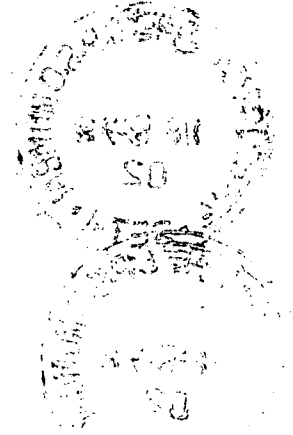


UNION QUALITY PLASTICS LIMITED

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



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BOARD OF DIRECTORS

CHAIRMAN

A.G. KATHAWALA

MANAGING DIRECTOR

J. A. KATHAWALA

DIRECTORS

D. J. KATHAWALA

H.S.KOHINA

M.M. JAYAKAR

S.D.KHOT

BANKERS

DEVELOPMENT CREDIT BANK LTD.

FACTORY

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

AUDITORS

N.O. MEHTA & CO.

SOLICITORS

M/S. GAGRAT & CO.

REGISTERED OFFICE

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

REGISTRARS & TRANSFER AGENTS

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

UNION QUALITY PLASTICS LIMITED

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NOTICE TO MEMBERS

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of **UNION QUALITY PLASTICS LIMITED** will be held on Saturday, the 5th September, 1998 at 4.00 p.m. at the Registered Office of the Company at A.G.H. Chambers, 5th Floor, 379/381, Narsi Natha Street, Mumbai - 400 009 to Transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended on that date and Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ahmedally G. Kathawala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mrs. Durriya J. Kathawala who retires by rotation and being eligible offers herself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a special Resolution.

"RESOLVED THAT pursuant to the provisions of section 81(A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, permissions and sanctions if any, and to the extent necessary of any authority, institutions or bodies (hereinafter collectively referred to as the appropriate authority) and also subject to such condition and modifications as may be prescribed, specified, imposed or suggested by the appropriate authority while granting such approvals, permissions and sanctions which may at its sole discretion be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee(s) which the Board may constitute to exercise the powers of the Board including the powers conferred by these resolutions)the consent of the Company be and is hereby accorded to the Board to the issue and allotment of 11,00,000 equity shares of Rs. 10/

- each to the associates of the Company at par credited as fully paid up, in lieu of short term loans availed by the Company to the extent of Rs. 1, 10,00,000/-.

RESOLVED FURTHER THAT the new equity shares to be allotted shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company except that , they shall only rank for dividend in the year of allotment pro-rata from the date of such allotment upto the end of the Company's financial year next following.

RESOLVED FURTHER THAT no letter of allotment shall be issued to the allottees and that the certificates in respect of the new equity shares to be allotted as afore-said shall be completed and delivered within 3 months from the date of allotment.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and are hereby authorised to do and perform all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the issue of new equity shares as they may think fit."

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

JUZER A.KATHAWALA
Managing Director

Registered office :

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

Dated : 27th June, 1998.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

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2. An Explanatory Statement relating to the Special Business under Item No. 5 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from 1st September, 1998 to 5th September, 1998 (both days inclusive).
4. Shareholders desiring any information as regards the Account are requested to write to the company at an early date so as to enable the Management to keep the information ready.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

The Company had availed of short term loans from its associates for business purposes from time to time. The Board had negotiations with its associates and thought it to be in the interest of the Company to convert short term loans into equity shares. The number of shares to be offered, amount to 11,00,000 equity share. Upon allotment of these shares the Company's liability to the extent of Rs. 1,10,00,000/- will be extinguished.

Members are aware that the present equity capital of Company is Rs. 4,81,83,700/-. It is now desired to issue further 11,00,000 equity shares of Rs. 10/- each so that the paid up capital of the Company would increase to Rs. 5,91,83,700/-.

As per section 81(1A) of the Companies Act, 1956 these further shares can be issued to select category of shareholders to the exclusion of other shareholder only if a special resolution in this behalf is passed. The Board recommends that the proposed resolution be passed. The Directors are interested in the above resolution to the extent of their shareholdings.

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

JUZER A. KATHAWALA
Managing Director

Registered Office :

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

Date : 27th June, 1998.

DIRECTORS REPORT

To the Members of

UNION QUALITY PLASTICS LIMITED

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

1) FINANCIAL RESULTS :

	Year ended 31.03.1998 (Rupees)	Year ended 31.03.1997 (Rupees)
Profit/(Loss) before tax	(2,81,87,396)	(1,24,44,892)
Less : Provision for tax	Nil	Nil
Add : Profit brought forward	Nil	39,137
	<u>(2,81,87,396)</u>	<u>(1,24,05,755)</u>

APPROPRIATIONS :

Proposed Dividend (subject to deduction of tax at source)	Nil	Nil
Transfer to General Reserve	Nil	Nil
Profit / (Loss) balance C/F	<u>2,81,87,396</u>	<u>1,24,05,755</u>

2) DIVIDEND :

In view of the adverse working results, the Directors regret that they are unable to recommend payment of dividend for the year under review.

3) OPERATIONS :

The year 1997-98 has, unfortunately, not been a very good one for your Company. Due to a slowdown in the economy and sluggish market conditions, the Company has not been able to live up to your expectations. The economic and industrial activity suffered during the year under review.

Increase in the cost of production has eroded the profits of the Company.

The sales have decreased from Rs. 1494.71 lacs during the previous year to Rs. 1281.20 lacs for the year

UNION QUALITY PLASTICS LIMITED

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ended 31st March, 1998 i.e. a decrease in sales to the extent of Rs. 213.51 lacs. Production during the year decreased by 857.22 tonnes. However, there has been a considerable reduction in expenditure from Rs. 1639.33 lacs for the year ended 31st March, 1997 to Rs. 1584.71 lacs for the year ended 31st March, 1998 resulting in net decrease of Rs. 54.62 lacs.

This is remarkable as in the current market scenario, it is very difficult to cut down expenses.

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

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

(Rs. in Lacs) 1997-98

Particulars	projections	Actuals
Sales/other Income	2331.00	1302.84
Profit after tax	273.00	(281.87)
Reserve and Surplus	938.00	304.65
Earning per share (Rs.)	5.64	Nil

The shortfall in the Sales and Profits compared to the projections given in the Company's Prospectus is primarily due to reasons beyond control. It is mainly due to lack of working capital finance, recessionary trend in the market and the unstable as well as keen competition in the domestic market.

5) DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ahmedally G. Kathawala and Mrs. Durriya J. Kathawala retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

6) AUDITORS :

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

7) FIXED DEPOSITS :

Since your Company has not accepted any deposits either from the public or shareholders, hence no information is required to be furnished in respect of outstanding deposits.

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

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

9) PARTICULARS OF EMPLOYEES :

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not given since the provisions of the said section are not attracted.

10) ACKNOWLEDGEMENT :

Your Directors express their sincere thanks and gratitude for the valuable co-operation and assistance provided by the employees at all levels, the bankers and other Government Bodies/organisations and our dear shareholders for their support and co-operation extended to us during these difficult times. Your Directors also wish to place on record their gratitude for the continued patronage of its customers. Your Directors are confident that with the continued hard work and dedication of all officers, staff and workers, the Company will make substantial progress in the year to come.

For and on Behalf of the Board of Directors

(Ahmedally G. Kathawala)
Chairman

Place : Mumbai

Date : 27th June, 1998.

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ANNEXURE TO DIRECTOR'S REPORT

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

1) CONSERVATION OF ENERGY :

A. Energy conservation measures taken:

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

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

I) POWER AND FUEL CONSUMPTION

1997-98 1996-97

1. Electricity :

a) Purchased (GEB)

Units (in thousand)	1594	2143
Total cost (Rs. in lacs)	58.88	87.11
Rate per unit (Rs.)	3.69	4.06

b) Own Generation:

1) Through Diesel Generator

i) Units (in Thousand)	22.04	22.50
Units /KL of diesel	10.00	13.35
Cost / Unit (Rs.)	9.60	8.00

II. CONSUMPTION PER UNIT OF PRODUCTION

Consumption /ton	2445	3950
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II) TECHNOLOGY ABSORPTION :

C. Efforts made in Technology absorption :

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

D. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Efforts in brief made towards technology absorption and innovation :

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

III) Foreign Exchange Earnings and Outgo :

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

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

G. Total Foreign Exchange used and earned.

	Rs. in Lacs
Foreign Exchange used	11.36
Foreign Exchange earned	66.19

AUDITORS REPORT

To the Shareholders of M/s UNION QUALITY PLASTICS LIMITED

Report on the Accounts for the Year ended 31st March 1998 in compliance with Section 227(2) of the Companies Act, 1956.

We have audited the attached Balance Sheet of Union Quality Plastics Ltd. as on 31st March, 1998 and also the annexed profit and Loss Account of the Company for the year ended on that date, and report that :-

I) As required by the Manufacturing and other Companies (Auditors Report) order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 4 and 5 of the said order to the extent applicable to a Manufacturing Company consider appropriate and according to the information and explanations given.

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

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

2) In our opinion proper books of accounts, as required by Law, have been kept by the Company so far as appears from our examination of the books :