

## P. SPECIAL RANGE-47

## STATEMENT OF ASSESSABLE INCOME

ACCOUNTING YEAR : 31-3-2004

A.Y. 2004-2005

NET PROFIT FOR YEAR ENDED 31-3-2004 AS PER  
ATTACHED AUDITED ACCOUNTS

-15195127

## ADD: ITEMS INADMISSIBLE

(A) DEPRECIATION AS PER SCHEDULE XIV OF COMPANIES ACT	5951431	
(B) U/S 145 A		
i) DIFFERENCE IN VALUATION OF INVENTORIES AS AT 31.03.2003 U/S 145A.		
VALUATION AFTER ADJUSTMENTS U/S 145A	12549402	
LESS : VALUATION AS PER ACCOUNTS	15099188	
		-2549786
ii) INCREASE IN SALES		
SALES TAX	0	
EXCISE DUTY INCURRED ON SALES	4209461	
		4299461
(C) U/S 43 B		
PROVIDENT FUND	725000	
PROFESSION TAX	7320	
BONUS	0	
		732320
(D) EMPLOYEE'S CONTRIBUTION TO PROVIDENT FUND U/S 2(24)(x)		218399
		8651825
		-5543302
LESS : ALLOWABLES		
A. DEPRECIATION UNDER INCOME TAX ACT	3013109	
B. U/S 145 A		
INCREASE IN PURCHASES DUE TO EXCISE DUTY PAID ON PURCHASE OF RAW MATERIAL	9384385	
C. i. EXCISE DUTY PAID ON INPUTS IN STOCK AS ON 31.03.2003	654503	
ii. EXCISE DUTY PAID ON CLOSING STOCK OF FINISHED GOODS CLEARED FROM BONDED WAREHOUSE DURING 01.04.2002 TO 31.3.2003	1956319	
D. U/S. 43B		
BONUS	0	15008316
		-21551618
GROSS TOTAL INCOME		
LESS:- DEDUCTION U/S. 80HHIC AS PER ATTACHED ANNEXURE A TAKEN AS NIL, DUE TO NEGATIVE PROFIT		
NET ASSESSABLE INCOME		-21551618
ROUNDED OFF TO		-21551620
TAX PAYABLE		NIL
TAX DEDUCTED AT SOURCE (STATEMENT ATTACHED)		3728
REFUND DUE U/S 244 A		3728

\* 3728

## UNION QUALITY PLASTICS LIMITED

STATEMENT OF LOSS CARRIED FORWARD  
ASSESSMENT YEAR 2004-2005

ASSESSMENT YEAR	NATURE OF LOSS ALLOWANCE	AMOUNT	AMOUNT ADJUSTED	AMOUNT CARRIED FORWARD
1997-1998	BUSINESS	5474236	NIL	5474236
	DEPRECIATION	10268024	NIL	10268024
1998-1999	BUSINESS	21474204	NIL	21474204
	DEPRECIATION	7919017	NIL	7919017
1999-2000	BUSINESS	57923950	NIL	57923950
	DEPRECIATION	7897372	NIL	7897372
2000-2001	BUSINESS	31293646	NIL	31293646
	DEPRECIATION	6193274	NIL	6193274
2001-2002	BUSINESS	20325401	NIL	20325401
	DEPRECIATION	4661955	NIL	4661955
2002-2003	BUSINESS	10110015	NIL	10110015
	DEPRECIATION	3838085	NIL	3838085
2003-2004	BUSINESS	10604224	NIL	10604224
	DEPRECIATION	2988189	NIL	2988189
2004-2005	BUSINESS	18538509	NIL	18538509
	DEPRECIATION	3013109	NIL	3013109
			TOTAL	222712116

ANNEXURE A  
[See paragraph 2(a) of Form No.10CCAC]  
Details relating to the claim by the exporter for deduction  
under section 80HHC of the Income-tax Act, 1961

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1. Name of the assessee	UNION QUALITY PLASTICS LTD.
2. Assessment year	2004-2005
3. Total turnover of the business	69847629
Total export turnover	38575230
Total profits of the business	-15195127
6. Export turnover in respect of trading goods	NIL
7. Direct cost of trading goods exported	N.A.
8. Indirect cost attributable to trading goods Exported	N.A.
9. Total of 7 + 8	NIL
10. Profits from export of trading goods [6 minus 9]	NIL
11. Adjusted total turnover (3 minus 6)	69847629
12. Adjusted export turnover (4 minus 6)	38575230
13. Adjusted profits of the business	
14. Profits derived by assessee from export of goods or merchandise to which section 80HHC applies, computed under sub-section (3) of section 80HHC	1717156
15. Export turnover, deduction in respect of which will be claimed by a supporting manufacturer in accordance with proviso to sub-section (1) of section 80HHC	NIL
16. Profit from the export turnover mentioned in item 15 above, calculated in accordance with proviso to sub-section (1) of section 80HHC	NIL
17. Deduction under section 80HHC to which the assessee is entitled (Item 14 minus Item 16)	1717156
18. Remarks, if any	AS PER WORKING GIVEN BELOW

PLACE : MUMBAI

DATED : 29-08-04



N.O. MEHTA & CO.  
CHARTERED ACCOUNTANTS  
SIGNED BY THE HAND OF  
PARTNER N.O. MEHTA  
MEMBERSHIP NO. 7583

FORM NO.10CCAC  
[See rule 18BBA(3)]

Report under section -80HHC(4)/80HHC(4A) of the Income Tax Act,1961

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1. We have examined the accounts and records of M/s. Union Quality Plastics Ltd.,  
379/381, Narsi Natha Street, AGH Chambers, 5th Floor, Mumbai 400009., AAACU3472D

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JT.CIT.SPL.RANGE-47

relating to the business of export out of India/sale Of goods and merchandise carried  
on by the assessee during the year ended on 31st March, 2004

2. We certify that the deduction to be claimed by the assessee under sub-section(1)  
of section 80HHC of the Income-tax Act, 1961, in respect of the assessment year 2004-2005  
is Rs. NIL which has been determined on the basis of the sale proceeds received by  
the assessee in convertible foreign exchange. The said amount has been worked out on  
the basis of the details in Annexure A to this Form.

3. We, therefore, certify that the total deduction to be claimed by the assessee under  
section 80HHC in respect of the assessment year 2004-2005 is NIL

N.O.MEHTA & CO.  
CHARTERED ACCOUNTANTS  
SIGNED BY THE HAND OF  
PARTNER N.O.MEHTA  
MEMBERSHIP NO. 7583

PLACE: MUMBAI

DATE : 30-6-2004

NOTE :- 1

ADJUSTED TOTAL TURNOVER

LOCAL SALES	31272399
EXPORT SALES	38575230
<hr/>	
TOTAL TURNOVER	69847629
<hr/>	
LESS :- FREIGHT ON EXPORT	2772475
EXPORT INCENTIVES	4789831
<hr/>	
ADJUSTED TOTAL TURNOVER	62285323
<hr/>	

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NOTE :- 2

ADJUSTED EXPORT TURNOVER

EXPORT SALES	38575230
LESS: EXPORT INCENTIVES	4789831
LESS : FREIGHT	2772475
<hr/>	
ADJUSTED EXPORT TURNOVER	31012924
<hr/>	

NOTE :- 3

COMPUTATION OF THE PROFIT OF BUSINESS UNDER THE HEAD PROFITS AND GAINS OF BUSINESS OR PROFESSION :

NET PROFIT FOR THE YEAR AS PER PROFIT & LOSS A/C		-15195127
ADD : DISALLOWABLES		
<hr/>		
(A) DEPRECIATION UNDER COMPANIES ACT		5951431
(B) U/S 145 A		
i) DIFFERENCE IN VALUATION OF INVENTORIES		
AS AT 31.03.2003 U/S 145A.		
VALUATION AFTER ADJUSTMENTS U/S 145A	12549402	
VALUATION AS PER ACCOUNTS	15099188	
	<hr/>	-2549786
ii) INCREASE IN SALES		
<hr/>		
SALES TAX	0	
EXCISE DUTY INCURRED		
ON SALES	4299461	
	<hr/>	4299461
(C) U/S 43 B		
PROVIDENT FUND	725000	
PROFESSION TAX	7320	
BONUS	0	732320
	<hr/>	
(D) EMPLOYEE'S CONTRIBUTION TO PROVIDENT FUND		
U/S 2(24)(x)		218399
		<hr/>
		-6543302
<hr/>		
LESS : ALLOWABLES		
<hr/>		
A. DEPRECIATION UNDER INCOME TAX ACT	3013100	
B. U/S 145 A		
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INCREASE IN PURCHASES DUE TO EXCISE	9384385	
DUTY PAID ON PURCHASE OF RAW MATERIAL		
C. i. EXCISE DUTY PAID ON INPUTS IN STOCK		
AS ON 31.03.2003	654533	
ii. EXCISE DUTY PAID ON CLOSING STOCK OF		
FINISHED GOODS CLEARED FROM BONDED		
WAREHOUSE DURING 01.04.2002 TO 31.3.2003	1956919	
D. U/S. 43B		
<hr/>		
BONUS	0	
	<hr/>	15008316
		<hr/>
		-21551618
		<hr/>

NOTE :- 4 PROFIT OF BUSINESS = TOTAL PROFIT LESS 90 % OF EXPORT INCENTIVES  
 -----  
 = -21551679 - 90% OF 4789831  
 = -21551618 - 4310848  
 -25862466

NOTE :- 5 PROFIT DERIVED FROM EXPORT OF GOODS MANUFACTURED  
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ADJUSTED PROFIT OF BUSINESS	X	ADJ. EXPORT TURNOVER
		-----
		ADJ. TOTAL TURNOVER
		-----
-25862466	X	31012924
		-----
		62285323
		-----
= -12877362		

SINCE IT IS A NEGATIVE FIGURE IT IS TO BE IGNORED AS PER THE TRIBUNAL DECISION TAKEN IN A.M. MOOSA V. ASST. CIT. (1996) 86 TAXMAN 161 (MANG.) / 54 TTJ (COCH.) 193.

NOTE :- 6 DEDUCTION U/S 80HHC  
 -----

80 % of PROFIT DERIVED FROM +	ADJUSTED EXPORT TURNOVER	X	90 % OF EXPORT
EXPORT of GOODS MANUFACTURED	-----		INCENTIVE
	ADJUSTED TOTAL TURNOVER		
	-----		
= 0	31012924 X 4310848		
	-----		
	62285323		
= 0 + 2146445			
= 80 % OF 2146445			
= - 1717156			

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FORM NO. 3CD  
[See rule 6G(2)]

Statement of particulars required to be furnished under section  
44AB of the Income-tax Act, 1961

PART - A

1. Name of the assessee: **Union Quality Plastics Ltd.**
2. Address: **379 / 381, Narsi Natha Street, A.G.H. Chambers, 5<sup>th</sup>. Floor, Mumbai-8**
3. Permanent Account No.: **AAACU3472D**
4. Status: **Corporate Body**
5. Previous year ended: **31-03-2004**
6. Assessment year: **2004-2005**

PART - B

7. (a) If firm or Association of Persons, indicate names of partners/members and their profit sharing ratios. **Not Applicable**  
(b) If there is any change in the partners/ members or their profit sharing ratios, the particulars of such change.
8. (a) Nature of business or profession: **Manufacturing HDPE**  
(b) If there is any change in the nature of business or profession the particulars of such change. **Bags and Tarpaulins.**
9. (a) Whether books of account are prescribed under Section 44AA? If yes, list of books so prescribed: **No**  
(b) Books of accounts maintained: **Cash Book, Bank Book, Ledger, Journal Proper, Purchase and Sales Register, Carbon Copies Of Sales Bill and Stock Register.**  

(In case books of account are maintained in a computer system, mention the books of account generated by such computer system) **All the above books are generated by a Computer System.**

  
(c) List of books of account of account examined: **Cash Book, Bank Book, Ledger, Journal Proper, Purchase and Sales Register.**
10. Whether the profit and loss account includes any profits and gains assessable on presumptive basis. If yes, indicate the amount and the relevant section. (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBE or any other relevant section) **Not Applicable**
11. (a) Method of accounting employed in the previous year **Mercantile**  
(b) Whether there has been any change in the method of accounting employed vis-à-vis the method employed in the immediately preceding previous year. **No Change**  
  
(c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss. **Not Applicable**  
  
(d) Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed u/s 145 and the effect thereof on the profit or loss. **No Deviations.**

12. (a) Method of valuation of closing stock employed in the previous year: **Stock is valued on FIFO basis at cost or market price whichever is lower. As per Schedule A-1**
- (b) Details of deviation, if any, from the method of valuation prescribed u/s 145A and the effect thereof on the profit or loss:
13. Amounts not credited to the profit and loss account, being:
- (a) the items falling within the scope of Section 28; **No**
- (b) the proforma credits, drawbacks, refunds of duty of customs or excise, or refunds of sales tax, where such credits, drawback, refunds are admitted as due by the authorities concerned; **We have been given to understand that no such amount is admitted payable or refundable to the assessee during the year.**
- (c) escalation claims accepted during the previous year, **No**
- (d) any other item of income; **No**
- (e) Capital receipts, if any. **No**
14. Particulars of depreciation allowable as per the Income-tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form: **Annexure A-2**
- (a) Description of asset/block of assets.
- (b) Rate of depreciation
- (c) Actual cost or written down value as the case may be
- (d) Additions/deductions during the year with dates; In case of addition of an asset, date put to use; including adjustments on account of
- (i) Modified Value Added Tax credit claimed and allowed under the Central Excise Rules, 1944, in respect of assets acquired on or after 1<sup>st</sup> March 1944.
- (ii) Change in rate of exchange of currency, and
- (iii) Subsidy or grant or reimbursement, by whatever name called.
- (e) Depreciation allowable.
- (f) Written down value at the end of the year.
15. Amounts admissible under Sections 33AB, 33ABA, 33AC, 35, 35ABB, 35AC, 35CCA, 35CCB, 35D, 35E.
- (a) Debited to the profit & loss account. (showing the amount debited and deduction allowable under each section separately); **Rs.37682/- U/S 35D**
- (b) Not debited to the profit and loss account. **NII**
16. (a) Any sum paid to an employee as bonus or commission for services rendered, where such sum was otherwise payable to him as profits or dividend [Section 36(1)(ii)] **None**
- (b) Any sum received from employees towards contributions to any provident fund or superannuation fund or any other fund mentioned in Section 2(24)(x); and due date for payment and the actual date of payment to the concerned authorities [Section 36(1)(va)]. **As per Schedule A-3**
17. Amounts debited to the profit and loss account, being -
- (a) Expenditure of capital nature; **NII**



(b) Expenditure of personal nature;	Nil
(c) Expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party;	Nil
(d) Expenditure incurred at clubs -	
(i) as entrance fees and subscriptions	Nil
(ii) as cost for club services and facilities used	Nil
(c)(i) expenditure by way of penalty or fine for violation of any law for the time being in force;	Nil
(ii) any other penalty or fine.	Nil
(iii) expenditure incurred for any purpose which is an offence or which is prohibited by law;	Nil
(f) amounts inadmissible u/s 40(a);	Nil
(g) interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof;	Nil
(h) amount inadmissible under section 40A(3) read with rule 6DD and computation thereof;	
(i) Provision for payment of gratuity not allowable under section 40A(7);	Nil
(j) any sum paid by the assessee as an employer not allowable under section 40A(9);	Nil
(k) Particulars of any liability of a contingent nature.	As per Note 8 attached to and forming part of Balance Sheet.
18. Particulars of payments made to persons specified under section 40A(2)(b)	As per Schedule A-4
19. Amounts deemed to be profits and gains under section 33AB or 33ABA or 33AC.	Nil
20. Any amount of profit chargeable to tax under section 41 and computation thereof	Nil
21* (i) In respect of any sum referred to in clauses (a), (c) (d) or (e) of section 13B the liability for which -	
(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was	As per Schedule A-5
(a) paid during the previous year	
(b) not paid during the previous year	
(B) was incurred in the previous year and was	As per Schedule A-6
(a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);	
(b) not paid on or before the aforesaid date.	
(ii) In respect of any sum referred to in clause (b) of Section 43B, the liability for which	
(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year:	As per Schedule A-7
(a) nature of liability;	
(b) due date of payment under second proviso to Section 43B;	
(c) actual date of payment;	
(d) if paid otherwise than in cash, whether the sum has been realised within fifteen days of the aforesaid due date;	
(B) was incurred in the previous year.	As per Schedule A-8
(a) nature of liability;	
(b) due date of payment under second proviso to section 43B.	

the aforesaid due date  
 State whether sales tax, customs duty, excise duty,  
 other indirect tax, levy, cessa, imposts etc., are  
 passed through the profit and loss account.

22. (a) Amount of Modified Value Added Tax credits availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Modified Value Added Tax credits in the accounts **As per Schedule A-9**

(b) Particulars of income or expenditure of prior period credited or debited to the profit and loss account **Rs. 1980/- as Sales TAX**

23. Details of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than through an account payee cheque [Section 69D] **Nil**

24. (a) \*Particulars of each loan or deposit in an amount exceeding the limit specified in Section 269SS taken or accepted during the previous year:- **As per Schedule A-10**

- (i) Name, address and permanent account number (if available with the assessee) of the lender or depositor;
- (ii) Amount of loan or deposit taken or accepted;
- (iii) Whether the loan or deposit amount was squared during the previous year;
- (iv) Maximum amount outstanding in the account at any time during the previous year;
- (v) Whether the loan or deposit was taken or accepted otherwise than by an account payee cheque or an account payee bank draft

(These particulars need not be given in the case of a government company, a banking company or a corporation established by a Central, State or Provincial Act.)

(b) Particulars of each repayment of loan or deposit in an amount exceeding the limit specified in Section 269T made during the previous year:-

- (i) name, address and permanent account number (if applicable with the assessee) of the payee;
- (ii) Amount of the repayment;
- (iii) Maximum amount outstanding in the account at any time during the previous year;
- (iv) Whether the repayment was made otherwise than by account payee cheque or account payee bank draft;

25. Details of brought forward loss and depreciation allowance in the following manner to the extent available; **As Per Schedule A-11**

Sl. No	Assessment Year	Nature of loss/ Allowance	Amount as returned (in rupees)	Amount as assessed [give reference to relevant order]	Remarks
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26. Section-wise details of deductions, if any, admissible under Chapter VIA **U/S. 80 HHC  
As per Form 10CCAC**

27. (a) Whether the assessee has deducted tax at source and paid the amount so deducted to the credit of the Central Government in accordance with the provisions of Chapter XVII-B? **Yes**  
 (b) If the answer to (a) above is negative, then give the following details: **As per Schedule A-12**

Sl No	Particulars of head under which tax is deducted at source	Amount of Tax deducted at source (in rupees)	Due date for remittance to Govt.	Details of payment. Dt. Amt. (in Rs.)	Remark
-------	---	--	----------------------------------	---------------------------------------	--------

28. (a) In the case of a trading concern, quantitative details of principal items of goods traded - **Not Applicable**  
 (i) Opening Stock:  
 (ii) Purchases during the previous year:  
 (iii) Sales during the previous year:  
 (iv) Closing Stock:  
 (v) Shortage/excess, if any:

b) In the case of a manufacturing concern, quantitative details of principal items of raw materials, finished products and byproducts -

A Raw Materials -		
(i)	Opening Stock	50199 Kgs.
(ii)	Purchases during the previous year	1361117 Kgs.
(iii)	Consumption during the previous year	1357282 Kgs.
(iv)	Sales during the previous year	Nil
(v)	Closing Stock	54034 Kgs.
*(vi)	Yield of finished products	
*(vii)	Percentage of yield	82.82 %
*(viii)	Shortage/excess, if any	Nil

B Finished Products/Byproducts -


(i)	Opening Stock	75796 Kgs.
(ii)	Purchases during the previous year	Nil
(iii)	Quantity manufactured during the previous year;	1124229 Kgs
(iv)	Sales during the previous year;	971616 Kgs
(v)	Closing Stock;	228409 Kgs
(vi)*	Shortage/excess, if any	Nil

\*Information may be given to the extent available

29. In the case of a domestic company, details of tax on distributed profits under section 115-O in the following form:- **Nil**  
 (a) total amount of distributed profits;  
 (b) total tax paid thereon,  
 (c) Dates of payment with amounts.

30. Whether any cost audit was carried out, if yes, enclose a copy of the report of such audit [See section 139(9)]. **Not Applicable**

- 31. Whether any audit was conducted under the Central Exche Act, 1944, if yes, enclose a copy of the report of such audit. **Not Applicable**
- 32. Accounting ratios with calculations as follows **As per Schedule A-13**
  - (a) Gross Profit / Turnover **N. A.**
  - (b) Net Profit / Turnover **N. A.**
  - (c) Stock in trade / Turnover **11.7 Times**
  - (d) Material consumed / Finished goods produced **82.82%**

Name: Mr. N.O. Mehta  
  
 Signed by the hand of Partner  
 N.O. MEHTA & CO.  
 CHARTERED ACCOUNTANTS  
 Address: 207, Dalamal Chambers,  
 29 New Marine Lines, Mumbai-20

FOR UNION QUALITY PLASTICS LTD.



DIRECTOR

Membership No.: 7583

Place: Mumbai  
 Date: 29-8-2004

ANNEXTURE: A-1

STATEMENT OF ADJUSTMENTS TO CLOSING STOCK IN ACCORDANCE WITH SEC 145A

PARTICULARS			AMOUNT IN RS.
VALUATION OF FINISHED GOODS INVENTORIES AS AT 31.3.2004			15099188
<b>ADD: ADJUSTMENTS U/S 145 A</b>			
(A) EXCISE DUTY ON CLOSING STOCK OF INPUTS FOR WHICH MODVAT CREDIT IS NOT UTILISED AND APPEARS IN MODVAT CLAIM RECEIVABLE A/C (REFER NOTE 1)		854503	
(B) EXCISE DUTY PAID ON CLOSING STOCK OF FINISHED GOODS CLEARED FROM BONDED WAREHOUSE AND SHOWN AS ADVANCE IN BALANCE SHEET		0	
(C) EXCISE DUTY PAYABLE ON CLOSING STOCK OF FINISHED GOODS IN BONDED WAREHOUSE NOT PROVIDED IN ACCOUNTS (REFER NOTE 2)		1858319	
(D) EXCISE DUTY ON SALES	4299461		
LESS: MODVAT CREDIT ON INPUTS UTILISED ON CONSUMPTION OF INPUTS (REFER NOTE 3)	9422227	-5122766	-2511944
<b>DEDUCT:</b>			12587244
(E) EXCISE DUTY PAID ON INPUTS DURING THE YEAR (REFER NOTE 4)	8384385		
LESS: MODVAT CREDIT UTILISED ON CONSUMPTION OF INPUTS (REFER NOTE 3)	9422227	-37842	
(F) EXCISE DUTY ON OPENING STOCK AS AT 1.4.2003 DUTY ON INPUTS (REFER NOTE 5)	64465		
<b>ADD: DUTY PAYABLE ON FINISHED GOODS (REFER NOTE 8)</b>	619741		
CLAIMED U/S 43B IN A.Y. 2002-2003	684208		
ADJUSTED VALUATION OF INVENTORIES AS AT 31.3.2003 U/S 145A	684208		-37842
			12549402

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**NOTES:**

1) IT REPRESENTS CLOSING BALANCE IN MODVAT CLAIM RECEIVABLE A/C ON 31.03.2004

OF CONSUMPTION OF DUTY PAYABLE ON CLOSING STOCK OF FINISHED GOODS  
STOCK OF FINISHED AS ON 31.03.2004 228400 KGS.

STOCK SOLD IN SUBSEQUENT MONTH AS FOLLOWS :

<u>MONTH</u>	<u>DUTY PAID ON</u> <u>SALES OF GOODS</u>	<u>QUANTITY SOLD</u>
APRIL-2004	1388910	157745.3
MAY-2004	569400	70663.7
	<u>1068310</u>	<u>228400</u>

3) METHOD OF CALCULATION OF MODVAT CREDIT ON INPUTS UTILISED ON CONSUMPTION OF INPUTS

(a) TOTAL MODVAT CREDIT AVAILABLE DURING THE YEAR Re.0448850

(OP.BAL.IN MODVAT CREDIT REC.A/C + CURRENT YEAR CREDIT)

(b) CONSUMPTION OF INPUT QUANTITY 1357202

(c) TOTAL INPUT QUANTITY DURING THE YEAR 1361117

(OP.STOCK OF RAW MATERIAL + PURCHASE DURING THE YEAR)

<u>CONSUMPTION QTY</u>	X	<u>TOTAL MODVAT CREDIT</u>
<u>TOTAL INPUT QTY</u>		<u>DURING THE YEAR</u>
1357202	X	8448850
<u>1361117</u>		
9422227		

4) IT REPRESENTS CURRENT YEAR CREDIT AVAILED ON PURCHASES DURING THE YEAR

5) IT IS OPENING BALANCE IN MODVAT CLAIM RECEIVABLE A/C

8) METHOD OF COMPUTATION OF DUTY PAYABLE ON OP.STOCK OF FINISHED GOODS

OP.STOCK OF FINISHED GOODS AS ON 01.04.2003 75796 KGS.

THE OP.STOCK SOLD IN SUBSEQUENT MONTHS AS FOLLOWS

<u>MONTH</u>	<u>DUTY PAID ON</u> <u>SALES OF GOODS</u>	<u>QUANTITY SOLD</u>
APRIL-2003	501742	59506.6
MAY-2003	117999	16099.4
	<u>619741</u>	<u>75796</u>

STATE OF TEXAS  
 DEPARTMENT OF TRANSPORTATION  
 STATEWIDE ASSET MANAGEMENT SYSTEM  
 REPORT OF DEPRECIATION ON IMPROVED ASSETS AS PER NCOME TAX ACT FOR THE YEAR ENDED 31.03.2004

SETS	RATE OF DEPRECIATION	W.D.V. AS ON 31.03.2003		ADDITION		W.D.V. AS ON 31.03.2004	TOTAL DEPRECIATION	DEPRECIATION ON PURCHASES	TOTAL DEPRECIATION	W.D.V. AS ON 31.03.2004
		BEFORE 30.09.2003	AFTER 30.09.2003	CLAIMED & ALLOWED	ADDITION					
BASE BUILDING	10	53250	0	0	0	53250	0	0	0	53250
EMPRES PLOT	0	53697	0	0	0	53697	0	0	0	53697
OFFICE BUILDING	5	128447	0	0	0	128447	64223.5	64223.5	3422.25	122024.36
BUILDING	10	8638574	0	0	0	8638574	863857.4	863857.4	63855.4	5874822.6
LAMP & MONUMENT	25	8534374	0	0	0	8534374	2148328.5	2148328.5	2148328.5	6438200.5
COMPUTER	60	30600	0	0	0	30600	35363	35363	35363	24240
ELECTRICAL INSTALLATION	25	428795	0	0	0	428795	107198.75	107198.75	107198.75	21589.25
OFFICE EQUIPMENT	25	125677	0	0	0	125677	31412.25	31412.25	31412.25	84257.25
VEHICLES	20	31486	0	0	0	31486	18232.2	18232.2	18232.2	73172.8
FURNITURE & FIXTURE	10	31204	3500	0	0	34704	3120.4	3120.4	3470.4	31233.6
TOTAL		7112424	3500	0	0	7115924	2072792.85	3500	3073108.65	14102815.5

## ANNEXURE :A-3

## DETAILS OF EMPLOYEE'S CONTRIBUTION TO PROVIDENT FUND

PROVIDENT FUND HAS NOT BEEN DEDUCTED FROM SALARY PAID TO STAFF  
AT MUMBAI OFFICE. TOTAL SALARY AMOUNT TO RS. 503821/-

## UMERGAON

MONTH OF WAGES	DATE OF COLLECTION	AMOUNT DEDUCTED AS P.F.	ACTUAL AMOUNT OF P.F. PAID	DUE DATE OF DEPOSIT (EXCLUDING 6 DAYS GRACE)	ACTUAL DATE OF DEPOSIT
APRIL-2003	25.05.2003	51885	53085	15.08.2003	28.08.2003
MAY-2003	26.06.2003	50285	54485	15.07.2003	29.11.2003
JUNE-2003	18.07.2003	50788	51988	15.08.2003	08.12.2003
JULY-2003	24.08.2003	52187	53387	15.08.2003	15.12.2003
AUGUST 2003	23.08.2003	65075	66275	15.10.2003	22.12.2003
SEPT-2003	15.10.2003	52646	53846	15.11.2003	26.12.2003
OCTOBER-2003	08.11.2003	52397	53597	15.12.2003	29.01.2004
NOVEMBER-2003	20.12.2003	52307	52887	15.01.2004	19.03.2004
DECEMBER-2003	29.01.2004	48207	-	15.02.2004	-
JANUARY-2004	23.02.2004	48544	-	15.03.2004	-
FEBRUARY-2004	31.03.2004	45171	-	15.04.2004	-
MARCH-2004	31.03.2004	45877	-	15.04.2004	-
APR-03/ MAR-04	31.03.2004	725000	-	-	-



## ANNEXTURE-4

## PARTICULARS OF PAYMENT MADE TO PERSONS SPECIFIED U/S 40(A)(2)

NAME OF THE PARTY	NATURE OF PAYMENT	AMOUNT
A.K.PACKAGING P. LTD.	LOOM HIRE CHARGES	38000
Z. A. KATHAWALA	OFFICE RENT	24000
Z. A. KATHAWALA	REMUNERATION	240000
M. A. KATHAWALA	OFFICE RENT	24000

## ANNEXTURE - A-5

## LIABILITIES PRE-EXISTING ON FIRST DAY OF PREVIOUS YEAR

NATURE OF LIABILITIES	Q/S. OPENING NOT ALLOWED ANY EARLIER PREVIOUS YEAR	AMOUNT PAID DURING THE YEAR AGAINST COLUMN 2	AMOUNT WRITTEN BACK TO PROFIT & LOSS A/C	Q/S BAL. AT THE END OF THE YEAR	WHETHER PASSED THROUGH PROFIT AND LOSS ACCOUNT	REMARK
CUSTOM DUTY	1212689	0-		1212689		
PROFESSION TAX <i>1476</i>	134703	0-		<i>147663</i> 134703		
BONUS	038241	0		038241		
ROMFAY SALES TAX	< 51403	0-		51403		

## ANNEXTURE A-5

## LIABILITIES INCURRED DURING THE PREVIOUS YEAR

NATURE OF LIABILITIES	AMOUNT INCURRED DURING THE PREVIOUS YEAR REMAINING ON LAST DAY OF PREVIOUS YEAR	AMOUNT PAID BEFORE THE DUE DATE OF FILING RETURN DATE UP TO WHICH REPORTED IN TAX AUDIT REPORT WHICHEVER IS EARLIER	AMOUNT PAID ON DUE DATE OF FILING RETURN OR UP TO TAX AUDIT REPORT WHICHEVER IS EARLIER	WHETHER PASSED THROUGH PROFIT AND LOSS ACCOUNT
GILGAT SALES TAX	400	400	-0	NO
CUSTOM DUTY	0	0	0	-
PROFESSION TAX	<i>5500</i> 7320	0	NOT PAID	YES
BONUS	0	0	0	-
GST	14305	14305	0	NO
TDS	47161	0	NOT PAID	NO

ANNEXURE - A-7

LIABILITIES PRE EXISTING ON FIRST DAY OF PREVIOUS YEAR

NATURE OF LIABILITIES	MONTH	O/S OPENING BALANCE NOT ALLOWED ANY EARLIER PREVIOUS YEAR	DUE DATE (EXCLUDING 6 GRACE DAYS)	AMOUNT PAID DURING THE PREVIOUS YEAR		IF NOT PAID IN CASE WHETHER REALISED WITHIN 15 DAYS	O/S BALANCE AT THE END OF THE YEAR	REMARK
				DATE	AMOUNT			
EMPLOYEE'S CONTRIBUTION TOWARDS PF	APRIL-2002	38737	15.08.2002	-	-	N.A.		
	MAY-2002	41088	15.07.2002	-	-	N.A.		
	JUN-2002	48835	15.08.2002	-	-	N.A.		
	JUL-2002	49983	15.09.2002	-	-	N.A.		
	AUG-2002	55111	15.10.2002	-	-	N.A.		
	SEPT-2002	49497	15.11.2002	-	-	N.A.		
	OCT-2002	66174	15.12.2002	-	-	N.A.		
	NOV-2002	55992	15.01.2003	-	-	N.A.		
	DEC-2002	51708	15.02.2003	-	-	N.A.		
	JAN-2003	53092	15.03.2003	-	-	N.A.		
	FEB-2003	50023	15.04.2003	-	-	N.A.		
	MAR-2003	54468	15.04.2003	-	-	N.A.		
APR-03/03	70585	-	-	-	N.A.			

SCHEDULE A-8

LIABILITIES INCURRED DURING THE PREVIOUS YEAR

EMPLOYEE'S CONTRIBUTION TOWARDS PF	APRIL-2003	51005	15.06.2003	20.08.2003	53085	N.A.		
	MAY-2003	53205	15.07.2003	09.11.2003	54485	N.A.		
	JUN-2003	50766	15.08.2003	08.12.2003	51988	N.A.		
	JUL-2003	52187	15.09.2003	15.12.2003	53387	N.A.		
	AUG-2003	55075	15.10.2003	22.12.2003	56275	N.A.		
	SEP-2003	52040	15.11.2003	20.12.2003	53840	N.A.		
	OCT-2003	52397	15.12.2003	29.01.2004	53697	N.A.		
	NOV-2003	52307	15.01.2004	19.03.2004	52897	N.A.		
	19-4-04 26-4-04 26-4-04 20-5-04 05/10/04	DEC-2003	49207	15.02.2004	-	N.A.		49207
	JAN-2004	48544	15.03.2004	-	N.A.		48544	
	FEB-2004	45171	15.04.2004	-	N.A.		45171	
	MAR-2004	45877	15.04.2004	-	N.A.		45877	
	Mar-04	20000	15.04.2004	-	N.A.		20000	
01/03-03/04	725000	-	-	N.A.		725000		

ANNEXTURE : A-9  
STATEMENT OF CENVAT CREDIT UTILISATION

PARTICULARS	CAPITAL GOODS	OTHERS
BALANCE REPRESENTING CENVAT CREDIT AS AT THE BEGINNING OF THE YEAR		64465
CENVAT CREDIT AVAILABLE DURING THE YEAR	0	8384385
LESS: AMOUNT OF CENVAT CREDIT UTILISED DURING THE YEAR		8794347
BALANCE REPRESENTING OUTSTANDING AMOUNT AS AT THE END OF THE YEAR	0	851503

## UNION QUALITY PLASTICS LIMITED

ANNEXTURES TO FORM 3CD  
ASSESSMENT YEAR 2003-2004

## ANNEXTURE - 10

PARTICULARS OF LOANS/DEPOSITS TAKEN OR ACCEPTED EXCEEDING  
LIMIT SPECIFIED US 26955 DURING THE PREVIOUS YEAR

NAME, ADDRESS & PAN NO OF LENDER	AMOUNT OF LOAN TAKEN	WHETHER SQUARED OFF DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE PREVIOUS YEAR	WHETHER TAKEN OTHERWISE THAN BY AN ACCOUNT PAYEE CHEQUE
AGH ENTERPRISES	0	NO	785128 <sup>6</sup> ✓	NO
MR.A.G.KATHAWALA AGH CHAMBERS 5TH FLOOR, 378/301 NARSI NATHIA STREET, MUMBAI-400 009 PAN: AADPK0661N	3499792 28,16,669	NO YES	8992792 9925961	NO
GENERAL MACHINERY AND TECH.SERVICES	0	NO	633300 ✓	NO
IMTIAZ A. KATHAWALA	0 120000 No	YES	1112352 ✓	NO
K AND COMPANY	0	NO	2518119 ✓	NO
M.A. KATHAWALA	0	NO	974000 726,896	NO
MR.S.A.KATHAWALA NO.30,5TH LANE,KAMATIPURA MUMBAI-400 008 PAN: 34-021-PY-1873	300000 0	NO	752000 ✓	NO
SHAKIQ Y.KATHAWALA	0 0	NO	48000 ✓	NO
TA RUK INVESTMENTS P.LTD.	0 0	NO	180000 ✓	NO
MR.Y.A.KATHAWALA NO.30,5TH LANE,KAMATIPURA, MUMBAI-400 008 PAN: AACPK0479R	0 0	NO	673825 ✓	NO
Z.A. KATHAWALA	1203074 1028200	NO	1711421 724347	NO

## ANNEXURE -11

## PARTICULARS OF BROUGHT FORWARD LOSS AND DEPRECIATION ALLOWANCE

ASSESSMENT YEAR	NATURE OF LOSS	AMOUNT RETURNED	AMOUNT AS ASSESSED	NET AMOUNT ASSESSED	REMARKS
1997-1998	BUSINESS DEPRECIATION	5474236 10288024	4718574 10288024	- 5549450	I/S 143(3) APPEAL FILED ON 18.3.2000 WITH CIT(A)-X, APPEAL NO. CIT(A)/SR.47/IT/70/99-2000
1998-1999	BUSINESS DEPRECIATION	21474204 7918017	21474204 7918017		PENDING ASSESSMENT
1999-2000	BUSINESS DEPRECIATION	57923958 7897372	57923958 7897372		PENDING ASSESSMENT
2000-2001	BUSINESS DEPRECIATION	31203646 6193274	31203646 6193274		PENDING ASSESSMENT
2001-2002	BUSINESS DEPRECIATION	20325401 4861955	20325401 4861955		PENDING ASSESSMENT
2002-2003	BUSINESS DEPRECIATION	10110015 3830885	10110015 3830885		PENDING ASSESSMENT
2003-2004	BUSINESS DEPRECIATION	10604224 2088180	10604224 2088180		PENDING ASSESSMENT

ANNEXTURE : 12  
 PARTICULARS OF TAX DEDUCTED AT SOURCE AND PAID THE AMOUNT SO DEDUCTED TO THE CREDIT OF  
 THE CENTRAL GOVERNMENT IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER XVII B

NAME OF THE PARTY	NATURE OF PAYMENT	AMOUNT OF IUS	DATE OF TAX DEDUCTED	DUPLICATE DATE	DATE OF PAYMENT MADE TO THE CREDIT OF GOVT.	REMARK DELAY BY
ARVIND ATHALAYE TECHNOLOGY	PROF. FEES	525	05.04.2003		07.05.2003	
ARVIND ATHALAYE TECHNOLOGY	PROF. FEES	525	24.05.2003		07.06.2003	
ARVIND ATHALAYE TECHNOLOGY	PROF. FEES	1178	03.08.2003		07.07.2003	
ARVIND ATHALAYE TECHNOLOGY	PROF. FEES	1050	28.10.2003		07.11.2003	
N.O.MEHIA & CO	PROF. FEES	3203	31.03.2004		31.03.2004	
		6539				NOT PAID
Z. A. KATHAWALA	SALARY	23500	31.03.2003		31.05.2003	
		23500				NOT PAID
TRAPSINDIA	COMMISSION	1928	18.09.03		07.07.03	
TRAPSINDIA	COMMISSION	770	10.08.03		07.07.03	
TRAPSINDIA	COMMISSION	1722	01.07.03		07.08.03	
TRAPSINDIA	COMMISSION	584	14.07.03		07.08.03	
TRAPSINDIA	COMMISSION	2178	13.08.03		07.09.03	
TRAPSINDIA	COMMISSION	3277	02.09.03		07.10.03	
TRAPSINDIA	COMMISSION	1477	11.09.03		07.10.03	
TRAPSINDIA	COMMISSION	1535	23.09.03		07.10.03	
TRAPSINDIA	COMMISSION	1399	10.12.03		07.01.04	
TRAPSINDIA	COMMISSION	1231	11.12.03		07.01.04	
TRAPSINDIA	COMMISSION	1416	13.12.03		07.01.04	
		17122				NOT PAID

Anurag hand loans      Contractor      586    1/8/04  
 Anurag      82    12/10  
 Anurag      297    4/10  
 Anurag      308    12/10  
 Anurag      435    22/12  
  
 Anurag      411    17/12  
 Anurag      433    21/11  
  
 Anurag Cargo Movers      975    01/11  
 Rapid Transport      322    2/12  
  
 Anurag soft Consultants Pvt Ltd      1313    10/11  
 Anurag      788    2/12  
 Anurag      525    9/10  
  
 Anurag      1575    8/12  
 Anurag      550    7/8  
 Anurag      510    20/11  
 Anurag      510    11/11  
 Anurag      510    30/12  
 Anurag      1838    1/10  
  
 Anurag      2962    2/12



SCHEDULE A - 13

UNION QUALITY PLASTICS LTD.

CALCULATION OF RATIOS

VALUATION OF GOODS

<u>PARTICULARS</u>	<u>AMOUNT</u>
CONSUMPTION OF RAW MATERIAL AND CONSUMABLE STORES	51371680
MANUFACTURING EXPENSES	16396496
EMPLOYEE'S REMUNERATION & BENEFITS	894209
ADMINISTRATION & SELLING EXPENSES INCLUDING PRELIMINARY EXPENSES	10231152
DEPRECIATION AS PER INCOME TAX ACT	3013109
	<u>81906686</u>
	TOTAL

COST OF GOODS SOLD	X	<u>QUANTITY SOLD</u>
		<u>QUANTITY MANUFACTURED</u>
= 81906686	X	<u>971616</u>
		1124229
= 70787832		

STOCK TURNOVER RATIO =  $\frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE STOCK OF FINISHED GOODS}}$

$$= \frac{70787832}{\frac{5902235 + 6166918}{2}}$$

$$= \frac{70787832}{6034576}$$

$$= 11.73 \text{ TIMES}$$



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DIRECTORS REPORT

To the Members of

**UNION QUALITY PLASTICS LIMITED**

Your Directors present the Nineteenth Annual Report with the Audited Accounts for the Year ended 31st March, 2004.

**1. FINANCIAL RESULTS :**

	Year ended 31-03-2004 (Rupees)	Year ended 31-03-2003 (Rupees)
Profit/(Loss) before Tax	(1,51,95,127)	(1,36,69,372)
less : Provision for Taxation	Nil	Nil
	-----	-----
	(1,51,95,127)	(1,36,69,372)
Add : Profit/(Loss) brought forward	(18,22,92,717)	(16,86,23,345)
	-----	-----
	(19,74,87,844)	(18,22,92,717)
	=====	=====
<b>APROPRIATIONS :</b>		
Proposed Dividend (Subject to deduction of tax at source)	Nil	Nil
General Reserve adjusted	Nil	Nil
Profit/(Loss)		
	-----	-----
Balance carried forward	(19,74,87,844)	(18,22,92,717)
	=====	=====

**2. DIVIDEND :**

In view of the losses, the Directors regret their inability to declare any dividend for the year ended 31st March, 2004.

**3. OPERATIONS :**

Reduction in turnover, high cost of production due to underutilisation of capacity have resulted in a net loss of Rs.152 Lacs Export turnover is Rs.386 lacs as compared to Rs.260 Lacs in the previous year.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Article of Association, Mr.J.A.Kathawala and Mrs.D.J.Kathawala retire by rotation at the forth coming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

**5. AUDITORS**

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

**6. 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.

**7. 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 readwith 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.

**8. PARTICULARS OF EMPLOYEES :**

There are no Employees covered U/S 217 (2A) of the Companies Act, 1956 for the period ended 31st March, 2004.

**9. DIRECTORS' RESPONSIBILITY STATEMENT :**

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended, your directors confirm the following:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March, 2004 and of the profit of the company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

**10. ACKNOWLEDGEMENTS :**

Your 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  
*J.A. Kathawala*  
J.A. Kathawala  
Managing Director.

Place : Mumbai-9  
Date : 30.06.2004

## 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.

## 1. 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 AND FUEL CONSUMPTION

	2003-2004	2002-2003
1. Electricity :		
a) Purchased Units (000's)	1574	1369
Total Amount (Rs. in Lacs)	75.72	65.91
Rate/Unit (Rs.)	4.81	4.81
b) Own Generation :		
Through Diesel Generator		
i) Units (in Thousand)	0	0
Units/KL of Diesel	0	0
Cost/Unit (Rs.)	0	0
II) CONSUMPTION PER UNIT PER PRODUCTION		
Consumption/ton	1357	2031

## II. TECHNOLOGY ABSORPTION :

## C. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

Efforts in brief made towards technology absorption and innovation.

In view of liquidity crunch the Company was not in a position to introduce latest technology and innovation.

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

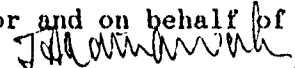
D. Activities, relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans :

Company is constantly on the outlook for widening its Export base but paucity of funds is the limiting factor.

## E. Total Foreign Exchange used and earned

	Rs. in lacs
Foreign Exchange used	Nil
Foreign Exchange earned	312.72

For and on behalf of the Board of Directors

  
J.A. Kathawala  
Managing Director.

**AUDITORS' REPORT**

---

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

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Report on the Accounts for the Year ended 31st March 2004 in compliance with Section 227 (2) of the Companies Act, 1956.

1) We have audited the attached Balance Sheet of Union Quality Plastics Ltd. as on 31st March, 2004 and also the annexed Profit and Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our Audit.

2) We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3) 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 statement on the matters specified in paragraph 4 & 5 of the said Order.

4) Further to our comments in the annexure referred to in paragraph "3" above, We report that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of 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 and Loss Account dealt with by this report are in agreement with books of accounts, subject to the Notes and significant accounting policies annexed to the Balance Sheet;
- d) In our opinion the Profit & Loss and Balance Sheet comply in all material aspects with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 as may be applicable, subject to attached significant Accounting Policies followed by the Company.
- e) We have not received any representations from the directors as on 31st March, 2003 and we are unable to comment if any of the directors is disqualified as on 31st March'2004 from being appointed as a director in terms of clause (2) of Sub Section (g) of Section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting Policies, Conventions and Notes thereon, give the information in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India :-

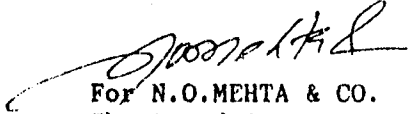
(1) Regarding non-provision of gratuity liability ( unascertained ) and other retirement benefits and claims of staff and labour ( unascertained ).


(a) In the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 2004.

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

As per our Report even Date

Place : Mumbai-20  
Dated : 29.08.2004

  
For N.O. MEHTA & CO.  
Chartered Accountants

  
N.O. MEHTA  
Partner  
M. Ship. No. 7583

29.8.04

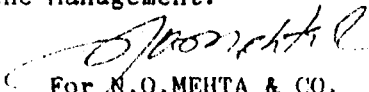
AUDITORS' REPORT

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

(Referred to in Paragraph '3' of our Report of even date)

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. As explained to us the Stocks of Finished Goods, Stores, Spare parts & Raw Materials have been physically verified by the Management at reasonable intervals.
3. 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.
4. No material discrepancies have been noticed on physical verification of Stocks as compared to book 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 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.
7. The Company has granted 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 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 not repaying the principal amounts as stipulated and are also not regular in payment of interest 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 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 others assets and for the sale of goods.
10. 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.

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 explain to us the Company has not accepted any deposits from the public during the year, and therefore their is no contravation to the provisions of the Section 58A of the Companies Act, 1956.
13. The Company has maintained resonable records for the sale and disposal of realisable by-products and scraps wherever applicable.
14. The Company dose not have an internal Audit system commennurate with its size and nature of its business.
15. We are informed that the Central Government has not prescribed maintainance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.
16. The company is not regular in depositing Provideht 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, Custom duty and Excise duties etc, were not outstanding as at 31st March,2004 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.
19. The Company is a Sick Industrial Company within the meaning of section 3 (0) 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 compare to total volume and as such no seperate 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.

  
 For N.O.MEHTA & CO.  
 Chartered Accountants

Place : Mumbai-20  
 Dated : 29-08.2004

N.O.MEHTA 29.8.04  
 Partner  
 M. Slip. No. 7583

UNION QUALITY PLASTICS LIMITED

Balance Sheet as on 31st March, 2004

PARTICULARS	SCHEDULE	AS ON	AS ON
		31.03.2004	31.03.2003
		Rs.	Rs.
<b>I. Sources of Funds :</b>			
<b>1. Shareholders' Funds :</b>			
a) Equity Share Capital	1	48193700	48193700
b) Reserves And Surplus	2	28284048	28284048
<b>2. Loan Funds :</b>			
a) Secured Loans	3	129423064	128881757
b) Unsecured Loans	4	47583851	44517359
<b>Total Sources Of Funds</b>	<b>RS.</b>	<b>253484663</b>	<b>249876864</b>
<b>II. Application of Funds :</b>			
<b>1. Fixed Assets :</b>			
Gross Block		96414409	96410909
Less: Depreciation		59335401	53384970
<b>NET BLOCK</b>		<b>37078908</b>	<b>43025939</b>
<b>2. Investments :</b>	<b>5</b>	<b>85805</b>	<b>85805</b>
<b>3. Current Assets, Loans And Advances :</b>			
a) Inventories	7	18396933	8850102
b) Sundry Debtors	8	15882223	25923138
c) Cash And Bank Balances	9	2486394	2397835
d) Other Current Assets, Loans And Advances	10	13542141	15838146
<b>Less : Current Liabilities And Provision</b>	<b>11</b>	<b>50307691</b>	<b>53009221</b>
		<b>31813825</b>	<b>23913640</b>
<b>Net Current Assets:</b>		<b>18493866</b>	<b>24095581</b>
<b>4. Miscellaneous Expenditure :</b>	<b>12</b>	<b>339140</b>	<b>376822</b>
<b>5. Profit &amp; Loss Account</b>		<b>197387844</b>	<b>182292711</b>
<b>Total Application of Funds</b>	<b>RS.</b>	<b>253484663</b>	<b>249876864</b>

AS PER OUR REPORT OF EVEN DATE

PLACE: BOMBAY  
 DATE: 27-03-2004

*[Signature]*  
 N.O.NHATA & CO.  
 Chartered Accountants  
 AUDITORS  
 SIGNED BY THE HAND OF PARTNER  
 N.O.NHATA  
*[Signature]*

PLACE: BOMBAY

DATE: 27-03-2004

For and on behalf of the Board

*[Signature]*  
 (J.A. KATHAWALA)  
 MG. DIRECTOR

*[Signature]*  
 (D.J. KATHAWALA)  
 DIRECTOR



UNION QUALITY PLASTICS LIMITED

Profit & Loss Account For the Year Ended 31-03-2004

PARTICULARS	ANNEXURE	AS ON 31.3.2004	AS ON 31.3.2003
<b>I. INCOME:-</b>			
SALES	1	69847529	58464210
Miscellaneous & Other Income	2	391491	545019
<b>TOTAL</b>		<b>70149030</b>	<b>59009220</b>
<b>II. EXPENDITURE:-</b>			
Consumption of material & Inventory adjustments	3	51371660	3864 602
Manufacturing Expenses	4	15396496	15784517
Employees Remuneration & Benefits	5	894269	834070
Administrative & Selling Expenses	6	19231152	9231752
Interest		493149	2236446
Depreciation		5951431	5951210
		<b>85344157</b>	<b>72678331</b>
Profit for the year		<b>-15195127</b>	<b>-13669372</b>
Provision for taxation		0	0
<b>PROFIT AFTER TAXATION</b>		<b>-15195127</b>	<b>-13669372</b>
Add : Profit & Loss a/c b/f		-182292717	-168623345
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>-197487844</b>	<b>-182292717</b>
<b>Appropriation :</b>			
Proposed Dividend - subject to deduction of tax at source		0	0
Transfer from General Reserve			
<b>PROFIT AND LOSS A/C BALANCE</b>		<b>-197487844</b>	<b>-182292717</b>

AS PER OUR REPORT OF EVEN DATE

PLACE: BOMBAY  
 DATE: 27.03.2004

*(Signature)*  
 N.O.MENTA & CO.  
 Chartered Accountants  
 AUDITORS  
 SIGNED BY THE HAND OF PARTNER  
 N.O.MENTA  
 M. Slip No. 7453

PLACE: BOMBAY

DATE: 27.03.2004

For and on behalf of the Board

*(Signature)*  
 (J.A.KATHAWALA)  
 MG. DIRECTOR

*(Signature)*  
 (D.J.KATHAWALA)  
 DIRECTOR

M/S M.O. BHETA & CO.  
 CHARTERED ACCOUNTANTS  
 207, DALAL CHAMBERS  
 29, NEW MARINE LINES,  
 BOMBAY-400 020

UNION QUALITY PLASTICS LIMITED

Schedules Annexed to And Forming Part of the Balance Sheet As On 31.03.2004

		AS ON 31.3.2004	AS ON 31.3.2003
<b>Schedule no. 1:-Share Capital</b>			
<b>I Authorised Share Capital</b>			
7000000 Equity Shares Of Rs 10/-each	TOTAL RS	70000000	70000000
<b>II Issued, Subscribed &amp; Paid Up Capital</b>			
4815000 Equity Shares of Rs. 10/- each	48350000		48350000
Fully called up			
Less : Calls in Arrears	156300		156300
		48193700	48193700
	TOTAL RS	48193700	48193700
<b>Schedule no 2:-Schedule Of Reserves And Surplus</b>			
1 Equity Share Premium	28440348		28440348
Less : Calls in arrear	156300		156300
		28284048	28284048
	TOTAL RS	28284048	28284048

Schedule no 3:-Schedule Of Secured Loans	AS ON 31.03.2004	AS OF 31.3.2003
1 Development Credit Bank Ltd. (Cash Credit against hypothecation of stock)	112674960	105935784
2 Development Credit Bank Ltd. (Bills Discount)	479473	479473
3 Development Credit Bank Ltd. (Term Loan a/c) (Secured against equitable mortgage of Land And Building)	14050000	14050000
4 BANK OF INDIA - LONDON (External Commercial Borrowings - Gauranteed by Development Credit Bank Ltd.)	2218631	8415500
	-----	-----
	129423064	128881757
	=====	=====
TOTAL RS		

Schedule No.4:Schedule of Unsecured Loans		
1 From Directors,Share Holders	16019743	7959647
2 Others	31564108	36547712
	-----	-----
	47583851	44517359
	=====	=====
TOTAL RS		

SCHEDULE NO 5 : FIXED ASSETS

		COST			DEPRECIATION		WRITTEN DOWN VALUE		
Sr. No.	NAME OF ASSETS	AS ON :01.04.03	ADDITIONS : DURING THE YEAR	AS ON :31.03.04	AS ON :01.04.03	FOR THE YEAR	AS ON :31.03.04	AS ON :31.03.04	AS ON :31.03.03
1.	LAND & BUILDING	25538734	0	25538734	7284799	773128	8057927	17480807	18253935
2.	PLANT & MACHINERY	69931524	0	69931524	45166297	5172709	50339606	19592520	24765227
3.	VEHICLES	855771	0	855771	883770	0	883770	0	0
4.	FURNITURE & FLXTURES	84880	3500	88380	50104	5594	55698	32682	38276
	TOTAL RS.	96410909	3500	96414409	53384970	5951431	59336401	37078008	43025939
	PREVIOUS YEAR	96205449	205460	96410909	47433760	5951210	53384970	43025939	48771689

Schedule no 6;- Schedule Of Investments	AS ON 31.03.2004	AS ON 31.03.2003
1 Development Credit Bank Ltd. 1200 sh.of Rs.10/-each paid,unquoted.	18000	18000
2 Hoqueeni Co-op Credit Socceity 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 1020 fully paid up. (Market Value As at 31.3.2001 : Rs.4.50/- each)	205120	205120
5 Essar Shipping Ltd. N.C.D. 2150 fully paid up.	43000	43000
6 Adanji Kaderbhoy Pvt Ltd 20 sh of Rs 100/- each unquoted	2000	2710
Less : Provision for Revaluation of Investment	-183700	-188700
TOTAL RS	85805	88232

Schedule no 7;-Schedule Of Inventories		
(As Valued and Certified By The Management at cost or market price whichever is lower)		
1 Raw Materials	2195745	1860867
2 Work-in-Progress	617000	587000
3 Finished Goods	15099188	5902235
4 Cons. ble Stores	575000	500000
TOTAL RS	18396933	8850102

Schedule no 8;-Schedule Of Sundry Debtors		
(Unsecured considered good)		
Debtors outstanding		
1 Less than Six Months	7044584	7044584
2 More than Six Months	8837539	18878554
TOTAL RS	15882223	25923138

Schedule no 9;-Schedule Of Cash And Bank Balances		
1 Cash On Hand	558535	329691
2 With Scheduled/Nationalised Banks In Current Accounts	1327395	1472885
3 Marg. Money Against L/C & Guarantees	600464	595259
TOTAL RS	2486394	2397835

Schedule no.10;- Schedule Of Other Current Asst.Loans & Advances		
1 Advance Against Order	0	312541
2 Loans And Advances To Staff	77950	83550
3 Income Tax Refund		
A.Y 1996-97	220497	220437
A.Y 1997-98	209231	208231
A.Y 1998-99	192161	192151
A.Y 1999-2000	186393	186393
A.Y 2000-2001	249905	249905
A.Y 2001-2002	204321	204321
A.Y 2002-2003	0	164179
A.Y 2003-2004	16603	36415
A.Y 2004-2005	3728	1452092
5 Other Advances And Loans/Deposits	9255052	10951797
6 Export benefits	2027300	3028066
TOTAL RS	13542144	15838145

	AS ON 31.03.2004	AS ON 31.03.2003
<b>Schedule no 11;- Schedule Of Current Liabilities &amp; Provision</b>		
1 Sundry Creditors	23871963	21484594
2 Outstanding Expenses	7941862	7374046
3 Advances Received	0	55000
TOTAL RS	31813825	28913640
<b>Schedule no 12;-Schedule Of Miscellaneous Expenditure</b>		
1 Preliminary Expenses	376822	418691
Less:W/Off During The Year	37682	41859
TOTAL RS	339140	376822

Signature to Schedule 1 to 12

*H.O. Mehta*  
H.O. MEHTA & CO.  
Chartered Accountants  
AUDITORS  
SIGNED BY THE HAND OF PARTNER  
H.O. MEHTA *H.O. Mehta*  
M. No. 7583

PLACE: BOMBAY  
DATE: 27.08.2004

For and on behalf of the Board

*J. A. Kathawala*  
(J. A. KATHAWALA)  
MG. DIRECTOR

*D. J. Kathawala*  
(D. J. KATHAWALA)  
DIRECTOR

UNION QUALITY PLASTICS LIMITED

Annexures Annexed To And forming Part of the Profit & Loss A/c  
 for the Year ended 31-3-2004

Annexure 1:- SALES	AS ON 31.3.2004	AS ON 31.3.2003
LOCAL	25251940	30483969
Less : Excise Duty	4299461	3546362
	21952479	26937607
Add : Modvat Benefit availed	9319920	5500222
	31272399	32437829
Export	33785399	22730641
Add : Export Incentives	4789831	3315248
Less: Free Export Sampling	0	19508
	38575230	26026361
<b>TOTAL</b>	<b>69847629</b>	<b>58464210</b>
<b>Annexure 2:- Miscellaneous &amp; Other Income</b>		
Compensation	0	0
Interest	23084	25851
Dividend	1800	1800
Exchange Gain	190319	10359
Creditors Written Back	0	0
Sales Tax Written Back	86198	505950
Profit on Sale of Land	0	0
Profit on Sale of Computers	0	0
	301401	545010
<b>Annexure 3: Consumption of Material &amp; Inventory adjustments</b>		
<b>Opening Stock</b>		
Raw Material	1850867	931670
Work-in-Progress	587000	535000
Finished Goods	5902235	6166318
Consumables Stores	500000	425000
	8850102	8058588
<b>Add : Purchases</b>		
Raw Material	60918491	39485523
Less: Purchase Return	0	47407
	60918491	39438116
	69768593	47496704
<b>Less : Closing Stock (As Valued and Certified by Management)</b>		
Raw Material	2105745	1850867
Work-in-Progress	517000	587000
Finished Goods	15099185	5902235
Consumables Stores	575000	500000
	18396933	8850102
	51371660	38646502

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Annexure 4: Manufacturing Expenses	AS ON 31.03.2004	AS ON 31.03.2003
Wages and benefits	6225595	6332799
Consumption of Stores	1792290	1343316
Coolie & Cartage	144304	50076
Freight	249380	241752
Labour Charges	0	880895
Power & Fuel	7571666	6606569
Repairs & Maintenance	400725	321001
Water Charges	12536	8309
RS.	15396496	15784517

Annexure 5: Employees Remuneration and Benefits		
Salaries & Bonus	503621	492550
Staff Welfare Expenses	150648	101520
Directors' remuneration	240000	240000
RS.	894269	834070

Annexure 6: Administrative & Selling Expenses		
Freight/Octroi & Clearing	948914	391565
Freight Exports	2772475	1834919
Sales Tax-New Registration	0	13200
Provident Fund	725000	705585
Directors' Remuneration	38850	38850
Sales Tax	1980	0
Bank Charges	1336904	1243935
Books & Periodicals	1035	1602
Brokerage/Commission	1370968	314002
Hire Charges	36000	36000
Income Tax	0	5230
Insurance	194382	242132
Membership & Subscription	16376	12650
Listing Fees	0	10000
Office Rent	48000	48000
Postage/Telegram & Telephones	459496	352826
Preliminary Expenses Written off	37681	41869
Printing & Stationery	106814	104745
Professional Fees	185150	345261
Profession Tax	0	12400
Office Electricity	192263	0
Rates & Taxes	38685	245943
Legal Fees	36550	104100
Sales Promotion Expenses	618751	617047
Security Expenses	256903	245961
Advertisement	6850	0
Sundry Expenses	0	11264
Travelling & Conveyance Expenses	282089	456804
Vehicle Expenses	127902	85299
Export Documentation Expenses	20835	63700
Exchange Loss	148538	9915
Discount	83665	380691
Sundry Debtors Written Off	0	1232782
Office Repairs & Maintenance	138102	23565
	10231152	9231752

Signature to Annexure 1 to 6

*[Handwritten Signature]*

PLACE: BOMBAY  
DATE: 27.08.2004

N.O. MENTA & CO.  
Chartered Accountants  
AUDITORS

SIGNED BY THE HAND OF PARTNER 29.8.04

N. O. MENTA  
M.S.L. No. 7582

For and on behalf of the Board

PLACE: BOMBAY

DATE: 29.08.2004

*[Handwritten Signature]*

(J.A. KATHAWALA)  
MG. DIRECTOR

*[Handwritten Signature]*

(D.J. KATHAWALA)  
DIRECTOR



NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31-03-2004

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

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

Managing Directors Remuneration :

	2003-2004	2002-2003
Salary	2,11,200	2,11,200
Contribution to Provident Fund	28,800	28,800
<b>Total</b>	<b>2,40,000</b>	<b>2,40,000</b>

3. Auditors Remuneration :

	2003-2004	2002-2003
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
<b>Total</b>	<b>62,150</b>	<b>62,150</b>

4. No provision has been made in accounts for gratuity liability and other retirement benefits accruing to employee's.

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.28,93,603/- and to that extent no provision is made for Bad & Doubtful debts. We are given to understand that the company has obtained a Decree.

8. The Contingent Liabilities :

- a) The Company has pending appeals regarding demand for A.Y.96-97 of Rs.7,68,285/- before Income Tax Appellate Tribunal.
- c) Bills Discounted with the Banks amount to Rs.4,79,473/- (Previous year Rs.4,79,473/-) and other parties Rs.46,36,340/- (Previous year Rs.46,36,340/-)
- d) Bank Guarantee with Custom Authorities Rs.96,45,768/-

9. 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.

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

QUANTITATIVE INFORMATION IN RESPECT OF :

A) RAW MATERIAL CONSUMED	AS ON 31.03.2004		AS ON 31.03.2003	
	Quantity in Tons	Value in Lacs	Quantity in Tons	Value in Lacs
HDPE/LDPE/LLDPE & OTHERS	1357.282	513.54	790.611	330.59
B) Value of Raw Material Consumed				
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	0.00	0.00	0.00	0.00
Indigenous	513.54	100.00	330.59	100.00
	513.54	100.00	330.59	100.00
C) Value of Imports on CIF Basis				
	Rs. in Lacs		Rs. in Lacs	
Raw Material	0.00		0.00	
Capital Goods	0.00		0.00	
D) Expenditure in Foreign Currency				
	Rs. in Lacs		Rs. in Lacs	
Travelling	0.00		0.00	
Raw Material Purchase	0.00		0.00	
E) Earnings in Foreign Exchange (FOB)				
On account of Export of Goods	312.72		208.95	
F) Sales				
	Quantity in tons	Value in lacs	Quantity in tons	Value in lacs
HDPE Woven Fabrics/ Bags/Tarpaulins	971.616	648.271	683.968	584.642
G) Stores, Spares Consumed				
Imported		NIL		NIL
Indigenous		17.17		12.68
H) Capacity		Tons		Tons
Licensed		N.A		N.A
Installed		3300		3300
Production		1124.229		674.657
I) Stock of Finish Goods				
	Tons	Rs. in Lacs	Tons	Rs. in Lacs
Opening Stock	75.796	59.02	85.107	61.67
Closing Stock	228.409	150.80	75.796	59.02

11. Balance of all Sundry Debtors, Sundry Creditors, & Loan & Advances are subject to confirmation and consequent reconciliation and adjustments, if any.
12. 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 Lac 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 feedback have been received from vendors till date of signing of Balance Sheet, therefore the Company is unable to furnish the particulars.
13. Company has not provided for interest on unsecured Loans of Rs.4,75,83,851/-
14. The Company has stopped deducting and depositing profession tax & Provident Fund of its administrative staff.
15. Margin on Bill Discounting as per books of a/c's is Rs.10,40,434/- (Previous year Rs.10,40,434/-) However as per Bank records it stands at Rs.Nil. Therefore there is a difference of the entire amount of Rs.10,90,749/- pending reconciliation.
16. No provision has been made for Bonus payable in the current year.
17. The Unpaid dividend of Rs.2036/- has not been transfered to an Unpaid Dividend Account as required U/S 205-A of the Companies Act.
18. The Company had in the year 1997 pledged with Development Credit Bank Ltd. Shares of Public Limited Companies, held and owned by the Directors Mr.A.G.Kathawala, Mr.J.A.Kathawala and Mrs.D.J.Kathawala and their relative Mrs.M.A.Kathawala, having market value at that time around Rs.10.00 lacs, to secure the Company's liabilities for payment of long outstanding collection bill dated 17-07-1990 for USD 29,025/- (Rupees 7.42 Lacs).

We are given to Understand that though the shares were lodged for a particular transaction and upto a limit of Rs.10 lakhs only, in the year January 2000 the Bank exercised their right to invoke the pledge, without giving notice to the pledger, and without restricting the sale to the extent of Rs.10 lakhs only, and accordingly sold the shares for Rs.2,88,50,988.57 and credited the proceeds to the Companies Cash Credit Account. Since the Shares are not the property of the company and the matter is under litigation by the parties concerned the amount so credited by the Bank is shown under the heading suspense account falling under classified group unsecured loans.

**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 :**

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 asset in their working condition for intended use. Pre-operative expenses are capitalised.

**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. Full depreciation has been charged on all additions made to assets during the year and no depreciation is charged on Assets sold during the year.

**D) Valuation of Investments :**

Investments are valued at cost less diminution in permanent 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 which is taken at market value. The cost of purchased materials/goods is determined on the basis of first in first out method.

**F) Excise Duty :**

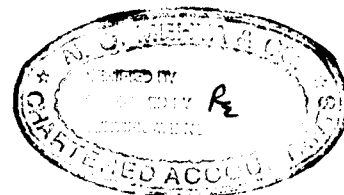
Excise Duty payable on finished goods is accounted for on clearance of goods from the factory. No provision is made for Excise Duty in respect of Finished Goods lying in the factory. Modvat in respect of Excise Duty paid on purchase of Raw Materials, Stores and Capital goods is accounted for by reducing the purchase cost of the related goods. However in the Annual Report the purchases are shown at gross (inclusive of excise) and modvat credit is credited to sales.

**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. Gains/Losses arising out of fluctuations in the exchange rates are recognised in Profit & Loss Account in the period in which they arise.



CASH FLOW STATEMENT FORMAT AS PER CLAUSE 32 OF THE LISTING AGREEMENT  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2004

A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit before tax and extraordinary items	-	15195127	
Adjustment for :			
Depreciation		5951431	
Misc. & other income	-	276517	
Interest/Dividend received	-	24884	
Operating Profit before working capital changes	-	8545097	
Adjustment for :			
Trade & other receivables		10040915	
Inventories	-	9546831	
Trade Payables		2900185	
Other Current Assets		2293005	
Cash Flow before extraordinary items	-	3857823	
Extraordinary items/mis. & other income		276517	
	-	-----	3581306

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	-	3500	
Purchase of Investments		0	
Interest/Dividend received		24884	
		-----	21384
Net Cash used in Investing Activities			

C. CASH FLOW FROM FINANCING ACTIVITIES

Net proceeds from issue of Share Capital		0	
Proceeds from unsecured loans		3086102	
Proceeds from secured loans		541307	
Preliminary Expenses		37682	
Net Cash used in Financing Activities		3645491	
Net Increase/Decrease in Cash and Cash Equivalents		88559	
Cash and Cash Equivalents as on 01.04.2003 (Opening Balance)		2397835	
Cash and Cash Equivalents as on 31.03.2004 (Closing Balance)		2486394	

As per our Report of even Date

For and on behalf of the Board

For N.O.Mehta & Co.  
Chartered Accountants  
Auditors

*J.A. Kathawala*     *D. Z. Kathawala*  
J.A.KATHAWALA     D.J.KATHAWALA

Place : Mumbai     Signed by the hand of Partner  
Date : 27-4-04

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of M/S.UNION QUALITY PLASTICS LTD. for the year ended 31st March, 2004. 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, 2004 and as at 31st March, 2004.

*N.O. Mehta*  
For N.O.MEHTA & CO.     27.4.04  
M.Slip.No. 7683

## UNION QUALITY PLASTICS LIMITED

Information pursuant to notification No.GSR section (1) dated 15.05.1995 published in the Official Gazette of India by the ministry of Law, Justice and Company Affairs under section 641(1) of the Companies Act,1956.

## MODULE - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No. : 33595

State Code : 11

Balance Sheet Date : 31.03.2004

## II. Capital Raised during the year (Amount in Rs.'Thousands)

Public Issue  
NILRight Issue  
NILBonus Issue  
NILPrivate Placement  
NIL

## III. Position of Mobilisation and Deployment of funds (Amount in Thousands)

Total Liabilities

Total Assets

285298

285298

Paid up Capitals

Reserves &amp; Surplus

48194

28284

Secured Loans

Unsecured Loans

129423

47584

Application of Funds

Net Fixed Assets

Net Current Assets

37087

Investments

18494

Miscellaneous Expenditure

Accumulated Losses

339

197488

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

Turnover

Total Expenditure

70149

85344

Profit/Loss Before Tax

Profit/Loss After Tax

-15195

-15195

Earning per Share in Rs.

Dividend Rate %

NIL

NIL

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

Item Code No.(ITC Code)

392390

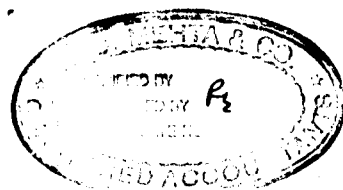
Product Description

Plastics Articles for Packaging  
of goods HDPE/PP Woven Sacks

Item Code No.(ITC Code)

392690

Product Description

Other Articles of Plastics  
HDPE/PP Woven Fabrics

I) Export Benefit :

Export benefit under the DEPB scheme is accounted for on accrual basis subject to utilisation upto the date of signing the Balance Sheet.

Drawback Duty : Drawback is accounted for on cash basis since brand rates has not been fixed by the Government.

J) Sales :

Sales include excise duty 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. Hence in opinion of the Management no Tax provision is necessary.

L) Revenue Recognition :

All Items of income/expenses are accounted for on accrual basis except for the 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.
- 3) Bonus