



Fenoplast
Limited

38th Annual Report
2012-2013



Fenoplast Limited

Let us celebrate 38 years of consolidation,
in anticipation of a future full of hope.
Of dedication and commitment. Of a joyous
union of professionals and stakeholders.
The new logo is a vibrant expression of
this ethos. Urging us to excel.
To move beyond boundaries and define
new standards. To grow and achieve.
For that is the honour of a job well done.
Onward, Fenoplast.
Onward with renewed purpose and a
rekindled spirit of enterprise.

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Board of Directors

Mr. B Kamalakher 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
Indian 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 - 562 107

Ludhiana

2805, Arya Colony,
Moti Nagar,
Near Hari Om Mandir,
Ludhiana – 141 010, Punjab.

Mumbai

Unit No.5,
Neeta 'C' Wing, ,
Tejapal Scheme Road No.5, Vile Parle (East)
Mumbai-400 057.

NOTICE

Notice is hereby given that the 38TH Annual General Meeting of the members of the Company will be held on Thursday the 8th August, 2013, 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, 2013 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.Krishna Kumar, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint a director in place of Mr.P.Niroop, who retires by rotation and being eligible, offers him-self 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 though fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII, of the Companies Act, 1956 and subject to the approval of Central Government the consent of the Company be and is hereby accorded to the re-appointment of Sri H. Kishen as Managing Director of the Company, not liable to retire by rotation, for a period of 3 years with effect from 25.05.2013 and payment of remuneration and other perquisites to him as detailed in the explanatory statement attached hereto, with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in the said explanatory statement from time to time."

6. **To Consider and if though fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII, of the Companies Act, 1956 and subject to the approval of Central Government the consent of the Company be and is hereby accorded to the re-appointment of Sri H. Krishna Kumar as Whole Time Director of the Company, not liable to retire by rotation, for a period of 3 years with effect from 25.05.2013 and on payment of remuneration and other perquisites to him as detailed in the explanatory statement attached hereto, with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out the said explanatory statement from time to time."

7. **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 314 of the Companies Act, 1956("Act"),(herewith referred to as the "Act") and subject to the approval of Government of India and the resolution passed at the 34th AGM of the Company, the consent be and is hereby accorded to increase the remuneration of Mr.H.Mahesh Kumar, Chief Executive – Domestic Sales, and to hold an office or place of profit as such, w.e.f. 25th May, 2013 and who is a relative of Mr.H.Kishen, Managing Director on such terms and conditions as detailed hereunder:

- a. Remuneration shall not exceed ₹.2,00,000/- per month and as may be decided and approved by the Board from time to time.
- b. The revised remuneration will be effective from 8th August, 2013 and subject to such other approvals as may be required.
- c. During the tenure he shall be governed by the rules and regulations of the Company from time to time.

"FURTHER THAT the Board of Directors may be authorized to execute and furnish such documents, information and statements as may be required and to do all such necessary acts, deeds and things to give effect to the above resolutions"

8. 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 314 of the Companies Act, 1956("Act"),(herewith referred to as the "Act") and subject to the approval of Government of India and the resolution passed at the 34th AGM of the Company, the consent be and is hereby accorded to increase the remuneration of Mr.H.Praveen Kumar, Chief Executive – Calendering Division, and to hold an office or place of profit as such, w.e.f. 25th May, 2013 and who is a relative of Mr.H.Kishen, Managing Director on such terms and conditions as detailed hereunder:

- a. Remuneration shall not exceed ₹.2,00,000/- per month and as may be decided and approved by the Board from time to time.
- b. The revised remuneration will be effective from 8th August, 2013 and subject to such other approvals as may be required.
- c. During the tenure he shall be governed by the rules and regulations of the Company from time to time.

"FURTHER THAT the Board of Directors may be authorized to execute and furnish such documents, information and statements as may be required and to do all such necessary acts, deeds and things to give effect to the above resolutions"

9. 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 314 of the Companies Act, 1956("Act"),(herewith referred to as the "Act") and subject to the approval of Government of India, the consent be and is hereby accorded for the appointment of Mr.H.Sanjay Kumar as Chief Executive - OEM Sales, and to hold an office or place of profit as such, w.e.f. 25th May, 2013 who is a relative of Mr.H.Kishen, Managing Director on such terms and conditions as detailed hereunder:

- a. Remuneration shall not exceed ₹.2,00,000/- per month and as may be decided and approved by the Board from time to time.
- b. The revised remuneration will be effective from 8th August, 2013 and subject to such other approvals as may be required.
- c. During the tenure he shall be governed by the rules and regulations of the Company from time to time.

"FURTHER THAT the Board of Directors may be authorized to execute and furnish such documents, information and statements as may be required and to do all such necessary acts, deeds and things to give effect to the above resolutions"

For and on behalf of the Board of Directors

Place : Secunderabad

Date : 25-05-2013

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. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed herewith.
3. The register of members and Share Transfer Books of the Company will remain closed during the period from 05-08-2013 to 08-08-2013 (both days inclusive).
4. 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.
5. 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.
6. 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.
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 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 38th Annual General Meeting:
(Pursuant to Clause 49 of the Listing Agreement)**

As required under the Listing Agreement, the particulars of Directors, **Mr. H.Krishna Kumar** and **Mr.P.Niroop** who are proposed to be re-appointed, are given below:

| A | Name | Mr.H.Krishna Kumar | Mr.P.Niroop |
|---|---|--|---|
| B | Brief Resume | | |
| | i) Age | 54 | 55 |
| | ii) Qualification | M.A (Economics) | Lawyer (Supreme Court) |
| | iii) Experience in specific functional area | He is one of the key managerial persons and has been associated with the Company for over 30 years and he looks after the production and marketing operations of the Company as a Wholtime Director. | He is a Supreme Court Lawyer having good experience and exposure to various matters related to Company law, Environment law etc., |

| | | | |
|---|--|---|-------------------------------------|
| C | Name(s) of the other Companies in which directorship held (as per Section 275 and 278 of the Companies act, 1956). | — | SKS Trust Advisors Private Limited. |
| D | Name(s) of Companies in which committee Membership(s) held. | 1. Fenoplast Limited. | 1. Fenoplast Limited. |
| E | No. of shares of ₹.10/- each held by the Director. | 2,93,500 | NIL |
| F | Relationship between Directors inter se (As per Section 6 and Schedule 1A of the Companies Act, 1956). | He is related to directors Mr. H. Narsaiah, Mr. H. Kishen & Dr. H. Anuradha | He is not related to any director |

ANNEXURE TO THE NOTICE

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

Item No. 5: Reappointment of Mr.H.Kishen as Managing Director

On the recommendation of the Remuneration Committee the Board of Directors at its meeting held on 25.05.2013 has proposed to re-appoint Sri H. Kishen as Managing Director of the Company for a period of 3 years with effect from 25.05.2013 subject to the approval of the members of the Company and Central Government. Sri H. Kishen is associated with the Company since inception and is responsible for its growth over the years. In view of his vast experience and knowledge, the Board is of the view that his continued appointment would benefit the Company and accordingly recommends his re-appointment and payment of remuneration as per terms and conditions mentioned below.

The principal terms and conditions of his appointment, inter-alia, contains the following:

Remuneration and perks of Sri H. Kishen:-

- 1] **Basic Salary:** ₹.2,62,930/- (Rupees Two Lakhs Sixty Two Thousand Nine Hundred and Thirty only) per month
- 2] **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites classified into three categories A, B & C

Category – A

- i. House rent allowance: House rent allowance at the rate of **FORTY** percent of salary (Basic Salary)
- ii. Medical Reimbursement: Expenses incurred for self and family, subject to a ceiling of **ONE** month's salary in a year or three months salary over a period of three years.

Category – B

- i. The Company's contributions to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the Company.
- ii. Gratuity shall be payable in accordance with the rules and regulations of the Company.
- iii. He is eligible for Leave Encashment.

Such Contributions/Gratuity/ Encashment shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are exempt under the Income Tax act, 1961

- iv. Reimbursement of expenses: Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.

Category –C

He will be provided chauffeur driven car, mobile and telephone at residence to carry out his responsibilities. All personal long distance calls on the telephone shall be recovered by the Company. The provisions of car and telephone will not be considered as perquisites.

- 3] The above said remuneration shall be paid as minimum remuneration to the Managing Director in case of loss or inadequacy of profit for any financial year the Managing Director.
- 4] Sri H Kishen shall not while continuing to be the Managing Director, be subject to retirement by Rotation.
- 5] The appointment can be terminated by either party giving three months notice in writing.

Approval of the members is being sought to the reappointment of Sri H. Kishen as Managing Director of the Company for a period of Three years w.e.f.25-05-2013 on the terms and conditions set out in the draft agreement. This resolution shall be in supersession of the previous resolution passed on 23-09-2009 re-appointing Managing Director. The ordinary resolution set out in item No. 5 of the Notice is intended for the purpose.

Sri H Kishen along with Sri H. Narsaiah, Director, Sri H. Krishna Kumar, Whole-time Director & Dr H. Anuradha, Director who are related to him, are considered interested in the resolution.

A copy of the draft agreement referred to in the resolution will be available for inspection of the members at the Company's Registered Office on any working day between 11 a.m. and 1.00 p.m. prior to the date of the meeting and will also be available at the meeting. This explanatory statement together with the accompanying notice is and may be treated as an extract under Section 302 of the Companies Act, 1956.

STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE XIII, OF THE COMPANIES ACT, 1956:

I. GENERAL INFORMATION

- (1) Nature of Industry: PVC Leather and PVC Film
- (2) Expected date of commencement of commercial production: NA
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.
- (4) Financial performance during last three years: (₹. In Lakhs)

| Financial Parameters | 2010-11 | 2011-12 | 2012-13 |
|----------------------|-----------|-----------|-----------|
| Total Income | 17,749.49 | 19,680.15 | 19,475.29 |
| PAT | 249.03 | 266.67 | 165.15 |

- (5) Export performance:

(₹. In Lakhs)

| | 2010-11 | 2011-12 | 2012-13 |
|-----------------|----------|----------|----------|
| Export Earnings | 1,385.15 | 1,187.21 | 1,469.96 |

- (6) Foreign investments or collaborations, if any: NIL

II. INFORMATION ABOUT THE APPOINTEE:

1. **Background of the Appointee:** Mr H.Kishen is one of the promoter director and associated with Company's business since its inception. He is well versed with all the operations of the Company. He looks after administration and control of the Company as a Managing Director.
2. Past remuneration (including contribution to PF, Superannuation fund and Gratuity fund) for last 3 years:
 - 2010-11 – ₹.20,71,600
 - 2011-12 – ₹.23,64,457
 - 2012-13 – ₹.18,00,000
3. Recognition and awards: Rajiv Gandhi Excellency Award for his contribution and achievements.

4. **Job profile and his suitability:**

- (a) **Job Profile:** He is responsible for all day-to-day operations of the Company and looks after the administration and control of the Company as a Managing Director.
- (b) **Suitability:** He has been a Managing Director since the inception of the Company. He is well versed with entire operations of the company. His experience of the past 38 years has helped the company grow to its present level. He is well suited as he is not only experienced but he is also well versed of entire operations of the company.

5. **Remuneration proposed:** As specified above in this explanatory statement.

6. **Comparative Remuneration Profile:** The proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the industry and of the position and person.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: He is related to H. Krishna Kumar, H. Narasaiah and Dr.H.Anuradha. He is holding 2,04,884 equity shares.

III. OTHER INFORMATION:

- (1) **Reasons of Loss or Inadequate profits:** Due to spurt in the crude-oil price as the basic raw-material is one of the petro-chemical product, depreciation of rupee against dollar, increase in the interest costs and power cuts.
- (2) **Steps taken or proposed to be taken for improvement:**
 - a) The Company has taken various measures to reduce the interest costs including better working capital and debtors management.
 - b) For continuous power the Company is tying-up with private power suppliers.

Item No. 6: Reappointment of Mr.H.Krishna Kumar as Whole-time Director

On the recommendation of the Remuneration Committee the Board of Directors at its meeting held on 25.05.2013 has re-appointed Sri H. Krishna Kumar as Whole time Director of the Company for a period of 3 years with effect from 25.05.2013 subject to the approval of the members of the Company and Central Government. Sri H. Krishna Kumar is associated with the Company since 1982 and is responsible for its growth over the years. In view of his vast experience and knowledge, the Board is of the view that his continued appointment will benefit the Company and accordingly recommends his re-appointment and payment of remuneration as per terms and conditions mentioned below.

Remuneration and perks of Sri H. Krishna Kumar:-

1] **Basic Salary:** ₹. 2,52,810/- (Rupees Two Lakhs Fifty Two Thousand Eight Hundred and Ten only) per month

2] **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites classified into three categories A, B & C

Category – A

- i. **House rent allowance:** House rent allowance at the rate of **FORTY** percent of salary (Basic Salary)
- ii. **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling of **ONE** month's salary in a year or three months salary over a period of three years.

Category – B

- i. The Company's contributions to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the Company.
- ii. Gratuity shall be payable in accordance with the rules and regulations of the Company.
- iii. He is eligible for Leave Encashment.

Such Contributions/Gratuity/ Encashment shall not be included in the computation of overall remuneration the ceiling on perquisites to the extent these either singly or put together are exempt under the Income Tax act, 1961.