



Fenoplast  
Limited

**42<sup>nd</sup> Annual Report**  
2016-2017

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## CONTENTS

	Page No.
Notice of AGM	3
Directors' Report	15
Report on Corporate Governance	38
Management Discussion and Analysis	48
Independent Auditors' Report on Financial Statements	54
Balance Sheet	62
Statement of Profit and Loss	63
Cash Flow Statement	64
Notes on Financial Statements	65

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**Board of Directors**

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

**Bankers**

Canara Bank  
State Bank of India  
Syndicate Bank

**Statutory Auditors**

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

**Internal Auditors**

S C Bose & Co.,  
Chartered Accountants,  
# 497, 1-10-98/29, Lane 3, Street 3,  
Begumpet, Hyderabad – 500 016

**Secretarial Auditors**

M/s. P. S. Rao & Associates, Company Secretaries  
Flat No.10, 4 Floor, D.No.6-3-347/22/2, Ishwarya Nilayam,  
Opp. Sai Baba Temple, Dwarakapuri Colony,  
Punjagutta, Hyderabad – 500 082, T.S., India

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

Venture Capital and Corporate Investments Pvt.Ltd.  
12-10-167, Bharat Nagar, Hyderabad – 500 018,  
Ph: 040-23818475/476, Fax: 040-23868024,  
Email: info@vccilindia.com.

**Registered Office**

306-308, Chenoy Trade Centre,  
Parklane, Secunderabad – 500 003.  
Telangana, India.  
CIN: L25209TG1975PLC001942; www.fenoplast.com  
Ph: +91-40-27840322 Telefax +91-40-27721739  
Email: info@fenoplast.com

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

Plot No. 21/A  
Industrial Development Area  
Nandigaon Village, Patancheru  
Medak Dist., Telangana

**Unit-II**

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

**Unit-III**

Survey No. 165& 166  
Medak Dist.,  
Telangana.

**Depot/ Marketing Offices:****Kolkata**

P-175  
Kalindi Housing Estate  
Kolkatta – 700 089

**Hosur**

SF No.44/2Q1, 2Q2, PLOT No.31-32,  
RVS Complex Rajeshwari Layout  
Near Sipcot Industrial Estate,  
Hosur, Krishnagiri – 635 126. Tamilnadu.

**Gurgaon**

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

**Roorkee**

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

**Baddi**

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

**Mumbai**

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

**Indore**

EA-05, Scheme No.94,  
Sector- 'A' Ring Road  
Dewas Naka,  
In Front of Mittal Toll Kanta  
Indore – 452 018

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## NOTICE

Notice is hereby given that the 42<sup>nd</sup> Annual General Meeting of the members of the Company will be held on Wednesday, the 27<sup>th</sup> day of September, 2017 at 11.00 A.M. at Kapu Sangam, 1-7-155, M.G. Road, Secunderabad - 500003, to transact the following items of business:

### ORDINARY BUSINESS:

1. To consider and adopt the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2017, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. H. Narsaiah (DIN: 00292864), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution.

“RESOLVED THAT pursuant to the provisions of Section 139,141 and 142 of the Companies Act, 2013, M/s. Venugopal & Cheney, Chartered Accountants, (Registration No.004671S), Hyderabad, be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Meeting for a period of 5 years, subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31, 2018.”

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration in addition to reimbursement of all out of pocket expenses, payable to Mr. Sanisetty Venkata Ramarao of M/s SVRR & Associates, Cost Accountants (Regd. No. M/31669), to audit the cost records maintained by the Company for the financial year ending March 31, 2018, be and is hereby approved and ratified.”

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Sections 196,197, 203 and any other applicable provisions of the Companies Act, 2013 and Rules made there under read with Schedule V of the Companies Act, 2013 and such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. H. Kishen (DIN: 00160625) as Managing Director of the Company for a period of 3 years with effect from 01<sup>st</sup> April,2017 on the terms and conditions as set out in the explanatory statement, with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in the said explanatory statement.”

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

“**RESOLVED THAT** in accordance with the provisions of Sections 196,197, 203 and any other applicable provisions of the Companies Act, 2013 and Rules made there under read with Schedule V of the Companies Act, 2013 and such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. H. Krishna Kumar (DIN: 00260198) as Whole-time Director of the Company for a period of 3 years with effect from 01<sup>st</sup> April,2017 on the terms and conditions as set out in the explanatory statement, with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in the said explanatory statement.”

For Fenoplast Limited  
Sd/-

**Mohith Kumar Khandelwal**  
Company Secretary

Place: Secunderabad

Date : 19-08-2017

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**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than Forty-eight hours before the commencement of the meeting.
2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of special business items is annexed hereto.
3. The register of members and Share Transfer Books of the Company will remain closed during the period from **21-09-2017 to 27-09-2017 (both days inclusive)**.
4. Members are requested to send all communications relating to shares and any change in address to the Registrar and Share Transfer Agent, M/s. Venture Capital And Corporate Investments Private Limited. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holding into one folio.
5. Members/ Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Additional copy of Annual Report and duplicate attendance slip will not be issued at the place of the meeting.
6. Members 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.
7. Pursuant to the requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the information about the directors proposed to be re-appointed/ appointed is given in the **Annexure-A** to the notice.
8. 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.
9. 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.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ RTA.

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## 11. Instructions about Voting:

The Members are requested to opt for one mode of voting, i.e. either through e-voting or physical ballot. If a Member casts votes by both modes, then voting done through a valid e-Voting shall prevail and voting done through physical ballot shall be treated as invalid. Please refer the following detailed instructions for both modes voting.

### A) Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing Members facility to exercise their right to vote by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for e-voting are as under:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “**Shareholders**” tab.
- (iii) Select the “**FENOPLAST LIMITED**” from the drop down menu and click on “**SUBMIT**”
- (iv) Enter your User ID - For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

**If you are a first time user follow the steps given below.**

- (vi) Fill up the following details in the appropriate boxes:

<b>PAN*</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
<b>DOB#</b>	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
<b>DIVIDEND BANK DETAILS</b>	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digits of the folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramanathan with sequence number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (x) Click on the relevant EVSN for **FENOPLAST LIMITED**.
  - (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “**YES/NO**” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xii) Click on the “**Resolutions File Link**” if you wish to view the entire Resolutions.
  - (xiii) After selecting the resolution you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
  - (xiv) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
  - (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
  - (xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
  - (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting with your mobile.
  - (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.
- II. The voting period begins on **24-09-2017 (9.00 AM) and ends on 26-09-2017 (5.00 PM)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, **as on 21-09-2017** (i.e., the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - III. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - IV. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 21-09-2017
  - V. Mrs. N. Vanitha, Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

#### **B) Other Instructions:**

- I. The Scrutinizer will collate the votes downloaded from the e-voting system to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.fenoplast.com](http://www.fenoplast.com) and be communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd.
- III. Members may address any query to Mohith Kumar Khandelwal, Compliance Officer at the Registered Office of the Company, Tel. No.040-27840322, e-mail address: [cs.mohith@fenoplast.com](mailto:cs.mohith@fenoplast.com), Website: [www.fenoplast.com](http://www.fenoplast.com).

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## EXPLANATORY STATEMENT PURUSANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

### Item No. 4:

The Board, on the recommendation of the Audit Committee, has approved the appointment of Mr. Sanisetty Venkata Ramarao of M/s SVRR & Associates, Cost Accountants (Regd. No. M/31669) and remuneration payable to them, to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March, 2018. In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2018.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution.

The Board recommends the resolution set forth in Item No.4 for approval of the members.

### Item No. 5:

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 11.02.2017 has proposed to re-appoint Mr. H. Kishen as Managing Director of the Company for a period of 3 years with effect from 01.04.2017 subject to the approval of the members of the Company . Mr. H. Kishen is associated with the Company since inception and is responsible for its growth over the years. In view of his vast experience and knowledge, the Board is of the view that his continued appointment will benefit the Company and accordingly recommends his re-appointment and payment of remuneration as per terms and conditions mentioned below.

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

Remuneration and perks of Mr. H. Kishen:-

- 1] **Basic Salary:** Rs. 4,75,714/- Per Month.
- 2] **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites classified into three categories A, B & C.

#### Category-A

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

#### Category-B

- i. The Company's contribution to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the Company.
- ii. Gratuity shall be payable in accordance with the rules and regulations of the Company.



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**iii. He is eligible for Leave Encashment.**

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

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

**Category-C**

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

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

Approval of the members is being sought to the reappointment of Mr. H. Kishen as Managing Director of the Company for a period of three years w.e.f. 01-04-2017 on the terms and conditions set out in the draft agreement. The resolution set out in item No. 5 of the Notice is intended for the purpose.

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

A copy of the draft agreement referred to in the resolution will be available for inspection of the members at the Company's Registered Office on any working day between 11.00 A.M to 1.00 P.M. prior to the date of the meeting and will also be available at the meeting.

**STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE V, OF THE COMPANIES ACT, 2013:**

**I. GENERAL INFORMATION**

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

<b>Financial Parameters</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Total Income	23,827.90	22,399.74	22,579.87
PBT	237.26	96.62	101.50

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**(5) Export performance:**

	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Export Earnings	1,325.92	1,132.45	616.02

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

**II. INFORMATION ABOUT THE APPOINTEE:**

- 1. Background of the Appointee:** Mr. H. Kishen is one of the promoter directors and associated with Company's -operations since its inception. He is well versed with all the operations of the Company particularly the manufacturing operations and units. He looks after overall administration functions of the Company.
- 2. Past Remuneration (including contribution to PF, Superannuation fund and Gratuity fund) for last 3 years:**

2014-15	- Rs. 78,00,000/-
2015-16	- Rs. 78,00,000/-
2016-17	- Rs. 78,00,000/-
- 3. Recognition and awards:** Rajiv Gandhi Excellency Award for his contribution and achievements.
- 4. Job profile and his suitability:**
  - (a) Job Profile:** He will be responsible for all day-to-day operations of the Company and looks after the administration and control of the Company as a Managing Director.
  - (b) Suitability:** He has been Managing Director since the inception of the Company. His experience of about four decades has helped the Company to grow to its present level. He is well suited as he is not only experienced but also well versed with entire operations of the Company.
- 5. Remuneration proposed:** As specified above in this explanatory statement.
- 6. Comparative Remuneration Profile:** The proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the industry and of the position and person.
- 7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** He is related to Mr. H. Krishna Kumar, Whole-time Director, Mr. H. Narsaiah, Director and Mr. H. Sanjay Kumar, Whole-time Director. He is holding 206,646 Equity Shares.

**III OTHER INFORMATION:**

- (1) Reasons of Loss or Inadequate profits:** Loss or Inadequate profits were due to heavy competition from unorganized sector to whom the overheads are very minimal.
- (2) Steps taken or proposed to be taken for improvement:**
  - (a)** The Company has taken various measures to reduce the interest costs including better working capital and debtors' management.

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- (3) **Expected increase in productivity and profits in measurable terms:** The Company is taking various steps to increase the productivity and profits. This cannot be quantified in measurable terms owing to the Competitive market.

**Item No. 6:**

On the recommendation of the Nomination and Remuneration Committee the Board of Directors at its meeting held on 11.02.2017 has proposed to re-appoint Mr. H. Krishna Kumar as Whole-time Director of the Company for a period of 3 years with effect from 01.04.2017 subject to the approval of the members of the Company. Mr. H. Krishna Kumar is associated with the Company since 1982 and is responsible for its growth over the years. In view of his vast experience and knowledge, the Board is of the view that his continued appointment will benefit the company and accordingly recommends his re-appointment and payment of remuneration as per the terms and conditions mentioned below:

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

**Remuneration and perks of Mr. H. Krishna Kumar:-**

1] **Basic Salary:** Rs. 4,59,572/- Per Month

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

**Category-A**

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

**Category-B**

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

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

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

**Category-C**

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

- 3] The above said remuneration shall be paid as the minimum remuneration to the Whole-time Director in case of loss or inadequacy of profits for any financial year.

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4] Mr. H. Krishna Kumar shall not while continuing to be the Whole-time Director be subject to retirement by rotation.

5] The appointment can be terminated by either party giving three months notice in writing.

Approval of the members is being sought to the reappointment of Mr. H. Krishna Kumar as Whole-time Director of the Company for a period of three years w.e.f. 01-04-2017 on the terms and conditions set out in the draft agreement. The resolution set out in Item No. 6 of the Notice is intended for the purpose.

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

A copy of the draft agreement referred to in the resolution will be available for inspection of the members at the Company's Registered Office on any working day between 11.00 A.M to 1.00 P.M. prior to the date of the meeting and will also be available at the meeting.

**STATEMENT PURSUANT TO SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013:**

**I. GENERAL INFORMATION**

(1) **Nature of Industry:** PVC Leather and PVC Film

(2) **Expected date of commencement of commercial production:** NA

(3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** NA

(4) **Financial performance during the last three years:**

<b>Financial Parameters</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Total Income	23,827.90	22,399.74	22,579.87
PBT	237.26	96.62	101.50

(5) **Export performance:**

	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Export Earnings	1,325.92	1,132.45	616.02

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

**II. INFORMATION ABOUT THE APPOINTEE:**

1. **Background of the Appointee:** Mr. H. Krishna Kumar joined the Company in 1982 and has been associated with the Company since then and is incharge of overall operations of the Company as Whole-time Director.

2. **Past Remuneration (including contribution to PF, Superannuation fund and Gratuity fund) for last 3 years:**

2014-15	- Rs. 72,00,000/-
2015-16	- Rs. 72,00,000/-
2016-17	- Rs. 72,00,000/-

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3. **Recognition and awards:** Nil.
  4. **Job profile and his suitability:**
    - (a) **Job Profile:** He looks after the production and marketing operations of the Company as a Whole-time Director.
    - (b) **Suitability:** He has good exposure in the marketing field particularly in the products of PVC Leather cloth and PVC Film. He is instrumental in building good marketing and distribution network for the PVC leather cloth all over the Country. He has developed various new trends in PVC leather market.
  5. **Remuneration proposed:** As specified above in this explanatory statement.
  6. **Comparative Remuneration Profile:** The proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the industry and of the position and person.
  7. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** He is related to Mr. H. Kishen, Managing Director, Mr. H. Narsaiah, Director and Mr. H. Sanjay Kumar, Whole-time Director. He is holding 293,500 Equity Shares.

### III OTHER INFORMATION:

- (1) **Reasons of Loss or Inadequate profits:** Loss or Inadequate profits were due to heavy competition from unorganized sector to whom the overheads are very minimal.
- (2) **Steps taken or proposed to be taken for improvement:**
  - (a) The Company has taken various measures to reduce the interest costs including better working capital and debtors' management.
- (3) **Expected increase in productivity and profits in measurable terms:** The Company is taking various steps to increase the productivity and profits. This cannot be quantified in measurable terms owing to the Competitive market.

Place: Secunderabad  
Date : 19-08-2017

For Fenoplast Limited  
Sd/-  
**Mohith Kumar Khandelwal**  
Company Secretary

**Annexure – A**

Details of Directors as on March 31, 2017, seeking appointment/re-appointment/regularization at the ensuing Annual General Meeting pursuant to SEBI (LODR) Regulations, 2015 are given below:

a.	Name	Mr. H. Kishen	Mr. H. Krishna Kumar	Mr. H. Narsaiah
b	Brief Resume			
	i) Age	76 years	57 years	81 years
	ii) Educational Qualification	Graduate	Post Graduate in Economics	Graduate
	iii) Experience in specific functional area	He has over 4 decades of successful management experience	He has over 3 decades of successful entrepreneurial experience.	More than five decades of experience in textile, PVC leather cloth, cotton yarn trading
c	Nature of expertise in functional area	He is the Managing Director of the Company. He will be responsible for all day-to-day operations of the Company and looks after the administration and control of the Company as a Managing Director. His experience over the years has helped the Company to grow to its present level.	He had significantly contributed to the Company by pioneering the PVC Leather Cloth division and by increasing the turnover multifold. He is incharge of overall operations of the Company.	He has good expertise in textile trading business as well as marketing of similar products. He has immensely contributed to the development of marketing network of the Company. He is a member of Audit Committee of the Company.

d	Directorship held in other Companies (excluding foreign and Section 8 Companies)	Nil	Vaya Advisory Services Private Limited - Director	1.Rex-O-Knits Private Limited – Managing Director
e	Chairmanship/ Membership of committees of other companies (includes only Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee)	Nil	Member of Stakeholder's Relationship Committee of Fenoplast Limited	Audit Committee- Fenoplast Limited
f	No. of shares of Rs. 10/- each held by the Director	2,06,646	2,93,500	3,24,792
g	Relationship between Directors inter se ( As per section 2(77) of the Companies Act, 2013 and Companies (Specification of definitions details) Rules, 2014)	Mr. H. Kishen, Managing Director, Mr. H. Krishna Kumar, Whole-time Director, Mr. H. Narsaiah, Director and Mr. H. Sanjay Kumar, Whole-time Director belongs to promoter group and are related to each other.	Mr. H. Kishen, Managing Director, Mr. H. Krishna Kumar, Whole-time Director, Mr. H. Narsaiah, Director and Mr. H. Sanjay Kumar, Whole-time Director belongs to promoter group and are related to each other.	Related to Mr. H.Kishen (Managing Director) and Mr. H. Krishna Kumar (Whole time Director and Mr. H. Sanjay Kumar (Whole-time Director)

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## DIRECTOR'S REPORT

To,  
**The Shareholders,**

Your Directors have pleasure in presenting herewith the 42<sup>nd</sup> Annual Report on the business of Your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2017.

### FINANCIAL RESULTS

(₹ In Lakhs)

PARTICULARS	2016-17	2015-16
Gross Income	24,856	24,657
Gross Income (Net of Excise Duty)	22,580	22,400
Less: Expenditure	20,663	20,459
Gross Profit	1,917	1,941
Less: Interest & Finance Charges	1,618	1,638
Less: Depreciation	197	206
Profit before Tax	102	97
Less: Current Tax	62	25
Less: Tax for the earlier years	0	6
Less: Deferred Tax	(27)	4
Profit available for appropriations	66	62
Profit brought forward	2,412	2,350
Revised Depreciation of earlier years	0	0
Balance carried forward	2,478	2,412

### BUSINESS REVIEW

During the year under review your Company has achieved gross revenues amounting to Rs. 22,580 Lakhs as against Rs. 22,400 Lakhs in the previous year.

### OPERATIONS:

For the year under review, production of PVC Leather Cloth was 71.31 LLn. Mtrs. as against the previous year's production of 71.88 LLn. Mtrs. Production of PVC Film was 10,471.50 MT as against the previous year's production of 10,495.02 MT.

### DIVIDEND;

Your Directors did not recommend any dividend for the year 2016-17.

### TRANSFER TO RESERVES:

Your Company has not transferred any amount to the general reserve.



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## DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL

During the year under review Mr. H. Narsaiah, Director of the Company retires by rotation and being eligible offered himself for re-appointment.

Mr. Krishna Kumar Haridas was re-appointed as whole time director of the Company subject to the approval of members for a period of 3 years with effect from 01<sup>st</sup> April, 2017. Mr. H. Kishen, Managing Director of the Company was re-appointed as Managing Director subject to the approval of members for a period of 3 years with effect from 01<sup>st</sup> April, 2017.

Ms.G. Pushkarini, resigned as Company Secretary w.e.f. 31<sup>st</sup> May, 2017 and Mr. Mohith Kumar Khandelwal was appointed as the Company Secretary of the Company w.e.f. 01<sup>st</sup> June, 2017.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has evaluated the performance of Independent Directors, Board, Committees and other individual Directors as per the Policy adopted for performance evaluation which includes criteria for performance evaluation of the non-executive directors and executive directors.

## DIRECTORS' RESPONSE ON THE QUALIFICATIONS MADE BY THE AUDITORS IN THEIR REPORT

Qualification	Reply
<b>Ref: Auditor's Report @ Page No. 55</b> Note 23.1 to the financial statements, regarding excess managerial remuneration amounting to Rs.57.43 Lacs paid to Managing Director and Whole Time Director in excess of limits prescribed under Schedule XIII of the Companies Act, 1956 in the financial year 2013-14 which is subject to central government approval. The ultimate outcome of this matter cannot presently be determined, accordingly no adjustments have been made in the financial statements.	The Company has passed a Special resolution for the enhanced Managerial remuneration and the approval from the Central Government is awaited. However, the enhanced remuneration is well within the prescribed limits suffice with the Special resolution as per the New Companies Act, 2013.
<b>Ref: Secretarial Audit Report @Page No. 22</b> The Company yet to obtain approval of the Central Government for the remuneration paid to Managing Director and Whole-time Director in excess of limits prescribed under Section 197 read with Schedule XIII of the Companies Act, 1956 for the year 2013-14 which was ratified by the shareholders by Special resolution at 39 <sup>th</sup> Annual General Meeting.	The Company has passed a Special resolution for the enhanced Managerial remuneration and the approval from the Central Government is awaited. However the enhanced remuneration is well within the prescribed limits suffice with the Special resolution as per the New Companies Act, 2013.
<b>Ref: Secretarial Audit Report @Page No. 22</b> The Company has generally been filing the forms and returns with the Ministry of Corporate Affairs within the prescribed time. However, there are few instances where there have been delays.	The Company has generally been filing forms and returns with the Ministry of Corporate Affairs (MCA) within the prescribed time. However, there have been a few rare delays due to late receipt of certain documents.

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## AUDITORS:

### Statutory Auditors:

At the Annual General Meeting held on September 29, 2014, M/s. Anandam & Co., Chartered Accountants (Registration No.000125S) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting. The Board of Directors based on the recommendation of Audit committee considered the appointment of M/s.Venugopal & Chenoy, Chartered Accountants, Hyderabad (Registration No.004671S) as Statutory Auditors of the Company from the conclusion of 42<sup>nd</sup> Annual General Meeting till the conclusion of 47<sup>th</sup> Annual General Meeting, subject to approval of shareholders in the 42<sup>nd</sup> Annual General Meeting and thereafter ratification of their appointment by the members in every Annual General Meeting. Accordingly, a resolution seeking Members' approval for appointment of M/s. Venugopal & Chenoy., Chartered Accountants, as the Statutory Auditors of the Company is included in the Notice convening the Annual General Meeting for approval of Shareholders.

### Cost Auditors:

The Board has appointed Mr. Sanisetty Venkata Ramarao of M/s SVRR & Associates, Cost Accountants for conducting the audit of cost records of the Company for various segments for the financial year 2017-18 as recommended by the Audit Committee. As required under section 148 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 a resolution is being placed at the ensuing AGM for ratification of remuneration payable to said Cost Auditors.

### Secretarial Auditors:

M/s. P. S. Rao & Associates, Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The secretarial audit report for FY 2016-17 forms part of this Report as Annexure - 1. The Board has appointed M/s. P. S. Rao & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for the financial year 2017-18.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure – 2**.

## RISK MANAGEMENT POLICY

The company has formulated a policy on Risk management and the same is posted on Company's website: [www.fenoplast.com](http://www.fenoplast.com). Major risk to the Company apart from the general business risks related to the industry, is competition from small/ unorganized players.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

Through Internal Audits the Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the audit reports the units undertake corrective action in their respective areas and strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board periodically.

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The Board of Directors of the Company have adopted various policies like Related Party Transactions policy, Whistle Blower Policy such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

### **NOMINATION AND REMUNERATION POLICY**

A committee of the Board named as “Nomination and Remuneration Committee” has been constituted to comply with the provisions of section 178, Schedule IV of the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As recommended by the Committee the Board adopted a policy on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters to frame proper systems for identification, appointment of Directors & KMPs, Payment of Remuneration, Evaluation of their performance. Nomination and Remuneration Policy of the Company is enclosed herewith as **Annexure – 3** and is available on Company's website [www.fenoplast.com](http://www.fenoplast.com).

### **FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the performance evaluation of independent directors was carried out by the entire Board of Directors, excluding the director being evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the nomination and remuneration committee.

None of the independent directors are due for re-appointment.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

During the year under review, the company did not fall under the purview of provisions of section 135 read with Schedule VII of the Companies Act, 2013. Hence the company has not made any contributions towards CSR Activities.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- i. In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2017 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. 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 true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2017 and of the profit and loss of the Company for the year;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Annual Accounts for the year 2016-17 have been prepared on a 'going concern' basis;
- v. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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## EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure - 4**.

## OTHER DISCLOSURES:

### Board Meetings

During the year under review Four Board Meetings were held. For further details, please refer report on Corporate Governance Report enclosed herewith.

### Committees of Board

Your Company has the following committees namely:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee

The constitution of all the committees is as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the Constitution are mentioned in Corporate Governance Report, which forms part of this Annual Report.

### Corporate Governance Report

Your Company has complied with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance is enclosed as **Annexure – 5** to this report.

### Management Discussion and Analysis

A brief note on the Management discussion and analysis for the year is enclosed as **Annexure - 6** to this report

### Vigil Mechanism/Whistle Blower Policy:

In pursuance to the provisions of section 117(9) & (10) of the Companies Act , 2013 and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Vigil Mechanism for directors and employees to report genuine concerns has been established. This mechanism enables the whistle blower to make protected disclosures to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: [www.fenoplast.com](http://www.fenoplast.com).

### Remuneration ratio of the directors/ Key Managerial Personnel/ Employees:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure – 7**.

## PARTICULARS OF EMPLOYEES:

No employee of the Company was in receipt of remuneration, during the financial year 2016-17, in excess of the sum prescribed under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of the Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements pertaining to the year under review.

## **DEPOSITS:**

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance sheet.

## **RELATED PARTY TRANSACTIONS:**

Related party transactions entered during the financial year under review are disclosed in Note No.30 of the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2017. These transactions were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions is enclosed herewith as **Annexure – 8**.

The policy on materiality of Related Party Transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website.

## **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and date of report.

Your Directors further state that during the year under review, there were no cases filed/ registered pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **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 look forward for continuing support.

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

Sd/-

**B.KAMALAKER RAO**

CHAIRMAN

Place : Secunderabad

Date : 19-08-2017

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
**The Members,  
Fenoplast Limited,  
Secunderabad.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s.Fenoplast Limited**, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) (applicable Sections as on date) and the Rules made under that Act;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (v) Apart from the above the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;

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2. Provisions of the following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company in the financial year under report:-

- (a) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (b) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

There was no industry related specific law in which the Company operates, is applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards SS-1 and SS-2 with respect to meetings of the board of Directors and general meetings respectively issued and notified by The Institute of Company Secretaries of India which came into force w.e.f. 1<sup>st</sup> July, 2015 under the provisions of section 118(10) of the Act.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines etc. mentioned above, subject to the following observations;

- i) The Company yet to obtain approval of the Central Government for the remuneration paid to Managing Director and Whole-time Director in excess of limits prescribed under Section 197 read with Schedule XIII of the Companies Act, 1956 for the year 2013-14 which was ratified by the shareholders by special resolution at 39<sup>th</sup> Annual General Meeting.
- ii) The Company has generally been filing the forms and returns with the Ministry of Corporate Affairs within the prescribed time. However, there are few instances where there have been delays.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

**During the period under review:**

- a) Mr.H.Sanjay Kumar was appointed as a Whole-time Director w.e.f. 13.02.2016 and the said appointment has been approved by the shareholders at Annual General Meeting (AGM) held on 28<sup>th</sup> September, 2016.
- b) Dr.H.Anuradha ceased to be Director w.e.f.9<sup>th</sup> June, 2016.
- c) Dr.Batul Alladin Arif was co-opted as an additional director w.e.f.30<sup>th</sup> August, 2016 and appointed as an Independent Director for a period of 5 years w.e.f.28<sup>th</sup> September, 2016.

Adequate notice was given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent and a system exists for seeking clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate

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with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Sd/-

**P.S.RAO**

**Company Secretary**

**ACS No: 9769**

**C P No: 3829**

Place: Hyderabad

Date : 19-08-2017

**Note:** This report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.



To,  
**The Members,  
Fenoplast Limited  
Hyderabad**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For P.S. Rao & Associates  
Company Secretaries  
Sd/-  
P.S.RAO  
Company Secretary  
ACS No: 9769  
C P No: 3829**

Place : Hyderabad  
Date : 19-08-2017

**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014.**

**(A) Conservation of energy-**

The consumption of energy in the process of manufacturing is not substantial. During the year under review, consumption of the power per LLn. Mtr. of PVC Leather Cloth was 0.17 (previous year 0.19 KWH per LLn. Mtr.). The consumption of Coal was 0.48 kg per LLn. Mtr. (previous year 0.47 Kgs per LLn. Mtr.). Power consumption of PVC film was at 0.49 KWH per Kg. (previous year 0.50 KWH per Kg.) of production. Details are attached in Form – A.

**(B) Technology absorption-**

On the technology absorption, the Company's employees are well conversant with the changes adopted in the production process to consume similar raw material with different specifications/parameters. The machines are being operated without any technical problems.

**(C) Foreign exchange earnings and Outgo-**

The Company used Rs. 492.42 Lakhs on foreign exchange for its imports during the year, against its export earnings of Rs. 616.02 Lakhs. Previous year the Company has used Rs. 3,314.98 Lakhs as against Rs. 1,219.23 Lakhs earned.

## ANNEXURE TO THE DIRECTOR'S REPORT

### FORM –A

#### A. Power and Fuel Consumption:

	2016-2017		2015-2016		
	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	1,22,55,359	51,20,500	13,12,012	48,83,950
Total Amount	₹	1,04,24,861	3,76,22,161	1,00,65,630	3,29,17,845
Rate per Unit	₹	8.51	7.35	7.67	6.74
b) Own generation through Diesel generator					
No. of Units.	Kwh	1,61,878	45,937	1,04,438	52,242
Units per lit. of diesel		2.42	2.45	2.58	2.50
Cost per Unit of Kwh	₹	21.42	27.52	21.56	27.72
<b>2). Coal:</b>					
(Round coal used in Heat treatment)					
Quantity consumed	M.T	1,445	NIL	1,373	NIL
Total Cost	₹	76,51,499	NIL	88,54,414	NIL
Average Rate (per ton)	₹	5,297	NIL	6,447	NIL
<b>3) Briquettes:</b>					
Quantity consumed	MT	1,826	1,646	1,790	1,403
Total Cost	₹	1,07,21,281	96,68,479	1,03,74,115	81,28,345
Average Rate (per ton)	₹	5,873	5,873	5,796	5,796

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

	Unit	2016-2017	2015-2016
<b>1). Electricity:</b>			
a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.	0.17	0.19
b). PVC Film	Kwh/kg.	0.49	0.50
<b>2). Coal / Briquettes:</b>			
a) PVC Leather cloth/ Cellular Sheets	Kwh/Ln.mtr.	0.48	0.47

## REMUNERATION POLICY

The Company has a policy to recognize & reward the employees to motivate them to do their best for the Company and be successful in the deliverables of their respective functions. We also reward significantly to the outstanding employees for their high performance.

### PRINCIPLES

1. The Company provides competitive environment with reward parameters.
2. The Company also rewards the employees for differentiating themselves from the routine work by contributing to the Company with their specialized skills.
3. The Company makes sure that the functions of each employee are completely aligned with that of the corporate objective.
4. The Company has a quality policy to ensure that the quality conscious is inherently build up, in all the functions the employee handles.
5. The Company has policy to ensure that conduct of the business by the employees synchronises with the national objectives as a social obligation.

### MANAGERIAL REMUNERATION

The Company rewards its employees for their high performance and the same is market aligned so that the attrition of the employees is minimized and inculcate the tendency of high performance culture among the employees.

Your Company has 282 permanent employees and any pay revision is done by way of wage agreements done in consultation with the respective unions.

The Company believes in balancing the remuneration paid to employees between the cost of living and the performance of the Company.

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31-03-2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L25209TG1975PLC001942
Registration Date	16/10/1975
Name of the Company	FENOPLAST LIMITED
Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
Address of the Registered office and contact details	306-308, Cheney Trade Centre, Secunderabad-03
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Venture Capital And Corporate Investments Private Limited 12-10-167, Bharat Nagar, Hyderabad-18. Telephone: 040-23818475/ 23818476/23868023

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

Business activities contributing 10 % or more of the total turnover of the company

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	PVC Leather Cloth	2684	45.62
2.	PVC Film	3130	54.38

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:** Not Applicable

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as on 31<sup>st</sup> March, 2017**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held of at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	2715216	139700	2854916	62.06	2715216	139700	2854916	62.06	--
Sub-total (A)(1):-	2715216	139700	2854916	62.06	2715216	139700	2854916	62.06	--
<b>(2) Foreign</b>	--	--	--	--	--	--	--	--	--
Sub-total (A)(2):-	---	---	---	---	---	---	---	---	---
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2715216</b>	<b>139700</b>	<b>2854916</b>	<b>62.06</b>	<b>2715216</b>	<b>139700</b>	<b>2854916</b>	<b>62.06</b>	<b>--</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
b) Individuals	88457	7300	95757	2.08	83319	7300	90619	1.97	-0.11
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	416487	350742	767229	16.68	347881	348342	696223	15.14	-1.54
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	664950	105300	770250	16.74	743641	105300	848941	18.46	1.72
c) Others									
- Non –resident Indians	22406	87000	109406	2.38	21916	85000	106916	2.32	-0.06
- Clearing members	2442	--	2442	0.05	2385	--	2385	0.05	0
Sub-total (B)(2):-	<b>1194742</b>	<b>550342</b>	<b>1745084</b>	<b>37.94</b>	<b>1199142</b>	<b>545942</b>	<b>1745084</b>	<b>37.94</b>	<b>0</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>1194742</b>	<b>550342</b>	<b>1745084</b>	<b>37.94</b>	<b>1199142</b>	<b>545942</b>	<b>1745084</b>	<b>37.94</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>GRAND TOTAL (A+B+C)</b>	<b>3909958</b>	<b>690042</b>	<b>4600000</b>	<b>100.00</b>	<b>3914358</b>	<b>685642</b>	<b>4600000</b>	<b>100.00</b>	<b>---</b>

**(ii) Shareholding of Promoters**

S.No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	H.NARSAIAH	324792	7.06	0.00	324792	7.06	0.00	--
2	H.SAPARNA	319000	6.93	0.00	319000	6.93	0.00	--
3	H.KRISHNA KUMAR	293500	6.38	0.00	293500	6.38	0.00	--
4	H.PUSHPA	229900	5.00	0.00	229900	5.00	0.00	--
5	H.MAHESH KUMAR	219000	4.76	0.00	219000	4.76	0.00	--
6	H.KISHEN	206646	4.49	0.00	206646	4.49	0.00	--
7	H.RAVIRAJ	175700	3.82	0.00	175700	3.82	0.00	--
8	H.ANURADHA	230400	5.01	0.00	230400	5.01	0.00	--
9	SANJAY HARIDAS	164078	3.57	0.00	164078	3.57	0.00	--
10	H.RAJUBHAI	141100	3.06	0.00	---	---	0.00	(3.06)
11	H.PRAVEEN KUMAR	127500	2.77	0.00	127500	2.77	0.00	--
12	H.SAMPATH KUMAR	99700	2.17	0.00	99700	2.17	0.00	--
13	H.SIDDARTH	87900	1.91	0.00	87900	1.91	0.00	--
14	H.LATHA	76000	1.65	0.00	76000	1.65	0.00	--
15	H.GANGADHAR	69400	1.51	0.00	69400	1.51	0.00	--
16	H.RAHUL	37700	0.82	0.00	37700	0.82	0.00	--
17	H.POOJALATHA	18500	0.40	0.00	18500	0.40	0.00	--
18	H.SRAVANTHI	10000	0.22	0.00	10000	0.22	0.00	--
19	H.VANDANA	10000	0.22	0.00	10000	0.22	0.00	--
20	H.PADMAJA	6600	0.14	0.00	6600	0.14	0.00	--
21	H.PRASANARANI	4400	0.10	0.00	4400	0.10	0.00	--
22	H.RANIKA	1600	0.03	0.00	1600	0.03	0.00	--
23	H.REKHA	1500	0.03	0.00	1500	0.03	0.00	--
24	SUNANDA PONNALA	--	--	--	68,700	1.49	0.00	1.49
25	BHAGYA LAKSHMI ENUGULA	--	--	--	47,400	1.03	0.00	1.03
26	VIJAYALAXMI NEELAKANTAM	--	--	--	25,000	0.54	0.00	0.54

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	H.NARSAIAH At the beginning of the year At the end of the year	324792	7.06	324792 324792	7.06
2	H.SAPARNA At the beginning of the year At the end of the year	319000	6.93	319000 319000	6.93
3	H.KRISHNA KUMAR At the beginning of the year At the end of the year	293500	6.38	293500 293500	6.38
4	H.PUSHPA At the beginning of the year At the end of the year	229900	5.00	229900 229900	5.00
5	H.MAHESH KUMAR At the beginning of the year At the end of the year	219000	4.76	219000 219000	4.76
6	H.KISHEN At the beginning of the year At the end of the year	206646	4.49	206646 206646	4.49
7	H.RAVIRAJ At the beginning of the year At the end of the year	175700	3.82	175700 175700	3.82
8	H.ANURADHA At the beginning of the year Acquisition on 19-06-2015 At the end of the year	172400 58000	3.75	172400 230400 230400	5.01
9	H. SANJAY HARIDAS At the beginning of the year At the end of the year	164078	3.57	164078 164078	3.57
10	H.RAJUBHAI At the beginning of the year Transferred on At the end of the year	141100 -141100 0	3.06 -3.06 0	141100 0 0	3.06
11	H.PRAVEEN KUMAR At the beginning of the year At the end of the year	127500	2.77	127500 127500	2.77
12	H.SAMPATH KUMAR At the beginning of the year At the end of the year	99700	2.17	99700 99700	2.17



13	H.SIDDARTH At the beginning of the year At the end of the year	87900	1.91	87900 87900	1.91
14	H.LATHA At the beginning of the year At the end of the year	76000	1.65	76000 76000	1.65
15	H.GANGADHAR At the beginning of the year At the end of the year	69400	1.51	69400 69400	1.51
16	H.RAHUL At the beginning of the year At the end of the year	37700	0.82	37700 37700	0.82
17	H.POOJALATHA At the beginning of the year At the end of the year	18500	0.40	18500 18500	0.40
18	H.SRAVANTHI At the beginning of the year At the end of the year	10000	0.22	10000 10000	0.22
19	H.VANDANA At the beginning of the year At the end of the year	10000	0.22	10000 10000	0.22
20	H.PADMAJA At the beginning of the year At the end of the year	6600	0.14	6600 6600	0.14
21	H.PRASANNARANI At the beginning of the year At the end of the year	4400	0.10	4400 4400	0.10
22	H.RANIKA At the beginning of the year At the end of the year	1600	0.03	1600 1600	0.03
23	H.REKHA At the beginning of the year At the end of the year	1500	0.03	1500 1500	0.03
24	SUNANDA PONNALA At the beginning of the year Acquired on At the end of the year	0 68700 68700	0 1.49	0 68700	0 1.49
25	BHAGYA LAKSHMI ENUGULA At the beginning of the year Acquired on At the end of the year	0 47400 47400	0 1.03	0 47400	0 1.03
26	VIJAYALAXMI NEELAKANTAM At the beginning of the year Acquired on At the end of the year	0 25000 25000	0 0.54	0 25000	0 0.54

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	G.SAROJA At the beginning of the year At the end of the year	230034	5.00	230034 230034	5.00
2	T.H.MURLIDHAR At the beginning of the year At the end of the year	62300	1.35	62300 62300	1.35
3	S.SANGEETHA At the beginning of the year At the end of the year	47770	1.04	47770 47770	1.04
4	VIDHYA NAIDU At the beginning of the year At the end of the year	46920	1.02	46920 46920	1.02
5	RAGHUNADHA REDDY MAPAKSHI At the beginning of the year At the end of the year	46100	1.00	46100 46100	1.00
6	J.PRASOONA DEVI At the beginning of the year At the end of the year	43000	0.93	43000 43000	0.93
7	VIL MEDIA PRIVATE LIMITED At the beginning of the year At the end of the year	39131	0.85	39131 39131	0.85
8	ARUN BHONGIR At the beginning of the year At the end of the year	37665	0.82	37665 37665	0.82
9	SUJANA ADI At the beginning of the year At the end of the year	37250	0.81	37250 37250	0.81
10	G.VIVEKANAND At the beginning of the year At the end of the year	36817	0.80	36817 36817	0.80

**(v) Shareholding of Directors and Key Managerial Personnel:**

S.No	Name of the Director/ Key Managerial Personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	H.KISHEN At the beginning of the year At the end of the year	206646	4.49	206646 206646	4.49
2	H.KRISHNA KUMAR At the beginning of the year At the end of the year	293500	6.38	293500 293500	6.38
3	H.NARSAIAH At the beginning of the year At the end of the year	324792	7.06	324792 324792	7.06
4	H. SANJAY HARIDAS At the beginning of the year At the end of the year	164078	3.57	164078 164078	3.57

**INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/ accrued but not due for payment  
(₹ in Lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	6116.73	514.49	-	6631.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	4.07	-	4.07
<b>Total (i+ii+iii)</b>	<b>6116.73</b>	<b>518.56</b>	<b>-</b>	<b>6635.29</b>
Change in Indebtedness during the financial year				
• Addition	533.36	-	-	533.36
• Reduction	90.4	169.06	-	259.46
<b>Net Change</b>	<b>442.96</b>	<b>-169.06</b>	<b>-</b>	<b>273.90</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	6559.31	346.82	-	6906.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.38	2.68	-	3.06
<b>Total (i+ii+iii)</b>	<b>6559.69</b>	<b>349.50</b>	<b>-</b>	<b>6909.19</b>

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**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:****i) Managing Director**

S.No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	H. Kishen - -	78,00,000 - -
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission - as % of profit - Others, specify...	- -	- -
5	Others, please specify	-	-
	<b>Total (i)</b>		<b>78,00,000</b>
	Ceiling as per the Act	As per members' resolution	

**ii) Whole-time Directors**

S.No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	H. Krishna Kumar - -	72,00,000 - -
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission - as % of profit - Others, specify...	- -	- -
5	Others, please specify	-	-
	<b>Total (i)</b>		<b>72,00,000</b>
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	H. Sanjay Kumar - -	29,97,250 - -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - Others, specify...	- -	- -
5	Others, please specify	-	-
	<b>Total (ii)</b>	-	<b>29,97,250</b>
	<b>Total (i+ii)</b>	-	<b>101,97,250</b>
	Ceiling as per the Act	As per members' resolution	

**B. Remuneration to other directors:**

S.No	Particulars of Remuneration	Name of Directors	Total Amount
1	<b>Independent Directors</b> • Fee for attending board / committee meetings	B. Kamalaker Rao K. Malhar Rao P. Niroop	56,000 64,000 57,000
	<b>Total (1)</b>		<b>1,77,000</b>
2	<b>Other Non-Executive Directors</b> • Fee for attending board / committee meetings	H. Narasaiah Dr. Batul Alladin Arif	52,000 11,000
	<b>Total (2)</b>		<b>63,000</b>
	<b>Total (B)=(1+2)</b>		<b>2,40,000</b>
	<b>Total Managerial Remuneration</b>		<b>2,40,000</b>
	<b>Overall Ceiling as per the Act</b>		

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

S.No	Particulars of Remuneration	Name of KMP	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	C.F.O. CS	15,96,000 5,27,000
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission - as % of profit - others, specify...		
5	<b>Others, please specify</b>		
	<b>Total (A)</b>		<b>21,23,000</b>

**VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made if any (give Details)
<b>Penalty</b>	--	--	--	--	--
<b>Punishment</b>	--	--	--	--	--
<b>Compounding</b>	--	--	--	--	--
<b>OTHER OFFICERS IN DEFAULT</b>					
<b>Penalty</b>	--	--	--	--	--
<b>Punishment</b>	--	--	--	--	--
<b>Compounding</b>	--	--	--	--	--

## CORPORATE GOVERNANCE REPORT

Annexure - 5

In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and some of the best practices followed internationally on Corporate Governance, the Company submits report containing the details of corporate governance systems and processes followed by the Company:

### (1) Company Philosophy on Corporate Governance:

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

### (2) Board of Directors:

The Board of Directors presently comprises of 8 (Eight) Directors, having rich experience and specialized skills in their respective fields, out of which 5 (Five) are Non-executive Directors. The Company has a Non-executive Independent Chairman and 3 (Three) 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 in other companies and memberships in Public Limited Companies and committees (including the Company) are given below:-

Name of the Director	Category	FY 2016-2017 Attendance at		No. of other Directorships <sup>1</sup>	As on date	
		BM	Last AGM		Committee	positions <sup>2</sup>
					Member	Chairman
B. Kamalaker Rao	Non-Executive Chairman, Independent	4	Yes	3	5	4
H. Narsaiah	Non-Executive Director Promoter	4	No	2	1	NIL
H. Kishen	Managing Director Promoter	3	Yes	NIL	NIL	NIL
H. Krishna Kumar	Whole time Director Promoter	3	Yes	1	1	NIL
Dr. K. Malhar Rao	Non-Executive Director Independent	4	Yes	NIL	2	1
Dr. Anuradha	Independent Non-Executive Director Promoter	-	No	NIL	NIL	NIL
Dr. Batul Alladin Arif <sup>3</sup>	Non-Executive Director Independent	1	No	1	NIL	NIL
P. Niroop	Non-Executive Director Independent	4	Yes	1	1	NIL
H. Sanjay Kumar	Whole time Director Promoter	4	Yes	1	NIL	NIL

<sup>1</sup> Other than Directorships in Section 8 Companies, Foreign Companies and Associations

<sup>2</sup> Only Audit Committee and Stakeholders' Relationship Committee positions

<sup>3</sup> Appointed w.e.f. 30.08.2016

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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 30<sup>th</sup> May, 2016, 10<sup>th</sup> August, 2016, 11<sup>th</sup> November, 2016 and 11<sup>th</sup> February, 2017.

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 One hundred and Twenty days 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.

#### **Separate Meeting of Independent Directors:**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 11<sup>th</sup> February, 2017 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management, the Board and its Committees which is necessary for effective performance of their duties. The Independent Directors found the performance of Non-Independent Directors (including Chairman) and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the meeting.

#### **Relationships inter-se among Directors:**

In accordance with the provisions of Section 2(77) of the Companies Act, 2013, and rules made there under, Mr. H. Kishen, Managing Director, Mr. H. Krishna Kumar, Whole-time Director, Mr. H. Narsaiah, Director and Mr. H. Sanjay Kumar, Whole-time Director belong to promoter group and are related to each other.

#### **Familiarization programmes of Independent Directors:**

The Company conducted familiarization program for the Independent Directors to familiarize them to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The Company also conducted a separate programme on the latest SEBI Regulations to promote training to the Directors to ensure that the Board Members are kept up to date. The summary of Familiarization Programmes conducted for Independent Directors are available on Company's website: [www.fenoplast.com](http://www.fenoplast.com).

### **(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 Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Committee is empowered with the powers as prescribed under Regulation 18 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. 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 above said regulation which includes overseeing the Company's financial reporting process, reviewing with the management of the financial statements and the adequacy of the internal audit function, internal control and to discuss significant internal audit findings, statutory compliance and issues related to risk management and Compliance.

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	Mr. P. Niroop	Member	4	4

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

Managing Director, Whole-time Director, 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 30<sup>th</sup> May, 2016, 10<sup>th</sup> August, 2016, 11<sup>th</sup> November, 2016 and 11<sup>th</sup> February, 2017. Company Secretary acts as the Secretary for the meeting.

#### **b) Nomination and Remuneration Committee:**

Nomination and Remuneration Committee was duly constituted in accordance with the requirements of Section 178 of Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. The Nomination and Remuneration Committee is authorized subject to the provisions of Companies Act, 2013, 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 Nomination and Remuneration Committee is as follows:

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

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

#### **Performance evaluation criteria for Independent Directors:**

Independent Directors role constitutes governance, control and guidance in conducting the affairs of the Company. Some of the performance indicators, based on which the Independent Directors are evaluated, are:

- Contribution to and monitoring Corporate Governance practices.
- Ability to contribute to address top management issues.

- Active participation in long term strategic planning.
- Commitment to the fulfillment of obligations and responsibilities.

The performance evaluation of Independent or non-executive members is done by the Board annually based on criteria of attendance and contributions at Board/Committee Meetings as also the role played by them other than at Meetings.

The Nomination and Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time. The Company's Remuneration policy as applicable to Directors, Key Managerial Persons and other Senior Management Personnel of the Company is annexed as Annexure - 3 to the Board's Report.

The details of remuneration and other benefits paid during the year to the Managing Director and Whole-time Director is as under:

(Amt in ₹)

Name of Director	Salary & Allowances	Others	Designation	Gross Remuneration
Mr. H. Kishen	78,00,000/-	Nil	Managing Director	78,00,000/-
Mr .H. Krishna Kumar	72,00,000/-	Nil	Whole-time Director	72,00,000/-
Mr. H. Sanjay Kumar	29,97,250/--	Nil	Whole-time Director	29,97,250/-

In addition to the salary and allowances of Managing Director and Whole-time Director (WTD) are entitled for the following benefits:

- Reimbursement of Medical Expenses incurred for self and family, subject to a ceiling of **ONE** month's salary in a year or three months salary over a period of three years.
- The company's contributions to provident fund, superannuation fund or annuity fund shall be payable in accordance with the rules and regulations of the company.
- Gratuity and Leave Encashment shall be payable in accordance with the rules and regulations of the company.
- Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the company.
- Provision for chauffeur driven car, mobile and telephone at residence to carry out his responsibilities. All personal long distance calls on the telephone shall be recovered by the company. The provisions of car and telephone will not be considered as perquisites.

#### Other Terms of Appointment of Managing Director and Whole-time Director (WTD) are

- As per the terms of appointment the salary payable and other allowances are fixed as determined by the board from time to time.
- Their appointment can be terminated by either party giving three months notice in writing.

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### For Non-Executive Directors:

Sitting Fee is paid to Non-Executive Directors for attending Board and Committee Meetings in addition to reimbursement of 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.2016-2017 (₹)	No. of shares held on 31-03-2017
Mr. H. Narsaiah	52,000/-	3,24,792
Mr. B. Kamalaker Rao	56,000/-	NIL
Dr. K. Malhar Rao	64,000/-	NIL
Mr. P. Niroop	57,000/-	NIL
Dr. Batul Alladin Arif	11,000/-	NIL

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) Stakeholders' Relationship Committee:

The present composition of the Stakeholders' Relationship Committee is as under:

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

The Committee is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, issue of duplicate share certificates, transmission of shares and other miscellaneous complaints. In accordance with the provisions of SEBI (LODR) Regulations, 2015, 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.

### Compliance Officer:

The Company Secretary is designated as the Compliance Officer of the Company and during the year under review Ms. G. Pushkarini was the Company Secretary & Compliance Officer.

### (4) General Body Meetings:

i) The Details of the last three Annual General Meetings are given below

Year	Place of Meeting	Date & Time	Special Resolutions
2015-16	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad-3	28-09-2016 9.30 AM	NIL

2014-15	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad-3	30-09-2015 10.00 A.M.	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013
2013-14	Kapu Sangam, 1-7-155, M.G.Road, Secunderabad-3	29-09-14 9.30 A.M.	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. H. Kishen as Managing Director, in supersession of the resolution passed at 38<sup>th</sup> Annual General Meeting.</li> <li>2. Re-appointment of Mr. H. Krishna Kumar as Whole Time Director, in supersession of the resolution passed at 38<sup>th</sup> Annual General Meeting.</li> <li>3. To waive the recovery of excess remuneration of ₹26.82 lacs paid to Mr. H. Kishen, Managing Director, subject to the approval of Central Government.</li> <li>4. To waive the recovery of excess remuneration of ₹30.61 lacs paid to Mr. H. Krishna Kumar, Whole Time Director, subject to the approval of Central Government.</li> <li>5. Consent to borrow up to ₹150 Crores.</li> <li>6. Consent to create mortgage and/or charge on the movable or immovable properties of the Company.</li> </ol>

ii) The Details of Extra-Ordinary General Meetings held during the last Three years:

No Extra-Ordinary General Meetings were held during the last Three years.

iii) Special Resolution passed last year through postal ballot.

No Special Resolution has been passed by the Company through postal ballot during the year under review.

## (5) Disclosures

### 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:

The Audit Committee has formulated Whistle Blower Policy, as per the Policy and Internal Code of Conduct, all personnel of the Company have been given access to the Audit Committee.

### CEO/CFO Certification:

The Managing Director 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 Regulation 17 (8) of SEBI (LODR) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March, 2017.

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### **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 31<sup>st</sup> March, 2017.

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

The Company has complied with the mandatory requirement of Corporate Governance as per Listing Regulations and is in the process of implementation of Non-mandatory requirements.

### **Disclosure on Materially Significant Related Party Transactions:**

During the financial year ended 31<sup>st</sup> March, 2017 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The policy on dealing with related party transactions has been posted on the website of the Company.

### **(6) Means of Communication**

Your Company complied with the requirements of Regulations 33 of SEBI (LODR) Regulations, 2015. 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 SEBI (LODR) Regulations, 2015 and simultaneously displayed on the Company's website. No presentations have been made to institutional investors or to the Analysts.

Management Discussion & Analysis forms part of the Annual Report.

### **(7) General Shareholder Information:**

- i) Registered Office:**  
306-308, Cheney Trade Centre, Parklane, Secunderabad- 500003.
- ii) Annual general Meeting Date, Time and Venue:**  
Wednesday, the 27<sup>th</sup> day of September, 2017 at 11.00 A.M. at Kapu Sangam.  
1-7-155,M.G.Road,Secunderabad-500003.
- iii) Financial Year:** 1<sup>st</sup> April 2016 to 31<sup>st</sup> March, 2017
- iv) Date of Book Closure:**  
21-09-2017 to 27-09-2017 (both days inclusive)
- v) Listing on the Stock Exchanges:**  
BSE Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001

**vi) Stock Codes:**

- BSE -526689

The listing fee and custodial fee has been paid up to date to the Stock Exchange(s) and Depositories.

**vii) Market Price Data:** High, Low and No. of shares traded during each month in last Financial Year 2016-17 at BSE Limited is given below:

Month	High (₹)	Low (₹)	Monthly Volume
April-2016	38.00	36.10	1,007
May- 2016	43.90	39.70	1,233
June-2016	40.00	36.10	211
July- 2016	48.50	35.25	14,151
August -2016	46.10	38.15	5,233
September- 2016	40.50	38.00	3,405
October- 2016	46.55	38.10	4,212
November- 2016	44.10	37.50	2,251
December- 2016	42.00	38.25	9,121
January- 2017	49.70	40.15	8,106
February- 2017	53.30	42.10	10,307
March -2017	53.50	46.10	6,921

**(viii) Relative Performance of Company Share Price to BSE SENSEX during the Financial Year 2016-17:**



**(ix) 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.

### (x) 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 Regulation 40 of SEBI LODR Regulations, certificates, on half-yearly basis, have been given by a Practicing Company Secretary duly certifying due compliance of shares transfer formalities.

### (xi) Shareholding pattern as on 31-03-2017:

Category	No. of Shareholders	No. of shares held	Percentage of shareholding
<b>A. Promoters' holding</b>			
1. Indian Promoters & Persons Acting in Concert.	25	28,54,916	62.06
<b>B. Non- Promoters' holding</b>			
1. Institutional Investors	--	—	—
2. Others			
a) Private Corporate Bodies	32	90,619	1.97
b) Indian Public	3,542	6,96,223	15.14
c) NRIs/OCBs	122	8,48,941	18.46
d) Clearing Members	5	2,385	0.05
<b>Sub-Total</b>	<b>3,721</b>	<b>17,45,084</b>	<b>37.94</b>
<b>GRAND TOTAL</b>	<b>3,747</b>	<b>46,00,000</b>	<b>100.00</b>

### (xii) Distribution of Shareholding as on 31-03-2017:

Shares	Holders		Shares	
	Number	% to Total Shareholders	No. of Shares	% to Total Capital
Upto - 500	3,441	91.64	3,47,168	7.55
501 - 1000	156	4.15	1,36,963	2.98
1001 - 2000	47	1.25	69,537	1.51
2001 - 3000	15	0.40	38,904	0.85
3001 - 4000	15	0.40	53,638	1.17
4001 - 5000	18	0.48	81,920	1.78
5001 - 10000	18	0.48	1,45,129	3.15
10001 and above	45	1.20	37,26,741	81.02
<b>Total</b>	<b>3,755</b>	<b>100.00</b>	<b>46,00,000</b>	<b>100.00</b>

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**(xiii) 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. 39,36,258 shares out of total shares (i.e. 46,00,000 equity shares) are dematerialized as on 31/03/2017.

**(xiv) 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.

**(xv) Plant Locations:**

Company has three units and its locations are as follows:

**Unit-I**

Plot No. 21/A, Industrial Development Area Patancheru,  
Medak Dist., T.S.

**Unit- II**

Survey No.132 & 133, Nandigaon Village, Patancheru Mandal,  
Medak Dist., T.S.

**Unit-III**

Survey No. 165 & 166, Nandigaon Village, Patancheru Mandal,  
Medak Dist., T.S.

**(xvi) Address for Correspondence:**

**(i) For all matters relating to Shares:**

M/s. Venture Capital and Corporate Investments Private Limited  
12-10-167, Bharat Nagar, Hyderabad, 500018.  
Telephone No. 040-23818475/23818476/23868023.  
Fax No: +91 040-23868024, E-mail : info@vccilindia.com

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

**The Compliance Officer**

Fenoplast Limited,  
306-308, Cheney Trade Center, Parklane,  
Secunderabad- 500003, India.  
Telephone No : 27840322, 27840722 and 27814651  
Fax No : 27721739  
E-mail : inbox@fenoplast.com



## MANAGEMENT DISCUSSION AND ANALYSIS

### a) Industry Structure and Developments

The Company is engaged in manufacturing of PVC Film and PVC Leather Cloth.

PVC Film is majorly used in the pharma application for tablets packaging, healthcare products packaging and is gaining acceptance in the packaging of consumer goods like shaving products, tooth brushes, batteries, tools and toys etc.

PVC Leather Cloth is mostly used for car upholstery, motor cycle seat covers, auto rickshaw hoods and seats, tractors, trucks and buses. It is also used for making ladies bags and footwear.

India is one of the most promising exporters of plastics among developing countries. Demand from original equipment manufacturers (OEMs) has led the Indian plastic industry to focus more on delivering products customized in line with end-user needs like design, style, and pattern. The Indian plastics industry offers excellent potential in terms of capacity, infrastructure and cheap labour availability. Among the industry's major strengths is the availability of raw materials in the country. With increasing usage of plastics in automobiles, consumer packaging and impact of increased infrastructure spending in India, the plastic industry will emerge as a giant in the industrial scenario of India.

### b) Opportunities and Threats

**Opportunities:** Growth in industry will be majorly impacted by the increased growth from end use industries, growing consumerism, government initiatives etc. The Company is already an established supplier to Suzuki, Hyundai Motors, TVS Motor Company, Maruti, Mahindra and Mahindra, Volkswagen and Daimler Benz. Growth of the automotive industry pushes the demand for the Company's product, PVC Leather.

PVC Film is consumed by a large number of small and medium sized manufacturers to make finished products. In recent years, manufacturing of finished PVC products has experienced rapid growth and it remains one of the fastest growing sectors in India and around the world. There has been growth in demand from pharma sector and new applications for visual packaging auguring well for PVC film. This would be definitely a positive and good opportunity to your Company which is one of the prominent players.

#### **Threats:**

Major threat is due to increased cost of raw materials, high cost of finished plastic products, ever increasing crude oil prices, high finance cost, and import threat from other countries due to specialized processing, replacement threat from substitutes which would affect the margins.

### c) Risks and concerns

The major risks and concerns as perceived by the Company relate to increase in prices of principal raw material due to increase in the prices of crude oil and rupee devaluation. The Company has devised a system to identify and take corrective and quick decision as and when this risks and concerns arise.

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#### d) Segment-wise performance

The demand from automobile and pharma sector helped the Company in optimizing the capacity utilization for PVC leather and PVC film respectively and the future looks bright with automobile companies coming out with various models at different levels.

**PVC Leather Cloth:** The production during the year is 71.31 LLn. Mtrs. as against 71.88 LLn. Mtrs. in the previous year.

**PVC Film:** The production during the year is 10,471.50 MT as against 10,495.02 MT in the previous year.

#### e) Financial Performance

The net profit before tax for the year is Rs. 101.50 Lakhs as compared to previous year Rs.96.61 Lakhs.

#### f) Adequacy of Internal Control Systems

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

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

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

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

The members are informed that the Company has been accredited with quality standards of ISO/TS 16949:2009, Periodical internal quality audits and management review meetings ensure successful implementation of the Quality Management System. Surveillance audit for continuation of ISO certification will be conducted by external auditors.

#### g) Human Resources

The Company's industrial relations continued to be harmonious with its workforce during the year under review. The Company would be imparting training to employees at all levels for proper implementation and running of the new ERP package SAP and to get maximum benefit out of the same. The total number of employees are 282.

**a) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i) The percentage increase in remuneration of each Director and Chief Financial Officer during the financial year 2015-16 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:

S.No	Name of Director/ KMP and Designation	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	The Percentage increase in remuneration of each director, CFO, CEO in the financial year	The percentage increase in the median remuneration of employees in the financial year
1	H. Kishen	50.77	0	-0.05
2	H. Krishna Kumar	46.86	0	-0.05
3	H. Sanjay Kumar	19.51	0	-0.05

- ii) The median remuneration of employees of the Company during the financial year was Rs. 12,803/-
- iii) In the financial year, there was a decrease of 0.05% in the median remuneration of employees;
- iv) There were 282 permanent employees on the rolls of Company as on March 31, 2017;
- v) Average percentage decrease made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was -0.05% whereas the decrease/ increase in the managerial remuneration for the same financial year was Nil.
- vi) It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**FORM NO. AOC - 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2017, which were not at arm's length basis.

**2. Details of contracts or arrangements or transactions at Arm's length basis:**

The details of material contracts or arrangements or transactions at arm's length basis are as follows:

<b>Nature of contract &amp; Name of the related party</b>	<b>Nature of relationship</b>	<b>Duration of Contracts</b>	<b>Salient Terms</b>	<b>Amount (₹. in Lakhs)</b>
Job work charges Rex-O-Knits Private Limited	Mr. H. Sanjay (Son of Managing Director) and Mr. H. Narsaiah (Father of Mr. H. Krishna Kumar, Whole-time Director) are Common Directors	On the basis of order	Job Work at arm's length basis	100.01
H. Praveen Kumar Chief Executive- Calendering Division	Relative of Managing Director	As per the Appointment Letter	Chief Executive -Calendering Division	30.00
Mr. H. Mahesh Kumar Chief Executive- Domestic Sales	Relative of Managing Director	As per the Appointment Letter	Chief Executive- Domestic Sales	30.00

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**CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

- A. We have reviewed financial statements along with the cash flow statement of our Company for the financial year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief we hereby certify that:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) These statements together present a true and fair view of our Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by our Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of our Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- 1) Significant changes in internal control over financial reporting during the year;
  - 2) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Secunderabad  
Date : 30-05-2017

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

Sd/-  
**V.B.V.R.Ratnaji**  
C.F.O.

**COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personal have confirmed compliance with the code of Conduct as applicable to them for the year ended 31<sup>st</sup> March, 2017.

Place : Secunderabad  
Date : 30-05-2017

**For FENOPLAST LIMITED**  
Sd/-  
**H. Kishen**  
Managing Director

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## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Fenoplast Limited.**

We have examined the compliance of conditions of Corporate Governance by **Fenoplast Limited** for the year ended 31<sup>st</sup> March, 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

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

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

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's Registration No. 000125S)

Place : Secunderabad  
Date : 19<sup>th</sup> August, 2017

Sd/-  
M.V.Ranganath  
Partner  
Membership.No: 028031

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## INDEPENDENT AUDITORS' REPORT

To  
The Members of Fenoplast Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Fenoplast Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Basis for Qualified Opinion**

Note 23.1 to the financial statements, regarding excess managerial remuneration amounting to ₹57.43 Lacs paid to Managing Director and Whole Time Director in excess of limits prescribed under Schedule XIII of the Companies Act, 1956 in the financial year 2013-14 which is subject to central government approval. The ultimate outcome of this matter cannot presently be determined, accordingly no adjustments have been made in the financial statements.

**Our opinion is qualified in this matter.**

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and



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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31 to the financial statements;
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company
  - iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 37 to the financial statements.

For M.Anandam & Co.,  
Chartered Accountants  
(Firm's Registration No. 000125S)

Place : Secunderabad  
Date : 30<sup>th</sup> May 2017

Sd/-  
M.V.Ranganath  
Partner  
Membership.No: 028031

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## Fenoplast Limited

### Annexure "A" to the Auditors' Report

The Annexure referred to in our report to the members of Fenoplast Limited for the year ended on 31<sup>st</sup> March, 2017. We report that:

- (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 and the records of the Company examined by us, the fixed assets have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- (ii) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) During the year, the Company has not granted any loans secured or unsecured to parties covered in the register maintained under section 189 of the Act. Hence paragraph 3 (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, during the year company has not given any loans, made investments, given guarantees or given security to parties covered under provisions of section 185 and 186 of the Companies Act, 2013. Hence, paragraph 3(iv) of the Order is not applicable.
- (v) The company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) In our opinion and according to the information and explanations given to us, the Company has made and maintained accounts and records prescribed by the Central Government under sub-section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, service tax, customs duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities and there are no arrears of outstanding statutory dues as at year ended concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, particulars of provident fund, employees' state insurance, income-tax, sales-tax, value added tax, service tax, customs duty, excise duty, cess as at 31<sup>st</sup> March, 2017 which have not been deposited on account of any dispute pending are as under:

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	2.20	1998-1999 (A.Y*1999-2000)	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	31.90	1999-2000 (A.Y 2000-2001)	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	10.44	2000-2001 (A.Y 2001-2002)	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	1.89	2001-2002 (A.Y 2002-2003)	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	4.55	2002-2003 (A.Y 2003-2004)	Income-tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income-tax	17.38	2008-2009 (A.Y 2009-2010)	Assistant Commissioner of Income Tax
Central Sales Tax Act, 1956	Central Sales Tax	28.76	2006-2007	Telangana Value Added Tax Tribunal At Hyderabad.
Central Sales Tax Act, 1956	Central Sales Tax	0.75	2008-2009	Telangana Value Added Tax Tribunal, Hyderabad.
Central Sales Tax Act, 1956	Central Sales Tax	13.35	2009-2010	Telangana Value Added Tax Tribunal, Hyderabad.
Central Sales Tax Act, 1956	Central Sales Tax	23.58	2010-2011	Telangana Value Added Tax Tribunal, Hyderabad.
Central Sales Tax Act, 1956	Central Sales Tax	8.71	2011-2012	Telangana Value Added Tax Tribunal, Hyderabad
Central Sales Tax Act, 1956	Central Sales Tax	1.70	2012-2013	Telangana Value Added Tax Tribunal, Hyderabad
Central Sales Tax Act, 1956	Value Added Tax and penalty	1.35	2011-12 and 2012-2013	Company is in the process of filing appeal before Value Added Tax Tribunal
Central Sales Tax Act, 1956	Value Added Tax and penalty	27.33	2013-14	Company is in the process of filing appeal before Value Added Tax Tribunal, Hyderabad
Central Sales Tax Act, 1956	Value Added Tax and penalty	49.56	2014-15	Company is in the process of filing appeal before Value Added Tax Tribunal, Hyderabad
Employees' Provident fund & Miscellaneous Provisions Act, 1952	Provident Fund	20.85	April 2012 to Dec. 2013	Employees Provident Fund Appellate Tribunal, New Delhi

\*A.Y - refer to Assessment Year

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- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
  - (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
  - (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company or by its officers or employees was noticed or reported during the period.
  - (xi) During the year, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
  - (xii) The Company is not a Nidhi Company. Hence, paragraph 3 (xii) of the Order is not applicable.
  - (xiii) According to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
  - (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, hence paragraph 3(xiv) of the Order is not applicable.
  - (xv) To the best of our knowledge and belief and according to the information and explanations given to us, company has not entered into any non-cash transactions with directors or persons connected with them, hence paragraph 3(xv) of the Order is not applicable.
  - (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.Anandam & Co.,  
Chartered Accountants  
(Firm's Registration No. 000125S)

Place : Secunderabad  
Date : 30<sup>th</sup> May 2017

Sd/-  
M.V.Ranganath  
Partner  
Membership.No: 028031

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## **Annexure – “B” to the Auditors’ Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the Internal Financial Controls Over Financial Reporting of Fenoplast Limited (“the Company”) as of 31<sup>st</sup> March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

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dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.Anandam & Co.,  
Chartered Accountants  
(Firm's Registration No. 000125S)

Place : Secunderabad  
Date : 30<sup>th</sup> May 2017

Sd/-  
M.V.Ranganath  
Partner  
Membership.No: 028031

## Balance Sheet as at 31<sup>st</sup> March, 2017

(₹ In Lakhs)

Particulars	Note	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Equity and Liabilities:</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2	459.68	459.68
(b) Reserves and surplus	3	2,873.39	3,201.61
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	436.76	699.32
(b) Deferred tax liabilities (Net)	5	369.93	396.60
(c) Long term provisions	6	193.20	122.17
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	7	6,304.76	5,778.39
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		42.96	40.82
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,382.90	4,869.66
(c) Other current liabilities	9	1,139.59	1,022.45
(d) Short-term provisions	10	46.33	12.24
<b>TOTAL</b>		<b>17,249.50</b>	<b>16,602.94</b>
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	11	2,726.99	3,239.86
(b) Capital work-in-progress		123.17	16.76
(c) Other intangible assets	11	6.11	24.33
(d) Intangible assets under development		6.60	-
(e) Non current investments	12	35.00	35.00
(f) Long term loans and advances	13	329.14	258.38
<b>(2) Current assets</b>			
(a) Inventories	14	4,805.81	3,932.22
(b) Trade receivables	15	8,214.81	7,839.07
(c) Cash and bank balances	16	362.45	497.51
(d) Short term loans and advances	17	419.78	546.22
(e) Other current assets	18	219.64	213.59
<b>TOTAL</b>		<b>17,249.50</b>	<b>16,602.94</b>
Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

**For and on behalf of the Board**

**For M.Anandam & Co.,**

Chartered Accountants

**M.V.Ranganath**

Partner

M No.028031

**H.Kishen**

Managing Director

**H. Krishna Kumar**

Whole-time Director

Place: Secunderabad

Date : 30<sup>th</sup> May, 2017

**V.B.V.R.Ratnaji**

Chief Financial Officer

**G.Pushkarini**

Company Secretary

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March , 2017

(₹ In Lakhs)

Particulars	Note	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Revenue from operations	19	22,532.51	22,335.29
Other income	20	47.36	64.45
<b>Total Revenue (I)</b>		<b>22,579.87</b>	<b>22,399.74</b>
<b>Expenses:</b>			
Cost of materials consumed	21	17,088.35	16,339.65
Changes in inventories	22	(474.10)	264.34
Employee benefits expense	23	1,156.30	1,185.02
Finance costs	24	1,618.05	1,637.90
Depreciation	11	196.97	205.85
Other expenses	25	2,892.80	2,670.37
<b>Total Expenses (II)</b>		<b>22,478.37</b>	<b>22,303.13</b>
<b>Profit before tax (I-II)</b>		<b>101.50</b>	<b>96.61</b>
<b>Tax expense:</b>			
Current tax		61.81	27.05
Less: Mat credit entitlement		-	2.35
Tax for the earlier years		0.33	5.31
Deferred tax		(26.68)	4.30
<b>Profit after tax</b>		<b>66.04</b>	<b>62.30</b>
<b>Earnings per equity share in ₹</b>			
Basic	27	1.44	1.35
Diluted	27	1.44	1.35
Significant Accounting Policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

**For and on behalf of the Board**

**For M.Anandam & Co.,**  
Chartered Accountants

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

**H.Kishen**  
Managing Director

**H. Krishna Kumar**  
Whole-time Director

Place: Secunderabad  
Date : 30<sup>th</sup> May, 2017

**V.B.V.R.Ratnaji**  
Chief Financial Officer

**G.Pushkarini**  
Company Secretary



## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>A. Cash flows from Operating Activities</b>		
Net Profit before tax and extra-ordinary items	101.50	96.62
Adjustments for:		
Depreciation	196.97	205.84
Loss on Sale of Fixed Assets	-	1.93
Profit on sale of Assets	(2.27)	-
Finance Cost	1,618.05	1,637.90
Bad debts /Advances Written off	7.75	11.27
Foreign Exchange fluctuation gain(Net)	(17.73)	(6.29)
<b>Operating profit before working capital changes</b>	<b>1,904.28</b>	<b>1,947.28</b>
<b>Working capital changes:</b>		
(Increase) / Decrease in Inventories	(873.59)	168.17
(Increase) / Decrease in Trade Receivables	(365.76)	261.25
(Increase) / Decrease in Loans & Advances	13.00	117.43
Increase / (Decrease) in Current Liabilities & Provisions	723.24	(799.63)
<b>Cash Generated from Operations</b>	<b>1,401.17</b>	<b>1,694.48</b>
Less: Direct Taxes	25.17	78.20
<b>Net Cash Flow from Operating Activities</b>	<b>1,376.00</b>	<b>1,616.28</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(60.38)	(95.67)
(Increase) / Decrease in Capital Work-in -Progress	(113.01)	(6.53)
Proceeds from sale of Fixed Assets	2.50	5.00
<b>Net Cash used in investing Activities</b>	<b>(170.89)</b>	<b>(97.20)</b>
<b>C. Cash flows from Financing Activities</b>		
Increase/ (Decrease) in bank borrowings	277.88	217.41
Finance Cost	(1,618.05)	(1,637.90)
<b>Net Cash used in Financing Activities</b>	<b>(1,340.17)</b>	<b>(1,420.49)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(135.06)</b>	<b>98.59</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>497.51</b>	<b>398.92</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>362.45</b>	<b>497.51</b>

The accompanying notes are an integral part of the Financial Statements.

**Notes:**

- 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.
- The Previous years figures have been regrouped wherever necessary in order to confirm to this year's presentation.
- Cash and cash equivalents include margin money with banks.

As per our report of even date

For and on behalf of the Board

**For M.Anandam & Co.,**  
Chartered Accountants

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

**H.Kishen**  
Managing Director

**H. Krishna Kumar**  
Whole-time Director

Place: Secunderabad  
Date : 30<sup>th</sup> May, 2017

**V.B.V.R.Ratnaji**  
Chief Financial Officer

**G.Pushkarini**  
Company Secretary

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## NOTES ON FINANCIAL STATEMENTS

### Note1: Significant Accounting Policies

**A). Basis of preparation:** These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

**B). Use of estimates:**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**C). Summary of Significant Accounting Policies**

**1. Revenue Recognition:**

- a) Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer.
- b) Revenue from product sales is stated inclusive of excise duty applicable, trade discounts and allowances.
- c) Interest income is recognised on time proportion basis taking into account the amount outstanding and the interest rate

**2. Property, plant and equipment and other Intangible assets:**

- a) Property, Plant and Equipment are stated at cost of acquisition less depreciation. Cost of acquisition includes freight, duties (net of cenvat wherever applicable), taxes and other directly attributable cost incurred to bring the assets to their working condition for intended use.

On 31.03.2001, the company had revalued Building, Plant and Machinery as on that date. These were carried at revalued amount under pre-revised AS10. Under AS10(R), The Company has applied cost model on all the items of fixed assets. As per the transitional provision under AS10(R), where a company does not adopt the revaluation model as its accounting policy but the carrying amount of items of property, plant and equipment reflects any previous revaluation, the Company should adjust the amount outstanding in the revaluation reserve against the carrying amount of the that item. However the carrying amount of that item should not be less than residual value. Any excess of the amount outstanding as revaluation reserve over the carrying amount of that item should be adjusted in revenue reserve.

Accordingly, the Company has adjusted the balance of revaluation reserve against Building, Plant and Machinery resulting in reduction of Building, Plant and Machinery by ₹58.44 Lacs and ₹335.82 Lacs respectively and revaluation reserve by ₹394.26 Lacs.

- b) Depreciation is provided on the straight line method and at the useful life and in the manner specified in Schedule II of the Companies Act, 2013 for the assets acquired on or after 01.04.1993

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and on the written down value and at the useful life and in the manner specified in Schedule II of the Companies Act, 2013 for the assets acquired before 01.04.1993.

### **Other Intangible assets**

- c) Costs relating to software, which are acquired are capitalized and amortized on a straight-line method at the useful life

### **3. Borrowing Costs:**

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### **4. Investments:**

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

### **5. Foreign Currency Transactions:**

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

### **6. Inventories:**

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

### **7. Employee Benefits:**

- a) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation and projected unit credit method. The company has created an approved gratuity fund which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India, for future payment on gratuity to employees. The Company accounts for gratuity liability of its employees on the basis of actuarial valuation carried out at the year end by an independent actuary.
- b) Leave encashment is a defined benefit obligation and is accounted on the basis of actuarial valuation carried out at the year end by an independent actuary.
- c) Retirement benefits in the form of Provident Fund and Family Pension Scheme are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due.

## 8. Taxes on Income:

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

## 9. 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.

## 10. Impairment of Assets:

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

## 11. 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.

## 12. Operating Cycle:

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating policy as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### Note 2: Share Capital

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Authorized shares</b>		
60,00,000 Equity Shares of Rs.10/- each (P.Y.60,00,000 Equity Shares of Rs.10/- each)	600.00	600.00
60,00,000 Preference Shares of Rs.10/- each (P.Y.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 (P.Y.46,00,000 Equity Shares of Rs.10/- each)	460.00	460.00
Less: Calls in Arrears	0.32	0.32
<b>Total</b>	<b>459.68</b>	459.68

## 2.1 Details of shareholders holding more than 5% shares

Name of the shareholder	31 <sup>st</sup> March, 2017		31 <sup>st</sup> March, 2016	
	% Share holding	Number of shares	% Share holding	Number of shares
H. Krishna Kumar	6.38	2,93,500	6.38	2,93,500
H. Saparna	6.93	3,19,000	6.93	3,19,000
H. Narsaiah	7.06	3,24,792	7.06	3,24,792
H. Anuradha	5.01	2,30,400	5.01	2,30,400

2.2 The company has only one class of equity shares having face value of ₹10 each. Each shareholder of Equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 2.3.Reconciliation of shares outstanding at the beginning and at the ending of the year

Equity Shares	31 <sup>st</sup> March, 2017		31 <sup>st</sup> March, 2016	
	Number of shares	₹ In Lakhs	Number of shares	₹ In Lakhs
Shares at the beginning of the year	46,00,000	460	46,00,000	460
Add: Shares issued during the year	-	-	-	-
Shares at the end of the year	46,00,000	460	46,00,000	460

### Note 3: Reserves and surplus

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Securities Premium Reserve	360.00	360.00
General Reserve	24.38	24.38
<b>Revaluation Reserve</b>		
At the beginning of the year	394.26	432.69
Less: Depreciation on assets to the extent of revaluation	-	38.43
Less: Transfer to carrying amount of property, plant and equipment (Refer Note 11)	394.26	-
Outstanding at the end of the year	-	394.26
Investment Allowance Reserve (Utilised)	10.96	10.96
<b>Surplus in statement of profit &amp; loss</b>		
At the beginning of the year	2,412.01	2,349.71
Add : Net profit transferred from Statement of Profit & Loss	66.04	62.30
At the end of the year	2,478.05	2,412.01
<b>Total</b>	<b>2,873.39</b>	<b>3,201.61</b>

### Note 4: Long-term borrowings

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>a) Secured loans</b>		
Term Loans from Banks	110.00	179.60
Vehicle Loans from Banks	38.65	61.18
<b>b) Unsecured loans</b>		
Loan from Financial Institutions	288.11	458.54
	436.76	699.32

#### 4.1 Term loan from banks indicate loan from Syndicate bank

4.2 Term loan from banks is secured by first charge on all existing and future assets of the company on pari passu basis and personal guarantee of directors (Mr.H. Narsaiah, Mr. H. Kishen and Mr.H.Krishna Kumar) of the Company, other managerial persons (Mr. H. Mahesh Kumar and Mr. H. Praveen Kumar) second charge on Current Assets of the Company.

4.3 Vehicle loans from banks are hypothecated against vehicles.

4.4 Unsecured loan from others represent loan taken from Religare Finvest Limited and Magma Fincorp Limited

4.5 The rate of interest and repayment schedule for the year 2016-17 is as follows:

Particulars	(₹ in Lakhs)		
	In the Second year	Third to Fifth Year	Sixth to Tenth Year
<b>Secured - Term Loan from banks</b>			
Syndicate Bank - Rate of Interest: Base Rate + 6.5% (effective rate of interest as on 31/03/2017 - 13.10%)	90.86	110.00	-
<b>Vehicle Loans:</b>			
Daimler Financial Services (ROI) @ 11.11%	12.29	9.82	-
Daimler Financial Services (ROI) @ 9.68%	8.64	28.83	-
Canara Bank (ROI) @ 10.00%	1.77	-	-
<b>Total of Vehicle Loans</b>	<b>22.70</b>	<b>38.65</b>	<b>-</b>
<b>Unsecured Loan from Others:</b>			
Religare Finvest Limited - SME Loan (ROI) @ 19.00%	10.26	4.16	-
Religare Finvest Limited - Mortgage (ROI) @ 12.70%	38.16	170.10	109.73
Magma Fincorp Limited - SME Loan (ROI) @ 19.95%	10.26	4.12	-
<b>Total of Unsecured Loan from Others</b>	<b>58.69</b>	<b>178.38</b>	<b>109.73</b>

#### Note 5: Deferred tax liabilities (Net)

Particulars	(₹ in Lakhs)	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Deferred tax liabilities</b>		
On account of Depreciation	442.50	436.00
<b>Deferred tax Asset</b>		
On account of Employee Benefits	72.57	39.40
<b>Deferred tax liabilities (net)</b>	<b>369.93</b>	<b>396.60</b>

#### Note 6: Long term provisions

Particulars	(₹ in Lakhs)	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Provision for employee benefits:</b>		
Gratuity	150.78	116.94
Leave encashment	42.42	5.23
	<b>193.20</b>	<b>122.17</b>

#### Note 7: Short-term borrowings

Particulars	(₹ in Lakhs)	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Secured loans</b>		
Working Capital Loans from banks	6,304.76	5,778.39
	<b>6,304.76</b>	<b>5,778.39</b>

7.1 Working capital loans from banks (Consortium of Canara Bank, Syndicate Bank & State Bank of India) are secured by hypothecation of movable assets including inventories and assignment of receivables, personal guarantees of Directors (Mr. H. Kishen, Mr. Krishna Kumar and Mr. Narsaiah) of the Company, other managerial persons (Mr. H. Mahesh Kumar and Mr. H. Praveen Kumar) and second charge on the fixed assets of the Company.

**Note 8: Trade payables**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Dues to micro and small enterprises	42.96	40.82
Other Suppliers	5,382.90	4,869.66
	<b>5,425.86</b>	4,910.48

**Note 9: Other current liabilities**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Current maturities of long term debts (Refer Note No. 4.3, 4.4 and 4.6)	172.27	158.19
Interest accrued but not due	3.06	4.07
Advances From Customers	10.90	7.27
Expenses Payable	714.07	661.35
Statutory liabilities	238.79	191.57
Rent deposit	0.50	-
	<b>1,139.59</b>	1,022.45

**Note 10 : Short term provisions**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Provision for Employee Benefits</b>		
Gratuity	4.85	5.56
Leave Encashment	6.49	6.68
Provision for income tax,(Net of Advance tax) - Current Year	34.99	-
	<b>46.33</b>	12.24

## NOTES ON FINANCIAL STATEMENTS

### Note : 11 Fixed Assets

Name of the Asset	Gross Block				Depreciation			Net Block	
	As on 01.04.2016	Additions	Deletions/ Adjustments	As on 31.03.2017	As on 01.04.2016	For the year Ended	Deletions/ Adjustments	As on 31.03.2017	As on 31.03.2016
<b>Property, Plant and Equipment</b>									
Land	88.33	-	-	88.33	-	-	-	88.33	88.33
Building	1,308.91	2.15	263.97	1,047.09	526.46	32.97	205.53	693.19	782.45
Plant & Machinery	5,536.42	34.12	1,379.17	4,191.37	3,360.72	103.80	1,043.36	1,770.21	2,175.70
Electrical Installations	328.58	21.21	-	349.79	294.10	4.77	-	50.92	34.48
Office Equipment	148.19	2.29	-	150.48	123.18	9.69	-	17.61	25.01
Furniture & Fixtures	48.42	0.79	-	49.21	28.09	3.11	-	18.01	20.33
Vehicles	258.14	-	32.66	225.48	144.58	24.41	32.23	88.72	113.56
<b>Total</b>	<b>7,716.99</b>	<b>60.56</b>	<b>1,675.80</b>	<b>6,101.75</b>	<b>4,477.13</b>	<b>178.75</b>	<b>1,281.12</b>	<b>2,726.99</b>	<b>3,239.86</b>
<b>Other Intangible assets</b>									
Computer Software	83.11	-	-	83.11	58.78	18.22	-	6.11	24.33
<b>Total Intangible assets (B)</b>	<b>83.11</b>	<b>-</b>	<b>-</b>	<b>83.11</b>	<b>58.78</b>	<b>18.22</b>	<b>-</b>	<b>6.11</b>	<b>24.33</b>
<b>Grand total (A+B)</b>	<b>7,800.10</b>	<b>60.56</b>	<b>1,675.80</b>	<b>6,184.86</b>	<b>4,535.91</b>	<b>196.97</b>	<b>1,281.12</b>	<b>2,733.10</b>	<b>3,264.19</b>
<b>Previous year</b>	<b>7,726.25</b>	<b>95.67</b>	<b>21.82</b>	<b>7,800.10</b>	<b>4,306.53</b>	<b>205.84</b>	<b>14.89</b>	<b>3,264.19</b>	<b>3,419.71</b>

\*Opening Gross block of Property, Plant and Equipment includes ₹1643.14 lakhs towards revaluation of Building and Plant & Equipment. The revaluation was done on 31st March, 2001. Pursuant to Accounting Standard - 10 (Revised) "Property, Plant and Equipment" the Company has adjusted the revalued amounts to the carrying values of the respective Property, Plant and Equipment which were revalued in the earlier years.



**Note 12 : Non Current Investments**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Investment in mutual fund		
(Investment in Canara Robeco Capital Protection Oriented fund series 3 regular growth Units: 199990 Unit price ₹10.6729)	20.00	20.00
(Investment in Canara Robeco Capital Protection Oriented fund Series 4 regular growth Units:149990 Unit price ₹10.0563)	15.00	15.00
	<b>35.00</b>	<b>35.00</b>

12.1 Market value of Investment as on 31.03.2017 is ₹ 41.52 Lakhs (P.Y .38.06 Lakhs)

**Note 13 : Long term loans and advances**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Unsecured Considered good</b>		
Amounts paid under protest	147.38	100.07
Sales Tax refundable	12.31	12.31
Rent deposits	12.48	12.96
Advances for Capital Goods	22.48	17.08
Security deposits with Government	88.40	84.81
Advance Tax, TDS receivable (Net of Provision)	36.82	24.83
Others	9.29	6.32
	<b>329.14</b>	<b>258.38</b>

**Note : 14 Inventories (valued at lower of cost and net realizable value)**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Raw materials	1,898.66	1,428.93
Stores and spares	176.86	247.10
Work-in-progress	2,065.20	1,698.21
Finished goods	665.09	557.98
	<b>4,805.81</b>	<b>3,932.22</b>

**Note 15 : Trade receivables**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Unsecured Considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment	587.71	449.80
Others	7,627.10	7,389.27
	<b>8,214.81</b>	<b>7,839.07</b>

**Note 16 : Cash and Bank balances**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Cash &amp; Cash equivalents</b>		
Cash on hand	0.69	65.91
Balances with banks in current accounts	25.31	87.55
Cheques on hand	27.58	69.11
<b>Other Bank Balances</b>		
Balances with banks against margin money deposits	308.87	274.94
	<b>362.45</b>	<b>497.51</b>

**Note 17 : Short term loans and advances**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Unsecured Considered good</b>		
Supplier Advances	406.04	512.98
Employee Advances	13.74	33.24
	419.78	546.22

**Note 18 : Other Current Assets**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Cenvat and Vat input credit	165.20	171.22
Interest receivable	9.21	7.59
Lease rent receivable	0.09	-
Prepaid expenses	45.14	34.78
	219.64	213.59

**Note 19 : Revenue from operations**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Sale of products</b>		
- Finished Goods	24,848.64	24,632.65
- Other Operating Revenue	7.10	23.85
Less: Excise duty	2,323.23	2,321.21
<b>Revenue from operations (net)</b>	<b>22,532.51</b>	<b>22,335.29</b>
<b>Breakup for Sales of products:</b>		
PVC Leather Cloth	11,502.76	11,224.34
PVC Film	13,345.88	13,408.31
	24,848.64	24,632.65

**Note 20 : Other income**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Insurance claims	0.94	12.94
Interest on deposits and others	24.36	26.97
Foreign exchange gain (net)	17.73	6.29
Miscellaneous Income	-	1.00
Rental Income	0.36	-
Credit balances written back	1.70	17.25
Profit on Sale of Assets	2.27	-
	47.36	64.45

**Note 21 : Cost of materials consumed**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Inventory at the beginning of the year	1,428.93	1,330.80
Add: Purchases	17,558.08	16,437.78
	18,987.01	17,768.58
Less: Inventory at the end of the year	1,898.66	1,428.93
Cost of raw material consumed	17,088.35	16,339.65
<b>Details of raw material consumed</b>		
PVC Resin	10,175.08	9,248.68
Plasticizers	1,909.36	2,021.53
Knitted Cloth/Cloth	2,888.17	2,935.18
Others	2,115.74	2,134.26
	17,088.35	16,339.65

<b>Details of inventory</b>		
PVC Resin	133.58	73.98
Plasticizers	95.94	68.53
Knitted Cloth/Cloth	520.54	397.07
Others	1,148.60	889.35
	<b>1,898.66</b>	<b>1,428.93</b>

#### Note 22 : Changes in inventories

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Work-in-progress</b>		
Inventory at the beginning of the year	1,698.21	1,619.56
Inventory at the closing of the year	2,065.20	1,698.21
	<b>(366.99)</b>	<b>(78.65)</b>
<b>Finished Goods</b>		
Inventory at the beginning of the year	557.98	900.97
Inventory at the closing of the year	665.09	557.98
	<b>(107.11)</b>	<b>342.99</b>
<b>Changes in Inventories</b>	<b>(474.10)</b>	<b>264.34</b>

#### Note 23 : Employee benefits expense

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Salaries, Wages and Bonus	830.86	893.65
Directors' Remuneration	179.97	153.62
Gratuity expenses	39.51	30.41
Contribution to Provident Fund	34.82	35.66
Contribution to ESI	14.60	13.56
Staff and Workmen Welfare Expenses	56.54	58.12
	<b>1,156.30</b>	<b>1,185.02</b>

23.1 The Approval from Central Government for excess managerial remuneration amounting to ₹ 57.43 Lakhs Paid to Managing Director and Whole Time Director in the Financial Year 2013-14 is pending.

#### Note 24 : Finance costs

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
On Short Term loans	1,356.51	1,365.87
On Long Term Loans	30.08	48.25
Other Borrowing Cost	231.46	223.78
	<b>1,618.05</b>	<b>1,637.90</b>

#### Note 25 : Other expenses

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Power, Fuel & Consumable Stores	951.19	835.09
<b>Repairs and Maintenance</b>		
Buildings	9.59	2.50
Plant and Equipment	160.80	124.63
Others	93.33	69.61
Rates and Taxes	29.13	23.96
Conveyance & Vehicle Maintenance	81.37	74.43
Travelling Expenses	8.80	3.80
Office Maintenance	46.42	66.74
Postage, Telegrams & Telephones	38.28	32.31
Printing & Stationery	8.50	9.79

Bad debts Written Off	7.75	11.27
Insurance	26.66	29.49
Carriage outwards	679.52	675.63
Advertisement and Sales Promotion	80.62	80.21
Donations	1.31	1.86
Contract wages	353.53	348.23
Miscellaneous Expenses	316.00	280.82
	<b>2,892.80</b>	<b>2,670.37</b>

#### Note 26 : Auditors Remuneration

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Payments to Auditors (included in Miscellaneous Expenses) As Auditor</b>		
- Statutory Audit	6.40	6.40
- Tax Audit	2.40	2.40
- For Limited Review	2.40	2.40
- Out of Pocket Expenses	0.78	0.60
	<b>11.98</b>	<b>11.80</b>

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

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Profit after tax</b>	<b>66.04</b>	62.30
Weighted average number of equity shares in calculating basic and diluted EPS (Nos In Lakhs)	<b>46.00</b>	46.00
Basic Earnings per Equity Share of Nominal value of ₹10/- per share (₹)	<b>1.44</b>	1.35
Diluted Earnings per Equity Share of Nominal value of ₹10/- per share (₹)	<b>1.44</b>	1.35
Face Value per Share (₹)	<b>10.00</b>	10.00

#### Note - 28: Employee Benefits: (Disclosed as per AS 15)

##### i). Defined Contribution Plan

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Contribution to PF	34.82	35.66
Contribution to ESI	14.60	13.56

##### a) Gratuity

The Company operates post retirement gratuity plan with LIC, the details of post retirement benefit gratuity plan are as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>a) Changes in the Present Value of Obligation</b>		
Present value of obligations as at beginning of year	137.20	110.52
Interest cost	12.06	9.95
Current Service cost	9.69	10.97
Benefits paid	(6.38)	(4.04)
Actuarial (gain)/loss on obligations	18.98	9.80
Present value of obligations as at end of year	<b>171.55</b>	<b>137.20</b>

<b>b) Changes in Fair value of plan assets</b>		
Fair value of plan assets at beginning of year	14.70	13.57
Expected return of plan assets	1.21	1.13
Contributions	-	-
Benefits paid	-	-
Actuarial (gain)/loss on plan assets	-	-
Fair value of plan assets at the end of year	15.91	14.70
<b>c) Assets recognized in the Balance Sheet</b>		
Present value of obligations as at the end of year	171.54	137.20
Fair value of plan assets as at the end of the year	(15.91)	(14.70)
Net asset/(liability) recognized in balance sheet	155.63	122.50
<b>d) Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current service cost	9.69	10.97
Interest cost	12.06	9.95
Expected return on plan assets	(1.21)	(1.13)
Net Actuarial (gain)/loss recognized in the year	18.98	9.80
Expenses recognized in statement of profit and loss	39.51	29.59
<b>e) Assumptions</b>		
Discount Rate	8.00%	9.00%
Salary Escalation	2.00%	2.00%

<b>b) Leave Encashment</b>		(₹ in Lakhs)	
Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	
<b>a) Changes in the Present Value of Obligation</b>			
Present value of obligations as at beginning of year	11.91	6.45	
Interest cost	0.97	0.58	
Current Service cost	10.07	1.63	
Benefits paid	(2.32)	-	
Actuarial (gain)/loss on obligations	28.28	3.25	
Present value of obligations as at end of year	48.91	11.91	
<b>b) Assets recognized in the Balance Sheet</b>			
Present value of obligations as at the end of year	48.91	11.91	
Net asset/(liability) recognized in balance sheet	48.91	11.91	
<b>c) Expenses recognized in the Statement of Profit &amp; Loss</b>			
Current service cost	10.07	1.63	
Interest cost	0.97	0.58	
Expected return on plan assets	-	-	
Net Actuarial (gain)/loss recognized in the year	28.28	3.25	
Expenses recognized in statement of profit and loss	39.32	5.46	
<b>d) Assumptions</b>			
Discount Rate	8.00%	9.00%	
Salary Escalation	2.00%	2.00%	

## NOTE 29: SEGMENT INFORMATION FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016.

### I. INFORMATION ABOUT PRIMARY BUSINESS SEGMENT

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017				31 <sup>st</sup> March, 2016			
	Pvc Leather Cloth	Pvc Film	Unallocable	Total	Pvc Leather Cloth	Pvc Film	Unallocable	Total
<b>1. Segment Revenue:</b>								
External Turnover	11,509.86	13,345.88	-	24,855.74	11,248.20	13,408.31	-	24,656.51
Other External Sales	-	-	-	-	-	-	-	-
Inter Segment Sales	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>11,509.86</b>	<b>13,345.88</b>	<b>-</b>	<b>24,855.74</b>	<b>11,248.20</b>	<b>13,408.31</b>	<b>-</b>	<b>24,656.51</b>
External Turnover (Net Sales)	10,501.58	12,030.93	-	22,532.51	10,305.22	12,030.07	-	22,335.28
Segment Results Before Interest, Extra Ordinary items and taxes	2,516.66	22.21	-	2,538.88	2,157.37	378.57	-	2,535.94
Other Segment Results	-	-	-	-	-	-	-	-
Un allocated Corporate Expenses	-	-	866.68	866.68	-	-	865.86	865.86
<b>Operating Profit</b>	<b>2,516.66</b>	<b>22.21</b>	<b>(866.68)</b>	<b>1672.19</b>	<b>2,157.37</b>	<b>378.57</b>	<b>(865.86)</b>	<b>1670.08</b>
Unallocable:								
Interest Income	-	-	24.36	24.36	-	-	21.36	21.36
Other Income	-	-	22.99	22.99	-	-	43.09	43.09
Interest Paid	-	30.08	1,587.97	1,618.05	-	40.95	1,596.95	1,637.90
Taxes	-	-	35.46	35.46	-	-	34.32	34.32
<b>Net Profit</b>	<b>2,516.66</b>	<b>(7.87)</b>	<b>(2,442.76)</b>	<b>66.04</b>	<b>2,157.37</b>	<b>337.62</b>	<b>(2,432.68)</b>	<b>62.31</b>
<b>2 Other Information</b>								
a) Segment Asset	7,370.09	9,087.89	791.51	17,249.50	6,830.12	8,888.22	884.61	16,602.94
b) Segment Liabilities	2,245.92	4,387.10	7,283.41	13,916.43	1,606.54	4,381.62	6,953.50	12,941.65
c) Capital Expenditure	30.94	141.15	1.48	173.57	1.99	9.79	90.42	102.20
d) Allocable Depreciation	28.12	121.56	47.29	196.97	36.55	160.81	46.92	244.28

### II INFORMATION ABOUT SECONDARY BUSINESS SEGMENT

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017			31 <sup>st</sup> March, 2016		
	In India	Outside India	Total	In India	Outside India	Total
External Sales	24,161.97	693.77	24,855.74	23,437.27	1,219.23	24,656.50
Inter segment Sales	-	-	-	-	-	-
<b>Total Sales</b>	<b>24,161.97</b>	<b>693.77</b>	<b>24,855.74</b>	<b>23,437.27</b>	<b>1,219.23</b>	<b>24,656.50</b>
External Sales (Net)	21,838.74	693.77	22,532.51	21,116.06	1,219.23	22,335.29
Carrying Amount of Segment Asset	17,249.50	-	17,249.50	16,598.27	-	16,598.27
Additions to Fixed Assets	60.56	-	60.56	95.67	-	95.67

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**Note 30 : Related Party Disclosures as per AS 18 read with the Companies Act, 2013****A. Key Management Personnel (KMP):**

Sri H. Kishen	– Managing Director
Sri H. Krishna Kumar	– Whole time Director
Sri H. Praveen Kumar	– Chief Executive - Calendering Division
Sri H. Mahesh Kumar	– Chief Executive - Domestic Sales
Sri H. Sanjay Kumar	– Whole time director
Sri V.B.V.R.Ratnaji	- Chief Financial Officer
Mrs. G. Pushkarini	- Company Secretary

**B. Non-whole-time Directors**

Sri Kamalakar Rao Bandari
Sri H.Narsaiah
Sri K. Malhar Rao
Sri P.Niroop Reddy
H.Anuradha upto 09.06.2016
Dr. Batul Alladin Arif w.e.f 30.08.2016

**C. Enterprises in which Key Management Personnel has significant influence**

Feno Fiber Limited
Rex-O-Knits Private Limited

**D. Relatives of Key Management Personnel**

Sri Anurag H - Son of Sri H.Krishna Kumar
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**E. Related Party Transactions****Enterprises in which significant influence by Key Management Personnel**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Rex-O-Knits Private Limited		
Jobwork Charges	100.01	94.42
Amount Receivable as on	124.33	75.30

**Key Managerial Personnel:**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Professional Charges	-	2.40
<b>Remuneration</b>		
H.Kishen	78.00	78.00
H. Krishna Kumar	72.00	72.00
H. Sanjay Kumar	29.97	29.97
H. Mahesh Kumar	30.00	30.00
H.Praveen Kumar	30.00	30.00
V.B.V.R.Ratnaji	15.96	15.96
G. Pushkarini	5.27	2.29

**Non-whole-time Directors** (₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Sitting fees	2.40	2.27

**Relatives of Key Managerial Personnel:** (₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Remuneration	-	1.96

**Note 31: Contingent Liabilities and Capital Commitments:** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>A.Contingent Liabilities:</b>		
Income Tax Disputes	68.36	236.02
Sales Tax Disputes	155.09	96.17
Providend Fund Dispute	21.41	21.41
Bank Guarantees and Letter of Credits	317.57	377.16
<b>B.Capital Commitments:</b>		
Capital Commitments	-	-

**Note 32 : Value of imports calculated in CIF basis** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
a. Raw Materials	2,803.67	3,314.98
b. Capital Goods	17.57	6.99

**Note 33 : Expenditure in Foreign Currency** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Foreign Travel	2.77	1.94

**Note 34 : Earnings in Foreign Exchange** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
Export of Goods (On FOB Basis)	616.02	1132.45

**Note 35 : Value of Raw Materials, Stores and Spares Consumed and Percentage** (₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2017		31 <sup>st</sup> March, 2016	
	Percentage	Value	Percentage	Value
<b>a. Raw Materials</b>				
i. Indigeneous	87.50	14,951.66	82.22	13,434.84
ii. Imported	12.50	2,136.69	17.78	2,904.81
	<u>100.00</u>	<u>17,088.35</u>	<u>100.00</u>	<u>16,339.65</u>
<b>b. Stores and Spares</b>				
i. Indigeneous	100.00	170.62	100.00	59.42
ii. Imported	-	-	-	-
	<u>100.00</u>	<u>170.62</u>	<u>100.00</u>	<u>59.42</u>



**Note 36: MSMED Disclosures (Refer Note No.8)**

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March,2017	31 <sup>st</sup> March, 2016
i. The principal amount overdue and remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
ii. The interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
iii. The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
iv. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
v. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
vi. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	Nil	Nil

**Note 37: Disclosure of Specified Bank Notes (SBNs)**

As per MCA notification G.S.R. 308 (E) dated March 30, 2017, the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

(Amount in ₹)

	SBNs	Other deno- mination notes	Total
<b>Closing cash in hand as on November 8<sup>th</sup>, 2016</b>	-	<b>4,47,827</b>	4,47,827
(+) Permitted receipts	-	<b>12,02,361</b>	12,02,361
(-) Permitted payments	-	<b>13,84,176</b>	13,84,176
(-) Amount deposited in Banks *	-	-	-
<b>Closing cash in hand as on December 30<sup>th</sup>, 2016</b>	-	<b>2,66,012</b>	2,66,012

\*does not include direct cash deposits by customers

For the purpose of this clause, the term 'Specified bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the 8<sup>th</sup> November, 2016

**Note 38 : Previous year figures are reclassified and regrouped, wherever necessary.**

As per our report of even date

**For and on behalf of the Board**

**For M.Anandam & Co.,**  
Chartered Accountants

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

**H.Kishen**  
Managing Director

**H. Krishna Kumar**  
Whole-time Director

Place: Secunderabad  
Date : 30<sup>th</sup> May, 2017

**V.B.V.R.Ratnaji**  
Chief Financial Officer

**G.Pushkarini**  
Company Secretary

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## FENOPLAST LIMITED

CIN: L25209TG1975PLC001942

**Registered Office: 306, CHENOY TRADE CENTRE, PARKLANE, SECUNDERABAD,  
TELANGANA-500003**

• E-mail : info@fenoplast.com • Website : www.fenoplast.com

### ATTENDNACE SLIP FOR ANNUAL GENERAL MEETING (To be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Fenoplast Limited.

I hereby record my presence at the 42<sup>nd</sup> Annual General Meeting of the Shareholders of Fenoplast Limited on Wednesday, the 27<sup>th</sup> day of September, 2017 at 11.00 A.M. at Kapu Sangam, 1-7-155, M.G.Road, Secunderabad – 500003.

<b>DP ID*</b>	<b>Regd. Folio No.</b>
<b>Client ID*</b>	<b>No. of Shares</b>

\*Applicable if shares are held in electronic form.

Name & Address of Member

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Signature of Shareholder/Proxy/  
Representative (Please Specify)

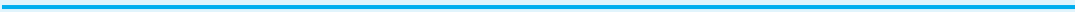
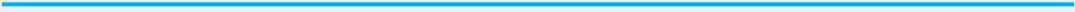
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## ELECTRONIC VOTING

Electronic voting (e-voting) facility is being provided in respect of the Resolutions proposed at the 42<sup>nd</sup> AGM, in accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Please see Note (11) to the Notice dated 19<sup>th</sup> August, 2017 convening the AGM for the procedure with respect to e-voting.

Your e-voting user ID and password are provided below:

<b>Electronic Voting Event Number (EVEN)</b>	<b>User ID</b>	<b>Password</b>
		<b>Use your existing password</b>



**FENOPLAST LIMITED**

CIN: L25209TG1975PLC001942

Registered Office: 306, CHENOY TRADE CENTRE, PARKLANE, SECUNDERABAD, TELANGANA-500003

• E-mail : info@fenoplast.com • Website : www.fenoplast.com

**Form No.MGT-11****Proxy Form**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules, 2014)

<b>CIN</b>	<b>L25209TG1975PLC001942</b>
<b>Name of the Company</b>	<b>Fenoplast Limited</b>
<b>Registered Office</b>	<b>306, Chenoy Trade Centre, Parklane, Secunderabad, Telangana - 500 003</b>
<b>Name of the member(s)</b>	
<b>Registered Address</b>	
<b>E-mail Id</b>	
<b>Folio No./Client ID</b>	<b>DP ID</b>

I / We, being the Member(s) of \_\_\_\_\_ shares of Fenoplast Limited, hereby appoint

- (1) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail ID : \_\_\_\_\_ Signature : \_\_\_\_\_  
or failing him \_\_\_\_\_
- (2) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail ID : \_\_\_\_\_ Signature : \_\_\_\_\_  
or failing him \_\_\_\_\_
- (3) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail ID : \_\_\_\_\_ Signature : \_\_\_\_\_  
or failing him \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 42<sup>nd</sup> Annual General Meeting (AGM) of the Company to be held on Wednesday, the 27<sup>th</sup> day of September, 2017 at 11.00 a.m. at Kapu Sangam, 1-7-155, Secunderabad-500003, Telangana, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Description	Optional (v)	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of Accounts for the financial year ended 31 <sup>st</sup> March, 2017, the Balance Sheet as at that date and the Reports of the Directors and Auditors. thereon.		
2	Appointment of Sri. H. Narsaiah who retires by rotation and being eligible offers himself for re-appointment.		
3	Appointment of M/s. Venugopal & Chenoy., Chartered Accountants, Registration No. 004671S, as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.		
<b>Special Business</b>			
4	Ratification of remuneration payable to Cost Auditors.		
5	Re-appointment of Mr. H. Kishen as Managing Director		
6	Re-appointment of Mr. H. Krishna Kumar as Whole-time Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017. Signature of shareholder: \_\_\_\_\_

Affix  
Revenue

NOTE : This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM i.e. by 11.00 a.m. on 25<sup>th</sup> day of September, 2017.

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## ROUTE MAP



**PRINTED MATTER / BOOK POST**

*If undelivered, please return to:*



306-308, Chenoy Trade Centre, Parklane,  
Secunderabad-500 003, Telangana, India.