

35th Annual Report

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FENOPLAST LIMITED

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Board of Directors

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

Bankers

Canara Bank
 State Bank of India
 Corporation Bank
 Syndicate Bank

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,
 Punjagutta, 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

Depot/ Marketing Offices:**Mumbai**

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

Hosur

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

Roorkee

D.K. Cold Storage Compound
 Sunhera Road, Kashipuri
 Pragna & Tehsil:
 ROORKEE - 247 667
 Dist. Haridwar (Uttarakhand)

Unit-II

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

Kolkata

P-175
 Kalindi Housing Estate
 Kolkata – 700 089

Gurgaon

Shed No.2, Saraya ka Rasta
 Behind Prince Vatika
 Opp. Sector 5 Petrol Pump,
 Gurgaon - 122 001
 (Haryana)

Baddi

Bhud Road, Vill. Gullarwala
 Tehsil. Nalagarh, P.O. Karuana,
 Dist. Solan, Baddi (HP)

Unit-III & Unit – III Expansion

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

New Delhi

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

Kalyan

Plot No 681, at Post Kon,
 Taluka-Bhiwandi
 Dist-Thane (Near Water Park)
 Kon Village,
 Kalyan-Bhiwandi Road

FENOPLAST LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Thirty Fifth Annual General Meeting of FENOPLAST LIMITED will be held on Friday, the 20th August 2010 at 12.30 p.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, 2010, 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. H. Krishna Kumar who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Dr. K Malhar Rao who retires by rotation and is eligible for re-appointment.
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 an Ordinary resolution :

“RESOLVED THAT pursuant to the provisions of Sec. 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr P Niroop 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
Date : 30.06.2010

H. KISHEN
Managing Director

NOTES

- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed during the period from 14th August 2010 to 20th August 2010 (both days inclusive).
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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**.
- 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.
- Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.

ANNEXURE TO THE NOTICE

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

Item No. 5 :

Mr P Niroop has been appointed as an Additional Director, who is an independent non-executive Director as per clause 49 of the listing agreement, at the Board Meeting held on 13th May 2010. He holds office of Director up to 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 Mr P Niroop's candidature for the directorship of the Company.

Mr P Niroop is a noted lawyer and environmentalist practising in the Supreme Court, New Delhi. He has vast knowledge in Corporate Management.

Approval of the members is being sought to the appointment of Mr P Niroop as Director of the Company. The ordinary resolution set out in item no. 5 of the notice is intended for the purpose.

No other Director except Mr P Niroop being concerned, is interested in this resolution.

For and on behalf of the Board of Directors

Place : Secunderabad
Date : 30.06.2010

H. Kishen
Managing Director

FENOPLAST LIMITED

DIRECTORS' REPORT

To
THE MEMBERS OF
FENOPLAST LIMITED

Your Directors are pleased to present the 35th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

During the year under review company's total income was Rs.15493.76 lakhs as compared to Rs. 12031.23 lakhs in the previous year. The Financial details of the Company are as under:

	2009-2010 Rs. in lakhs	2008-2009 Rs. in lakhs
Income	15493.76	12031.23
Less: Excise Duty	954.51	930.30
Less: Expenditure	12954.69	9834.31
Gross Profit	1584.56	1266.19
Less: Interest & Finance charges	1031.94	815.07
Less: Depreciation	219.72	190.54
Profit before Tax	332.90	260.58
Less: Current Tax	63.23	29.57
Less: Fringe Benefit Tax	0.00	10.31
Less : Deferred Tax	49.92	88.72
Profit available for appropriations	219.75	131.98
Profit brought forward	1129.49	997.51
Balance carried forward	1349.24	1129.49

Your Directors are pleased to inform that your Company earned a Profit before tax of Rs.332.90 lakhs during the year under review as against Rs.260.58 lakhs in previous year. The new calendaring line has contributed significantly towards higher production of PVC film. Efforts are being made to attain optimum capacity utilization during the current year.

OPERATIONS:

For the year under review production of PVC Leather Cloth was 63.79 lakhs Ln.Mtrs. as against the previous year's production of 52.50 lakhs Ln.Mtrs. Production of PVC Film was 10309.26 MT as against the previous year's production of 6911.71 MT

MARKETING:

The continuous growth in automobile and pharma sectors augurs well for the Company and efforts

are being made to further increase the Company's share in both these sectors.

EXPORTS:

During the year 2009-2010, your Company made exports to various countries aggregating to Rs.1405.13 lakhs as against the previous year exports of Rs.1514.65 lakhs.

FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits during the year under review and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

DIRECTORS:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the company, Sri H. Krishna Kumar and Dr K Malhar Rao retire by rotation at the ensuing Annual

General Meeting and being eligible offer themselves for re-appointment.

Mr P Niroop was co-opted as Additional Director on 13th May 2010 and as per provisions of the Company's Act, 1956 retires and offers himself 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, 2010, 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, 2010 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 and non-confirmation in respect of certain debtors, creditors, loans and advances and non-payment of Income Tax amounting to Rs. 90.32 lakhs, on account of various disputes. In respect of Income-tax, your Directors would like to inform that the income-tax amount will get adjusted against refunds due for the earlier year assessments.

The observations/qualifications of the Auditors are explained in the appropriate notes to the accounts.

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 :

Sl. No.	Name of the Employee	Age	Designation	Gross Remuneration	Qualification	Exp. In years	Date of Commencement of employment	Previous employment
1.	Sri H Kishen	69 yrs	Managing Director	Rs.24,16,892	B.Com.	49 years	16.10.1975	Textile Business

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, 2009:

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 0.20 KWh (previous year 0.21 KWh per Ln.Mtr.). The consumption of coal was 0.48 Kg. per Ln.Mtr. of production (Previous year 0.48 Kg. Per Ln.Mtr.). Power consumption for PVC film has decreased from 0.64 to 0.55 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 2445.17 lakhs on foreign exchange for its imports during the year, against its total export earnings of Rs. 1359.49 lakhs. Previous year the Company has used Rs.1549.70 lakhs as against Rs 1494.23 lakhs earned.

AUDITORS:

M. Anandam & Co., Chartered Accountants retire as Auditors in this Annual General Meeting and are eligible for reappointment.

COMPANY SECRETARY CERTIFICATE:

Secretarial Compliance Certificate issued by a practicing Company Secretary is annexed to this report.

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

The Shares of the Company are listed on:

1. The Bombay Stock Exchange Limited, (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.
2. The Calcutta Stock Exchange Association Limited (CSE)
7, Lyons Range,
Kolkata - 700 001.

The Listing fees for the year 2010-2011 have been paid to both the above-mentioned Stock Exchanges.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

B Kamalaker Rao
Chairman

Place : Secunderabad

Date : 30.06.2010

ANNEXURE TO THE DIRECTOR'S REPORT

FORM-A

A. Power and Fuel Consumption:

		2009-2010		2008-2009		
		PVC Leather cloth/ Cellular sheets	PVC Film	PVC Leather cloth/ Cellular sheets	PVC Film	
1)	<u>Electricity:</u>					
	a) Purchased from APCPDCL:					
	No.of units	Kwh	1103377	5606218	976613	4204780
	Total Amount	Rs.	4651909	19865122	4201166	16166237
	Rate per Unit	Rs.	4.22	3.54	4.30	3.84
	b) <i>Own generation through</i>					
	Diesel generator:					
	No. of Units	Kwh	172942	81657	119020	186480
	Units per lit. of diesel		1.97	1.80	1.86	1.38
	Cost per Unit of Kwh	Rs.	18.33	19.70	19.80	26.68
2)	<u>Coal:</u>					
	(Round coal used in Heat treatment)					
	Quantity consumed	M.T.	3093	NIL	2538	NIL
	Total Cost	Rs.	15857879	NIL	10103163	NIL
	Average Rate (per ton)	Rs.	5127	NIL	3981	NIL

B. Consumption per unit of production:

		Unit	2009-2010	2008-2009
1)	<u>Electricity:</u>			
	a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.	0.20	0.21
	b) PVC Film	Kwh/Kg.	0.55	0.64
2)	<u>Coal:</u>			
	a) PVC Leather cloth/ Cellular Sheets	Kg/Ln.mtr.	0.48	0.48

FENOPLAST LIMITED

V. MOHAN, B.Com., A.C.A., A.C.S.,
Company Secretary

301, Hill View Residency,
10-3-3/11/2, East Marredpally,
Secunderabad 500 026.
Tel : 040 – 27731471 / 27812034
Fax : 040 – 27812091
E-mail : mohan@anandam.in

COMPLIANCE CERTIFICATE

CIN : L25209AP1975PLC001942
Authorised Capital : Rs. 1200.00 lakhs
Paid up Capital : Rs. 459.67 lakhs

To
Members,
FENOPLAST LIMITED

I have examined the Registers, Records, Books and Papers of FENOPLAST LIMITED (hereinafter referred as "the Company") as required to be maintained under The Companies Act, 1956, (hereinafter referred as "the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all Registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded;
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other Authorities within the time prescribed under the Act and the rules made there under;
3. The Company is a Public Limited Company and has the minimum prescribed Paid-up Capital;
4. The Board of Directors duly met 4 times on 30.06.2009, 31.07.2009, 30.10.2009 & 29.01.2010 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose;
5. The Company closed its Register of Members from 17.9.2009 to 23.9.2009 and necessary compliance of Section 154 of the Act has been made;
6. The 34th Annual General Meeting for the financial year ended on 31.3.2009 was held during the year, on 23.09.2009, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose;
7. No Extra Ordinary General Meeting was held during the year under review;
8. The Company has advanced loans / advances during the year to entities/ firms/companies, referred in Section 295 of the Act and has complied with the provisions of the Act;
9. The Company has duly complied with the provisions of Section 297 of the Act, in respect of contracts specified in that Section;
10. In respect of matters referred under Section 299 of the Act, the Company has made entries in the Register maintained under Section 301 of the Act;
11. The Company has obtained necessary approvals from the members pursuant to Section 314 of the Act, wherever applicable;
12. The duly constituted Committee of Directors has approved the issue of duplicate Share Certificates;
13.
 - i. The need to deliver share certificates on transmission of shares or for any other purpose, did not arise as there was no transmission of shares or for any other purpose, during the year under review. However, in respect of transfer of shares, during the year under review, the Company has delivered the Share Certificates and has complied with the provisions of the Act ;