

UNION QUALITY PLASTICS LIMITED



***Fifteenth Annual Report
1998 - 99***



BOARD OF DIRECTORS

CHAIRMAN :

A. G. KATHAWALA

MANAGING DIRECTOR :

J. A. KATHAWALA

DIRECTORS :

D. J. KATHAWALA

H. S. KOHINA

M. M. JAIKAR

N. S. FADIA

P. K. GOPINATHAN (NOMINEE, DCB LTD.)

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 SERVICE 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 Fifteenth Annual General Meeting of the Members of **UNION QUALITY PLASTICS LIMITED** will be held on the 27th of August, 1999 at 4.30 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 and adopt the Director's Report and Audited Profit and Loss Account for the year ended on 31st March, 1999 and the Balance Sheet as at that date.
2. To declare a Dividend.
3. To appoint a Director in a place of Mr. M. M. Jaikar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. H. S. Kohina who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors who shall hold Office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

RESOLVED that the Net Loss of Rs. 930.38 Lacs as at the end of the Financial Year 1998-99 has resulted in the erosion of the entire networth of the Company and the Company be and is hereby considered as a Sick Industrial Company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985, and accordingly reference to be made to BIFR as per the provisions of of Section 15 (1) of the Sick Industrial Companies (Special Provision) Act, 1985.

7. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED that Mr. Naresh S. Fadia who vacates office as an Additional Director u/s 260 of the Companies Act, 1956 read with Article 120 of the Articles of Association of the Company at this meeting be and is hereby appointed as a Director of the Company.

By Order of the Board of Directors

For **UNION QUALITY PLASTICS LIMITED**

JUZER A. KATHAWALA

Managing Director

Registered Office :

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

Dated 20th June, 1999.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY FORM IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement relating to the Special Business under Item No. 6 & 7 as required under section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from 23rd August, 1999 to 27th August, 1999 (both days inclusive).
4. Shareholders desiring any information regarding the Account are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

The Company is a Sick Industrial Company within the meaning of Section 3 (O) of the Sick Industrial Companies (Special Provision Act, 1985,).

Perforce the Company has to refer the matter to the appropriate authorities after obtaining the approval from the General Body.

The Board recommends that the proposed resolution be passed.

Item No. 7

Mr. Naresh S. Fadia was appointed as an additional Director of the Company with effect from 7th September 1998 by the Board of Directors pursuant to the provisions contained in Article 120 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and Section 260 of the Companies Act, 1956, Mr. Naresh S. Fadia will hold office of Director only upto the ensuing Annual General Meeting. As required under Section 257 of the above Act, notice has been received from some members signifying their intention to propose him as candidate for the Office of the Director.

Mr. Naresh S. Fadia is an eminent Advocate and a Notary and his appointment on the Board will be of interest to the Company.

The Board recommends that the proposed resolution be passed.

By Order of the Board of Directors

For UNION QUALITY PLASTICS LIMITED

JUZER A. KATHAWALA

Managing Director

Registered Office :

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

DIRECTORS REPORT

To the Members of

UNION QUALITY PLASTICS LIMITED

Your Directors present the Fifteenth Annual Report with the Audited Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS :

	Year ended 31-3-1999 (Rupees)	Year ended 31-3-1998 (Rupees)
Profit/(Loss) before Tax	(6,42,91,094)	(2,81,87,396)
Less : Provision for Taxation	Nil	Nil
	(6,42,91,094)	(2,81,87,396)
Add : Profit/(Loss) brought forward	(2,87,46,824)	(1,24,05,755)
	<u>(9,30,37,918)</u>	<u>(4,05,93,151)</u>
Less : Transfer from Reserve	NIL	(1,18,46,325)
	<u>(9,30,37,918)</u>	<u>(2,87,46,824)</u>

APPROPRIATIONS :

Proposed Dividend (subject to deduction of tax at source)	Nil	Nil
General Reserve adjusted	Nil	Nil
Profit /(Loss) balance carried forward	(9,30,37,918)	(2,87,46,824)

2. DIVIDEND :

In view of the losses, the Directors regret their inability to declare any dividend for the year ended 31st March, 1999.

3. OPERATIONS :

Despite increase in Export Sales from Rs. 86 Lacs to Rs. 513 Lacs, due to underutilisation of capacity resulting in high cost of production, increased cost of borrowings and non realisation of debts to the extent of Rs. 139.73 Lacs have resulted in the loss of Rs. 642.91 Lacs.

The Company is a Sick Industrial Company within the meaning of Section 3 (O) of the Sick Industrial Companies (Special Provisions Act, 1985,).

Perforce the Company has to refer the matter to the appropriate authorities after obtaining the approval from the General Body.



4. Y 2 K COMPLAINEE :

The Company has completed the work on year 2000 (Y2K Compliance). After assessing the effect of Y2K date change on the computer system the Y2K team has identified all equipments and software programmes that were likely to be effected by the millenium bugs. All equipments and programmes have been made Y2K compliant.

DATA PROCESSING HARDWARE AND SOFTWARE OPERATING SYSTEMS :

All financial accounting and all other data processing such as Daily Invoicing, Debtors Outstanding, Fixed Deposits and other related Accounting Systems are operating on Y2K Compliant Systems. The Company has ensured that there would not be any material impact cause by the Y2K issue on the Financial Statement of the Company nor will it have any impact on the going concern status of the Company.

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. Jaikar retire by rotation at the forth coming Annual General Meeting of the Company and being eligible, offer themself for reappointment.

Mr. S. D. Khot, Director, has resigned as a Director of the Company with effect from March 31st 1998. The board wishes to place on record their appreciation for his services rendered to the Company during his tensure as a Director.

The Board inducted Mr. P. K. Gopinathan as a Nominee Director representing Development Credit Bank Ltd. effective 7th September 1998 in terms of Articles 117 of Association of the Company.

The Board inducted Mr. Naresh S. Fadia as an additional Director effective from 7th September 1998 in terms of Article 120 of the Articles of Association of the Company.

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 re-appointed. 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 is required to 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 and read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and form part of this report.

9. PARTICULARS OF EMPLOYEES :

Statement required u/s 217 (2A) of the Companies Act, 1956 for the period ended 31st March, 1999 and forming part of the Director's 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 preview and were in receipt of remuneration for that financial year in the aggregate was not less than Rs. 6,00,000/-.
- 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. 50,000/-.

10. ACKNOWLEDGEMENTS :

The Directors are grateful to all the members for the continued patience during the Company's recessionary phase and all employees at variuos 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

J. A. KATHAWALA

Managing Director

PLace : Mumbai

Date : 20th July, 1999.



ANNEXURE TO THE DIRECTOR'S REPORT :

ANNEXURE 'A'

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

I. CONSERVATION OF ENERGY :

A. Energy conservation measures taken :

The energy saving measures initiated by the Company continued to yield good results. The energy conservation is regularly monitored for utilisation of energy and recommended measures for energy saving are under implementation.

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

I) POWER & FUEL CONSUMPTION

	<u>1998-99</u>	<u>1997-98</u>
1. Electricity :		
a) Purchased (GEB)		
Units (in Thousand)	2099	1594
Total Cost (Rs. in Lacs)	83.99	58.88
Rate per unit (Rs.)	4.00	3.69
b) Own Generation :		
1) Through Diesel Generator		
I) Units (in Thousand)	166.20	22.04
Units/KL of Diesel	3.00	10.00
Cost/Unit (Rs. in Lacs)	12.61	9.60
II) CONSUMPTION PER UNIT PER PRODUCTION		
Consumption/Ton	1634	2445

II. TECHNOLOGY ABSORPTION :

C TECHNOLOGY ABSORPTION, ADAPTION 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 EARNING AND OUTGO :

D Activities, relating to exports, initiatives taken to increase exports, development of new export market 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 Far East, Europe and U.S.A. and earned valuable foreign exchange. The Company plans to continue efforts for further development of exports.

E Total Foreign Exchanged used and earned

	Rs. in Lacs
Foreign Exchange used	0.00
Foreign Exchange earned	513.02

AUDITORS REPORT

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

Report on the Accounts for the year ended on 31st March 1999 in the 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, 1999 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 explanation 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 the 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. 8 on contingent liabilities for the period Dec. 87 to Sep. 90.
- a) In the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 1999.
- b) In the case of the Profit and Loss Account of the Loss for the year ended on that date.
- 2) As explained to us the Stocks of Finished Goods, Stores, Spare Parts & Raw Materials have been physically verified by the Managements at the reasonable intervals.
- 3) As per information given to us, the procedure 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 nature of its business.
- 4) No material discrepancies have been noticed on physical verification of Stocks as compared to books records.
- 5) 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 and is on the same basis as in the preceding year.
- 6) The rate of interest and other terms and conditions of the Loans, Secured or Unsecured taken from the 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.
- 7) The Company has granted Loans, Secured or Unsecured to the Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that the Companies covered under Section 370 (1-B) of the Companies Act, 1956 are given interest free loans.
- 8) 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 in most of the cases, where applicable.
- 9) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate to size of the Company and the nature of its business for the purchase of Stores, Raw Materials including components, trading goods, construction materials, plants & machineries, Equipments and others asset and for the sale of goods.
- 10) According to the information and explanation given to us, purchase of goods and materials and sales of goods, materials and services made in pursuance of contracts or arrangement enter 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

As per our Report of even Date

For N. O. MEHTA & CO.
Chartered Accountants

Place : Mumbai

Signed by the hand of Partner

Date : 20-7-1999

N. O. MEHTA

ANNEXURE TO THE 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 our even date :

As required by the paragraphs 4 & 5 of the Manufacturing and other Companies (Auditors Report) order 1988 issued by the Central Government 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.



- 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.
- 11) 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.
 - 12) As explained to us that the Company has not accepted any deposits from the public except unsecured loans during the year and in opinion of the management there is no contravention to the provisions of the Section 58-A of the Companies Act, 1956.
 - 13) The Company has maintained reasonable records for the sale and disposal of realisable by products and scraps wherever applicable.
 - 14) The Company has an internal Audit system commensurate with its size and nature of its business.
 - 15) We are informed that the Central Government has not prescribed maintenance of costs records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.
 - 16) The Company is not regular in depositing Provident Fund dues with the appropriate authorities.
 - 17) As explained to us and subject to our comments vide notes, undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duties etc, were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
 - 18) 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.
 - 19) The Company is a sick industrial company within the meaning of section 3 (O) of the sick industrial companies (special provisions) Act, 1985.
 - 20) 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.
 - 21) In connection with the Company's Trading activities, we are informed that there are no damaged goods.

For **N. O. MEHTA & CO.**
Chartered Accountants
Signed by the hand of Partner

Place : Mumbai
Date : 20-7-99

N. O. MEHTA

UNION QUALITY PLASTICS LIMITED
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BALANCE SHEET AS ON 31ST MARCH , 1999.

PARTICULARS	SCHEDULE	AS ON	AS ON
		31-3-1999	31-3-1998
		Rs.	Rs.
I. SOURCE OF FUNDS :			
1. Shareholders Funds :			
a) Equity Share Capital	1	4,81,83,700	4,81,83,700
b) Reserves and Surplus	2	3,04,65,455	3,04,65,455
2. Loan Funds :			
a) Secured Loans	3	12,64,08,148	9,45,77,172
b) Unsecured Loans	4	97,76,771	1,42,57,313
Total Sources of Funds		<u>21,48,34,074</u>	<u>18,74,83,640</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
Gross Blocks		9,60,00,161	8,88,73,059
Less : Depreciation	5	<u>3,00,56,817</u>	<u>2,39,36,942</u>
NET BLOCK		6,59,43,344	6,49,36,117
Capital work-in-progress		0	32,90,622
2. Investments :	6	1,94,015	2,46,795
3. Current Assets, Loans and Advances :			
a) Inventories	7	1,95,60,289	4,06,53,888
b) Sundry Debtors	8	4,40,32,183	6,04,60,467
c) Cash and Bank Balance	9	65,81,881	50,28,869
d) Other Current Assets, Loans and Advances	10	1,86,64,817	2,20,31,383
		<u>8,88,39,170</u>	<u>12,81,74,607</u>
Less : Current Liabilities and Provision	11	<u>3,37,54,705</u>	<u>3,85,49,473</u>
Net Current Assets :		5,50,84,465	8,96,25,134
Miscellaneous Expenditure :	12	5,74,332	6,38,147
Profit & Loss Account		9,30,37,918	
Less : Transfer from General Reserve		<u>0</u>	
		9,30,37,918	2,87,46,825
Total Application of Funds		<u>21,48,34,074</u>	<u>18,74,83,640</u>

As per our Report of even Date

For and on behalf of the Board

For **N. O. MEHTA & CO.**
Chartered Accountants
 Auditors

Place : Mumbai

Signed by the hand of Partner

Place : Mumbai

A. G. KATHAWALA

J. A. KATHAWALA

Date : 20-7-1999

N. O. MEHTA

Date : 20-7-1999

Chairman

Mg. Director

UNION QUALITY PLASTICS LIMITED
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PARTICULARS	ANNEXURE	AS ON	AS ON
		31-3-1999	31-3-1998
		Rs.	Rs.
I. INCOME			
SALES	1	12,31,26,776	12,81,20,573
Miscellaneous & Other Income	2	10,89,138	21,63,237
TOTAL		12,42,15,914	13,02,83,810
II. EXPENDITURE :			
Consumption of Material & Inventory Adjustments	3	10,57,57,186	10,61,77,514
Manufacturing Expenses	4	2,67,07,358	1,97,76,551
Employees Remuneration & Benefits	5	10,98,976	10,28,293
Administrative & Selling Expenses	6	25,5,79,284	70,80,007
Loss on Revaluation of Investments		45,900	14,475
Interest		2,31,98,429	18,9,06,472
Depreciation		61,19,875	
Less : Transferred to Revaluation Reserve		<u>0</u>	
		61,19,875	54,87,894
		18,85,07,008	15,84,71,206
Profit of the year		-6,42,91,094	-2,81,87,396
Provision for Taxation		0	0
PROFIT AFTER TAXATION		-6,42,91,094	-2,81,87,396
Add : Profit & Loss a/c b/f			
PROFIT AVAILABLE FOR APPROPRIATION		-6,42,91,094	-2,81,87,396
Appropriation			
Less : Proposed dividend - subject to deduction of tax at source			
transfer to general reserve			
PROFIT AND LOSS A/C BALANCE		-6,42,91,094	-2,81,87,396

As per our Report of even Date

For and on behalf of the Board

For **N. O. MEHTA & CO.**
Chartered Accountants
Auditors

Place : Mumbai

Signed by the hand of Partner

Place : Mumbai

A. G. KATHAWALA

J. A. KATHAWALA

Date : 20-7-1999

N. O. MEHTA

Date : 20-7-1999

Chairman

Mg. Director



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31-3-1999.

SCHEDULE NO. 1 : SHARE CAPITAL

	AS ON		AS ON	
	Rs.	31-3-1999	Rs.	31-3-1998
I Authorised Shares Capital				
70,00,000 Equity Share of Rs. 10/- each TOTAL Rs.		<u>7,00,00,000</u>		<u>7,00,00,000</u>
II Issued Subscribed & Paid up Capital				
48,35,000 Equity Shares of Rs. 10/- each	4,83,50,000		4,83,50,000	
Fully paid up				
Less : Calls in Arrears	<u>1,66,300</u>		<u>1,66,300</u>	
		<u>4,81,83,700</u>		<u>4,81,83,700</u>
TOTAL Rs.		<u><u>4,81,83,700</u></u>		<u><u>4,81,83,700</u></u>

SCHEDULE NO. 2 : RESERVE & SURPLUS

1 Cash Subsidy :		10,38,426		10,38,426
2 Investment Allowance reserve :		11,52,981		11,52,981
3 Revaluation Reserve :				
As per last Balance Sheet	0		84,652	
Less : Capitalised for Issued of Bonus Shares				
Less : Transferred from Profit & Loss Account	<u>0</u>	<u>0</u>	<u>84,652</u>	<u>0</u>
4 General Reserve :				
As per last Balance Sheet	0		1,18,46,326	
Less : Transfer to Profit & Loss Account	<u>0</u>	<u>0</u>	<u>1,18,46,326</u>	<u>0</u>
5 Equity Share Premium	2,84,40,348		2,84,40,348	
Less : Calls in arrear	<u>1,66,300</u>		<u>1,66,300</u>	
Less : Transfer during the year		<u>2,82,74,048</u>		<u>2,82,74,048</u>
TOTAL Rs.		<u><u>3,04,65,455</u></u>		<u><u>3,04,65,455</u></u>

SCHEDULE NO. 3 : SECURED LOAN

1 Development Credit Bank Ltd. (Secured against equitable mortgage of Plant and Machinery)		0		45,549
2 Development Credit Bank Ltd. (Cash Credit against Hypothecation of Stock)		1,94,46,909		3,18,20,657
3 Development Credit Bank Ltd. (Bills Discounting)		72,94,071		1,00,42,229
4 Development Credit Bank Ltd. (Term Loan A/c.) (Secured against equitable mortgage of Land & Building)		1,78,65,000		4,29,30,166



SCHEDULE NO. 3 : (Contd.)

	AS ON 31-3-1999 Rs.	AS ON 31-3-1998 Rs.
5 Development Credit Bank Ltd. (Bills Discounting under L/C.)	7,30,301	0
6 Development Credit Bank Ltd. (Letter of Credit)	1,12,98,000	81,74,743
7 Development Credit Bank Ltd. (Packing Credit)	97,73,867	14,30,000
8 Hooseini Credit Co-operative Society Ltd. (Secured against Equity Shares)	0	1,33,828
9 Developement Credit Bank Ltd. (Bridge Loan Account)	6,00,00,000	0
TOTAL Rs.	12,64,08,148	9,45,77,172

SCHEDULE NO. 4 : UNSECURED LOANS

1 From Directors, Share Holders	24,53,246	23,81,246
2 Others	73,23,525	1,18,76,067
TOTAL Rs.	97,76,771	1,42,57,313

SCHEDULE NO. 5 : FIXED ASSETS

SR. NO.	NAME OF ASSETS	COST			DEPRECIATION			WRITTEN DOWN VALUE	
		AS ON 01-04-98	ADDITIONS DURING THE YEAR	AS ON 31-03-99	AS ON 31-03-98	FOR THE YEAR	AS ON 31-03-99	AS ON 31-03-99	AS ON 31-03-98
1	LEASE HOLD LAND	2,55,43,570	0.00	2,55,43,570	34,19,159	7,73,129	41,92,288	2,13,51,282	22,1,24,411
2	PLANT & MACH.	6,23,74,939	71,27,102	6,95,02,041	1,98,73,051	52,43,013	2,51,16,064	4,43,85,976	4,25,01,887
3	VEHICLES	8,69,671	0.00	8,69,671	6,21,493	98,360	7,19,853	1,49,818	2,48,178
4	FURNITURE & FIX	84,880	0.00	84,880	23,239	5,373	28,612	56,268	61,641
TOTAL Rs.		8,88,73,060	71,27,102	9,60,00,162	2,39,36,942	61,19,875	3,00,56,817	6,59,43,344	64,93,61,117
PREVIOUS YEAR		8,86,88,356	1,84,704	8,88,73,059	1,83,64,396	55,72,546	2,39,36,942	6,82,26,739	7,22,30,164
WORK IN PROGRESS :								0	32,90,622
TOTAL :								6,59,43,344	68,2,26,739



	AS ON 31-3-1999 Rs.	AS ON 31-3-1998 Rs.
SCHEDULE NO. 6 : INVESTMENTS		
1 Development Credit Bank Ltd. 1200 Shares of Rs. 10/- each paid unquoted	18,000	18,000
2 Hooseini Co-op. Credit Society Ltd. 85 Shares of Rs. 25/- each paid unquoted	2,125	2,125
3 Bombay Mercantile Co-op. Bank Ltd. 142 Shares of Rs. 30/- each fully paid	4,260	4,260
4 Essar Shipping Ltd. Equity Shares 10200 fully paid up (Market value as at 31-3-1999 : Rs. 6.50/-each)	2,48,120	2,55,000
5 Essar Shipping Ltd. N.C.D. 2150 fully paid up	1,07,500	1,07,500
6 Adamji Kaderbhoy Pvt. Ltd. 20 Shares of Rs. 100/- each unquoted Less : Provision for revaluation of Investment	2,710 -1,88,700	2,710 -1,42,800
TOTAL Rs.	<u><u>1,94,015</u></u>	<u><u>2,46,795</u></u>
SCHEDULE NO. 7 :		
(As valued and certified by the Management at cost or market price whichever is lower)		
1 Raw Materials	13,53,266	20,19,975
2 Work-in-Progress	33,86,268	44,89,365
3 Finished Goods	1,45,24,068	3,38,78,369
4 Consumable Stores	2,96,687	2,66,179
TOTAL Rs.	<u><u>1,95,60,289</u></u>	<u><u>4,06,53,888</u></u>
SCHEDULE NO. 8 : SUNDRY DEBTORS		
(Unsecured considered good)		
Debtors outstanding		
1 Less than Six Months	1,94,89,420	2,44,70,695
2 More than Six Months	2,45,42,763	3,59,89,772
TOTAL Rs.	<u><u>4,40,32,183</u></u>	<u><u>6,04,60,467</u></u>
SCHEDULE NO. 9 : CASH AND BANK BALANCE		
1 Cash on Hand	7,16,492	7,04,534
2 With Scheduled Banks in Current Account	76,340	28,633
3 With Non Scheduled Banks	0	535
4 Margin Money against L/C & Guarantees	57,89,049	42,95,167
TOTAL Rs.	<u><u>65,81,881</u></u>	<u><u>50,28,869</u></u>

UNION QUALITY PLASTICS LIMITED
Fifteenth Annual Report



	AS ON 31-3-1999 Rs.	AS ON 31-3-1998 Rs.
SCHEDULE NO. 10 : OTHER CURRENT ASSETS		
LOANS & ADVANCES		
1 Advance against Order	6,87,148	40,38,890
2 Loans and Advances to Staff	1,57,098	33,748
3 Income Tax Refund A.Y. 1996-97	2,20,497	2,20,497
A.Y. 1997-98	2,08,231	2,08,231
A.Y. 1998-99	1,92,161	1,92,161
A.Y. 1999-2000	<u>1,86,383</u>	<u>0</u>
4 Other Advances and Loan/Deposits	1,48,69,663	1,55,69,043
5 Exports benefits	21,43,636	2,24,695
6 Project Development Expenses Pending adjustment	0	15,44,118
TOTAL Rs.	<u><u>1,86,64,817</u></u>	<u><u>2,20,31,383</u></u>
SCHEDULE NO. 11 : CURRENT LIABILITIES & PROVISION		
1 Sundry Creditors	2,66,75,400	2,02,16,129
2 Outstanding Expenses	66,07,413	48,82,613
3 Advance Received	4,71,892	24,50,731
4 Share Application money (Note II)	0	1,10,00,000
TOTAL Rs.	<u><u>3,37,54,705</u></u>	<u><u>3,85,49,473</u></u>
SCHEDULE NO. 12 : MISCELLANEOUS EXPENDITURE		
1 Preliminary Expenses	6,38,147	7,09,052
Less/Written off During the year	63,815	70,905
	<u><u>5,74,332</u></u>	<u><u>6,38,147</u></u>

As per our Report of even Date

For and on behalf of the Board

For **N. O. MEHTA & CO.**
Chartered Accountants
Auditors

Place : Mumbai Signed by the hand of Partner
Date : 20-7-1999 **N. O. MEHTA**

Place : Mumbai
Date : 20-7-1999

A. G. KATHAWALA **J. A. KATHAWALA**
Chairman *Mg. Director*



ANNEXURES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31-3-99

ANNEXURE 1: SALES

		AS ON 31-3-1999 Rs.	AS ON 31-3-1998 Rs.
Local	6,23,86,115		11,32,21,993
Less : Excise Duty	<u>1,29,16,265</u>		<u>2,45,37,830</u>
	4,94,69,850		88,684,163
Add : Modavat Benefit availed	<u>1,30,36,995</u>	6,25,06,845	<u>2,23,94,173</u>
			11,10,78,336
Export	5,17,29,294		98,71,335
Add : Duty drawback provided	9,00,663		7,13,319
Add : Import Licence Benefit	<u>79,89,974</u>	<u>6,06,19,931</u>	<u>64,57,583</u>
	TOTAL Rs.	<u>12,31,26,776</u>	<u>12,81,20,573</u>

ANNEXURE 2 : MISCELLANEOUS & OTHER INCOME

Compensation		96,000	24,000
Interest		9,58,500	12,21,730
Dividend		21,450	10,400
Exchange Gain		13,188	0
Creditors Written off		0	9,07,107
	TOTAL Rs.	<u>10,89,138</u>	<u>21,63,237</u>

ANNEXURE 3 : CONSUMPTION OF MATERIAL & INVENTORY ADJUSTMENTS

<u>Opening Stock</u>			
Raw Materials	20,19,975		19,67,576
Work-in-Progress	44,89,365		12,08,785
Finished Goods	3,38,78,369		4,97,70,622
Consumable Stores	<u>2,66,179</u>		<u>1,51,162</u>
		4,06,53,888	53,09,8145
<u>Add : Purchases</u>			
Raw Materials	8,45,10,058		9,27,70,031
Finished Goods	<u>1,53,529</u>		<u>9,63,226</u>
		8,46,63,587	9,37,33,257
<u>Less : Closing Stock (As valued and Certified by Management)</u>			
Raw Materials	13,53,266		20,19,975
Work-in-Progress	33,86,268		44,89,365
Finished Goods	1,45,24,068		3,38,78,369
Consumables Stores	<u>2,96,687</u>		<u>2,66,179</u>
		<u>1,95,60,289</u>	<u>4,06,53,888</u>
		<u>10,57,57,186</u>	<u>1,061,77,514</u>

ANNEXURE 4 : MANUFACTURING EXPENSES

Wages and Benefits		1,07,79,601	92,29,075
Consumption of Stores		24,81,354	16,06,259
Coolie & Cartage		95,713	1,27,547
Freight		3,64,182	8,20,334
Labour Charges		32,96,547	15,03,571
Power & Fuel		90,97,672	59,95,810
Repairs & Maintenance		5,84,714	4,83,093
Water Charges		7,575	10,862
	TOTAL Rs.	<u>2,67,07,358</u>	<u>1,97,76,551</u>



ANNEXURES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS A/C FOR THE YEAR ENDED 31-3-99

ANNEXURE 5: EMPLOYEES REMUNERATION AND BENEFITS

	AS ON 31-3-1999 Rs.	AS ON 31-3-1998 Rs.
Salaries	7,45,957	7,17,074
Staff Welfare Expenses	2,33,019	1,91,219
Directors' Remuneration	1,20,000	1,20,000
TOTAL Rs.	<u>10,98,976</u>	<u>10,28,293</u>

ANNEXURE 6 : ADMINISTRATIVE & SELLING EXPENSES

Export Freight/Octroi & Clearing	37,24,806	25,39,746
Advertisement & Publicity	5,000	12,590
Auditors' Remuneration	38,850	37,000
Bank Charges	16,57,571	10,98,298
Brokerage/Commission & Discount	6,70,624	6,68,553
Donation	3,000	4,632
Sales Tax Mumbai	33145	0
Hire Charges	1,68,600	7,200
Insurance	30,04,25	457,996
Membership & Subscription	1,26,480	1,01,848
Office Rent	1,44,000	1,44,000
Postage/Telegram & Telephone	8,79,998	5,60,992
Preliminary Expenses written off	63,815	70,905
Printing & Stationery	2,10,565	1,42,882
Professional Fees	2,73,224	1,20,284
Inspection Charges	174,330	0
Presentation	14,091	0
Rates & Taxes	68,117	1,03,586
Sales Promotion Expenses	3,15,241	66,816
Security Expenses	2,82,081	1,72,105
Service Charges	1,46,084	94,428
Sundry Expenses	1,090	81,462
Travelling & Conveyance Expenses	41,2,273	3,99,400
Vehicle Expense	1,72,829	1,51,588
Export Documentation Expenses	42,955	0
Exchange Loss	3,30,165	3,113
Sundry Debtors Written Off	1,39,72,937	18,083
Retainership Fees	22,500	2,2,500
Advance Written Off	8,87,389	0
GEB Receivable Written Off	4,37,099	0
TOTAL Rs.	<u>2,55,79,284</u>	<u>70,80,007</u>

As per our Report of even Date

For and on behalf of the Board

For **N. O. MEHTA & CO.**
Chartered Accountants
 Auditors

Place : Mumbai

Signed by the hand of Partner

Place : Mumbai

A. G. KATHAWALA

J. A. KATHAWALA

Date : 20-7-1999

N. O. MEHTA

Date : 20-7-1999

Chairman

Mg. Director

NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31-03-1999.

1. Previous years figures are regrouped wherever necessary for comparison.
2. Remuneration has been paid to the Managing Director as per Schedule XIII of Companies Act, 1956 as under :
Managing Directors Remuneration :

	<u>1998-99</u>	<u>1997-98</u>
Salary	1,05,600	1,07,000
Contribution to Provident Fund	14,400	13,000
Total	<u><u>1,20,000</u></u>	<u><u>1,20,000</u></u>
3. Auditors Remuneration :

	<u>1998-99</u>	<u>1997-98</u>
Audit Fees	20,000	20,000
Professional Fees	22,150	22,150
Tax Audit Fees	17,000	17,000
Certification Fees	3,000	3,000
Total	<u><u>62,150</u></u>	<u><u>62,150</u></u>
4. Regarding non-provision of gratuity liability (unascertained) and other retirement benefits and claims of staff and labour (unascertained).
5. The Plant and Machinery and other Fixed Assets are insured.
6. 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.
7. The Company has filed a suit in 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. We are given to understand that company has obtained a Decree.
8. The Contingent Liabilities :
 - 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) The Company has pending appeals regarding demand for A.Y. 96-97 of rs. 7,68,285/- and A.Y. 97-98 of Rs. 14,900/- before Commissioner of Income Tax (Appeals).
 - c) Bills discounted with the banks amount to Rs. 72,94,071/- (previous year rs. 1,00,42,227/-).
 - d) Bank Guarantee with Custom Authorities Rs. 99,75,544/-.
9. The stock of Finish Goods, Stores, Raw Materials, Tools etc. are valued and certified by the Management at cost or Market Price whichever is lower.
10. 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 31-3-1999		AS ON 31-3-1998	
	Quantity in Tons	Value in Lacs	Quantity in Tons	Value in Lacs
A) RAW MATERIAL CONSUMED				
HDPE/LDPE/LLDPE & OTHER	1786.601	715.34	1767.093	1061.78
B) Value of Raw Material Consumed	<u>Rs. in Lacs</u>	<u>%</u>	<u>Rs. in Lacs</u>	<u>%</u>
Imported	88.65	29.27	310.74	29.27
Indigenous	626.69	70.73	751.04	70.73
	<u><u>715.34</u></u>	<u><u>100.00</u></u>	<u><u>1061.78</u></u>	<u><u>100.00</u></u>
C) Value of Imports on CIF Basis	<u>Rs. in Lacs</u>		<u>Rs. in Lacs</u>	
Raw Material	88.65		310.74	
Capital Goods	0.00		0.00	



QUANTITATIVE INFORMATION IN RESPECT OF : Contd.

D)	Expenditure in Foreign Currency	<u>Rs. in Lacs</u>		<u>Rs. in Lacs</u>	
	Traveling	0.00		0.00	
	Raw Material Purchase	0.00		11.36	
E)	Earnings in Foreign Exchange (FOB)				
	On account of Export of Goods	513.02		66.19	
		AS ON 31-3-1999		AS ON 31-3-1998	
F)	Sales	Quantity	Value	Quantity	Value
		in Tons	in Lacs	in Tons	in Lacs
	HDPE Woven Fabrics/Bags/Tarpaulins	1582.611	1231.27	1704.060	1281.21
G)	Stores, Spares Consumed				
	Imported		NIL		NIL
	Indigenous		24.81		16.06
H)	Capacity	<u>Tons</u>		<u>Tons</u>	
	Licenced		N.A.		N.A.
	Installed		3300		3300
	Production		1386.034		1393.336
I)	Stock of Finish Goods	<u>Tons</u>	<u>Rs. in Lacs</u>	<u>Tons</u>	<u>Rs. in Lacs</u>
	Opening Stock	390.567	338.78	701.291	497.71
	Closing Stock	193.990	145.24	390.567	338.78

11. The Company had moved a special resolution at their Annual General Meeting held on 5th Sept, 1998, seeking the approval of the shareholders for the issue of 1,10,000 Equity Shares of Rs. 10/- each at par in lieu of short term loan of like amount which the Company had availed of from its associates. Since the Shares were not issued, the Company has decided to retain the original liability of Rs. 110 Lacs.
12. Development Credit Bank Ltd. the Company's Bankers, had applied to Reserve Bank of India for a Foreign Currency Loan of US \$ 1.5 Million on behalf of the Company and obtained their sanction vide Reserve Bank of India's letter dtd. 31-03-99. Pending receipt of the Foreign Currency Loan, the Company had authorised the Bank to treat Rs. 600 Lacs as Bridge Loan and the necessary resolution to that effect was issued on 31st March 1999.
13. Balances of Sundry Debtors, Sundry Creditors & Loans & Advances are subject to confirmation and consequent reconciliation and adjustments, if any.
14. In terms of notification GSR (129E) dtd. 22-02-99 issued by the department of the Company affairs, the Company is required to furnish the details of outstandings to SSI Undertaking under the head "Current Liabilities & Provisions" of amount more than One Lakh and for the period of more than 30 days. The Company has requested to vendors to furnish requisite information alongwith their SSI registration number. However no feed back have been received from vendors till date of signing of Balance Sheet, therefore the Company is unable to furnish the particulars.
15. GEB Electricity Duty claim being irrecoverable has been written off during the year.



SIGNIFICANT ACCOUNTING POLICIES OF THE COMPANY ARE :

- A) Accounting Convention:**
 The Financial Statement are prepared primarily on the Historical cost convention and on accrual basis, in accordance with applicable accounting standards.
- B) Valuation of Fixed Assets :**
- 1) 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.
 - 2) 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 and now revaluation reserve stand at Rs. Nil as at 31-03-98.
- C) Depreciation :**
 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.
- D) Valuation of Investments :**
 Investments are valued at cost less diminution in value in case of Quoted Stocks by making a provision.
- 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.
- E) Modvat Credit :**
 Modvat credit is accounted by adjustment against purchase cost of materials on clearance of the finished goods and accounted for "Net of Purchases".
- G) Custom Duty :**
 Custom 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 :**
 Transaction in Foreign Currency in respect of Sales (Exports) and Purchases (Raw Materials) are accounted on the basis of actual exchange rates transacted. Gain / Losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss in the period in which they arise.
- I) Export Benefit on Advance Licence :**
 Export benefit representing custom duty free entitlement against export made on advance licence under duty exemption scheme of The Government of India is Accounted for on accrual basis subject to utilisation of Export Benefits on fulfillment of export obligation upto the date of signing the Balance Sheet.
- Drawback Duty :** Drawback is accounted on cash basis since the brand rates has not been fixed by the government.
- J) Sales :**
 Sales includes excise duty, Sales during trail run and is net of Sales 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) Encashment of Leave and 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

For **N. O. MEHTA & CO.**
Chartered Accountants
 Auditors

Place : Mumbai
 Date : 20-7-1999

Signed by the hand of Partner
N. O. MEHTA

Place : Mumbai
 Date : 20-7-1999

A. G. KATHAWALA
Chairman

J. A. KATHAWALA
Mg. Director



CASH FLOW STATEMENT FORMAT AS PER CLAUSE 32 OF THE LISTING AGREEMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-1999.

A. CASH FLOW FROM OPERATION ACTIVITIES :		
Net Profit before tax and extraordinary items	-6,42,91,094	
Adjustment for :		
Depreciation	61,19,875	
Misc. & other income	- 10,9,188	
Interest /Dividend received	- 9,79,950	
Operating Profit before working capital changes	-5,92,60,357	
Adjustment for :		
Trade & other receivables	1,64,28,284	
Inventories	2,10,93,599	
Trade payables	- 47,94,768	
Other Current Assets	33,66,566	
Cash Flow before extraordinary items	-2,31,66,676	
Extraordinary items/mis. & other income	<u>1,09,188</u>	-2,30,57,488
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	- 38,36,480	
Purchase of Investments	52,780	
Interest/Dividend received	<u>9,79,950</u>	
Net Cash used in Investing Activities		- 28,03,750
C CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issue of Share Capital	0	
Proceeds from unsecured loans	- 44,80,542	
Proceeds from secured loan	3,18,30,976	
Preliminary Expenses	63,815	
Net cash used in Financing Activities		2,74,14,249
Net Increase/Decrease in Cash and Cash equivalents		15,53,012
Cash and Cash Equivalents as on 01-04-1998 (Opening Balance)		50,28,869
Cash and Cash Equivalents as on 31-03-1999 (Closing Balance)		65,81,881

As per our Report of even Date

For and on behalf of the Board

For **N. O. MEHTA & CO.**
Chartered Accountants
 Auditors

Place : Mumbai

Signed by the hand of Partner

Place : Mumbai

A. G. KATHAWALA

J. A. KATHAWALA

Date : 20-7-1999

N. O. MEHTA

Date : 20-7-1999

Chairman

Mg. Director

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of M/s. UNION QUALITY PLASTICS LTD. for the year ended 31st March, 1999. The Statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year ended 31st March, 1999. and as at 31st March, 1999.

For **N. O. MEHTA & CO.**

N. O. MEHTA

PARTNER

Mumbai, July 20th 1999.

