

27th
Annual Report
2001-2002

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FENOPLAST LIMITED

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

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FEROPLAS LIMITED

Board of Directors

Shri H. Narsaiah, Chairman
Shri H. Kishen, Managing Director
Shri H. Dayakiran, Whole-Time Director
Shri H. Krishna Kumar, Whole-Time Director
Shri H. Sampath Kumar, Director

Company Secretary

Shri B. Chandra Sekhara Reddy

Bankers

Canara Bank
Syndicate Bank
Lakshmi Vilas Bank

Auditors

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

Demat Registrar

Sathguru Management Consultants Pvt. Ltd.
Plot No.15, Hindi Nagar Colony, Behind Saibaba Temple,
Punjabgutta, Hyderabad - 500 034.

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.
Medak Dist., Andhra Pradesh

Unit-II

Survey No.132 & 133,
Nandigaon Village,
Patancheru Mandal,
Medak Dist., Andhra Pradesh

Unit-III

Survey No.165 & 166,
Nandigaon Village,
Patancheru Mandal,
Medak Dist., Andhra Pradesh

Depot/Marketing Offices

Mumbai

4/2, Chandrodaya Co-op. Hsg. Scty.,
CST Road, Opp. Swastik Chambers,
Chembur,
Mumbai - 400 071.

Calcutta

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

New Delhi

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

Hosur

2, 3 & 4,
Sri Lakshmi Narasimhaswamy Complex,
Venkateswara Temple Road,
Hosur - 635 109, Tamilnadu

Gurgaon

Shiv Ashram,
Near Jwalla Mills,
Palam-Gurgaon Road,
Dundahera, Gurgaon - 15.

Ahmedabad

544/B. Sitaram Chowk,
Moti Hamam Pole,
Gheekanta,
Ahmedabad - 360 001.

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FENOPLAST LIMITED NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of Fenoplast Limited will be held on Monday, the 23rd day of December, 2002 at 3.00 P.M at Kapu Sangam, 1-7-155, M.G. Road, Secunderabad - 500 003, to transact the following business:

of remuneration and other perquisites to him as detailed in the explanatory statement."

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

Place : Secunderabad
Date : 31-10-2002

H. KISHEN
Managing Director

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2002, the Profit & Loss Account for the year ended 31st March, 2002, together with the Auditor's Report and Directors' Report thereon.
2. To appoint a director in place of Shri H. Sampath Kumar, who retires by rotation and being eligible for reappointment.
3. To appoint a director in place of Shri H. Narsaiah, who retires by rotation and being eligible for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT subject to the approval of the Central Government pursuant to Section 314 of the Companies Act, 1956, consent be and is hereby accorded to appoint Shri H. Mahesh Kumar as General Manager of the Company with effect from 1st January, 2003 and payment of remuneration and other perquisites to him as detailed in the explanatory statement."
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT subject to the approval of the Central Government pursuant to Section 314 of the Companies Act, 1956, consent be and is hereby accorded to appoint Shri H. Praveen Kumar as General Manager of the Company with effect from 1st January, 2003 and payment

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.
2. Instrument 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.
3. Members are requested to send all communications relating to shares to the Company's Registered Office. The members are requested to intimate immediately any change in the address registered with the Company. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holding into one folio.
4. Members/Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Additional copy of Annual Report and duplicate slip will not be issued at the place of the Meeting.
5. 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.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company atleast seven days before the date of the meeting, so that the information required by them may be made available at the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 16th December, 2002 to 23rd December, 2002 (both days inclusive).

8. Trading in the equity shares of the Company is compulsorily in dematerialised form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is **INE138D01014**.
9. The Members who hold shares in dematerialised form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
10. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

ANNEXURE TO NOTICE

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

Item No.5 & 6

Shri H.Mahesh Kumar, S/o Shri H.Kishen, Managing Director, had been appointed as an executive to look after production at Unit-I and II in the 18th Annual General Meeting held on 30/09/1993 for a salary scale of Rs.9000 - 1000 - 13000 with perquisites. The Company has been paying the salary scale of Rs.13000 with perquisites since 1997. The Board felt that considering his experience and dedication at the work, he should be promoted and suitably remunerated. Accordingly, he has been promoted to General Manager rank with the following remuneration.

Shri H.Praveen Kumar, S/o Shri H.Kishen, Managing Director, had been appointed as an executive to look after production at Unit-III in the 18th Annual General Meeting held on 30/09/1993 for a salary scale of Rs.9000 - 1000 - 13000 with perquisites. The Company has been paying the salary scale of Rs.13000 with perquisites since 1997. The Board felt that considering his experience and dedication at the work, he should be promoted and suitably remunerated. Accordingly, he has been promoted to General Manager rank with the following remuneration.

The remuneration consisting of salary and perquisites to Shri H.Mahesh Kumar and Shri H.Praveen Kumar are as under:

- 1) Salary : Rs.18,500/- per month in the salary scale of Rs.18500 - 2000 - 28500

2) Perquisites:

Category A :

- a) H.R.A.: 40% of the salary per month
- b) Other Allowances: 25% of the salary per month
- c) Reimbursement of Medical expenses in accordance with the rules of the Company
- d) 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.

Category B :

- a) The Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under Income Tax Act. The said contribution will not be included in the computation of the ceiling on perquisites.
- b) Gratuity payable shall not exceed one-half month's salary for each completed year of service subject to company rules.

Category C:

- a) Provision of motor car for use on Company's business and telephone at residence will not be considered as perquisites. Use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to Shri H.Mahesh Kumar/ Shri H.Praveen Kumar respectively.

The above special resolutions are being placed for the approval of the shareholders subject to the Central Government's approval.

No other Director except Shri H.Kishen, Managing Director, being related to Shri H.Mahesh Kumar and Shri H.Praveen Kumar is interested in the resolution at item No.5 and No.6.

By order of the Board of Directors
for FENOPLAS LIMITED

Place : Secunderabad
Date : 31-10-2002

H. KISHEN
Managing Director

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FENOPLAST LIMITED DIRECTORS' REPORT

TO
THE MEMBERS OF
FENOPLAST LIMITED

Your Directors are pleased to present the 27th Annual Report of the Company and the Audited Accounts for the year ended 31st March 2002.

FINANCIAL RESULTS:

During the year under review company's total income is Rs.6425.56 lakhs as compared to Rs. 6222.30 lakhs of previous year. The Financial details of the Company are as under:

	2001-2002 Rs. in lakhs	2000-2001 Rs. in lakhs
Income	6425.56	6222.30
Less: Expenditure	4895.16	4770.48
Less: Excise Duty	796.35	799.05
Gross Profit	734.05	652.77
Less: Interest & Finance charges	499.78	395.43
Less: Depreciation & Misc. Exp. W/off	102.28	100.56
Profit for the year	131.99	156.78
Less: Provision for taxation	9.00	11.50
Profit after tax	122.99	145.28
Add: Provision for Income Tax written back	0.00	25.86
Add: Prior Period adjustments	0.29	0.14
Profit available for appropriations	123.28	171.28
Profit brought forward	373.01	201.73
Deferred tax liability	189.14	0.00
Balance carried forward	307.15	373.01

Your Directors are pleased to inform that your Company earned a Net profit of Rs.123.28 Lakhs during the year under review. During the year the sale price of the products have gone down due to market conditions. During the year some of the major raw material prices have gone down resulting partial compensation for reduced sale prices. Interest cost was higher during the year, which resulted in lesser profitability. Debt restructuring is being

planned to reduce the interest cost in coming years.

OPERATIONS:

For the year under review production of PVC Leather Cloth was 54.43 lakh Ln.Mtrs as against the previous years production of 45.04 Lakh Ln.Mtrs. Production of PVC Film was 3071.63 MT as against the previous years production of 3122.68 MT.

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FEROPLAS LIMITED

MARKETING:

Due to poor liquidity and market conditions the market is becoming very competitive. Steps have been taken by your company to sustain the competition. Your Company succeeded in that front and could also expand the market for better volumes in future.

EXPORTS:

During the year 2001-2002, your Company made exports to various countries aggregating to Rs.1239.67 lakhs as against the previous years exports of Rs.997.34 lakhs. The growth in exports is 24% over previous year.

PENDING LEGAL CASE:

The Income tax authorities have issued a tax demand on the Company, which was contested before the Honourable High Court of Andhra Pradesh. Based on the legal opinion the demand is not maintainable. Hence, no provision is made in the books of account.

DIRECTORS:

Sri H. Sampath Kumar and Sri H.Narsaiah will retire by rotation at this Annual General Meeting and are eligible for reappointment.

PERSONNEL:

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

CORPORATE GOVERNANCE:

As per the Schedule of Implementation under Clause 49 of the Listing Agreement, your Company

has to implement the provisions of Corporate Governance within the financial year 2002-2003 but not later than March 31, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT:

As per Section 217(2AA) of the Companies Act, 1956, we hereby state :

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2002, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are 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 or loss of the company for that period;
- (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 for the financial year ended 31st March, 2002 on a going concern basis.

INFORMATION AND EXPLANATIONS REQUIRED TO BE GIVEN AS PER SEC.217(3) OF THE COMPANIES ACT, 1956:

Your directors have taken note of the Auditors' observations/qualifications like non-provision of gratuity on actuarial valuation, non-reconciliation, non-confirmation and non-provisioning in respect of certain debtors, creditors, loans and advances and strengthening of internal control procedures.

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FENIP LIMITED

The observations/qualifications of the Auditors are explained to an extent in the appropriate notes to the accounts. Steps are being taken to

strengthen the internal control procedures and to reconcile and confirm the debtors, creditors, loans and advances.

Particulars required under Section 217(2A) 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	Commencement of employment	Previous employment
Sarvasri/ H.Kishen	Managing Director	1010800	B.Com.	62/42	16.10.75	Textile Business
H. Dayakiran	Whole-time Director	803102	B.Sc.	46/24	10.07.79	—
H. Krishna Kumar	Whole-time Director	855000	M.A.	43/21	01.09.82	—

MATTERS REQUIRED TO BE REPORTED AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002:

A. Energy Conservation :

The consumption of energy in the process of manufacturing is not substantial. During the year under review, consumption of power, per Ln.Meter of leather cloth, is 0.17 KWh compared to previous year 0.18 KWh. The consumption of coal has decreased from 0.41 Kgs. to 0.39 Kgs. per Ln.mtr. of production. The reason for lower consumption was on account of better quality of coal and continuous production. Power consumption for PVC film has increased from 1.00 KWh to 1.01 KWh per each Kg of production. Details are enclosed herewith in Form A.

B. Technology Absorption:

On the technology absorption, the Company's employees are well conversant with the changes adopted in the production process to consume similar/same raw material with different specifications/

parameters. The machines are being operated without any technical problems.

C. Foreign exchange earnings and out-go:

The Company used Rs.344.24 lakhs on foreign exchange for its imports and foreign tours during the year, out of its total export earnings of Rs.1198.56 lakhs. Previous year the Company has used Rs.305.83 lakhs out of Rs.956.67 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 reappointment.

INFORMATION REQUIRED TO BE DISCLOSED UNDER CLAUSE 43A OF THE LISTING AGREEMENT:

The Shares of the Company are listed on:

1. The Hyderabad Stock Exchange Limited (HSE - Regional Stock Exchange)
3-6-275, Himayath Nagar,
Hyderabad - 500 029.

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2. The Stock Exchange, Mumbai (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

3. The Calcutta Stock Exchange Association
Limited (CSE)
7, Lyons Range, Kolkata - 700 001.

The Listing fees for the year 2002-2003 has been
paid to all the above mentioned Stock Exchanges.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere gratitude
to Canara Bank, Syndicate Bank and Lakshmi
Vilas Bank for the financial support extended to
the Company. Your Directors place on record their
appreciation of the continued patronage of dealers,
customers, suppliers and shareholders extended
to the Company.

For and on Behalf of
the Board of Directors

Place : Secunderabad
Date : 31.10.2002

H.NARSAIAH
(Chairman)



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FENIP PAST LIMITED

ANNEXURE

FORM-A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and Fuel Consumption :

		CURRENT YEAR		PREVIOUS YEAR	
		PVC Leather Cloth/ Cellular Sheets	PVC Film	PVC Leather Cloth/ Cellular Sheets	PVC Film
1) Electricity :					
a) Purchased from APSEB					
No. of Units	Kwh	863716	2911601	725067	2767722
Total Amount	Rs.	4162606	12526548	3644643	11993655
Rate per Unit	Rs.	4.82	4.30	5.03	4.33
b) Own generation through diesel generator :					
No. of Units	Kwh	64460	205470	87411	358350
Units per ltr. of diesel		1.86	3.29	1.92	3.18
Cost per Unit of Kwh	Rs.	9.93	5.61	8.66	5.23
2) Coal :					
(Round coal used in Heat treatment)					
Quantity consumed	M.T.	2097	NIL	1870	NIL
Total Cost	Rs.	5260300	NIL	4003483	NIL
Average Rate (per ton)	Rs.	2508	NIL	2141	NIL

B. Consumption per unit of production:

		Unit	Current Year	Previous Year
1. Electricity :				
a) PVC Leather Cloth/ Cellular Sheets	Kwh/Ln.mtr.		0.17	0.18
b) PVC Film	Kwh/Kg.		1.01	1.00
2. Coal :				
a) PVC Leather Cloth/ Cellular Sheets	Kg/Ln.mtr.		0.39	0.41