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**Board of Directors**

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

**Bankers**

Canara Bank  
State Bank of India  
Syndicate Bank

**Auditors**

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

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

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

**Registered Office**

306-308, Chenoy Trade Centre,  
Parklane, Secunderabad – 500 003.  
Andhra Pradesh, India.

**Factories:****Unit-I**

Plot No. 21/A  
Industrial Development Area  
Patancheru  
Medak Dist.,  
Andhra Pradesh

**Unit-II**

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

**Unit-III & Unit – III Expansion**

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

**Depot/ Marketing Offices:****Kalyan**

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

**Kolkata**

P-175  
Kalindi Housing Estate  
Kolkata – 700 089

**New Delhi**

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

**Hosur**

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

**Gurgaon**

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

**Indore**

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

**Roorkee**

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

**Baddi**

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

**Attibele**

Kaveri Nilaya  
Bhuvaneshwari Nagar  
Attibele,  
Karnataka - 562107

**Ludhiana**

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

**Mumbai**

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

## FENOPLAST LIMITED

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### NOTICE

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

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date along with report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. H. Narsaiah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Dr. K. Malhar Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board of Directors**

Place : Secunderabad  
Date : 30-05-2012

Sd/-  
**H. KISHEN**  
Managing Director

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, the Proxy Form must be received at the Registered Office of the Company not less than Forty-eight hours before the meeting.
2. The register of members and Share Transfer Books of the Company will remain closed during the period from 30-07-2012 to 05-08-2012 (both days inclusive).
3. Members are requested to send all communications relating to shares and any change in address to the Registrar and Share Transfer Agent, M/s Venture Capital And Corporate Investments Private Limited. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holding into one folio.
4. Members/ Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Additional copy of Annual Report and duplicate attendance slip will not be issued at the place of the meeting.
5. Members are requested to come to the venue of the meeting well in advance for registration. No registration will be entertained after fifteen minutes of the commencement of the meeting.
6. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in form No. 2B in duplicate to the Company.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting, so that the information required by them may be made available at the meeting.

8. Pursuant to the requirements on the Corporate Governance under the Listing Agreement entered into with the Stock Exchanges, the information about the directors proposed to be re-appointed is given in the annexure to the notice.
9. Trading in the Equity shares of the Company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is INE138D01014.
10. The members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.

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

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

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

## FENOPLAST LIMITED

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

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

**DIRECTORS' REPORT**

To  
THE MEMBERS OF  
FENOPLAST LIMITED

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

**FINANCIAL RESULTS:**

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

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

**BUSINESS REVIEW**

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

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

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

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

## FENOPLAST LIMITED

### OPERATIONS:

For the year under review, production of PVC Leather Cloth was 73.77 Ln. Mtrs. as against the previous year's production of 70.67 Ln. Mtrs. Production of PVC Film was 10642.43 MT as against the previous year's production of 10907.75 MT.

### MARKETING:

The continuous growth in automobile and pharma sectors augurs well for the Company and efforts are being made to further increase the Company's share in both these sectors.

### EXPORTS:

During the year 2011-2012, your Company made exports to various countries aggregating Rs. 1334.16 lakhs as against the previous exports of Rs. 1444.79 Lakhs.

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

### Business Focus:

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

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

### FIXED DEPOSITS:

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

### DIRECTORS:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Sri H. Narsaiah and Dr. K. Malhar

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

### PERSONNEL:

Your Company's employees are integral to the Company's success. They have played a significant role and enabled the Company to deliver credible performance year after year. The Board of Directors acknowledges the contribution and efforts put in by the employees of the Company.

### CORPORATE GOVERNANCE:

As a listed Company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance along with a certificate of compliance from the Auditors forms part of this Report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A report on Management Discussion and Analysis forms part of this report.

### DIRECTORS' RESPONSIBILITY STATEMENT:

**As per Section 217(2AA) of the Companies Act, 1956, we hereby state:**

- i. That in the preparation of the annual accounts for the year ended 31st March, 2012, the applicable Accounting Standards have been followed and no material departures have been made from the same.
- ii. That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period.
- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the directors have prepared the annual accounts for the financial year ended 31st March, 2012 on a going concern basis.



**Auditing System**

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

**PARTICULARS REQUIRED UNDER SEC. 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, FOR THE YEAR UNDER REVIEW ARE AS UNDER:**

No employee of the Company was in receipt of remuneration, during the financial year 2011-2012, in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

**MATTERS REQUIRED TO BE REPORTED AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012:**

- A. Energy Conservation: The consumption of energy in the process of manufacturing is not substantial. During the year under review, consumption of power, per Ln.Mtr. of leather cloth was 0.17 KWh (previous year 0.20 KWh. Per Ln.Mtr). The consumption of coal was 0.30 kg per Ln. Mtr. of production (previous year 0.48 kg. Per Ln.Mtr.). Power consumption for PVC film has remained at 0.55 KWh per each Kg of production. Details are enclosed herewith in Form A.
- B. Technology Absorption: On the technology absorption, the company's employees are well conversant with the changes adopted in the production process to consume similar/same raw material with different specifications/parameters. The machines are being operated without any technical problems.

- C. Foreign exchange earnings and out-go: The Company used Rs. 4034.14 Lakhs on foreign exchange for its imports during the year, against its total export earnings of Rs. 1187.21. Previous Year the Company has used Rs. 3714.81 Lakhs as against Rs. 1385.15 lakhs earned.

**AUDITORS:**

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

**COMPANY SECRETARY CERTIFICATE:**

Secretarial Compliance Certificate issued by Practicing Company Secretaries M/s.P.S.Rao & Associates is annexed to this report.

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

The shares of the Company are listed on:

1. BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001
2. The Calcutta Stock Exchange Association Limited (CSE), #7, Lyons Range, Kolkata - 700001.

The listing fee for the year 2012-2013 has been paid to both the above mentioned Stock Exchanges.

**ACKNOWLEDGEMENT**

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

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

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

Sd/-  
**B Kamalaker Rao**  
Chairman

Place : Secunderabad  
Date : 30.05.2012

# FENOPLAST LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

### FORM-A

#### A. Power and Fuel Consumption:

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

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

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

**COMPLIANCE CERTIFICATE**

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

To  
The Members,  
**FENOPLAST LIMITED**  
306-308, Cheney 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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2012. 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 there under 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 there under;
- 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 27.05.2011, 11.08.2011, 12.11.2011, 10.02.2012 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 28th July,2011 to 4th August,2011 and necessary compliances of Section 154 of the Act has been made;
- 6) The 36th Annual General Meeting for the financial year ended 31.03.2011 was held on 04.08.2011, 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) The Company has not given any loans during the year to entities/firms/companies, referred 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;

## FENOPLAST LIMITED

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- 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 year under review. Mr.R.Shankarnaryanan has ceased to be a director of the Company w.e.f.7th July, 2011.
- 14) The Company has not re-appointed Managing Director, Whole-time Director/Manager during the financial year under review.
- 15) The Company has not appointed any sole-selling agent during the 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 the rules made there under;
- 17) The Company has not issued any shares during the year under review;
- 18) The Company has not bought back any shares during the year under review;
- 19) The Company has not redeemed any preference shares during the 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 year under review, and has duly complied with the provisions of Section 293 of the Act;
- 23) During the 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 said section;
- 24) The Company has not altered the provisions of Memorandum of Association with respect to change or situation of the Company's Registered Office from one state to another, during the year under review;
- 25) The Company has not altered the provisions of the Memorandum of Association with respect to its Objects, during the year under review;
- 26) The Company has not altered the provisions of the Memorandum of Association with respect to its Name, during the year under review.
- 27) The Company has not altered the provisions of the Memorandum of Association with respect to the Share Capital, during the year under review;
- 28) The Company has not altered the Article of Association, during the year under review;
- 29) There is 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 year under review;
- 30) The Company has not received any amount as security from its employees, during the 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

Sd/-

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

Place: Hyderabad  
Date: 30-05-2012

**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, 2012**

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-32	264(2)	Change in designation of Director
5.	Form-32	264(2)	Cessation of Director
6.	Form-23	192	Registration of Resolutions
7.	Form-23B	224(1A)	Appointment of Auditor
8.	Form-8	125	Creation of Charge
9.	Form-8	125	Creation of Charge
10.	Form-8	125	Modification of Charge
11.	Form-8	125	Modification of Charge
12.	Form-17	138	Satisfaction of Charge
13.	Form-17	138	Satisfaction of Charge
14.	Form-17	138	Satisfaction of Charge

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

Sd/-

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

Place: Hyderabad  
Date: 30-05-2012

## FENOPLAST LIMITED

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### AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To  
The Board of Directors  
Fenoplast Limited

We have examined the compliance of conditions of Corporate Governance by Fenoplast Limited for the year ended 31st March 2012 as stipulated in Clause 49 of the listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company. In our opinion and to the best of our information and according to the explanation 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 in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the company. We further state that such compliance is neither an assurance as to the future viability of the Company nor 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 : 30th May 2012

Sd/-  
**M.V.Ranaganath**  
Partner  
Membership No. 28031

## CORPORATE GOVERNANCE

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

### (1) Company's 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) 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 2011-2012	As on date			
		Attendance at	Last AGM	No. of other Directorships <sup>1</sup>	Committee Positions <sup>2</sup>	
		BM			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
R. Shankaranarayanan <sup>@</sup>	Non-Executive Director Independent	0	No	NIL	2	1
Dr. Anuradha	Non-Executive Director Promoter	3	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

@Mr.R.Shankarnarayanan ceased to be the director of the Company w.e.f. 7th July,2011

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 27th May, 2011, 11th August, 2011, 12th November, 2011 and 10th February, 2012.

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 three 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.

## FENOPLAST LIMITED

### (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:

S.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	P.Niroop <sup>1</sup>	Member	2	2

<sup>1</sup> Appointed as member of the Audit Committee w.e.f. 11th August, 2011

**Note:** Mr.R.Shankarnarayanan, member of Audit Committee ceased to be the director of the Company w.e.f. 7th July, 2011

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 27th May, 2011, 11th August, 2011, 12th November, 2011 and 10th February, 2012. M/s.P.S.Rao & Associates, Company Secretaries acted 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:

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

@ Appointed as member of the Remuneration Committee w.e.f. 11th August, 2011

Note: Mr.R.Shankarnarayanan, member of Remuneration Committee ceased to be the director of the Company w.e.f. 7th July, 2011

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.



## FENOPLAST LIMITED

The details of remuneration and other benefits paid during the year to the Managing Director and Whole-time Directors are as follows: (Amt in Rs.)

Name of the Director	Salary & allowances	Other Benefits	Designation	Gross Remuneration
Mr.H.Kishen	19,44,000	4,20,457	Managing Director	23,64,457
Mr.H.Krishna Kumar	18,60,000	2,36,805	Whole-time Director	20,96,805

### For Non-Executive Directors:

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

Name of the Director	Sitting Fee paid during F.Y. 2011-2012 (Rs.)	No. of shares held on 31-03-2012
Mr. H.Narsaiah	28,000	272392
Mr. B.Kamalaker Rao	28,000	NIL
Dr. K.Malhar Rao	36,000	NIL
Mr. P.Niroop	24,000	NIL
Dr.H.Anuradha	15,000	172400

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. Krishna Kumar	Member	4	4
Dr. K. Malhar Rao <sup>1</sup>	Member	4	4

1. Dr.K.Malhar Rao has been appointed as member of the Shareholders/Investor's Grievance Committee w.e.f.11th August, 2011

**Note:** Mr.R.Shankarnarayanan, member of Shareholders/Investors' Grievance Committee ceased from the directorship of the Company w.e.f. 7th July,2011

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.

The Company has received 23 investor complaints during the year under review and the same have been addressed at the level of Compliance Officer itself. There were no pending investor complaints pertaining to the Financial Year ended 31st March, 2012.

## FENOPLAST LIMITED

### (4) General Body Meetings

Year	Place of Meeting	Date & Time	Special Resolutions
2010-2011	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 3	04-08-2011 10.30 A.M	NIL
2009-2010	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 3	20-08-2010 12.30 P.M	NIL
2008-2009	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 3	23-09-2009 10.30 A.M	Two Resolutions appointing Mr.Mahesh Kumar and Mr.Praveen Kumar U/s.314 of the Companies Act, 1956.

### (5) Disclosures

#### Disclosures on Materially Significant Related Party Transactions:

Besides the transactions mentioned else wherein 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 Chief Financial Officer 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, 2012.

#### 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, 2012. 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,  
30-05-2012

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 .

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**

Monday, 6th August, 2012 at 10.30 A.M at Kapu Sangam, 1-7-155, M.G.Road, Secunderabad - 500 003.

**Financial Calendar**

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

**(III) Date of Book Closure:**

30-07-2012 to 05-08-2012 (both days inclusive)

**(IV) Listing on the Stock Exchanges:**

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

**(V) Stock Codes:**

- BSE - 526689
- CSE - 16021

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

**(VI) Market Price Data:** High, Low and No. of shares traded during each month in last Financial Year:

Month	High (Rs)	Low (Rs)	Monthly Volume
April-2011	49.95	40.25	10,107
May- 2011	47.00	36.00	16,694
June-2011	43.00	34.00	7,737
July- 2011	41.85	33.20	5,084
August -2011	37.50	28.05	16,445
September- 2011	32.90	27.00	10,432
October- 2011	32.00	28.80	2,074
November- 2011	32.25	25.15	3,495
December- 2011	31.50	25.50	7,482
January- 2012	26.20	24.95	1,265
February- 2012	34.00	25.35	4,404
March -2012	38.15	27.20	1,170

**VII) 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.

**(VIII) 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:

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.

## FENOPLAST LIMITED

### (IX) Shareholding pattern as on 31-03-2012:

Category	No. of	No. of	Percentage of	
	shareholders	shareholders	shares held	shareholding
<b>A. Promoters' holding</b>				
1. Indian Promoters & Persons Acting in Concert		57	2717567	59.08
<b>Sub- Total</b>				
<b>B. Non- Promoters' holding</b>				
2. Institutional Investors				
a) Mutual Funds & UTI	--	--	--	--
b) Banks, Financial Institutions, Insurance Companies.	--	--	--	--
c) Foreign Institutional Investors	--	--	--	--
<b>Sub- Total</b>				
3. Others				
a) Private Corporate Bodies	38		107720	2.34
b) Indian Public	3389		1654581	35.97
c) NRIs/OCBs	136		118800	2.58
d) Clearing Members	7		1332	0.03
<b>Sub-Total</b>				
	<b>3570</b>		<b>1882433</b>	<b>40.92</b>
<b>GRAND TOTAL</b>				
	<b>3627</b>		<b>4600000</b>	<b>100</b>

### (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. About 42.52% of total shares (i.e. 4600000 equity shares) were dematerialized as on 31/03/2012.

### (XII) Outstanding GDRs/ADRs/Warrants or any Converting Instruments conversion date and likely impact on equity:

Your Company had not issued any GDRs/ADRs/warrants or any Convertible instruments.

### (XIII) Plant Locations:

Company has three units and its locations are as follows:

#### 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 and 23868023. Fax No : +91 40-23868024 E-mail : info@vccilindia.com
- (ii) For any other general matters or incase 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

**Certificate pursuant to clause 49(V) of the Listing Agreement**

We have received the financial statements, read with the cash flow statement of Fenoplast Limited for the year ended 31st March, 2012 and that to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
- (ii) These statements present true and fair view of the Company's affairs and are in compliance with Current Accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and audit committee:
  - (i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - (ii) There are no instances of fraud involving the management or an employee.

Place : Secunderabad  
Dated: 30-05-2012

Sd/-  
**A. Raghavendracharyulu**  
Vice President - Finance

Sd/-  
**H. Kishen**  
Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OUTLOOK

The Company's main two products are :

- i) PVC Leather Cloth
- ii) PVC Film

PVC Leather Cloth finds its application mainly for Automobile Industries, where it is used for Car Seat upholstery and Two Wheeler Seats. The Automobile Industry has been growing consistently with many more international car makers making their presence in India and with many more entry level vehicles in which PVC Leather Cloth finds its application.

The demand for PVC Leather Cloth in other application such as three wheeler hoods, seats, two wheeler and car seats' replacement market, domestic upholstery, ladies bags, gents footwear has also been growing.

The company's other product line PVC film finds its main application in blister packing for the pharma industry, which has shown a steady growth. Apart from pharma, the company has now ventured into packaging of non-pharma products and is catering to the stationery, toy, confectionery and consumers' industry like shaving products, batteries, toothbrushes etc. There is now a greater acceptance of PVC film in all such applications where visual highlighting of the product is essential, apart from tamper proof packaging.

### LOOKING AHEAD:

During the present financial year, the company envisages growth in both PVC Leather Cloth & PVC Film business because of the healthy trends of both the automotive and pharmaceutical industry to which the company's products cater to . The addition of PVDC line has given the company an edge over competition as the company will be only

amongst a few who can cater to this requirement. PVDC coated PVC film is a better barrier film presently in demand by a select few companies looking for better barrier properties.

### CHANGING DYNAMICS:

The main threat is the raising cost of raw-materials particularly PVC Resin and Plasticizer. The increase and expectation to increase further in the price of crude oil would definitely impact the industry with the falling margins. Apart from this, the easy entry of new players with minimum capital into the industry and cheaper imports are also putting pressure on the margins.

### RISK IDENTIFICATION & MITIGATION

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.

### SEGMENTWISE PERFORMANCE

The demand from automobile sector helped the Company in achieving higher capacity utilization as compared to previous year and the future looks bright with automobile companies coming out with various models at different levels. Demand from Pharma Industry is also expected very encouraging.

PVC Leather Cloth: The production during the year is increased from 70.67 Ln. Mts. for the year 2010-11 to 73.77 Ln. Mts. for the year 2011-12.

PVC Film: The PVC Film segment showed a marginal decrease in output from 10907.75 MT to 10642.43 MT and this is due to insistence of better credit control by the company.

### **FINANCIAL PERFORMANCE REVIEW**

The increase in the raw-material price coupled with raising interest costs has severely affected the margins. The net profit before tax for the year increased to Rs 402 Lakhs as compared to previous year Rs.373 Lakhs. The volumes for the products have been improved during the year under review. The Company implemented various measures for better utilization 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 in interest rates has affected the margins severely.

### **ADEQUACY OF INTERNAL CONTROL SYSTEMS**

The company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations for the smooth conduct of the business.

Internal Audit is conducted at regular intervals 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 plans, audit finding and promptness of issues resolution through follow ups.

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 in part which facilitated the management to access all the systems and take timely decisions.

### **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 number of employees is 253.

# FENOPLAST LIMITED

## AUDITORS' REPORT

To  
The Members of Fenoplast Limited

1. We have audited the attached Balance Sheet of **Fenoplast Limited** ('the Company') as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Further to our comments in the annexure referred to in paragraph 3 above, 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) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with requirements of the accounting standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956
  - d) The Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
  - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2012;
    - ii. In the case of the Statement of Profit and Loss, of the Profit of the company for the year ended on that date; and
    - iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **M. ANANDAM & CO.**,  
Chartered Accountants  
(Firm Regn.No.000125S)

**(M.V.Ranganath)**  
Partner  
Membership. No.028031

Place: Secunderabad  
Date: 30th May 2012



**Annexure to Auditors' Report**

**Referred to in paragraph 3 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) According to the information and explanations given to us, the Company has a phased programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii. (a) As per the information and explanations given to us, physical verification of inventories is carried out by the Company at regular intervals during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed by the management, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) The company has 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 was Rs 25.87 Lakhs and the year-end balance is Rs.25.87 lakhs.
- (b) According to the information and explanations given to us and in our opinion, the terms and conditions on which advances have been given to company are not prima facie prejudicial to the interest of the company.
- (c) As explained by the management, the Company is in the process of taking reasonable steps for recovery of the principal amount.
- (d) The company has taken an interest free loan from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs 28.85 Lakhs and the year-end balance is Rs.13.85 Lakhs.
- (e) The company is regular in repaying the principal amounts as stipulated.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures 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, 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 prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from the 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 the Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.
- viii. In our opinion and accordingly to the information and explanations given to us, the company has

## FENOPLAST LIMITED

made and maintained accounts and records prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.

- ix. (a) According to the information and explanations given to us, and on the basis of our examination of books of account, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employee state insurance, sales tax, customs duty, wealth tax, service tax, Excise duty, Cess and other statutory dues

applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues are outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.

- (b) The disputed statutory dues aggregating to Rs.138.36 Lakhs have not been deposited on account of disputed matters as on 31st March, 2012 pending before the appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (Rs in Lakhs)	Financial Year	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	2.20	1999-2000	ITAT
Income Tax Act, 1961	Income-tax	31.90	2000-2001	ITAT
Income Tax Act, 1961	Income-tax	10.44	2001-2002	ITAT
Income Tax Act, 1961	Income-tax	1.89	2002-2003	ITAT
Income Tax Act, 1961	Income-tax	4.55	2003-2004	ITAT
Central Sales Tax Act, 1956	CST	40.28	2006-2007	Deputy Commissioner of Sales Tax, Appeals
Central Sales Tax Act, 1956	CST	5.87	2007-2008	Deputy Commissioner of Sales Tax Appeals

- x. The Company does not have accumulated losses as at 31st March 2012 and has not incurred cash losses during the year covered by our audit and 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 financial institutions, banks or debenture holders.
- xii. According to the information and explanation given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of securities 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) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the companies (Auditor's 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 loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 4 (xv) of the companies (Auditor's report) order, 2003 are not applicable to the company.
- xvi. In our opinion and according to the information and explanations 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 explanations given to us, and on an overall

- examination of the balance sheet of the company, we report that no funds raised on short term basis were applied for long-term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, there were no debentures issued by the company during the period. Accordingly, Clause 4 (xix) of Companies (Auditor's Report) Order, 2003 is not applicable.
- xx. According to the information and explanations given to us, 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. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Secunderabad  
Date: 30th May 2012

For **M. ANANDAM & CO.,**  
Chartered Accountants  
(Firm Regn.No.000125S)

**(M.V.Ranganath)**  
Partner  
Membership. No.028031

**FENOPLAST LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note	31-Mar-12 Rs. in Lacs	31-Mar-11 Rs. in Lacs
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2	459.68	459.68
(b) Reserves and surplus	3	2,883.60	2,695.47
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	757.53	562.26
(b) Deferred tax liabilities (net)	5	364.39	357.77
(c) Long term provisions	6	52.72	10.00
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	7	4,289.68	3,980.67
(b) Trade payables	8	3,004.98	3,188.01
(c) Other current liabilities	9	1,231.78	1,328.88
(d) Short-term provisions	10	115.40	79.39
<b>TOTAL</b>		<b>13,159.76</b>	<b>12,662.13</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
Tangible assets	11	3,361.69	3,252.80
In Tangible assets under development		56.74	19.11
(b) Long term loans and advances	12	46.73	53.72
(c) Other Non Current Assets	13	81.66	51.03
<b>(2) Current assets</b>			
(a) Inventories	14	2,484.80	2,280.77
(b) Trade receivables	15	5,666.16	5,592.68
(c) Cash and cash equivalents	16	306.12	351.51
(d) Short term loans and advances	17	1,126.39	1,009.86
(e) Other Current Assets	18	29.47	50.65
<b>TOTAL</b>		<b>13,159.76</b>	<b>12,662.13</b>
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 : 30th May, 2012

**A.Raghavendracharyulu**  
Vice President - Finance

## FENOPLAST LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	2011-12 Rs. in Lacs	2010-11 Rs. in Lacs
<b>Revenue from operations</b>	19	<b>19,632.35</b>	17,627.78
Other income	20	<b>47.80</b>	121.71
<b>Total Revenue (I)</b>		<b>19,680.15</b>	17,749.49
<b>Expenses:</b>			
Cost of materials consumed	21	<b>15,169.54</b>	13,777.05
Changes in inventories	22	<b>(429.32)</b>	(427.46)
Employee benefits expense	23	<b>716.85</b>	624.49
Finance costs	24	<b>1,184.16</b>	1,012.33
Depreciation	11	<b>230.19</b>	177.80
Other expenses	25	<b>2406.55</b>	2212.38
<b>TOTAL EXPENSES (II)</b>		<b>19,277.97</b>	17,376.59
<b>Profit before tax (I-II)</b>		<b>402.18</b>	372.90
<b>Tax expense:</b>			
(1) Current tax		<b>128.89</b>	103.31
(2) Deferred tax		<b>6.62</b>	20.56
<b>Profit after Tax</b>		<b>266.67</b>	249.03
<b>Earnings per equity share:</b>			
Basic	27	<b>5.80</b>	5.41
Diluted		<b>5.80</b>	5.41
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 : 30th May, 2012

**A.Raghavendracharyulu**  
Vice President - Finance

# FENOPLAST LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31-Mar-12 Rs. in Lacs	31-Mar-11 Rs. in Lacs
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit/(loss) before tax and Extra-ordinary items	402.18	372.90
Adjustments for:		
Add: Depreciation	230.19	177.80
Add: Loss on Retirement of Asset	0.71	0.42
Add: Interest debited	1,006.88	841.91
Add: Bad Debts Written Off	0.25	5.42
Less: Other income		1.39
Operating profit before working capital changes	1,640.21	1,397.07
Adjustments for working capital changes:		
Add: (Increase)/Decrease in inventories	(204.03)	(635.14)
Add: (Increase)/Decrease in trade receivables	(73.74)	(349.36)
Add: (Increase)/Decrease in loans and advances	(134.88)	46.43
Add: Increase/(Decrease) in current liabilities	(198.29)	620.69
Cash generated from operations	1,029.28	1,079.69
Less: Income-Tax Paid		(10.00)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>1,029.28</b>	<b>1,069.69</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Less: Purchase of Fixed Assets	(418.32)	(147.81)
Less: Advance for Capital Goods for Expansion	(30.65)	(25.36)
Less :Sale of Investments	-	6.39
Add: Sale of asset	-	-
Add: Other income	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(448.97)</b>	<b>(166.78)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Add/ Less: Loans taken from Banks (net of repayment)	381.18	30.60
Less: Interest paid	(1,006.88)	(839.85)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(625.69)</b>	<b>(809.25)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(45.39)</b>	<b>93.66</b>
<b>CASH AND CASH EQUIVALENTS AS ON 31.03.2011</b>	<b>351.51</b>	<b>257.84</b>
<b>CASH AND CASH EQUIVALENTS AS ON 31.03.2012</b>	<b>306.12</b>	<b>351.51</b>

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

**M.V.Ranganath**  
Partner  
M No: 028031

Place : Secunderabad  
Date : 30th May, 2012

For and on behalf of the Board

**H.Kishen**  
Managing Director

**H. Krishna Kumar**  
Wholetime Director

**A.Raghavendracharyulu**  
Vice President - Finance

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard -3 issued by the Institute of Chartered Accountants of India
2. The Previous years figures have been regrouped wherever necessary in order to conform to this year's presentation.
3. Cash and cash equivalents include margin money with banks.

## NOTES FORMING PART OF THE ACCOUNTS

### 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. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS:

During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable for the current year.

#### 3. REVENUE RECOGNITION:

- a) Sale of goods is recognized at the point of dispatch of finished goods to customers.
- b) Domestic: Sales value is inclusive of excise duty but does not include other recoveries such as handling charges, transport, octroi, sales tax, etc.
- c) Exports: Sales value is inclusive of freight, insurance and finance charges wherever included in the invoice and exchange fluctuations on export receivables.

#### 4. 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 is inclusive of freight, duties (net of Cenvat/Modvat credit 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) Capital Work-in-Progress: The Cost of fixed assets and expenses incurred for acquiring and which are under erection are shown under Capital Work-in-Progress. The advances given for acquiring/development of fixed assets are shown under Capital Work-in-Progress.

#### 5. DEPRECIATION:

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 Reserves.

#### 6. INVESTMENTS:

Long term investments are stated at cost. The diminution in the market value of such investments is not recognized unless such diminution is considered permanent in nature.

#### 7. 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 profit & loss account.

## FENOPLAST LIMITED

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### 8. INVENTORIES:

- a) Raw materials and packing materials are valued at lower of cost or net realizable value.
- b) Stocks in process are valued at cost based on technical estimate made by the company.
- c) Finished goods are valued at cost (which includes average manufacturing overheads) or net realisable value whichever is lower. Finished goods value includes Excise Duty Paid / Payable on such goods.

### 9. 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 (L.I.C 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 the year end by an independent actuary. Provident Fund and Family Pension Scheme are accounted on accrual basis and charged to Profit and Loss account.

### 10. 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.

### 11. 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 has arisen during the year and reverses in subsequent periods.

### 12. 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.

### 13. IMPAIRMENT OF ASSETS:

The company assesses at each balance sheet date whether there is any indication that any asset may be impaired. 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.



**NOTES FORMING PART OF THE ACCOUNTS**

	31-Mar-12 Rs. In Lacs	31-Mar-11 Rs. In Lacs
<b>Note 2: Share Capital</b>		
<b>Authorized shares</b>		
60,00,000 Equity Shares of Rs.10/- each	600.00	600.00
60,00,000 Preference Shares of Rs.10/- each	600.00	600.00
<b>Issued, subscribed and Called Up shares</b>		
46,00,000 Equity Shares of Rs.10/- each	460.00	460.00
Less: Calls in Arrears	0.33	0.33
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>459.68</b>	<b>459.68</b>

**Details of shareholders holding more than 5% shares in the company**

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	% 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

	31-Mar-12 Rs. In Lacs	31-Mar-11 Rs. In Lacs
<b>Note 3: Reserves and surplus</b>		
Securities premium account	360.00	360.00
General Reserve	24.38	24.38
<b>Revaluation reserve (arising on revaluation of fixed assets)</b>		
Balance as per the last financial statement	701.86	797.68
Less: Depreciation on assets to the extent of revaluation	78.54	95.82
<b>Closing Balance</b>	<b>623.32</b>	<b>701.86</b>
Investment Allowance Reserve (Utilised)	10.96	10.96
<b>Surplus</b>		
Opening Balance	1,598.27	1,349.24
Add : Net profit transferred from Statement of Profit & Loss	266.67	249.03
Surplus - Closing balance	1,864.94	1,598.27
<b>Total</b>	<b>2,883.60</b>	<b>2,695.47</b>

# FENOPLAST LIMITED

## NOTES FORMING PART OF THE ACCOUNTS

	31-Mar-12 Rs. In Lacs	31-Mar-11 Rs. In Lacs
<b>Note 4: Long-term borrowings</b>		
<b>a) Secured loans</b>		
Term Loans from Banks	597.05	526.40
Vehicle Loans from Banks	3.68	7.86
<b>b) Unsecured loans</b>		
Loan from Financial Institutions	156.80	28.00
	<u>757.53</u>	<u>562.26</u>

4.1 Term loan from banks include loan from Canara bank and Syndicate bank

4.2 Term loans from banks are secured by first charge on all existing and future assets of the company on Pari Passu basis and personal guarantee of directors of the company and second charge on current assets

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

Particulars	Repayment schedule						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Canara Bank - Rate of Interest: BPLR - 0.75% (effective rate of interest as on 31/03/2012 - 14%)	263.20	-	-	-	-	-	-
Syndicate Bank - Rate of Interest: Base Rate + 6.5% (effective rate of interest as on 31/03/2012-17.25%)	50.76	50.76	50.76	50.76	50.76	50.76	29.29

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

Particulars	Repayment schedule		
	2013-14	2014-15	2015-16
Kotak Mahindra Prime Limited (Rate of Interest: 9.71%)	0.25	-	-
Kotak Mahindra Prime Limited (Rate of Interest: 10.37%)	1.60	1.60	0.23
Total	1.85	1.60	0.23

4.5 Unsecured loans are taken from Andhra Pradesh State Financial Corporation, which are secured by collateral security of spouse of the managing director and guaranteed by Managing Director, Whole Time Director, one more director and spouse of managing director.

#### 4.6 Repayment schedule and Rate of Interest of unsecured loans are as follows:

Particulars	Repayment schedule			
	2013-14	2014-15	2015-16	2016-17
APSFC - (Rate of Interest 15.50%)	43.20	43.20	43.20	27.20

**NOTES FORMING PART OF THE ACCOUNTS**

	31-Mar-12 Rs. In Lacs	31-Mar-11 Rs. In Lacs
<b>Note 5: Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities</b>		
Difference in Depreciation/Amortisation on fixed assets as per tax books and financial books	375.61	357.77
<b>Deferred tax Asset</b>		
Employee Benefits	11.22	–
<b>Deferred tax liabilities(net)</b>	<b>364.39</b>	<b>357.77</b>
<b>Note 6: Long term provisions</b>		
<b>Employee benefits:</b>		
Gratuity	52.11	10.00
Leave encashment	0.61	–
	<b>52.72</b>	<b>10.00</b>
<b>Note 7: Short-term borrowings</b>		
<b>a) Secured loans</b>		
Working Capital from Banks	4,275.83	3,951.82
<b>b) Unsecured loans</b>		
From Directors	13.85	28.85
	<b>4,289.68</b>	<b>3,980.67</b>

7.1 Working capital from banks is secured by hypothecation of movable assets including inventories and assignment of receivables, personal guarantees of Directors of the company and second charge on the fixed assets of the Company.

**Note 8: Trade payables**

Dues to micro and small enterprises	–	–
Other Suppliers	3,004.98	3,188.01
	<b>3,004.98</b>	<b>3,188.01</b>

**Note 9: Other current liabilities**

Current maturities on long term debts	349.83	466.99
Interest accrued and due on borrowings	5.27	11.20
Creditors for capital goods	16.38	6.62
Advances From Customers	27.67	106.54
Expenses Payable	694.95	697.58
Statutory liabilities	137.68	39.95
	<b>1,231.78</b>	<b>1,328.88</b>

9.1 Expenses payable include amounts payable for services like transport, clearing and forwarding charges etc.

**Note 10 : Short term provisions**

<b>Provision for Employee Benefits</b>		
Gratuity	2.57	–
Leave Encashment	0.07	–
<b>Provision for Income tax (net of advance tax, TDS)</b>	<b>112.76</b>	<b>79.39</b>
	<b>115.40</b>	<b>79.39</b>

**NOTES FORMING PART OF THE ACCOUNTS**

<b>Note : 11 Tangible Assets</b>											
Sl. No.	Name of the Asset	Gross block as on 01.04.2011	Additions during the year	Deletions during the year	Gross block as on 31.03.2012	Depreciation			Net Block		
						Upto 01.04.2011	For the year	Deletions during the year	Total upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
1	Land & Land Development	91.67	-	-	91.67	-	-	-	-	91.67	91.67
2	Buildings *	1,004.51	86.70	-	1,091.22	344.89	32.81	-	377.70	713.52	659.62
3	Plant & Equipment	4,661.16	287.02	-	4,948.18	2,409.25	236.72	-	2,645.97	2,302.21	2,251.91
4	Electrical Installations	298.54	8.44	-	306.98	236.71	12.65	-	249.36	57.61	61.83
5	Office Equipment	83.33	17.51	-	100.84	51.79	8.10	-	59.89	40.95	31.54
6	Furniture & Fixtures	22.35	1.76	-	24.10	17.20	0.79	-	17.99	6.12	5.15
7	Motor Vehicles	175.94	6.86	4.11	178.69	74.03	14.26	1.65	86.64	92.05	101.91
8	Factory Equipment	65.69	11.79	-	77.48	16.52	3.41	-	19.93	57.55	49.17
	<b>Total</b>	<b>6,403.19</b>	<b>420.07</b>	<b>4.11</b>	<b>6,819.15</b>	<b>3,150.39</b>	<b>308.73</b>	<b>1.65</b>	<b>3,457.47</b>	<b>3,361.69</b>	<b>3,252.80</b>
	Less: Amount transferred to Revaluation Reserve						78.54				
	<b>Total</b>	<b>6,403.19</b>	<b>420.07</b>	<b>4.11</b>	<b>6,819.15</b>	<b>3,150.39</b>	<b>230.19</b>	<b>1.65</b>	<b>3,457.47</b>	<b>3,361.69</b>	<b>3,252.80</b>
	Previous year as on 31.03.11	6258.63	148.71	4.15	6403.19	2879.59	273.62	2.83	3150.39	3252.80	3379.04
	Less: Amount transferred to Revaluation Reserve						95.82				
		6258.63	148.71	4.15	6403.19	2879.59	177.80	2.83	3150.39	3252.80	3379.04

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

**NOTES FORMING PART OF THE ACCOUNTS**

	31-Mar-12 Rs. In Lacs	31-Mar-11 Rs. In Lacs
<b>Note 12 : Long term loans and advances</b>		
Unsecured Considered good		
Share Application money in Feno Fibre Limited	46.72	46.72
Capital Advances	0.01	7.00
	<u>46.73</u>	<u>53.72</u>
<b>Note 13 : Other Non Current Assets</b>		
Deposits with Government Cos.	77.62	47.48
Other Deposits	4.04	3.55
	<u>81.66</u>	<u>51.03</u>
<b>Note : 14 Inventories (valued at lower of cost and net realizable value)</b>		
Raw materials	816.38	1088.77
Stock in trade	71.09	67.21
Work-in-progress	659.01	441.51
Finished goods	825.11	613.28
Stores and spares	113.21	70.00
	<u>2484.80</u>	<u>2280.77</u>
<b>Note 15 : Trade receivables</b>		
<b>Unsecured Considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment	98.82	105.05
Outstanding for a period below six months from the date they are due for payment	5567.34	5487.63
	<u>5666.16</u>	<u>5592.68</u>
<b>Note 16 : Cash and cash equivalents</b>		
Balances with banks in current and deposits accounts	289.00	333.64
Cash on hand	17.12	17.87
	<u>306.12</u>	<u>351.51</u>
<b>16.1 Bank Balances include Margin Money deposits against Bank Guarantee and Letter of Credit</b>	<b>218.00</b>	293.55

# FENOPLAST LIMITED

## NOTES FORMING PART OF THE ACCOUNTS

	31-Mar-12 Rs. In Lacs	31-Mar-11 Rs. In Lacs
<b>Note 17 : Short term loans and advances</b>		
<b>Unsecured Considered good</b>		
Inter corporate deposits	25.87	25.82
Supplier Advances	828.30	608.08
Cenvat and Vat input credit available	141.44	264.61
Amounts Paid under Protest	89.93	87.14
Employee Advances	40.85	24.21
	<u>1,126.39</u>	<u>1,009.86</u>

17.1 Amounts paid under protest include Rs.52.95 Lakhs with the Income-tax Department, Rs.28.82 Lakhs with the Sales Tax Department and Rs.6.33 Lakhs with Central Excise Department on various appeals with the respective statutory authorities.

### Note 18 : Other Current Assets

Interest Receivables	4.74	5.28
Prepaid expenses & Other receivables	13.97	41.80
Other Deposits	10.76	3.57
	<u>29.47</u>	<u>50.65</u>

## NOTES FORMING PART OF THE ACCOUNTS

	2011-12 Rs. In Lacs	2010-11 Rs. In Lacs
<b>Note 19 : Revenue from operations</b>		
<b>Sale of products</b>		
Revenue from operations (gross)	21,360.83	19,162.96
Less: Excise duty	1,728.48	1,535.18
	<u>19,632.35</u>	<u>17,627.78</u>
<b>Revenue from operations (net)</b>		
<b>Breakup for Sales of products:</b>		
PVC Leather cloth	10,046.35	8,679.29
PVC Film	11,314.48	10,483.67
	<u>21,360.83</u>	<u>19,162.96</u>
<b>Note 20 : Other income</b>		
Interest income on		
Deposits and others	17.98	16.19
Foreign Exchange Fluctuation (Net)	26.16	54.62
Miscellaneous Receipts	3.66	50.90
	<u>47.80</u>	<u>121.71</u>

**NOTES FORMING PART OF THE ACCOUNTS**

	2011-12 Rs. In Lacs	2010-11 Rs. In Lacs
<b>Note 21 : Cost of raw material consumed</b>		
Inventory at the beginning of the year	1,088.77	932.29
Add: Purchases	14,897.15	13,933.53
	<u>15,985.92</u>	<u>14,865.82</u>
Less: inventory at the end of the year	816.38	1,088.77
Cost of raw material consumed	<u>15,169.54</u>	<u>13,777.05</u>
<b>Details of raw material consumed</b>		
PVC Resin	8,379.34	7,544.82
Plasticizers	1,528.93	1,480.52
Knitted Cloth/Cloth	1,611.92	1,955.38
Others	3,649.35	2,796.33
	<u>15,169.54</u>	<u>13,777.05</u>
<b>Details of inventory</b>		
PVC Resin	115.51	426.10
Plasticizers	36.49	41.44
Knitted Cloth/Cloth	118.64	174.04
Others	545.74	447.22
	<u>816.38</u>	<u>1,088.80</u>
<b>Note 22 : Changes in inventories</b>		
Inventories at the end of the year		
Finished goods	825.11	613.28
Work-in-progress	659.00	441.51
	<u>1484.11</u>	<u>1054.79</u>
Inventories at the beginning of the year		
Finished goods	613.28	479.00
Work-in-progress	441.51	148.33
	<u>1054.79</u>	<u>627.33</u>
Changes in Inventories	<u>(429.32)</u>	<u>(427.46)</u>
<b>Note 23 : Employee benefits expense</b>		
Salaries, Wages and Bonus	564.26	494.57
Directors' Remuneration	44.61	41.42
Gratuity expenses	40.69	29.15
Contribution to Provident Fund	18.41	16.88
Contribution to ESI	13.26	2.28
Staff and Workmen Welfare Expenses	35.62	40.19
	<u>716.85</u>	<u>624.49</u>
<b>Note 24 : Finance costs</b>		
On short term loans	862.43	681.92
On long term Loans	144.44	159.99
Others	177.29	170.41
	<u>1184.16</u>	<u>1012.33</u>

# FENOPLAST LIMITED

## NOTES FORMING PART OF THE ACCOUNTS

	2011-12 Rs. In Lacs	2010-11 Rs. In Lacs
<b>Note 25 : Other expenses</b>		
Power, Fuel & Consumable Stores	730.01	667.38
<b>Repairs and Maintenance</b>		
Buildings	29.87	31.44
Plant and Machinery	109.79	87.70
General Repairs and Maintenance	127.07	147.08
Rates and Taxes	58.40	30.43
Conveyance & Vehicle Maintenance	67.70	66.61
Travelling Expenses - Directors	22.05	25.52
Office Maintenance	53.57	44.18
Postage, Telegrams & Telephones	35.98	38.55
Printing & Stationery	13.93	11.01
Bad Debts Written Off	0.26	5.42
Insurance	30.16	23.41
Carriage Outwards	592.71	531.03
Advertisement and Sales Promotion Expenses	42.14	45.52
Donations	3.20	0.38
Contract wages	221.32	198.23
Miscellaneous Expenses	268.39	258.49
	<u>2406.55</u>	<u>2212.38</u>

### Note 26 : Auditors Remuneration

#### Payment to auditor (included in Miscellaneous Expenses)

##### As Auditors

- For Statutory Audit	4.00	3.50
- For Tax Audit	1.60	1.50
- For Quarterly Review of Accounts	1.60	1.00

##### In other capacity

- For Certification, Income tax, Company law matters etc.	–	3.30
Out of Pocket expenses	0.13	0.19
	<u>7.33</u>	<u>9.49</u>

### Note 27. Earnings per share (EPS)

Profit after tax	266.67	249.03
Weighted average number of equity shares in calculating basic and diluted EPS (Nos In Lakhs)	46	46
Basic Earnings per Equity Share of Nominal value of Rs.10/- per share (Rs.)	5.80	5.41
Diluted Earnings per Equity Share of Nominal value of Rs.10/- per share (Rs.)	5.80	5.41



NOTES FORMING PART OF THE ACCOUNTS

Note.28 Employee Benefits:

a) Defined Benefit plans:

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

Particulars	31-Mar-12
<b>1 Profit &amp; Loss Account</b>	
Current Service cost	1.48
Interest cost on benefit obligation	-
Expected return on plan assets	-
Net Actuarial (gain) loss recognized in the year	53.21
Past Service Cost	-
<b>Net benefit expense</b>	<u>54.69</u>
<b>2 Balance Sheet</b>	
<b>Details of provision for Gratuity</b>	
<b>Changes in the present value of the defined benefit obligation are as follows:</b>	
Opening defined benefit obligation	-
Interest cost	-
Current service cost	1.48
Benefits paid	-
Actuarial (gains)/losses on obligation	53.21
<b>Closing defined obligation</b>	<u>54.69</u>
<b>3 Assumptions</b>	
Discount Rate	8%
Salary Escalation	4%
Attrition Rate	5%
<b>(ii) The details of Leave Encashment as per AS 15 is as follows:</b>	
<b>1 Profit &amp; Loss Account</b>	
Current Service cost	0.21
Interest cost on benefit obligation	-
Expected return on plan assets	-
Net Actuarial (gain) loss recognized in the year	0.49
Past Service Cost	-
<b>Net benefit expense</b>	<u>0.69</u>
<b>2 Balance Sheet</b>	
<b>Details of provision for Gratuity</b>	
<b>Changes in the present value of the defined benefit obligation are as follows:</b>	
Opening defined benefit obligation	-
Interest cost	-
Current service cost	0.21
Benefits paid	-
Actuarial (gains)/losses on obligation	0.49
<b>Closing defined obligation</b>	<u>0.69</u>
<b>3 Assumptions</b>	
Discount Rate	8%
Salary Escalation	4%
Attrition Rate	5%

**Note:** The Company has taken actuarial valuation report for the current year only, hence the previous year figures are not given.

# FENOPLAST LIMITED

## Note 29: SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH 2012

### I. INFORMATION ABOUT PRIMARY BUSINESS SEGMENT

(Rs. In Lacs)

Particulars	2011-2012				2010-2011			
	PVC Leather Cloth	PVC Film	Other Products	Total	PVC Leather Cloth	PVC Film	Other Products	Total
<b>1 Segment Revenue:</b>								
External Turnover	10,046.35	11,314.48	0	21,360.83	8,679.29	10,483.67	0	19,162.96
Other External Sales	0	0	0	0	0	0	0	0
Inter Segment Sales	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>10,046.35</b>	<b>11,314.48</b>	<b>0</b>	<b>21,360.83</b>	<b>8,679.29</b>	<b>10,483.67</b>	<b>0</b>	<b>19,162.96</b>
<b>External Turnover (Net Sales)</b>	<b>9,310.45</b>	<b>10,321.90</b>	<b>0</b>	<b>19,632.35</b>	<b>8,079.35</b>	<b>9,548.43</b>	<b>0</b>	<b>17,627.79</b>
<b>Segment Result Before Interest, Extra Ordinary Items And Taxes</b>	<b>1,400.70</b>	<b>1,250.57</b>	<b>0</b>	<b>2,651.26</b>	<b>1,380.79</b>	<b>1,240.90</b>	<b>0</b>	<b>2,621.69</b>
<b>Other Segment Result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Un Allocated Corporate Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,112.72</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,358.16</b>
<b>Operating Profit</b>	<b>1,400.70</b>	<b>1,250.57</b>	<b>0</b>	<b>1,538.55</b>	<b>1,380.79</b>	<b>1,240.90</b>	<b>0</b>	<b>1,263.52</b>
<b>Unallocable:</b>								
Interest Income	0	0	0	17.98	0	0	0	16.19
Other Income	0	0	0	29.82	0	0	0	105.52
Interest Paid	0	0	0	1,184.16	0	0	0	1,012.33
Taxes	0	0	0	135.51	0	0	0	123.87
<b>Net Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>266.67</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>249.03</b>
<b>2. Other Information</b>								
<b>a) Segment Asset</b>	<b>5,316.11</b>	<b>6,088.64</b>	<b>1,832.08</b>	<b>13,236.84</b>	<b>3,739.59</b>	<b>7,285.83</b>	<b>0</b>	<b>11,025.42</b>
Add Unallocable Corporate Asset	0	0	0	0	0	0	1,704.88	1,704.88
<b>Total Assets</b>	<b>5,316.11</b>	<b>6,088.64</b>	<b>1,832.08</b>	<b>13,236.84</b>	<b>3,739.59</b>	<b>7,285.83</b>	<b>1,704.88</b>	<b>12,730.30</b>
<b>b) Segment Liabilities</b>	<b>1,657.48</b>	<b>2,695.04</b>	<b>5,541.04</b>	<b>9,893.56</b>	<b>874.95</b>	<b>3,526.62</b>	<b>0</b>	<b>4,401.57</b>
Add Unallocable Corporate Liabilities	0	0	0	0	0	0	5,173.59	5,173.59
<b>Total Liabilities</b>	<b>1,657.48</b>	<b>2,695.04</b>	<b>5,541.04</b>	<b>9,893.56</b>	<b>874.95</b>	<b>3,526.62</b>	<b>5,173.59</b>	<b>9,575.15</b>
<b>c) Capital Expenditure</b>	<b>0</b>	<b>3.82</b>	<b>52.93</b>	<b>3.82</b>	<b>86.06</b>	<b>45.97</b>	<b>0</b>	<b>132.03</b>
Add: Un Allocable Capital Expenditure	0	0	0	0	0	0	0	16.68
<b>Total Capital Expenditure</b>	<b>0</b>	<b>3.82</b>	<b>52.93</b>	<b>3.82</b>	<b>86.06</b>	<b>45.97</b>	<b>0</b>	<b>148.71</b>
<b>d) Allocable Depreciation</b>	<b>41.03</b>	<b>254.95</b>	<b>0</b>	<b>308.73</b>	<b>26.24</b>	<b>236.13</b>	<b>0</b>	<b>262.37</b>
Add: Unallocable Depreciation	0	0	12.76	0	0	0	11.25	11.25
<b>Total Depreciation</b>	<b>41.03</b>	<b>254.95</b>	<b>12.76</b>	<b>308.73</b>	<b>26.24</b>	<b>236.13</b>	<b>11.25</b>	<b>273.62</b>
<b>e) Unallocable Other Non Cash Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### II. Information About Secondary Business Segment

Particulars	2011-2012			2010-2011		
	Within The Country	Out Of The Country	Total	Within The Country	Out Of The Country	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
External Sales	20026.67	1,334.16	21360.83	17,718.17	1,444.79	19,162.96
Inter Segment Sales	0	0	0	0	0	0
<b>Total Sales</b>	<b>20026.67</b>	<b>1334.16</b>	<b>21360.83</b>	<b>17,718.17</b>	<b>1,444.79</b>	<b>19,162.96</b>
External Sales (Net)	18298.19	1334.16	19632.35	16183.00	1444.79	17627.79
Carrying Amount Of Segment Asset	13236.84	-	13236.84	12730.30	0	12730.30
Additions To Fixed Assets	420.07	-	420.07	148.71	0	148.71

**Note 30 : Related Party Disclosures as per AS 18**

**A. List of related parties**

1. Sri H. Narsaiah – Brother of Managing Director
2. Feno Foams Private Ltd.,
3. Feno Fiber Ltd.,
4. Feno Investments Ltd.,
5. H. Gangaram Cloth Merchants
6. Ganga Bros Spinning Private Ltd.,
7. Rex -O -Knits Pvt.Ltd.,

**B. Key Management Personnel**

1. Sri H. Kishen – Managing Director
2. Sri H. Krishna Kumar – Whole time Director
3. Sri H. Praveen Kumar – General Manager
4. Sri H. Mahesh Kumar – General Manager

**C. Transactions during the year**

<b>i) Related Entities:</b>		(Rs. In Lacs)
Particulars	2011-2012	2010-11
Receiving of Services	108.43	104.74
Outstanding (Dr)	338.62	274.85
Outstanding (Cr)	-	0.14
Loans adjusted	-	43.40
<b>ii) Key Management Personnel:</b>		
Loans taken	-	20.25
Loan repaid	15.00	39.08
<b>iii) Key Management Personnel/ Personnel having significant influence:</b>		
Receiving of Services	61.90	80.90
Outstanding (Cr)	14.57	10.60

**Note:** No amount has been provided as doubtful debt or advance written off or written back in the year in respect of debts due from / to above related parties.

**Note 31 : Contingent Liabilities (not provided for) in respect of:**

		(Rs. In Lacs)
	2011-12	2010-11
a. Demand raised by the Income Tax authorities, being disputed by the Company	92.21	73.55
b. Demands raised by Sales tax authorities, being disputed by the Company.	46.15	40.28
c. Bank guarantees, Letter of credits and other gurantees	443.74	974.80
<b>Total</b>	<b>582.10</b>	<b>1088.63</b>

## FENOPLAST LIMITED

### Note 32 : Value of imports calculated in CIF basis

		(Rs. In Lacs)
	2011-12	2010-11
a. Raw Materials	4,000.99	3,705.62
b. Stores and Spares	33.15	9.19

### Note 33 : Expenditure in Foreign Currency

		(Rs. In Lacs)
	2011-12	2010-11
Others (included in Miscellaneous expenses)	-	3.41

### Note 34 : Value of Raw Materials, Stores and Spares Consumed and Percentage to the total

	2011-12		2010-11	
	Percentage	Value	Percentage	Value
<b>a. Raw Materials</b>				
i. Indigenous	70.65	10716.80	70.74	9746.47
ii. Imported	29.35	4452.74	29.26	4030.59
	100.00	15169.54	100.00	13777.06
<b>b. Stores and Spares</b>				
i. Indigenous	87.96	94.67	75.77	121.26
ii. Imported	12.04	12.96	24.23	38.78
	100.00	107.63	100.00	160.04

**Note 35:** We have recorded all known liabilities in the financial statements. The Company has not received any intimations from suppliers regarding their status under the micro, small and medium enterprises development act, 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid or payable as required under the said Act have not been given.

**Note 36:** The company has made relevant disclosures which are applicable as per revised schedule VI and the figures for the previous year are reclassified /regrouped and rearranged wherever necessary.

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 : 30th May, 2012

**A.Raghavendracharyulu**  
Vice President - Finance