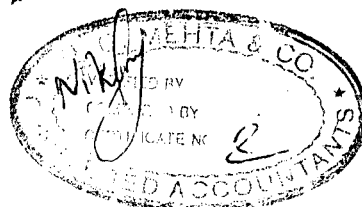


UNION QUALITY PLASTICS LIMITED		
5th Floor, A.G.H. Chambers, Narsi Natha Street, Mumbai- 400 009.		
Assessment Year : 2007-2008 PAN : AAACU3472D	Previous Year Ended : 31-03-2007	
STATEMENT OF TOTAL INCOME		
Profit/(loss) as per profit & loss account		(7,784,179)
Add: Items disallowed / considered separately		
Depreciation	4,220,384	4,220,384
Less: Admissible Expenses/ Income considered separately		(3,563,796)
Depreciation u/s 32	6,083,467	6,083,467
Less: Set off of b/f business losses - A.Y.		(9,647,263)
Taxable income from business profession		(9,647,263)
Income from other Sources		
Dividend Income - Exempt u/s 10(34)	-	-
Gross Total income		(9,647,263)
Total Income		(9,647,263)
Tax Thereon		NIL
Less: T.D.S on Interest		-
Balance Refundable		-
Computation of Tax under Section 115JB		
Not Applicable as there is a loss in the books during the previous year.		

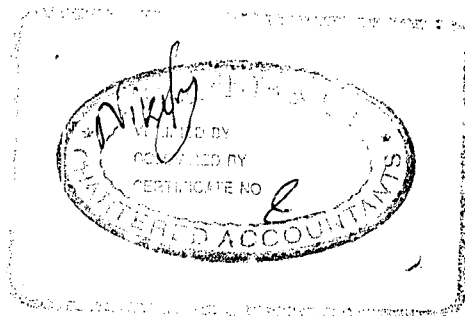


Note :

Carry Forward of Losses and Unabsorbed Depreciation

Assessment Year	Business Loss	Unabsorbed Depreciation
1998-1999	21,474,204	7,919,017
1999-2000	57,923,985	7,897,372
2000-2001	31,293,046	6,193,274
2001-2002	20,325,401	4,861,955
2002-2003	10,110,015	3,836,985
2003-2004	10,804,224	2,988,189
2004-2005	18,538,509	3,013,109
2005-2006	9,273,618	2,378,497
2006-2007	-	1,498,755
2007-2008	13,867,646	6,083,467
TOTAL	179,733,802	40,587,153

Unabsorbed Depreciation (A.Y. 2004-05)	502,752
Unabsorbed Depreciation (A.Y. 2003-04)	219,093
Unabsorbed Depreciation (A.Y. 2002-03)	408,814
Unabsorbed Depreciation (A.Y. 1995-96 to A.Y. 2001-02)	1,890,975
Business losses A.Y. 1999-2000	1,999,397
Business losses A.Y. 2004-05	52,495
Business losses A.Y. 2005-06	317,630
Unabsorbed Depreciation (A.Y. 2005-06)	415,666



DIRECTORS REPORT

To
The members of
UNION QUALITY PLASTICS LIMITED

Your Directors are happy to present the 23rd Annual Report with the Audited Accounts for the year ended 31st March 2007.

1) FINANCIAL RESULTS :-

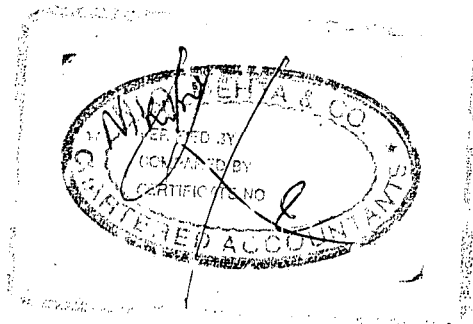
	Year ended 31-03-07 (Rupees)	Year ended 31-03-06 (Rupees)
Profit \ (Loss) before Tax	(76,25,179)	(77,60,171)
Less : Provision for Taxation Fringe Benefit Tax	1,59,000	1,13,450
	-----	-----
	(77,84,179)	(78,73,621)
Add : Profit \ (Loss) brought Forward	(21,25,21,917)	(20,57,97,832)
	-----	-----
	(22,03,06,096)	(21,36,71,453)
APPROPRIATIONS		
Proposed Dividend (Subject to deduction of Tax at source)	Nil	Nil
General Reserve adjusted	Nil	Nil
Profit \ (Loss)		
	-----	-----
Balance Carried forward	(22,03,06,095)	(21,36,71,453)

2) DIVIDEND :

In view of the losses, the Directors regret their inability to declare any dividend for the year ended 31st March 2007.

3) OPERATIONS :

High cost of production due to under utilization of capacity have resulted in a net loss of Rs. Export turnover is higher at Rs. lacs as compared to the Rs. Lacs in the previous year.



4) DIRECTORS :

In accordance with the provisions of the Companies Act ,1956 and the Companies articles of Association, Mr _____ and _____ retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible to offer themselves for re-appointment.

5) Auditors :

M/s. N O Mehta & Co, the Auditors of the Company , 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 report of the Board of Directors) Rules, 1988 is given in the Annexure and form part of this report.

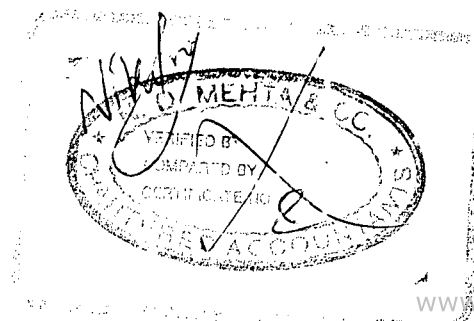
8) PARTICULARS OF EMPLOYEES:

There are no employees covered u/s 217 (2A) of the Companies Act, 1956 for the period ended 31st March 2006.

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 judgements 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 2007, 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 and assistance rendered by its bankers and other Government Bodies and Organisations during the year-

For and on behalf of the Board of Directors

J A Kathawala

J A Kathawala
Managing director

Place : Mumbai

Date : 1-9-07



AUDITORS REPORT

To the shareholders of M/s UNION QUALITY PLASTICS LIMITED

Report on the Accounts for the year ended 31st March 2007 on compliance with Section 227(2) of the companies Act, 1956.

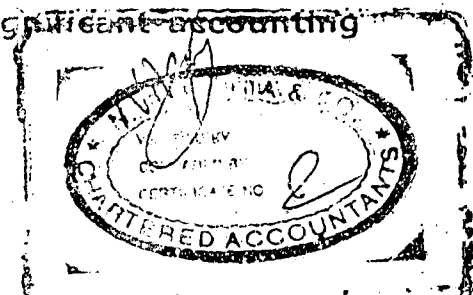
1) We have audited the attached Balance sheet of Union quality Plastics Ltd. as on 31st March, 2007 and also the annexed Profit and loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the Management for the company based on our Audit.

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 amount 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 (Auditor's 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 matter 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 and 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 an 31st March,2007 and we are unable to comment if any of the directors is disqualified on 31st March,2007 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,2007
- (b) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

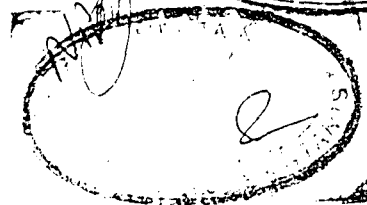
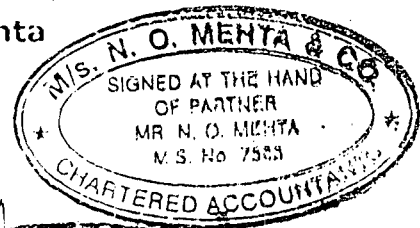
As per our Report even date

For N. O. Mehta &Co.
Chartered Accountants

Place : Mumbai-20

Dated: 1-9-2007

N.O.Mehta
Partner

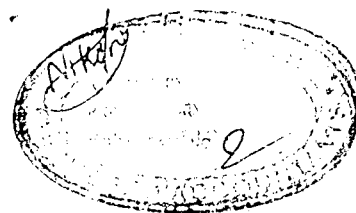


AUDITORS REPORT

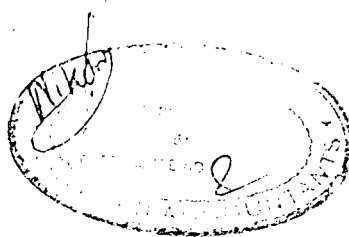
To the Shareholders of M/S UNION QUALITY PLASTICS LIMITED

(Referred to in paragraph "3" of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets, and the Depreciation on all Assets is written off. We are informed that all the Fixed Assets of the company have been physically verified by the management during the period and no material discrepancies between the book records and physical inventory were noticed.
2. As explained to us the stocks of finished goods, stores, spare parts & Raw materials have been physically verified by the management at reasonable intervals.
3. As per information given to us, the procedures of Physical verification of stocks followed by the management are in our opinion reasonable and adequate in relation to the size of the company and the nature of its business.
4. No material discrepancies have been noticed on physical verification of stocks as compared to book records
5. On the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year
6. The rate of interest and other terms and conditions of the loans Secured 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 in our books been given paying at periodical intervals the principal amounts as stipulated.
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, material or services or the prices at which transactions for similar goods or service 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 there is no contravention to the provisions of the section 58A of the companies Act, 1956.
13. The Company has maintained reasonable records for the sale and disposal of realizable by products and scraps wherever applicable.
14. The Company does 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 maintenance of cost records under section 209(1)(d) of the companies Act, 1956 for the company
16. The company is regularly in depositing provident fund dues with the appropriate authorities



17. As explained to us and subject to our comments vide notes, undisputed amount payable in respect of Income Tax, custom duty and excise duties etc, were not outstanding as at 31st March, 2007 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 (o) of the sick industrial companies (special provisions) Act, 1985.
20. As explained to us by the Management, the other activities of the company were insignificant as compared to total volume and as such no separate 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.

Report

For N.O.MEHTA & CO
Chartered Accountants

Place : Mumbai-20

Dated :

N.O.MEHTA
Partner

