

UNION QUALITY PLASTICS LIMITED



***Sixteenth Annual Report
1999 - 2000***

UNION QUALITY PLASTICS LIMITED
Sixteenth Annual Report



BOARD OF DIRECTORS

CHAIRMAN :

A. G. KATHAWALA

MANAGING DIRECTOR :

J. A. KATHAWALA

DIRECTORS :

D. J. KATHAWALA

A. JAYARAM

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.

UNION QUALITY PLASTICS LIMITED

Sixteenth Annual Report



NOTICE TO MEMBERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of **UNION QUALITY PLASTICS LIMITED** will be held on the 27th of September, 2000 at 16-30 hours 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 :

ORDINARY BUSINESS :

1. To receive and adopt the Director's Report and Audited Profit and Loss Account for the year ended on 31st March, 2000 and the Balance Sheet as on that date.
2. To appoint a Director in a place of Mr. Juzer A. Kathawala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mrs. D. J. Kathawala who retires by rotation and being eligible offers himself for reappointment.
4. 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 :

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED that pursuant to and subject to the provisions of Section 269, 309 and 198 and other applicable provisions of any of the Companies Act 1956 or any modifications or re-enactment thereof, the re-appointment of Mr. Juzer A. Kathawala as Managing Director for a period of 5 years with effect from 1-4-1999 on the following terms of remuneration be and is hereby approved".

- A) Salary : Rs. 20,000/- per month with suitable increases as may be determined by the board.
- B) Perquisites comprising provision of furnished residential accommodation or house rent allowance together with Gas, Electricity & Water, reimbursement of Medical Expenses incurred and Leave Travel Assistance for Self and Family, Club Fees, Premium and Personal Accident Insurance, Car with Driver, Telephone at Residence, etc. and such other benefits and allowances as may be agreed to between the Company and the said Managing Director. The perquisites will be evaluated as per the Income Tax Rules wherever applicable.
- C) The remuneration comprising Salary, Perquisites and other benefits and allowances of the Managing Director shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956 or any modification or re-enactment thereof.

- D) In the event of inadequacy or absence of profits under Section 349 and 350 of the said Act, in any financial year, the said Managing Director shall be entitled to minimum remuneration comprising (a) the then existing salary as minimum salary and (b) perquisites, allowances and benefits detailed above not exceeding 125% of the then existing salary and subject to the approval of the Central Government, as may required.
- E) The Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling mentioned in Para "D" above in terms of the provision of Schedule XIII of the said Act.
 - a) Contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either single or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at the rate of 15 day's salary for each completed year of service and
 - c) Encashment of unavailed leave at the end of the tenure.

"RESOLVED that the Board of Directors of the Company be and is hereby authorised to approve the increase in salary and vary and / or revise the remuneration of the Managing Director within the overall limit approved herein and settle any question of difficulties in connection therewith or incidental thereto".

- 6) To consider and if thought fit to pass or without modification the following resolutions as an ordinary resolution.

"RESOLVED that the Company do apply to the Ahmedabad and Saurashtra Stock Exchanges for delisting of its shares from these exchanges with immediate effect".

"RESOLVED further that the Managing Director, Shri Juzer A. Kathawala be and hereby authorise to take all necessary steps and to do all acts for delisting from Ahmedabad and Saurashtra Stock Exchange".

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 : 23-08-2000

UNION QUALITY PLASTICS LIMITED

Sixteenth Annual Report



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. Proxies in the form annexed hereto must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. An Explanatory Statement relating to the Special Business under Item No. 5 & 6 as required under section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Book of the Company will be closed from 25th September 2000 to 27th September 2000 (both days inclusive).
4. The Members who wish to make nomination in whose name all rights of transfer and / or amount payable in respect of the securities shall vest in the event of his / her / their death may avail the facility by filling and registering the Nomination Form in Form 2B with the company. A Copy of the Nomination Form will be provided to the Members on request.
5. 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 NOTICE

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

Item No. 5

Shri Juzer A. Kathawala was appointed as Managing Director of the Company for a period of 5 years with effect from 1-4-1994 with due approval of Shareholders. The tenure of office of Mr. Juzer A. Kathawala as Managing Director had expired on 31-3-1999.

The Board of Directors at its meeting held on 23rd August, 2000 reappointed Shri Juzer A. Kathawala as Managing Director for a period of 5 years from 1-4-1999 on the existing terms of remuneration as detailed in the resolution proposed at Item No. 5, subject to the approval of the Shareholders in General Meeting pursuant to Section 269, 309, 198 and other applicable provisions if any of the Company's Act, 1956.

The Board recommends the approval of the appointment and terms of remuneration of Mr. Juzer A. Kathawala, Managing Director as proposed in the resolution.

None of the Directors except Mr. Juzer A. Kathawala is deemed to be concerned or interested in the resolution. Mr. Juzer A. Kathawala is the son of Ahmedally G. Kathawala and husband of Mrs. D. J. Kathawala.

The Company Shares are listed in Bombay Stock Exchange, Ahmedabad Stock Exchange and Saurashtra Stock Exchange at the time of initial issue of Shares to the public. The Company Shares are thinly traded in all the Exchanges. In the opinion of the Directors the proposed delisting will not prejudicially effect the interest of the Share Holders since the Shares will continue to be listed in Bombay Stock Exchange. However there will be considerable cost savings to the Company. The Board recommends the approval of the Shareholders as proposed in the resolution.

None of the directors are concerned or interested in the resolution.

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.

UNION QUALITY PLASTICS LIMITED

Sixteenth Annual Report



DIRECTORS REPORT

To the Members of

UNION QUALITY PLASTICS LIMITED

Your Directors present the Sixteenth Annual Report with the Audited Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS :

	Year ended 31-3-2000 (Rupees)	Year ended 31-3-1999 (Rupees)
Profit/(Loss) before Tax	(3,55,32,280)	(6,42,91,094)
Less : Provision for Taxation	<u>Nil</u>	<u>Nil</u>
	(3,55,32,280)	(6,42,91,094)
Add : Profit/(Loss) brought forward	9,30,37,918	2,87,46,824
	<u>(12,85,70,198)</u>	<u>(9,30,37,918)</u>

APROPRIATIONS :

Proposed Dividend (subject to deduction of tax at source)	Nil	Nil
General Reserve adjusted	11,52,981	Nil
Profit/(Loss) balance carried forward	<u>(12,74,17,217)</u>	<u>(9,30,37,918)</u>

2. DIVIDEND :

In view of the losses, the Directors regret their inability to declare any dividend for the year ended 31st March, 2000.

3. OPERATIONS :

Reduction in turnover, high cost of production due to underutilisation of capacity and high cost of borrowings have resulted in a net loss of Rs. 3,55,32,280/-. Export turnover is Rs. 411 Lacs as compared to Rs. 643 Lacs in the previous year.

The Company has been awarded the Best Exporter Award for the year 1998-99, by the Export Promotion Council, for Export of Tarpaulins.

4. STATUS OF REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

On 31st August, 1999 the Company had made an application BIFR to declare it as Sick Company u/s 15 (1) of SIC (SP) Act 1985. The case came up for hearing on 15th March, 2000 wherein the Bench appointed IDBI as an operating agency for making a report regarding the sickness of the Company.

5. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association,

Mr. Juzer 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.

Mr. M. M. Jaikar, resigned from the Board on 22nd January, 2000

Mr. Naresh S. Fadia has ceased to be the Director of the Company in terms of Section 283 of the Companies Act.

The Company places on record its appreciation of services rendered by Mr. M. M. Jaikar and Mr. Naresh S. Fadia during their tenure as Directors.

Mr. A. Jayaram was appointed as Director on the casual vacancy arising out of the resignation of Mr. M. M. Jaikar

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 :

There are no Employees covered U/S 217 (2A) of the Companies Act, 1956 for the period ended 31st March, 2000.

10. ACKNOWLEDGEMENTS :

The 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

Date : 23-08-2000

UNION QUALITY PLASTICS LIMITED

Sixteenth 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. CONVERSATION OF ENERGY :

A. Energy conversation 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

	1999-2000	1998-99
1. Electricity :		
a) Purchased (GEB)		
Units (in Thousand)	1819	2099
Total Cost (Rs. in Lacs)	84.94	83.99
Rate per unit (Rs.)	4.66	4.00
b) Own Generation :		
1) Through Diesel Generator		
Units (in Thousand)	43.50	166.20
Units/KL of Diesel	2.90	3.00
Cost/Unit (Rs. in Lacs)	14.00	12.61
II) CONSUMPTION PER UNIT PER PRODUCTION		
Consumption/Ton	1606	1634

1. Electricity :

a) Purchased (GEB)

Units (in Thousand)	1819	2099
Total Cost (Rs. in Lacs)	84.94	83.99
Rate per unit (Rs.)	4.66	4.00

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1) Through Diesel Generator

Units (in Thousand)	43.50	166.20
Units/KL of Diesel	2.90	3.00
Cost/Unit (Rs. in Lacs)	14.00	12.61

II) CONSUMPTION PER UNIT PER PRODUCTION

Consumption/Ton	1606	1634
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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 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 is constantly on the lookout for widening its Export base but paucity of funds is the limiting factor.

E Total Foreign Exchanged used and earned

	Rs. in Lacs
Foreign Exchange used	0.00
Foreign Exchange earned	399.93

AUDITORS REPORT

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

Report on the Accounts for the year ended on 31st March, 2000 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, 2000 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.