

36th 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

Unit-II

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

Unit-III & Unit – III Expansion

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

Depot/ Marketing Offices:

Kalyan

Plot No.681,
At Post Kon (Near Water Tank)
Kon Village, Kalyan
Bhiwandi Road, Taluka-Bhiwandi
Dist. Thane – 421 302

Kolkata

P-175
Kalindi Housing Estate
Kolkata – 700 089

New Delhi

35B & 36
Samaspur Village
Palpar Ganj,
Delhi – 110 091.

Hosur

No.6, Sidco Industrial Estate,
Phase-III, Hosur – 635 126,
Krishnagiri Dist.
Tamilnadu.

Gurgaon

Shed No.02,Saraya Ka Rasta,
Behind Prince Vatika,
Opp.Sector-05,
Gurgaon (Haryana) – 122 001

Roorkee

D.K. Cold Storage Compound,
Sunhera Road, Kashipuri
Pragna & Tehsil Roorkee-247 667
Distt.Hardwar (Uttarakhand)

Baddi

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

Ludhiana

Street No.8, Baba Deep Singh Nagar,
Ambala Bye Pass Road,
Near Transport Nagar Crossing,
Ludhiana – 141 010, Punjab.

Mumbai

A/11, Parle Colony, CHS,
Near Garware House,
Sahakar Road, Vile Parle (East)
Mumbai-400 057.

FENOPLAST LIMITED

NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the members of the Company will be held on Thursday, the 4th day of August 2011 at 10.30 A.M at, Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 500 003., to transact the following items of Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date along with report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. B. Kamalaker Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. H. Anuradha, who retires by rotation and being eligible, offers herself 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(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT, in supersession of resolution passed U/s 293(1)(d) by the shareholders of the Company at the 17th Annual General Meeting and in pursuance of Sec. 293(1)(d) of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors for borrowing monies from time to time at its discretion either from Company's Banker(s) or any Financial Institution(s) or from any other prospective Lender(s) for the purpose of the Company in excess of the aggregate of the paid up capital and its free reserves (excluding those reserves set apart for any specific purpose), provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not exceed a sum of Rs. 200 (Two Hundred) Crores.”

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 the consent of the members be and is hereby accorded to authorize the Board to mortgage and/or create charge to the extent of new borrowing limits of the Board of Directors U/s.293(1)(d), of all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertakings of the Company to or in favour of any Financial Institutions, Banks or other lenders to secure their loan facilities and other financial facilities/assistance including guarantees that has been or may in future be granted by them to the Company from time to time.”

By Order Of The Board Of Directors

Place : Secunderabad
Date : 27-05-2011

Sd/-
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 ON A POLL AND SUCH 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.
2. The register of members and Share Transfer Books of the Company will remain closed during the period from 28-07-2011 to 04-08-2011 (both days inclusive).
3. Members are requested to send all communications relating to shares and any change in 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.
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. Consequent upon the introduction of Section 109A 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.
7. 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.
8. Pursuant to the requirements on the Corporate Governance under the Listing Agreement entered into with the Stock Exchanges, The information about the directors proposed to be re-appointed is given in the *annexure to the notice*.
9. 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**.
10. 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.
11. 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 Nos. 5 & 6 :**

As per the provisions of Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company shall not except with the consent of the Company in general meeting borrow monies, together with the monies already borrowed by the Company, in excess of the paid-up capital and free reserves of the Company. The present borrowings are within the approved limits of the Company as consented by the members at the 17th Annual general meeting. However, the Banks are insisting to pass a fresh resolution of members including the working capital credit facilities. In view of this the Board has commended this resolution for the approval of the members considering all the future borrowings including the working capital credit facilities.

In line with the above resolutions it is also proposed to take consent of the shareholders U/s.293(1)(a) of the Companies Act, 1956 to create charge on the assets of the Company to the extent of borrowings of the Company in favour of lenders.

The Board of Directors of the Company at its meeting held on the 14th February, 2011 has approved the above proposals and recommends the proposed Ordinary Resolutions for consent of members.

None of the Directors is interested or concerned in the above-said resolutions.

For and on behalf of the Board of Directors

Place : Secunderabad
Date : 27-05-2011

Sd/-
H. Kishen
Managing Director

FENOPLAST LIMITED

Details of Directors seeking re-appointment at the up-coming 36th Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

As required under the listing Agreement, the particulars of Directors, **Mr. B. Kamalaker Rao** and **Dr. H. Anuradha** who are proposed to be re-appointed are given below:

a	Name	Mr. B. Kamalaker Rao	Dr. H. Anuradha
b	Brief Resume i) Age ii) Qualification iii) Experience in specific functional area iv) Date of appointment on the board of the Company (Fenoplast Limited)	62 B.Tech, M.B.A, F.I.E More than 35 Years in Finance and Management 28/09/2005	49 M.B.B.S, DCP, DMRT More than 20 years 02/03/2008
c	Nature of expertise in functional area	He is well versed with the Industrial and Financial sector of the Companies. He has gained good expertise in various operational functions of the Companies as he was attached to various Public and Private Sectors since long time. He was a Director of Vijaya Bank and Oriental Bank of Commerce during 1985-95 and 1995-99 respectively. He was a member of Micro Finance Committee of Reserve Bank of India.	She has been working as Civil Assistant Surgeon in the department of Radiology in Gandhi Medical College, Hyderabad.
d	Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies act, 1956)	1. Pennar Industries Limited. 2. Aishwarya Holdings Private Limited	Nil
e	Name(s) of Companies in which committee Membership(s) held	Nil	Nil
f	No. of shares of Rs.10/- each held by the Director	Nil	1,72,400
g	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Nil	Related to Mr.H.Kishen, M.D, Mr. H.Krishna Kumar, Whole Time Director and Mr. H.Narasaiah, Director.

DIRECTORS' REPORT

To
THE MEMBERS OF
FENOPLAST LIMITED

Your directors are pleased to present the 36th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS:

During the year under review company's total income was Rs.19284.67 lakhs as compared to Rs. 15493.76 lakhs in the previous year. The financial details of the Company are as under:

	2010-2011 Rs. in lakhs	2009-2010 Rs. in lakhs
Income	19284.67	15493.76
Less: Excise Duty	1535.18	954.51
Less: Expenditure	16186.46	12954.69
Gross Profit	1563.03	1584.56
Less: Interest & Finance Charges	1012.33	1031.94
Less: Depreciation	177.80	219.72
Profit before Tax	372.90	332.90
Less: Current Tax	103.30	63.23
Less: Deferred Tax	20.56	49.92
Profit available for appropriations	249.04	219.75
Profit brought forward	1349.24	1129.49
Balance carried forward	1598.28	1349.24

Your Directors are pleased to inform that your Company earned a Profit before tax of Rs.372.90 lakhs during the year under review as against Rs 332.90 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 70.67 Ln. Mtrs. as against the previous year's production of 63.79 lakhs Ln. Mtrs. Production of PVC Film was 10907.75 MT as against the previous year's production of 10309.26 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 2010-2011, your Company made exports to various countries aggregating to Rs. 1444.79 lakhs as against the previous exports of Rs. 1405.13 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 B. Kamalaker Rao and Dr. H. Anuradha retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

FENOPLAST LIMITED

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 report 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 172(2AA) of the Companies Act, 1956, we hereby state:

- i. That in the preparation of the annual accounts for the year ended 31st March, 2011, 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 estimate 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, 2011 on a going concern basis.

INFORMATION AND EXPLANATIONS REQUIRED TO BE GIVEN AS PER SEC. 177(3) OF THE COMPANIES ACT, 1956:

Your directors have taken note of the Auditors observations/qualifications like non-provision of gratuity and leave encashment on actuarial valuation and the observations/qualifications of the Auditors are explained in the appropriate notes to the accounts.

PARTICULARS REQUIRED UNDER SEC. 177(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 2010-2011, in excess of the sum prescribed under Section 177(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

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, 2011:

- 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 0.20 KWh. Per Ln.Mtr). The consumption of coal was 0.44 kg per Ln Mtr of production (previous year 0.48 kg. Per Ln.Mtr.). Power consumption for PVC film has remained at 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. 3714.81 lakhs on foreign exchange for its imports during the year, against its total export earnings of Rs. 1385.15 lakhs . Previous Year the Company has used Rs. 2445.17 Lakhs as against Rs.1359.49 lakhs earned.

AUDITORS:

M. Anandam & Co., Chartered Accountants retire as auditors in this General Meeting and are eligible for re-appointment.

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- 400001
2. The Calcutta Stock Exchange Association
Limited(CSE)
#7, Lyons Range,
Kolkata- 700001.

The listing fee for the year 2011-2012 has 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, 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

Sd/-
B Kamalaker Rao
Chairman

Place : Secunderabad
Date : 27.05.2011

FENOPLAST LIMITED

ANNEXURE TO THE DIRECTOR'S REPORT

FORM-A

A. Power and Fuel Consumption:

		2010-2011		2009-2010	
		PVC Leather cloth/ Cellular sheets	PVC Film	PVC Leather cloth/ Cellular sheets	PVC Film
1) Electricity:					
a) Purchased from APCPDCL:					
No. of units	Kwh	1273805	5803323	1103377	5606218
Total Amount	Rs.	5859219	23405335	4651909	19865122
Rate per Unit	Rs.	4.60	4.03	4.22	3.54
b) Own generation through Diesel generator.					
No. of Units.	Kwh	158849	245705	172942	81657
Units per lit. of diesel		2.09	2.64	1.97	1.80
Cost per Unit of Kwh	Rs.	19.19	15.18	18.33	19.70
2) Coal:					
(Round coal used in Heat treatment)					
Quantity consumed	M.T	3089	NIL	3093	NIL
Total Cost	Rs.	21190386	NIL	15857879	NIL
Average Rate (per ton)	Rs.	6861	NIL	5127	NIL

B. Consumption per unit of production:

		Unit	2010-2011	2009-2010
1) Electricity:				
a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.		0.20	0.20
b) PVC Film	Kwh/Kg.		0.55	0.55
2) Coal:				
PVC Leather cloth/ Cellular Sheets	Kg/Ln.mtr.		0.44	0.48