

**STICS LTD.**

**STATEMENT OF ASSESSABLE INCOME**

PAN NO. AAACU 3472 D/SPECIAL RANGE 47

ACCOUNTING YEAR ENDED ON 31.03.2005

ASSESSMENT YEAR  
2005-2006

PROFIT FOR THE YEAR ENDED 31.03.2005  
AS PER ATTACHED AUDITED ACCOUNTS

(8,309,988.00)

**ADD: ITEMS INADMISSIBLE**

[A] DEPRECIATION AS PER SCHEDULE XIV OF COMPANIES ACT 5,964,970.00

**[B] U/S 145A**

**[I] DIFFERENCE IN VALUATION OF INVENTORIES**

AS AT 31.03.2005 U/S 145A	8,978,917.00	
VALUATION AFTER ADJUSTMENTS U/S 145A	11,598,610.00	(2,619,693.00)
LESS: VALUATION AS PER ACCOUNTS	11,598,610.00	

**[II] INCREASE IN SALES**

SALES TAX	-	
EXCISE DUTY INCURRED ON SALES	6,793,668.00	6,793,668.00
	6,793,668.00	

**[C] INCOME TAX**

**[D] U/S 43 B**

PROVIDENT FUND	503,725.00	
PROFESSION TAX	5,500.00	
BONUS	-	509,225.00
	509,225.00	

**[E] EXPENDITURE OF PERSONAL NATURE**

20 % OF SALES PROMOTION EXPENSES	175,500.00	
TRAVELLING EXPENSES	5,864.00	181,364.00
	181,364.00	

[F] EMPLOYEES'S CONTRIBUTION TO PROVIDENT FUND U/S 2(24)(X)	429,995.00	11,259,529.00
		2,949,541.00

**LESS: ALLOWABLES**

[A] DEPRECIATION UNDER INCOME TAX ACT 2,378,497.00

**[B] U/S 145 A**

INCREASE IN PURCHASES DUE TO EXCISE DUTY PAID ON  
PURCHASE OF RAW MATERIALS 10,616,655.00

[C][II] EXCISE DUTY PAID ON INPUTS IN STOCK AS ON 31.03.2005 260,643.00

[II] EXCISE DUTY PAID ON CLOSING STOCK OF FINISHED  
GOODS CLEARED FROM BONDED WAREHOUSE  
DURING 01.04.2004 TO 31.03.2005 1,346,061.00

[D] U/S 43 B BONUS	-	14,601,856.00
GROSS TOTAL INCOME		(11,652,315.00)

LESS: DEDUCTION U/S 80HHC AS PER ATTACHED ANNEXURE A  
TAKEN AS NIL DUE TO NEGATIVE PROFIT

NET ASSESSABLE INCOME		(11,652,315.00)
ROUNDED OFF TO		(11,652,315.00)

TAX PAYABLE ON NET ASSESSABLE INCOME NIL

LESS: TAX DEDUCTED AT SOURCE ( STATEMENT ATTACHED) NIL

REFUND DUE U/S 244 A		NIL
		NIL

**FROM 10CCAC**  
[See rule 18BBA (3)]

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

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-400003, PAN NO: AAACU 3472 D / 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, 2005


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 2003-2004 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 2005-06 is NIL .

PLACE : MUMBAI-20

DATE :



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

## ANNEXURE A

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

1] Name of the Assessee	UNION QUALITY PLASTICS LTD.
2] Assessment Year	2005-06
3] Total turnover of the business	97,676,266.00
4] Total Export turnover	47,744,551.00
5] Total profits of the business	(8,309,988.00)
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]	97,676,266.00
12] Adjusted export turnover [4 minus 6]	47,744,551.00
13] Adjusted profits of the business	-
14] Profits derived by the assessee from export of goods or merchandise to which section 80HHC applies, computed under sub-section (3) of section 80HHC	815,032.00
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)	815,032.00
18] Remarks , if any	AS PER WORKING GIVEN BELOW

PLACE : MUMBAI-20

DATE :



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

**NOTE: 1 ADJUSTED TOTAL TURNOVER**

LOCAL SALES	49,931,715.00	
EXPORT SALES	47,744,551.00	
TOTAL TURNOVER	<u>97,676,266.00</u>	
LESS: FRIGHT ON EXPORT	860,705.00	
EXPORT INCENTIVES	2,402,693.00	
ADJUSTED TOTAL TURNOVER	<u>94,412,868.00</u>	

**NOTE: 2 ADJUSTED EXPORT TURNOVER**

EXPORT SALES	47,744,551.00	
LESS: FRIGHT ON EXPORT	860,705.00	
LESS: EXPORT INCENTIVES	2,402,693.00	
ADJUSTED EXPORT TURNOVER	<u>44,481,153.00</u>	

**NOTE: 3 COMPUTATION OF THE PROFIT OF BUSINESS UNDER THE HEAD PROFITS AND GAINS OF BUSINESS OR PROFESSION :**

PROFIT FOR THE YEAR ENDED 31.03.2005 AS PER ATTACHED AUDITED ACCOUNTS		(8,309,988.00)
<b>ADD: ITEMS INADMISSIBLE</b>		
[A] DEPRECIATION AS PER SCHEDULE XIV OF COMPANIES ACT	5,964,970.00	
[B] U/S 145A		
<b>(I) DIFFERENCE IN VALUATION OF INVENTORIES</b>		
AS AT 31.03.2005 U/S 145A		
VALUATION AFTER ADJUSTMENTS U/S 145A	8,978,917.00	
LESS: VALUATION AS PER ACCOUNTS	<u>11,598,610.00</u>	(2,619,693.00)
<b>(II) INCREASE IN SALES</b>		
SALES TAX	-	
EXCISE DUTY INCURRED ON SALES	<u>6,793,668.00</u>	6,793,668.00
[C] INCOME TAX		
[D] U/S 43 B		
PROVIDENT FUND	503,725.00	
PROFESSION TAX	5,500.00	
BONUS	-	509,225.00
[E] EMPLOYEES'S CONTRIBUTION TO PROVIDENT FUND U/S 2(24)(X)	<u>429,995.00</u>	11,078,165.00
		<u>2,768,177.00</u>
<b>LESS: ALLOWABLES</b>		
[A] DEPRECIATION UNDER INCOME TAX ACT	2,378,497.00	
[B] U/S 145 A		
INCREASE IN PURCHASES DUE TO EXCISE DUTY PAID ON PURCHASE OF RAW MATERIALS	10,616,655.00	
[C][I] EXCISE DUTY PAID ON INPUTS IN STOCK AS ON 31.03.2005	260,643.00	
[II] EXCISE DUTY PAID ON CLOSING STOCK OF FINISHED GOODS CLEARED FROM BONDED WAREHOUSE DURING 01.04.2004 TO 31.03.2005	1,346,061.00	
[D] U/S 43 B BONUS	-	14,601,856.00
		<u>(11,833,679.00)</u>

J. MEHTA  
Q

**NOTE : 4 PROFIT OF BUSINESS = TOTAL PROFIT LESS 90% OF EXPORT INCENTIVES**

= -11833679 - 90% OF 2402693

= -11833679 - 2162423

= -9671256

**NOTE : 5 PROFIT DERIVED FROM EXPORT OF GOODS MANUFACTURED**

ADJUSTED PROFIT OF BUSINESS X ADJ.EXPORT TURNOVER / ADJ.TOTAL TURNOVER

= -9671256 X 44481153 / 94412868

= -4556461

SINCE IT IS A NEGATIVE FIGURE IT IS TO BE IGNORED AS PER THE TRIBUNAL DECISION  
TAKEN IN A.M.MOOSA VS.ASST.CIT.(1996) 96 TAXMAN 161 (MANG./54 TTJ (COCH.)193.

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

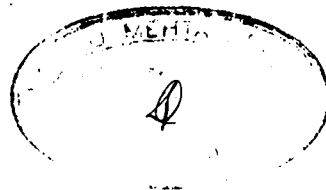
80% OF PROFIT DERIVED + ADJ.EXPORT TURNOVER / ADJ.TOTAL TURNOVER X 90% OF EXPORT INCENTIVES  
FROM EXPORT OF GOODS  
MANUFACTURED

= 0 + 44481153 / 94412868 X 2162423

= 0 + 1018791

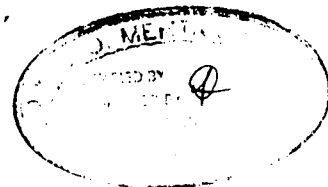
= 80% OF 1018791

= 815032



**STATEMENT OF LOSS CARRIED FORWARD  
ASSESSMENT YEAR 2005-06**

ASSESSMENT YEAR	NATURE OF LOSS ALLOWANCE	AMOUNT	AMOUNT ADJUSTED	AMOUNT CARRIED FORWARD
1997-1998	BUSINESS DEPRECIATION	5474236	NIL	5474236
		10268024	NIL	10268024
1998-1999	BUSINESS DEPRECIATION	21474204	NIL	21474204
		7919017	NIL	7919017
1999-2000	BUSINESS DEPRECIATION	57923958	NIL	57923958
		7897372	NIL	7897372
2000-2001	BUSINESS DEPRECIATION	31203646	NIL	31293648
		6193274	NIL	6193274
2001-2002	BUSINESS DEPRECIATION	20325401	NIL	20325401
		4861955	NIL	4861955
2002-2003	BUSINESS DEPRECIATION	10110015	NIL	10110015
		3836985	NIL	3836985
2003-2004	BUSINESS DEPRECIATION	10604224	NIL	10604224
		2988189	NIL	2988189
2004-2005	BUSINESS DEPRECIATION	18538509	NIL	18538509
		3013109	NIL	3013109
			<b>Total</b>	<b>222712118</b>



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

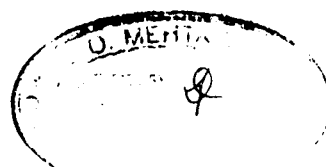
1. Name of the assessee: **Union Quality Plastics Ltd.**
2. Address: **379 / 381, Narsi Natha Street, A.G.H. Chambers, 5<sup>th</sup>. Floor, Mumbai-4**
3. Permanent Account No.: **AAACU 3472 D**
4. Status: **Corporate Body**
5. Previous year ended: **31-03-2005**
6. Assessment year: **2005-2006**

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, 44BBB 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. **RS.33914 U/S 35D**
- (a) Debited to the profit & loss account. (showing the amount debited and deduction allowable under each section separately);
- (b) Not debited to the profit and loss account. **Nil**
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; **Nil**



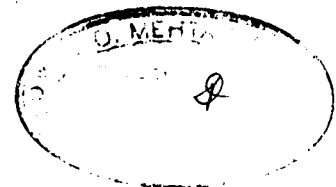
(b) Expenditure of personal nature,	Travelling Expenses Rs.175500/- Rs.5864/-
(c) Expenditure on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party;	Nil
(d) Expenditure incurred at clubs -	
(i) as entrance fees and subscriptions	Nil
(ii) as cost for club services and facilities used	Nil
(e)(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 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 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	

the aforesaid due date

- \* State whether sales tax, customs duty, excise duty, other indirect tax, levy, cess, 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.208517/- 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] **Nii**
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**

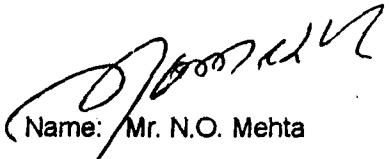
Sl. No	Assessment Year	Nature of loss/ Allowance	Amount as returned (in rupees)	Amount as assessed [give reference to relevant order]	Remarks
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31. Whether any audit was conducted under the Central Excise Act, 1944, if yes, enclose a copy of the report of such audit. **Not Applicable**

32. Accounting ratios with calculations as follows

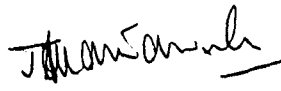
	As	per
(a) Gross Profit / Turnover	N. A.	Schedule A-13
(b) Net Profit / Turnover	N. A.	
(c) Stock in trade / Turnover	8.37 Times	
(d) Material consumed / Finished goods produced	92.49%	



Name: Mr. N.O. Mehta

FOR UNION QUALITY PLASTICS LTD.

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



DIRECTOR

Membership No.: 7583

Place: Mumbai  
Date:



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
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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	54034 Kgs.
(ii)	Purchases during the previous year	1276185 Kgs.
(iii)	Consumption during the previous year	1276780 Kgs.
(iv)	Sales during the previous year	Nil
(v)	Closing Stock	53439 Kgs.
*(vi)	Yield of finished products	
*(vii)	Percentage of yield	92.46 %
*(viii)	Shortage/excess, if any	Nil

**B Finished Products/Byproducts -**

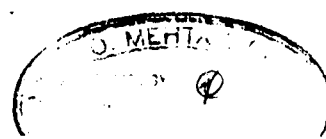
(i)	Opening Stock	228409 Kgs.
(ii)	Purchases during the previous year	40000
(iii)	Quantity manufactured during the previous year;	1180904 Kgs
(iv)	Sales during the previous year;	1287809 Kgs
(v)	Closing Stock;	161424 Kgs
(vi)*	Shortage/excess, if any	Nil

\*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**



## ANNEXURE

## PART A

- 1) NAME OF THE ASSESSEE UNION QUALITY PLASTICS LTD
- 2) ADDRESS 379 / 381 NARSI NATHA STREET  
5th FLOOR, A.G.H ENTERPRISES  
KATHA BAZAR, MUMBAI 400 009
- 3) PERMANENT NUMBER AAACU3472D
- 4) STATUS LIMITED COMPANY
- 5) PREVIOUS YEAR ENDED 31st MARCH 2005
- 6) ASSESSMENT YEAR 2005 - 2006

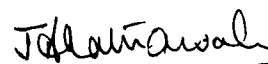
## PART B

NATURE OF BUSINESS		CODE	1024
SL. NO.	PARAMETERS	CURRENT YEAR	PREVIOUS YEAR
1)	PAID-UP SHARE CAPITAL	48,193,700.00	48,193,700.00
2)	SHARE APPLICATION MONEY	0.00	0.00
3)	RESERVE & SURPLUS	28,284,048.00	28,284,048.00
4)	SECURED LOANS	129,423,064.00	129,423,064.00
5)	UNSECURED LOANS	48,217,990.00	47,583,851.00
6)	CURRENT LIABILITIES & PROVISION	28,773,559.00	31,813,825.00
7)	TOTAL OF BALANCE SHEET	254,118,802.00	253,484,663.00
8)	GROSS TURNOVER	97,847,331.00	70,149,030.00
9)	GROSS PROFIT	-8,309,988.00	-15,195,127.00
10)	COMMISSION RECEIVED	0.00	0.00
11)	COMMISSION PAID	221,843.00	1,336,904.00
12)	INTEREST RECEIVED	3,987.00	23,084.00
13)	INTEREST PAID	0.00	499,149.00
14)	DEPRECIATION AS PER BOOKS OF ACCOUNT	5,964,970.00	5,951,431.00
15)	NET PROFIT BEFORE TAX	0.00	0.00
16)	TAXED OR INCOME PAID/PROVIDED FOR IN THE BOOKS	0.00	0.00

PLACE : MUMBAI

FOR UNION QUALITY PLASTICS LTD.

DATE :

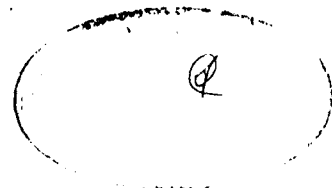


DIRECTOR

ANNEXTURE : A-1

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

PARTICULARS			AMOUNT
VALUATION OF FINISHED GOODS INVENTORIES AS AT 31.03.2005			11598610
<b>ADD : ADJUSTMENT U/S 154 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)		280643	
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 BOANDED WAREHOUSE NOT PROVIDED IN ACCOUNTS (REFER NOTE 2)		1346061	
D. EXCISE DUTY ON SALES	6793668		
LESS : MODVATE CREDIT ON INPUTS UTILISED ON CONSUMPTION OF INPUTS (REFER NOTE 3)	10818360	-4024692	-2417988
			9180622
DEDUCT:			
E. EXCISE DUTY PAID ON INPUTS DURING THE YEAR (REFER NOTE 4)	10616655		
LESS : MODVATE CREDIT UTILISED ON CONSUMPTION OF INPUTS (REFER NOTE 3)	10818360	-201705	
F. EXCISE DUTY ON OPENING STOCK AS AT 01.04.2004 DUTY ON INPUTS (REFER NOTE 5)	654503		
ADD : DUTY PAYABLE ON FINISHED GOODS (REFER NOTE 6)	1956319		
	2810822		
CLAIMED U/S 43B IN A.Y.2003-2004	2810822		-201705
ADJUSTED VALUATION OF INVENTORIES AS AT 31.03.2004 U/S 145A			8978917



**NOTES :**

1) IT REPRESENTS CLOSING BALANCE IN MODVATE CLAIM RECEIVABLE A/C. ON 31.03.2005

2) METHOD OF CONSUMPTION OF DUTY PAYABLE ON CLOSING STOCK OF FINISHED GOODS  
CLOSING STOCK OF FINISHED GOODS AS ON 31.03.2005 = 161424 KGS  
THE CLOSING STOCK SOLD IN SUBSEQUENT MONTHS AS FOLLOWS :

MONTH	DUTY PAID ON SALE OF GOODS	QUANTITY SOLD
APRIL'2005	772271	117690
MAY'2005	573790	43734
	<u>1346061</u>	<u>161424</u>

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

a) TOTAL MODVAT CREDIT AVAILED DURING THE YEAR RS.11271158  
(OPENING BALANCE IN MODVAT CREDIT RECD. A/C. = CURRENT YEAR CREDIT)

b) CONSUMPTION OF INPUT QUANTITY 1276780

c) TOTAL INPUT QUANTITY DURING THE YEAR  
(OP.STOCK OF RAW MATERIAL = PURCHASES DURING THE YEAR) 1330219

	<u>CONSUMPTION QTY</u>	X	TOTAL MODVAT CREDIT
	TOTAL INPUT QTY		DURING THE YEAR
=	1276780	X	11271158
	1330219		
=	10818360		

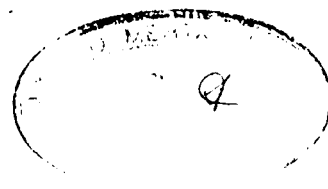
4) IT REPRESENTS CURRENT YEAR CREDIT AVAILED ON PURCHASES DURING THE YEAR

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

6) METHOD OF COMPUTATION OF DUTY PAYABLE ON OP. STOCK OF FINISHED GOODS  
OP. STOCK OF FINISHED GOODS AS ON 01.04.2004 228409 KGS.

THE OP. STOCK SOLD IN SUBSEQUENT MONTHS AS FOLLOWS

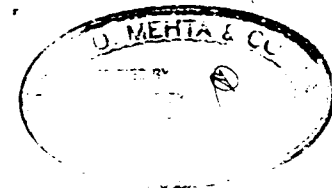
MONTH	DUTY PAID ON SALE OF GOODS	QUANTITY SOLD
APRIL'2004	1386910	157745.3
MAY'2004	569409	70663.7
	<u>1956319</u>	<u>228409</u>



SCHEDULE A-2

PARTICULARS OF DEPRECIATION ON FIXED ASSETS AS PER INCOME TAX ACT FOR THE YEAR ENDED 31.03.2005

ASSETS	RATE OF DEPRECIATION	W.D.V. AS ON 01.04.2004	ADDITION BEFORE 30.09.2004	ADDITION AFTER 30.09.2004	MODVAT CLAIMED & ALLOWED	TOTAL AS ON 31.03.2005	DEPRECIATION ON OPENING	DEPRECIATION ON PURCHASES	TOTAL DEPRECIATION	W.D.V. AS ON 31.03.2005
1.LEASE HOLD LAND	0	969,350.00	-	-	-	969,350.00	-	-	-	969,350.00
2.STAFF RESL PLOT	0	53,897.00	-	-	-	53,897.00	-	-	-	53,897.00
3.STAFF QUARTERS	5	122,024.65	-	-	-	122,024.65	6,101.23	-	6,101.23	115,923.42
4.BUILDING	10	5,974,662.60	-	-	-	5,974,662.60	597,466.26	-	597,466.26	5,377,196.34
5.PLANT & MACHINERY	25	6,438,280.50	-	122,355.00	-	6,560,635.50	1,609,570.13	15,294.38	1,624,864.50	4,935,771.00
6.COMPUTER	60	24,240.00	-	46,000.00	-	70,240.00	14,544.00	13,800.00	28,344.00	41,896.00
7.ELECTRICAL INSTALLATION	25	321,596.25	-	-	-	321,596.25	80,399.06	-	80,399.06	241,197.19
8.OFFICE EQUIPMENT	25	94,257.75	-	-	-	94,257.75	23,584.44	-	23,584.44	70,693.31
9.VEHICLES	20	73,172.80	-	-	-	73,172.80	14,634.56	-	14,634.56	58,538.24
10.FURNITURE & FIXTURE	10	31,233.60	-	-	-	31,233.60	3,123.36	-	3,123.36	28,110.24
<b>TOTAL</b>		<b>14,102,815.15</b>	<b>-</b>	<b>168,355.00</b>	<b>-</b>	<b>14,271,170.15</b>	<b>2,349,403.04</b>	<b>29,094.38</b>	<b>2,378,497.41</b>	<b>11,892,672.74</b>



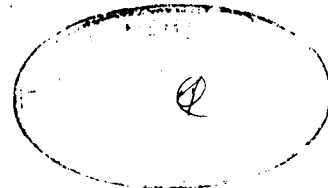


**SCHEDULE A-3****DETAILS OF EMPLOYEE'S/EMPLOYER'S CONTRIBUTION TO PROVIDENT FUND**

PROVIDENT FUND HAS NOT BEEN DEDUCTED FROM SALARY PAID TO STAFF  
AT MUMBAI OFFICE. TOTAL SALARY AMOUNT TO RS.641390.00

**UMERGAON**

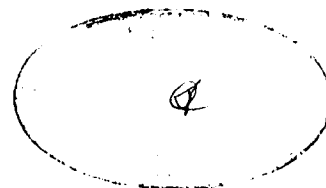
MONTH OF WAGES	DATE OF COLLECTION	AMOUNT DEDUCTED AS PROVIDENT FUND	ACTUAL AMOUNT OF P.F. PAID	DUE DATE OF DEPOSIT (EXCLUDING 5 DAYS GRACE)	ACTUAL DATE OF DEPOSIT
APRIL-2004	20.05.2004	47460	48660	15.06.2004	24.05.04
MAY-2004	12.06.2004	48334	49534	15.07.2004	12.06.04
JUNE-2004	08.08.2004	47807	48543	15.08.2004	19.11.04
JULY-2004	07.09.2004	50663	52327	15.09.2004	19.11.04
AUGUST-2004	08.10.2004	48141	49341	15.10.2004	15.12.04
SEPT-2004	24.10.2004	47488	48688	15.11.2004	15.12.04
OCTOBER-2004	11.11.2004	49699	50899	15.12.2004	16.12.04
NOV-2004	13.01.2005	50101	51301	15.01.2005	08.04.05
DEC - 2004	18.01.2005	10223	11450	15.02.2005	13.05.05
JANUARY-2005	20.02.2005	10154	11856	15.03.2005	03.06.05
FEB - 2005	21.03.2005	9978	10960	15.04.2005	03.06.05
MARCH-2005	31.03.2005	9947	10863	15.04.2005	03.06.05
APR-04/MAR-05	31.03.2005	503725			NOT PAID



ANNEXTURE - 4

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

NAME OF PARTY	NATURE OF PAYMENT	AMOUNT
A.K.PACKAGING P.LTD.	LOOM HIRE CHARGES	36000
Z.A.KATHAWALA	OFFICE RENT	24000
Z.A.KATHAWALA	REMUNERATION	240000
M.A.KATHAWALA	OFFICE RENT	24000

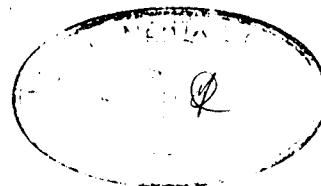


**SCHEDULE A-5**  
**LIABILITIES PRE-EXISTING ON FIRST DAY OF PREVIOUS YEAR**

NATURE OF LIABILITIES	O/S. OPENING BAL. NOT ALLOWED IN ANY EARLIER PREVIOUS YEAR	AMOUNT PAID DURING THE YEAR AGAINST COLUMN 2	AMOUNT WRITTEN BACK TO PROFIT & LOSS A/C	O/S BAL. AT THE END OF THE YEAR	WHETHER PASSED THROUGH PROFIT AND LOSS ACCOUNT	REMARK
CUSTOM DUTY	1,212,689.00	-	-	1,212,689.00	YES	
PROFESSION TAX	147,663.00	-	-	147,663.00	YES	
BONUS	938,241.00	-	-	938,241.00	YES	
BOMBAY SALES TAX	514,038.00	-	-	514,038.00	NO	

**SCHEDULE A-6**  
**LIABILITIES INCURRED DURING THE PREVIOUS YEAR**

NATURE OF LIABILITIES	AMOUNT INCURRED DURING THE PREVIOUS YEAR BUT REMAINING O/S ON LAST DAY OF PREVIOUS YEAR	AMOUNT PAID BEFORE THE DUE DATE OF FILLING RETURN DATE UPTO WHICH REPORTED IN TAX AUDIT REPORT WHICHEVER IS EARLIER	AMOUNT PAID ON DUE DATE OF FILLING RETURN OR UPTO TAX AUDIT REPORT WHICHEVER IS EARLIER	WHETHER PASSED THROUGH PROFIT AND LOSS ACCOUNT
PROFESSION TAX	5500	0	NOT PAID	YES
TDS	41246	0	NOT PAID	NO

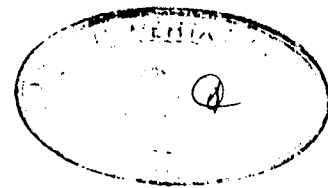


**SCHEDULE A-7  
LIABILITIES PRE-EXISTING ON FIRST DAY OF PREVIOUS YEAR**

NATURE OF LIABILITIES	MONTH	O/S. OPENING BAL. NOT ALLOWED IN 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 BAL. AT THE END OF THE YEAR
				DATE	AMOUNT		
EMPLOYEE'S	APRIL-2003	51885	15.04.2003	20.08.2003	53095	N.A.	0
EMPLOYEE'S	MAY-2003	53295	15.05.2003	29.11.2003	54495	N.A.	0
CONTRIBUT- ION	JUN-2003	50788	15.06.2003	08.12.2003	51986	N.A.	0
TOWARDS PF	JUL-2003	52187	15.07.2003	16.12.2003	53387	N.A.	0
	AUG-2003	55075	15.08.2003	22.12.2003	58275	N.A.	0
	SEPT-2003	52648	15.09.2003	28.12.2003	53348	N.A.	0
	OCT-2003	52397	15.10.2003	29.01.2004	53597	N.A.	0
	NOV-2003	52307	15.11.2003	19.03.2004	52897	N.A.	0
	DEC-2003	49207	15.12.2003	19.04.2004	50407	N.A.	0
	JAN-2004	49544	15.01.2004	28.04.2004	50203	N.A.	0
	FEB-2004	45171	15.02.2004	28.01.2004	48912	N.A.	0
	MAR-2004	45677	15.03.2004	20.05.2006	46877	N.A.	0
	04/04-03/05	725000	15.04.2004	05.10.2006	714965	N.A.	10035

**SCHEDULE A-8  
LIABILITIES INCURRED DURING THE PREVIOUS YEAR**

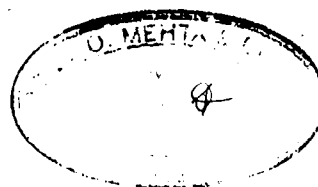
EMPLOYEE'S	APRIL-2004	47460	15.06.2004	24.05.2004	48660	N.A.	-
CONTRIBUT- ION	MAY-2004	48334	15.07.2004	12.08.2004	4954	N.A.	-
TOWARDS PF	JUN-2004	47807	15.08.2004	19.11.2004	48543	N.A.	-
	JUL-2004	50663	15.09.2004	19.11.2004	52327	N.A.	-
	AUG-2004	48141	15.10.2004	15.12.2004	49341	N.A.	-
	SEPT-2004	47488	15.11.2004	15.12.2004	48688	N.A.	-
	OCT-2004	49699	15.12.2004	16.12.2004	50899	N.A.	-
	NOV-2004	50101	15.01.2004	08.04.2005	51301	N.A.	-
	DEC-2004	10223	15.02.2004	13.05.2006	11450	N.A.	-
	JAN-2005	10154	15.03.2004	03.06.2006	11856	N.A.	-
	FEB-2005	9978	15.04.2005	03.06.2006	10960	N.A.	-
	MAR-2005	9947	15.04.2005	03.06.2005	10863	N.A.	-
	MAR-2004	10035	15.04.2005	-	-	N.A.	10035
EMPLOYER'S	4/04-03/05	503725	15.04.2005	-	-	N.A.	503725



ANNEXTURE - 9

STATEMENT OF CENVAT CREDIT UTILISATION

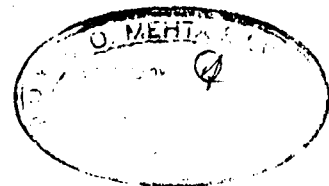
PARTICULARS	CAPITAL GOODS	OTHERS
BALANCE REPRESENTING CENVAT CREDIT AS AT THE BEGINNING OF THE YEAR		654503
CENVAT CREDIT AVAILABLE DURING THE YEAR	0	10616655
LESS : AMOUNT OF CENVAT CREDIT UTILISED DURING THE YEAR		11010515
BALANCE REPRESENTING OUTSTANDING AMOUNT AS AT THE END OF THE YEAR		280643



## ANNEXTURE - 10

PARTICULARS OF LOAN/DEPOSITS TAKEN OR ACCEPTED EXCEEDING,  
LIMIT SPECIFIED U/S 269SS 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	785186	NO
A.G.KATHAWALA AGH CHAMBERS 5TH FLR., 379/381 NARSI NATHA STREET MUMBAI - 400 009 PAN NO. AAADPK8661N	281669	YES	9925961	NO
GENERAL MACHINERY AND TECHNAL SERVICES	0	NO	833300	NO
IMTIAZ A. KATHAWALA	0	NO	1112352	NO
K AND COMPANY	0	NO	2518119	NO
M.A.KATHAWALA	0	NO	726896	NO
S.A.KATHAWALA 5TH KAMATHIPURA LANE MUMBAI - 400 008 PAN NO.AAHPK0097L	0	NO	752000	NO
SHARIQ Y KATHAWALA	0	NO	48000	NO
TA RUK INVESTMENTS P LTD.	0	NO	180000	NO
Y.A.KATHAWALA 5TH KAMATHIPURA LANE MUMBAI - 400 008 PAN NO.AACPK0479R	0	NO	673825	NO
Z.A.KATHAWALA AGH CHAMBERS 5TH FLR., 379/381 NARSI NATHA STREET MUMBAI - 400 009 PAN NO.AAEPK7148K	1203074	NO	1711421	NO



**SCHEDULE A-11**

**PARTICULARS OF BROUGHT FORWARD LOSS AND DEPRECIATION ALLOWANCE**

ASSESSMENT YEAR	NATURE OF LOSS	AMOUNT RETURNED	AMOUNT ASSESSED	NET AMOUNT ASSESSED	REMARKS
1997-1998	BUSINESS DEPRECIATION	5474236 10268024	4718574 10268024	- 5549450	U/S 143(3) APPEAL FILED ON 18.3.2000 WITH CIT(A)-X, APPEAL NO. CIT(A)/X/6R.47/IT/70/99-2000
1998-1999	BUSINESS DEPRECIATION	21474204 7919017	21474204 7919017		PENDING ASSESSMENT
1999-2000	BUSINESS DEPRECIATION	57923958 7897372	57923958 7897372		PENDING ASSESSMENT
2000-2001	BUSINESS DEPRECIATION	31283646 6193274	31283646 6193274		PENDING ASSESSMENT
2001-2002	BUSINESS DEPRECIATION	20325401 4861955	20325401 4861955		PENDING ASSESSMENT
2002-2003	BUSINESS DEPRECIATION	10110015 3836985	10110015 3836985		PENDING ASSESSMENT
2003-2004	BUSINESS DEPRECIATION	10604224 2088780	10604224 2088180		PENDING ASSESSMENT
2004-2005	BUSINESS DEPRECIATION	18538509 3013109	18538509 3013109		PENDING ASSESSMENT

D. MEHTA  
2

## ANNEXURE - 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 PARTY	NATURE OF PAYMENT	AMOUNT OF TDS	DATE OF TAX DEDUCTED	DUE DATE	DATE OF PAYMENT MADE TO THE CREDIT OF GOVT.	REMARKS
AMRIT ROADLINES	CONTRACTOR	586	01.08.04	07.09.04		NOT PAID
AMRIT ROADLINES	CONTRACTOR	82	12.10.04	07.11.04		
MATAJI ROADLINES	CONTRACTOR	297	04.10.04	07.11.04		NOT PAID
MATAJI ROADLINES	CONTRACTOR	308	12.10.04	07.11.04		
MATAJI ROADLINES	CONTRACTOR	435	22.12.04	07.01.05		
SHIVAM TRANSPORT	CONTRACTOR	411	19.12.04	07.04.05		NOT PAID
SHIVAM TRANSPORT	CONTRACTOR	433	21.01.05	07.02.05		
AMI CARGO MOVERS	CONTRACTOR	975	01.01.05	07.02.05		NOT PAID
RAPID TRANSPORT CO.	CONTRACTOR	322	02.02.05	07.03.05		NOT PAID
SIGMASOFT CONSULTANTS PVT. LTS	PROFESSIONAL	1313	10.04.04	07.05.04		NOT PAID
		788	02.07.04	07.08.04		
		525	09.10.04	07.11.04		
V.MANE	PROFESSIONAL	1575	08.07.04	07.08.04		NOT PAID
		550	07.08.04	07.09.04		
		510	20.09.04	07.10.04		
		510	11.11.04	07.12.04		
		510	31.12.04	07.01.05		
KAUSHIK I VYAS	PROFESSIONAL	1838	01.10.04	07.11.04		NOT PAID
N.O.MEHTA	PROFESSIONAL	3263	31.03.05	31.05.04		NOT PAID
A.KATHAWALA	SALARY	23500	31.03.05	31.05.04		NOT PAID





**ANNEXTURE - 13**

**CALCULATION OF RATIOS**

**VALUATION OF GOODS**

<u>PARTICULARS</u>	<u>AMOUNT</u>
CONSUMPTION OF RAW MATERIAL AND CONSUMABLE STORES	78208264
MANUFACTURING EXPENSES	14025557
EMPLOYEE'S REMUNERATION AND BENEFITS	964644
ADMINISTRATION & SELLING EXPENSES INCLUDING PRELIMINARY EXPENSES	8963884
DEPRECIATION AS PER INCOME TAX ACT	<u>2378497</u>
TOTAL	<u>102570846</u>

$$\text{COST OF GOODS SOLD} = \frac{\text{TOTAL}}{\frac{\text{QUANTITY SOLD}}{\text{QUANTITY MANUFACTURED}}}$$
$$= 102470846 \times \frac{1287889}{1180903}$$

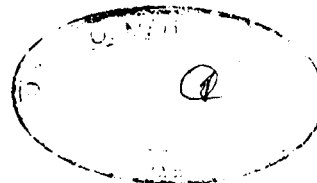
$$= 111754373$$

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

$$= \frac{111754373}{\frac{11598610 + 15099188}{2}}$$

$$= \frac{111754373}{13348899}$$

$$= 8.37 \text{ TIMES}$$



## 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, 2005.

### 1. FINANCIAL RESULTS :

	Year ended 31-03-2005 (Rupees)	Year ended 31-03-2004 (Rupees)
Profit/(Loss) before Tax	( 83,09,988)	(1,51,95,127)
less : Provision for Taxation	Nil	Nil
	-----	-----
	( 83,09,988)	(1,51,95,127)
Add : Profit/(Loss) brought forward	(19,74,87,844)	(18,22,92,717)
	-----	-----
	(20,57,97,832)	(19,74,87,844)
	=====	=====
<b>APROPRIATIONS :</b>		
Proposed Dividend (Subject to deduction of tax at source)	Nil	Nil
General Reserve adjusted	Nil	Nil
Profit/(Loss)		
	-----	-----
Balance carried forward	(20,57,97,832)	(19,74,87,844)
	=====	=====

### 2. DIVIDEND :

In view of the losses, the Directors regret their inability to declare any dividend for the year ended 31st March, 2005.

### 3. OPERATIONS :

High cost of production due to underutilisation of capacity have resulted in a net loss of Rs.83 Lacs Export turnover is Rs.477 lacs as compared to Rs.386 Lacs in the previous year.

### 4. 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 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.

**8. PARTICULARS OF EMPLOYEES :**

There are no Employees covered U/S 217 (2A) of the Companies Act, 1956 for the period ended 31st March, 2005.

**9. DIRECTORS' RESPONSIBILITY STATEMENT :**

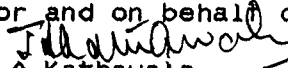
In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended, your directors confirm the following:

- (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, 2005 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  
Managing Director.

Place : Mumbai-9

Date :

**ANNEXURE TO THE DIRECTOR'S REPORT :**

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

**1. CONSERVATION OF ENERGY :**

**A. Energy conservation measures taken :**

The energy saving 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**

	<u>2004-2005</u>	<u>2003-2004</u>
<b>1. Electricity :</b>		
a) Purchased Units (000's)	1178	1574
Total Amount (Rs.in Lacs)	56.66	75.72
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
<b>II) CONSUMPTION PER UNIT PER PRODUCTION</b>		
Consumption/ton	1276	1357

**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 :**

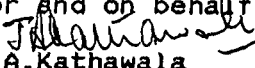
Company is constantly on the outlook for widening its Export base but paucity of funds is the limiting factor.

**E. Total Foreign Exchange used and earned**

Rs. in lacs

Foreign Exchange used	Nil
Foreign Exchange earned	499.32

For and on behalf of the Board of Directors

  
J.A. Kathawala  
Managing Director.

Place : Mumbai-9

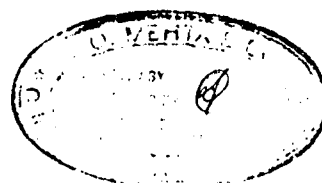
Date :

## AUDITORS' REPORT

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

Report on the Accounts for the Year ended 31st March 2005 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, 2005 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, 2005 and we are unable to comment if any of the directors is disqualified as on 31st March 2005 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, 2005.

(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 :



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

N. O. MEHTA  
Partner

## AUDITORS' REPORT

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

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(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 commensurate 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 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, Custom duty and Excise duties etc, were not outstanding as at 31st March,2005 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 <sup>service</sup> 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.

Place : Mumbai-20  
Dated :



  
For N.O.MEHTA & CO.  
Chartered Accountants

N.O.MEHTA  
Partner



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

UNION QUALITY PLASTICS LIMITED

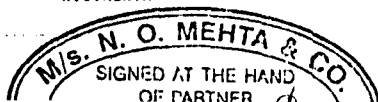
~~Balance Sheet for the Year 2000~~

PARTICULARS	SCHEDULE	AS ON 31.03.2005 Rs.	AS ON 31.03.2004 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	129423064
b) Unsecured Loans	4	48217990	47583851
<b>Total Sources Of Funds</b>	<b>RS.</b>	<b>254118802</b>	<b>253484663</b>
<b>II. Application of Funds :</b>			
<b>1. Fixed Assets :</b>			
Gross Block		96582762	96414409
Less: Depreciation		65301368	59336401
<b>NET BLOCK</b>		<b>31281394</b>	<b>37078008</b>
<b>2. Invesments :</b>	<b>6</b>	<b>85805</b>	<b>85805</b>
<b>3. Current Assets, Loans And Advances :</b>			
a) Inventories	7	14592544	18396933
b) Sundry Debtors	8	17960751	15882223
c) Cash And Bank Balances	9	1787355	2486394
d) Other Current Assets, Loans And Advances	10	11081454	13542141
<b>Less : Current Liabilities And Provision</b>	<b>11</b>	<b>45422104</b> <b>28773559</b>	<b>50,07691</b> <b>31813825</b>
<b>Net Current Assests:</b>		<b>16648545</b>	<b>18493866</b>
<b>4. Miscellaneous Expenditure :</b>	<b>12</b>	<b>305226</b>	<b>339140</b>
<b>5. Profit &amp; Loss Account</b>		<b>205797832</b>	<b>197487844</b>
<b>Total Application of Funds</b>	<b>RS.</b>	<b>254118802</b>	<b>253484663</b>

AS PER OUR REPORT OF EVEN DATE

PLACE: BOMBAY  
 DATE:

SIGNED BY THE HAND OF PARTNER  
 N.O.MEHTA



PLACE: BOMBAY

DATE:

For and on behalf of the Board

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

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

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

**UNION QUALITY PLASTICS LIMITED**

Profit & Loss Account For the Year Ended 31-03-2005

PARTICULARS	ANNEXURE	AS ON	AS ON
		31.03.2005	31.03.2004
<b>I. INCOME:-</b>			
SALES	1	97676266	69847629
Miscellaneous & Other Income	2	171065	301401
<b>TOTAL</b>	<b>RS.</b>	<b>97647331</b>	<b>70149030</b>
<b>II. EXPENDITURE:-</b>			
Consumption of material & Inventory adjustments	3	78208264	51371660
Manufacturing Expenses	4	14025557	16396496
Employees Remuneration & Benefits	5	994644	894269
Administrative & Selling Expenses	6	6963884	10231152
Interest		0	499149
Depreciation		5964970	5951431
		106157319	85344157
Profit for the year		-8309988	-15195127
Provision for taxation		0	0
<b>PROFIT AFTER TAXATION</b>		<b>-8309988</b>	<b>-15195127</b>
Add : Profit & Loss a/c b/f		-197487844	-182292717
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>-205797832</b>	<b>-197487844</b>
Appropriation			
: Proposed Dividend - subject to deduction of tax at source		0	0
Transfer from General Reserve			
<b>PROFIT AND LOSS A/C BALANCE</b>		<b>-205797832</b>	<b>-197487844</b>

AS PER OUR REPORT OF EVEN DATE

*[Signature]*  
 N.O.MEHTA & CO.

Chartered Accountants  
 AUDITORS

SIGNED BY THE HAND OF PARTNER  
 N.O.MEHTA



PLACE: BOMBAY  
 DATE:

For and on behalf of the Board

PLACE: BOMBAY

DATE:

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

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



Annexure 4: Manufacturing Expenses	AS ON 31.03.2005	AS ON 31.03.2004
Wages and benefits	4146756	6225595
Consumption of Stores	1012579	1792290
Coolie & Cartage	28355	144304
Freight	163909	249380
Labour Charges	2811764	0
Power & Fuel	5666451	7571666
Repairs & Maintenance	176816	400725
Water Charges	18927	12536
RS.	14025557	16396496

Annexure 5: Employees Remuneration and Benefits		
Salaries & Bonus	641390	503621
Staff Welfare Expenses	113254	150648
Directors' remuneration	240000	240000
RS.	994644	894269

Annexure 6: Administrative & Selling Expenses		
Freight/Octroi & Clearing	1065933	948914
Freight Exports	860705	2772475
Education cass	128756	0
Provident Fund	503725	725000
Auditors' Remuneration	38850	38850
les Tax	235751	1980
ank Charges	254366	1336904
Books & Periodicals	2541	1035
Brokerage/Commission	221843	1370968
Hire Charges	36000	36000
Insurance	78257	194382
Membership & Subscription	17866	16376
Office Rent	48000	48000
Postage/Telegram & Telephones	498820	459496
Preliminary Expenses Written off	33914	37681
Printing & Stationery	190345	106814
Professional Fees	408628	185150
Office Electricity	109739	192263
Rates & Taxes	37049	38685
Legal Fees	22345	36550
Sales Promotion Expenses	877498	618751
Security Expenses	262065	256903
Advertisement	36160	6850
Travelling & Conveyance Expenses	392387	282089
Vehicle Expenses	198216	127902
ort Documentation Expenses	12827	20835
ange Loss	95522	148532
Discount	243981	83665
Office Repairs & Maintenance	51795	138102
	6963884	10231152

Signature to Annexure 1 to 6

PLACE: BOMBAY  
DATE:

SIGNED BY THE HAND OF PARTNER  
N.O. MEHTA



For and on behalf of the Board

PLACE: BOMBAY

DATE:

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

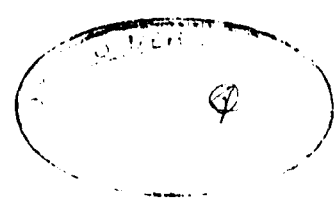
D. Z. Kathawala  
(D. J. KATHAWALA)  
DIRECTOR

M/S H.D.MENTA & CO.  
 CHARTERED ACCOUNTANTS  
 207, DALAMAL CHAMBERS  
 29, NEW MARINE LINES,  
 BOMBAY-400 020

UNION QUALITY PLASTICS LIMITED

Schedules Annexed to And Forming Part of the Balance Sheet As On 31.03.2005

		AS ON 31.3.2005	AS ON 31.3.2004
Schedule no. 1:-Share Capital			
-----			
I Authorised Share Capital			
-----			
7000000 Equity Shares Of Rs 10/-each	TOTAL RS	70000000	70000000
-----			
I Issued, Subscribed & Paid Up Capital			
-----			
4835000 Equity Shares of Rs. 10/- each	48350000		48350000
Fully called up			
Less : Calls in Arrears	156300		156300
		48193700	48193700
-----			
	TOTAL RS	48193700	48193700
-----			
Schedule no 2:-Schedule Of Reserves And Surplus			
-----			
1 Equity Share Premium	28440348		28440348
Less : Calls in arrear	156300		156300
		28284048	28284048
-----			
	TOTAL RS	28284048	28284048
-----			

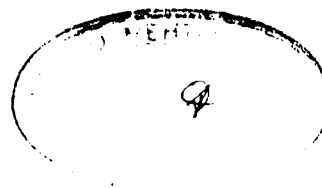


Schedule no 3:-Schedule Of Secured Loans

	AS ON 31.03.2005	AS ON 31.3.2004
1 Development Credit Bank Ltd. (Cash Credit against hypothecation of stock)	112674960	112674960
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	2218631
	-----	-----
	129423064	129423064
	-----	-----
TOTAL RS	=====	=====

Schedule No.4:Schedule of Unsecured Loans

on Directors,Share Holders	16668882	16019743
Others	31549108	31564108
	-----	-----
TOTAL RS	48217990	47583851
	=====	=====



SCHEDULE NO.5 : FIXED ASSETS

SR. NO.	NAME OF ASSET	COST			DEPRECIATION			WRITTEN DOWN VALUE	
		AS ON 01.04.04	ADDITIONS DURING THE YEAR	AS ON 31.03.05	AS ON 31.03.2004	FOR THE YEAR	AS ON 31.03.05	AS ON 31.03.05	AS ON 31.03.04
1.	LEASE HOLD LAND	25538734	0	25538734	8057927	773128	8831055	16707679	17480807
2.	PLANT & MACHINERY	69931524	168355	70099879	50339006	5186248	55525251	14574628	19592520
3.	VEHICLE	855771	0	855771	883770	0	883770	0	0
4.	FURNITURE & FIXTURES	88380	0	88380	55698	5594	61292	27088	32682
	TOTAL RS.	96414409	168355	96582764	59336401	5964970	65301368	31281396	37106009
	PREVIOUS YEAR	96205449	3500	96410909	53384970	5951431	59336401	37106009	43025939

Schedule no 6:- Schedule Of Investments	AS ON 31.03.2005	AS ON 31.03.2004
1 Development Credit Bank Ltd. 1200 sh.of Rs.10/-each paid,unquoted.	18000	18000
2 Hooseini Co-op Credit Society Ltd. 85 sh.of Rs.25/-each fully paid unquoted.	2125	2125
3 Bombay Mercantile Co-op Bank Ltd. 142 sh.of Rs.30/-each fully paid,	4260	4260
4 Essar Shipping Ltd.equity shares 10200 fully paid up. (Market Value As at 31.3.2001 : Rs.4.50/- each)	205120	205120
5 Essar Shipping Ltd. N.C.D. 2150 fully paid up.	43000	43000
6 Adamji Kaderbhoy Pvt Ltd 20 sh of Rs 100/- each unquoted	2000	2000
Less : Provision for Revaluation of Investment	-188700	-188700
<b>TOTAL RS</b>	<b>85805</b>	<b>85805</b>

Schedule no 7:-Schedule Of Inventories		
(As Valued and Certified By The Management at cost or market price whichever is lower)		
1 Raw Materials	1283934	2105745
2 Work-in-Progress	1185000	617600
3 Finished Goods	11598610	15099188
4 Consumable Stores	525000	575000
<b>TOTAL RS</b>	<b>14592544</b>	<b>18396933</b>

Schedule no 8:-Schedule Of Sundry Debtors		
(Unsecured considered good)		
Debtors outstanding		
1 Less than Six Months	6951206	7044584
2 More than Six Months	11009545	8837639
<b>TOTAL RS</b>	<b>17960751</b>	<b>15882223</b>

Schedule no 9:-Schedule Of Cash And Bank Balances		
1 Cash On Hand	86027	558535
2 With Scheduled/Nationalised Banks In Current Accounts	1100864	1327395
3 Margin Money Against L/C & Guarantees	600464	600464
<b>TOTAL RS</b>	<b>1787355</b>	<b>2486394</b>

Schedule no.10:- Schedule Of Other Current Asst,Loans & Advances		
1 Advance Against Order	197433	0
2 Loans And Advances To Staff	71150	77950
3 Income Tax Refund		
A.Y 1996-97	220497	220497
A.Y 1997-98	208231	208231
A.Y 1998-99	192161	192161
A.Y 1999-2000	186383	186383
A.Y 2000-2001	249905	249905
A.Y 2001-2002	204321	204321
A.Y 2002-2003	0	16603
A.Y 2003-2004	0	3728
A.Y 2004-2005	3728	1281829
5 Other Advances And Loans/Deposits	8609601	9255062
6 Export benefits	961584	2927300
<b>TOTAL RS</b>	<b>11081454</b>	<b>13542141</b>

O. M. E. S. S.



Schedule no 11;- Schedule Of Current Liabilities & Provision

1 Sundry Creditors  
2 Outstanding Expenses  
3 Advances Received

TOTAL RS

AS ON  
31.03.2005

22125016  
5987122  
661421

28773559

AS ON  
31.03.2004

23871963  
7941862  
0

31813825

Schedule no 12;-Schedule Of Miscellaneous Expenditure

1 Preliminary Expenses  
Less;W/Off During The Year

TOTAL RS

339140  
33914

305226

376822  
37682

339140

Signature to Schedule 1 to 12

PLACE:BOMBAY  
DATE :

*N. O. Mehta*  
N. O. MEHTA & CO.  
Chartered Accountants  
AUDITORS  
SIGNED BY THE HAND OF PARTNER  
N.O.MENTA

PLACE:BOMBAY

DATE :

For and on behalf of the Board

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

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



NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31-03-2005

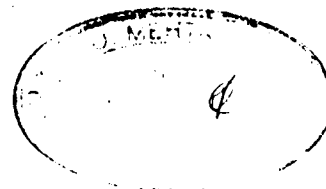
1. Previous years figures are regrouped wherever necessary for comparison.
2. Remuneration has been paid to the Managing Director as per Schedule XII of Companies Act, 1956 as under :

Managing Directors Remuneration :	2004-2005	2003-2004
	-----	-----
Salary	2,11,200	2,11,200
Contribution to Provident Fund	28,800	28,800
	-----	-----
Total	2,40,000	2,40,000
	=====	=====

3. Auditors Remuneration :

	2004-2005	2003-2004
	-----	-----
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	62,150	62,150
	=====	=====

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.
  - b) 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 FI of schedule VI to the Companies Act, 1956.

QUANTITATIVE INFORMATION IN RESPECT OF :

A) RAW MATERIAL CONSUMED	AS ON 31.03.2005		AS ON 31.03.2004	
	Quantity	Value	Quantity	Value
	in Tons	in Lacs	in Tons	in Lacs
HOPE/LDPE/LLDPE & OTHERS	1276.780	782.08	1357.282	513.71
B) Value of Raw Material Consumed	Rs. in Lacs		Rs. in Lacs	
		%		%
Imported	0.00	0.00	0.00	0.00
Indigenous	782.08	100.00	513.71	100.00
	782.08	100.00	513.71	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	499.32		312.72	
F) Sales	Quantity	Value	Quantity	Value
	in tons	in lacs	in tons	in lacs
HDPE Woven Fabrics/ Bags/Tarpaulins	1287.889	648.271	971.616	698.476
G) Stores, Spares Consumed				
Imported	NIL		NIL	
Indigenous	10.13		17.92	
H) Capacity	Tons		Tons	
Licenced	N.A		N.A	
Installed	3300		3300	
Production	1220.903		1124.229	
I) Stock of Finish Goods	Rs. in		Rs. in	
	Tons	Lacs	Tons	Lacs
Opening Stock	228.409	150.80	75.796	59.02
Closing Stock	161.424	115.98	228.409	150.80

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.4,82,17,990/-
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 transferred to an Unpaid Dividend Account as required U/S 205-A of the Companies Act.
8. 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 :**

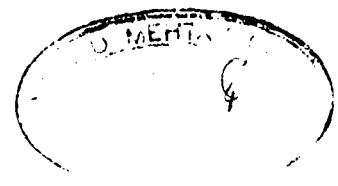
Excise Duty payable on finished goods is accounted for on clearance of goods from the factory. No provision is made for Excise Duty in respect of Finished Goods lying in the factory. Modvat in respect of Excise Duty paid on purchase of Raw Materials, Stores and Capital goods is accounted for by reducing 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.



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.

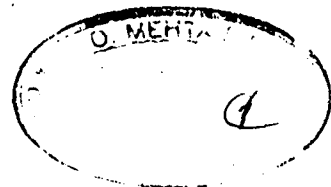
K) Taxation :

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



**CASH FLOW STATEMENT FORMAT AS PER CLAUSE 32 OF THE LISTING AGREEMENT  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2005**

**A. CASH FLOW FROM OPERATING ACTIVITIES :**

Net Profit before tax and extraordinary items	- 8309988
Adjustment for :	
Depreciation	5964970
Misc. & other income	- 167078
Interest/Dividend received	- 3987
 Operating Profit before working capital changes	 - 2516083
Adjustment for :	
Trade & other receivables	- 2078528
Inventories	3804389
Trade Payables	- 3040266
 Other Current Assets	 2450684
 Cash Flow before extraordinary items	 - 1369804
 Extraordinary items/mis. & other income	 167078
	----- - 1202726

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets	- 168353
Purchase of Investments	0
Interest/Dividend received	3987
	----- - 164366
 Net Cash used in Investing Activities	

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Net proceeds from issue of Share Capital	0
Proceeds from unsecured loans	634139
Proceeds from secured loans	0
Preliminary Expenses	33914
 Net Cash used in Financing Activities	 668053
Net Increase/Decrease in Cash and Cash Equivalents	- 699039
 Cash and Cash Equivalents as on 01.04.2004 (Opening Balance)	 2486394
 Cash and Cash Equivalents as on 31.03.2005 (Closing Balance)	 1787355

As per our Report of even Date

For and on behalf of the Board

*[Signature]*  
For N.O.Mehta & Co.  
Chartered Accountants  
Auditors

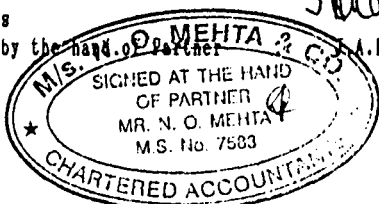
*[Signature]* J. KATHAWALA  
*[Signature]* D. Z. KATHAWALA

Place : Mumbai  
Date :

Signed by the hand of Partner

J. KATHAWALA

D. J. KATHAWALA



**AUDITOR'S CERTIFICATE**

We have examined the above Cash Flow Statement of M/S.UNION QUALITY PLASTICS LTD. for the year ended 31st March, 2005. 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,2005 and as at 31st March,2005.

For N.O.MEHTA & CO.

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.

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

I. Registration Details

Registration No. : 33595 State Code : 11

Balance Sheet Date : 31.03.2005

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

Public Issue NIL	Right Issue NIL
Bonus Issue NIL	Private Placement NIL

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

Total Liabilities	Total Assets
282892	282892
Paid up Capitals	Reserves & Surplus
48194	28284
Secured Loans	Unsecured Loans
129423	48218
Application of Funds	
Net Fixed Assets	
31281	
Investments	Net Current Assets
86	16649
Miscellaneous Expenditure	Accumulated Losses
305	205798

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

Turnover	Total Expenditure
97847	106157
Profit/Loss Before Tax	Profit/Loss After Tax
-8309	-8309
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

