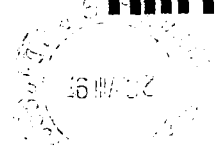
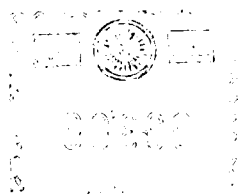


UNION QUALITY PLASTICS LIMITED

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	MD
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



Thirteenth Annual Report
1996 - 97







BOARD OF DIRECTORS

CHAIRMAN

A.G. KATHAWALA

MANAGING DIRECTOR

Z.A. KATHAWALA

DIRECTORS

D.Z. KATHAWALA

H.S. KOHINA

M.M. JAYAKAR

S.D. KHOT

AUDITORS

N.O. MEHTA & CO.

SOLICITORS

M/S. GAGRAT & CO.

BANKERS

DEVELOPMENT CREDIT BANK LTD.

REGISTERED OFFICE

379/381, NARSI NATHA STREET,
A G H CHAMBERS, 5TH FLOOR,
MUMBAI - 400 009.

FACTORY

204, G.I.D.C. ESTATE,
UMBERGAON - 396 171
DIST. VALSAD
GUJARAT STATE

REGISTRARS & TRANSFER AGENTS

BIGSHARE SERVICES PVT. LTD.
J/12, ANSA INDUSTRIAL ESTATE,
SAKIVIHAR ROAD,
SAKI NAKA, ANDHERI (EAST),
MUMBAI - 400 072.

**NOTICE TO MEMBERS**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of UNION QUALITY PLASTICS LIMITED will be held on Monday, the 15th September, 1997 at 4.00 p.m. at the Registered office of the Company at A.G.H. Chambers, 5th Floor, 379/381, Narsi Natha Street, Mumbai - 400 009, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1997, the Profit and Loss Account for the year ended on that date and Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. H. S. Kohina who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. M. M. Jayakar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

NOTES :

- 1) A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member. The Proxy form should however, be deposited at the Registered office of the Company not less than forty eight hours before the Commencement of the meeting.
- 2) The Register of Members and Share Transfer Books of the Company will be closed from 10th September, 1997 to 14th September, 1997 (both days inclusive).
- 3) Shareholders desiring any information as regard the accounts are requested to write to the company at

an early date so as to enable the management to keep the information ready.

By Order of the Board of Directors
For UNION QUALITY PLASTICS LIMITED

ZUZAR A. KATHAWALA
MANAGING DIRECTOR

Registered Office :

379/381, Narsi Natha Street,
A.G.H. Chambers, 5th Floor,
MUMBAI - 400 009.

Dated : 27th June, 1997.

DIRECTOR'S REPORT

To the Members of
UNION QUALITY PLASTICS LIMITED

Your Directors present the Thirteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

1) FINANCIAL RESULTS

	Year ended 31-3-97 (Rupees)	Year ended 31-3-96 (Rupees)
Profit/(Loss) before tax	(1,24,44,892)	66,75,887
Less : Provision for tax	<u>Nil</u>	<u>Nil</u>
	(1,24,44,892)	66,75,887
Add : Profit Brought forward	<u>39,137</u>	<u>63,250</u>
	<u><u>(1,24,05,755)</u></u>	<u><u>67,39,137</u></u>

APPROPRIATION :

Proposed Divident (Subject to deduction of tax at source)	Nil	Nil
Transfer to General Reserve	Nil	67,00,000
Profit/(Loss) balance C/F	<u>(1,24,05,755)</u>	<u>39,137</u>

**2) DIVIDEND :**

In view of the losses, the Directors regret their inability to declare any dividend for the year ended 31st March, 1997.

3) OPERATIONS :

The Company's overall performance for the year 1996-97 is not very satisfactory. There is marginal increase in sales from Rs. 1454.71 lacs during the previous year to Rs. 1494.71 lacs for the year ended 31-3-1997 i.e. increase in sales to the extent of Rs. 40.00 lacs, Production during the year increased by 437.64 M. Tonnes. But there has been moderate increase in expenditure from Rs. 1403.08 lacs for the year ended 31-3-1996 to Rs. 1639.33 lacs for the year ended 31-3-1997, resulting in net increase of Rs. 236.25 lacs. Due to depressed market this increase could not be transferred to consumers.

4) PARTICULARS IN COMPLIANCE WITH CLAUSE 43 OF THE LISTING AGREEMENT :

Comparative statement showing the variations between the projected and actual profitability in accordance with Clause 43 of the Listing Agreement with the Stock Exchanges is given below :

(Rs. in Lacs) 1996-97

Particulars	Projections	Actuals
Sales/other Income	2203.00	1514.88
Profit after tax	258.00	(124.45)
Reserve & Surplus	771.00	423.95
Earning per share (Rs.)	5.34	Nil

The shortfall in Sales and Profit as compared to the projections given in the Company's Prospectus is primarily due to the reasons beyond control. The Government has introduced Jute control order, due to which the market has gone down for H.D.P.E. bags. Other factors which lead to non-achievement of the target are anti-dumping duties levied by the European Commission, stiff

competition in the market, low capacity utilization and non-starting of the project for Jumbo-bags.

5) DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. H. S. Kohina and Mr. M. M. Jayakar retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

6) AUDITORS :

M/s. N.O. Mehta & Co., the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to continue to act as Auditors of the company for the current year, if reappointed. Members are requested to re-appoint them and fix their remuneration.

7) FIXED DEPOSITS :

Since your Company has not accepted any deposits from the public, no information can be furnished in respect of outstanding deposits.

8) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this report.

9) PARTICULARS OF EMPLOYEES :

Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is



not given as the said section is not attracted for the year under review.

10) ACKNOWLEDGEMENTS :

The Directors are grateful to all the members for the continued patience during the Company's recessionary phase and all employees at various levels for their sincere work and co-operation. They also acknowledge the co-operation and assistance rendered by its bankers and other Government Bodies/Organisations during the year.

For and on behalf of the Board of Directors

ZUZAR A. KATHAWALA
MANAGING DIRECTOR

Place : Mumbai

Dated : 27th June, 1997.

ANNEXURE TO DIRECTOR'S REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

1) CONSERVATION OF ENERGY :

A. Energy conservation measures taken :
The energy saving measure initiated by the Company continued to yield good results. The energy conservation is regularly monitored for utilisation of energy and recommended measure for energy saving its consumption are under implementation.

B. Particulars with respect to total energy consumption per unit of production :

I. POWER AND FUEL CONSUMPTION

	1996-97	1995-96
1. Electricity :		
a) Purchased (GEB)		
Units (in thousand)	2143	1753
Total Cost (Rs. in lacs)	87.11	48.39
Rate per unit (Rs.)	4.06	2.76

b) Own Generation :

1) Through Diesel Generator

i) Units (in thousand)	22.50	48
Units/KL of Diesel	13.35	28.5
Cost/Unit (Rs.)	8.00	7.75

II CONSUMPTION PER UNIT OF PRODUCTION

Consumption/ton	3950	2669
-----------------	------	------

II) TECHNOLOGY ABSORPTION :

C. Efforts made in Technology absorption :

During the year, the Company acquired Machinery with the latest available Technology.

D. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Efforts in brief made towards technology absorption and innovation :

The Company has instituted comprehensive systems and procedures for compilation and dissemination of detailed information at various levels regarding process, equipments and operations of the plant to facilitate effective technology absorption.

III) FOREIGN EXCHANGE EARNINGS AND OUTGO:

F. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans :

Company made positive efforts which resulted in export of H.D.P.E. Woven Sacks and P.E. Tarpaulins to Middle East, Europe and U.S.A. and earned valuable foreign exchange. The Company plans to continue efforts for further development of exports.

G. Total Foreign Exchange used and earned.

	Rs. in Lacs
Foreign Exchange used	323.56
Foreign Exchange earned	241.65



AUDITORS REPORT

To the shareholders of M/s. **UNION QUALITY PLASTICS LIMITED**

Report on the Accounts for the Year ended 31st March 1997 in compliance with Section 227 (2) of the Companies Act, 1956.

We have audited the attached Balance Sheet of Union Quality Plastics Ltd. as on 31st March, 1997 and also the annexed Profit and Loss Account of the Company for the year ended on that date, and report that :-

I) 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, 4 and 5 of the said order to the extent applicable to a Manufacturing Company consider appropriate and according to the information and explanations given

II) Further to our comments in the annexure referred to in paragraph " I " above :-

1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit :

2) 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 :

3) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with books of accounts of the Company subject to the notes annexed to the Balance Sheet :

4) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes thereon give the information required and give a true and fair view, subject to the following :

1) Regarding non-provision of gratuity liability

(unascertained) and other retirement benefits and claims of staff and labour (unascertained).

2) Regarding non-provision of excise penalty demand amounting to Rs. 11,35,436/- and further explained vide note no. 10 on contingent liabilities for the period Dec.87 to Sept. 90.

a) In the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 1997.

b) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

As per our Report of even Date

N.O.Mehta & Co.
Chartered Accountants
Signed by the Hand of Partner
N.O. Mehta

Place : Mumbai
Dated : 27th June, 1997.

ANNEXURE TO AUDITORS REPORT

To the shareholders of
M/S. UNION QUALITY PLASTICS LIMITED

Report Annexed to the Auditors' Report as referred to in Paragraph 'I' of our report of even date :-

As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and to the extent carrying over manufacturing and business activities, and on the basis of such checks of the books and records of the unit as we consider appropriate and the information and explanations given to us during the course of our audit. We further report as under :-

1) The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets, and the Depreciation on all Assets is written off. We are



- informed that all the Fixed Assets of the Company have been physically verified by the Management during the period and no material discrepancies between the book records and physical inventory were noticed.
- 2) Revaluation of Leasehold Land, Building, Plant and Machinery and Electrical Installation has been made as on 31st March 1994 on the basis of valuation report submitted by M/s. C.W.Joshi & Associates, valuers appointed for the purpose. The resultant increase on such revaluation over the written down value of the Assets as on 31.3.1994 amounting to Rs. 1,55,79,781/- has been credited to the revaluation reserve account.
 - 3) As explained to us the Stocks of Finished Goods, Stores, Spare parts & Raw Materials have been physically verified by the Management at reasonable intervals.
 - 4) As per information given to us, the procedures of physical verification of Stocks followed by the Management are, in our opinion, 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 records.
 - 6) On the basis of our examination of Stock records, the valuation of Stock is fair and proper in accordance with the normally accepted accounting principles.
 - 7) The rate of interest and other terms and conditions of the Loans, Secured or Unsecured taken from other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are, prima facie, not Prejudicial to the interest of the Company. We have been informed that there are no Companies covered under Section 370 (1-B) of the Companies Act, 1956.
 - 8) The Company has not granted any Loans, Secured or Unsecured to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no Companies covered under Section 370 (1-B) of the Companies Act, 1956.
 - 9) The parties to whom Loans, or Advances in the nature of Loans, have been given are repaying the principal amounts as stipulated and are also regular in payment of interest where applicable.
 - 10) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate to the size of the Company and the nature of its business for the purchase of Stores, Raw materials including components, trading goods, construction materials, Plant & Machinery, Equipments and other assets and for the sale of goods.
 - 11) According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year Rs. 50,000 or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
 - 12) The Company has a regular procedure for the determination of unserviceable or damaged stores, raw material and finished goods. Adequate provisions have been made in the accounts for the loss arising on the items so determined.
 - 13) As explained to us the Company has not accepted any deposits from public during the year, and therefore there is no contravention to the provisions of the Section 58A of the Companies Act, 1956.
 - 14) The Company has maintained reasonable records for the sale and disposal of realisable by-products and scraps wherever applicable.
 - 15) The Company has an Internal Audit system commensurate with its size and nature of its



- business.
- 16) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
- 17) The company is generally regular in depositing Provident Fund dues with the appropriate authorities.
- 18) As explained to us and subject to our comments vide notes, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duties etc, were outstanding as on 31st March, 1997 for a period of more than six months from the date they became payable. The Company is not regular in depositing its Sales Tax and Professional Tax dues with the authorities.
- 19) According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
- 20) The company is not sick industrial company within the meaning of clause (o) of subSection (1) of section 3 of the Sick industrial companies (special provisions) Act, 1985.
- 21) As explained to us by the Management, the service activities of the Company were insignificant as compared to total volume and as such no separate records were maintained for recording receipts, issues and consumption of Raw Materials and Stores and allocation of man-hours, materials and labour of the relative jobs as the same was not considered necessary and economical by the Management.
- 22) In connection with the Company's Trading activities we are informed that there are no damaged goods.

N.O.Mehta & Co.
Chartered Accountants
Signed by the Hand of Partner
N.O. Mehta

Place : Mumbai
Dated : 27th June, 1997.



BALANCE SHEET AS ON 31ST MARCH 1997.		AS ON	AS ON
PARTICULARS		31.3.1997	31.3.1996
I. SOURCES OF FUNDS :	SCHEDULE	Rs.	Rs.
1. Shareholders Funds :			
a) Equity Share Capital	1	48182200	48176500
b) Reserves and Surplus	2	42394933	43387644
2. Loan Funds :			
a) Secured Loans	3	82682106	64148412
b) Unsecured Loans	4	12790852	4575681
Total Sources of Funds		<u>186050091</u>	<u>160288237</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
Gross Block		88688356	88624625
Less : Depreciation	5	<u>18364396</u>	<u>12030377</u>
NET BLOCK		70323960	76594248
work-in-progress		1906204	----
2. Investments :	6	261270	388885
3. Current Assets, Loans and Advances :			
a) Inventories	7	53098145	29020883
b) Sundry Debtors	8	58276988	41830855
c) Cash and Bank Balances	9	5632574	5464391
d) Other Current Assets, Loans and Advances	10	27404941	26187851
		<u>144412648</u>	<u>102503980</u>
Less : Current Liabilities and Provision	11	<u>43403746</u>	<u>19159739</u>
Net Current Assets :		101008902	83344241
Miscellaneous Expenditure :	12	144000	----
(To The Extent Not Written Off or Adjusted)			
Profit & Loss Account		<u>12405755</u>	<u>-39137</u>
Total Application of Funds		<u>186050091</u>	<u>160288237</u>

As per our report of even date

For and on behalf of the Board

N. O. Mehta & Co.
Chartered Accountants
Auditors

Place : Mumbai
Date : 27-06-1997

Signed by the hand of Partner
N. O. Mehta

Place : Mumbai **A. G. Kathawala** **Z. A. Kathawala**
Date : 27-06-1997 *Chairman* *Mg. Director*



PARTICULARS	ANNEXURE	AS ON	AS ON
		31.3.1997	31.3.1996
		Rs.	Rs.
I. INCOME			
SALES	1	149471004	145471429
Miscellaneous & Other Income	2	2017318	1512612
TOTAL		151488322	146984041
II. EXPENDITURE			
Consumption of material & Inventory adjustments	3	107943581	106496148
Manufacturing Expenses	4	16518264	13822377
Employees Remuneration & Benefits	5	9854876	5132729
Administrative & Selling Expenses	6	6450025	3755519
Loss on Revaluation of Investments		128325	----
Interest		17702535	6777335
Depreciation	6334019		
Less : Transferred to Revaluation Reserve	998411		
		5335608	4324046
		163933214	140308154
Profit for the year		-12444892	6675887
Provision for taxation		----	----
PROFIT AFTER TAXATION		-12444892	6675887
Add : Profit & Loss a/c b/f		39137	63250
PROFIT AVAILABLE FOR APPROPRIATION		-12405755	6739137
Appropriation :			
Less : Proposed Dividend - Subject to deduction of tax at source		----	----
Transfer to General Reserve		----	6700000
PROFIT AND LOSS A/C BALANCE		-12405755	39137

As per our report of even date

For and on behalf of the Board

N. O. Mehta & Co.
Chartered Accountants
Auditors

Place : Mumbai
Date : 27-06-1997

Signed by the hand of Partner
N. O. Mehta

Place : Mumbai
Date : 27-06-1997

A. G. Kathawala
Chairman



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31-03-97
SCHEDULE NO. 1 : SHARE CAPITAL

	AS ON	AS ON
	31.3.1997	31.3.1996
	Rs.	Rs.
I. Authorised Share Capital		
7000000 Equity Shares of Rs. 10/- each	70000000	70000000
II. Issued, Subscribed & Paid up Capital		
4835000 Equity Shares of Rs. 10/- each	48350000	48350000
Fully paid up		
Less : Calls in Arrears	<u>167800</u>	<u>173500</u>
TOTAL	<u><u>48182200</u></u>	<u><u>48176500</u></u>

SCHEDULE NO. 2 : RESERVES AND SURPLUS

1. Cash Subsidy	1038426	1038426
2. Investment Allowance Utilised Reserve :	1152981	1152981
3. Revaluation Reserve :		
As per last Balance Sheet	1083063	2081422
Less : Transferred from Profit & Loss Account	<u>998411</u>	<u>84652</u>
		1083063
4. General Reserve :		
As per last Balance Sheet	11846326	4950000
Add : Transfer from Dividend provision	----	186326
Add : Transfer from Income Tax Provision	----	10000
Add : Transfer from Profit & Loss Account	<u>----</u>	<u>6700000</u>
	11846326	11846326
5. Equity Share Premium	28440348	32676500
Less : Calls in arrear	167800	----
Less : Transfer during the year	<u>----</u>	<u>4409652</u>
TOTAL	<u><u>28272548</u></u>	<u><u>28266848</u></u>
	<u><u>42394933</u></u>	<u><u>43387644</u></u>

SCHEDULE NO. 3 : SECURED LOANS

1. Development Co-op. Bank Ltd. (Secured Against Equitable Mortgage of Plant & Machinery)	48000	144000
2. Development Co-op. Bank Ltd. (Cash Credit against hypothecation of stock)	14785288	17890015
3. Development Co-op. Bank Ltd. (Bills Discount)	9198723	12965268



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31-03-97

SCHEDULE NO. 3 : (Contd.)

	AS ON 31.3.1997 Rs.	AS ON 31.3.1996 Rs.
4. Development Co-op. Bank Ltd. (Term Loan A/c.) (Secured against equitable mortgage of Land and Building)	20441985	22881619
5. Development Co-op. Bank Ltd. (Book Debts)	10512147	10087510
6. Development Co-op. Bank Ltd. (Letter of Credit)	19575539	----
7. Development Co-op. Bank Ltd. (Packing Credit)	7801037	----
8. Hooseini Co-op. Credit Society Ltd. (Secured against Equity shares)	180000	180000
9. Bombay Mercantile Co-op. Bank (Cash Credit)	139387	----
TOTAL	82682106	64148412

SCHEDULE NO. 4 : UNSECURED LOANS

1. From Directors, Share Holders	293476	193476
2. Others	12497376	4382205
TOTAL	12790852	4575681

SCHEDULE NO. 5 : FIXED ASSETS

Sr. No.	NAME OF ASSETS	COST			DEPRECIATION				WRITTEN DOWN VALUE	
		AS ON 1-4-96	ADDITIONS DURING THE YEAR	AS ON 31-3-97	AS ON 1-4-96	FOR THE YEAR	WRITTEN BACK	AS ON 31-3-97	AS ON 31-3-97	AS ON 31-3-96
1.	LAND & BUILDING	25543570	----	25543570	2101896	773128	228984	2646030	22897540	23441684
2.	PLANT & MACHINERY	62126504	63731	62190235	9491225	6470376	784234	15177367	47012868	52635279
3.	VEHICLES	869671	----	869671	424771	98562	----	523133	346538	444900
4.	FURNITURE & FIXTURE	84880	----	84880	12495	5371	----	17866	67014	72305
	TOTAL RS.	88624625	63731	88688356	12030377	7347237	1013218	18364396	70323960	76594248
	PREVIOUS YEAR	65425320	23199305	88624625	6707972	5322405	----	12030377	----	----
								WORK IN PROGRESS	1906204	----
								TOTAL	72230164	76594248



	AS ON 31.3.1997	AS ON 31.3.1996
	Rs.	Rs.
SCHEDULE NO. 6 : INVESTMENTS		
1. Development Co-op. Bank Ltd. 1200 sh. of Rs. 10/- each paid, unquoted.	18000	18000
2. Hooseini Co-op. Credit Society Ltd. 85 sh. of Rs. 25/- each fully paid, unquoted.	2125	2125
3. Bombay Mercantile Co-op. Bank Ltd. 142 sh. of Rs. 30/- each fully paid,	4260	4260
4. Essar Shipping Ltd. Equity Shares 10200 fully paid up. (Market Value as at 31-03-1997 Rs. 14 Each)	255000	265750
5. Essar Shipping Ltd. P.C.D. 2150 fully paid up. (Market Value as at 31-03-1997 Rs. 42.5 Each)	107500	96750
6. Adamji Kaderbhoy Pvt. Ltd. 20 sh. of Rs. 100/- each, unquoted.	2710	2000
	<u>389595</u>	<u>388885</u>
Less : Loss on Revaluation of Investment	<u>128325</u>	<u>----</u>
	<u>261270</u>	<u>-----</u>
TOTAL	<u><u>261270</u></u>	<u><u>388885</u></u>
SCHEDULE NO. 7 : INVENTORIES		
(As Valued and Certified by the Management)		
1. Raw Materials	1967576	11532555
2. Work - in - Progress	1208785	170919
3. Finished Goods	49770622	17276307
4. Consumable Stores	151162	41102
	<u>53098145</u>	<u>29020883</u>
TOTAL	<u><u>53098145</u></u>	<u><u>29020883</u></u>
SCHEDULE NO. 8 : SUNDRY DEBTORS		
(Unsecured considered good)		
1. Over Six Months	12738157	7063975
2. Others	45538831	34766880
	<u>58276988</u>	<u>41830855</u>
TOTAL	<u><u>58276988</u></u>	<u><u>41830855</u></u>
SCHEDULE NO. 9 : CASH AND BANK BALANCES		
1. Cash on Hand	748729	636715
2. With Scheduled Banks in Current Accounts	56260	479720
3. With Non Scheduled Banks	16867	12876
4. Margin Money Against L/C.	3227775	3048337
5. Margin Money Against Guarantee	1582943	1286743
	<u>5632574</u>	<u>5464391</u>
TOTAL	<u><u>5632574</u></u>	<u><u>5464391</u></u>



	AS ON 31.3.1997 Rs.	AS ON 31.3.1996 Rs.
SCHEDULE NO. 10 : OTHER CURRENT ASSETS, LOANS AND ADVANCES		
1. Advance Against Order	4961844	3536164
2. Loans and Advances to Staff	85410	59470
3. Income Tax Refund	245497	220497
4. Tax Deducted At Source	183231	----
5. Other Advances and Loans/Deposits	18444213	12944374
6. Export benefits	3003282	9427346
7. Project Development Expenses Pending Adjustment (Refer Note 14)	481464	----
TOTAL	<u><u>27404941</u></u>	<u><u>26187851</u></u>
SCHEDULE NO. 11 : CURRENT LIABILITIES & PROVISION		
1. Sundry Creditors	37051320	13769092
2. Outstanding Expenses	5891572	4800647
3. Advances Received	460854	590000
4. Provision for Taxation	----	----
5. Proposed Dividend	----	----
TOTAL	<u><u>43403746</u></u>	<u><u>19159739</u></u>
SCHEDULE NO. 12 : MISCELLANEOUS EXPENDITURE		
1. Preliminary Expenses	160000	4409652
Less : Written off during the year	<u>16000</u>	<u>4409652</u>
TOTAL	<u><u>144000</u></u>	<u><u>----</u></u>

Signature to Schedule 1 to 12
As per our report of even date

N. O. Mehta & Co.
Chartered Accountants
Auditors

Signed by the hand of Partner
N. O. Mehta

Place : Mumbai
Date : 27-06-1997

For and on behalf of the Board

Place : Mumbai **A. G. Kathawala** **Z. A. Kathawala**
Date : 27-06-1997 *Chairman* *Mg. Director*



ANNEXURES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31-3-97

ANNEXURE 1 : SALES	AS ON	AS ON
	31.3.1997	31.3.1996
	Rs.	Rs.
Local	119696609	109468095
Less : Excise Duty	<u>22325049</u>	----
	97371560	109468095
Add : Modvat Benefit	<u>22503484</u>	----
	119875044	109468095
Export	27888937	20024264
Add : Duty Drawback Provided	5428352	2440400
Add : Import Licence Benefit	922141	13538670
Less : Export Benefit of Previous Year, No Longer Available, Written Off	4643470	----
	<u>29595960</u>	-----
TOTAL	<u>149471004</u>	<u>145471429</u>
 ANNEXURE 2 : MISCELLANEOUS & OTHER INCOME		
Compensation	----	96000
Interest	1501926	----
Dividend	67076	68111
Insurance Claim	----	1186405
Misc. Income	<u>448316</u>	<u>162096</u>
TOTAL	<u>2017318</u>	<u>1512612</u>
 ANNEXURE 3 : CONSUMPTION OF MATERIAL & INVENTORY ADJUSTMENTS		
<u>Opening Stock</u>		
Raw Material	7601653	6256469
Work-in-Progress	170919	24944
Finished Goods	17276307	14430034
Consumable Stores	<u>3972004</u>	----
TOTAL	29020883	20711447
 <u>Add : Purchases</u>		
Raw Material	124198032	114764482
Finished Goods	<u>7822811</u>	-----
	132020843	114764482
 <u>Less : Closing Stock (As Valued and Certified by Management)</u>		
Raw Material	1967576	11532555
Work in Progress	1208785	170919
Finished Goods	49770622	17276307
Consumable Stores	<u>151162</u>	----
	<u>53098145</u>	<u>28979781</u>
	<u>107943581</u>	<u>106496148</u>



ANNEXURES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31-3-97

ANNEXURE 4 : MANUFACTURING EXPENSES

	AS ON 31.3.1997 Rs.	AS ON 31.3.1996 Rs.
Consumption of Stores	1758441	801392
Coolie & Cartage	59501	53767
Freight	4611531	4117579
Labour Charges	896176	3603155
Power & Fuel	8846250	5067183
Repairs & Maintenance	303049	151037
Water Charges	2816	25852
Compensation	40500	----
Sales Tax	----	2412
TOTAL	16518264	13822377

ANNEXURE 5 : EMPLOYEES REMUNERATION AND BENEFITS

1. Wages	7838418	3239703
2. Salaries	1514769	1592583
3. Staff Welfare Expenses	381689	180443
4. Director's Remuneration	120000	120000
TOTAL	9854876	5132729

ANNEXURE 6 : ADMINISTRATIVE & SELLING EXPENSES

Advertisement & Publicity	55193	59621
Auditor's Remuneration	50000	40000
Bank Charges	1181953	655975
Brokerage	460073	237173
Donation	703	----
Directors Fees	3000	----
Hire Charges	18701	----
Insurance	345066	381733
Membership & Subscription	123411	32989
Office Rent	144000	144000
Postage/Telegram & Telephones	753574	509603
Preliminary Expenses written off	16000	----
Printing & Stationery	231507	213671
Professional Fees	68200	302625
Professional Tax	----	250
Presentation	99676	----
Rates & Taxes	112663	307631
Sales Promotion Expenses	90623	121031
Security Expenses	203107	41508
Service Charges	385139	204785
Sundry Expenses	63735	61857
Travelling & Conveyance Expenses	1264158	330177
Vehicle Expenses	254543	110890
IDBI - Scrutiny Charges	525000	----
TOTAL	6450025	3755519

Signature to Annexures 1 to 6

For and on behalf of the Board

As per our report of even date

N. O. Mehta & Co.
Chartered Accountants
Auditors

Place : Mumbai

Signed by the hand of Partner

Place : Mumbai

A. G. Kathawala Z. A. Kathawala

Date : 27-06-1997

N. O. Mehta

Date : 27-06-1997

Chairman

Mg. Director,



NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.1997

1. Previous Years figures are regrouped wherever necessary for comparison.

2. Remuneration has been paid to the Managing Director as per Schedule XIII of the Companies Act, 1956 as under :

Managing Directors Remuneration :-

	1996 - 97	1995-96
Salary	108000	120000
Contribution to Provident Fund	<u>12000</u>	<u>12000</u>
Total	<u>120000</u>	<u>132000</u>

3. Auditor's Remuneration

	1996-97	1995-96
Audit Fees	20000	20000
Professional Fees	10000	5000
Tax Audit Fees	17000	12000
Certification Fees	3000	3000
Total	<u>50000</u>	<u>40000</u>

4. Statement required u/s 217 (2 A) of the Companies Act, 1956 for the period ended 31st March, 1997 and forming part of the Directors Report, showing names and other particulars of such employees of the Co. is not annexed to the Balance Sheet, as there are no employees :

a) employed throughout the financial year under review and were in receipt of remuneration for that financial year in the aggregate was not less than Rs. 3,00,000/-

b) employed for a part of the financial year under review and were in receipt of remuneration for any part of that year at a rate which in the aggregate was not less than Rs. 25,000/- per month.

5. Regarding non - provision of gratuity liability (Unascertained), and other retirement benefits and claims of staff and labour (Unascertained).

6. The Plant & Machinery and other Fixed Assets are Insured.

7. In the opinion of management, the aggregate value

on realisation of Current Assets, Loans & Advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

8. The Company has filed a suit in the Bombay High Court against a Debtor, for recovery of an outstanding amount of Rs. 28,83,603/- and to that extent no provision is made for Bad & Doubtful debts.

9. Leasehold Premium on Land is not written off.

10. The Contingent Liabilities are :-

a) Company has received notice for demand of Rs.11,35,436/- from the Central Excise Authorities for the period Dec.87 to Sep.90 for which appeal is pending before Excise Tribunal.

b) Estimated amount of Contracts remaining to be executed on Capital account and not provided for (net of advances paid) is Rs. 61.11 lacs (Previous Year Rs. 87.63).

c) Bills discounted with banks amount to Rs. 91,98,723 (Previous year Rs. 1,29,65,268/-)

11. The Stock of Finished Goods, Stores, Raw Materials, Tools etc are valued and certified by the management at cost or market price whichever is lower.

12. Revaluation of Leasehold Land, Building, Plant & Machinery and Electrical Installation has been made as on 31st March 1994 on the basis of valuation report submitted by M/s. C.W.JOSHI & Associates, valuers appointed for the purpose. The resultant increase on such revaluation over the written down value of the assets as on 31.3.1994 amounting to Rs. 1,55,79,781/- has been credited to revaluation Reserve Account. During the year Rs. 9,98,411/- being the depreciation for the year on the above Revaluation has been transferred from the above revaluation reserves to Profit & Loss account.



13. Information pursuant to para 4C and 4D of part II of Schedule VI to the Companies Act, 1956.

QUANTITATIVE INFORMATION IN RESPECT OF :-

	AS ON 31.3.1997		AS ON 31.3.1996	
	Quantity in tons	Value in lacs	Quantity in tons	Value in lacs
A) RAW MATERIAL CONSUMED :				
HDPE/LDPE/LLDPE & OTHER	2483.458	1073.29	2046.913	874.56
B) Value of Raw Materials Consumed	Rs. in lacs	%	Rs. in lacs	%
Imported	311.12	28.99	126.74	14.49
Indigenous	762.17	71.01	747.82	85.51
	<u>1073.29</u>	<u>100%</u>	<u>874.56</u>	<u>100%</u>
C) Value of Imports on CIF Basis				
Raw Materials		311.12		126.74
Capital Goods		0.21		69.94
D) Expenditure in Foreign Currency				
Travelling		12.23		3.81
E) Earnings in Foreign Exchange (FOB)				
On Account of Export of Goods		241.65		178.21
Insurance claim received on Loss of Machinery net of Interest expenses		NIL		81.74
F) SALES :				
HDPE WOVEN FABRICS/ BAGS/TARPAULINS	1803.04	1552.07	1760.72	1454.71
G) Stores, Spares Consumed :				
Imported		NIL		NIL
Indigenous		55.77		8.01
H) Capacity				
Licensed		N.A.		N.A.
Installed	3300.00		3300.00	
Production	2250.56		1812.92	
I) Stock of Finished Goods				
Opening Stock	253.768	172.76	201.565	144.30
Closing Stock	701.291	497.71	253.768	172.76

14. Issue expenses in relation to the Public Issue made by the Company amounting to Rs. NIL (Previous Year Rs.44,09,652/- has been adjusted against Share Premium Account.

15. During the year the Company has allotted NIL (Previous year 48,35,000 Shares of Rs.10/- each at a premium of Rs.10/-).

16. Pre-operative expenses and expenses incurred during the Trial Run amounting to Rs.NIL (Previous Year Rs.1,22,56,392/-) has been capitalised.

**SIGNIFICANT ACCOUNTING POLICIES OF THE COMPANY ARE :****A) Accounting Convention :**

The Financial statements are prepared primarily on the Historical cost convention and on Accrual basis, in accordance with applicable accounting standards.

B) Valuation of Fixed Assets :

i) Fixed Assets are stated at cost, Net of MODVAT, less accumulated depreciation. Cost is inclusive of Freight, Duties, Levies and any direct attributable cost of bringing the assets in their working condition for intended use. Pre - operative expenses are capitalised and interest on borrowings during the year is added to the cost of fixed assets.

ii) Leasehold land, Building, Plant & Machinery and Electrical installation has been revalued on the basis of their replacement price as on 31st March 1994 as per valuation report submitted by M/s. C.W. JOSHI & Associates, Valuers appointed for the purpose. Accordingly, these are stated at revalued amount.

C) Depreciation :

1. Depreciation has been provided on Straight Line method basis in the manner laid down in schedule XIV to the Companies Act, 1956 as per revised rates under Notification No. G.S.R. 756 (E) dated 16th December, 1993.
2. On the revaluation of Rs. 1,55,79,781/- on 31.3.1994 The depreciation has been provided as per the rates prescribed in schedule XIV of the Companies Act, 1956 as per revised rates under Notification No. G.S.R. 756 (E) dated 16th December 1993.

D) Valuation Of Investments :

Investments are valued at cost less diminution in value in case of Quoted Stocks.

E) Valuation of Inventories :

Inventories are valued at lower of cost & net realisable value except stock of scrap is taken at Market value.

The cost of purchased materials / goods is determined on the basis of first in first out method. In valuation of finished goods administrative overheads are excluded.

F) Modvat Credit

Modvat credit is accounted by adjustment against Purchase cost of materials on clearance of the finished goods and by Crediting to local Sales.

G) Custom Duty

Customs Duty payable on Raw Materials, Stores, Spares and Components is accounted on clearance thereof from the bonded warehouses.

H) Conversion of Transaction in Foreign Currency :

Transactions in Foreign Currency in respect of sales (exports) and purchases (Raw Material) are accounted on the basis of actual exchange rates transacted.

I) Export benefits on advance licence :

Export benefit representing custom duty free entitlement against exports made on advance license under duty exemption scheme of the Government of India, is accounted for on accrual basis subject to utilisation of Export Benefits upto the date of signing the Balance Sheet.

J) Sales :

Sales includes excise duty, sales during trial run and is net of Sale Tax.

K) Taxation :

The Provision for Tax is based on the Assessable profits of the Company computed in accordance with the Income Tax Act, 1961. Since there is Book Loss, MAT provision is not required.

L) Revenue Recognition :

All items of income / expenses are accounted for on accrual basis except for the following items which are accounted for on cash basis.

- 1) Gratuity payable to employees.
- 2) Customs / Excise Duty on Material in bond.

As per our report of even date

For and on behalf of the Board

Place : Mumbai
Date : 27-06-1997

N. O. Mehta & Co.
Chartered Accountants
Auditors
Signed by the hand of Partner
N. O. Mehta

Place : Mumbai **A. G. Kathawala** **Z. A. Kathawala**
Date : 27-06-1997 *Chairman* *Mg. Director*



**CASH FLOW STATEMENT FORMAT AS PER CLAUSE 32 OF THE LISTING AGREEMENT
CASH FLOW STATEMENT FOR THE YEAR 1.4.96 TO 31.3.97**

A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit before tax and extraordinary items	(12,444,893)	
Adjustments for :		
Depreciation	5,335,608	
Misc. & Other Income	(448,316)	
Interest / Dividend Received	(1,569,002)	
Operating Profit before working capital changes	(9,126,603)	
Adjustments for :		
Trade and other receivables	(16,446,133)	
Inventories	(24,077,262)	
Trade payables	24,244,007	
Other Current Assets	(710,626)	
Direct taxes paid	(25,000)	
Cash Flow before extraordinary items	(26,141,617)	
Extraordinary items / Misc. & Other Income	448,316	
Net cash from operating activities		(25,693,301)

B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of Fixed Assets	(1,969,935)	
Purchase of Investments	127,615	
Interest / Dividend Received	1,569,002	
Net Cash used in investing activities		(273,318)

C. CASH FLOW FROM FINANCING ACTIVITIES

Net Proceeds from issue of Share Capital	11,400	
Proceeds from unsecured loans	8,215,171	
Proceeds from secured loans	18,533,695	
Dividends paid	0	
Preliminary Expenses on issue of shares	(625,464)	
Net cash used in financing activities		26,134,802
Net Increase / Decrease in cash and cash equivalents		168,183
Cash and cash equivalents as on 1.4.1996 (Opening Balance)		5,464,391
Cash and cash equivalents as on 31.3.1997 (Closing Balance)		5,632,574

As per our report of even date

For and on behalf of the Board

N.O. Mehta & Co.
Chartered Accountants
Auditors

Place : Mumbai Signed by the hand of Partner
Date : 27.06.1997 **N.O. Mehta**

Place : Mumbai **A.G. Kathawala** **Z.A. Kathawala**
Date : 27.06.1997 *Chairman* *Mg. Director*

SCHEDULE - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 3 3 5 9 5 State Code 1 1

Balance Sheet Date 3 1 0 3 9 7

Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	Right Issue
<input type="text"/> N <input type="text"/> I <input type="text"/> L <input type="text"/>	<input type="text"/> N <input type="text"/> I <input type="text"/> L <input type="text"/>
Bonus Issue	Private Placement
<input type="text"/> N <input type="text"/> I <input type="text"/> L <input type="text"/>	<input type="text"/> N <input type="text"/> I <input type="text"/> L <input type="text"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 9 <input type="text"/> 4 <input type="text"/> 5 <input type="text"/> 4	<input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 9 <input type="text"/> 4 <input type="text"/> 5 <input type="text"/> 4
Sources of Funds	Reserves & Surplus
Paid-up Capital	<input type="text"/> 4 <input type="text"/> 2 <input type="text"/> 3 <input type="text"/> 9 <input type="text"/> 5
<input type="text"/> 4 <input type="text"/> 8 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 2	
Secured Loans	Unsecured Loans
<input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 6 <input type="text"/> 8 <input type="text"/> 2	<input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 9 <input type="text"/> 1
Application of Funds	
Net Fixed Assets	
<input type="text"/> 7 <input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 3 <input type="text"/> 0	
Investments	Net Current Assets
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 <input type="text"/> 6 <input type="text"/> 1	<input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 9
Miscellaneous Expenditure	Accumulated Losses
<input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 4 <input type="text"/> 4	<input type="text"/> <input type="text"/> <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 6

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text"/> 1 <input type="text"/> 5 <input type="text"/> 1 <input type="text"/> 4 <input type="text"/> 8 <input type="text"/> 8	<input type="text"/> 1 <input type="text"/> 6 <input type="text"/> 3 <input type="text"/> 9 <input type="text"/> 3 <input type="text"/> 3
Profit/Loss Before Tax	Profit/Loss After Tax
<input type="text"/> - <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 4 <input type="text"/> 5	<input type="text"/> - <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 4 <input type="text"/> 5
Earning Per Share in Rs.	Dividend Rate %
<input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L <input type="text"/>

V. Generic Names of Three Principal Products. (As per Monetary terms)

Item Code no. 3 9 2 3 9 0
(ITC Code)

Product Description P L A S T I C S A R T I C L E S

F O R P A C K A G I N G O F

G O O D S H D P E / P P W O V E N

S A C K S

Item Code No. 3 9 2 6 9 0
(ITC Code)

Product Description O T H E R A R T I C L E S O F

P L A S T I C S - H D P E / P P

W O V E N F A B R I C S



UNION QUALITY PLASTICS LIMITED

Regd. office : 379/381, Narsi Natha Street, A.G.H. Chambers, 5th Floor, Mumbai - 400 009.

ATTENDANCE SLIP.

Particulars - TO BE COMPLETED BY MEMBER.

Name of Member : Mr./Mrs./Ms.....(In Block Letters)

Member's Regd. Folio No.....No. of shares held.....

Name of Proxy, if attending for Member.....(In Block Letters)

I hereby record my presence at the Thirteenth Annual General Meeting held on 15th September, 1997.

- Note :
1. Please sign the attendance slip and handover at the reception.
 2. Please bring your copy of the Notice at the Meeting.

For Office Use :

Signature of Member/Proxy



UNION QUALITY PLASTICS LIMITED

Regd. office : 379/381, Narsi Natha Street, A.G.H. Chambers, 5th Floor, Mumbai - 400 009.

PROXY FORM.

I/.....of.....
 being Member(s) of Union Quality Plastics, hereby appoint
 of.....or failing him.....
 of.....
 as my/our proxy to attend and vote for me/us on my / our behalf at the thirteenth Annual General Meeting of the Company
 to be held at Registered Office of the Company on the 15th of september, 1997 and/or at any adjournment thereof.
 Time : 4.00 p.m.

Signed this.....day of.....1997

Signature(s)
of the Member(s).....

Affix 30 Paise Revenue Stamp

Regd. Folio No.

NOTES :

1. This proxy form must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.

BOOK-POST

To,

002009 - Folio : 0002697
DAKSHINA M SHETH
FLAT NO 9
SANGEETA APTS 7TH ROAD
RAJAWADI GHATKOPAR EAST
BOMBAY
Pin : 400077

If undelivered please return to :

Union Quality Plastics Limited

A. G. H. Chambers, 5th Floor,

379/381, Narsi Natha Street,

Mumbai - 400 009.