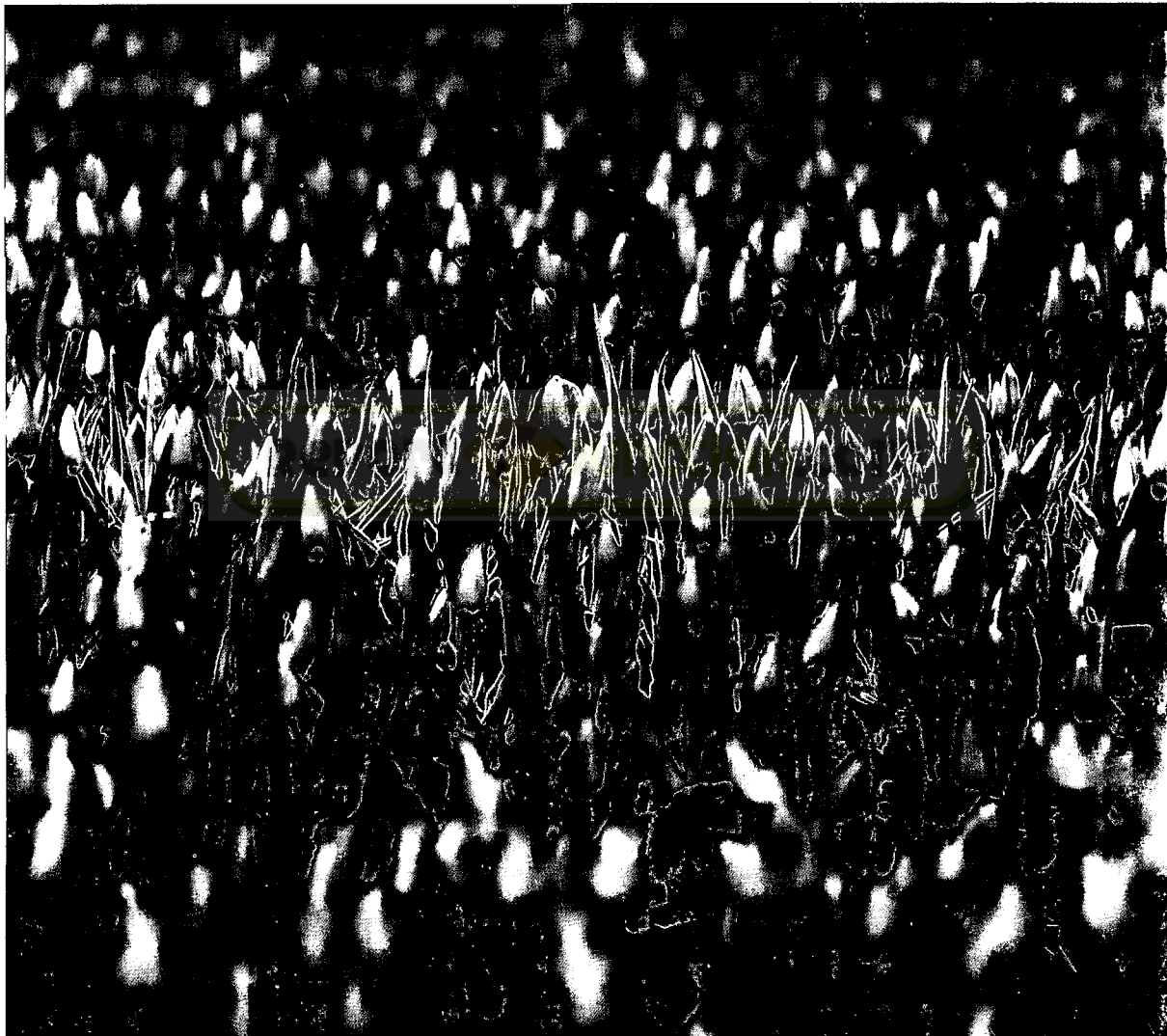


33rd Annual Report

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FENOPLAST LIMITED

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FENOPLAST LIMITED

Remembering Daya



There is something about the loss of a very dear human life that leaves an indelible mark on us all. We at Fenoplast, have felt this deeply with the untimely demise of a dedicated mentor, friend and guide whom you all know as our beloved Director Mr. H. Dayakiran, who left this mortal world silently in the early hours of 14th Feb 2008.

For most of you who knew Mr. H. Dayakiran, he was a simple, passionate man intent on giving and sharing. Always ready to go that extra mile for building a relationship. He constantly strived for perfection. Qualities which have endeared him and inspired his colleagues and business associates in the PVC calendering and PVC leather cloth industry.

In his passing, there is a void that can never be filled. But in his honesty, commitment and gigantic contribution to the company, there is a legacy of hope.

We, at Fenoplast, rededicate ourselves to Mr. H. Dayakiran's memory, reaffirm his commitment and pray that the efforts he made, serve to establish Fenoplast as an organization that believes in relationships, for life.

Management & Staff of Fenoplast

FENOPLAST LIMITED

Board of Directors

Mr. H. Narsaiah, Chairman
Mr. H. Kishen, Managing Director
Dr. K. Malhar Rao
Mr. B. Kamalaker Rao
Mr. R. Shankarnarayanan
Mr. H. Krishna Kumar, Whole-time Director
Dr. H. Anuradha

Bankers

Canara Bank
Syndicate Bank
Union Bank of India
The Lakshmi Vilas Bank Limited

Auditors

M. Anandam & Co.
Chartered Accountants,
7A, Surya Towers, S.P. Road,
Secunderabad.

Registrar & Share Transfer Agent and Demat Registrar

Sathguru Management Consultants Pvt. Ltd.,
Plot No. 15, Hindi Nagar Colony,
Behind Saibaba Temple,
Panjagutta, 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

A/ 11, Parle Colony, CHS,
Near Garware House
Sahakar Road, Vile Parle (East)
Mumbai-400057

Kolkata

P-175
Kalindi Housing Estate
Kolkata - 700 089

New Delhi

35B & 36
Samaspur Village
Patpargunj,
New Delhi - 110091.

Hosur

2,3& 4,
Sri Lakshmi Narasimhaswamy Complex,
Venkateswara Temple Road,
Hosur - 635109, Tamilnadu.

Gurgaon

Shed No.2
Saraya Ka Rasta
Behind Prince Vatika
Opp. Sector-5 Petrol Pump,
Gurgaon-122001 (Haryana)

Roorkee

360, Paschmi Ambar Talab,
Civil Hospital Road,
Roorkee - 247667
Uttarakhand

FENOPLAST LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Thirty Third Annual General Meeting of FENOPLAST LIMITED will be held on Saturday, the 20th September, 2008 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 March 31, 2008, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mr. B. Kamalaker Rao, who retires by rotation and is eligible for re-appointment.
3. 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:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sec.257 and other applicable provisions, if any, of the Companies Act, 1956, Dr.H. Anuradha be and is hereby appointed as director of the Company, who is liable to retire by rotation."

For and on behalf of
the Board of Directors

Place : Secunderabad

H.Kishen

Date : 30.06.2008

Managing Director

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT

BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.

- b) The Register of Members and Share Transfer Books of the Company will remain closed during the period from 14th September to 20th September, 2008 (both days inclusive).
- c) Members are requested to send all communications relating to shares and any change of address to the Registrar and Share Transfer Agent, M/s Sathguru Management Consultants Pvt. Ltd. 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.
- d) 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.
- e) 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.
- f) Consequent upon the introduction of Section 109 A 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 request in Form No. 2B in duplicate to the Company.
- g) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting, so that the information required by them may be made available at the meeting.

FENOPLAST LIMITED

- h) Pursuant to the requirements on the Corporate Governance under the listing agreement entered into with stock exchanges, the information about the Directors proposed to be re-appointed is given in the annexure to the notice.
- i) Trading in the Equity shares of the Company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is **INE138D01014**.
- j) The Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.

For and on behalf of
the Board of Directors

H.Kishen
Managing Director

Place : Secunderabad
Date : 30.06.2008

ANNEXURE TO THE NOTICE

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

Item No.4

Dr H.Anuradha has been appointed as an additional director, who is a promoter non – executive director as per clause 49 Of the listing agreement, at the Board Meeting held on 2nd March 2008. She holds office of director upto the date of ensuing Annual General Meeting of the Company. Company received a notice under section 257 of the Companies Act, 1956 together with a deposit of Rs.500/- from a member proposing Dr.H.Anuradha's Candidature for the directorship of the Company.

Approval of the members is being sought to the appointment of Dr.H.Anuradha as director of the Company. The ordinary resolution set out in item no.4 of the notice is intended for the purpose .

No other Director except Dr.H.Anuradha being concerned ,is interested in this resolution.

FENOPLAST LIMITED**DIRECTORS' REPORT**

TO
THE MEMBERS OF
FENOPLAST LIMITED

Your Directors are pleased to present the 33rd Annual Report of the Company with Audited Balance Sheet and Statement of Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS:

During the year under review company's total income was Rs. 10793.43 lakhs as compared to Rs. 11103.07 lakhs in the previous year. The Financial details of the Company are as under:

	2007-2008	2006-2007
	Rs. in lakhs	Rs. in lakhs
Income	10793.43	11103.07
Less: Excise Duty	1001.71	1021.93
Less: Expenditure	8818.91	9147.93
Gross Profit	972.81	933.21
Less: Interest & Finance charges	558.63	482.64
Less: Depreciation	118.76	116.17
Profit before Tax	295.42	334.40
Less: Current Tax	39.95	137.00
Less: Fringe Benefit Tax	8.59	7.32
Less : Deferred Tax	(24.14)	(22.28)
Prior Period adjustments	(1.62)	(0.16)
Profit available for appropriations	272.64	212.52
Profit brought forward	724.87	512.35
Balance carried forward	997.51	724.87

Your Directors are pleased to inform that your Company earned a Profit after tax of Rs.272.64 lakhs during the year under review as against Rs.212.52 lakhs in previous year by optimizing raw materials utilization and other cost control measures.

Your directors are pleased to inform that your Company is having maximum capacity utilization for PVC Leather Cloth Plants and also for PVC Film Plants on installed capacity during the current financial Year 2007-08.

OPERATIONS:

For the year under review production of PVC Leather Cloth was 60.21 lakhs Ln.Mtrs. as against the previous year's production of 65.72 Ln.Mtrs. as company concentrated on high margin items.

Production of PVC Film was 6285.91 MT as against the previous year's production of 5919.11 MT.

NEW PROJECT:

The Directors are pleased to inform to the members that the new imported calendering line has been installed and trial runs completed successfully. The new line will give additional capacity of at least 7000MT of PVC film per annum. Commercial production started on 01.06.2008. With the addition of the new line company hopes to make a mark in the non-pharma industry specifically in box grade film and deep thermoforming film.

MARKET:

In spite of the unprecedented increase in the crude oil prices and high inflation the automobile and the

FENOPLAST LIMITED

pharmaceuticals industries are doing reasonably well which augurs well for the company because of its presence in these two sectors.

EXPORTS:

During the year under review your company made exports aggregating to Rs. 1115.68 Lacs compared to the previous year's exports of Rs.1323.16 Lacs. The slack in the export business is primarily due to devaluation of the Dollar. During the present year exports have again picked up.

DIRECTORS:

In accordance with the requirements of Company's Act 1956 and the Articles of Association of the company, Mr. B. Kamalakara Rao retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Dr. H Anuradha was co-opted as Additional Director on 2nd March, 2008 and as per provisions of the Company's Act retires and offers herself for re-appointment at the ensuing Annual General Meeting.

PERSONNEL:

Your Company's employees are integral to the Company's success. They have played a significant role and enabled the company to deliver credible performance year after year. The Board of Directors acknowledges the contribution and efforts put in by the employees of the Company.

CORPORATE GOVERNANCE:

As a listed Company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A separate section on Management Discussion and Analysis Report is given elsewhere in this Annual Report.

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, 2008, 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 judgments 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, 2008 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 non-payment of Advance tax amounting to Rs.37.66 lakhs.

The observations/qualifications of the Auditors are explained in the appropriate notes to the accounts. The advance tax dues will be paid shortly.

PARTICULARS REQUIRED UNDER SEC.217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, FOR THE YEAR UNDER REVIEW ARE AS UNDER :

No employee of the Company was in receipt of remuneration during the financial year 2007-2008, in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

FENOPLAST LIMITED**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, 2008:**

- 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.Mtr. of leather cloth, was 0.19 KWh (previous year 0.17 per Ln.Mtr.). The consumption of coal was 2.06 Kg. per Ln.Mtr. of production (Previous year 1.46 Kg. Per Ln.Mtr.). The consumption of coal was more on account of poor quality of coal during the year. Power consumption for PVC film has decreased from 0.56 to 0.58/ 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 3539.42 lakhs on foreign exchange for its imports and foreign tours during the year, against its total export earnings of Rs.1084.27 lakhs. Previous year the Company has used Rs.1408.99 lakhs out of Rs.1301.06 lakhs earned.

AUDITORS:

M/s M. ANANDAM & CO., Chartered Accountants retires as Auditors in this 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)
6-3-654, Adj. to Erramanjil Colony,
Somajiguda, Hyderabad - 500 082.
2. The Bombay Stock Exchange Limited, (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 2008-2009 have been paid to all the above-mentioned Stock Exchanges.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere gratitude to Canara Bank, Syndicate Bank, Lakshmi Vilas Bank Limited and Union Bank of India for their 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 : 30.06.2008

H.NARSAIAH
Chairman

FENOPLAST LIMITED**ANNEXURE TO THE DIRECTORS' REPORT****FORM-A****A. Power and Fuel Consumption :**

		2007-2008		2006-2007	
		PVC Leather Cloth/ Cellular Sheets	PVC Film	PVC Leather Cloth/ Cellular Sheets	PVC Film
1) Electricity:					
a) Purchased from APSEB:					
No. of units	Kwh	1129731	3368874	1116880	3336750
Total Amount	Rs.	4652412	11646575	4714826	11588236
Rate per Unit	Rs.	4.12	3.46	4.22	3.47
b) Own generation through Diesel generator:					
No. of Units	Kwh	79844	130614	82109	179266
Units per lit. of diesel		1.75	2.41	1.86	2.86
Cost per Unit of Kwh	Rs.	21.62	19.01	18.76	12.18
2) Coal:					
(Round coal used in Heat treatment)					
Quantity consumed	M.T.	3493	Nil	3062	Nil
Total Cost	Rs.	12383694	Nil	9593983	Nil
Average Rate (per ton)	Rs.	3545	Nil	3133	Nil

B. Consumption per unit of production:

		Unit	2007-2008	2006-2007
1. Electricity:				
a) PVC Leather Cloth / Cellular Sheets	Kwh/Ln.mtr.		0.19	0.17
b) PVC Film	Kwh/Kg.		0.58	0.56
2. Coal:				
a) PVC Leather Cloth / Cellular Sheets	Kg/Ln.mtr.		2.06	1.46