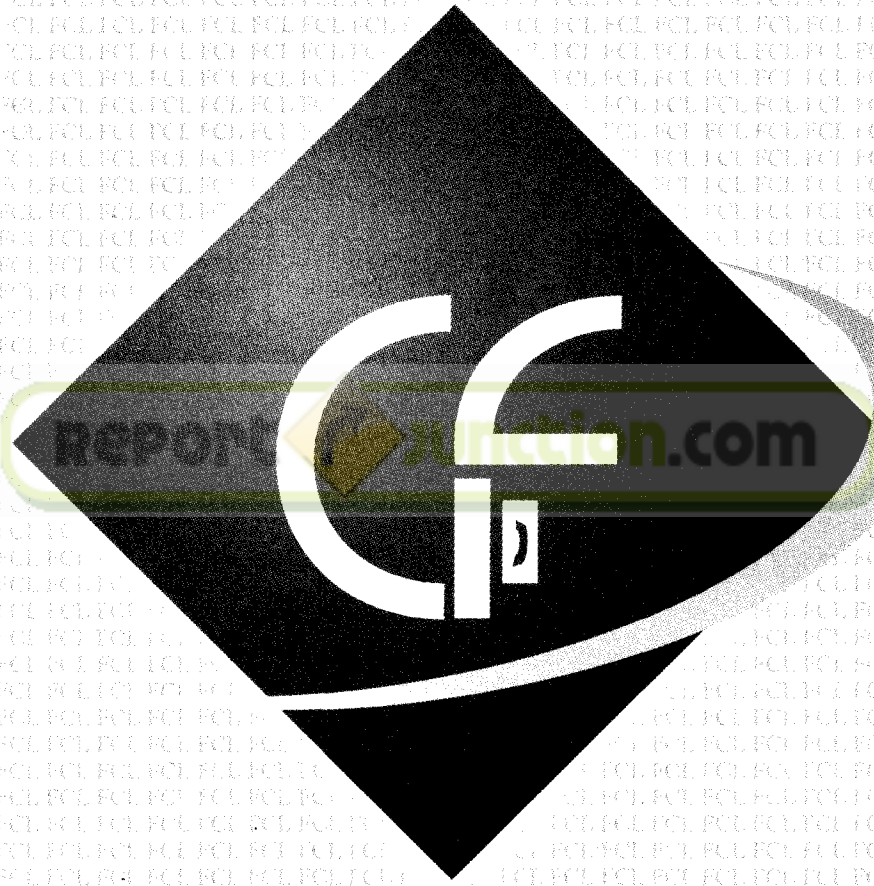


# 16th Annual Report 2002-2003



**FCL Technologies & Products Limited**



# FCL TECHNOLOGIES & PRODUCTS LIMITED

## BOARD OF DIRECTORS

ASHOK CHATURVEDI  
*Chairman & Managing Director*

G. GOSWAMI  
*Nominee-IFCI*

RAJIV SHUKLA

M. G. GUPTA

RAVI KATHPALIA

R. K. JAIN

PRADEEP TYLE

## CORPORATE OFFICE

A-107-108, Sector-IV  
NOIDA - 201 301 (U.P.)

## OFFICES

118-119, Damji Shamji Udyog Bhawan,  
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  
Kolkata - 700 020

A-20/6, (old No. 31/6), West Road,  
West CIT Nagar, Nandanam,  
Chennai - 600 035

443, 11nd Floor, 7th Block  
Koramangala  
Bangalore - 560 095

## DEPUTY GENERAL MANAGER (ACCOUNTS) & COMPANY SECRETARY

BASANT KUMAR

## AUDITORS

VIJAY SEHGAL & CO.  
Statutory Auditors

JAIN SINGHAL & ASSOCIATES  
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 - 110 048  
Tel. : 26440917, 26440925  
Fax : 26216922  
E-mail : flexsec@vsni.net

## WORKS

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

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

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

C-3, Sector - 57, Phase - III  
NOIDA - 201301 (U.P.)



## FCL TECHNOLOGIES & PRODUCTS LIMITED

### NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of FCL Technologies & Products Limited will be held on Tuesday, the 9th day of September, 2003 at 4.00 P.M. 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, 2003 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 Shri Rajiv Shukla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M.G.Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors. M/s. Vijay Sehgal & Co., Chartered Accountants, Delhi retire at the ensuing 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 a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 316 and subject to Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, (including any statutory modification or re-enactment thereof) and such other approvals/sanctions as may be necessary, the Company hereby approves and reiterates the appointment and payment of remuneration 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, minimum remuneration in case of loss or inadequacy of 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 (which term includes any Committee in whom the Board may vest any or all of its power under this Resolution) be and is hereby authorized to vary and/or revise the remuneration of the said 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."

6. 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 293(1)(e) of the Companies Act, 1956, the Board of Directors of the Company (hereinafter called the 'Board' which term shall include any Committee in whom the Board may vest any or all of its power under this Resolution) be and is hereby authorized to contribute as may be considered proper to one or more charitable or other funds, not directly relating to the business of the Company or the welfare of its employees, such

amount or amounts, the aggregate of which in any financial year will not exceed Rs.1.00 crore notwithstanding that such amount in any financial year may exceed 5% of the average net profit of the Company during the three financial years immediately preceding the relevant financial year as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956.

RESOLVED FURTHER THAT pursuant to Section 293(1)(e) of the Companies Act, 1956, the contribution of Rs 21.06 Lacs made by the Company to charitable and other funds during the previous financial year ended on 31.3.2001 be and is hereby confirmed, approved and ratified."

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

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereto, and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may, at its absolute discretion be agreed to by the Board of Directors of the Company ("the Board") or any Committee/person(s) authorized by the Board, consent be and is hereby accorded to delist the equity shares of the Company from the Stock Exchanges at Ahmedabad, Chennai and Delhi.

RESOLVED FURTHER THAT authority be and is hereby accorded to the Board or any Committee/person(s) authorized by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this resolution without being required to seek any further approval of the members of the Company."

By Order of the Board

**BASANT KUMAR**

Dy. General Manager (Accounts) &  
Company Secretary

Place : NOIDA

Dated : 08.08.2003

**Regd. Office:**

110, First Floor, Bhanot Corner,  
Pamposh Enclave, Greater Kailash-I, New Delhi-110 048

#### 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. Corporate Members intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representatives(s)



## FCL TECHNOLOGIES & PRODUCTS LIMITED

to attend and vote at the Annual General Meeting.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from 2.9.2003 to 9.9.2003 (both days inclusive).
5. Members holding shares in physical form are requested to notify change in address, if any, to the Company's Registrar and Share Transfer Agents (RTA), M/s. Intime Spectrum Registry Limited, A-31, 3rd Floor, Near PVR Cinemas, Naraina Industrial Area, Phase-I, New Delhi – 110 028 quoting correct Folio Number(s) and in case of shares held in dematerialized form to the concerned Depository Participant.
6. 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.
7. Members, who are holding shares in identical order of names in more than One Folio, are requested to write to the Company/RTA for consolidating their holdings into One Folio.
8. Members seeking further information about the accounts of the Company are requested to write to the Company at least one week before the date of the meeting giving details of the information required.
9. Members/Proxies should bring the Attendance Slip duly filled in for attending the Annual General Meeting. No extra attendance slip will be provided at the Annual General Meeting.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. The Company has already transferred all unclaimed dividend declared upto the financial year ended 31st December, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders, who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003.
12. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the dividend for the financial year ended 31st December, 1995 which remain unclaimed/unpaid for a period of seven years has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956 on 11.7.2003. Further, the dividend for the financial year ended 31st December, 1996, which will remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders, who have not encashed the dividend warrant(s) so far for the financial year, ended 31st December, 1996 are requested to seek issue of duplicate/revalidated dividend warrant(s) by writing to the Company or its Registrar and Share Transfer Agent immediately. **It may also be noted that once the unclaimed dividend is transferred to the Central Government, as stated above, no claim against the Company shall lie in respect thereof.**
13. Trading in the shares of the Company has been made compulsory in dematerialized form w.e.f. 24.7.2000. The Company has already joined the Depository system and the ISIN for the shares of the Company is INE 145B01013. Members, who desire to have their holding of shares dematerialized are requested to approach the Company's RTA through a Depository Participant.
14. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Company's Registrar and Share Transfer Agents, M/s. Intime Spectrum Registry Limited.
15. The Company has paid the Annual Listing fees for the year 2003-2004 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 Madras Stock Exchange Ltd., Chennai at which the Company's Equity Shares are presently listed.
16. All the material documents, resolutions passed by the Board of Directors and Remuneration Committee of Directors relating to reiterating the appointment and payment of remuneration of Shri Ashok Chaturvedi, Articles of Association of the Company, list showing the donations made in the year 2000-2001 and Listing Agreement etc. are open for inspection to the Members till conclusion of the Annual General Meeting at the Registered Office of the Company.

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

#### ITEM NO.5

Shri Ashok Chaturvedi was appointed as Managing Director w.e.f. 1.5.2000 for a period of five years on the terms and conditions as to remuneration etc. given hereunder as approved by the Board of Directors at their meeting held on 29.4.2000 and by the Members of the Company at the 13th Annual General Meeting held on 25.9.2000.

#### (I) Remuneration

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/-.

#### (II) 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 hospitalization and surgical charges for self & family and travel relating thereto; reimbursement of expenses on servants; leave travel including foreign travel; fees on 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 to 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 the perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.





## FCL TECHNOLOGIES & PRODUCTS LIMITED

**Gratuity :** As per the 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/Remuneration Committee of Directors from time to time within the limits setout at (I) & (II) above.

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

However, his total remuneration including remuneration from Flex Industries Limited 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.

In terms of the provisions of the Companies Act, 1956 and Schedule XIII thereto the total remuneration payable to Shri Ashok Chaturvedi including remuneration from Flex Industries Limited should not exceed the higher maximum limit as provided in the Act and Schedule XIII thereto from either of the two companies, without the approval of the Central Government.

In view of the above, since the proposed remuneration was in excess of the limit prescribed under Schedule XIII, the Company had applied to the Central Government for their approval for payment of aforesaid remuneration. However, the Central Government vide their letter dated 22.7.2002 while approving the said appointment restricted the payment of remuneration to the Managing Director as per limits prescribed under Section 198 and 309 of the Companies Act, 1956.

The Company had filed a representation with the Central Government for re-considering the payment of aforesaid remuneration to the Chairman & Managing Director, but unfortunately the Department of Company Affairs had declined/rejected the Company's representation. Now the remuneration Committee of Directors and Board of Directors at their meeting held on 08.08.2003 have decided to move a fresh application with the Central Government with regard to payment of remuneration to the Chairman & Managing Director.

Shri Ashok Chaturvedi is also the Chairman & Managing Director of Flex Industries Limited. Since, he is drawing remuneration from the said company under the limits of Schedule XIII to the Companies Act, 1956, the Company has not as yet paid the remuneration as approved by the Board of Directors and members of the Company at their meeting held on 25.9.2000.

Shri Ashok Chaturvedi has been the promoter and architect of the Company. The Company under his leadership has become successful in reaching new heights and steering out of difficult times. Further, it is gearing up to meet the new challenges and competitions through diversifications and restructuring under his visionary and able guidance. The current business scenario coupled with the Company's diversification plan has greatly increased his responsibilities. The business head and other key Executives of the Company are reporting to him and working under his overall supervision and direction.

Accordingly, the approval of the Shareholders is being sought by way of a Special Resolution to reiterate the payment of

remuneration to Shri Ashok Chaturvedi as per the terms and conditions as approved by the Board of Directors and Shareholders at the 13th Annual General Meeting and detailed earlier in the Notice.

The brief profile of the Company as well as Shri Ashok Chaturvedi as required under the revised Schedule- XIII are given hereunder:

The Company is the leading manufacturer of inks & adhesives, polyester chips and other raw materials primarily used by the flexible packaging and other allied industries both in India and abroad.

The Company incorporated in 1985 has an excellent growth record since its inception barring the last couple of years. Its turnover jumped from Rs 682.53 lacs in 1990 to Rs 1469.26 lacs in 1993 and to Rs 35872.61 lacs in 2001. The net profit increased from Rs.62. 58 lacs in 1990 to Rs.157.15 lacs in 1993 and to Rs 1404.35 lacs in 2001. However during the last couple of years due to sluggish market condition and over supply position more particularly in the polyester chips industry the Company could not sustain its earlier growth and its performance was severely impacted. During the year ended March, 2003 the Company achieved a turn over of Rs. 32487.02 and net loss of Rs.855.92. In order to come out of the difficult situation, the Company has initiated several steps including diversification of the activities of the Company to more lucrative field such as bottle grade chips, injection molding etc. The Company is also implementing several measures to further improve the market shares of its products both in domestic and international market.

It has been the endeavor of the Company to improve its position in the international market through quality products and there by earn valuable foreign exchange.

(Rs. in Lacs)

Accounting Year Ended	Earnings in Foreign Exchange	
	F.O.B. Value of Export	Services
31.3.2001	14.45	—
31.3.2002	71.39	62.46
31.3.2003	20.86	11.19

The Company with a view to diversify its business activities and to cater to the demand of the international market has set up a wholly owned subsidiary in United Arab Emirates in the name and style of FLEX Middle East FZE. The Company has invested a sum of US\$ 0.35 million in the equity share capital of the wholly owned subsidiary.

The Board of Directors recommends the Resolution for your approval.

Shri Ashok Chaturvedi has the pecuniary relationship with the Company, as he is the Chairman & Managing Director of the Company and eligible for remuneration as per the terms of appointment/government approvals.

Except Shri Ashok Chaturvedi, no other Directors is interested or concerned in the resolution.

This should be treated as an abstract of the terms of appointment of Shri Ashok Chaturvedi as Managing Director of the Company and a Memorandum as to the nature of the concern or interest of the Directors in the said appointment as required under Section 302 of the Companies Act, 1956.

### ITEM NO.6

The Company is authorized by its Articles of Association to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. By virtue of Section 293(1)(e) of the Companies Act, 1956, however, the



## FCL TECHNOLOGIES & PRODUCTS LIMITED

maximum limit which can be so contributed in any financial year is Rs.50,000/- or 5% of the Company's average net profits during the three immediately preceding financial years, as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, whichever is higher. However, with the approval of the members, a company could make contribution in excess of the aforesaid limits.

Accordingly, consent of the members is being sought to authorize the Board of Directors and/or Committee of Directors of the Company to make such contributions in a financial year up to a limit of Rs.1.00 crores or 5% of the Company's average net profits during the three immediately preceding financial years as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, whichever is higher.

Further, the Company, in previous financial year ended 31.3.2001 had due to business exigencies contributed an aggregate sum of Rs.21.06 lacs to different charitable and other funds. Since the amount so contributed was in excess of 5% of the Company's average net profits, during the three financial years immediately preceding the subject financial year determined in accordance with Section 349 and 350 of the Companies Act, 1956, approval and ratification of the shareholders is being sought under Section 293(1)(e) of the Companies Act, 1956.

The Board of Directors recommends the Resolution for your approval.

None of the Directors is concerned or interested in the Resolution.

### ITEM NO.7

The Equity Shares of the Company are presently listed on the following five Stock Exchanges in India:

- The Delhi Stock Exchange Association Limited, Delhi (DSE)
- The Stock Exchange, Mumbai (BSE)
- National Stock Exchange of India Limited, Mumbai (NSE)
- The Stock Exchange, Ahmedabad
- The Madras Stock Exchange Limited, Chennai

Data on trading volumes indicates that the Company's equity shares are not traded in material volumes at Stock Exchanges other than NSE and BSE. Most/majority of the trading on the Securities of the Company is being done through NSE and BSE. In addition to the above, both NSE and BSE have extensive networking of trading terminals, which facilitates trading by Members/Investors across the country. The trading volumes in the Company's equity shares on the other Stock Exchanges are either nil or insignificant. Continued listing on such Stock Exchanges neither serves the interest of the Members/investors nor that of the Company.

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 from some of the Stock Exchanges. Accordingly, the Board of Directors of your Company ("the Board") at its meeting held on 8.8.2003 have recommended for the approval of the members, the proposal to voluntarily delist the Company's equity shares from the Stock Exchanges at Ahmedabad, Chennai and Delhi. The Company's shares will however continue to be listed on the BSE and NSE.

In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, consent of the Members by way of a Special Resolution is required for voluntary delisting of the Company's equity shares from the aforesaid Stock Exchanges.

The Board of Directors recommends the Resolution for your approval.

None of the Directors is concerned or interested in the Resolution.

By Order of the Board

**BASANT KUMAR**

Dy. General Manager (Accounts) &  
Company Secretary

Place : NOIDA

Dated : 08.08.2003

Regd. Office:

110, First Floor, Bhanot Corner,  
Pamposh Enclave,  
Greater Kailash-I, New Delhi-110 048

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING. (In pursuance to Clause 49 of the Listing Agreement)

<b>Name of Director</b>	<b>Shri Rajiv Shukla</b>	<b>Shri M. G. Gupta</b>
<b>Date of Birth</b>	20.07.1959	02.03.1934
<b>Date of Appointment</b>	19.08.1997	29.04.1999
<b>Experience in specific Functional areas</b>	Well known & eminent personality having wide exposure in both electronic & Print media	He is a retired IAAS (Indian Audit & Accounts Services) officer. He was in the service of Central Govt. and during his illustrious career with the Government, he had held important positions in various Ministries Department. He retired in 1992 as Vice Chairman & Member Finance, Delhi Development Authority.
<b>Qualification</b>	M.A., L.L.B.	B.Sc., Retd. IAAS
<b>Directorship in other Public Limited Companies</b>	Bag Films Limited	1. Credit Capital Assets Management Co. Ltd. 2. BTW Industries Ltd. 3. Flex Industries Ltd. 4. Flex Foods Ltd.
<b>Chairman/Member of Committees of the Public Limited Companies on which he is a Director</b>	<u><b>Audit Committee</b></u>  NIL	<u><b>Audit Committee</b></u> 1. Credit Capital Assets Management Co. Ltd. 2. Flex Industries Ltd. 3. FCL Technologies & Products Ltd.
	<u><b>Remuneration Committee</b></u>  NIL	<u><b>Remuneration Committee</b></u> 1. Flex Industries Ltd. 2. FCL Technologies & Products Ltd. 3. Flex Foods Ltd.
	<u><b>Shareholders'/Investors' Grievance Committee</b></u>  NIL	<u><b>Shareholders'/Investors' Grievance Committee</b></u> 1. Flex Industries Ltd. 2. FCL Technologies & Products Ltd.



## FCL TECHNOLOGIES & PRODUCTS LIMITED

### DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting this Sixteenth Annual Report alongwith the Audited Accounts of the Company for the financial year ended 31st March, 2003.

### FINANCIAL RESULTS

The summarized financial results for the year ended 31st March, 2003 and for the previous year ended 31st March, 2002 are as under:

	(Rs. in lacs)	
	<b>Year ended 31.03.2003</b>	<b>Year ended 31.03.2002</b>
Sales & Job work	<b>32334.36</b>	27958.24
Other Income	<b>152.66</b>	168.56
Profit before Interest, Financial Charges, Depreciation & Taxation	<b>2215.86</b>	2998.20
Less : i) Interest & Financial Charges	<b>2603.36</b>	1803.67
ii) Depreciation	<b>894.50</b>	755.24
	<b>3497.86</b>	2558.91
Profit/(Loss) before tax	<b>(1282.00)</b>	439.29
Less / Add : Provision for taxation / deferred tax	<b>(426.08)</b>	(193.22)
Profit/(Loss) after tax	<b>(855.92)</b>	246.07

### REVIEW OF OPERATIONS

The year under review was a difficult year for the Company. The overall performance and earnings for the year under review remained subdued resulting in substantial decline in the turnover of the Company.

The overall sluggish and dismal market scenario of the PET Chips industry coupled with increase in raw material cost without commensurate increase in the finished goods prices, excess supply position and shrinkage in the demand due to backward integration by the yarn manufacturers have badly affected the performance and margins of the Company. The profitability of the Company was further affected due to the one time provision for interest of Rs.980.67 lacs made as per the recently concluded settlement with IFCI Limited.

Your Company during the year under review achieved a turnover of Rs.32487.02 lacs including other income of Rs.152.66 lacs as against a turnover of Rs.28126.80 lacs including other income of Rs.168.56 lacs during the previous financial year. However, due to the factors as stated above, it ended the year under review with net loss of Rs.855.92 lacs as compared to net profit of Rs.246.07 lacs during the previous financial year.

In view of the losses, your Directors do not recommend any dividend for the year under review.

The operational performance of each business segment of the Company has been comprehensively covered in the Management Discussion and Analysis Report and the same is deemed to be a part of this Directors' Report.

### FIXED DEPOSIT

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

### WHOLLY OWNED SUBSIDIARY

In order to come out of the difficult situation and to reap the benefit of a buoyant polyester film market and to cater to the demand of international market for plastic film and polyester chips the

Company has set up a wholly owned subsidiary in Zebel Ali Free Zone, Dubai, United Arab Emirates in the name & style of "Flex Middle East FZE" in June, 2003. All necessary formalities with regard to the setting up the wholly owned subsidiary and installation of plant & machinery is in the process of being completed.

### DIRECTORS

During the year under review IFCI Limited nominated Mr. P. Krishnan, General Manager IFCI on the Board of the Company in place of Mr. R.V. Rao. However, with effect from 28.07.2003, Dr. G.Goswami has been nominated by IFCI Limited on the Board of the Company in place of Mr. P. Krishnan.

Mr. R.P. Agrawal resigned from the Board w.e.f 31.10.2002. Mr. Amitava Ray, Mr. Pankaj Sharma, Mr. N. Sitaraman resigned from the Board w.e.f. 1.2.2003. Mrs. Rashmi Chaturvedi resigned from the Board of the Company w.e.f.10.7.2003.

Your Directors while, welcoming Dr. G. Goswami also take this opportunity to place on record their sincere appreciation for the valuable services rendered by Mr. R.V. Rao, Mr. P. Krishnan, Mr. R.P. Agrawal, Mr. Amitava Ray, Mr. Pankaj Sharma, Mr. N. Sitaraman and Mrs. Rashmi Chaturvedi, during their tenure as Directors on the Board.

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

Brief resume of the Directors seeking appointment/re-appointment, nature of their expertise in specific functional areas and the name of the companies in which they hold the Directorship and the Chairmanship/Membership of the Committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are given as Annexure to the Notice convening the Annual General Meeting elsewhere in the Annual Report.





## FCL TECHNOLOGIES & PRODUCTS LIMITED

### DIRECTORS' RESPONSIBILITY STATEMENT

On the basis of the compliance certificates received from the executives of the Company, subject to the 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:

1. That in preparation of the Annual Accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed and that there have been no material departure.
2. That the Directors have selected such accounting policies and applied them consistently and made 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 loss of the Company for the year under review.
3. 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.
4. That the Directors have prepared the 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, Delhi, Auditors of the Company, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointments, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

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.

### CORPORATE GOVERNANCE

The Company has complied with all the requirements of Corporate Governance as stipulated by the Securities & Exchange Board of India and Listing Agreement entered into with the Stock Exchanges. A separate report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report. However, due to change of status of some of the Directors from independent to non-executive and withdrawal of nomination of its nominee by IFCI Limited, the minimum requirement of independent Directors as provided in Clause 49 of the Listing Agreement could not be fulfilled for a specific period during the year 2002-2003. The same has since been complied with and fulfilled.

### DELISTING OF EQUITY SHARES

The equity shares of your Company are presently listed on five Stock Exchanges, viz. National Stock Exchange (NSE), Stock Exchange – Mumbai (BSE) and the Stock Exchanges at Delhi, Ahmedabad and Chennai.

Data on trading volumes indicate that the Company's shares are not traded in material volumes at Stock Exchanges other than NSE and BSE. NSE and BSE account for majority of the trading volumes of the Company's shares and have extensive networking of trading terminals, which facilitate trading by members/investors across the country.

The Board of Directors of your Company at its meeting held on 8.8.2003 accordingly have recommended for the approval of the Members, the proposal to voluntarily delist the Company's equity shares from the three Stock Exchanges at Delhi, Ahmedabad and Chennai. The Company's shares will however continue to remain listed on the NSE and BSE.

A Special Resolution seeking your approval to such delisting is appearing in the Notice convening the 16th Annual General Meeting of the Company.

### PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 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 OUTGO

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 and harmonious through out the year. Your Directors wish to place on record their sincere appreciation to the employees of the Company for their devoted service.

### ACKNOWLEDGEMENT

Your Directors take this opportunity to thank and acknowledge the co-operation and assistance received from various agencies of the Central Government, Government of Uttar Pradesh & Madhya Pradesh, Financial Institution, Banks and Customers during the year under review. The Board also wishes 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  
Dated : 8.8.2003

**ASHOK CHATURVEDI**  
Chairman & Managing Director





## FCL TECHNOLOGIES & PRODUCTS LIMITED

### ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualification	Experience (Yrs.)	Date of Appt.	Last Employment (Position held)
<b>A. EMPLOYED FOR THE FULL YEAR : NIL</b>								
<b>B EMPLOYED FOR PART OF THE YEAR</b>								
1.	Mr. Phillip John Ashley	45	Chief Executive Officer	3524736	MBA in Marketing & Industrial Relations	27	01.09.2000	General Manager Quantas Tele Sale
2.	Mr. R.P. Agrawal	71	Corporate Advisor	1143233	C.A., L.L.B.	46	15.11.2002	Corporate Advisor Flex Engineering Limited

1. Remuneration includes salary, bonus, contribution to provident fund, wherever applicable, and all other perquisites taxable or non-taxable.
2. Information about qualification and last employment is based on particulars furnished by the concerned employee.
3. None of the Directors of the Company are related to Mr. Phillip John Ashley and Mr. R.P. Agrawal.
4. All appointments are non-contractual and terminable by notice on either side.

### ANNEXURE 'B' TO THE 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

Continuous efforts are being made to save energy costs. As reported and informed earlier, three AC drives at a cost of approximately Rs.2.10 lacs have been installed for high speed mixers which will result in reduction in power consumption and savings on account of lower evaporation loss of solvents during mixing. This has resulted in saving of approximately Rs. 10-12 lacs per annum on account of power consumption and reduced evaporation loss of solvents.

##### B) Poly-Condensation Division (Pet Chips)

##### i) Measures Taken

- a) Air pre heaters of thermic fluid heaters inspected and faulty/leaking tubes replaced.
- b) Insulation of optimum thickness provided over thermic fluid/steam valves.
- c) Overhead tank overflow line installed to take back the overflowing water to main water storage tank.
- d) All the blowers of newly installed SSP Plant are provided with VFDs to have maximum energy conservation.
- e) Economizer heat exchangers provided between hot and cold streams wherever possible achieving maximum energy saving.
- f) Residue burning system commissioned.
- g) Details networking studies for SSP plant were done.

##### ii) Additional Proposal for Energy Conservation

- a) Introduction of DG cooling by cooling water through heat exchanges instead of present radiator cooling.
- b) Introduction of VFD's at FD fans of boilers, thermic fluids, boiler feed water pumps and air compressors.

##### iii) Impact of above measures

- 1) Fuel oil saving by 2 to 2.5 kl/day.
- 2) 2000 kwh power saving per day.

As a consequence of the above measures, the cost of production is reduced by Rs.0.15 to Rs.0.18 per kg.



## FCL TECHNOLOGIES & PRODUCTS LIMITED

### PARTICULARS OF CONSERVATION OF ENERGY

	Year ended 31st March, 2003	Year ended 31st March, 2002
<b>I. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Units (in lacs)	10.99	9.37
Total Amount (Rs. in lacs)	44.74	42.59
Rate/Unit (Rs.)	4.07	4.54
<b>(b) Own Generation :</b>		
Through Diesel Generator		
Units (in lacs)	130.36	129.09
Units/Ltr. of Diesel Oil	3.64	3.71
Cost/Unit (Rs.)	3.63	3.33
<b>2. Coal</b>		
Quantity (MT)	Nil	Nil
Total Amount (Rs./lacs)	Nil	Nil
Average Rate (Rs./MT)	Nil	Nil
<b>3. Furnace Oil</b>		
Quantity (Ltrs. in lacs)	95.60	101.33
Total Amount (Rs./lacs)	1018.66	858.80
Average Rate (Rs. per KL)	10655.00	8475.00

### II. Consumption per unit of production :

Description		Electricity (KWH/Tonne)		Furnace Oil (KL/Tonne)		Own Generation (KWH/Tonne)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Pet Chips	MT	Nil	Nil	60134	64881	60134	64981
	Units	Nil	Nil	0.16	0.16	211	195
	Rs./MT	Nil	Nil	1694	1324	753	640
Inks & Adhesive	MT	4110	3486	Nil	Nil	4110	3486
	Units/MT	257	245	Nil	Nil	77	71
	Rs./MT	1032	1069	Nil	Nil	460	353
Flexible pouches sized wrappers Materials	No in lacs/ (Mtrs./Nos)	217	377	Nil	Nil	217	377
	Units/Lacs	193	218	Nil	Nil	57	59
	Rs./Nos. in lacs	1077	1408	Nil	Nil	618	542
	(Mtrs./Nos).						

## 2. Research & Development (R & D)

### A) Inks & Adhesives Division

The Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India vide its letter No. TU/IV-RD/1877/2003 dated 26.6.2003 has renewed its recognition upto 31.3.2005 to the Company's in house Research & Development Laboratory.

#### **During the year, the R & D team has developed the following products:**

- Special inks for Glow and Fluorescent Tattoos.
- Process and demetallizing ink for window metallization.
- Polyester polyols for shoe soles.
- A new formulation of two component solventless lamination adhesive.
- Hotmelt adhesives for packaging and pressure sensitive application.
- Clear lacquer for shoe soles.
- Special black inks for use in audiocassette industry.
- Modification and cost reduction achieved on general purpose lamination adhesive for packaging applications.
- Coating formulation for manufacture of release papers.