

UNION QUALITY PLASTICS LIMITED



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

UNION QUALITY PLASTICS LIMITED

Fifteenth Annual Report



BOARD OF DIRECTORS

CHAIRMAN :

A. G. KATHAWALA

MANAGING DIRECTOR :

J. A. KATHAWALA

DIRECTORS :

D. J. KATHAWALA

H. S. KOHINA

M. M. JAIKAR

N. S. FADIA

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

AUDITORS :

N. O. MEHTA & CO

SOLICITORS :

M/S. GAGRAT & CO.

BANKERS :

DEVELOPMENT CREDIT BANK LTD.

REGISTERED OFFICE :

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

FACTORY :

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

REGISTRARS & TRANSFER AGENTS :

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

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NOTICE TO MEMBERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **UNION QUALITY PLASTICS LIMITED** will be held on the 27th of August, 1999 at 4.30 p.m. at the Registered Office of the Company at A.G.H. Chambers, 5th Floor, 379/381, Narsi Natha Street, Mumbai-400 009. to transact the following business :

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

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

By Order of the Board of Directors

For **UNION QUALITY PLASTICS LIMITED**

JUZER A. KATHAWALA

Managing Director

Registered Office :

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

Dated 20th June, 1999.

NOTES :

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

UNION QUALITY PLASTICS LIMITED**Fifteenth Annual Report****ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 6**

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

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

The Board recommends that the proposed resolution be passed.

Item No. 7

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

The Board recommends that the proposed resolution be passed.

By Order of the Board of Directors

For **UNION QUALITY PLASTICS LIMITED**

JUZER A. KATHAWALA

Managing Director

Registered Office :

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

DIRECTORS REPORT

To the Members of

UNION QUALITY PLASTICS LIMITED

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

1. FINANCIAL RESULTS :

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

APPROPRIATIONS :

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

2. DIVIDEND :

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

3. OPERATIONS :

Despite increase in Export Sales from Rs. 66 Lacs to Rs. 513 Lacs, due to underutilisation of capacity resulting in high cost of production, increased cost of borrowings and non realisation of debts to the extent of Rs. 139.73 Lacs have resulted in the loss of Rs. 642.91 Lacs.

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

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

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4. Y 2 K COMPLAINEE :

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

DATA PROCESSING HARDWARE AND SOFTWARE OPERATING SYSTEMS :

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

5. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. H. S. Kohina and Mr. M. M. Jaikar retire by rotation at the forth coming Annual General Meeting of the Company and being eligible, offer themself for reappointment.

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

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

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

6. AUDITORS :

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

7. FIXED DEPOSITS :

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

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

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

9. PARTICULARS OF EMPLOYEES :

Statement required u/s 217 (2A) of the Companies Act, 1956 for the period ended 31st March, 1999 and forming part of the Director's Report, showing names and other particulars of such employees of the Co. is not annexed to the Balance Sheet, as there are no employees :

- Employed throughout the financial year under preview and were in receipt of remuneration for that financial year in the aggregate was not less than Rs. 6,00,000/-.
- Employed for a part of the financial year under review and were in receipt of remuneration for any part of that year at a rate which in the aggregate was not less than Rs. 50,000/-.

10. ACKNOWLEDGEMENTS :

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

For and on behalf of the Board of Directors

J. A. KATHAWALA

Managing Director

PLace : Mumbai

Date : 20th July, 1999.

UNION QUALITY PLASTICS LIMITED**Fifteenth Annual Report****ANNEXURE TO THE DIRECTOR'S REPORT :****ANNEXURE 'A'**

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

I. CONSERVATION OF ENERGY :**A. Energy conservation measures taken :**

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

B. Particulars with respect to total energy consumption per unit of production :**I) POWER & FUEL CONSUMPTION**

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

II. TECHNOLOGY ABSORPTION :**C TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION :**

Efforts in brief made towards technology absorption and innovation :

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

III. FOREIGN EXCHANGE EARNING AND OUTGO :**D Activities, relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans :**

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

E Total Foreign Exchanged used and earned

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

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

Report on the Accounts for the year ended on 31st March 1999 in the compliance with Section 227 (2) of the Companies Act, 1956.

We have audited the attached Balance Sheet of Union Quality Plastics Ltd. as on 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date, and report that :

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

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

- 1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit :
- 2) In our opinion proper books of accounts, as required by Law, have been kept by the Company so far as appears from our examination of the books :
- 3) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the Company subject to the notes annexed to the Balance Sheet.