

24th
Annual Report
1998-99

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FENOPLAST LIMITED

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

Board of Directors

Sri H. Narsaiah, Chairman
 Sri H. Kishen, Managing Director
 Sri H. Dayakiran, *Whole-Time Director*
 Sri H. Krishna Kumar, *Whole-Time Director*
 Sri Daljit Singh, *Nominee of IDBI*
 Sri H. Sampath Kumar, Director

Bankers

Canara Bank
 Syndicate Bank
 The Lakshmi Vilas Bank Ltd.

Auditors

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

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

P-175,
 Kalindi Housing Estate,
 Calcutta - 700 089.

New Delhi

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

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of Fenoplast Limited will be held on Monday, the 27th December, 1999 at 10.00 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, 1999, the Profit & Loss account for the year ended 31st March, 1999, together with the Directors' report and Auditor's report thereon.
2. To appoint a Director in place of Sri H. Krishna Kumar 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 modifications, the following resolutions as Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Sri H.Kishen as the Managing Director of the company not liable to

retire by rotation for a period of five years with effect from 1st April, 1999 and payment of remuneration and other perquisites to him as detailed in the explanatory statement with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of Directors and Sri H.Kishen."

5. To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Sri H.Dayakaran as a Whole-Time Director of the company, liable to retire by rotation, for a period of five years with effect from 1st April, 1999 and payment of remuneration and other perquisites to him as detailed in the explanatory statement with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed upon between the Board of Directors and Sri H.Dayakaran."

6. To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Sri H.Krishna Kumar as a Whole-Time Director of the company, liable to retire by rotation, for a period of five years with effect from 1st April, 1999 and payment of remuneration and other perquisites to him as detailed in the explanatory statement with lib-

erty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments there to, as may be agreed upon between the Board of Directors and Sri H.Krishna Kumar."

7. To consider and if thought fit, to pass, with or without modification, the following Resolution as an ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 257,260 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Sri H.Sampath Kumar as a Director of the company, liable to retire by rotation."

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

Place : Secunderabad
Dated : 27-11-1999

H.KISHEN
Managing Director

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. Company obtained extension of time from Registrar of Companies, Andhra Pradesh to hold the 24th Annual General Meeting of the company on or before 27th December, 1999.
9. The Share Transfer Books and Register of Members of the company will remain closed during the period from 27th December, 1999 to 31st December, 1999 (both days inclusive).
10. A recent amendment to the Companies Act, 1956 has introduced provisions for nomination by the holders of shares and debentures. The prescribed nomination form can be obtained from the company. The members may take advantage of this facility.

ANNEXURE TO NOTICE

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

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice.

ITEM 4:

The Board of Directors at its meeting held on 30th January 1999 had reappointed Mr.H.Kishen as

FENOPLAST LIMITED

Managing Director of the company for a period of five years with effect from 1st April, 1999 subject to the approval of shareholders at the Annual General Meeting.

Sri H.Kishen has been associated with the company as Managing Director since incorporation. The Board considered that his association as Managing Director will benefit the company in view of his knowledge and experience and accordingly recommends that the resolution be passed.

The principal terms and conditions of his appointment, inter-alia, contents the following:-

Remuneration and perks of Shri H.Kishen:-

1) Basic Salary: Rs.51,000/- (Rupees Fifty one thousand only) per month.

2) Perquisites: In addition to the basic salary, he shall be entitled to the following perquisites classified into three categories A, B and C.

Category - A

(i) **House rent allowance:** House rent allowance at the rate of Forty per cent of salary (Basic salary).

The expenditure incurred by the company on gas, electricity, water and furnishings shall be evaluated as per the Income-tax Rules, 1962 subject to a ceiling of ten per cent of the salary.

(ii) **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling of half month's salary in a year or one and half month's salary over a period of three years.

(iii) **Security charges :** Expenses incurred on security at the residence subject to a ceiling of fifteen percent of salary.

(iv) **Club Fees:** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(v) **Personal Accident Insurance:** As per the rules of the company subject to premium not exceeding Rs.4000 per annum.

Category - B

(i) The company's contributions to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the company.

(ii) Gratuity shall be payable in accordance with the rules and regulation of the company.

Such contributions/Gratuity shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together exempt under the Income Tax Act 1961.

Category - C

Chauffeur driven Car and telephone at residence. All personal long distance calls on the telephone shall be billed by the company. The provisions for car and telephone will not be considered as perquisites.

3) Others:

(i) **Leave:** One month's leave with full pay and allowance for every eleven months service. Leave accumulated but not availed of at the time of retirement or superannuation or otherwise shall be allowed to be encashed. This encashment shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.

(ii) **Reimbursement of expenses:** Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the company.

(iii) **Director's fees:** Sri H.Kishen shall not so long as he functions as the Managing Director be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

In case of loss or inadequacy of profit in any financial year the Managing Director shall be paid the remuneration as stated above subject to the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto.

4) Sri H.Kishen shall not while continuing to be the Managing Director, be subject to retirement by rotation.

5) The appointment can be terminated by either party by giving three months notice in writing.

Approval of the members is being sought to the reappointment of Sri H.Kishen as Managing Director of the company for a period of five years from 1st April, 1999 on the terms and conditions set out in the draft agreement. The ordinary resolution set out in item no.4 of the Notice is intended for the purpose.

Sri H.Kishen, being concerned is interested in this resolution.

Sri H.Narsaiah, Chairman, Sri H.Dayakiran, Director, Sri H.Krishna Kumar, Director, Sri H.Sampath Kumar, Director, being relation of Sri H.Kishen may also be regarded as concerned or interested in the resolution.

A copy of the draft agreement referred to in the resolution will be available for inspection of the members at the company's Registered Office on any working day during 11 a.m. and 1 p.m. prior to the date of the meeting and will also be available at the meeting.

This explanatory statement together with the accompanying Notice is and may be treated as an extract under section 302 of the Companies Act, 1956.

ITEM 5:

The Board of Directors at its meeting held on 30th January 1999 had reappointed Mr.H.Dayakiran as a Whole-Time Director of the company for a period of five years with effect from 1st April, 1999 subject to the approval of shareholders at the Annual General Meeting.

Sri H.Dayakiran has been associated with the company as executive from July 1979 to June 1990 and as a Whole-Time Director since June 1990. The Board considered that his association as Whole-Time Director will benefit the company

in view of his knowledge and experience and accordingly recommends that the resolution be passed.

The principal terms and conditions of his appointment, inter-alia, contents the following:-

Remuneration and perks of Sri H.Dayakiran:-

1) **Basic Salary:** Rs.45,000/- (Rupees Forty five thousand only) per month.

2) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites classified into three categories A, B and C.

Category - A

(i) **House rent allowance:** House rent allowance at the rate of Forty per cent of salary (Basic salary).

The expenditure incurred by the company on gas, electricity, water and furnishings shall be evaluated as per the Income-tax Rules, 1962 subject to a ceiling of ten per cent of the salary.

(ii) **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iii) **Club Fees:** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(iv) **Personal Accident Insurance:** As per the rules of the company subject to premium not exceeding Rs.4000 per annum.

Category - B

(i) The company's contributions to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the company.

(ii) Gratuity shall be payable in accordance with the rules and regulation of the company.

Such contributions/Gratuity shall not be included in the computation of the ceiling on perquisites

to the extent these either singly or put together exempt under the Income Tax Act 1961.

Category - C

Chauffeur driven Car and telephone at residence. All personal long distance calls on the telephone shall be billed by the company. The provisions for car and telephone will not be considered as perquisites.

3) Others:

(i) **Leave:** One month's leave with full pay and allowance for every eleven months service. Leave accumulated but not availed of at the time of retirement or superannuation or otherwise shall be allowed to be encashed. This encashment shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.

(ii) **Reimbursement of expenses:** Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the company.

(iii) **Director's fees:** Sri H. Dayakiran shall not so long as he functions as the Whole-Time Director be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

In case of loss or inadequacy of profit in any financial year the Whole-Time Director shall be paid the remuneration as stated above subject to the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto.

4) Sri H. Dayakiran shall while continuing to be a Whole-Time Director, be subject to retirement by rotation.

5) The appointment can be terminated by either party by giving three months notice in writing.

Approval of the members is being sought to the reappointment of Sri H. Dayakiran as a Whole-Time Director of the company for a period of five years from 1st April, 1999 on the terms and conditions

set out in the draft agreement. The ordinary resolution set out in item no.5 of the Notice is intended for the purpose.

Sri H. Dayakiran, being concerned is interested in this resolution.

Sri H. Narsaiah, Chairman, Sri H. Kishen, Managing Director, Sri H. Krishna Kumar, Director, Sri H. Sampath Kumar, Director being relation of Sri H. Dayakiran may also be regarded as concerned or interested in the resolution.

A copy of the draft agreement referred to in the resolution will be available for inspection of the members at the company's Registered Office on any working day during 11 a.m. and 1 p.m. prior to the date of the meeting and will also be available at the meeting.

This explanatory statement together with the accompanying Notice is and may be treated as an extract under section 302 of the Companies Act, 1956.

ITEM 5:

The Board of Directors at its meeting held on 30th January 1999 had reappointed Mr. H. Krishna Kumar as a Whole-Time Director of the company for a period of five years with effect from 1st April, 1999 subject to the approval of shareholders at the Annual General Meeting.

Sri H. Krishna Kumar has been associated with the company as executive from September 1982 to June 1990 and as a Whole-Time Director since June 1990. The Board considered that his association as Whole-Time Director will benefit the company in view of his knowledge and experience and accordingly recommends that the resolution be passed.

The principal terms and conditions of his appointment, inter-alia, contents the following:-

Remuneration and perks of Shri H. Krishna Kumar:-

1) **Basic Salary:** Rs. 45,000/- (Rupees Forty five thousand only) per month.

2) Perquisites: In addition to the basic salary, he shall be entitled to the following perquisites classified into three categories A, B and C.

Category - A

(i) **House rent allowance:** House rent allowance at the rate of Forty per cent of salary (Basic salary).

The expenditure incurred by the company on gas, electricity, water and furnishings shall be evaluated as per the Income-tax Rules, 1962 subject to a ceiling of ten per cent of the salary.

(ii) **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iii) **Club Fees:** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(iv) **Personal Accident Insurance:** As per the rules of the company subject to premium not exceeding Rs.4000 per annum.

Category - B

(i) The company's contributions to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the company.

(ii) Gratuity shall be payable in accordance with the rules and regulation of the company.

Such contributions/Gratuity shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together exempt under the Income Tax Act 1961.

Category - C

Chauffeur driven Car and telephone at residence. All personal long distance calls on the telephone shall be billed by the company. The provisions for car and telephone will not be considered as perquisites.

3) Others:

(i) **Leave:** One month's leave with full pay and allowance for every eleven months service. Leave accumulated but not availed of at the time of retirement or superannuation or otherwise shall be allowed to be encashed. This encashment shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.

(ii) **Reimbursement of expenses:** Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the company.

(iii) **Director's fees:** Sri H. Krishna Kumar shall not so long as he functions as the Whole-Time Director be entitled to receive any fee for attending any meeting of the Board or a Committee thereof.

In case of loss or inadequacy of profit in any financial year the Whole-Time Director shall be paid the remuneration as stated above subject to the limits set out in Section 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendments thereto.

4) Sri H. Krishna Kumar shall while continuing to be a Whole-time Director, be subject to retirement by rotation.

5) The appointment can be terminated by either party by giving three months notice in writing.

Approval of the members is being sought to the reappointment of Sri H. Krishna Kumar as a Whole-Time Director of the company for a period of five years from 1st April, 1999 on the terms and conditions set out in the draft agreement. The ordinary resolution set out in item no.6 of the Notice is intended for the purpose.

Sri H. Krishna Kumar, being concerned is interested in this resolution.

Sri H. Narsaiah, Chairman, Sri H. Kishen, Managing Director, Sri H. Dayakaran, Director, Sri H. Sampath Kumar, Director being relation of Sri H. Krishna Kumar may also be regarded as concerned or interested in the resolution.

A copy of the draft agreement referred to in the resolution will be available for inspection of the members at the company's Registered Office on any working day during 11 a.m. and 1 p.m. prior to the date of the meeting and will also be available at the meeting.

This explanatory statement together with the accompanying Notice is and may be treated as an extract under section 302 of the Companies Act, 1956.

ITEM 7:

The Board of Directors at its meeting held on 30th October 1999 had appointed Sri.H.Sampath Kumar as an additional Director of the company under Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company. He would hold office only upto the date of the ensuing Annual General Meeting.

Company received a Notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500/- from a Member proposing the appoint-

ment of Sri H.Sampath Kumar as Director of the Company. The Board recommend that in view of his rich experience in textile business, it will be beneficial to have him on the Board.

Approval of the members is being sought to the appointment of Sri H.Sampath Kumar as a Director of the company. The ordinary resolution set out in item no.7 of the Notice is intended for the purpose.

Sri H.Sampath Kumar, being concerned is interested in this resolution

Sri H.Narsaiah, Chairman, Sri H.Kishen, Managing Director, Sri H.Dayakaran, Director and Sri H.Krishna Kumar, Director being relation of Sri H.Sampath Kumar may also be regarded as concerned or interested in the resolution.

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

Place : Secunderabad
Date : 27-11-1999

H.KISHEN
Managing Director

DIRECTORS' REPORT

TO
THE MEMBERS OF
FENOPLAST LIMITED

Your Directors are pleased to present the 24th Annual Report of the Company and the Audited Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS :

During the year under review company's total income is Rs. 4844.24 lakhs as compared to Rs.3937.74 lakhs of previous year. The better performance was on account of turnaround efforts by the Company. The Financial details of the Company are as under :

	1998-99 Rs. in lakhs	1997-98 Rs. in lakhs
Income	4844.24	3937.74
Less : Expenditure	3509.52	2835.82
Less : Excise Duty	730.28	511.85
Gross Profit	604.44	589.97
Less : Interest & Finance charges	315.88	473.88
Less : Depreciation & Misc. Exp. W/off	87.33	87.71
Profit for the year	191.45	18.58
Less : Provision for taxation	6.40	0.00
Profit after tax	185.05	18.58
Add : Prior Period Adjustments	30.91	5.81
Profit after prior period adjustments	215.96	24.39
Profit brought forward	(-)163.29	(-)187.68
Balance carried forward	52.67	(-)163.29

Your Directors are pleased to inform that your Company earned a Net Profit of Rs.215.96 Lakhs as against modest Net Profit of Rs.24.39 lakhs during the previous year.

The turnaround strategy of the Company started showing results and your Directors are pleased to inform that the accumulated losses of the previous years have been fully wiped off.

OPERATIONS :

For the year under review production of PVC Leather Cloth was 32.14 lakh Ln. mts. as against the previous year's production of 33.37 lakh Ln. mts. Production of PVC Film was 3051 MT as against the previous year's production of 1884 MT. For the year 1999-2000 your Company envisages a definite growth over the year 1998-99. Your