunder. In this respect some of the financial records maintained by the company already given the information required to be given by the said Rules and the management is in the process of ensuring that records in the form required by the said rules will be completed during the year ending March 31st 2003.

The company has Internal auditors who conduct the Internal Audit that assesses the internal control systems. The Statutory auditor and the audit committee review these controls regularly. Any change in the internal control that is recommended is studied and implemented

EXPANSION AND MODERNISATION:

Additionally in the Printed Circuit Board business, there is rapid and perpetual trend towards higher complexity of designs, tighter customer expectations & broader range of finishes. This necessitates constant investments in improving complexity, capability & reliability levels. Hence the company continuously invests in Plant & Machinery and process upgradations to remain competitive & viable.

ENVIRONMENT AND HUMAN RESOURCE DEVELOPMENT :

Your Directors are aware of the positive role and scope of continuous efforts required to be maintained for safety, environment and pollution control and Human Resource Development. The response of employees to steps taken and policy out lined by management in this regard is encouraging.

CORPORATE GOVERNANCE :

A separate report on Corporate Governance along with Auditors certificate on its compliance is attached as Annexure - 1 to this report.

DIRECTORS :

Sarvashri. U. Nimmagadda, Abhay B. Doshi & Gautam B. Doshi - Directors retire by rotation and being eligible offer themselves for reappointment.

AUDITORS :

M/S. Ashit V Shah & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The company has received a letter from the Auditors to the effect that their appointment if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. You are requested to appoint the Auditors and fix their remuneration.

DIRECTOR'S RESPONSIBILITY STATEMENT :

On the basis of company's certificates received from the Executives of the Company, subject to disclosures in the annual accounts, and also on the basis of the disclosures in the annual accounts and also on the basis of the discussion with the Statutory Auditors of the Company from time to time we state as under:-

- i. That in the preparation of the annual accounts, the applicable accounting Standards have been followed alongwith proper explanation relating to material departures.
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgements 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 and loss of the Company for that period.

- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors had prepared the annual accounts on a going concern basis.

LISTING ARRANGEMENTS :

The Equity Shares of the Company are listed on the Mumbai, Vadodra and Ahmedabad Stock Exchanges and the Listing Fees are paid upto 31st March 2002.

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

A. CONSERVATION OF ENERGY :

The Company has systematic in-house energy conservation program and several measures have been taken to conserve the energy and those are being satisfactorily implemented. This has resulted in controlling the energy costs per unit production.

B. ADDITIONAL INVESTMENT AND PROPOSALS, IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY :

It is also proposed to continuously substitute high power equipments in certain areas with low power equipments and for that the necessary changes in certain process operations are being planned.

C. RESEARCH AND DEVELOPMENT (R & D) :

During the current year, the Company has conducted special studies to further improve process of 8 & 10 layers printed circuit boards with Hybrid Construction with Special Rogers Material and also with higher copper finish in inner layers. However the expenditure incurred on the same is not significant.

FOREIGN EXCHANGE EARNINGS & OUTGO :

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

The details of Foreign Exchange Earnings and Outgo are as under : (Rs. in Lacs)

	Foreign Exchange Earning	Foreign Exchange Outgo	Net Foreign Exchange
Year 2001-2002	1037.50	405.81	631.69
Year 2000-2001	1271.46	445.93	825.53
Year 1999-2000	791.67	379.67	412.00
Year 1998-1999	606.89	230.06	376.83
Year 1997-1998	489.27	224.15	265.12

STATUTORY INFORMATION:

1. The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and / or Acceptance of Deposit 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 the Companies (particulars of employees) Rules, 1975 to be given in this report not applicable to Company, as Company do not have any such employees whose salaries are more than Rs. 2,00,000/- per month.
3. Notes forming part of the accounts and / or referenced to in the Auditors Report are self-explanatory and therefore do not require any clarification.

CASH FLOW ANALYSIS :

In conformity with the provision of Clause 32 of the listing Agreement/(s) the Cash Flow Statement for the year ended 31/3/2002 is annexed hereto.

ACKNOWLEDGEMENT :

The directors thank the Customers and suppliers for their continued support & record their deep appreciation to the devoted workers and staff of the Company who have contributed in no small measure to minimise the impact of the current slow down.

Grateful thanks are also due to Seepz - (SEZ) Authorities, for their continued support extended to the Company from time to time.

Shareholder's appreciation of the management's efforts in such trying times, at the General Body Meeting of the Company will be also a great fillip to strive for better performance inspite of adverse factors faced by the Company during the year.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 27th June 2002

B. T. DOSHI
 EXECUTIVE CHAIRMAN

Registered Office :
 145 SDF V, Seepz (SEZ),
 Andheri (E),
 Mumbai - 400 096.

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