

14th
ANNUAL REPORT
2000-2001



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

PANKAJ SHARMA
Whole-time Director

R.V. RAO
Nominee-IFCI

R.P. AGRAWAL

RAJIV SHUKLA

M.G. GUPTA

RASHMI CHATURVEDI

AMITAVA RAY

PRADEEP TYLE

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
E-mail : flexsec@bol.net.in

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

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

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

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



FCL TECHNOLOGIES & PRODUCTS LIMITED

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of FCL Technologies & Products Limited will be held at 10:00 A.M. on Monday, the 27th day of August, 2001 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, 2001 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 Mr. M.G. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradeep Tyle, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. 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 and other applicable provisions of the Companies Act, 1956, if any, and subject to the approvals/sanctions as may be necessary, the Company hereby approves the appointment of Mr. Pankaj Sharma as Whole-time Director of the Company for a period of 5 years with effect from 1st May, 2001 on the terms and conditions including as to remuneration & minimum remuneration in case of loss or inadequate profit in any financial year etc. as set out in the explanatory statement which shall be deemed to form part hereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle any question or difficulties in connection therewith or incidental thereto."

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

"RESOLVED THAT Mr. Amitava Ray, who was appointed as a Director of the Company w.e.f. 27th July, 2001 in the casual vacancy caused by the resignation of Mr. R.C. Takru and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received 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."

Place : NOIDA
Dated : 27th July, 2001

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 SCHEDULE TIME OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23.08.2001 to 27.08.2001 (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 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 holding in one Folio.
7. Members seeking further information about the Accounts of the Company 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 the Annual General Meeting.
9. **Trading in the shares of the Company has been made compulsory in dematerialised form w.e.f. 24th July, 2001. The Company has already joined the Depository system and the ISIN No. for the shares of the Company is INE 145B01013. 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 Annual Listing Fees for the year 2001-2002 to the following Stock Exchanges viz. The Delhi Stock Exchange Association Limited, The Stock Exchange, Mumbai, National Stock Exchange of India Limited, The Stock Exchange, Ahmedabad and The Madras Stock Exchange Limited at which the Company's shares are presently listed.
11. Members can avail nomination facilities by filing Form No. 2B as prescribed under the Companies (Central Government's) General Rules and Forms, 1956 with the Company. The Blank Form will be supplied on request.
12. The name of the Company has been changed from Flex Chemicals Limited to FCL Technologies & Products Limited w.e.f. 28th April, 2000.



FCL TECHNOLOGIES & PRODUCTS LIMITED

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

ITEM NO. 5

Mr. Pankaj Sharma has more than fifteen years of rich and valuable experience, particularly in the field of flexible packaging and other related areas. He has been associated with the Flex Group of Companies since long. His long association with the Group has given him a good grasp of the Group's business.

Currently, the Company has two Divisions i.e. PET Chips and Inks & Adhesives. Earlier the activities of the Company were mainly confined to inks & adhesives. However, with the setting up of the Poly-condensation unit at Malanpur, the activities of the Company have increased manifold during the last couple of years.

Further, the Company is setting up a contact centre at NOIDA, which is expected to be operational very soon.

Keeping in view the increased business activities of the Company and to assist and share the work load with the Chairman & Managing Director, the Board of Directors of the Company at their meeting held on 27th April, 2001 appointed Mr. Pankaj Sharma as the Whole-time Director of the Company for a period of 5 years w.e.f. 1st May, 2001 on the following terms and conditions:

1. Remuneration

Consolidated salary of Rs.1,00,000/- (Rupees One lac) per month.

2. Functions

The Whole-time Director shall discharge such functions as are delegated to him by the Board of Directors and/or Chairman & Managing Director.

The Board of Directors recommend the resolution for your approval.

Mr. Pankaj Sharma himself and Mrs. Rashmi Chaturvedi, Director being related to him be deemed to be interested and/or concerned in this item of business.

ITEM NO. 6

Mr. Amitava Ray was appointed as a Director of the Company w.e.f. 27th July, 2001 by the Board of Directors of the Company in accordance with the provisions of Section 262 of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company in the casual vacancy caused by the resignation of Mr. R.C. Takru. He holds office upto the date of this Annual General Meeting of the Company.

Mr. Amitava Ray is an alumnus of Presidency College, Calcutta and has done his Post Graduate Diploma in Management from Calcutta University. He has more than 36 years of rich and rewarding experience and has held prestigious assignments/positions in various organisations such as Indian Aluminum Company Limited and Indian Foils etc.

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 along with 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 Mr. Amitava Ray, no other Director is concerned or interested in the said resolution.

By order of the Board

Place : NOIDA
Dated : 27th July, 2001
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

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 14th Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2001.

WORKING RESULTS

The summarised Financial Results for the year ended 31st March, 2001 and for the previous year ended 31st March, 2000 are as under:-

	(Rs. in lacs)	
	Year ended 31.03.2001	Year ended 31.03.2000
Sales	35539.33	21469.53
Other Income	376.32	167.44
Profit before Interest, Financial Charges, Depreciation & Taxation	3565.54	2088.41
Less :		
(i) Interest & Financial Charges	1232.99	715.82
(ii) Depreciation	798.76	723.63
Profit before tax	2031.75	1439.45
(Less) : Provision for tax	1533.79	648.96
Profit after tax	(129.44)	(0.11)
Add : Excess Provision for earlier years written back :		
i) Income tax	1404.35	648.85
ii) Expenses	0.16	—
	4.88	3.42
Brought forward Profit	5.04	3.42
Amount available for Appropriations	1263.83	611.56
	2673.22	1263.83

REVIEW OF OPERATIONS

During the financial year under review, there was all-round growth both in the business volume and profitability of the Company. The Company achieved a turnover of Rs.35539.33 lacs as compared to a turnover of Rs.21469.53 lacs in the previous financial year. The year ended with a net profit of Rs.1409.39 lacs compared to Rs.652.27 lacs during the previous year registering a handsome increase of 116%.

The substantial improvement in the performance was mainly due to efficient plant utilisation, stringent cost control policy and aggressive marketing strategy.

The Board after careful consideration of the over all situation, including requirement of funds for existing and new business have decided not to recommend dividend for the year under review.

POLY-CONDENSATION (PET CHIPS)

The significant jump both in the turnover and profitability of the Company could mainly be attributed to the substantial improvement in the performance of the Poly-condensation Division. The Division during the year under review achieved sales volume of 63973 metric tonnes as against sales volume of 48864 metric tonnes during the previous financial year registering an impressive growth of 31%.

Besides efficient plant utilisation, the Management's policy to give more & more emphasis to direct sales as compared to job work has enabled the Division to have better realizations and margins. The sales in terms of value improved by 77% being Rs.31083.67 lacs as against Rs.17588.18 lacs during the previous year.

Your Company has successfully developed a special Additive to be used for production of film grade chips. Commercial production is expected in the current year.

INKS & ADHESIVES

The policy of aggressive marketing and careful customer selection coupled with increase in demand has enabled the Division to post an improved performance during the year under review. The sales in terms of volume and value were 3264 metric tonnes and Rs. 4306.01 lacs respectively as against 2769 metric tonnes and Rs. 3713.39 lacs in the previous financial year.

In order to provide prompt service and other benefits to its local customers and to meet the demand the Division has established a small facility at Malanpur, Madhya Pradesh for manufacturing of inks and coatings.

During the year the in-house R&D of the Company was successful amongst other in developing and commercializing Antifreeze Coolant formulations for



FCL TECHNOLOGIES & PRODUCTS LIMITED

automobiles and new types of coatings for holographic applications for plastic films and papers.

FINANCE

In order to reduce the debt burden of the Company and to minimise the interest out go, the Company has submitted a proposal to IFCI Limited for settlement of its outstanding loans. The proposal is under the consideration of IFCI. Your Directors expect that once the proposal is accepted by IFCI and implemented there would be significant savings on account of interest which will help in improving the liquidity as well as the bottom-line of the Company.

NEW PROJECTS

The Company's project to establish a world class Contact Centre to provide its services to the international outsourcing market is going on as per schedule and the same is expected to be operational soon. The proposed centre with requisite infrastructure and staffed with skilled consultants will be capable to render call centre services provided by telephone/e-mail /internet customer service representation and knowledge based analytics services. Mr. Phillip J. Ashley, MBA having more than two decades of experience has joined the Company as Chief Executive Officer and is in-charge of the Contact Centre.

However, the information technology sector has of late been witnessing a slowdown and shake out across the globe. Even well established organisations both domestic and international have not remained untouched from the phenomenon. Keeping in view the present scenario, your Company has decided to keep on hold its proposed venture into the information technology and IT enabled services. Accordingly, the proposals for business tie-up with Cincom, USA and issue of equity shares on preferential basis have not been pursued.

FUTURE OUTLOOK

Though, there has been significant improvement in the performance of the Company during the last two years due to corrective measures initiated by the Management coupled with timely support from Financial Institutions and improvement in the general economic scenario, the markets for both PET Chips and Inks & Adhesives continue to face over supply position and intense competition. To avoid any adverse impact on account of these factors, the Company has already initiated various measures to further improve the operational efficiency and broad base its products range to suit different segments of customer. The Company has also started tapping the international market and has already executed its first order of exports of PET Chips. Further to make optimum utilisation of the available infrastructure facilities, the R&D team of the Company was actively engaged in developing new products/applications.

The Company has already launched its Antifreeze Coolant under the name of Flexicool.

Further, with the Contact Centre expected to be operational by middle of September, 2001 and the financial restructuring proposal expected to be in place during the current year, your Management is quite optimistic and hopeful of better performance in the coming times.

FIXED DEPOSIT

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

DIRECTORS

During the year under review, Mr. Harish Chaturvedi consequent to the expiry of his five year term ceased to be the Whole-time Director of the Company. Further, due to his other pre-occupations he has resigned from the Board of the Company.

The Board of Directors at their meeting held on 29th April, 2001 has appointed Mr. Pankaj Sharma as the Whole-time Director of the Company for a period of 5 years w.e.f. 1st May, 2001. Your Directors recommend his appointment for your approval.

Further, Mr. R.C. Takru and Mr. Rajesh Kumar Mahajan, Directors resigned from the Board of the Company due to personal reasons.

IFCI Limited (IFCI) has nominated Mr. R.V. Rao, General Manager, IFCI as its nominee on the Board of the Company in place of Mr. C.D. Ghosh. Mr. R.V. Rao has joined the Board w.e.f. 27th July, 2001.

Mr. Amitava Ray who has held various prestigious assignments in reputed organisations during his illustrious career of more than 36 years, joined the Board on 27th July, 2001 in the casual vacancy caused by the resignation of Mr. R.C. Takru. Had Mr. R.C. Takru continued in the office, he would have been retiring at the ensuing Annual General Meeting. Therefore, Mr. Amitava Ray holds the office upto the ensuing Annual General Meeting and notice has been received from a member of the Company proposing his appointment as Director of the Company at the Annual General Meeting. Your Directors recommend his re-appointment.

Your Directors while welcoming Mr. R.V. Rao and Mr. Amitava Ray to the Board of the Company also take this opportunity to place on record their appreciation for the valuable services and guidance rendered by Mr. Harish Chaturvedi, Mr. C.D. Ghosh, Mr. R.C. Takru and Mr. Rajesh K. Mahajan during their tenure as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. M.G. Gupta and Mr. Pradeep Tyle Directors of the Company retire by rotation at the ensuing Annual General Meeting and being, eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

On the basis of compliance certificates received from the executives of the Company, subject to disclosures in the Annual Accounts and also on the basis of discussion with the Statutory/Internal Auditors of the Company, from time to time, we state as under:

- i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed and that there have been no material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made



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judgement and estimates that were 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 of the Company for the year under review.

- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

The Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that the Company's established policies and procedures have been followed. The Audit Committee constituted by the Board reviews the internal control and financial reporting issues with Internal Auditors.

AUDITORS & AUDIT

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.

AUDIT COMMITTEE OF THE BOARD

The Audit Committee of the Board consists of five members, four of them being non-executive Directors and one being the nominee of IFCI Limited. It acts as an interface between the Management and the Statutory Auditors & Internal Auditors. It reviews the audit reports, compliance and annual/quarterly accounts/results in consultations with the Auditors of the Company.

CORPORATE GOVERNANCE

Necessary steps to comply with the requirements of Clause

49 of the Listing Agreement with regard to Corporate Governance as per schedule prescribed by the Stock Exchanges for the Company i.e. during 2001-2002 have already been initiated.

PARTICULARS OF EMPLOYEES

Particulars of employees as required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure 'A' forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure 'B' forming part of this Report.

PERSONNEL

Personnel relations with all employees remained cordial & harmonious throughout the year. Your Directors wish to place on record their appreciation of the devoted services of all employees of the Company for improved working of the Company.

ACKNOWLEDGMENT

Your Directors take this opportunity to thank and acknowledge the co-operation and assistance received from various agencies of the Central Government, Governments of Uttar Pradesh & Madhya Pradesh, Financial Institutions, Banks and Customers during the year under review. The Board also wish to place on record their deep appreciation of the continued support of the shareholders of the Company.

For and on behalf of the Board

Place : NOIDA

ASHOK CHATURVEDI

Dated : 27th July, 2001 Chairman & Managing Director

ANNEXURE 'A' TO DIRECTORS' REPORT

Information as per Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report .

EMPLOYED FOR PART OF THE YEAR

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date of Appt.	Last Employment (Position Held)
1	Phillip John Ashley	43	Chief Executive Officer	2916887	MBA	25	01.09.2000	General Manager Quantas Tele Sales

1. Remuneration includes Salary, bonus, contribution to Provident Fund and all other perquisites taxable or non-taxable.

2. Information about qualification and last employment is based on particulars furnished by the concerned employee.



FCL TECHNOLOGIES & PRODUCTS LIMITED

ANNEXURE 'B' TO DIRECTORS' REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

1. CONSERVATION OF ENERGY

A) INKS & ADHESIVES DIVISION

In order to save energy and cost, the Division has been looking at various avenues and options at regular interval. It has switched over to furnace oil in place of HSD for firing its thermic fluid heater at an approximate cost of Rs.3.00 lacs. Though, the overall cost of energy consumed is small, nevertheless, this measure would result into a savings of approximately Rs.7.00 lacs per annum at current level of production.

B) POLY-CONDENSATION DIVISION

i) Measures Taken

- a) With all the three lines running in full swing, plant capacity has been increased from 180 tonnes per day to 188 tonnes per day.
- b) Zero leakage conditions achieved for compressed air, nitrogen & steam.
- c) ETP treated water made suitable further for utilising in cooling tower system
- d) Recovered Glycol specification to reduce distillation cycle & steam consumption substantially without affecting the quality of end product.
- e) Insulation in plant has been improved to conserve heat. Now the insulation thickness arrived at are optimal.
- f) Illumination voltage reduced to 215 V thereby reducing the power.
- g) Pneumatically conveyed chips bagging system changed to gravity fed system thereby saving air and power.
- h) Compressor pulleys changed to enhance capacity thereby shutting off one compressor completely.

ii) Impact on cost of production

Effective utilisation of utilities with enhanced production and energy conservation measures have reduced cost of production from Rs.3.12 per kg. to Rs. 2.90 per kg. in spite of substantial rise in fuel oil cost.

PARTICULARS OF CONSERVATION OF ENERGY

PARTICULARS OF CONSERVATION OF ENERGY		Year ended 31st March, 2001	Year ended 31st March, 2000		
I. Power & Fuel Consumption					
1. Electricity					
(a) Purchased:					
Units (in lacs)		8.89	8.84		
Total Amount (Rs. in lacs)		41.42	43.48		
Rate/Unit (Rs.)		4.66	4.92		
(b) Own Generation:					
Through Diesel Generator					
Units (in lacs)		136.20	129.25		
Units/Ltr. of Diesel Oil		3.60	3.67		
Cost/Unit (Rs.)		3.34	2.82		
2. Coal					
Quantity (MT)		Nil	Nil		
Total Amount (Rs./lacs)		Nil	Nil		
Average Rate (Rs./MT)		Nil	Nil		
3. Furnace Oil					
Quantity (Ltrs. in lacs)		102.88	88.19		
Total Amount (Rs./lacs)		967.90	700.32		
Average Rate (Rs./Ltr. in lacs)		9409.00	7941.25		
II. Consumption per unit of production:					
		Electricity (KWH/Tonne)	Furnace Oil (KL/Tonne)	Own Generation (MT/Tonne)	
		Current Year	Previous Year	Current Year	Previous Year
Pet Chips	MT	Nil	Nil	63865	49025
	Units	Nil	Nil	0.16	0.18
	Rs./MT	Nil	Nil	1516	1428
Inks & Adhesive	MT	3264	2770	—	—
	Units	242	289	—	—
	Rs./MT	1094	1368	—	—
Flexible pouches sized wrappers & zipper packing materials	No in lacs/ (Mtrs./Nos)	410	202	—	—
	Units	232	417	—	—
	Rs./Nos. in lacs (Mtrs./Nos)	1349	2768	—	—