

23rd Annual Report 1997-98

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

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FENOPLAST LIMITED

306 & 308, Chenoy Trade Centre, Parklane,
Secunderabad - 500 003.



FENOPLAST LIMITED

Board of Directors

Sri H. Narsaiah, Chairman
 Sri H. Kishen, Managing Director
 Sri H. Dayakiran, Director
 Sri H. Krishna Kumar, Director
 Sri Daljit Singh, Nominee of IDBI
 Smt. D. Uma, Nominee of IFCI

Bankers

Canara Bank
 Syndicate Bank
 Lakshmi Vilas Bank Ltd.

Auditors

M/s. M. Anandam & Co.
 6549, R.P. Road,
 Secunderabad.

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Registered Office

306-308, Chenoy Trade Centre,
 Parklane, Secunderabad - 500 003,
 Andhra Pradesh, India.

Factories

Unit-I

Plot No.21/A,
 Industrial Development Area,
 Patancheru - 502 319.
 Medak Dist., A.P.

Unit-II

Survey No.133,
 Nandigaon Village,
 Near Ghanapur, Sangareddy Tq.,
 Medak Dist. A.P.

Unit-III

Survey No.165 & 166,
 Nandigaon Village,
 Near Ghanapur, Sangareddy Tq.,
 Medak Dist., A.P.

Branch Offices

Mumbai

Plot No.1067,
 Adarshnagar, New Link Road,
 Oshiwara, Jogeswari (West),
 Mumbai - 400 102.

Calcutta

14-A, Canal Street,
 Calcutta - 700 014.

New Delhi

35B & 36
 Samaspur Village,
 Patpargunj,
 Delhi - 110 091.

FENOPLAST LIMITED**NOTICE**

Notice is hereby given that the 23rd Annual General Meeting of the Members of Fenoplast Limited will be held on Monday, the 28th September, 1998 at 11.00 a.m. at Kapu Sangam, 1-7-155, M.G.Road, Secunderabad-500 003, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998, the Profit & Loss account for the year ended 31st March 1998 together with the Directors' report and Auditor's report thereon.
2. To appoint a Director in place of Sri.H. Dayakaran who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s.M.Anandam & Co., Chartered Accountants, Secunderabad, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorised to fix their remuneration and out of pocket expenses."

SPECIAL BUSINESS :

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

"RESOLVED THAT in suppression of the earlier Resolution passed at the 22nd Annual General Meeting of the Company, the Authorised Share Capital of the Company be and is hereby increased to Rs. 12,00,00,000 (Rupees Twelve Crores only) consisting of 60,00,000 (Sixty

Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 60,00,000 (Sixty Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each.

FURTHER RESOLVED that the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following :

"V. The Authorised Share Capital of the Company is Rs.12,00,00,000 (Rupees Twelve Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 60,00,000 (Sixty Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each to be increased or reduced in accordance with the provisions of the Companies Act, 1956."

FURTHER RESOLVED that the existing Article 3 of the Articles of Association of the Company be and is hereby substituted by the following :

"3. The Authorised Share Capital of the Company is Rs.12,00,00,000 (Rupees Twelve Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 60,00,000 (Sixty Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each to be increased or reduced in accordance with the provisions of the Companies Act, 1956."

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

"RESOLVED THAT in suppression of the earlier Resolution passed at the 22nd Annual General Meeting of the Company, consent be and is hereby accorded under Section 81(1-A) of the Companies Act, 1956 to the Board of Directors of the Company to issue upto 60,00,000 (Sixty Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each for cash at par or at premium redeemable on such periods, cumulative or non-cumulative, at such rate of interest as the Board of Directors may deem fit, through

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Public Issue/Rights Issue/Private Placement and/in any other manner to individuals/Bodies Corporate/Banks/Financial Institutions/NRIs/OCBs, Mutual Funds/General Public whether or not such persons/authorities are Members

of the Company at the time of the Issue/Offer and for such amount and on such terms and conditions as the Board of Directors may deem fit, subject to statutory guidelines being in force at the time of the Issue/Offer."

By order of the Board
for **FENOPLAST LIMITED**

H.KISHEN
Managing Director

Place : Secunderabad

Dated : 27-08-1998

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company. Instruments of Proxy in order to be effective must be received at the Company's Registered Office at least 48 hours before the commencement of the meeting.
2. Members are requested to notify immediately changes in their address for correspondence, if any, to the Company's Registered Office quoting the folio number.
3. Members/Joint Members/Proxies are requested to bring the attendance slip with them. Duplicate Slip will not be issued at the place of the Meeting.
4. Members are requested to come to the venue of the meeting well in advance for registration. No registration will be entertained after fifteen minutes of the commencement of the meeting.
5. Members are requested to bring their copy of the Annual Report. Additional copy of the Annual Report will not be distributed at the place of meeting.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the special business of the meeting, is annexed hereto.

7. Any query relating to the Accounts must be sent to the Company's Registered Office at least 7 days before the meeting.
8. Members are requested to note that the services of M/s Sriven Corporate Services Pvt. Ltd., as the Transfer Agents of the Company are discontinued. Any future correspondence must be addressed to the Registered Office of the Company.

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

Item No.4 :

An approval from Members of the Company was obtained at the 22nd Annual General Meeting of the Company for increasing the Authorised Share Capital from Rs 6 Crores to Rs. 10 Crores with a mix of Equity and Preference Share capital. Subsequent to the consent of the members at the 22nd Annual General Meeting, the Board of Directors could not go ahead with the increase in Authorised Capital as approved since the composition of Preference and Equity Share capital was to be changed.

It is now proposed to increase the Authorised Share Capital only by Preference Share Capital which will be used for long term working capital requirements, repayment of borrowings and meeting capital expenditure.

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It is further proposed to issue Preference Shares either at par or at premium as may be decided by the Board of Directors. The existing Authorised Capital of the Company is not sufficient and the existing Capital Clause does not permit the issue of Preference Shares, a proposal for increasing the Authorised Capital and consequently amending the Capital clause in Memorandum & Articles of Association is proposed in Item No.4.

None of the Directors is interested in the resolution except to the extent of his/their share holdings, if any.

Item No.5 :

The proceeds of the issue as a result of increase in Authorised Capital will be used to meet the long term working capital requirements, repayment of borrowings and meeting the capital expenditure. Your Company is planning to issue Preference Shares, either at par or at premium as may be decided by the Board of Directors. To enable your Board of Directors to make such an issue, members consent under Section 81 (1-A) of the Companies Act, 1956 is required.

None of the Directors is interested in the resolution except to the extent of his/their share holdings, if any.

By order of the Board
for **FENOPLAST LIMITED**

Place : Secunderabad
Dated : 27-08-1998

H.KISHEN
Managing Director

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DIRECTORS' REPORT

TO
THE MEMBERS OF
FENOPLAST LIMITED

Your Directors are pleased to present the 23rd Annual Report of the Company and the Audited Accounts for the year ended 31st March 1998.

Financial Results :

During the year under review company's total income is Rs. 3937.74 lakhs as compared to Rs.2667.86 lakhs of previous year. During the year under review the capacity utilisation was better compared to previous year. The better capacity utilisation was on account of turnaround efforts by the Company. The Financial details of the Company are as under :

	1997-98 Rs. in lakhs	1996-97 Rs. in lakhs
Income	3937.74	2667.86
Less : Expenditure	2835.92	1970.44
Less : Excise Duty	511.85	355.89
Gross Profit	589.97	341.53
Less : Interest & Finance charges	473.68	469.79
Less : Depreciation & Misc.exp.w/off	97.71	98.52
Profit for the year	18.58	(-) 226.78
Add : Prior Period Adjustments	5.81	(-) 5.25
Profit after prior period adjustments	24.39	(-) 232.03
Profit brought forward	(-)187.68	44.35
Balance carried forward	(-)163.29	(-) 187.68

Your Directors are pleased to inform that your Company earned a Net Profit of Rs. 24.39 Lakhs as against huge Losses during previous two years. Your Company registered a growth of 48% during the Year under review.

Operations :

For the year under review production of PVC Leather Cloth was 45.72 Lakh sq. mts. as against the previous year's production of 37.51 lakh sq.mts. Production of PVC Film was 1884 MT as against the previous year's production of 1027 MT.

Exports :

During the year under review, your Company made exports aggregating to Rs 1271.10 lakhs

as against the Previous years exports of Rs. 867.49 lakhs to various countries such as Bahrain, Chile, Cyprus, Germany, Eritrea, Kuwait, Netherlands, Saudi Arabia, Sri Lanka, South Africa, United Arab Emirates, United Kingdom and United States of America.

Pending Legal Cases :

1) Central Excise Duty :

Your Directors are pleased to inform that the pending matter at CEGAT is decided in favour of the Company.

2) Sales Tax Case :

As informed to you in the previous year's report,

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the Company has filed a case against the Sales Tax Authorities against the levy of Sales Tax on PVC leather cloth. The Company has also obtained a stay from the Supreme Court. The Company is paying additional excise duty in lieu of sales tax. In the opinion of the legal counsel of the Company and of the Management, the demand is not maintainable and hence no provision is made in the Books of Account.

3) Income Tax

The Income Tax authorities have issued a Tax demand on the Company which was contested before the Income Tax Appellate Authority. Based on the legal opinion the demand is not maintainable. Hence no provision is made in Books of Account.

Disinvestment of Subsidiary

Your Company disinvested the entire holding in Rex-O-Knits Limited which was your subsidiary. Your Company earned a Profit of Rs. 4.72 Lakhs on sale of shares in Rex-O-Knits Limited.

Directors:

During the Year The Industrial Finance Corporation of India Limited (IFCI) has nominated Smt D. Uma as its nominee in place of Shri S.K. Sethi. The Board places on record its appreciation to Shri S.K. Sethi for the contribution made by him during the tenure.

Sri H. Dayakiran will retire by rotation at this Annual General Meeting and is eligible for reappointment.

Personnel :

Your Directors are pleased to record their appreciation of the devotion and sense of commitment shown by the employees at all levels and acknowledge their contribution towards the performance of the company.

Particulars required under Sec.217(2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, for the year under review are as under :

Name of employee	Designation	Gross remuneration Rs.	Qualifications	Age/ Experience	Commence- ment of employment	Previous employment
(i) Employed for whole of the year :						
Sarvasri/ H.Kishen	Managing Director	5,27,837	B.Com.	57/38	16.10.75	Textile business
H.Dayakiran	Director	3,56,737	El.Sc.	41/19	10.07.79	Textile business
H.Krishna Kumar	Director	3,52,221	M.A.	39/16	01.09.82	-
H.Raviraj	Senior Executive*	3,01,200	B.A.	34/11	01.07.87	-

* Relative of a Director

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Matters required to be reported as per Company's (Disclosure of Particulars in the Board of Directors) Rules, 1988.

A. Energy Conservation :

Presently the consumption of energy in the process of manufacturing is not substantial. During the year under review, consumption of power, per Square Meter of leather cloth, is 0.13 kwh. The consumption of coal has increased from 0.30 Kgs. to 0.73 Kgs. per sq. mt. of production. The reason for higher consumption is on account of poor quality of coal. Power consumption for PVC film has decreased from 1.43 Kwh to 1.35 Kwh per each Kg of production. The decrease in per unit power consumption was on account of higher volumes. Details are enclosed herewith in Form A.

B. Technology Absorption :

On the technology absorption, the Company's employees were fully trained on the machines. The machines are being operated without any technical problems.

C. Foreign exchange earnings and out-go:

The Company used Rs. 433.50 lakhs on foreign exchange for its imports and foreign tours during the year, out of its total export

earnings of Rs. 1233.26 lakhs. Previous year the Company has used Rs.317.91 lakhs out of Rs. 827.14 lakhs earned.

Auditors :

The auditors, M/s.M.ANANDAM & CO., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The observation of the Auditors are explained wherever necessary in the appropriate Notes to the Accounts.

Acknowledgements :

The Directors thank IDBI, IFCI and ICICI for having extended financial support to the Company and also Canara Bank, Syndicate Bank and Lakshmi Vilas Bank Ltd., for the financial support extended to the Company.

Your Directors thank dealers, customers, suppliers and shareholders for the support and co-operation extended to the company.

For and on Behalf of the
Board of Directors

Place : Secunderabad
Date : 27.08.1998

H.NARSAIAH
(Chairman)