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# Flat Products Equipments (India) Ltd.

Twelfth Annual Report  
1997-98





# ANNUAL REPORT 1997 - 98

## BOARD OF DIRECTORS

Mr. Tilak Raj Mehta  
Chairman and Managing Director  
Mrs. Nishi Mehta  
Mr. Durgadas Sengupta  
Mr. Prashant Kumar Rath

## MANAGEMENT TEAM

Mr. Gopalchandra Bose (Sr. Vice President)  
Mr. M. G. Shanbhag (Vice President)  
Mr. J. H. Sachdev (Vice President)  
Mr. Harbans Lal (Vice President)  
Mr. Praful N. Sheth (General Manager)

## BANKERS

Canara Bank  
Oman International Bank S.A.O.G.

## AUDITORS

M/s. Yogesh B. Mehta,  
Chartered Accountant,  
Room No. 25, 2<sup>nd</sup> Floor,  
160 D.N. Road, Fort,  
Mumbai-400 001.

## SOLICITORS

Shah, Desai, Doijode & Phatarphekar  
Advocates & Solicitors  
301, Banaji House, 361, Dr. D.N. Road,  
Flora Fountain, Mumbai - 400 001

## REGISTERED OFFICE

43, S.P.S. Industrial Estate No. 3,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078. India.

## WORKS

(Unit No I)  
A/84/2/3, M.I.D.C.,  
Taloja Industrial Area,  
Taluka: Panvel, Dist: Raigad,  
Maharashtra - 410 208.

(Unit No II)  
Shed No 1A,  
S.P.S. Industrial Estate,  
L.B.S. Marg, Bhandup (W),  
Mumbai 400 078. Maharashtra

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

The Annual General Meeting will be held on Friday 25th September, 1998 at 4.30 p.m. at  
Mahakavi Kalidas Hall, P. K. Road, Mulund (W), Mumbai - 400 080.



## FLAT PRODUCTS EQUIPMENTS (INDIA) LTD.

### NOTICE

To  
The Members,  
Flat Products Equipments (India) Ltd.

Notice is hereby given that the Twelfth Annual General Meeting of the members of the company will be held at Mahakavi Kalidas Hall, P.K.Road, Mulund (W), Mumbai - 400 080 on Friday, 25th of September, 1998 at 4.30 P.M. to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss account for the year ended 31st March, 1998 and the report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mrs. Nishi T. Mehta, who retires by rotation and being eligible, offer herself for reappointment.
4. To appoint Auditor to hold office from the conclusion of this meeting until the conclusion of 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 which will be proposed as a Special Resolution.

"RESOLVED that pursuant to provisions of the sections 198, 269, 309, 310 and 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval and consent to the re-appointment of Shri Tilak Raj Mehta as Chairman & Managing Director with substantial powers of management for the period of five years commencing from 1st September, 1998 to 31st August 2003 on the following terms of remuneration and perquisites":

1. Salary of Rs.81,250/- per month with authority to the Board to fix increments from time to time.
2. Commission : Commission at the rate of 1% on Net Profits of the Company as per the provision of Companies Act, 1956.
3. Perquisites : Perquisites will be in addition to salary and shall be restricted as per Government guidelines in force. The perquisites are classified into three categories A, B and C.

#### CATEGORY A

##### a. HOUSING

Expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the appointee.

Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings will be valued as per IT Rules, 1962, and will be subject to a ceiling of 10% of the salary.

##### b. MEDICAL REIMBURSEMENT

Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

Insurance premium for hospitalisation under Hospitalisation and Medical Expenses Insurance Scheme for self and family will be paid by the Company.

##### c. LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with the rules specified by the Company.

##### d. CLUB FEES

Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.

##### e. PERSONAL ACCIDENT INSURANCE

Subject to any ceiling that may be fixed by the Government.

#### CATEGORY B

##### a. PROVIDENT FUND

Company's contribution to Provident Fund will be as per the Scheme of the Company.

##### b. SUPERANNUATION FUND

Company's contribution to Superannuation Fund will be in accordance with the Scheme of the Company. Contribution to Provident Fund/Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these, either singly or put together, are not taxable under the Income Tax Act.

##### c. GRATUITY

As per the rules of the Company, payable in accordance with the approved fund at the rate of half a month's salary for each completed year of service, subject to any ceiling that may be fixed by the Government.



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### CATEGORY C

#### a. CAR

Free use of car on Company's business. Use of car for private purpose will be billed by the Company.

#### b. ENTERTAINMENT EXPENSES

Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.

#### c. 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.

#### d. TELEPHONE

Free use of telephone at his residence provided that personal long distance calls will be billed by the Company.

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to enter into an agreement with Shri Tilak Raj Mehta for recording the appointment and terms and conditions for the same".

### 6. To Consider and if thought fit, to pass with or without modification the following Resolution as Special Resolution.

"RESOLVED THAT pursuant to provisions of the sections 198, 314, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mrs. Nishi T. Mehta, Whole Time Director of the Company be paid remuneration as detailed below from the date of passing of the said Resolution".

1. Salary of Rs. 65,000/- per month with authority to the Board of Directors to fix increments from time to time.
2. Perquisites : Perquisites will be in addition to salary and shall be restricted as per Government guidelines in force. The perquisites are classified into three categories A, B and C.

### CATEGORY A

#### a. HOUSING

Expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the appointee.

Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings will be valued as per IT Rules, 1962, and will be subject to a ceiling of 10% of the salary.

#### b. MEDICAL REIMBURSEMENT

Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

Insurance premium for hospitalisation under Hospitalisation and Medical Expenses Insurance Scheme for self and family will be paid by the Company.

#### c. LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with the rules specified by the Company.

#### d. CLUB FEES

Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.

#### e. PERSONAL ACCIDENT INSURANCE

Subject to any ceiling that may be fixed by the Government.

### CATEGORY B

#### a. PROVIDENT FUND

Company's contribution to Provident Fund will be as per the Scheme of the Company.

#### b. SUPERANNUATION FUND

Company's contribution to Superannuation Fund will be in accordance with the Scheme of the Company. Contribution to Provident Fund/Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these, either singly or put together, are not taxable under the Income Tax Act.

#### c. GRATUITY

As per the rules of the Company, payable in accordance with the approved fund at the rate of half a month's salary for each completed year of service, subject to any ceiling that may be fixed by the Government.

### CATEGORY C

#### a. CAR

Free use of car on Company's business. Use of car for private purpose will be billed by the company.

#### b. ENTERTAINMENT EXPENSES

Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.

#### c. 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.



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### d. TELEPHONE

Free use of telephone at her residence provided that personal long distance calls will be billed by the Company.

7. To Consider and if thought fit, to pass with or without modification the following Resolution as Special Resolution.  
 "RESOLVED THAT pursuant to provisions of the sections 198, 269, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Durga Das Sengupta, Whole Time Director of the Company be paid remuneration as detailed below from the date of passing of the said Resolution".
1. Salary of Rs. 45,000/- per month with authority to the Board of Directors to fix increments from time to time.
  2. Perquisites : Perquisites will be in addition to salary and shall be restricted as per Government guidelines in force. The perquisites are classified into three categories A, B and C.

### CATEGORY A

#### a. HOUSING

Expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the appointee.

Expenditure incurred by the Company on Gas, Electricity, Water and Furnishings will be valued as per IT Rules, 1962, and will be subject to a ceiling of 10% of the salary.

#### b. MEDICAL REIMBURSEMENT

Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

Insurance premium for hospitalisation under Hospitalisation and Medical Expenses Insurance Scheme for self and family will be paid by the Company.

#### c. LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with the rules specified by the Company.

#### d. CLUB FEES

Fees of clubs, subject to a maximum of two clubs, will be allowed. This will not include admission and life membership fees.

#### e. PERSONAL ACCIDENT INSURANCE

Subject to any ceiling that may be fixed by the Government.

### CATEGORY B

#### a. PROVIDENT FUND

Company's contribution to Provident Fund will be as per the Scheme of the Company.

#### b. SUPERANNUATION FUND

Company's contribution to Superannuation Fund will be in accordance with the Scheme of the Company. Contribution to Provident Fund/Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these, either singly or put together, are not taxable under the Income Tax Act.

#### c. GRATUITY

As per the rules of the Company, payable in accordance with the approved fund at the rate of half a month's salary for each completed year of service, subject to any ceiling that may be fixed by the Government.

### CATEGORY C

#### a. CAR

Free use of car on Company's business. Use of car for private purpose will be billed by the company.

#### b. ENTERTAINMENT EXPENSES

Reimbursement of expenses actually and properly incurred for the business of the Company will be allowed.

#### c. 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.

#### d. TELEPHONE

Free use of telephone at his residence provided that personal long distance calls will be billed by the Company.

By Order of the Board of Directors

Dated : 26th June, 1998

Registered Office:

43, S.P.S. Industrial Estate No.3,

L.B.S. Marg, Bhandup,

Mumbai - 400 078.

**Mr. Tilak Raj Mehta**

Chairman and Managing Director





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### NOTES :

1. A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such proxy need not be member of the company. Proxies in order to be effective must reach at the registered office of the company not less than 48 hours before the time fixed for the meeting.
2. The Register of members and share transfer books of the company shall remain closed from Saturday 12th September, 1998 to Friday 25th September, 1998 (Both days inclusive) for the purpose of dividend if approved.
3. Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. Any member who would like to ask any questions on Annual Account are requested to send their questions to the registered office at least 10 days before the Annual General Meeting to enable the company to answer the questions satisfactorily.
5. No Income tax is to be deducted at source from the dividend payment made to the members.
6. All documents referred to in this notice and explanatory statement are open for inspection at the registered office of the company, during the office hours on all working days except holidays between 11 a.m. and 1 p.m. upto the date of Annual General Meeting.
7. Dividend as recommended by the Directors, if declared at the ensuing Annual General Meeting will be paid on or after 25th September, 1998 to those members whose names appears in the register of member of the Company as on 25th September, 1998.
8. There are no unclaimed dividend which are outstanding for more than three years in dividend accounts as on date.

## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 5

The Shareholders at its Extra Ordinary General Meeting held on 1st September, 1993 had appointed Mr. Tilak Raj Mehta as Chairman & Managing Director of the Company for a term of five years, Mr. Tilak Raj Mehta will hold office upto the date of forthcoming Annual General Meeting. The Company has received a Notice in writing alongwith requisite deposit under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the re-appointment of Mr. Tilak Raj Mehta as the Chairman & Managing Director of the Company with substantial powers of management for further term of five years.

Keeping in view of the increased managerial responsibilities consequent to the increased business activities of the Company and considering the salary structure at senior level in the company/industry, the responsibilities shared by him and his vast experience, the company proposes to increase his remuneration and perquisites and pay commission of 1% of the net profit of the Company, with liberty to the Board of Directors to alter and vary the salary and perquisites to be paid from time to time, but provided that such alterations variations and revisions are in accordance with the provisions of Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time.

It will be in the interest of the Company to re-appoint him as Chairman and Managing Director for a term of five years and increase his remuneration and other perquisites as mentioned in Resolution No. 5 of the Notice.

Mr. Tilak Raj Mehta may be deemed to be concerned or interested in the above mentioned Resolution which pertains to his appointment and remuneration. Mrs. Nishi T. Mehta, Wholetime Director, a relative of Mr. Tilak Raj Mehta is also deemed to be concerned or interested in the above resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

The Board recommends that the Resolution be passed as a Special resolution.

#### ITEM NO. 6

Mrs. Nishi T. Mehta is Wholetime Director of the Company since the inception of the Company. She is looking after Co-ordination, Public relation and day to day affairs of the company. As company is expanding its activities, she has to take more responsibilities and challenges. To bring her salary and perquisites in line with responsibilities and challenges the company proposes to increase her salary and perquisites. It will be in the interest of the company to increase her remuneration and other perquisites as mentioned in Resolution No. 6 of the notice.

Mrs. Nishi T. Mehta may be deemed to be concerned or interested in the above mentioned Resolution which pertains to her remuneration. Mr. Tilak Raj Mehta, Chairman and Managing Director, a relative of Mrs. Nishi T. Mehta is also deemed to be concerned or interested in the aforesaid Resolution. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

The Board recommends that the Resolution be passed as a Special resolution.

#### ITEM NO. 7

Mr. Durgadas Sengupta is Director of the Company since past eight years. He heads the technical aspects of the Company. His responsibilities include inter alia manufacturing, erection & commissioning etc. of the products of the Company. To bring his salary and perquisites in line with responsibilities and challenges the company proposes to increase his salary and perquisites. It will be in the interest of the company to increase his remuneration and other perquisites as mentioned in the Resolution No. 7 of the Notice.

Mr. Durgadas Sengupta may be deemed to be concerned or interested in the above mentioned Resolution which pertains to his remuneration. None of the other Directors of the Company is in any way concerned or interested in the aforesaid Resolution.

The Board recommends that the Resolution be passed as a Special resolution.

By Order of the Board of Directors

Dated : June 26th 1998  
Registered Office :  
43, S.P.S. Industrial Estate No. 3,  
L.B.S. Marg, Bhandup,  
Mumbai - 400 078.

**Mr. Tilak Raj Mehta**  
Chairman and Managing Director



## FLAT PRODUCTS EQUIPMENTS (INDIA) LTD.

### DIRECTORS' REPORT

To  
The Members,  
Flat Products Equipments (India) Ltd.

Your Directors have pleasure in presenting the Twelfth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 1998.

#### FINANCIAL RESULTS

	Current Year (1997-98) (Rs. in Lakhs)	Previous Year 1996-97 (Rs. in Lakhs)
Sales and Other Income	13070.79	9519.74
Gross Profit before Interest, Depreciation & Tax	1969.79	1184.11
Interest	670.74	487.92
Gross Profit before Depreciation & Tax	1299.05	696.19
Depreciation	270.45	284.97
Profit before tax	1028.60	411.22
Provision for tax	187.34	172.94
Profit after tax	841.26	238.28
Balance brought forward from previous year	872.77	768.87
Profit available for Appropriation	1714.03	1007.15
<b>Appropriation</b>		
Proposed Dividend	123.44	49.38
General Reserve	1000.00	85.00
Balance carried forward	590.59	872.77
	1714.03	1007.15

#### DIVIDEND

Your Directors recommend a dividend on equity share capital at the rate of Rs.2.50 (25%) per share for the year ended 31st March, 1998. The Dividend, if approved will absorb Rs.123.44 Lacs.

#### OPERATIONS

During the Financial Year 1997-98 most of the Indian industries and especially the Capital Goods Industry have faced acute recession. Industrial growth had further slowed down leaving the economy starving for funds, high interest rates and falling value of Rupee. In spite of above adverse factors, the Directors are pleased to announce that operation of the company has been maintained at a satisfactory level. Against a targeted turnover of Rs.120.00 Crores the company achieved a turnover of Rs.127.96 Crores which is a growth of 38.6% over that of the preceding year of Rs.92.29 crores. With special efforts the share of export turnover has been increased substantially, a growth of 674.77% above that of the previous year. The profit after tax for the year ended March 31, 1998 increased to Rs.8.41 crores, an increase of 353.36% over the preceding year's level of Rs.2.38 crores. Your Directors are happy to inform you that your company has received certificate for Export Recognition for the year 1995-96 from State Committee for Export Promotion, Maharashtra State.

#### CURRENT YEAR OUT LOOK

Overall performance of the industrial sector in the country has been far below expectations. The steel sector that has been languishing for the past two years has given a glimpse of revival, as a result of the budget provision. It is expected that the trend in improvement will gather momentum and new and balancing facilities will be set up by Steel industry thereby improving the prospects of company's products.





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Barring reversal of trend for improvements, your Directors are hopeful that sales turnover of your company will improve in the current year. The company has been successful in exploring the export market and a major export order worth US \$ 9.926 million from Bangladesh is under execution.

Your Directors are actively exploring various possibilities to expand export market and further large order under negotiation are expected to considerably increase the order book position. Considering the tax incentives, the company is concentrating on exports as major business activity. Taking into account the order under execution and further orders expected the Directors are hopeful that the Company's total income and profitability during the current year shall receive a boost.

### FIXED DEPOSITS

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

### DIRECTORS

Mrs. Nishi T. Mehta retires by rotation and being eligible offers herself for reappointment. Mr. Tilak Raj Mehta's tenure as managing director expires at ensuing Annual General Meeting. His re-appointment for further period of 5 years will be considered by members in Annual General Meeting.

### BANK LIMITS

Your Company's working capital needs both fund and non fund based are being met by Canara Bank and Oman International Bank S.A.O.G.

### INSURANCE

The Insurable interest in all the properties of the Company including building, plant and machinery, stocks have been adequately insured.

### DISCLOSURES

Information with regards to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to the Company's (Disclosure of particulars in the report of the Board of Directors) Rule, 1988 are given in Annexure I forming part of this report. The information as required u/s 217(2A) of the Companies Act, 1956 read with Company's (particulars of Employees) Rules of 1975 and Company's (Disclosure of particulars in the report of Board of Directors) Rule 1988, are given in annexure II forming part of this Report.

### AUDITORS

You are requested to appoint Auditors for the current financial year and fix their remuneration.

M/s. Yogesh B. Mehta, Chartered Accountants, retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offers themselves for reappointment.

### PERSONNEL

The industrial relations continued to be cordial at all levels throughout the year.

### STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT

#### ACTUAL v/s PROJECTIONS

Particulars	Current Accounting Year ended on 31.03.98	Projections Letter of offer dated 27.11.95 for the year 1997-98
Net Sales/Income from Operation	12796.25	12296.01
Gross Profit after interest & Depreciation	1028.60	2047.91
Net Profit After Tax	841.26	1423.35

### ACKNOWLEDGMENTS

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-operation in the form of excellent services rendered by them. Your Directors wish to place on record of appreciation of the dedicated services rendered by all Executives, Staff and Workmen of the Company.

For and on behalf of  
Board of Directors

Mumbai  
Dated : June 26th 1998

Mr. Tilak Raj Mehta  
Chairman and Managing Director



## FLAT PRODUCTS EQUIPMENTS (INDIA) LTD.

### ANNEXURE I TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 1998.

#### A. CONSERVATION OF ENERGY

Energy conservation is a continuous ongoing process and is one of the prime area 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 decentralised for conservation.
- \* Improvement of Power Factor.

##### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

- \* Replacing overrated motors, fans by required capacity ones, welding generators with rectifiers.
- \* Improving bench marks of the past.

##### (c) 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 :

FORM A Disclosure of particulars with respect to conservation of energy		
	1997-98	1996-97
<b>POWER AND FUEL CONSUMPTION</b>		
* <b>Electricity :</b>		
a. Purchased:		
Units	704575	820318
Total Amount (Rs. in lacs)	30.21	33.58
Rate/Unit (Rs.)	4.29	4.09
Consumption per unit of production	N.A.	N.A.
b. Own generation	NIL	NIL
* <b>Coal :</b>	NIL	NIL
* <b>Furnace Oil/L.D.O.</b>	NIL	NIL
* <b>Others :</b>	NIL	NIL

#### B. TECHNOLOGY ABSORPTION :

- \* Efforts made in technology absorption as per Form B

#### FORM B (Disclosure of particulars with respect to Technology Absorption)

##### RESEARCH AND DEVELOPMENT (R & D) :

##### 1. Specific areas in which R & D carried out by the Company :

- \* Development of new products/designs/processes/methods/ materials/machines/toolings; improvement of systems in existing products/processes in related manufacturing areas of industrial machinery, related electrical/ electronic products and systems.
- \* Testing & Certification of existing products for conformity to new Indian/International Standards.

##### 2. Benefits derived as a result of above R & D.

- \* Indigenisation / Import substitution.
- \* Cost reduction/ Improved utilisation of material & energy.
- \* Technological upgradation.