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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  
Dr. H Anuradha  
Mr. P Niroop

**Bankers**

Canara Bank  
State Bank of India  
Syndicate Bank

**Auditors**

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

**Registrar & Share Transfer Agent  
and Demat Registrar**

Venture Capital and Corporate Investments Pvt. Ltd.  
12-10-167, Bharat Nagar,  
Hyderabad – 500 018.

**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  
Patpar 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

**Indore**

67, Mangalmurti Nagar,  
Scheme No. 77, Ring Road,  
Behind Mayur Hospital,  
Indore - 452 018.

**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)

**Attibele**

Kaveri Nilaya  
Bhuvaneshwari Nagar  
Attibele,  
Karnataka - 562107

**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

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### NOTICE

Notice is hereby given that the 37th Annual General Meeting of the members of the company will be held on Monday, the 6th day of August, 2012 at 10.30 a.m. at Kapu Sangam, 1-7-155, M.G.Road, Secunderabad - 500003 to transact the following items of business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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. H. Narsaiah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. K. Malhar Rao, who retires by rotation and being eligible, offers himself 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.

**By Order of the Board of Directors**

Place : Secunderabad  
Date : 30-05-2012

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, the Proxy Form 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 30-07-2012 to 05-08-2012 (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 Venture Capital And Corporate Investments Private Limited. 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 attendance 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.

**Details of Directors seeking re-appointment at the up-coming 37th Annual General Meeting  
(pursuant to Clause 49 of the Listing Agreement)**

- (a) As required under the listing Agreement, the particulars of Director, Mr. H. Narsaiah who is proposed to be re-appointed are given below:

a	<b>Name</b>	<b>Mr. H. Narsaiah</b>
b	<b>Brief Resume</b>	
	i) Age	76
	ii) Experience in specific functional area	More than five decades of experience in textile, PVC leather cloth, cotton yarn trading
	iii) Date of appointment on the board of the Company (Fenoplast Limited)	16-10-1975
c.	Nature of expertise in functional area	He has good expertise in textile trading business as well as marketing of similar products. He has immensely contributed to the development of marketing net-work of the Company. He was non-executive Chairman of the Company since its inception. Being exposed to all the functional areas of business he has very good knowledge over the systems and functions of the Company which has been helping the Company in decision making. He is a member of Audit Committee of the Company.
d.	Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies act, 1956)	1. Feno Fiber Ltd. - Director 2. Rex-O-Knits Private Ltd - Managing Director
e.	Name(s) of Companies in which committee Membership(s) held	Audit Committee - Fenoplast Limited
f.	No. of shares of Rs.10/- each held by the Director	2,72,392
g.	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Related to Mr.H.Kishen (Managing Director) and Mr. H.Krishna Kumar (Whole time Director).

## FENOPLAST LIMITED

(b) As required under the listing Agreement, the particulars of Director, Dr K. Malhar Rao who is proposed to be re-appointed are given below:

a	<b>Name</b>	<b>Dr. K Malhar Rao, M.B.B.S., M.D.</b>
b	<b>Brief Resume</b>	
	i) Age	78
	ii) Experience in specific functional area	He is a Retired Professor of Pediatrics, Kakatiya University. He is having wide contacts in pharma industry, which would help the Company to improve the business in the PVC Film.
	iii) Date of appointment on the board of the Company (Fenoplast Limited)	30th April, 2004
c.	Nature of expertise in functional area	Being a leading pediatric practitioner he is well versed with the drugs and the packaging requisites for storage of essential and general drugs to maintain the drug contents. This has been helping the Company to penetrate into pharmaceutical industry to change the business trends.
d.	Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies act, 1956)	Nil
e.	Name(s) of Companies in which committee Membership(s) held	a) Audit Committee - Member b) Shareholders' Grievance Committee - Member & Chairman
f.	No. of shares of Rs.10/- each held by the Director	Nil
g.	Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956)	Nil

**DIRECTORS' REPORT**

To  
THE MEMBERS OF  
FENOPLAST LIMITED

Your Directors have pleasure in presenting the Thirty Seventh Annual Report of your Company and the audited statement of Profit & Loss for the year ended March 31, 2012.

**FINANCIAL RESULTS:**

During the year under review company's total income was Rs.19,680 Lakhs as compared to Rs.17,749 Lakhs in the previous year. The financial details of the Company are as under:

	Rs. in lakhs	
	2011-2012	2010-2011
Gross Income (Net of Excise Duty)	<b>19680</b>	17749
Less: Expenditure	<b>17864</b>	16186
Gross Profit	<b>1816</b>	1563
Less: Interest & Finance Charges	<b>1184</b>	1012
Less: Depreciation	<b>230</b>	178
Profit before Tax	<b>402</b>	373
Less: Current Tax	<b>129</b>	103
Less: Deferred Tax	<b>6</b>	21
Profit available for appropriations	<b>267</b>	249
Profit brought forward	<b>1598</b>	1349
Balance carried forward	<b>1865</b>	1598

**BUSINESS REVIEW**

Revenues increased from Rs.17749 Lakhs in the previous year to Rs 19680 Lakhs, at a growth rate of 11%. Profit before tax increased from Rs. 373 Lakhs to Rs.402 Lakhs. Growth in the profitability for this year was a result of growth in market share of existing products, and launch of products with minimal competition. Profit after tax increased from Rs.249 Lakhs to Rs.267 Lakhs.

The continuous escalation in the cost of raw-materials has affected the margins of the Company. Effective implementation of cost-saving measures and other costing systems have helped to protect the margins and to compete in the market. During the period under review the management's focus is on optimum utilization of resources and production capacities and on the implementation

of the PVDC project for high value addition. Your Company added PVDC to its product lines and this is a reflection of the demand for your Company's products in the premium markets. Your Company envisages increase in customer demand and in order to facilitate manufacture of new and existing products, it is in the process of expansion.

Your Company's marketing strategy is to compete in market segments that are diverse yet profitable. The focus of our sales and marketing force is to establish a premium market position for all our products in general and value addition products in particular and to increase that share until we have cemented a majority through the product life cycle. However the highly competitive environment and market dynamics is a constant phenomenon in any business environment and it is imperative need to face such challenges.

## FENOPLAST LIMITED

### OPERATIONS:

For the year under review, production of PVC Leather Cloth was 73.77 Ln. Mtrs. as against the previous year's production of 70.67 Ln. Mtrs. Production of PVC Film was 10642.43 MT as against the previous year's production of 10907.75 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 2011-2012, your Company made exports to various countries aggregating Rs. 1334.16 lakhs as against the previous exports of Rs. 1444.79 Lakhs.

Your Company has remained a preferred source to all its customers and is constantly taking steps to mitigate risk and stay ahead of competition.

### Business Focus:

Following is a list of limited but broad level initiatives that your company has taken to manage business effectively

- Comprehensive yet simple objectives for our employees at all levels that are consistent with the long term vision of the company;
- Increase presence in Foreign Markets that are complex yet strategically important for the long term sustainability of the Company;
- Constant review and assessment and action plan for business improvement
- Use of appropriate technology and software for increased productivity and
- Training.

### 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. Narsaiah and Dr. K. Malhar

Rao, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### 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 report on Management Discussion and Analysis forms part of this 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, 2012, the applicable Accounting Standards have been followed and no material departures have been made from the same.
- 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, 2012 on a going concern basis.



**Auditing System**

- i. The financial statements have been audited by M/s M Aanadam & Co Chartered Accountants, the independent Auditor.
- ii. The audit committee of your Company meets periodically with the internal auditor to review the performance of internal audit, to discuss the nature and scope of the internal auditor's functions, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditor and the internal auditor have full and free access to the Members of the Audit Committee to discuss any matter of substance.

**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 2011-2012, 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.

**MATTERS REQUIRED TO BE REPORTED AS PER THE 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, 2012:**

- 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 0.17 KWh (previous year 0.20 KWh. Per Ln.Mtr). The consumption of coal was 0.30 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. 4034.14 Lakhs on foreign exchange for its imports during the year, against its total export earnings of Rs. 1187.21. Previous Year the Company has used Rs. 3714.81 Lakhs as against Rs. 1385.15 lakhs earned.

**AUDITORS:**

M. Anandam & Co., Chartered Accountants retire as auditors in this General Meeting and are eligible for re-appointment and extended their consent under section 224(1B) of the Companies Act, 1956.

**COMPANY SECRETARY CERTIFICATE:**

Secretarial Compliance Certificate issued by Practicing Company Secretaries M/s.P.S.Rao & Associates 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. BSE 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 2012-2013 has been paid to both the above mentioned Stock Exchanges.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the continued patronage extended to the Company by dealers, customers, suppliers, employees and shareholders. The trust reposed in your Company by its esteemed customers helped stabilized growth during the year under review.

Your Company also acknowledges the support and guidance received from Canara Bank, State Bank of India and Syndicate Bank, other government agencies during the year under review and looks forward to continuing support

**For and on behalf of the Board of Directors**

Sd/-  
**B Kamalaker Rao**  
Chairman

Place : Secunderabad  
Date : 30.05.2012

# FENOPLAST LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

### FORM-A

#### A. Power and Fuel Consumption:

		2011-2012		2010-2011	
		PVC Leather cloth/ Cellular sheets	PVC Film	PVC Leather cloth/ Cellular sheets	PVC Film
<b>1) Electricity:</b>					
a) Purchased from APCPDCL:					
No. of units	Kwh	1043165	5502570	1273805	5803323
Total Amount	Rs.	4336564	24564129	5859219	23405335
Rate per Unit	Rs.	4.16	4.46	4.60	4.03
b) Own generation through Diesel generator.					
No. of Units.	Kwh	218238.88	366140	158849	245705
Units per lit. of diesel		2.25	2.43	2.09	2.64
Cost per Unit of Kwh	Rs.	19.70	18.19	19.19	15.18
<b>2) Coal:</b>					
(Round coal used in Heat treatment)					
Quntity consumed	M.T.	2160	NIL	3089	NIL
Total Cost	Rs.	14517980	NIL	21190386	NIL
Average Rate (per ton)	Rs.	6721	NIL	6861	NIL

#### B. Consumption per unit of production:

		Unit	2011-2012	2010-2011
<b>1) Electricity:</b>				
a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.		0.17	0.20
b) PVC Film	Kwh/Kg.		0.55	0.55
<b>2) Coal:</b>				
PVC Leather cloth/ Cellular Sheets	Kg/Ln.mtr.		0.30	0.44