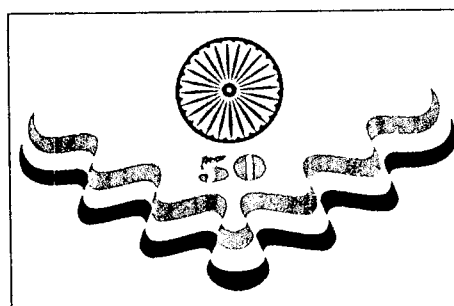




# HBC FLEXTech LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



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ANNUAL REPORT 1996 - 1997

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## HBC FLEXTech LIMITED

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### BOARD OF DIRECTORS

**Dr. Abid Hussain**

Chairman

**J.S.Krishna Murthy**

Vice Chairman & Managing Director

**Dr. P.P. Gupta**

**O.Swaminatha Reddy**

**Harrison Tu**

**K.P. Sastry**

Director (Commercial)

**J. S. Rao**

Director (Operations)

**P.K. Padmanabhan**

IDBI - Nominee

**J.V. Choudhary**

**General Manager (Finance) & Company Secretary**

A.V.N.S. Nageswara Rao

**Auditors**

M/s. Brahmayya & Company

Chartered Accountants, Hyderabad

**Bankers**

State Bank of India

Overseas Branch, Abids,

Hyderabad

**Share Transfer Agents**

Ikon Visions (P) Ltd.

33, Sonali Heavens,

8-3-948, Ameerpet,

Hyderabad - 500 016

**Registered Office & Factory**

Plot No. 40, IDA, Balanagar,

Hyderabad - 500 037



## HBC FLEXTech LIMITED

### NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Shareholders of HBC Flextech Limited will be held at 3.00 PM on Wednesday, the 27th August, 1997 at The Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, P.B.No.14, HYDERABAD- 500 004 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive and adopt the audited Balance Sheet as at 31st March, 1997 and the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Dr. P.P.Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J.V. Choudary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following resolution, as a "Special Resolution":

RESOLVED THAT pursuant to Section 31, Section 94 and any other provisions of the Companies Act as may be applicable, if any, and the provisions of the Memorandum and Articles of Association of the Company; the Memorandum of Association, and the Articles of Association of the company be and are hereby altered as follows:

a. The following words be substituted in Clause V(a) of the Memorandum of Association of the Company :

"The Authorised Share Capital of the Company is Rs.12,00,00,000 (Rupees twelve crores only) divided into 90,00,000 (Ninety lakhs only) Equity

Shares of Rs.10/- (Rupees ten only) each, and 30,00,000 (Thirty lakhs only) Preference Shares of Rs.10 (Rupees ten only) each".

For the words

"The Authorised Share Capital of the Company is Rs.9,00,00,000 (Rupees nine crores only) divided into 90,00,000 (Ninety lakhs only) Equity Shares of Rs.10/- (Rupees ten only) each"

b. The following words be substituted in Article 5 of the Articles of Association of the Company :

"The Authorised Share Capital of the Company is Rs.12,00,00,000 (Rupees twelve crores only) divided into 90,00,000 (Ninety lakhs only) Equity Shares of Rs.10/- (Rupees ten only) each, and 30,00,000 (Thirty lakhs only) Preference Shares of Rs.10 (Rupees ten only) each".

For the words

"The Authorised Share Capital of the Company is Rs.9,00,00,000 (Rupees nine crores only) divided into 90,00,000 (Ninety lakhs only) Equity Shares of Rs.10/- (Rupees ten only) each"

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a "Special Resolution".

"RESOLVED THAT pursuant to Section 81 (1A) and any other provisions of the Companies Act as may be applicable, if any, and in accordance with the provisions of the Articles of Association of the company and subject to the necessary approvals, permissions and/or sanctions as may be necessary and imposed by the Securities and Stock Exchange Board of India (SEBI), Reserve Bank of India (RBI) and any other appropriate authorities, institutions or bodies, if and to the extent necessary, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, permissions and/



## HBC FLEXTech LIMITED

or sanctions and agreed to by the Board of Directors of company (herein after referred as the Board), the consent of the company be and is hereby accorded to the Board to issue, offer and allot, as many Preference Shares, Cumulative Preference Shares, or any such kind of securities as permissible from time to time, as may be decided by the Board, as it deems fit, not exceeding in aggregate 30,00,000 Preference Shares of Rs.10/- each amounting to Rs.3 crores, for cash at par or at a premium as may be decided by the Board, subject to such terms and conditions as to the rate of dividend, period of redemption and any such other conditions as the Board may deem fit, to any person or persons, as maybe decided by the Board, whether such person or persons is an/ are existing member or members of the company or not, on a Preferential basis."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to make such alterations, modifications, deletions, additions to the

above Resolution on such terms and conditions as it may deem fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable."

By Order of the Board

**A.V.N.S.Nageswara Rao**

General Manager(Fin) & Company Secretary

Registered Office & Factory :  
Plot No. 40,  
Industrial Development Area,  
Balanagar, Hyderabad - 500 037.

Dt. 21.06.1997

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from 12th August, 1997 to 27th August, 1997 (Both days inclusive).
3. Shareholders are requested to bring their copies of Annual Report along with them to the General Meeting as copies of the Report will not be distributed again in the Meeting as a measure of economy.



## HBC FLEXTECH LIMITED

### Explanatory Statement (pursuant to Section 173 (2) of the Companies Act 1956).

#### Item No.5:

As a result of the continuous increase in the demand for the product of the company and also the assistance from the collaborator, the volume of production and turn over would increase in the years to come, thereby resulting in requirement of additional funds for Capital Equipment and also for working capital. To meet these needs of funds from time to time your Directors propose to go in for issuing Preference Shares, as and when required on suitable terms and conditions. To facilitate the same it is required to increase the Authorised Share Capital of the company from Rs. 9 crores to Rs. 12 crores by creating additional 30 lakhs Preference Shares of Rs.10/- each aggregating to Rs.3 crores.

Your Directors recommend for the passing of this Resolution. None of the Directors is interested in this resolution, except as a shareholder of the company.

#### Item No.6:

As set out under Item No.5 above, your Directors

proposed for increase of the Authorised Share Capital of the Company from Rs. 9 crores to Rs. 12 crores by creating additional Rs. 3 crores Preference Share capital for future Financial needs of the company. As per the provisions of Section 81(1A) of the Companies Act, any additional shares shall be offered first to the existing shareholders of the company, unless, a Special Resolution is passed in a General Meeting, authorising the Board to offer such shares to any person or persons. Therefore to give effect to this proposal, it is necessary in accordance with the provisions of Section 81(1A) of the Companies Act 1956 to authorise the Board to issue and allot these Preference Shares on suitable terms and conditions, from time to time, to any person or persons, whether such person or persons is an/are existing member or members of the company or not.

Accordingly, your Directors recommend for passing of this Resolution. None of the Directors is interested in this resolution, except as a shareholder of the company.

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## HBC FLEXTech LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors wish to present the Fifth Annual Report and the Audited Accounts of the Company for the Financial Year ended 31st March, 1997

#### Financial Results

	(Rs. in Lacs)	
	1996-97	1995-96
Operational Income	348.73	213.08
Operating Profit	115.58	25.96
Interest & Depreciation, Expenses written off	301.97	225.73
Profit / Loss for the year	-186.39	-199.77

#### Operations

Your Directors take pleasure in informing you that the Company has reached the stage of 'Cash Break-Even' level of operations during the last quarter of this financial year, i.e., Jan-Mar. 1997, though the overall performance for the period as a whole remained much below the expectations. The main reason for this is to obtain orders through Direct marketing which has taken considerable time in submission of samples, getting approvals from Multinational Companies from abroad.

Though the exports are increased more than Rs.1 crore over previous year, the reason for not getting the profit is mainly on account of higher interest rate payable on Term Loan consequent upon the rupee tie up from Foreign currency loan.

#### Market

As in the past, the Market for Flex Circuits is on a study trend of upbeat; thanks to the newer applications on account of ever increasing growth in the telecommunications, computers and IT industries.

As a consequence the Company has received valuable orders from Multinational Companies from abroad, as a result of 'direct marketing' efforts by the Company, in addition to the orders received from the Collaborator, under agreement.

This gives us a confidence that the Company can

certainly expect to achieve better performance in the years to come

#### ISO 9002

Your Directors take great pleasure in informing you that the Company was awarded the ISO 9002 Certification during the year under review in a record time of less than 2 months period, which is a hallmark of quality procedures followed by the Company.

#### Outlook for Future

With the untiring efforts by all concerned, many of the initial teething problems could be overcome, and we expect the future performance of the Company to be bright; especially in the light of very encouraging order-book position.

#### Increase of authorised share capital

Keeping in view of the market trends and with the assistance of Collaborator, the production and turnover would increase in the years to come and thereby, requirement of additional funds both for adding Capital equipment and Working Capital for smooth running of the operations. Your Directors propose therefore in accordance with the Article 57 of Articles of Association of the Company to increase the Authorised Share Capital from the existing Rs. 9 crores to Rs. 12 crores by way of creating additional 30 lakhs Preference Shares of Rs. 10/- each aggregating to Rs. 3 crores.

#### Directors

In accordance with the requirements of the Companies Act, 1956 and the Company's Articles of Association, Dr. P.P. Gupta and Mr. J.V. Chowdary are due to retire by rotation and being eligible, offer themselves for re-appointment.

#### Auditors

M/s. Brahmayya & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.



## HBC FLEXTech LIMITED

### Acknowledgements

Your Company is acknowledged from various quarters as a pioneering example of integrating into the industry the economic, environment and efficiency factors at their best. This is the result of sincerity, dedication and team work of each one of the staff and the management. In addition, we have the sustained encouragement of the State and Central Governments, Industrial Development Bank of India and State Bank of India.

### Statutory Particulars

The statutory particulars required under section 217 (1) (e) & 2(A) of the Companies Act, 1956, are given in the Annexure to the Directors' Report.

For and on behalf of the Board of Directors

**Dr. Abid Hussain**

Chairman

Hyderabad  
21.06.97

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