

13th
ANNUAL REPORT
1999-2000



FCL TECHNOLOGIES & PRODUCTS LIMITED
(Formerly known as Flex Chemicals Limited)

FCL TECHNOLOGIES & PRODUCTS LIMITED

(Formerly known as Flex Chemicals Limited)

BOARD OF DIRECTORS

ASHOK CHATURVEDI
Chairman & Managing Director

HARISH CHATURVEDI
Whole-time Director

C.D. GHOSH
Nominee-IFCI

R.P. AGRAWAL

R.C. TAKRU

RAJIV SHUKLA

M.G. GUPTA

RASHMI CHATURVEDI

PANKAJ SHARMA

PRADEEP TYLE

RAJESH KUMAR MAHAJAN

R.K. JAIN

DEPUTY GENERAL MANAGER (ACCOUNTS) & COMPANY SECRETARY

BASANT KUMAR

AUDITORS

VIJAY SEHGAL & CO.
New Delhi
Statutory Auditors

JAIN SINGHAL & ASSOCIATES
New Delhi
Internal Auditors

BANKERS

ICICI BANK LTD.
ORIENTAL BANK OF COMMERCE
UNION BANK OF INDIA
VIJAYA BANK

REGISTERED OFFICE

110, First Floor, Bhanot Corner,
Pamposh Enclave
Greater Kailash-I
New Delhi-110048
Tel.: 6440917, 6440925
Fax : 6216922

CORPORATE OFFICE

A-107-109, Sector-IV
NOIDA - 201 301 (U.P.)

OFFICES

118-119, Damji Shamji Udyog Bhavan,
1st Floor, 25A, Veera Desai Road,
Andheri (West),
Mumbai - 400 053

FMC Fortuna, Unit No. A-16
234/3A (2nd Floor)
Acharya Jagdish Chandra Bose Road
Calcutta - 700 020

347, Arcot Road,
IInd Floor, (East Side)
Annaram Building,
Kodambakam
Chennai - 600 024

443, IInd Floor, 7th Block
Koramangala
Bangalore - 560 095

WORKS

C-174-175, Sector-X,
NOIDA - 201 301 (U.P.)

C-5-8, Sector-57, Phase-III
NOIDA-201301 (U.P.)

L-1, Industrial Area, Ghirongi (Malanpur),
Dist. Bhind, Madhya Pradesh-477 117.



FCL TECHNOLOGIES & PRODUCTS LIMITED

(Formerly known as Flex Chemicals Limited)

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of FCL Technologies & Products Limited (formerly known as Flex Chemicals Limited) will be held at 10:00 A.M. on Monday, the 25th day of September, 2000 at Air Force Auditorium, Subroto Park, New Delhi - 110010 for transacting the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date together with Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Smt. Rashmi Chaturvedi, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri R.P. Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rajiv Shukla, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration. M/s. Vijay Sehgal & Co., Chartered Accountants, New Delhi retire at this Annual General Meeting and, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Pradeep Tyle, who was appointed as an Additional Director of the Company w.e.f. 28.10.1999 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Rajesh Kumar Mahajan, who was appointed as an Additional Director of the Company w.e.f. 17.08.2000 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and Article 100 of the Articles of the Association of the Company and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 316, Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and subject to such other approvals/sanctions as may be necessary, the Company hereby approves the appointment of Shri Ashok Chaturvedi as Managing Director of the Company for a period of five years w.e.f. 01.05.2000 on the terms and conditions including as to remuneration and minimum remuneration in case of loss or inadequate profit in any financial year as set out in the Explanatory Statement which shall be deemed to form part hereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary and/or revise the remuneration of Shri Ashok Chaturvedi, Managing Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time and to settle any question or difficulty in connection therewith or incidental thereto."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the resolution passed in this regard at the Extra-ordinary General Meeting held on 25.04.2000 and pursuant to provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum & Articles of Association of the Company and of the subsisting guidelines/regulations prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions alterations and modifications as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorised to accept in its absolute discretion, the Board be and is hereby authorised on behalf of the Company to issue, offer and allot Equity Shares on preferential basis upto a maximum of 25% of the existing Equity Share Capital of the Company to such persons/entities including but not limited to Overseas Corporate Body(ies), Foreign Institutional Investor(s), Financial Institution(s), Bank(s), Mutual Fund(s), NRI(s), Venture Capital Fund(s), Venture Capital Company(ies), other foreign and domestic bodies corporate whether or not such persons/entities are members of the Company on preferential basis in one or more tranches, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit at a price to be determined by the



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Board which shall, however be not less than the price calculated in accordance with the subsisting SEBI guidelines in this behalf.

RESOLVED FURTHER THAT for the purpose of giving effects to the above, the Board be and is hereby authorised to appoint Advisors and/or Consultants and pay, if they so think fit, fees as may be deemed fit and to take all such actions and to give all such directions as may be necessary or desirable and to accept any modifications in the above proposal as may be required by the Authorities involved in such issues and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of equity shares and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings in connection with the issue of equity shares including but not without limitation, the entering into such other arrangements and agreements as may be necessary."

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 Section 61 and other applicable provisions of the Companies Act, 1956 and subject to the provisions of any other law as may be applicable in this behalf and pursuant to the guidelines issued/rules framed by the Securities & Exchange Board of India (SEBI)/respective Stock Exchanges and subject to the approvals, permissions and consents of SEBI and/or concerned Stock Exchanges, if any, required and subject to such conditions as may be stipulated by SEBI/Stock Exchanges or any other Statutory Authorities as the case may be, which the Board of Directors be and is hereby authorised to accept, the Board of Directors be and is hereby authorised to seek voluntary delisting of the equity shares of the Company listed on The Ahmedabad Stock Exchange, Ahmedabad and The Madras Stock Exchange Ltd., Chennai and for that matter to approach the respective Stock Exchanges and/or any other concerned Authorities seeking its/their approval for voluntary delisting of the equity shares from the aforesaid Stock Exchanges.

RESOLVED FURTHER THAT the Board of Directors be and is hereby further authorised to settle all questions or difficulties that may arise in regard to the aforesaid voluntary delisting of equity shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby further authorised to do all other acts, deeds, matters and things as may be necessary in connection therewith including taking all necessary steps to comply with all legal and procedural formalities and further to authorise any of its Committee or any of its Directors/Officers of the Company to give effect to the aforesaid resolution."

Place : NOIDA
Dated : 18.08.2000
Regd. Office :
110, First Floor,
Bhanot Corner
Pamposh Enclave
Greater Kailash - I
New Delhi - 110048

By order of the Board

BASANT KUMAR
Dy. General Manager (Accounts)
& Company Secretary

NOTES :

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18.09.2000 to 25.09.2000 (both days inclusive).
4. Members are requested to notify change in address, if any, to the Company at its Registered Office, quoting correct folio number(s).
5. In the case of joint holders, if more than one holder intend to attend the meeting, they must obtain additional admission slips on request from the Registered Office of the Company.
6. Members, who are holding shares in identical order of names in more than One Folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in One Folio.
7. Members seeking further information about the accounts are requested to write at least one week before the date of the Meeting.
8. Members/Proxies should bring the Attendance Slips duly filled for attending the Annual General Meeting. No extra Attendance Slip will be provided at the venue of Annual General Meeting.
9. In terms of Notification No. SMDRP/POLICY/CIR-23/2000 dated 29.05.2000 of the Securities & Exchange Board of India, the trading in the Shares of the Company has been made compulsory in dematerialised form by all investors w.e.f. 24.07.2000. The Company has however, already joined the Depository system and its shares are permitted for conversion to the Demat Forms w.e.f. 17.3.2000. The ISIN No. for shares of the Company is INE 145BO1013. Members who desire to have their holding of shares dematerialised are requested to approach the Company through a Depository Participant.
10. The Company has paid the Annual Listing fees for the year 2000-2001 to the following Stock Exchanges viz. The Delhi Stock Exchange Association Ltd., The Stock Exchange, Mumbai, National Stock Exchange of India Ltd., The Stock Exchange, Ahmedabad and The Madras Stock Exchange Ltd. at which the Company's Shares are presently listed.
11. Members can avail of the nomination facilities by filing Form No. 2B as prescribed under Companies (Central Government's) General Rules and Forms, 1956 with the Company. The Blank Form will be supplied on request.



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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Shri Pradeep Tyle was appointed as an Additional Director of the Company w.e.f. 28.10.1999 by the Board of Directors in accordance with Section 260 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company. He holds office upto the date of the forthcoming Annual General Meeting of the Company.

Mr. Pradeep Tyle is a Chemical Engineer and has vast experience particularly in the field of Packaging & Polymer businesses and he has been associated with the Flex Group for more than a decade.

The Directors feel that his induction would further strengthen the Board and his rich experience and overall understanding of the Group's business would be beneficial and in the interest of the Company.

Notice has been received from a member of the Company alongwith requisite fee under Section 257 of the Companies Act, 1956 proposing his candidature for appointment to the office of Director.

The Board of Directors recommend the resolution for your approval.

Except Shri Pradeep Tyle, no other Director is concerned or interested in the said resolution.

ITEM NO. 7

Shri Rajesh Kumar Mahajan was appointed as an Additional Director of the Company w.e.f. 17.08.2000 by the Board of Directors in accordance with Section 260 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company. He holds office upto the date of the forthcoming Annual General Meeting of the Company.

Mr. Rajesh Kumar Mahajan is an M.Sc. & MBA and has over two decades of rich and valuable experience particularly in the field of flexible packaging and related areas. He has held several prestigious positions in organisations of repute and standing.

The Directors feel that his induction would further strengthen the Board and would be beneficial and in the interest of the Company.

Notice has been received from a member of the Company alongwith requisite fee under Section 257 of the Companies Act, 1956 proposing his candidature for appointment to the office of Director.

The Board of Directors recommend the resolution for your approval.

Except Shri Rajesh Kumar Mahajan, no other Director is concerned or interested in the said resolution.

ITEM NO. 8

Shri Ashok Chaturvedi is the main promoter and architect of the Flex Group and also the main promoter of FCL Technologies & Products Limited. Till 1996, the activities of the Company were confined mainly to inks & adhesives. However, during the last 3 - 4 years, the Company's operations have increased manifold due to commissioning of Poly-condensation Plant (PET Chips).

Due to fast changing business scenario and the impact made by the I.T. Sector on the global economy and particularly in India, which offered tremendous business opportunities, the Company has already initiated the process of venturing into the field of information technology and other related areas. Steering the Company through difficult time and gearing it to meet new business challenges, has been primarily due to the

untiring efforts, dynamism and vision of the Chairman of the Company. It was, therefore, all the more desirable that the Chairman is effectively involved and made directly responsible for policy matters and day to day affairs of the Company, which would not only enhance the stature of the Company, but also further strengthen the Board of Directors and would be eventually beneficial to and in the interest of the Company.

In this scenario the Board of Directors at its meeting held on 29.4.2000 appointed Shri Ashok Chaturvedi as Chairman & Managing Director of the Company for a period of 5 years w.e.f. 1.5.2000 on the following terms and conditions :

(1) Remuneration

- (a) Salary including allowances, bonus etc. subject to a maximum of Rs.5,00,000/- (Rupees Five lacs only) per month or Rs. 60,00,000/- (Rupees Sixty lacs only) per annum, with an annual increment of upto Rs.50,000/-.

(b) Perquisites

House Rent Allowance or Free Furnished Accommodation with gas, electricity, water and other amenities; car with driver & telephone at residence for other than official purposes; reimbursement of medical expenses incurred in India or abroad including hospitalisation and surgical charges for self & family and travel relating thereto; reimbursement of expenses on servants; leave travel including foreign travel; fees of clubs; personal accident insurance; any other benefits, amenities etc. subject to a ceiling of Rs. 30,00,000/- (Rupees Thirty lacs only) per annum.

For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income Tax Rules, wherever applicable.

Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity : As per policy of the Company.

Leave encashment at the end of the tenure.

The exact quantum of salary and perquisites etc. shall be decided by the Board/Committee of Directors from time to time within the limits set out at (a) & (b) above.

He is also the Chairman & Managing Director of Flex Industries Ltd. and paid remuneration from the said Company also.

However, his total remuneration including remuneration from Flex Industries Ltd. shall not exceed the higher maximum limit admissible under the Companies Act, 1956 and Schedule XIII thereto from either of the two Companies, for all the Managerial Personnel as reduced by the remuneration paid to other Managerial Personnel of the respective Companies, without the approval of the Central Government.

In the event of inadequacy or absence of profits under Section 349 and 350 of the Companies Act 1956, if the remuneration exceeds the limit prescribed under Schedule XIII, the same shall be subject to the approval of the Central Government.

(2) Functions

Subject to the superintendence, control and direction of the Board of Directors of the Company the Chairman & Managing Director shall have substantial powers of



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management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated/assigned to him by the Board of Directors/Committee of Directors from time to time.

(3) **Sitting Fee**

He shall not be paid any sitting fee for attending the Meetings of Board or Committee thereof.

(4) He shall not, so long as he functions as a Managing Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Central Government.

(5) He shall not be liable to retire by rotation.

The Board of Directors recommend the resolution for your approval.

Shri Ashok Chaturvedi himself, Shri Harish Chaturvedi, Whole-time Director and Smt. Rashmi Chaturvedi, Director being related to him be deemed to be interested and/or concerned in this item of business.

ITEM NO. 9

As the Company is exploring and evaluating possibilities of entering into information technology, telecommunication, media and related areas, the Company may have to go for strategic alliances, acquisitions and/or set-up such facilities itself. To finance this and to meet other business needs of the Company, it may require raising of necessary financial resources.

Accordingly a proposal regarding issue of equity shares on preferential basis upto a maximum of 25% of the existing equity share capital of the Company was approved by the Members of the Company at the Extra-ordinary General Meeting held on the 25th April, 2000.

In terms of the guidelines for preferential allotments of shares and other financial instruments issued by the Securities & Exchange Board of India (SEBI) any action on any resolution passed at a meeting of shareholders of a Company granting consent for preferential issues of any equity shares or any other financial instruments should be completed within a period of three months from the date of passing of the resolution. Further, if such resolution is not acted upon within the said period, a fresh consent of the shareholders will have to be obtained.

However, due to depressed capital market scenario, the matter could not be pursued seriously. It was therefore proposed to keep the proposal alive and seek extension of time by taking fresh approval of the shareholders at the forthcoming Annual General Meeting.

Therefore the shareholders approval is again sought for issue of equity shares upto a maximum of 42,05,250 (being 25% of the existing capital) on preferential basis to such person/entities including but not limited to Overseas Corporate Body(ies), Foreign Institutional Investor(s), Financial Institution(s), Bank(s), Mutual Fund(s), NRI(s), Venture Capital Fund(s), Venture Capital Company(ies), other Foreign and Domestic Bodies corporates whether or not such persons/entities are members of the Company, as the Board of Directors may deem fit. The matter is under discussion and negotiations are being held with prospective investors. Presently the promoters holding is 74.93% and balance 25.07% is held by the public. Assuming that shares, to the maximum extent of 25% of the existing equity capital (i.e. 42,05,250 equity shares) are issued on preferential basis, the promoters holding would stand reduced to 59.94%. Because of the preferential issue, no allottee will be holding alongwith his existing holding, if any, 5% or more than 5% of the increased issued equity share capital of the Company. Further,

no shares on preferential basis are proposed to be issued to any Promoter/Director/Key Management Persons of the Company nor any of them have any intention to subscribe to the offer.

The existing issued and subscribed equity capital of the Company is Rs. 1682.10 lacs consisting of 1,68,21,000 equity shares of Rs. 10/- each.

The lock in period and number of shares subject to lock in shall be as per SEBI guidelines applicable to allotment of shares on preferential basis.

No changes are envisaged either in the control or in the Management of the Company as a result of this issue.

The allotment is proposed to be made by 24.12.2000.

A certificate as required under the guidelines certifying that the issue proposed is in accordance with the aforesaid guidelines is being obtained and will be available for inspection seven days prior to the date of Annual General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.

The Board of Directors recommend the resolution for your approval.

None of the Directors of the Company is interested or concerned in the resolution.

ITEM NO. 10

In terms of Prospectus dated 6.5.1994 and Letter of Offer dated 15.6.1996 the Company's equity shares of Rs.10/- each have been listed on The Stock Exchanges at The Delhi Stock Exchange Association Ltd., Delhi (being regional Stock Exchange for the Company), National Stock Exchange of India Ltd. (NSE), The Stock Exchange- Mumbai, The Stock Exchange - Ahmedabad and The Madras Stock Exchange Ltd., Chennai. For quite some time, it has been observed that either there is no trading or the volume of trading in the shares of the Company is quite insignificant at the Stock Exchanges of Ahmedabad & Chennai. Further the percentage of equity capital held by the shareholders in the region falling under the jurisdiction of these two Stock Exchanges is almost negligible.

However, since, in addition to Delhi & Mumbai, the shares of the Company shall continue to be listed at National Stock Exchange, which has not only trading facilities in these regions, but has much larger reach, no inconvenience whatsoever is likely to be caused to the shareholders of these regions.

In view of the above and further to avoid incurring of unproductive cost and interaction with so many Stock Exchanges, it is felt desirable to discontinue the listing of the equity shares of the Company on these two Stock Exchanges.

The Board of Directors recommend the resolution for your approval.

All material documents, copy of listing agreement etc. are open for inspection to the members till the conclusion of the Annual General Meeting at the Registered Office of the Company.

None of the Directors of the Company is concerned or interested in the resolution.

By order of the Board

Place : NOIDA
Dated : 18.08.2000
Regd. Office :
110, First Floor,
Bhanot Corner
Pamposh Enclave
Greater Kailash - I
New Delhi - 110048

BASANT KUMAR
Dy. General Manager (Accounts)
& Company Secretary



FCL TECHNOLOGIES & PRODUCTS LIMITED

(Formerly known as Flex Chemicals Limited)

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 13th Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2000.

WORKING RESULTS

The summarised Financial Results for the year ended 31st March, 2000 and for the previous year ended 31st March, 1999 are as under :-

	(Rs. in lacs)	
	Year ended 31.03.2000	Year ended 31.03.1999
Sales	21469.53	7032.11
Other Income	167.44	85.40
Profit before Interest, Financial Charges, Depreciation & Taxation	2088.41	563.46
Less :		
(i) Interest & Financial Charges	715.82	1288.31
(ii) Depreciation	723.63	586.62
	1439.45	1874.93
Profit/(Loss) before tax	648.96	(1311.47)
Add/Less : Provision for tax	(0.11)	0.04
Profit/(Loss) after tax	648.85	(1311.51)
Less/Add : Excess Provision for earlier years written back :		
— Income tax	—	55.00
— Expenses	3.42	8.50
	3.42	63.50
Net Profit/(Loss)	652.27	(1248.01)
Brought forward Profit	611.56	1859.57
Profit available for Appropriations	1263.83	611.56

REVIEW OF OPERATIONS

Your Directors are pleased to inform that as approved by the Members at the Extra Ordinary General Meeting held on 25.4.2000 the name of the Company has been changed from Flex Chemicals Limited to **FCL Technologies & Products Limited** with effect from 28.4.2000.

The financial year under review is the year of turnaround for the Company. With reasonably good economy and due to various corrective measures initiated by the Management despite various constraints and difficulties your Company has been able to achieve higher growth both in terms of turnover and profitability as compared to the previous financial year. The Company achieved a turnover of Rs. 21469.53 lacs as compared to a turnover of Rs. 7032.11 lacs in the previous financial year and ended the year with a net profit of Rs. 652.27 lacs as against a net loss of Rs. 1248.01 lacs in the previous financial year.

DIVIDEND

Your Directors having carefully considered the Company's operations for the year under review, the current and future business scenario/requirements thought it prudent not to

declare any dividend. Thus, no dividend is being recommended for the financial year under review.

INKS & ADHESIVES

Your Directors are pleased to inform you that your Company's Ink & Adhesives Division has successfully implemented ISO 9001-1994 quality system and has been recommended for certifying by Det Norske Veritas.

Reasonably good economy, better material management, low material cost, improved demand were the main factors to have a positive impact on the performance of this Division. The Division achieved a sales volume of 2769 metric tonnes compared to 2118 metric tonnes while the sales in terms of value were at Rs. 3720.98 lacs as against Rs. 2926.68 lacs during the previous financial year.

POLY-CONDENSATION (PET CHIPS)

The Poly-condensation Division achieved sales volume of 48864 metric tonnes as against of 21976 metric tonnes during the previous financial year implying a marked improvement in the capacity utilisation. This performance is attributable to the commissioning of all the three product



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lines, debottlenecking of the plant and efficient running of the plant. The Management's policy to give more & more thrust to direct sales where margins are better as compared to job works has yielded positive results. The Division achieved a turnover of Rs. 17709.81 lacs as against a turnover of Rs. 3968.19 lacs during the previous financial year.

FINANCE

In terms of the restructuring scheme approved by IFCI Limited, the Company during the year under review issued Zero Rate Debentures (ZRDs) aggregating to Rs. 3279.12 lacs to IFCI Ltd. This was towards funding of interest accrued till 31.3.1999 in respect of term loan & unsecured term deposit extended by IFCI Ltd.

In order to finance the Company's new business plans related to information technology and to meet other business needs of the Company it is proposed to issue equity shares of the Company on preferential basis to a maximum of 25% of its existing equity share capital subject to the provisions of the Companies Act, 1956 and relevant guidelines/rules framed by the Securities & Exchange Board of India (SEBI) in this regard.

FUTURE OUTLOOK

Your Company has established itself as a quality supplier of printing inks & adhesives. Continuous efforts are being made to develop and commercialise new varieties of inks & adhesives. More and more thrust was being made to improve the presence of the Company both in the domestic as well as international market with quality products at competitive rates, which has resulted in an increase of demand for its products.

Commissioning of all the three lines and debottlenecking of the plant have given major boost to the performance & capacity utilisation at the poly-condensation unit at Malanpur, Madhya Pradesh. Efforts are being made to develop new types of chips to meet the specific requirements of customers and increase the market share.

Further, with the opening of the Indian economy and liberalisation of the policies of the Government, potential in the business related to information technology and related areas has gone up manifold. To take advantage of the situation and opportunities your Company has already initiated steps to enter into the areas of information technology and related areas.

The Management is taking all necessary steps to further improve the performance of both the Divisions and to be a major player in the new business venture of the Company related to information technology and is quite hopeful of attaining substantial improvement both in terms of sales turnover & profitability in the current year.

FIXED DEPOSIT

During the period under review, the Company did not accept any fixed deposit from any person.

DIRECTORS

IFCI Limited (IFCI) has nominated Shri. C.D. Ghosh, Chief

General Manager, IFCI as its nominee on the Board of the Company in place of Shri R.V. Rao. Shri C.D. Ghosh has joined the Board w.e.f. 25.07.2000.

Your Directors while welcoming Shri C.D. Ghosh to the Board of the Company also take this opportunity to place on record their appreciation for the valuable services and guidance rendered by Shri R.V. Rao during his tenure as Director of the Company.

Keeping in view the increased operations and new business activities of the Company and to have more and more involvement of the Chairman Shri Ashok Chaturvedi, in the day to day affairs and policy decisions of the Company the Board of Directors have appointed Shri Ashok Chaturvedi as the Managing Director of the Company for a period of 5 years w.e.f. 1.5.2000 subject to necessary approval as may be required in this regard.

Shri Pradeep Tyle and Shri Rajesh Kumar Mahajan were inducted on the Board of your Company as additional Directors w.e.f. 28.10.1999 and 17.08.2000 respectively. In accordance with the provisions of Section 260 of the Companies Act, 1956 they hold office upto the date of the ensuing Annual General Meeting. Notices in writing, as required under Section 257 of the Companies Act, 1956 have been received from members of the Company proposing their appointment as Directors of the Company at the Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Smt. Rashmi Chaturvedi, Shri R.P. Agrawal and Shri Rajiv Shukla, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being, eligible offer themselves for re-appointment.

AUDITORS

M/s Vijay Sehgal & Co., Chartered Accountants, New Delhi, Auditors of the Company, retire at the forthcoming Annual General Meeting and, being, eligible offer themselves for re-appointment.

The relevant notes on the Accounts of the Company referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

Y2K COMPLIANCE

The Company achieved Y2K compliance of its computer hardware and software before the end of the calendar year and the transition to the year 2000 was smooth. All systems and equipments have since been functioning in normal manner.

CORPORATE GOVERNANCE

Keeping in view the philosophy of corporate governance, the Company has constituted an Audit Sub-Committee comprising of independent Directors and Nominee of Financial Institution. The Committee besides reviewing the working & financial results of the Company also interacts with the internal and statutory auditors.

Further to monitor and redress the investors grievances and to ensure speedy transfer of its shares, the Company has a Committee comprising of Board Members and Officials of the Company.