



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 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
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, Cheney 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 Wholetime 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.

- 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] In case of loss or inadequacy of profit in any financial year the Wholetime Director shall be paid the remuneration as stated above as minimum remuneration.
- 4] Sri H Krishna Kumar shall not while continuing to be the Wholetime 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. Krishna Kumar as Wholetime Director of the Company for a period of Three years from 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 reappointing Whole-time Director. The ordinary resolution set out in item No. 6 of the Notice is intended for the purpose.

Sri H Krishna Kumar along with Sri H. Narsaiah, Director, Sri H. Kishen, Managing Director & Dr H. Anuradha, Director who being 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.Krishna Kumar joined with the Company in 1982 and has been associated with the Company since then and looking after commercial and domestic market, and is incharge of overall factory operations of the Company as a Wholetime Director.
2. Past remuneration (including contribution to PF, Superannuation fund and Gratuity fund) for last 3 years:

2010-11 – ₹.20,71,600

2011-12 – ₹.20,96,805

2012-13 – ₹.18,00,000

-
3. Recognition and awards:
 4. **Job profile and his suitability:**
 - (a) **Job Profile:** He looks after the production and marketing operations of the company.
 - (b) **Suitability:** He has good exposure in the marketing field particularly in the products of PVC Leather Cloth and PVC Film. He is instrumental in building good marketing and distribution net-work for the PVC Leather Cloth all over the country. He has developed various new trends in the PVC Leather market.
 5. **Remuneration proposed:** As specified above in the 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 Mr. H.Kishen, Mr. H.Narsaiah and Dr. H.Anuradha. He is holding 2,93,500 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. 7

The Company is one of the leading supplier of PVC Leather Cloth and PVC Film in the country. Though there are number of players in the PVC Leather market the Company is preferred supplier to leading automobile manufacturers.

Mr. H. Mahesh Kumar had been appointed as Chief Executive – Domestic Sales in the 34th Annual General Meeting held on 23rd September 2009 with a remuneration not exceeding ₹.1.00 lakh per month. He has been associated with the Company for the past 16 years looking after the manufacturing operations of domestic market. His knowledge and experience would be beneficial to the Company.

Considering his performance and current market remuneration the Remuneration Committee has recommended the increase in the remuneration to Mr. H. Mahesh Kumar at its meeting held on 25th May, 2013. Considering the recommendations of Remuneration Committee it is proposed to revise the remuneration as prescribed in the resolution proposed for your approval.

Mr. H. Mahesh Kumar, is relative of Mr. H. Kishen, Managing Director is considered to be interested in this resolution. This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act.

Item No. 8

The Company is one of the leading supplier of PVC Leather Cloth and PVC Film in the country. Though there are number players in the PVC Leather market the Company is preferred supplier to leading automobile manufacturers.

Mr. H. Praveen Kumar had been appointed as Chief Executive – Calendering Division in the 34th Annual General Meeting held on 23rd September 2009 with a remuneration not exceeding ₹.1.00 lakh per month. He has been associated with the Company for the past 16 years looking after the manufacturing operations of Calendering Division. Considering his performance and current market remuneration the Remuneration Committee has recommended the increase in the remuneration to

Mr. H. Praveen Kumar at its meeting held on 25th May, 2013. Considering the recommendations of Remuneration Committee it is proposed to revise the remuneration as prescribed in the resolution proposed for your approval.

Mr. H. Praveen Kumar, is relative of Mr. H. Kishen, Managing Director is considered to be interested in this resolution. This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act.

Item No. 9

The Company is one of the leading supplier of PVC Leather Cloth and PVC Film in the country. The Remuneration Committee considered the proposal to appoint Mr. H. Sanjay Kumar as Chief Executive – OEM Sales of the Company at its meeting held on 25th May, 2013 and recommended the appointment of Mr. H. Sanjay Kumar as Chief Executive – OEM Sales.

He has got tremendous exposure to sourcing and manufacturing knitted fabric, which is the most critical input for OEM – Sales. His experience in this line, would benefit the Company to source and develop the right backing fabric required for OEM Sales.

Considering his usefulness and the worth that he brings along with him, the Remuneration Committee has recommended the remuneration proposed in the resolution. Considering the recommendations of Remuneration Committee the resolution has been proposed for your approval.

Mr. H. Sanjay Kumar, is relative of Mr. H. Kishen, Managing Director is considered to be interested in this resolution. This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act.

For and on behalf of the Board of Directors

Place : Secunderabad

Date : 25-05-2013

H.Kishen
Managing Director

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Eighth Annual Report of your Company and the audited statement of accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

	₹. in Lakhs	
	2012-2013	2011-2012
Gross Income	21,383	21,363
Gross Income (Net of Excise Duty)	19,475	19,680
Less: Expenditure	17,656	17,863
Gross Profit	1,819	1,817
Less: Interest & Finance Charges	1,350	1,184
Less: Depreciation	212	230
Profit before Tax	257	402
Less: Current Tax	75	129
Less: Deferred Tax	17	7
Profit available for appropriations	165	267
Profit brought forward	1,865	1,598
Balance carried forward	2,030	1,865

BUSINESS REVIEW

Your Company has achieved the same revenues close to the previous year amounting to ₹. 21383 Lakhs as against ₹. 21361 Lakhs in previous year in spite of the severe power shortage. As you are aware your Company has passed through tough times during the year due to power shortage and has been able to overcome by supplementing through internal generation coupled with sourcing, of power from expensive power purchase scheme envisaged by AP Transco. These efforts have enabled the Company to operate the optimum level of capacities without any interruption. However, the Profit before tax decreased from ₹.402 Lakhs in previous year to ₹.257 Lakhs mainly due to increase in Power costs by ₹.170 Lakhs. During the year under review the management has continued its focus on optimizing the utilization of resources and production capacities as well as on the value addition products like PVDC, Metalized & Pearlized products. Your Company envisages significant increase in revenues from both the existing and new products from next year for all the efforts that have been put in the last two years.

Your Company's marketing strategy is to compete in market segments that are diverse yet profitable. The focus of our sales and marketing team is to

establish a premium market position for all our products in general and value addition products in particular thereby increase its market share. However, the highly competitive environment and market dynamics is a constant phenomenon in any business environment and it is an imperative need to face such challenges.

Company's LOGO:



A new Company logo was unveiled on the 28th April 2013, as the Company felt the need for a proper and better identity that symbolized the vibrancy and the growth of the Company :

OPERATIONS:

For the year under review, production of PVC Leather Cloth was 62.85 Ln. Mtrs. as against the previous year's production of 73.77 Ln. Mtrs. Production of PVC Film was 9556.06 MT as against the previous year's production of 10642.43 MT.

DIVIDEND:

Considering the liquidity position of the Company, the directors do not recommend dividend for the year 2012-13.

MARKETS:

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 2012-13, your Company made exports to various countries aggregating ₹.1635.58 lakhs as against the previous exports of ₹.1334.16 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 INITIATIVES:

Following is a list of limited but broad level initiatives that your Company has taken to improve its business effectively

- Comprehensive yet precise objectives for our employees at all levels that are aligned with the vision of the Company;
- Enhancing significantly its customer base in foreign markets since this is strategically important for the long term sustainability of the Company;
- Constant review, assessment and action plan to achieve the targets
- Use of appropriate technology and software to increase productivity and
- Improving the skills of the employees at all levels by continuous 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 P.Niroop and Sri H.Krishna Kumar, 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 March 31st 2013, 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 as at March 31st, 2013 and of the profit or loss of the Company the year ended on that date;
- 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 of the Company for the financial year ended 31st March, 2013 on a going concern basis.

AUDITING SYSTEM

- i. The financial statements have been audited by M/s M. Anandam & 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 in consultation with the statutory auditors and to ensure adequacy

of the internal control and financial reporting systems. 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 2012-13, 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, 2013:

- 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 PVC Leather Cloth was 0.17 (previous year 0.17 KWh per Ln.Mtr). The consumption of coal was 0.41 kg per Ln. Mtr. of production (previous year 0.30 kg. Per Ln.Mtr.). Power consumption for PVC film was at 0.66 KWh per Kg. (previous year 0.55 kwh Per Kg.) of production. Details are attached 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 ₹. 3520.38 Lakhs on foreign exchange for its imports during the year, against its total export earnings of ₹. 1469.96 Lakhs. In the previous year the

Company has used ₹.4034.14 Lakhs as against ₹. 1187.21 Lakhs earned

AUDITORS:

M. Anandam & Co., Chartered Accountants retire as auditors in this General Meeting and are eligible for re-appointment and have 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 2013-14 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 their continuing support.

For and on behalf of the Board of Directors'

B. Kamalaker Rao
Chairman

Place : Secunderabad
Date : 25.05.2013

ANNEXURE TO THE DIRECTOR'S REPORT

FORM -A

A. Power and Fuel Consumption:

		2012-2013		2011-2012	
		PVC Leather cloth/Cellular sheets	PVC Film	PVC Leather cloth/Cellular sheets	PVC Film
1). Electricity:					
a) Purchased from APCPDCL					
No. of units	Kwh	7,21,076	45,45,420	10,43,165	55,02,570
Total Amount	₹.	46,63,540	2,74,67,769	43,36,564	2,45,64,129
Rate per Unit	₹.	6.47	6.03	4.16	4.46
b) Own generation through Diesel generator.					
No. of Units.	Kwh	3,11,615	17,83,565	2,18,239	3,66,140
Units per ltr. of diesel		2.20	2.30	2.25	2.43
Cost per Unit of Kwh	₹.	24.55	23.48	19.70	18.19
2). Coal:					
(Round coal used in Heat treatment)					
Quantity consumed	M.T	2,554	NIL	2,160	NIL
Total Cost	₹.	1,35,72,255	NIL	1,45,17,980	NIL
Average Rate (per ton)	₹.	5,315	NIL	6,721	NIL

B. Consumption per unit of production:

	Unit	2012-13	2011-2012
1). Electricity:			
a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.	0.17	0.17
b). PVC Film	Kwh/kg.	0.66	0.55
2). Coal:			
a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.	0.41	0.30

FORM
(See RULE 3)
COMPLIANCE CERTIFICATE

CIN : L25209AP1975PLC001942

Authorised Capital : ₹. 1200.00 lakhs

Paid-up Capital : ₹. 459.67 lakhs

To
The Members,
FENOPLAST LIMITED
306-308, Chenoy Trade Centre, Parklane,
SECUNDERABAD -03

We have examined the registers, records, books and papers of **FENOPLAST LIMITED** “(the Company)” as required to be maintained under the Companies Act, 1956, “(the Act)” and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, and its officers, we 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 rules made thereunder and all entries therein have been duly recorded;
- 2) The Company has filed the requisite forms and returns as stated in Annexure ‘B’ to this certificate, with the Registrar of Companies, Andhra Pradesh as prescribed under the Act and the rules made thereunder;
- 3) The Company is a Public Limited Company and has the minimum prescribed Paid-up Capital;
- 4) The Board of Directors has met 4 times on 30.05.2012, 06.08.2012, 08.11.2012 and 12.02.2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in Minutes Book maintained for the purpose;
- 5) The Company closed its Register of Members from 30th July,2012 to 5th August,2012 and necessary compliances of Section 154 of the Act have been made;
- 6) The 37th Annual General Meeting for the financial year ended 31.03.2012 was held on 06.08.2012, after giving due notice to the members of the Company and the resolutions passed there at 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) During the year under review the Company has not given any loans to any entities/firms/companies, referred to in Section 295 of the Act;
- 9) 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;
- 10) The Company has obtained necessary approvals from the members pursuant to Section 314 of the Act, wherever applicable;
- 11) The duly constituted Committee of Directors has been approving the issue of duplicate Share Certificates, if any;
- 12) The Company:
 - A) in respect of transfer/ transmission of shares, during the year under review, has delivered the Share Certificates and has complied with the provisions of the Act;
 - B) was not required to deposit any amount of dividend in a separate bank account as no dividend was declared during the financial year;
 - C) was not required to pay/post warrants for dividend to any member as no dividend was declared during the financial year;
 - D) has duly complied with the requirements of Section 217 of the Act;

-
- 13) The Board of Directors of the Company is duly constituted. There was no appointment of directors, additional directors, alternate directors and/or directors to fill the casual vacancies, during the financial year under review;
 - 14) The Company has not re-appointed Managing Director, Whole-time Director during the financial year under review;
 - 15) The Company has not appointed any sole-selling agent during the financial year under review;
 - 16) The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder;
 - 17) The Company has not issued any shares during the financial year under review;
 - 18) The Company has not bought back any shares during the financial year under review;
 - 19) The Company has not redeemed any preference shares during the financial year under review;
 - 20) There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the year under review;
 - 21) The Company has not invited/ accepted any deposits falling within the purview of Section 58A of the Act;
 - 22) The Company has made borrowings, during the financial year under review, and has duly complied with the provisions of Section 293 of the Act;
 - 23) During the financial year under review the Company has not made loans and investments to other bodies corporate under the provisions of section 372A of the Act. The Company has been maintaining a proper register under the provisions of the said section;
 - 24) The Company has not altered the provisions of Memorandum of Association with respect to situation of the Company's Registered Office from one state to another, during the financial year under review;
 - 25) The Company has not altered the provisions of the Memorandum of Association with respect to its Objects, during the financial year under review;
 - 26) The Company has not altered the provisions of the Memorandum of Association with respect to its Name, during the financial year under review;
 - 27) The Company has not altered the provisions of the Memorandum of Association with respect to the Share Capital, during the financial year under review;
 - 28) The Company has not altered the Articles of Association, during the financial year under review;
 - 29) There are no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines, penalties or any other punishment were imposed on the Company, during the financial year under review;
 - 30) The Company has not received any amount as security from its employees, during the financial year under review;
 - 31) The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

for **P.S. Rao & Associates**
Company Secretaries

Place : Hyderabad
Date : 25-05-2013

N.Vanitha
Company Secretary
C.P. No.:10573

ANNEXURE A

STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY

1. Register of Members u/s 150 of the Act.
2. Minutes book of the Directors Meeting, Annual and Extra Ordinary General Meetings u/s 193 of the Act.
3. Register of Directors u/s 303 of the Act.
4. Register of Directors shareholding u/s 307 of the Act.
5. Register of Contract u/s 301 of the Act.
6. Books of Account u/s 209 of the Act.
7. Register of Investments u/s 49 and 372A of the Act.
8. Register of Charges u/s 143 of the Act.
9. Register of Directors Attendance u/s 287 of the Act.
10. Register of Fixed Assets u/s 209 of the Act.

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Andhra Pradesh, during the financial year ending on 31st March, 2013

Sl. No	Forms/ Returns	Section	Purpose
1.	Form-20B	159	Annual Return
2.	Form-23AC-XBRL & 23ACA-XBRL	220	Balance Sheet & Profit and Loss Account
3.	Form-66	383A	Compliance Certificate
4.	Form-23B	224(1A)	Appointment of Auditor
5.	Form-8	125	Creation of Charge
6.	Form-8	125	Creation of Charge
7.	Form-8	125	Creation of Charge
8.	Form-8	125	Creation of Charge

for **P S Rao & Associates**
Company Secretaries

Place : Hyderabad
Date : 25-05-2013

N.Vanitha
Company Secretary
C.P. No.:10573

Auditors' Certificate on Corporate Governance

To the Members,
Fenoplast Limited

We have examined the compliance of conditions of Corporate Governance by Fenoplast Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M. Anandam & Co.**,
Chartered Accountants
(Firm Regn. No. 000125S)

Place : Secunderabad
Date : 25th May, 2013

M.V.Ranganath
Partner
M.No.28031

CORPORATE GOVERNANCE

In Compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and lists the practices followed by the Company.

(1) Company Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is to practice fair and transparent governance to the benefit of its Shareholders, Lending Institutions, Customers, Employees and Society at large.

(2) Board of Directors:

The Board of Directors presently comprises of 7 (seven) Directors having rich experience and specialized skills in their respective fields, out of which 5 (five), are Non-Executive Directors. The Company has a Non-Executive Independent Chairman and 2 (two) Non-Executive Independent Directors. The composition of the Board, attendance at Board Meetings (BM) held during the financial year under review and attendance at the last Annual General Meeting (AGM), number of directorships and memberships in Public Limited Companies and Committees (including the Company) are given below:-

Name of the Director	Category	FY 2012-13		As on date		
		Attendance at		No. of other Director-ships ¹	Committee positions ²	
		BM	Last AGM		Member	Chairman
B. Kamalaker Rao	Non-Executive Chairman, Independent	4	Yes	1	2	1
H. Narsaiah	Non-Executive Director Promoter	4	Yes	1	1	NIL
H. Kishen	Managing Director Promoter	4	Yes	NIL	NIL	NIL
H. Krishna Kumar	Whole time Director Promoter	4	Yes	NIL	1	NIL
Dr. K. Malhar Rao	Non-Executive Director Independent	4	Yes	NIL	2	NIL
Dr. Anuradha	Non-Executive Director Promoter	4	Yes	NIL	NIL	NIL
P.Niroop	Non-Executive Director Independent	4	Yes	NIL	1	NIL

1 Other than Directorships in Private Limited Companies, Section 25 Companies, Foreign Companies and Associations

2 Only Audit Committee and Shareholders Grievance Committee positions

As may be seen from the above, the Non-Executive Directors constitute more than half of the total number of Directors. The Company has a Non-Executive Independent Director as Chairman and more than one third of the total strength of the Board comprises of Independent Directors.

During the year under review, Four (4) Board meetings were held on 30th May, 2012, 06th August, 2012, 08th November, 2012 and 12th February, 2013.

None of the Directors of the Company is a member of more than ten committees and Chairman of more than five committees across all the companies in which they are Directors.

Your Company holds minimum of four Board Meetings in each year with maximum time gap of four months between any two meetings. Additional Board Meetings will be convened by giving appropriate notice to address the urgent needs of the Company. The Board may also approve permitted matters by passing resolutions by circulation.

(3) Committees of Directors:

a) Audit Committee:

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors and one Non-Executive Director in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time. The Audit Committee has adequate powers to play effective role as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

Sl. No.	Name of the Director	Designation	No. of meetings held during the period	No. of Meetings attended
1	Mr. B.Kamalaker Rao	Chairman	4	4
2	Dr. K.Malhar Rao	Member	4	4
3	Mr. H.Narsaiah	Member	4	4
4	Mr. P.Niroop	Member	4	4

Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

Managing Director, Whole-time Director, Vice President – Finance, GM – Finance and Statutory Auditors are also invited to the meetings, as required, to brief the Committee Meetings. Internal Auditors also attend the meetings.

Audit Committee meetings were held during the year under review on 30th May, 2012, 06th August, 2012, 08th November, 2012 and 12th February, 2013. M/s. P.S.Rao & Associates, Company Secretaries will act as Secretaries for the meetings.

b) Remuneration Committee:

Remuneration Committee was duly constituted in accordance with the requirements of Schedule XIII to the Companies Act, 1956 and Listing Agreement. The Remuneration Committee is authorized subject to the provisions of Companies Act, 1956 and the consent of members, to negotiate, finalize and approve the terms of appointment for Managing Directors/Whole time Directors and other Senior Executives on behalf of the Company. The composition of remuneration committee is as follows:

Sl.No.	Name of the Director	Designation
1	Dr. K.Malhar Rao	Chairman
2	Mr. B.Kamalaker Rao	Member
3	Mr. P.Niroop	Member

Chairman and members of the Remuneration Committee are Independent Non-Executive Directors.

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendation to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and other benefits paid during the year to the Managing Director and Whole-time Directors are as follows:

(Amt in ₹.)

Name of Director	Salary & Allowances	Other Benefits	Designation	Gross Remuneration
Mr.H.Kishen	15,96,788	2,03,212	Managing Director	18,00,000
Mr.H.Krishna Kumar	15,96,788	2,03,212	Whole-time Director	18,00,000

For Non-Executive Directors:

An amount of ₹.5000/- is paid for each Board Meeting and ₹.2,000/- is paid for each Committee Meeting attended and reimbursement of expenses and incidental expenses. The details Sitting Fee paid to Non-Executive directors and their shareholding are as follows:

Name of the Director	Sitting Fee paid during F.Y.2012-13 (₹.)	No. of shares held on 31-03-2013
Mr. H.Narsaiah	28,000	2,72,392
Mr. B.Kamalaker Rao	28,000	NIL
Dr. K.Malhar Rao	36,000	NIL
Mr. P.Niroop	28,000	NIL
Dr. H.Anuradha	15,000	1,72,400

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/ Employees.

(c) Shareholders' / Investors' Grievance Committee:

The present composition of the Shareholders/ Investors' Grievance Committee is as under:

Name of the Director	Designation	No. of meetings held during the year	No. of Meetings attended
Mr.H.Krishna Kumar	Member	4	4
Dr. K.Malhar Rao	Member	4	4

The Committee is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, issue of duplicate share certificates, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer, to approve share transfers/transmissions and comply with other formalities in relation thereto.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

During the year the Company has received 7 (Seven) letters from shareholders requesting to carry out their requirements in the records of the Company which are not in the nature of complaint. Out of these, 6 (Six) have been addressed at the level of Compliance Officer and 1 (One) is pending as on 31st, March, 2013.

(4) General Body Meetings:

Year	Place of Meeting	Date & Time	Special Resolutions
2011-12	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 3	06-08-2012 10.30 A.M	NIL
2010-11	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 3	04-08-2011 10.30 A.M.	NIL
2009-10	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 3	20-08-2010 12.30 P.M	NIL

(5) Disclosures

Disclosures on Materially Significant Related Party Transactions:

Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions during the year conflicting with the interest of the Company.

Details of Non-Compliance and Penalties:

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchanges, Securities and Exchange Board of India or any Statutory Authority relating to the capital markets.

Whistle Blower Policy:

As per Internal Code of Conduct the employees have been given access to the Audit Committee.

CEO/CFO Certification:

The Managing Director (CEO) and Vice President – Finance (CFO) have certified and submitted a certificate on the financial results and other compliance of statutory requirements, to the Board in accordance with

Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March, 2013.

Compliance Certificate:

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this report.

Code of Conduct:

The Company has posted the Code of Conduct for Directors and Senior Management on its website. The Code of Conduct is applicable to all Directors and Senior Management Personnel of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the financial year ended 31st March, 2013. A declaration to this effect, duly signed by the Managing Director is given below:

To the Shareholders of Fenoplast Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior management personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Secunderabad,
25-05-2013

H. Kishen
Managing Director

Details of Compliance with Mandatory Requirements and Adoption of the Non-mandatory Requirements:

The Company has complied with the mandatory requirement of Clause 49 and is in the process of implementation of non-mandatory requirements.

Relationships inter-se among Directors:

In accordance with the provisions of Section 6 read with Schedule 1A of the Companies Act, 1956, Managing Director Mr. H.Kishen, Whole-time Director Mr. H.Krishna Kumar, Mr. H.Narsaiah and Dr.H.Anuradha belong to promoter group and are related to each other.

(6) Means of Communication

Your Company complied with the requirements of Clause 41 of the Listing Agreement. Quarterly Results, Half Yearly and Annual Results are normally published in the Business Standard (English Newspaper) and Andhra Prabha (Telugu-Regional).

The Financial Results are regularly submitted to the Stock Exchanges in accordance with the Listing

Agreement and simultaneously displayed on the Company's website:www.fenoplast.com.

Management Discussion & Analysis forms part of the Annual Report.

(7) General Shareholder Information:

i) Registered Office:

306-308, Chenoy Trade Centre, Parklane, Secunderabad- 500003.

ii) Annual general Meeting Date, Time and Venue:

Thursday,the 8th day of August, 2013 at 10.30 A.M., at Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 500 003.

iii) Financial Calendar

Financial Results will be announced in accordance with the provisions of clause 41 of the Listing Agreement with the Stock Exchanges.

iv) Date of Book Closure:

05-08-2013 to 08-08-2013 (both days inclusive)

v) Listing on the Stock Exchanges:

- BSE Limited (BSE)
- The Calcutta Stock Exchange Association Limited (CSE)

vi) Stock Codes:

- **BSE -** 526689
- **CSE -** 16021

The listing fee and custodial fee has been paid up to date to the Stock Exchanges and Depositories.

vii) Market Price Data: High, Low and No. of shares traded during each month in last financial year:

Month	High (₹)	Low (₹)	Monthly Volume
April-2012	34.90	33.50	187
May- 2012	33.90	32.25	362
June-2012	33.00	26.20	2,651
July- 2012	39.35	27.50	3,774
August -2012	36.70	32.10	1,101
September- 2012	34.65	30.10	4,565
October- 2012	34.15	27.85	3,130
November- 2012	34.45	26.95	22,757
December- 2012	31.25	26.00	13,874
January- 2013	32.55	26.50	5,531
February- 2013	34.05	26.45	515
March -2013	31.05	21.90	4,780

(VIII) Registrar and Transfer Agents:

M/s Venture Capital And Corporate Investments Private Limited acts as Registrar and Share Transfer Agent and Demat Registrar.

Address:

M/s. Venture Capital And Corporate Investments Private Limited

12-10-167, Bharat Nagar, Hyderabad, 500018.

Telephone No. 040-23818475/23818476/23868023.

(IX) Share Transfer System

To expedite the share transfer process in the physical segment, authority has been delegated to the share transfer committee, which comprises of:

(X) Shareholding pattern as on 31-03-2013:

Category	No. of Shareholders	No. of shares held	Percentage of shareholding
A. Promoters' holding			
1. Indian Promoters & Persons Acting in Concert	51	27,42,354	59.62
Sub- Total	51	27,42,354	59.62
B. Non- Promoters' holding			
1. Institutional Investors	----	----	----
2. Others			
a) Private Corporate Bodies	36	97,832	2.13
b) Indian Public	3,443	16,45,337	35.76
c) NRIs/OCBs	130	1,13,700	2.47
d) Clearing Members	7	777	0.02
Sub-Total	3,616	18,57,646	40.38
GRAND TOTAL	3,667	46,00,000	100.00

(XI) Dematerialization of Shares and Liquidity:

Your Company's shares are under compulsory demat. Therefore, shareholders are requested to demat their physical shares for the liquidity benefit. 19,61,158 shares out of total shares (i.e. 46,00,000 equity shares) were dematerialized as on 31/03/2013.

(XII) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity:

Your Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments.

(XIII) Plant Locations:

Company has three units and its locations are as follows:

Mr. H.Krishna Kumar

Chairman

Mr. V.B.V.R Ratnaji

Member

Share transfer/transmissions approved by the Committee are placed at the Board meeting from time to time.

Demat requests are normally confirmed within 21 days from the date of receipt of request.

Pursuant to Clause 47(C) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary certifying due compliance of share transfer formalities.

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.

(XIV) Address for Correspondence:

(i) For all matters relating to Shares:

M/s. Venture Capital And Corporate Investments
Private Limited

12-10-167, Bharat Nagar,
Hyderabad, 500018.

Telephone No. 040-23818475/
23818476/ 23868023.

Fax No : +91 040-23868024

E-mail : info@vccilindia.com

**(ii) For any other general matters or in case of
any difficulties/grievances:**

The Compliance Officer

Fenoplast Limited,
306-308, Chenoy Trade Center, Parklane,
Secunderabad- 500003, India.

Telephone No : 27840322, 27840722 and 27814651

Fax No : 27721739

E-mail : inbox@fenoplast.com

DECLARATION PURSUANT TO CLAUSE 49 I (D) (II) OF THE LISTING AGREEMENT

In accordance with Clause 49 I (D) (ii) of the Listing Agreement with the Stock Exchange, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the code of conduct as applicable to them for the year ended March 31,2013.

For FENOPLAST LIMITED

Place : Secunderabad
Date : 25-05-2013

H. Kishen
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Developments

The Company is engaged in manufacturing of PVC Film and PVC Leather Cloth which are widely used by pharma and automobile industries. Due to various inherent advantages like cost effectiveness, durability along with increase in cost of alternate products the demand for PVC Leather Cloth has been growing. PVC leather has widely been used as alternative for leather. Pvc Leather cloth finds its application in Car seats, 2-Wheeler seats, domestic upholstery, 3-wheeler seats & Hoods, ladies bags & footwear industry.

PVC Film finds its applications mainly in pharma blister packaging. Off late there's been a spurt in other Non - Pharma applications such as consumer products like tooth brushes, shaving products, batteries, confectionery, stationery, toys etc., wherever visual packaging is required. The advantage of PVC Film over other plastics is easy usability, transparency which highlights the items that are packed and are tamper proof.

This year the Company introduced PVDC Coated PVC Film, which is a specialized Film that enhances barrier properties and is especially used for high cost formulations and hygroscopic formulations.

(b) Opportunities and Threats

Opportunities: Increasing demand, product base and application of PVC Leather Cloth to various products as well as PVC Film by the commercial as well as household sectors have been promising good demand for the products and the growth of the Company. The changing life styles of people as well as application of PVC leather materials for different usage are opening doors for new product line. This would be definitely a positive and good opportunity to your Company which is one of the prominent players.

Threats: The main threat is the rising cost of raw-materials particularly PVC Resin and Plasticizers. The increase in the price of crude oil would definitely impact the industry with the falling margins. Apart from this, cheaper imports are also putting pressure on the margins.

(c) Risks and concerns

The Company has a system to identify, assess the risks as and when they arise. Particularly, in relation to procurement of raw-materials and marketing of products the Company has a policy to mitigate any risks. The management team of the Company regularly identifies, reviews and assesses such risks and decides appropriate guideline for mitigating the same. A team headed by Whole-time Director has been monitoring the tendency of raw-material prices and markets to thwart any future risks.

(d) Segment-wise performance

The demand from automobile sector helped the Company in optimizing the capacity utilization and the future looks bright with automobile companies coming out with various models at different levels. Demand from Pharma Industry is also very encouraging for PVC Film. But the volumes have marginally come down due to severe power cuts. The fall in production of PVC Leather is a conscious decision by the Company to cut down low yielding products and make capacity available for new projects in the automobile sector.

PVC Leather Cloth: The production during the year is 62.85 Ln. Mts. as against 73.77 Ln. Mts. in the previous year.

PVC Film: The production during the year is 9,556.06 MT as against 10,642.43 MT in the previous year.

(e) Financial Performance

Continuous increase in the crude-oil prices is affecting the PVC prices, being base raw-material for which Company's products, are derived and increase in the cost of knitted cloth another base material in addition to severe power shortage & rising interest costs have severely affected the margins. The net profit before tax for the year decreased to ₹. 256.92 Lakhs as compared to previous year ₹.402 Lakhs. The Company implemented various measures for better utilization of working capital credit facilities so as to reduce the interest costs as well as optimum utilization working capital funds by better debtors management. However, the increase

of interest rates has affected the margins severely.

(f) Adequacy of Internal Control Systems

The Company has implemented an enterprise resource plan, SAP which facilitates the management to access all the systems and to have control on operations. The final costs have gone up due to increase in the rate of interest and utilization of working capital limits to meet the raw material requirements and escalation in the other costs. Secondly, the interest on term loan borrowed from syndicate bank has also been charged during the year. Various controls, with automatic checking's and systematic procedures were implemented through SAP. Apart from this the Company has instituted adequate internal control procedures to monitor the operations and for the smooth conduct of business.

Internal Audit is conducted regularly at the plants, depots and marketing offices covering the key areas of operations. It is an independent objective and assurance function responsible for evaluating and improving the

effectiveness of risk management control and governance processes.

The Audit Committee monitors performance of internal audit on a periodic basis through review of audit score, audit finding and actual taken on the observation.

Effective implementation of internal controls has yielded better results. The Company has good internal audit system to monitor and check the systems periodically. During the year under review the Company has successfully implemented SAP.

(g) Human Resources.

The Company's industrial relations continued to be harmonious with its workforce during the year under review. The Company would be imparting training to employees at all levels for proper implementation and running of the new ERP package SAP and to get maximum benefit out of the same. The numbers of employees are 266.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Fenoplast Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Fenoplast Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31st, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M. Anandam & Co.,
Chartered Accountants
(Firm Regn.No.000125S)

M. V. Ranganath
Partner
M.No.028031

Place : Secunderabad
Date : 25th May, 2013

Annexure

Re: Fenoplast Limited

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.
- c. The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. a. The Company had granted interest free advances to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹.25.87 Lacs and year-end balance is ₹. Nil. The Company has written off these advances during the year.
- b. The Company has taken unsecured loans one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹. 13.85 Lacs and the year-end balance of loans taken is ₹.8.83 Lacs.
- c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the Company.
- d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting records) Rules 2011 prescribed by the Central Government under section 209 (1) (d) of the companies 1956, and are of the opinion that prima facie the prescribed cost records have been maintained.
- ix. a. According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and records of the Company examined by us, the particulars of sales tax, income tax, customs duty, excise duty, service tax and wealth tax, as at 31st March, 2013 which have not been deposited on account of dispute pending, are as under:

Name of the Statute	Nature of the Dues	Amount (₹. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	41.23	1986-1995	High Court of Andhra Pradesh
Income-tax Act, 1961	Income-tax	2.2	1999-2000	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	31.9	2000-2001	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	10.44	2001-2002	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	1.89	2002-2003	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	4.55	2003-2004	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	77.66	2005-2006	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	48.62	2006-2007	Income-tax Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Central Sales Tax	8.38	2008-2009	Deputy Commissioner of Sales Tax, Appeals
Central Sales Tax Act, 1956	Central Sales Tax	26.57	2009-2010	Deputy Commissioner of Sales Tax, Appeals

- x. The Company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

-
- xii. According to information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) if the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
- xvii. In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For M. Anandam & Co.,
Chartered Accountants
(Firm Regn.No.000125S)

M. V Ranganath
Partner
M.No.028031

Place : Secunderabad
Date : 25th May, 2013

Balance Sheet as at 31st March, 2013

			₹. in Lacs	
Particulars	Note	31-Mar-13	31-Mar-12	
Equity and Liabilities:				
(1) Shareholders' funds				
(a) Share capital	2	459.68	459.68	
(b) Reserves and surplus	3	2,971.63	2,883.60	
(2) Non-current liabilities				
(a) Long-term borrowings	4	475.96	757.53	
(b) Deferred tax liabilities (net)	5	380.91	364.39	
(c) Long term provisions	6	62.22	52.72	
(3) Current liabilities				
(a) Short-term borrowings	7	4,976.98	4,289.68	
(b) Trade payables	8	3,740.70	3,004.98	
(c) Other current liabilities	9	1,279.52	1,231.78	
(d) Short-term provisions	10	43.21	129.52	
TOTAL		14,390.80	13,173.89	
Assets				
(1) Non-current assets				
(a) Fixed assets				
Tangible assets	11	3,204.48	3,361.69	
Intangible assets		52.98	-	
Capital Work-in-Progress		4.97	56.75	
(b) Long term loans and advances	12	255.99	243.19	
(2) Current assets				
(a) Inventories	13	2,512.67	2,484.81	
(b) Trade receivables	14	6,856.82	5,666.16	
(c) Cash and bank balances	15	458.97	306.12	
(d) Short term loans and advances	16	953.54	895.02	
(e) Other current assets	17	90.37	160.16	
TOTAL		14,390.80	13,173.89	
Significant Accounting Policies	1			

As per our report of even date
For **M. Anandam & Co.**,
Chartered Accountants,

For and on behalf of the Board

M.V.Ranganath
Partner
M No: 028031

H.Kishen
Managing Director

H. Krishna Kumar
Wholetime Director

Place : Secunderabad
Date : 25th May, 2013

A.Raghavendracharyulu
Vice President - Finance

Statement of Profit and Loss for the year ended 31st March, 2013

₹. in Lacs

Particulars	Note	2012-13	2011-12
Revenue from operations	18	19,413.35	19,632.35
Other income	19	61.93	47.80
Total Revenue (I)		19,475.29	19,680.15
Expenses:			
Cost of materials consumed	20	14,002.56	15,169.54
Changes in inventories	21	302.12	(429.32)
Employee benefits expense	22	838.18	716.85
Finance costs	23	1,349.86	1,184.16
Depreciation and amortization		211.99	230.19
Other expenses	24	2,513.66	2,406.55
Total Expenses (II)		19,218.37	19,277.96
Profit before tax (I-II)		256.92	402.19
Tax expense:			
(1) Current tax		75.24	128.89
(2) Deferred tax		16.53	6.62
Profit after Tax		165.15	266.68
Earnings per equity share:	26		
Basic		3.59	5.80
Diluted		3.59	5.80
Significant Accounting Policies	1		

As per our report of even date
For **M. Anandam & Co.**,
Chartered Accountants,

For and on behalf of the Board

M.V.Ranganath
Partner
M No: 028031

H.Kishen
Managing Director

H. Krishna Kumar
Wholetime Director

Place : Secunderabad
Date : 25th May, 2013

A.Raghavendracharyulu
Vice President - Finance

Cash Flow Statement for the year ended 31st March 2013

₹. in Lacs

Particulars	31-Mar-13	31-Mar-12
A) Cash flows from Operating Activities		
Net Profit before tax and extra-ordinary items	256.92	402.18
Adjustments for:		
Depreciation	211.99	230.19
Loss on Sale of Fixed Assets	0.38	0.71
Finance cost	1349.86	1184.16
Advances written off	25.87	-
Bad debts written off	-	0.25
Provision for Employee Benefits	7.07	45.36
Foreing Exchange fluctuation gain	(27.73)	(26.16)
Operating Profit before working capital changes	1824.35	1836.69
Working Capital Changes:		
Inventories	(27.87)	(204.03)
Trade & Other Payables	(1190.66)	(73.74)
Loans and Advances	1.56	(118.97)
Current Liabilities	698.35	(145.72)
Cash Generated from Operations	1305.73	1294.23
Less: Direct Taxes	(170.00)	(86.61)
Net Cash Flow from Operating Activities	1135.73	1207.62
B) Cash flows from Investment Activities		
Purchase of Fixed Assets	(134.83)	(457.72)
Sale of Fixed Assets	1.30	1.75
Net Cash Flow from Investing Activities	(133.53)	(455.97)
C) Cash flows from Financing Activities		
Loans from Banks including working capital	500.49	387.12
Interest paid	(1349.86)	(1184.16)
Net Cash Flow from Financing Activities	(849.37)	(797.04)
Net increase/(decrease) in Cash and Cash Equivalents	152.83	(45.39)
Cash and Cash equivalents at the beginning of the year	306.12	351.51
Cash and Cash equivalents at the closing of the year	458.97	306.12

- Note:** 1. The Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard on Cash Flow Statement (AS - 3) Companies (Accounting Standards) Rules, 2006.
 2. The Previous year figures have been regrouped wherever necessary.
 3. Cash and cash equivalents include margin money with banks.

As per our report of even date
 For **M. Anandam & Co.**,
 Chartered Accountants,

For and on behalf of the Board

M.V.Ranganath
 Partner
 M No: 028031

H.Kishen
 Managing Director

H. Krishna Kumar
 Wholetime Director

Place : Secunderabad
 Date : 25th May, 2013

A.Raghavendracharyuii
 Vice President - Finance

NOTES ON FINANCIAL STATEMENTS

Note1: Significant Accounting Policies

1. Accounting Convention:

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention on the accrual basis and mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions for the Companies Act, 1956.

2. Revenue Recognition:

- a) Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer.
- b) Revenue from product sales is stated inclusive of excise duty applicable trade discounts and allowances.

3. Tangible Fixed Assets:

- a) Fixed assets are stated at cost of acquisition less depreciation except for certain fixed assets which have been stated at revalued costs as of 31.03.2001. Cost of acquisition includes freight, duties (net of cenvat wherever applicable), taxes and other directly attributable cost incurred to bring the assets to their working condition for intended use. The revalued fixed assets are restated at their estimated current replacement values as on date of revaluation as determined by the valuers.
- b) Depreciation is provided on Written Down Value Method for assets commissioned before 01.04.1993; and on Straight Line Method for assets acquired on or after 01.04.1993 as per the provisions of Schedule XIV of the Companies Act, 1956. Depreciation for the year arising on revaluation of fixed assets is withdrawn from Revaluation Reserve.

4. Intangible Assets:

Costs relating to software, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives of five years.

5. Investments:

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

6. Foreign Currency Transactions:

- a) Foreign currency transactions in case of purchase of materials and sale of goods, the exchange gain/losses on settlements during the year are adjusted to respective accounts.
- b) Current Assets, Loans & Other Liabilities denominated in foreign currencies are translated at the rate prevailing on the date of Balance Sheet or on the basis of Forward contracts. Exchange gain/loss on those assets & liabilities including fixed assets are dealt with in the Statement of Profit and Loss.

7. Inventories:

- a) Raw materials, Stores and Spares are valued at lower of cost or net realizable value.
- b) Work-in-Progress are valued at cost based on technical estimate made by the company.
- c) Finished goods are valued at lower of cost or net realisable value.

8. Employee Benefits:

- a) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation and projected unit credit method. The company has created an approved gratuity fund which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India, for future payment on gratuity to employees. The Company accounts for gratuity liability of its employees on the basis of actuarial valuation carried out at the year end by an independent actuary.
- b) Leave encashment is accounted on the basis of actuarial valuation carried out at

NOTES ON FINANCIAL STATEMENTS

the year end by an independent actuary. Provident Fund and Family Pension Scheme are accounted on accrual basis and charged to Statement of Profit and Loss.

- c) Provident Fund and Family Pension Scheme are accounted on accrual basis and charged to Statement of Profit and Loss

9. Taxes on Income:

The provision for taxation is based on the assessable profits determined under the Income Tax Act, 1961. Deferred tax is accounted for by computing tax effect of timing differences, which arisen during the year and reverse in subsequent periods.

10. Earnings Per Share:

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

11. Impairment of Assets:

The company assesses at each balance sheet date whether there is any indication that any asset may be repaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

12. Provisions, Contingent Liabilities and Contingent Assets:

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of the resources is remote, no provision or disclosure is made.

Note 2: Share Capital

Particulars	₹.in Lacs	
	31-Mar-13	31-Mar-12
Authorized Share Capital		
60,00,000 Equity Shares of ₹.10/- each	600.00	600.00
60,00,000 Preference Shares of ₹.10/- each	600.00	600.00
Issued, Subscribed and Paid Up		
46,00,000 Equity Shares of ₹.10/- each	460.00	460.00
Less: Calls in Arrears	0.33	0.33
Total	459.68	459.68

2.1 Details of shareholders holding more than 5% shares

Name of the shareholder	As at 31st Mar 2013		As at 31st Mar 2012	
	% of Share holding	Number of shares	% Share holding	Number of shares
H.Krishna Kumar	6.38	293,500	6.38	293,500
H. Saparna	6.93	319,000	6.93	319,000
H. Narsaiah	5.92	272,392	5.92	272,392

NOTES ON FINANCIAL STATEMENTS

Note 3: Reserves and surplus

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
Securities premium account	360.00	360.00
General Reserve	24.38	24.38
Revaluation reserve		
Surplus		
Opening Balance	623.32	701.86
Less: Depreciation on assets to the extent of revaluation	77.15	78.54
Closing Balance	546.17	623.32
Investment Allowance Reserve (Utilised)	10.96	10.96
Opening Balance	1,864.98	1,598.27
Add : Net profit transferred from Statement of Profit and Loss	165.15	266.67
Closing balance	2,030.13	1,864.94
Total	2,971.63	2,883.60

Note 4: Long-term borrowings

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
a) Secured loans		
Term Loans from Banks	353.04	597.05
Vehicle Loans from Banks	6.72	3.68
b) Unsecured loans		
Loan from Financial Institutions	116.20	156.80
	475.96	757.53

4.1 Term loan from banks include loan from Syndicate bank

4.2 Term loans from banks are secured by first charge on all existing and future assets of the company on pari pasu basis and personal guarantee of directors (Mr.H. Narsaiah, Mr. H. Kishen and Mr.H.Krishna Kumar) of the company, other managerial persons (Mr. H. Mahesh Kumar and Mr. H. Praveen Kumar) second charge on current assets

4.3 Repayment schedule and Rate of Interest of Term Loans from Banks are as follows:

Particulars	Repayment schedule					
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Syndicate Bank - Rate of Interest: Base Rate + 6.5% (effective rate of interest as on 31/03/2013 - 17%)	69.60	69.60	69.60	69.60	69.60	5.04

NOTES ON FINANCIAL STATEMENTS

4.4 Vehicle loans from banks are hypothecated against vehicles. The rate of interest and repayment schedule are as follows:

Particulars	Repayment schedule	
	2014-15	2015-16
Kotak Mahindra Prime Limited (Rate of Interest: 10.37%)	1.64	-
Axis Bank (Rate of Interest: 9.75%)	2.66	2.42
Total	4.30	2.42

4.5 Unsecured loans are taken from Andhra Pradesh State Finance Corporation (APSFC), which are secured by collateral security of Spouse of the Managing Director (Mr. H. Kishen) and guaranteed by Managing Director, Whole Time Director (Mr. H. Krishna Kumar), Director (Mr. H. Narsaiah) and Spouse of the Managing Director

4.6 Repayment schedule and Rate of Interest (ROI) of unsecured loans are as follows:

Particulars	Repayment schedule		
	2014-15	2015-16	2016-17
APSFC - (ROI - 15.50%)	43.20	43.20	27.20
Tata Capital Financial Services (ROI - 19.92%)	1.30	-	-
Magma Fincorp Limited (ROI - 19.92%)	1.30	-	-
Total	45.80	43.20	27.20

Note 5: Deferred tax liabilities (net)

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
Deferred tax liabilities		
Opening Balance	375.61	357.77
Add: Depreciation	21.08	17.84
Closing balance	396.69	375.61
Deferred tax Asset		
Opening Balance	11.22	-
Add: Employee Benefits	4.56	11.22
Closing balance	15.78	11.22
Deferred tax liabilities (net)	380.91	364.39

Note 6: Long term provisions

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
Employee benefits:		
Gratuity	61.66	52.11
Leave encashment	0.56	0.61
	62.22	52.72

NOTES ON FINANCIAL STATEMENTS

Note 7: Short-term borrowings

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
a) Secured loans		
Working Capital from Banks	4,968.14	4,275.83
b) Unsecured loans		
From Directors	8.83	13.85
	4,976.98	4,289.68

7.1 Working capital from banks are secured by hypothecation of movable assets including inventories and assignment of receivables, personal guarantees of Directors (Mr. H. Kishen, Mr. H. Krishna Kumar and Mr. H. Narsaiah) of the company and second charge on the fixed assets of the Company.

Note 8: Trade payables

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
Dues to micro and small enterprises	19.14	14.20
Others	3,721.55	2,990.78
	3,740.70	3,004.98

Note 9: Other current liabilities

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
Current maturities of long term debts (Refer Note No. 4.2, 4.4 and 4.5)	444.59	349.83
Interest accrued and due on Loans	5.97	5.27
Creditors for capital goods	10.60	16.38
Advances from customers	0.54	27.67
Expenses payable	662.34	694.95
Statutory liabilities	155.48	137.68
	1,279.52	1,231.78

9.1 Statutory Liabilities represent TDS of ₹.12.10 Lacs, VAT of ₹.44.97 Lacs, Provident Fund of ₹. 3.61 Lacs, Employee State Insurance of ₹. 1.24 Lacs, Service tax of ₹. 4.67 Lacs etc.,

Note 10 : Short term provisions

₹.in Lacs

Particulars	31-Mar-13	31-Mar-12
Provision for Employee Benefits		
Gratuity	-	2.57
Leave Encashment	0.21	0.07
Provision for Income tax (net of advance tax)	43.00	126.88
	43.21	129.52

NOTES ON FINANCIAL STATEMENTS

Note : 11 Fixed Assets

(₹. In Lacs)

Name of The Asset	Gross Block		Depreciation		Net Block	
	As on 01.04.2012	Additions Deletions As on 31.03.2013	As on 01.04.2012	For the Year Deletions As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Assets:						
Land & Land Development	91.67	1.18	-	-	92.85	91.67
Buildings *	1,091.22	27.48	377.70	35.11	1,118.70	713.52
Plant & Equipment	4,948.18	37.82	2,645.97	203.44	4,986.00	2,302.21
Electrical Installations	306.98	11.22	249.36	13.24	318.20	57.61
Office Equipment	100.84	13.27	59.89	9.84	114.11	40.95
Furniture & Fixtures	24.10	8.22	17.99	1.06	32.32	6.12
Vehicles	178.69	10.85	86.64	13.07	185.88	92.05
Factory Equipment	77.48	14.22	19.93	4.02	91.70	57.55
Total	6,819.16	124.26	3,457.48	279.78	6,939.76	3,361.68
Less: Amount transferred to Revaluation Reserve				77.15		
Total Tangible Assets (A)	6,819.16	124.26	3,457.48	202.63	6,939.76	3,361.68
Intangible Assets						
ERP Software	-	62.34	-	9.36	62.34	-
Total Intangible Assets (B)	-	62.34	-	9.36	62.34	-
Grand Total (A+B)	6,819.16	186.60	3,457.48	211.99	7,002.10	3,361.68
Previous year	6,403.19	420.07	3,150.39	308.73	6,819.15	3,252.80

*Gross block includes ₹.16,43,14,426/- towards revaluation of Building and Plant & Equipment. The revaluation was done on 31st March,2001

NOTES ON FINANCIAL STATEMENTS

Note 12 : Long term loans and advances

Particulars	₹.in Lacs	
	31-Mar-13	31-Mar-12
Unsecured Considered good		
Amounts paid under protest	62.74	89.93
Sales Tax refundable	15.60	15.60
Rent deposits	15.21	14.80
Advance against share capital	46.73	46.72
Security deposits with Government	68.82	62.02
TDS receivable (Net of Provision)	43.07	14.12
Capital advances	3.82	0.01
	255.99	243.19

12.1 Amount paid under Protest represents ₹.52.95 Lacs under Income Tax Act, 1961, ₹.6.33 Lacs under Central Excise Act, 1944 and ₹.4.00 Lacs under AP VAT Act / CST on various appeals

Note : 13 Inventories (valued at lower of cost and net realizable value)

Particulars	₹.in Lacs	
	31-Mar-13	31-Mar-12
Raw materials	1154.97	816.38
Stores and spares	175.72	113.21
Stock in trade	-	71.09
Work-in-progress	636.92	659.01
Finished goods	545.07	825.11
	2512.67	2484.81

Note 14 : Trade receivables

Particulars	₹.in Lacs	
	31-Mar-13	31-Mar-12
Unsecured Considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment	144.91	98.82
Others	6711.91	5567.34
	6856.82	5666.16

Note 15 : Cash and Bank Balances

Particulars	₹.in Lacs	
	31-Mar-13	31-Mar-12
Cash on hand	19.23	17.12
Balances with banks in current and deposits accounts	439.74	289.00
	458.97	306.12
15.1 Bank Balances include Margin Money deposits against Bank Guarantee and Letter of Credits	343.23	218.00

Note 16 : Short term loans and advances

Particulars	₹.in Lacs	
	31-Mar-13	31-Mar-12
Unsecured Considered good		
Advances with Group Companies	-	25.87
Supplier Advances	906.25	828.30
Employee Advances	47.29	40.85
	953.54	895.02

NOTES ON FINANCIAL STATEMENTS

Note 17 : Other Current Assets

Particulars	₹.in Lacs	
	31-Mar-13 ₹.in Lacs	31-Mar-12 ₹.in Lacs
Cenvat and Vat input credit	64.94	141.44
Interest receivable	8.43	4.74
Prepaid expenses	17.00	13.97
	90.37	160.16

Note 18 : Revenue from operations

Particulars	₹.in Lacs	
	2012-13 ₹.in Lacs	2011-12 ₹.in Lacs
Sale of products		
Revenue from operations (gross)	21,383.27	21,360.83
Less: Excise duty	1,969.92	1,728.48
Revenue from operations (net)	19,413.35	19,632.35
Break up for Sale of products:		
PVC Leather cloth	9,399.94	10,046.35
PVC Film	11,983.34	11,314.48
	21,383.27	21,360.83

Note 19 : Other income

Particulars	₹.in Lacs	
	2012-13	2011-12
Insurance claim	4.09	-
Interest on deposits and others	29.27	17.98
Foreign exchange gain (net)	27.73	26.16
Others	0.85	3.66
	61.93	47.80

Note 20 : Cost of raw material consumed

Particulars	₹.in Lacs	
	2012-13	2011-12
Opening stock	816.38	1,088.77
Add: Purchases	14,341.14	14,897.15
	15,157.52	15,985.92
Less: Closing stock	1,154.97	816.38
Cost of raw material consumed	14,002.56	15,169.54
Details of raw material consumed		
PVC Resin	7,436.39	8,379.34
Plasticizers	1,552.93	1,528.93
Knitted Cloth/Cloth	1,196.39	1,611.92
Others	3,816.85	3,649.35
	14,002.56	15,169.54
Details of inventory		
PVC Resin	201.20	115.51
Plasticizers	64.34	36.49
Knitted Cloth/Cloth	222.82	118.64
Others	666.61	545.74
	1,154.97	816.38

NOTES ON FINANCIAL STATEMENTS

Note 21 : Changes in inventories

₹.in Lacs

Particulars	2012-13	2011-12
Work-in-progress:		
Opening	659.00	441.51
Closing	636.92	659.00
	22.08	(217.49)
Finished Goods:		
Opening	825.11	613.28
Closing	545.07	825.11
	280.04	(211.83)
Total	302.12	(429.32)

Note 22 : Employee benefits expense

₹.in Lacs

Particulars	2012-13	2011-12
Salaries, wages and bonus	705.37	564.26
Directors' remuneration	36.00	44.61
Gratuity	17.18	40.69
Contribution to provident fund	24.49	18.41
Contribution to ESI	12.67	13.26
Staff welfare expenses	42.47	35.62
	838.18	716.85

Note 23 : Finance costs

₹.in Lacs

Particulars	2012-13	2011-12
On short term loans	1036.53	862.43
On long term loans	156.73	144.44
Other borrowing cost	156.59	177.29
	1349.86	1184.16

NOTES ON FINANCIAL STATEMENTS

Note 24 : Other expenses

₹.in Lacs

Particulars	2012-13	2011-12
Power, fuel & consumable stores	934.63	730.01
Repairs and Maintenance		
Buildings	18.37	29.87
Plant and Equipment	126.46	109.79
Others	113.54	127.07
Rates and Taxes	27.63	58.40
Conveyance & Vehicle Maintenance	69.33	67.70
Travelling Expenses	16.53	22.05
Office Maintenance	46.80	53.57
Postage, Telegrams & Telephones	31.68	35.98
Printing & Stationery	10.36	13.93
Insurance	30.34	30.16
Carriage Outwards	519.47	592.71
Advertisement and Sales Promotion Expenses	46.07	42.14
Donations	2.80	3.20
Contract wages	219.75	221.32
Miscellaneous Expenses	299.93	268.65
	2513.66	2406.55

Note 25 : Auditors Remuneration

₹.in Lacs

Particulars	2012-13	2011-12
Payment to auditor (included in Miscellaneous Expenses)		
As Auditors		
- For Statutory Audit	4.00	4.00
- For Tax Audit	1.60	1.60
- For Quarterly Review	1.60	1.60
Out of Pocket expenses	0.24	0.13
	7.44	7.33

Note 26. Earnings per share (EPS)

₹.in Lacs

Particulars	2012-13	2011-12
Profit after tax	165.15	266.68
Weighted average number of equity shares in calculating basic and diluted EPS (Nos in Lacs)	46.00	46.00
Basic Earnings per Equity Share of Nominal value of ₹.10/- per share (₹.)	3.59	5.80
Diluted Earnings per Equity Share of Nominal value of ₹.10/- per share (₹.)	3.59	5.80

NOTES ON FINANCIAL STATEMENTS

Note.27 Employee Benefits:

a) Defined Benefit plans:

(i) The details of post retirement gratuity plan as per AS 15 is as follows:

Particulars	2012-13	2011-12
Profit & Loss Account		
Current Service cost	4.89	1.48
Interest cost on benefit obligation	4.37	-
Expected return on plan assets	-	-
Net Actuarial (gain) loss recognized in the year	9.36	53.21
Past Service Cost	-	-
Net benefit expense	18.63	54.69
Balance Sheet		
Details of provision for Gratuity		
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	54.69	-
Interest cost	4.37	-
Current service cost	4.89	1.48
Fair Value of Planned Assets	(11.66)	(10.79)
Actuarial (gains)/losses on obligation	9.36	53.21
Closing defined obligation	61.66	43.90
Assumptions		
Discount Rate	9%	8%
Salary Escalation	2%	4%
Attrition Rate	10%	5%
The details of Leave Encashment as per AS 15 is as follows:		
Profit & Loss Account		
Current Service cost	0.03	0.20
Interest cost on benefit obligation	0.05	-
Expected return on plan assets	-	-
Net Actuarial (gain) loss recognized in the year	-	0.49
Past Service Cost	-	-
Net benefit expense	0.08	0.69
Balance Sheet		
Details of provision for Gratuity		
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	0.69	-
Interest cost	0.06	-
Current service cost	0.03	0.20
Benefits paid	-	-
Actuarial (gains)/losses on obligation	0.00	0.49
Closing defined obligation	0.78	0.69
Assumptions		
Discount Rate	9%	8%
Salary Escalation	2%	4%
Attrition Rate	10%	5%

NOTES ON FINANCIAL STATEMENTS

Note 28: SEGMENT INFORMATION FOR THE YEAR ENDED 31ST, MARCH 2013

I Information about Primary Business Segment

(₹. In Lacs)

Particulars	2012-13				2011-12			
	PVC Leather Cloth	PVC Film	Unallocable	Total	PVC Leather Cloth	PVC Film	Unallocable	Total
1 Segment Revenue:								
External Turnover	9,399.94	11,983.34	-	21,383.27	10,046.35	11,314.48	-	21,360.83
Other External Sales	-	-	-	-	-	-	-	-
Inter Segment Sales	-	-	-	-	-	-	-	-
Total Revenue	9,399.94	11,983.34	-	21,383.27	10,046.35	11,314.48	-	21,360.83
External Turnover (Net Sales)	8,645.68	10,767.67	-	19,413.35	9,310.45	10,321.90	-	19,632.35
Segment Results Before Interest, Extra Ordinary items and taxes	974.84	1,141.52	-	2,116.36	1,400.70	1,250.57	-	2,651.27
Other Segment Results	-	-	-	-	-	-	-	-
Un allocated Expenses	-	-	-	571.51	-	-	-	1,112.72
Operating Profit	974.84	1,141.52	-	1,544.84	1,400.70	1,250.57	-	1,538.55
Unallocable:								
Interest Income	-	-	-	29.27	-	-	-	17.98
Other Income	-	-	-	32.66	-	-	-	29.82
Interest Paid	-	-	-	1,349.86	-	-	-	1,184.16
Taxes	-	-	-	91.76	-	-	-	135.51
Net Profit	-	-	-	165.15	-	-	-	266.68
2 Other Information								
a) Segment Asset	4,573.60	7,907.58	1,909.63	14,390.81	5,316.11	6,088.64	1,832.08	13,236.83
Total Assets	4,573.60	7,907.58	1,909.63	14,390.81	5,316.11	6,088.64	1,832.08	13,236.83
b) Segment Liabilities	1,102.54	3,455.16	6,401.79	10,959.49	1,657.48	2,695.04	5,541.04	9,893.56
Total Liabilities	1,102.54	3,455.16	6,401.79	10,959.49	1,657.48	2,695.04	5,541.04	9,893.56
c) Capital Expenditure	44.21	59.81	29.14	133.16	6.57	358.16	52.93	417.66
Total Capital Expenditure	44.21	59.81	29.14	133.16	6.57	358.16	52.93	417.66
d) Allocable Depreciation	40.88	227.97	20.29	289.14	41.03	254.95	12.76	308.74
Total Depreciation	40.88	227.97	20.29	289.14	41.03	254.95	12.76	308.74
e) Unallocable other Non Cash Expenses	-	-	-	-	-	-	-	-

II Information about Secondary Business Segment

Particulars	2012-13 Current Year			2011-12 Previous Year		
	Within India ₹.	Outside India ₹.	Total ₹.	Within India ₹.	Outside India ₹.	Total ₹.
External Sales	19747.69	1,635.58	21,383.27	20,026.67	1,334.16	21,360.83
Inter segment Sales	-	-	-	-	-	-
Total Sales	19747.69	1635.58	21,383.27	20,026.67	1,334.16	21,360.83
External Sales (Net)	17777.78	1635.58	19413.35	18298.19	1334.16	19632.35
Carrying Amount of Segment Asset	14390.81	-	14390.81	13236.84	-	13236.84
Additions to Fixed Assets	137.89	-	137.89	420.07	-	420.07



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