

**SEVENTH  
ANNUAL REPORT  
1998-99**



**FINE PLAST POLYMERS LIMITED**

**A REQUEST  
SHARE HOLDERS ARE REQUESTED TO BRING THEIR  
COPY OF THE ANNUAL REPORT TO THE MEETING**



**FINE PLAST POLYMERS LIMITED**

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## **BOARD OF DIRECTORS**

**SRI P.M. RAO**

**CHAIRMAN & MANAGING DIRECTOR**

**SRI V. KANTHA RAO**

**DIRECTOR**

**SRI Y. V. SESA RAO**

**DIRECTOR**

### **REGISTERED OFFICE**

8-3-430/1/23, (NEW NO.1183)  
STREET NO.10, YELLAREDDYGUDA,  
HYDERABAD - 500 073.

### **BANKER**

CANARA BANK  
AMEERPET, HYDERABAD.

### **FINANCIAL INSTITUTIONS**

I.D.B.I, HYDERABAD.

### **AUDITORS**

M/S T.ADINARAYANA & CO  
CHARTERED ACCOUNTANTS  
806, RAGHAVA RATNA TOWERS  
CHIRAGHALI LANE  
HYDERABAD - 500 001

### **FACTORY**

PAMUR, PRAKASAM DISTRICT, A.P.

### **SHARE REGISTRARS & TRANSFER AGENTS**

M/S AARATHI COUNSLTANTS (P) LTD  
1-2-285, DOMALGUDA, HYDERABAD - 500029.



## **FINE PLAST POLYMERS LIMITED**

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### **NOTICE**

Notice is hereby given that the Seventh Annual General Meeting of M/s FINE PLAST POLYMERS LIMITED will be held on Friday 31st December 1999 at 3.00 P.M. at 451, Shalivahana Nagar Community Hall, Srinagar Colony, Hyderabad - 500 073 to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 1999 and the Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.

2. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

3. To consider and if thought fit, to pass with or without modifications the following Resolution as an ordinary resolution.

RESOLVED that Sri.Y.V.SESHA RAO be and is hereby appointed as Director of the Company,liable to retire by rotation.

4. To consider and if thought fit, to pass with or without modifications the following Resolution as an ordinary Resolution:

RESOLVED that Sri.V.KANTHA RAO be and is hereby appointed as Director of the Company,liable to retire by rotation.

Place: Hyderabad  
Date : 30.11.99

By Order of the Board  
Sd/-  
**P. M. RAO**  
Chairman & Managing Director



## **FINE PLAST POLYMERS LIMITED**

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### **NOTES :**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFCETIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY FORM IS ENCLOSED.
- b) The Register of Members and Share transfer books of the Company will remain closed from 27.12.99 to 31.12.99 (Both days inclusive).
- c) In order to serve the Share holders effectively and for administrative convenience members are requested to notify regarding multiple folios standing in thier name for consolidation.
- d) Share holders desiring any information on accounts are requested to write to the company Seven days before the date of the meeting so as to enable the Management to keep the information ready.

### **EXPLANATORY STATEMENT :**

#### **ITEM NO : 3 & 4**

The Board of Directors at their meeting held on 30th April 1999 appointed Sri. Y. V. Sessa Rao and Sri.V.Kantha Rao as additional Directors of the Company under Section 260 of Companies Act,1956 and they hold office up to the date of this Annual General Meeting. The Company has received notices under Section 257 of the Companies Act,1956 along with Deposit of Rs.500/- each proposing their candidature for the office of Directors.Their appointment will be in the interests of the Company and the Board solicits your approval for their Appointment.

None of the Directors except Sri Y. V. Sessa Rao & Sri. V. Kantha Rao, is deemed to be concerned or interested in the above Resolutions.

Place: Hyderabad  
Date : 30.11.99

By Order of the Board  
Sd/-  
**P. M. RAO**  
Chairman & Managing Director



## FINE PLAST POLYMERS LIMITED

### DIRECTOR'S REPORT

To  
The Members

Your Directors have pleasure in presenting the Seventh Annual Report together with Audited Accounts for the period ended 30 th September,99.

#### Financial Results:

The Financial results for the period ending 30 th September,1999 are given below:

	April 98 Sept 99	April 97 March 98
Income (sales & other Income)	255.13	219.96
Loss before Depreciation & Financial Exp	65.34	8.97
ADD: Depreciation	5.45	33.69
Financial Exp	19.27	88.00
Loss for the year	90.06	130.65
Loss after Tax	90.06	130.65
Prior period Adjustments :	0.47	67.05
Loss Brought forward from previous year	193.78	130.18
Loss carried to the Balance Sheet	284.31	193.78

#### Performance / Operations:

During the year under review the performance of your company continued to be not satisfactory due to working Capital problems. Inspite of the problems the Company is taking all steps to improve the performance.

#### Industrial Relations:

A harmonious industrial relations continues to prevail in the Company. The Board wishes to place on record its appreciation of good services rendered by all the employees.



## **FINE PLAST POLYMERS LIMITED**

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### **Directors :**

Sri K.Narayana Rao, Director has resigned with effect from 30.04.99 and Sri.C.Nageswara Rao, Director resigned w.e.f.31.07.99. Your Directors wish to place on record their appreciation of valuable services rendered by them as Directors of the Company.

Sri Y.V.Sesha Rao & Sri V.Kantha Rao were appointed as Additional Directors of the Company by the Board of Directors at the Meetings held on 30.04.99 & 31.07.99 and they hold office upto the date of Annual General Meeting. The Company received Notices proposing their Candidatures for the office of Directors.

**Energy, Technology and Foreign Exchanges:**

Additional Information on conservation of energy, technology absorption foreign exchange earnings and outgo as required to be disclosed in terms of section 217(1)(e) of the Companies Act 1956 read with the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto (Annexure I) and forms part of this report.

### **Particulars of Employee:**

None of the employees of the Company was in receipt of the remuneration in excess of the limits prescribed in Section 217 (2A) of the Companies Act, 1956 during the year.

### **Auditors:**

The Company's auditors M/s T.ADINARAYANA & CO., Chartered Accountants, will retire at the ensuing Annual General Meeting. They are eligible for reappointment and have consented to act as Auditors of the Company, if appointed, necessary certificate pursuant to section 224 (1-B) of the companies Act, 1956 has been obtained from the Auditors.

Regarding the Audit observations in respect of non provision of Gratuity Depreciation on Plant & Machinery and non provision of Interest to certain parties we wish to inform as under :

- a) The Company since inception is providing Retirement Benefits on actual payment basis. Hence during the year no provision was made to wards Retirement Benefits i.e. Gratuity & Leave encashment liability and will be accounted as actual payment basis.



## **FINE PLAST POLYMERS LIMITED**

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- b) In view of low capacity utilisation, it has been decided not to provide Depreciation on entire Plant & Machinery.
- c) The Company could not pay the amount due to Canara Bank and I.D.B.I. and certain other NBFC's and negotiating for Rehabilitation. Hence no Interest has been provided in the Accounts.

### **Acknowledgement:**

The Board would like to acknowledge and express their grateful appreciation for the guidance and assistance received from I.D.B.I and Canara Bank and various departments of the State and Central Governments, Suppliers and its valued customers.

Place: Hyderabad  
Date : 30.11.99

For and on behalf of the Board  
Sd/-  
**P. M. RAO**  
Chairman & Managing Director



**ANNEXURE TO DIRECTORS REPORT****ANNEXURE**

Disclosure of particulars with respect to conservation of Energy, Technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' report) rules 1988.

**FORM A**

A) Conservation of Energy:  
POWER AND FUEL CONSUMPTION

ELECTRICITY	CURRENT YEAR	PREVIOUS YEAR
	1998-99	1997-98
a) Purchased units - Lacs	5.26	2.85
Total amount Rs. in lacs	23.58	13.11
Rate per Unit Rs.	4.48	4.60
b) Own Generation Through Diesel Generator (Units in Lacs)	1.22	0.74
Total amount Rs. in lacs	2.24	1.30
Rate per Unit	1.83	1.76
B) Production per unit of power consumption (in Kgs)	0.55	0.68
Power consumption per Kg (in units)	1.81	1.47

**FORM B**

I. Research and Development (R&D)	Not applicable
II. Technology absorption, adaption and innovation	Not applicable

**FORM C**

Foreign Exchange Earnings and out go.	Nil
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## **AUDITORS' REPORT**

To  
**The Members of  
FINE PLAST POLYMERS LTD.,**

We have audited the attached Balance Sheet of FINE PLAST POLYMERS LIMITED, as at 30 th September 1999 and also the attached Profit & Loss account of the Company for the period ended on that date annexed there to and report that:

1. As required by the Manufacturing and other companies (Auditors' report) order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a state ment on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to prargraph above, we further sate that.
  - a) We have obtained all the information and explanantions which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
  - c) The Balance Sheet and the profit & loss account referred to in this report are in agreement with the Books of Account.
  - d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956 except non provisions of Depreciation on Plant & Machinery, non provision for the diminution in the market value of quoted shares and non provision of Gratuity to the staff members which are against the provision of Accounting standards 6, 13 & 15 respectively.
  - e) In our opinion and to the best of our information and according to the explanation given to us the said accounts subject to note 7 for non provision of interest to certain parites to th tune of Rs.1,82,08,876/- note no.12 for non provision of Gratuity, note no.13 for non provision of Depreciation on Plant & Machinery to the tune of Rs.47,04,000/- and under statment of loss to that extent and note no.10 for lack of information regarding to the status of creditors whether SSI or other wise, read together with notes there on, give the information required by the Companies Act, 1956 in the manner so required by the Act and gie true and fair view.
- (i) In the case of the Balance Sheet of the state of affairs of the Company as at 30 th September, 1999, and
- (ii) In the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date.

for **T. ADINARAYANA & CO**  
Chartered Accountants

**Y. P. RAO**  
Partner

Place: Hyderabad  
Date : 30.11.99



**ANNEXURE TO AUDITORS' REPORT**

Annexure referred to in paragraph one of our report even date to the members of FINE PLAST POLYMERS LIMITED for the period ended 30 th September, 1999.

1. The Company has maintained proper Records showing the Full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the Management during the period and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the period.
3. The stocks of Raw Materials, finished goods, stores and spares have been physically verified by the management as at the end of the year.
4. In our opinion, the procedure of physical verification of Stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. *No material discrepancies have been noticed on Physical verification of stocks as compared to book balances in so far as appears from our examination of the books.*
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loan, secured or unsecured from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies act, 1956 or from companies under the same management within the meaning of subsection (IB) of section 370 of the Companies Act, 1956, where the rates of interest and terms and conditions are prima facie prejudicial to the interests of the Company.
8. The Company has not granted any loans, secured to Companies Firms or other parties listed in the register maintained under section 301 and/or to companies under the same management as defined under sub-section (IB) of section 370 of Companies Act, 1956 where the rate of interest and terms and conditions are prima facie prejudicial to the interest of the Company.
9. In respect of loans and advances in the nature of loans given by the Company, where stipulations have been made, the parties are repaying the principal amounts and interest as stipulated or as rescheduled.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw material including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sales of



## **FINE PLAST POLYMERS LIMITED**

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goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained Under Section 301 of the Companies Act, 1956 and aggregating to Rs.50,000/- or more during the year.

12. As explained to us, unserviceable or damaged stores have been determined by the management and where required, adequate provision has been made in the accounts for loss arising on items so determined.
13. According to information and explanations given to us the Company has not accepted any public deposits.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by products.
15. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
16. According to the information and explanations, given to us the maintenance of cost Records under section 209(1)(d) of the Companies Act, 1956 is not applicable.
17. The Company is depositing the PF & ESI dues with appropriate Authorities. There are pending dues to the tune of Rs. 80,500/- & Rs.8,882/- towards PF & ESI respectively.
18. There are no undisputed amounts payable in respect of Income Tax, Customs Duty and Excise Duty as at 30th September, 1999 which were outstanding for a period more than 6 months from the date they became payable. An amount of Rs.4,29,699/- payable towards Sales Tax for a period more than Six Months.
19. According to the information and explanations given to us and on the basis of the records examined by us no personal expenses of directors have been charged to the revenue account other than those payable under contractual obligation or in accordance with generally accepted business practices.
20. The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section of 1 of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As regards the trading activities of the Company, there has been no damaged goods as determined by the management and accordingly provision for loss is not necessary.

for **T. ADINARAYANA & CO**

Chartered Accountants

Place: Hyderabad

Date : 30.11.99

**Y. P. RAO**

Partner



# **FINE PLAST POLYMERS LIMITED**

## **BALANCE SHEET AS AT 30.09.99**

	Schedule	For the period Ended 30.09.99	For the year Ended 31.03.98
<b>Sources of Funds</b>			
<b>Shareholder Funds :</b>			
Share Capital	I	31500051.50	31500051.50
Reserves and Surplus	II	2985951.00	2985951.00
<b>Loan Funds :</b>			
Secured Loans	III	93961271.55	84504521.73
Unsecured Loans	IV	5903317.70	8643932.20
		<u>134350591.75</u>	<u>127634456.43</u>
<b>APPLICATIONS OF FUNDS :</b>			
<b>Fixed assets :</b>			
Gross Block	V	110848417.66	105200639.66
Less : Depreciation		<u>22628807.34</u>	<u>22240811.23</u>
Net Block		88219610.32	82959828.43
Investments	VI	610000.00	610000.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	VII	2062349.60	9126904.44
b) Sundry debtors		15113991.25	7795573.87
c) Cash & Bank Balances		393275.13	202849.28
d) Loans & Advances		<u>9254820.44</u>	<u>12251369.64</u>
		26824636.42	29376697.23
Less : Current Liabilities & provisions	VIII	<u>4462096.05</u>	<u>10599413.38</u>
Net Current Assets		12362340.37	18777283.85
<b>MISCELLANEOUS EXPENDITURE</b>			
to the extent not written off or adjusted			
Preliminary Expenses	IX	4727744.80	5908994.80
Balance in Profit & Loss A/c		<u>28430896.26</u>	<u>19378349.35</u>
Schedule I to IX and Note to Accounts in Schedule in XV forms part of the Balance Sheet		<u>134350591.75</u>	<u>127634456.43</u>
Per Our Report of even date annexed			
For T. Adinaryana & Co.,			
Chartered Accounts			
Sd/-		For and on the behalf of the Board of Directors	
Y. P. Rao	Y. V. Seshu Rao	Sd/-	P.M. Rao
Partner	Director		Chairman and Managing Director

**FINE PLAST POLYMERS LIMITED****PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDING 30TH SEPTEMBER, 1999**

	Schedule	FOR THE PERIOD ENDED 30.09.99	YEAR ENDED 31.03.98
<b>INCOME :</b>			
Sales : 1) Mfg. Goods		22490596.60	
2) Traded Goods		98728.00	
		<hr/>	
Other Income	X	9846847.56	10922146.24
Decease in stock	XI	-6918001.44	-3312560.56
		<hr/>	<hr/>
		25518170.72	21996330.72
<b>EXPENDITURE :</b>			
Manufacturing Expenses	XII	21593153.12	14800607.58
Purchases of Traded Goods		70513.00	-
Administrative & Selling Expenses	XIII	8731979.99	5693706.57
Managerial Remuneration		270000.00	324000.00
Financial Expenses	XIV	1926297.41	8800082.31
Bad debts written of		-	1287416.25
Depreciation		545669.51	3368804.36
Preliminary Expenses		1181250.00	787,000.00
Loss on Sale of Vehicle		204918.60	-
		<hr/>	<hr/>
Total		34523781.63	35062117.07
Loss before Tax		-9005610.91	-13065786.35
Prior period adjustment (Income Tax 1995-96)		-46936.00	6704723.16
Net Loss		-9052546.91	-6361063.19
Profit / Loss brought forward		-19378349.35	-13017286.16
		<hr/>	<hr/>
Loss Carried to Balance Sheet		-28430896.26	-19378349.35

Note of Accounts XV

Schedule X to XIV and Notes to Accounts in Schedule XV forms part of the Profit &amp; Loss Account

Per Our Report of even date annexed

For T. Adinaryana &amp; Co.,

Chartered Accounts

For and on the behalf of the Board of Directors

Sd/-

Y. P. Rao

Partner

Sd/-

Y. V. Sessa Rao

Director

Sd/-

P.M. Rao

Chairman and Managing Director

Place : Hyderabad

Date : 30.10.99

**FINE PLAST POLYMERS LIMITED****SCHEDULES ANNEXED TO AND FORMING PART  
OF THE BALANCE SHEET AS AT 30TH SEPTEMBER 1999**

	For the period Ended 30.09.99	For the year Ended 31.03.98
<b>SCHEDULE - I</b>		
Share Capital :		
Authorised Capital 4000000 Equity Shares of Rs. 10/- each	40000000.00	40000000.00
	-----	-----
Issued, Subscribed & Paid Up		
Capital 3280500 Equity Shares of Rs. 10/- each	32805000.00	32805000.00
Less : Calls in arrears	1304948.50	1304948.50
	-----	-----
	31500051.50	31500051.50
	-----	-----
<b>SCHEDULE - II</b>		
Reserves & Surplus :		
General Reseve	1650000.00	1650000.00
State Subsidy	1335951.00	1335951.00
	-----	-----
	2985951.00	2985951.00
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**FINE PLAST POLYMERS LIMITED****SCHEDULE - III**

	For the period Ended 30.09.99	For the year Ended 31.03.98
<b>SECURED LOANS :</b>		
a) Working Capital Loan from Canara Bank, (Secured by equitable mortgage of Land and Buildings and Hypothecation of Plant & Machinery, Stocks, consumables and bookdebts and guaranteed by Promoter Directos in their personal capacities)	20694591.14	20694591.14
b) Terms Loans from Canara Bank (Secured by Hypothecation of Machinery & guaranteed by Promoter Directos in their personal capacities)	4614131.00	4614131.00
c) Vehilces Loans (Secured by Hypothecation of Vehicles by NBFCs)	123625.51	305717.59
d) Term Loan from IDBI (Secured by Paripassu Hypothecation of Machinery, & guaranteed by Promoter Directos in their personal capacities)	55866919.00	49046042.00
e) Others : (Secured by the assets acquired under hire purchase agreement with Non Banking Financial Companies and guaranteed by the Chairman & Managing Director in his personal capacity)	12662004.90	9844040.00
	93961271.55	84504521.73

**SCHEDULE - IV****Unsecured Loans :**

From Directors	-	-
From Others	5903317.70	8643932.20
	5903317.70	8643932.20



**SCHEDULE - V****FIXED ASSETS**

Name of the Asset	GROSS BLOCK			DEPRECIATION			NETBLOCK			
	As On 1.4.98	Additions 98-99	Deletions 98-99	As on 30.9.99	Up to 31.3.98	For the year	Deletions	Up To 30.09.99	As On 31.3.98	As On 30.09.99
Land	1078932.00	-	-	1078932.00	-	-	-	-	1078932.00	1078932.00
Buildings	5698920.03	-	-	5698920.03	796342.19	285515.89	-	1081858.08	4902577.84	4617061.95
Plant & Machinery	96626175.40	6090370.00	-	102716545.40	21020478.54	-	-	21020478.54	75605696.86	81696066.86
Furniture & Fixture	171025.79	-	-	171025.79	32831.17	16238.89	-	49070.06	138194.62	121955.73
Office Equipment	101562.70	-	-	101562.70	20691.73	10770.72	-	31462.45	80870.97	70100.25
Computers	158675.00	-	-	158675.00	79021.65	38581.82	-	117603.47	79653.35	41071.53
Vehicles	1365348.74	-	442592.00	922756.74	291445.95	194562.19	157673.40	328334.74	1073902.79	594422.00
	105200639.66	6090370.00	442592.00	110848417.66	22240811.23	545669.51	157673.40	22628807.34	82959828.43	88219610.32

**Note :**

- 1.No Depreciation on Plant & Machinery was provided as the Company has not even utilised 20% of its Production Capacity.
- 2.Additions include Capitalisation of interest payable to I.D.B.I. to the tune of Rs. 53,29,710/-



**FINE PLAST POLYMERS LIMITED****SCHEDULE - VI**

	For the period Ended 30.09.99	For the year Ended 31.03.98
<b>INVESTMENTS QUOTED (AT COST)</b>		
a) In Shares		
56000 Fully paid equity shares of Rs. 10/- each of Usha Kiran Finance Ltd.	560000.00	560000.00
b) Debentures		
Debentures of partly paid - LLOYDS Finance Ltd.	50000.00	50000.00
	610000.00	610000.00

**SCHEDULE - VII****CURRENT ASSETS, LOANS AND ADVANCES :****A. INVENTORIES :**

(As valued and certified by the management)

Raw Materials	0.00	112500.00
Finished Goods	915233.00	7435101.04
Consumables	494616.60	212670.00
Finished Scrap	652500.00	1050633.40
Spares	0.00	316000.00
	2062349.60	9126904.44

**B. SUNDRY DEBTORS :**

Unsecured considered good		
Outstanding for more than six months	1305064.18	91000.00
Other debts	13808927.07	7704573.87
	15113991.25	7795573.87

**C. CASH & BANK BALANCES :**

Cash in Hand	321694.41	126521.96
Balances with Scheduled Banks in Current Account	71580.72	76327.32
	393275.13	202849.28

**D. LOANS & ADVANCES :**

(Unsecured, considered good)		
Advance for Suppliers	103632.44	
Advance for Capital Works	7836137.08	8555047.08
Other Advances	607495.92	2893487.56

**FINE PLAST POLYMERS LIMITED**

Deposit with Government, Depts.	703035.00	657035.00
Deposit with others	4520.00	145800.00
	<u>9254820.44</u>	<u>12251369.64</u>

**SCHEDULE - VIII****A. CURRENT LIABILITIES & PROVISIONS :**

(Refer Note No. 10)

Creditors for Trade	10708584.83	7066525.61
Creditors for capital works	2300868.00	2416118.00
Creditors for others	263695.77	254017.94
Outstanding expenses	1188947.45	862751.83
	<u>14462096.05</u>	<u>10599413.38</u>

**SCHEDULE - IX****MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Preliminary Expenses	5908994.80	6696494.80
Additions during the year		
	<u>5908994.80</u>	<u>6696494.80</u>
Less : Preliminary Expenses Written off during the year	1181250.00	787500.00
	<u>4727744.80</u>	<u>5908994.80</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT  
FOR THE PERIOD ENDED 30TH SEPTEMBER, 1999.**

	For the period Ended 30.09.99	For the year Ended 31.03.98
<b>SCHEDULE-XI</b>		
INCREASE/DECREASE IN FINISHED GOODS		
Opening Stock	7435101.04	10898295.00
Scrap	1050633.40	900000.00
	<u>8485734.44</u>	<u>11798295.00</u>
Less: Closing Stock		
Finished Goods	915233.00	7435101.04
Scrap	652500.00	1050633.40
	<u>1567733.00</u>	<u>8485734.44</u>
	-6918001.44	-3312560.50



# **FINE PLAST POLYMERS LIMITED**

## **SCHEDULE-XII**

	For the period Ended 30.09.99	For the year Ended 31.03.98
<b>MANUFACTURING EXPENSES :</b>		
Raw Materials Consumed :		
Opening Stock	112500.00	-
Add: Purchases	11516709.65	8351762.94
	11629209.65	8351762.94
Less : Closing Stock		
Raw Material	0.00	112500.00
Finished Scrap (Reusable)	0.00	-
	11629209.65	8239262.94
<b>CONSUMABLES :</b>		
Opening Stock	212670.00	151510.00
Add : Purchases	2774497.07	1814669.70
	2987167.07	1966179.70
Less : Closing Stock	494616.60	212670.00
	2492550.47	1753509.70
<b>Spares :</b>		
Opening Stock	316000.00	-
Add : Purchases	-	316000.00
	316000.00	316000.00
Less : Closing Stock	-	316000.00
	316000.00	
Power	2369460.00	1308754.40
Wages	731400.52	369939.00
Saddles	56533.00	-
Freight Charges	302131.25	220695.00
Rent, rate, taxes & insurance	87076.85	32385.30
Factory Maintenance	851.00	5044.00
Repairs & Maintenance	351892.10	289139.70
Packing Materials	62795.00	130878.00
Generator Maintenance	44919.06	38367.69
Excise Duty	2967593.22	2244388.02
Machinery Maintenance	26939.00	56309.83
Insurance	145402.00	83057.00
Watch & Ward	8400.00	28877.00
	21593153.12	14800607.58

**FINE PLAST POLYMERS LIMITED****SCHEDULE-XIII**

For the period Ended 30.09.99

For the year Ended 31.03.98

**ADMINISTRATIVE & SELLING EXPENSES**

Salaries	717176.67	264267.00
Vehicle Maintenance	376736.75	250897.22
Travelling & Conveyance	612589.99	40980.50
Staff Welfare expenses	109737.10	9385.50
Printing & Stationary	85692.26	84254.80
Postage & Telegrams	248756.11	61453.01
Donations	51.00	11106.00
Office Maintenance	20470.20	12666.00
Sales Tax	1112100.45	1371073.00
Advertisement	40072.00	69591.75
Provident Fund	197086.00	44363.00
Sales Promotion	34248.90	3535.00
Hamali Charges	19103.00	3660.00
Freight Charges	-	-
Books & Periodicals	2112.00	3676.50
E.S.I.	8658.00	1672.50
Audit Fees	30000.00	20000.00
Audit Expense	4500.00	295.00
A.G.M. Expenses	20314.00	1492.00
Lease Rentals	2402856.00	1474904.00
Travelling Expenses (Directors)	-	17171.00
Directors Sitting Fees	2000.00	1000.00
Miscellaneous Expenses	38491.75	53066.00
Pooja Expenses	6915.50	4853.00
Licence & Fees	22823.00	52034.00
Hire Charges	2514134.81	1789616.79
Medical Expenses	908.50	1260.00
Consultancy Charges	104446.00	45433.00
	8731979.99	5693706.57

**SCHEDULE-XIV**For the period  
Ended  
30.09.99For the year  
Ended  
31.03.98**FINANCIAL EXPENSES :**

Interest	1870589.44	8322365.66
Bank Charges & Liquidated Damages	55707.97	477716.65
	1926297.41	8800082.31

**SCHEDULE-X**For the period Ended  
30.09.99For the year Ended  
31.03.98**OTHER INCOME :**

Misc. Income	69601.96	-
Discount & Commission	22200.00	-
Consultancy Charges	6435649.00	4822000.00
Interest	3280061.60	892468.50
Insurance claim	39335.00	-
Written back	-	5207677.74
	9846847.56	10922146.24



**SCHEDULE XV  
NOTES ON ACCOUNTS**

- 1. Significant Accounting Policies:**
  - a) **System of Accounting:** The Company follows Mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and applicable accounting standards.
  - b) **Fixed Assets:** Fixed Assets are stated at cost less depreciation.
  - c) **Depreciation:** Depreciation has been provided on straight line method at the rates specified in the Schedule XIV of the Companies Act, 1956 except on Plant & Machinery.
  - d) **Inventories:**
    - i) Stocks of Raw Materials and consumables are valued at cost.
    - ii) Finished goods are valued at direct cost plus production and administrative overheads or net realisable value, whichever is lower.
  - e) **Sales/Turn Over:** Sale/Turn Over for the Year includes sale Value of goods and Sales Tax.
  - f) **Modvat:** Modvat benefit is accounted for by reducing from purchase of Raw materials and adjusted against excise duty liability levied by Excises Department.
  - g) **Excise Duty:** Liability on account of Excise Duty in respect of Finished Goods lying in Factory will be accounted as and when cleared.
  - h) **Investments:** Investments are stated at cost.
  - i) **Preliminary Expenses:** The preliminary Expenses are being amortised over a period of 10 years.
  - j) **Retirement benefits to employees :** Retirement benefits to employees will be provided on actual payment Basis.
- 2.** The Company has prepared accounts for a period of 18 months from 01.04.98 as per the approval given by Registrar of Companies vide Lr.No.RAP/105/14955/210(4)/EOT/99, Dt.31.3.99.



**3. Suits filed against the Company.**

(i) The Company's Cash Credit Account with Canara Bank, Ameerpet Branch has become Non-performing asset due to non-payment of interest and the Bankers have filed suit in Debt Recovery Tribunal. However the Company has filed an application for withdrawal of the suit and requested for reshedulement of arrears and sanction of need based Working Capital.

Since the suit has already been filed, Canara Bank has agreed for getting consent decree with a suitable default clause incorporated while the Company should meet the commitment for clearing the decretal liability as per agreed repayment schedule. The Company has agreed for obtaining consent decree and submitted a proposal for reschedulement, funding & for sanction of need based Working Capital. The proposal is under consideration of the Bank.

(ii) The Term Loan account with I.D.B.I has become NPA due to non payment of interest and instalments. The Financial Institution has filed a suit against the Company with D.R.T. And the Company has submitted a proposal requesting to withdraw the case from D.R.T. and to consider reliefs, funding & reschedulement. Once the sanction letter is received from Canara Bank, I.D.B.I proposes to consider the request of the Company.

In the opinion of the Board of Directors of the Company, the current assets, Loans, advances, and deposits are approximately of the value stated in the accounts, if realised in the ordinary course of business. The provision for all known liabilities are adequate unless otherwise stated and not in excess of the amount reasonably necessary.

Managerial Remuneration paid during the year:

	01.04.98 to 30.09.99	1997-98
	Rs.	Rs.
Managing Director	2,70,000.00	1,80,000.00
Executive Director	—	1,44,000.00
	<u>2,70,000.00</u>	<u>3,24,000.00</u>
4. Auditors Remuneration		
Audit Fee	22,500.00	15,000.00
Tax Audit Fee	7,500.00	5,000.00
	<u>30,000.00</u>	<u>20,000.00</u>



## FINE PLAST POLYMERS LIMITED

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5. Confirmation of certain parties for amount due to them/due from them as per the Accounts of the Company have not been received, necessary adjustments will be made when the accounts are reconciled and settled.
6. Estimated value of contracts remaining to be executed on capital account and not provided for in the books works out to Rs. NIL (Previous NIL).
7. No provision was made in the Books of account for the Interest amounting to Rs.1,82,08,876.05 to the following parties.

i) Bankers	:	Rs.74,62,958.05
ii) Financial Institutions	:	Rs.99,33,081.00
(I.D.B.I)		
iii) N.B.F.C.'S	:	Rs. 8,12,837.00
8. The Company has drawn Term Loan from IDBI for expansion of its business activity. Though the amount was utilised for Plant & Machinery, regular Production of S.W.R could not be commenced due to working capital problems. Hence the company has capitalised the interest on Term Loan amounting Rs.53,29,710/- for the period 01.04.98 to 31.03.99. There after the interest was not provided since the account was converted as NPA.
9. No Provision was made in the books of accounts for diminution in the Market Value of quoted shares since it is felt that the diminution is not permanent feature.
10. Amounts payable in excess of Rs.1,00,000/- to SSI undertakings is not ascertained since the status of the Creditors whether SSI or other wise is not available with the Company. However no claim has been received for the payment of interest.
11. No provision was made in the Books of Accounts for the Gratuity payable to the Employees.
12. The Company has not provided Depreciation on Plant & Machinery since it has not even utilised 20% of its installed Capacity. The Depreciation on Plant & Machinery for 18 months comes to Rs.47,04,000/-.





# **FINE PLAST POLYMERS LIMITED**

13. Additional information required under part - II of the Schedule-VI to the companies Act,1956 (as certified by the management of the Company).

A. Particulars regarding Opening & Closing Stock of Finished Goods & Raw Materials.

	As on 30.9.99		As on 31.3.98	
	Qty MTS	Value Rs.	Qty MTS	Value Rs.
a) Opening Stock of Finished goods:				
Production	66.12	7435101.04	57.00	10898295.00
Trading				
b) Closing Stock of Finished goods:				
Production	16.513	915233.00	66.12	7435101.04
c) Closing Stock of Raw Material & Scrap				
PVC resin	0.000	0.00	2.50	112500.00
Chemicals	6.387	494616.60	0.62	212670.00
Scrap(Re-usable)	14.500	652500.00	16.95	1050633.40

## **PARTICULARS REGARDING CAPACITY ; PRODUCTION AND CONSUMPTION OF RAW MATERIALS**

	CURRENT YEAR	PREVIOUS YEAR
i) Installed capacity (as certified by the Management)		
PVC Pipe Fittings	1858 TPA	1858 TPA
ii) ACTUAL PRODUCTION		
PVC pipe Fittings	357.950 TPA	244.400 TPA

**FINE PLAST POLYMERS LIMITED****iii) SALES**

Name of the Product	Qty MTS	Value Rs.	Qty MTS	Value Rs.
PVC pipe fittings(Mfg)	407.562	22589324.60	235.28	14386745.04
PVC pipe Fittings (Trading sales)				

**iv) CONSUMPTION OF RAW MATERIALS**

PVC Resin & Chemicals	419.095	14437760.12	260.77	9992772.64
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**v) Consumption of Raw Materials:**

Indigenous	100%	14437760.12	100%	9992772.64
Imported	NIL	NIL	NIL	NIL

- B. 1. CIF value of imports ——— NIL  
2. Expenditure in foreign Currency ——— NIL  
3. Earnings in Foreign Currency ——— NIL

14 Previous year figures have been regrouped/rearranged/reclassified wherever necessary.

Per Our Report of even date annexed.

For T.ADINARAYANA & CO.,  
Chartered Accountants

For and on behalf of Board of Directors.

Sd/-  
**Y.P.RAO**  
Partner

Sd/-  
**Y.V.SESHA RAO**  
Director

Sd/-  
**P.M.RAO**  
Chairman & Managing Director

Place: Hyderabad  
Date : 30.11.99



## FINE PLAST POLYMERS LIMITED

### Cash Flow Statement for the year ended 30th September 1999 as per clause 32 of the listing agreement :

a) Cash flow from Opening Activities :	For the period Ended 30.09.99	For the year Ended 31.03.98
Net profit before Tax and Extra ordinary Items	(90.06)	(130.66)
Adjustment for Preliminary Expenses	11.81	7.87
Bad Debts Written off	-	12.87
Depreciation	5.46	33.69
Loss on Sale of Vehicles	2.05	-
Written Back	-	(48.72)
Foreign Exchange	-	-
Investment	-	-
Interest / Dividend Received	(32.80)	(8.92)
Interest Paid	18.71	83.22
Discount received	-	-
	----- 5.23 -----	----- 80.01 -----
	(84.83)	(50.65)
Operating Profit before working capital charges		
Adjustment for Trade and other receivable	(43.22)	211.84
Inventories	70.64	28.23
Trade Payable	38.63	(143.65)
	----- 66.05 -----	----- 96.42 -----
	(18.78)	45.77
Cash Generated from operations		
Interest Paid	(18.71)	(83.22)
Direct Taxes paid	-	-
	-----	-----
Cash flow before extra-ordinary items	(37.49)	(37.45)
Extra ordinary items :		
(Net Prior period Adjustments)	(0.47)	67.05
	-----	-----
Net cash flow operating activities	(37.96)	29.60
 B. Cash flow from investing Activities		
purchases / Sale of Fixed Assets	(60.90)	(146.36)
Sale of Fixed Assets	0.80	-
Purchase / Sale of Investments	-	-
Discount Received	-	8.92
Interest / Dividend received	32.80	-
Miscellaneous Expenditure	(65.26)	(107.84)
(Pre-Operative exp.)	-	-
	-----	-----
Net Cash used in investing activities :	(65.26)	(107.84)



## FINE PLAST POLYMERS LIMITED

C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital		
Proceeds from Long Term Borrowings	67.16	106.27
State Subsidy Received	-	-
	-----	-----
	67.16	106.27
Net Increase / Decrease in Cash and		
Cash Equivalents (B+C)	1.90	(1.57)
Cash and Cash Equivalent as at 01.04.98 (O.B.)	2.03	3.60
Cash and Cash Equivalent as at 30.09.99 (C.B.)	3.93	2.03

For and on the behalf of the Board of Directors

**Y. P. Rao**  
Partner

**Y. V. Sesha Rao**  
Director

**P.M. Rao**  
Chairman and Managing Director

Place : Hyderabad  
Date : 30.10.99

Auditors Receipt

We have verified the above Cash Flow Statement of FINE PLAST POLYMERS LTD. derived from the Audited Financial Statements for the period ended 30th September, 1999 and found the same drawn in accordance there with the requirements of Clause 32 of the Listing Agreement with the Stock.

For **T. Adinarayana & Co.,**  
Chartered Accountants

Place : Hyderabad  
Date : 30.10.99

**Y.P. Rao**  
Partner



## 1. REGISTRATION DETAILS

## 2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thoousands)

### 3. POSITION OF MOBILISATION AND DEPOLYMENT OF FUNDS (Amount in Rs. Thousands)

## APPLICATIONS FUNDS

Net fixed assets	Investments
88219	610
Net Current assets	Miscellaneous expenditure
12362	4727
Accumulated Losses	
28430	



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**FINE PLAST POLYMERS LIMITED**

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**PERFORMANCE OF COMPANY (Amount in Rs. Thousands)**

Turnover	Total expenditure
22589	34523
Loss before Tax	Loss After Tax
9005	9005
Earning per Share in Rs.	Dividend Rate (%)
NIL	NIL

**V.GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES  
OF COMPANY (as per monetary terms)**

Item Code No.(ITC Code)	3917220
PRODUCT DESCRIPTION	PVC PIPE FITTINGS

Per Our Report of even date annexed.

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Per Our Report of even date annexed  
For T. Adinaryana & Co.,  
Chartered Accounts

For and on the behalf of the Board of Directors

Sd/-  
**Y. P. Rao**  
Partner

Sd/-  
**Y. V. Seshu Rao**  
Director

Sd/-  
**P.M. Rao**  
Chairman and Managing Director

Place : Hyderabad  
Date : 30.10.99