

**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON THURSDAY, SEPTEMBER 30, 2010 AT 3.30 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 5TH FLOOR, A.G.H CHAMBERS, 379/381 NARSI NATHA STREET MUMBAI - 400009, TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS**

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Durriya Kathawala who retire by rotation and, being eligible, offer herself for re-appointment.
3. To appoint a Director in place of Mr. Zuzar Kathawala who retire by rotation and, being eligible, offer himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditor's plus service tax, traveling and out of pocket expenses.

**Registered Office:**

5th Floor, A.G.H Chambers,  
379/381 Narsi Natha Street,  
Mumbai - 400009

Place: Mumbai

Date: 09th August, 2010

**For and on behalf of the Board**

**Z A KATHAWALA**

Chairman & Managing Director

**Notes :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself only on poll and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered office of the Company not less than forty eight before the commencement of the meeting.
2. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting and members who hold shares in electronic form (Demat) are requested to bring their Client ID and DP ID numbers for identification of attendance at the meeting
3. The Register of Members and Share Transfer Books will remain closed from Friday, the 24th September, 2010 to Thursday the 30th September, 2010 (both days inclusive)
4. Members are requested to notify the change in their address to the Company and/or Registrar & Share Transfer Agent of the Company in physical mode and always quote their folio no. in all correspondence with the Company. In respect of holding in electronic form, members are requested to notify any change of address and change in bank details in their Depository participants.
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. Members seeking further information on the accounts or any other matter contained in the Notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.

**Registered Office:**

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Mumbai - 400009

Place: Mumbai

Date: 09th August, 2010

**For and on behalf of the Board****Z A KATHAWALA**

Chairman & Managing Director

**DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting the 26th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2010.

**1. FINANCIAL RESULTS:***(Rs. In Lacs)*

<b>Particular</b>	<b>Current Year</b>	<b>Previous Year</b>
Turnover (including other income)	2457.30	2217.59
Profit before Tax	17.73	20.23
Less - Depreciation	32.52	31.85
Less - Provision for Taxation	Nil	1.28
Profit after tax	17.73	18.95
Add : Profit /(loss) B/fd	(2179.85)	(2198.80)
Total amount Available for Appropriations	(2162.12)	(2179.85)
Transfer to reserves	Nil	Nil
Proposed Dividend (Including Corporate Dividend Tax)	Nil	Nil
Balance Carried forward	(2162.12)	(2179.85)

**2. OPERATIONS AND BUSINESS PERFORMANCE**

Total income for the year was marginally decreased to Rs.24.57 crores from 22.17 crores last year.

**3. DIVIDEND**

In view of the Marginal profit, the Directors had not recommended any dividend for this year.

**4. FIXED DEPOSITS:**

During the year under review company has not taken any deposits from public.

**5. QUALITY MANAGEMENT**

the company is committed to supply products and services conforming to customer requirements by involving employees, vendors sub - contractors and customers to achieve its vision of being a cost -efficient global suppliers of quality products.

**6. PERSONAL**

As required by the provision of section 217(2A) of the companies act 1956 of the companies act 1956, read with companies (particulars of employees) Rules, 1975 as amended, there are no employees covered for the year under review

**7. DIRECTORS**

In pursuance of the companies Act 1956, and articles of association of the company Mrs. Duriya Kathawala and Mr. Ahmedally Kathawala retire by rotation and being eligible, offer themselves for reappointment.

**8. DIRECTORS RESPONSIBILITY STATEMENTS**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm:

- i) That in the preparation of the annual accounts for the financial year ended 31st march 2010, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) That they had selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) That they had taken proper and sufficient care 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;
- iv) That they had prepared the annual accounts on a going concern basis.

**9. CONSERVATION OF ENERGY , ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE AND OUTGO:**

Additional information as required as per section 217(I)(e) of the companies act, 1956 read along with companies (Disclosures of particulars in the report of board of Directors) Rules, 1988 is given below;

**(I) Conservation of Energy:**

Continuous monitoring and awareness amongst employees has helped to avoid waste of energy. Adequate measures had helped in reducing the consumption of energy and overall electricity bill.

It is planned to extend the measures taken during the current year which yielded good results, to other areas/equipment/offices.

**(II) Technology Absorption:**

Company has not incurred mejour expenditure on R& D activity during the year under review; however the company is searching various technology and methods which will help in reducing the consumption of energy, increase in input / output ratio and produce internationally acceptable quality products, company have the ISO 9001: 2000 Certificate.

**Information regarding technology imported during the last five years:**

- |                                       |   |                |
|---------------------------------------|---|----------------|
| a. Technology imported                | : | No             |
| b. Year of import                     | : | Not applicable |
| c. Has technology been fully absorbed | : | Not applicable |

- d. If not fully absorbed, areas where this has not taken place, reasons : Not applicable therefore and future plans of actions

**(III) Foreign Exchange:**

During the year company has earned foreign exchange by export turnover which amounts to Rs. 40.88 lacs and had incurred Rs. 63.79 lacs towards expenditure in foreign exchange during the year. Company is making all efforts to capture the international market.

**10. AUDITORS**

M/s. Chaturvedi & Chaturvedi, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of ensuing annual general meeting and, being eligible, offer themselves for reappointment as statutory auditors. Members are requested to approve the same and fix their remuneration.

**12) Management Discussion and Analysis**

Overall review, industry Structure and Developments:

Your Company has shown better sales than the previous years. However the margins have come under severe pressure due to new companies entering this business and severe competition in this business of Tarpaulin The company is trying its best to move to higher value added products to increase bottom line and increase sales too

**11. AUDITORS OBSERVATION :**

The comment of the auditors in their reports is self explanatory and need no further clarification.

**12. CORPORATE GOVERNANCE:**

Report and details on corporate governance has not been given in the directors report as required under Clause 49 of the Listing Agreement, as the company is in process of formation of various committees, still the Company is following high standard of governance in its operations and the management always believes in high standard governance considering the size and nature of the Company.

**13. APPRECIATION**

Your Directors would like to place on record their appreciation of the consistent support, co-operation and assistance from our customers, suppliers, shareholders, employees and other business associates including various agencies of the central and Maharashtra state governments and Bankers for their continued understanding, assistance and support.

**On Behalf of the Board of Directors**

**Zuzar A Kathawala**  
Chairman & Managing Director

Mumbai,  
August 9, 2010

**Annexure - A**  
**CORPORATE GOVERNANCE:**  
**COMPANY'S PHILSOPHY ON CODE OF GOVERNANCE:**

The Company aims at ensuring high ethical standards in all areas of its business operations to enhance its stake holder's value

In accordance with Clause 49 of the Listing agreement with the Stock Exchanges, the details of governance including compliances by the Company with the provisions of Clause 49 are as under:

**1. BOARD OF DIRECTORS:**

As on 31.03.2010, The Company's Board consisted of Three Promoter Directors and One Executive Director & Two independent directors, who have rich experience in their fields.

The Board of the Company met 6 times during the last financial year on the following dates: --  
 29.07.09, 31.10.09, 27.01.10, 30.04.10

**Code of conduct:**

The Company has already implemented a Code of Conduct for all Board Members and Senior Managements of the company in compliance with Clause 49 (1) of the Listing Agreement. But, since the operations of the Company were not much, the application of the code of conduct was limited to that extent

The constitution of the Board (as on 31.03.2010) and the attendance of the Directors are given below:

Name of the Director	Category of the Director	No. of other Directorship (*)	No.of Board meetings Attended	Attendance at Last AGM
Zuzar A. Kathawala	Managing Director	Nil	4	Yes
Ahmedally Kathawala	Executive Director	Nil	4	Yes
Durriya Z. Kathawala	Promoter Director	Nil	4	Yes
Sunil R. Tripathi	Executive Director	Nil	4	Yes
Ananthanarayan Jayaram	Independent Director	Nil	4	Yes
Naseem Shabbir Arsiwala	Independent Director	Nil	4	Yes

- Excludes Directorship in Indian Private Limited Companies, Foreign Companies, Companies u/s 25 of the Companies act, 1956
- The Director(s) are neither Chairman nor members of any other committee(s) other than Audit committee, grievance committee, remuneration committee of the Company as mentioned in this report.

Detailed Agenda is circulated/ sent to the members of the Board in advance. The Board discusses/ deliberates and decides on all the topics/ matters including those suggested in the Listing Agreement, as and when the requirement arises.

**Risk Mitigation Plan:** The Company has already adopted a risk mitigation plan, suitable to the Company. During the year there were no activities that required the assessment of risk.

## 2. AUDIT COMMITTEE:

The total strength of the Audit Committee is three. The said committee was constituted to exercise powers and discharge function as stipulated in Clause 49 of the Listing Agreement, and other relevant statutory and regulatory provisions. The Chairman of the audit committee is an independent/ non-executive director, and of the other two members one is executive director and the other is non-executive / independent director.

During the relevant financial year, five Audit Committee Meetings were held on 29.07.09, 31.10.09, 27.01.10, 30.04.10

The constitution of the Committee (as on 31.03.2010) and the attendance of each member of the Committee is given below

Name of the Member	Category	No. of Meetings	Attendance (No)
Ananthanarayan Jayaram	Chairman	4	4
Sunil R. Tripathi	Member	4	4
Naseem Shabbir Arsiwala	Member	4	4

## 3. SHARE HOLDERS GRIEVANCE/ SHARE TRANSFER COMMITTEE:

Share Holder's Grievance Committee

Share Holders Grievance Committee consists of two independent Directors, and one Compliance Officer who met on last Thursday of the Month

The data for the year is as follows: No Complaints received from share holders/ Exchange during the year 2010 unresolved complaints (including pertaining to the previous year(s):2009. Majority of these complaints pertain to listing matters which the Company is addressing.

During the year company had affected transfers involving nil equity shares.

The constitution of the Committee as on today is as under:

Name of the Member	Category	No. of Meetings	Attendance (No)
Ananthanarayan Jayaram	Chairman	4	4
Sunil R. Tripathi	Member	4	4
Naseem Shabbir Arsiwala	Member	4	4

At present, Mrs. Ritika Vinayak Iswalkar, is the Compliance officer of the Company. She was appointed in 1-10-2005,. Zuzar A Kathawala, who was Compliance officer, prior to this date, had attended all the meetings held during the year.

#### Share Transfer Committee

The same members of Share Holders Grievance Committee are the members of this committee also. The Committee has meets once in a month.

#### 4. REMUNERATION COMMITTEE

The Directors have decided that till the financial crisis is sorted / solved, they will not draw any remuneration from the Company. So remuneration committee was not set up during the year under review.

At present, Mrs. Ritika Vinayak Iswalkar, is the Compliance officer of the Company. She was appointed in 1-10-2005,. Zuzar A Kathawala, who was Compliance officer, prior to this date, had attended all the meetings held during the year.

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#### 5. OTHER DETAILS/INFORMATIONS

The details of Annual General Meeting held in last 3 years are as under:

Year Ended	Venue	Date	Time
2008-2009	502 Agh Chamber,379/381 Narsi Natha Street, Masjid, Mumbai 400 009	30-09-2009 Wednesday	11-00 Am
2007-2008	502 Agh Chamber,379/381 Narsi Natha Street, Masjid, Mumbai 400 009	30-09-2008 Tuesday	11-00 Am
2006-2007	502 Agh Chamber,379/381 Narsi Natha Street, Masjid, Mumbai 400 009	29-09-2009 Saturday	11-00 Am



The Company has neither used Postal Ballot nor passed any special resolutions during these years, and there was no Extra Ordinary General Meetings of the members of the Company during the relevant period.

- Means of communication:

The Company has started filings since 1996 the entire quarterly / half yearly / annual results of the company with the Stock Exchanges and press release are made in English & Marathi as stipulated in the Listing Agreement. The company does not have a web site. It also has not displayed in official news release and no presentations were made to institutional investors or to the analysts. We do not send half yearly financial reports to the share holders. The management Discussion and Analysis is a part of the Annual Report

- Compliance of Insider Trading Norms:

Company has adopted the code of internal procedures and thus complies with the insider trading norms.

- General Shareholder's i

a) AGM, date, time, and venue

Venue	Date	Time
502 Agh Chamber, 379/381 Narsi Natha Street, Masjid, Mumbai 400 009	30-09-2010	03.30 AM

b) Financial year ending 31st March.

c) Book closure date 01.04.2009 to 31.03.2010, (both the days inclusive)

d) Listing on stock exchanges. : The shares are listed in Bombay Stock Exchange. Trading in Shares is suspended by BSE

All the dues regarding the Listing Fee have been paid

e) Distribution schedule as on 31.03.2010

Category	Number of Shareholders	% (percentage)	Number of Shares Held	% (Percentage)
Upto - 500	2056	80.28	533600	11.04
501 - 1000	208	8.12	155600	3.22
1001 - 2000	148	5.78	207300	4.29
2001 - 3000	50	1.95	131800	2.73
3001 - 4000	12	0.47	41100	0.85
4001 - 5000	13	0.51	61100	0.26
5001 - 10000	38	1.48	242900	5.02
10001 and above	36	1.41	3461600	71.59
<b>Total</b>	<b>2561</b>	<b>100</b>	<b>4835000</b>	<b>100</b>

## f) Share price movements:

There was no trading of the scripts at the Stock Exchange(s) during the year. The data regarding the price movements are not available, and the management is unable to provide the statement showing the monthly high and low price of the script of the Company as required in the Listing Agreement.

## g) SHARE HOLDING PATTERN AS ON 31.03.2010

Category	No. of shares	% of equity
Promoter Group	2497200	51.65%
Resident Body Corporate	2051600	42.43%
Banks/FI/FII/MF/Trust	286200	5.92%
NRI/OCB	NA	

Share holdings of Independent Directors (name) No. of Shares NIL

- a) Director retiring by rotation / reappointment:  
 c) Share transfer system: Physically Processed by R& T Agent Big Shares  
 d) The Company has not proposed / declared any dividend during the year.  
 e) Financial Year: 01.04.2009 to 31.03.2010

For the current financial year, following is the calendar (tentative and subject to change) Financial reporting for 31st March, 2011:

- 1st Quarter 30.06.2010
- 2nd Quarter 30.09.2010
- 3rd Quarter 31.12.2010
- Financial year closing: 31.03.2011
- 4th Quarter - 31.03.2011

f) Plant Location: Plot No. 204, G.I.D.C. Industrial Estate, Umbergaon - 396171 Dist. Valsad, Gujrat State, (India) Tele Fax (0260) 2562591

## g) Address for correspondence

- Regd Office: 502, A.G.H.Chambers, 379/381, Narsi Natha Street, Masjid ,Mumbai -400 009
- E-mail id of the Company: uqpl\_india@yahoo.co.in
- E-mail id of the Compliance officer: uqpl\_india@yahoo.co.in
- Telephone No: 23449885/86
- Fax: 23401643

h) Stock Code - 526799 (Bombay Stock Exchange)

i) Dematerialization of shares & liquidity: Bulk of the shares are in physical mode, as given below:

Sr. No	Particulars	No. of share holders	No. of shares	Percentage
1	Physical Shares	4835000	2561	100%
2	Electronic Shares			
	Total			

**6) DISCLOSER**

- j) Outstanding GDRs/ADRs/Warrants or any Convertible instruments,  
Conversion date and likely impact on equity N A
- k) Conversion date and likely impact on Equity Shares NA
- l) The details of related parties' viz.; Promoters. Directors or the  
Management, their Subsidiaries or relatives conflicting  
with Company's interest: N A
- m) Penalties or structures have been imposed on the Company by  
Stock Exchange or SEBI or any statutory authority on any matter  
related to capital markets during the period under review NONE
- n) Performance in comparison to broad-based indices such as BSE  
Sensex, CRISIL index etc NA

**By Order of Board of Directors**

Zuzar A Kathawala  
Chairman & Managing Director

**DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT**

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Zuzar A. Kathawala Chairman & Managing Director of the Company, hereby declare that the Board Members and senior Management Personnel have affirmed compliance with the said Code of Conduct, as mentioned in this report, for the year ended 31.03.2010.

Place: Mumbai  
Date: 9th August, 2010

**for Union Quality Plastics Limited**

**Zuzar A Kathawala**  
Chairman & Managing Director

**CEO & CFO CERTIFICATION**

The Board of Directors  
M/S UNION QUALITY PLASTICS LIMITED  
Mumbai

Re-financial Statements for the year 2009-10 - Certification

We, Mr. Zuzar A. Kathawala , Chairman, Managing Director and, CFO, on the basis of the review of the financial statements and the cash flow statements for the

Financial year ending 31.03.2010 and to the best of our knowledge and belief, thereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are to the best of our knowledge and belief, no transaction entered into by the company during the year ended 31.03.2010 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - (a) There have been no significant changes in the international control over financial reporting during this year.
  - (b) There have been no significant changes in accounting policies during this year and that the same have been disclosed in the noted to the financial statements.
  - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place: Mumbai  
Date: 9th August, 2010

**Zuzar A Kathawala**  
Chairman & Managing Director / CFO

**AUDITORS' REPORT**

To,  
The Members of  
**UNION QUALITY PLASTICS LIMITED**

We report that we have audited the attached Balance Sheet of **UNION QUALITY PLASTICS LIMITED**, as at 31st March 2010 and profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the 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 from any 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.
2. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred in the paragraph 2 above, we report that:
  - a) We have obtained all the information and explanation, 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 the Companies Act, 1956 have been kept by the company so far as appears from our examination of such books.
  - c) The Balance Sheet and the Profit and Loss account referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 subject to the non compliance by the company of the Accounting Standard 15 relating to non provision of retirement and other benefit which is being accounted by the company on cash basis instead of accrual basis (liability quantum not ascertained) and provision for gratuity is not made on actuarial basis.
  - e) In our opinion and based on information and according to explanations given to us, none of the directors are disqualified as on 31st March 2010 from being appointed as directors in terms of clause (g) of subsection (1) of Section 274 of the Companies Act 1956.

4. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Significant Accounting Policies and the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view,
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
  - ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date.
  - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For CHARTURVEDI & CHATURVEDI**

Chartered Accountants

Pawan Chaturvedi

(Partner)

Membership No.: 125751

Place : Mumbai

Date : 9th August ,2010

**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date on the accounts of Union Quality Plastics Ltd. for the year ended 31st March 2010.

1. In respect of its fixed assets:

- a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) We were given to understand that the management has physically verified the fixed assets in phased manner and this revealed no material discrepancies during such verification between book records and physical balance. In our opinion the frequency of the verification is reasonable, having regard to the size of the Company and the nature of its business.
- c) In our opinion the Company has not disposed off any major asset/ substantial part of its business during the year and the 'Going Concern' status of the Company is not affected.

2. In respect of its inventories:

- a) The inventories have been physically verified by management at reasonable intervals during the financial year.
- b) In our opinion, the procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The company has maintained proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

- a) During the year the Company has taken interest free unsecured loans from six listed parties aggregating to Rs. 18.45 lacs and balance outstanding, as on 31-03-2010 is Rs. 670.46 lacs,(P.Y. Outstanding of Rs.675.10). The Company has not granted any loans secured or unsecured to any parties listed in aforesaid register.
- b) In our opinion and according to the information and explanation given to us, the terms and conditions on which the abovementioned loan has been taken are not prima facie prejudicial to the interest of the Company.

- c] In respect of loans taken by the Company, the principal amount is repayable on demand.
  - d] In respect of loans taken by the Company, these are repayable on demand and therefore the question of interest overdue amounts does not arise.
4. In our opinion and according to the explanations given to us there is an adequate internal control procedure commensurate with the size of Company and nature of its business, for the purchase of fixed assets, inventory and for the sale of goods. During the course of our audit no major weakness has been observed in internal controls.
5. In respect of transactions covered under section 301 of the Companies Act, 1956.
- a) Based on the audit procedures applied by us and according to the explanations provided by the management, we are of the opinion that all transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and which have so been entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. Sections 58A and 58AA of the Companies Act, 1956 is not applicable to the Company as it has not accepted any deposits from the public. Hence, the clause (vi) of the Order is not applicable.
7. In our opinion the companies do not have any internal audit system commensurate with the size of Company and nature of its business.
8. In our opinion and to the best of our knowledge and according to the information given to us, The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
9. In respect of statutory dues:
- a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. According to the information made available to us, no undisputed arrears of statutory dues are outstanding as at 31st March 2010 for more than six months from the date when they became except few payments towards employees and sales tax.
  - b) According to the information and explanations given to us there are no amounts in respect of Sales Tax, Custom duty, Wealth tax, Excise duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.



10. The Company has accumulated losses of Rs. 21,79,84,580/- as on 31st March 2010 (P.Y. Rs. 21,98,79,736/-). The company has not incurred any cash losses during the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank at balance sheet date.
12. Based on our audit procedures and as per the information and explanations given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the financial year 2008-2010.
13. The provision of any special statutes applicable to the Chit Funds, Nidhi or Mutual Benefit Society are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of this clause are not applicable on the Company.
15. According to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and the explanations given to us, the company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that the company has not utilized funds raised from short term sources towards long term applications and vice versa.
18. During the current financial year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued during the current financial year.
20. No money has been raised by public issues during the current financial year.
21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the current financial year.

**For CHARTURVEDI & CHATURVEDI**  
Chartered Accountants

Pawan Chaturvedi  
(Partner)

Membership No.: 125751

Place : Mumbai

Date : 9th August ,2010

**AUDITORS CERTIFICATE OF CORPORATE GOVERNANCE**

To the members of  
**UNION QUALITY PLASTICS LIMITED**

We have examined the compliance of conditions of corporate governance by Union Quality Plastics Ltd. for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange(s) of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For CHARTURVEDI & CHATURVEDI  
Chartered Accountants

Pawan Chaturvedi  
(Partner)  
Membership No.: 125751

Place : Mumbai  
Date : 9th August ,2010

## BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule	As at 2009-10 RS	As at 31-03-2009 RS
<b>A SOURCES OF FUNDS</b>			
SHARE CAPITAL			
Equity Share Capital	1	48,193,700	48,193,700
Reserves & Surplus	2	28,284,048	28,284,048
		76,477,748	76,477,748
LOAN FUNDS			
Secured Loans	3	129,423,064	129,423,064
Unsecured Loans	4	67,045,854	67,510,216
		196,468,918	196,933,280
<b>Total Sources of Funds</b>		<b><u>272,946,666</u></b>	<b><u>273,411,028</u></b>
<b>B APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	5	102389730	100,127,558
Less : Depreciation		84431772	81,179,589
Net Block		17,957,958	18,947,969
INVESTMENTS	6	348,032	1,418,032
CURRENT ASSETS LOANS AND ADVANCES			
Inventories	7	27,162,161	42,616,682
Sundry Debtors	8	44,649,425	27,645,567
Cash and Bank Balances	9	3,417,051	3,411,993
Other Current Assets and Loan and Advances	10	17,791,307	17,317,889
		93,019,944	90,992,131
Less: CURRENT LIABILITIES AND PROVISIONS	11	54,726,431	56,101,254
NET CURRENT ASSETS		38,293,513	34,890,877
4. MISCELLANEOUS EXPENDITURE	12	135,657	169,571
5. PROFIT AND LOSS ACCOUNT		216,211,506	217,984,580
<b>Total Application of Funds</b>		<b><u>272,946,666</u></b>	<b><u>273,411,028</u></b>

The Schedule referred to above and notes to accounts form an integral part of Balance Sheet.

Notes to Accounts 19

As per our attached report of even date

**For Chaturvedi & Chaturvedi**

**Chartered Accountants**

Pawan Chaturvedi  
(Partner)

**For and on Behalf of the Board**

(Z A Kathawala) (D Z Kathawala)  
Chairman & Managing Director Director

Place : Mumbai

Date : 09th August, 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Schedule RS	As at 2009-10 RS	As at 31-03-2009
<b>INCOME</b>			
Income from Operation	13	259,404,642	217,384,635
Miscellaneous & Other Income	14	6,673,177	5,533,121
Increase /(Decrease) in Stock	15	(20,347,509)	(1,158,827)
		<b>245,730,310</b>	<b>221,758,929</b>
<b>EXPENDITURE</b>			
Purchases		5,900,137	5,843,321
Manufacturing Expenses	16	225,523,369	200,660,161
Employees Remuneration & Benefits	17	2,431,407	3,240,663
Administrative & Selling Expenses	18	6,816,227	6,772,646
Depreciation		325,218	3,185,126
Preliminary Expenses Written off		33,914	33,914
		<b>243,957,237</b>	<b>219,735,830</b>
Profit(+)/Loss(-) for the year		1,773,073	2,023,099
Provision for Tax			
Provision for Fringe Benefit Tax		-	127,943
		-	127,943
Profit(+)/Loss(-) After Tax		1,773,073	1,895,156
Less: Prov. of Deferred Tax Liability of earlier year Income tax adjustments			
Profit & Loss account balance B/F		(217,984,580)	(219,879,736)
Balance being profit carried to Balance Sheet		<b>(216,211,506)</b>	<b>(217,984,580)</b>
Earning Per Share		0.37	0.39

The Schedule referred to above and notes to accounts form an integral part of profit and loss account.

Notes to Accounts

19

As per our report of even date

**For Chaturvedi & Chaturvedi**

**Chartered Accountants**

Pawan Chaturvedi

(Partner)

**For and on Behalf of the Board**

(Z A Kathawala)

(D Z Kathawala)

Chairman & Managing Director

Director

Place : Mumbai

Date : 9th August, 2010

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010**

Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorised 70,00,000 Equity Shares of Rs. 10/- each	70,000,000	70,000,000
Issued, Subscribed and Paid Up 48,35,000 Equity Shares of Rs. 10/- each fully called up	48,350,000	48,350,000
Less : Calls in Arrears	156,300	156,300
	<u><b>48,193,700</b></u>	<u><b>48,193,700</b></u>
<b>SCHEDULE - 2</b>		
<b>RESERVE &amp; SURPLUS</b>		
Security Premium	28,440,348	28,440,348
Less : Calls in Arrears	156,300	156,300
	<u><b>28,284,048</b></u>	<u><b>28,284,048</b></u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
1. Development Credit Bank Ltd. (Cash Credit against Hypothecation of Stock)	112,674,960	112,674,960
2. Development Credit Bank Ltd. (Bill Discounted)	479,473	479,473
3. Development Credit Bank Ltd. (Term Loan A/c secured against equitable mortgage of Land and Building)	14,050,000	14,050,000
4. Bank of India - London (External Commercial Borrowings - Guaranteed by Development Credit Bank Ltd.)	2,218,631	2,218,631
	<u><b>129,423,064</b></u>	<u><b>129,423,064</b></u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
From Directors and Others	67,045,854	67,510,216
	<u><b>67,045,854</b></u>	<u><b>67,510,216</b></u>

<b>SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2010</b>											
<b>SCHEDULE 5 : FIXED ASSETS</b>											
SR NO	NAME OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01-04-09	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	AS ON 31-03-10	AS ON 31-03-09	FOR THE YEAR	AS ON 31-03-10	AS ON 31-03-10	AS ON 31-03-09	
1	LEASE HOLD LAND	2,252,550	-	-	2,252,550	-	-	-	2,252,550	2,252,550	2,252,550
2	FACTORY BUILDING	23,062,287	-	-	23,062,287	13,726,728	933,556	14,660,284	8,402,003	9,335,559	
3.	PLANT & MACHINERY	69,074,177	2,234,872	-	71,309,049	62,730,623	2,108,472	64,839,095	6,469,954	6,343,554	
4	ELECTRICAL INSTALATION	4,018,752	-	-	4,018,752	3,798,308	61,328	3,859,636	159,116	220,444	
5	FURNITURE & FIXTURE	753,152	-	-	753,152	295,060	82,915	377,975	375,177	458,092	
6	OFFICE EQUIPEMENTS	435,607	-	-	435,607	291,457	20,051	311,508	124,099	144,150	
7	STAFF QUARTERS	174,736	-	-	174,736	53,288	6,072	59,360	115,376	121,448	
8	COMPUTERS	356,297	27,300	-	383,597	284,125	39,789	323,914	59,683	72,172	
	<b>TOTALrs</b>	<b>100,127,558</b>	<b>2,262,172</b>	<b>-</b>	<b>102,389,730</b>	<b>81,179,589</b>	<b>3,252,183</b>	<b>84,431,772</b>	<b>17,957,958</b>	<b>18,947,969</b>	
	PREVIOUS YEAR Rs	97,949,650	2,177,908	-	100,127,558	77,994,463	3,185,126	81,179,589	18,947,969	19,955,187	

Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS</b>		
(at cost, long term)		
1. Development Credit Bank Ltd. 1200 Share of rs. 10/- each Paid - Unquoted (P.Y. 1200 Share of rs. 10/- each Paid - Unquoted)	18,000	18,000
2. Hooseini Co.Op Credit Society Ltd. 85 Shares of Rs, 25/- each fully paid - Unquoted (P.Y. 85 Shares of Rs, 25/- each fully paid - Unquoted)	2,125	2,125
3. Bombay Mercantile Co-op Bank Ltd. 142 Share of Rs. 30/- each fully paid (P.Y. 142 Share of Rs. 30/- each fully paid)	4,260	4,260
4. Essar Shipping Ltd. 200 fully paid up equity shares of Rs. 10 each (P.Y. 200 fully paid up equity shares of Rs. 10 each Market Value is Rs. 29.40 as at 31-03-2009 P.Y. 145)	4,022	4,022
5. Essar Shipping Ltd. 2150 fully paid up as NCD of Rs. 20/- each (P.Y. 2150 fully paid up as NCD of Rs. 20/- each)	43,000	43,000
6. Essar Steel Ltd. 3780 fully paid up equity shares of Rs. 10/- each (P.Y. 3780 fully paid up equity shares of Rs. 10/- each) *(Market Value as at 31-03-2009 is Rs. 51.80 P.Y. Rs. 51.80)	344,610	344,610
7. Adamji Kaderbhoy Pvt. Ltd. 20 Shares of Rs. 100/- each - Unquoted (P.Y. 20 Shares of Rs. 100/- each - Unquoted)	2,000	2,000
8. HDFC top 200 fund	25,000	-
9. Reliance growth fund	50,000	-
10. IDFC premier equity fund	25,000	-
11. ICICI Prudential Infrastructure Ltd. (Investment in Mutual fund)	-	930,000
12. Reliance Banking Fund	-	130,000
13. Reliance Divesified Fund	-	135,000
	25,000	
	543,017	1,613,017
Less : Provision for Revaluation of Investment	194,985	194,985
	<b>348,032</b>	<b>1,418,032</b>

\* last quotation for Essar Steel was available for the date 17-12-2007

Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
(as valued and certified by the Management at Cost or Market value whichever is lower)		
1. Raw Material	7,648,519	3,022,454
2. Work in Progress	1,527,540	1,478,400
3. Finished Goods	17,533,186	37,929,835
4. Consumables Stores	452,916	185,993
	<u><u>27,162,161</u></u>	<u><u>42,616,682</u></u>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Due More than 6 months	9,323,116	5,023,220
Others	35,326,309	22,622,346
	<u><u>44,649,425</u></u>	<u><u>27,645,567</u></u>
<b>SCHEDULE - 9</b>		
<b>CASH &amp; BANK BALANCE</b>		
Cash on Hand	669,942	573,607
Balance with Scheduled Banks		
In Current A/c	1,106,211	881,621
In Fixed Deposit	-	315,867
Margin Money against LC and Bank Guarantees	1,640,898	1,640,898
	<u><u>3,417,051</u></u>	<u><u>3,411,993</u></u>
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS LOANS AND AVANCES</b>		
Advances Recoverable in Cash or Kind	5,502,633	6,085,807
Loans and Advances	418,087	599,302
Deposits	4,869,719	4,605,406
Balances with Revenue Department	7,000,868	6,027,375
	<u><u>17,791,307</u></u>	<u><u>17,317,889</u></u>



Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES &amp; PROVIIONS</b>		
Sundry Creditors	36,198,279	38,573,940
Provisions	1,825,924	2,891,174
Advances received from Customor	16,702,228	14,636,140
	<u>54,726,431</u>	<u>56,101,254</u>
<b>SCHEDULE - 12</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses	169,571	203,485
Less : Written off during the year	33,914	33,914
	<u>135,657</u>	<u>169,571</u>
<b>SCHEDULE - 13</b>		
<b>INCOME FROM OPERATION</b>		
Local Sales	270,369,199	228,998,383
Less : Excise Duty	16,344,678	22,176,309
Net Sales	254,024,521	206,822,074
Less : Sales Return	1,697,215	680,096
	252,327,306	206,141,978
Job Work Chrges	2,989,769	3,360,106
Export Sales	4,087,567	7,882,551
	<u>259,404,642</u>	<u>217,384,635</u>
<b>SCHEDULE - 14</b>		
<b>MISCELLANEOUS &amp; OTHER INCOME</b>		
Profit/(loss) from Share Investment	-	6,300
Profit from Sale of mutual fund	19,172	-
Dividend	-	9,843
Interest on Deposit (Tds of Rs. , P.Y. 250359)	113,629	1,216,980
Other Income	-	148,198
Sundry Credit balance Written Off	6,540,376	4,151,800
	<u>6,673,177</u>	<u>5,533,121</u>
<b>SCHEDULE - 15</b>		
<b>(INCREASE) / DECREASE IN STOCK</b>		
Opening Stock		
Work - in - Progress	1,478,400	1,507,595
Finished Goods	37,929,835	39,059,467
	<u>39,408,235</u>	<u>40,567,062</u>

Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
Less : Closing Stock		
Work - in - Progress	1,527,540	1,478,400
Finished Goods	17,533,186	37,929,835
	<u>19,060,726</u>	<u>39,408,235</u>
<b>(INCREASE) / DECREASE IN STOCK</b>	<b><u>20,347,509</u></b>	<b><u>1,158,827</u></b>
<b>SCHEDULE - 16</b>		
<b>MANUFACTURING EXPENSES</b>		
Raw Material Consumed		
Opening Stock	3,022,454	4,493,378
Add : Purchases	195,193,517	165,823,530
Less : Closing Stock	7,648,519	3,022,454
	<u>190,567,452</u>	<u>167,294,455</u>
Consumption of Stores		
Opening Stock	185,993	71,963
Add : Purchases	2,102,818	2,089,552
Less : Closing Stock	452,916	185,993
	<u>1,835,895</u>	<u>1,975,522</u>
Wages and Benefits	10,089,490	10,114,792
Freight Inward	734,421	1,250,126
Hire Charges	60,000	204,000
Labour Charges	10,020,860	7,203,244
Power & Fuel	12,024,435	12,551,879
Printing Expenses	6,334	11,536
Repairs & Maintenance	162,710	40,583
Water Charges	21,772	14,024
	<u>225,523,369</u>	<u>200,660,161</u>
<b>SCHEDULE - 17</b>		
<b>EMPLOYEES REMUNERATION AND BENEFIT</b>		
Salaries & Bonus	1,737,972	2,471,722
Gratuity to Staff	13,500	95,624
Staff Welfare Exp.	22,410	38,948
Director's Remuneration	657,525	634,369
	<u>2,431,407</u>	<u>3,240,663</u>

Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
<b>SCHEDULE - 18</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Advertisement	30,440	23,603
Auditors Remuneration	50,000	50,000
Bank Charges	561,438	438,434
Books & Periodicals	2,787	9,243
Computer Expenses	31,930	-
Conveyance	92,319	234,601
Discount	52,567	35,379
Donation	-	2,615
Electricity Charges	177,287	60,344
Exchange (Gain)\loss	31,361	-
Export Expenses	164,715	426,041
Freight/Octroi & Clearing	1,522,990	1,828,090
Rate difference	401,603	-
Interest on Late Payment of TDS	1,729	14,225
interest on late payment on excise	14,055	93,039
ISO Certification	11,030	-
Legal & Profession Fess	767,280	636,859
Listing Fees	11,030	11,184
Membership & Subscription	13,752	-
Office/ Factory Exp.	191,280	341,798
Motor Vehicle Expenses	223,959	233,566
Postage/Telegram	31,807	83,338
Printing & Stationery	41,988	67,208
Rent for Office	400,000	300,000
Repair & Maintenance	110,402	77,709
Sales Promotion Expenses	983,530	934,589
Sales tax expenses	-	206,429
Telephone & internet Expenses	81,783	136,552
Travelling Expenses	813,165	527,800
	<b><u>6,816,227</u></b>	<b><u>6,772,646</u></b>

**Schedule 19 : ACCOUNTING POLICIES AND NOTES TO ACCOUNT****(A) SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

**(b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. actual; results could differ from estimates

**(c) Employee Benefits :-**

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Gratuity liability is defined benefit obligations and is provided for on payment basis.
- iii. Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation on projected unit credit method carried by an independent actuary as at end of the year.
- iv. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.
- v. Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account immediately.

**(d) Fixed Assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Fixed assets erected & commissioned have been capitalized at cost including other incidental expenses relating to acquisition and installation.

**(e) Depreciation**

- i) Depreciation has been provided on written down value method corresponding to the rates prescribed under schedule XIV of the Companies Act 1956.
- ii) Depreciation on additions is being provided on pro-rata basis from the date of such additions.

**(f) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**(g) Leases**

Assets acquired under finance leases are recognised in accordance with the method recommended by the ICAI. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The finance charge is allocated to periods during lease term at a constant periodic rate of interest on the remaining balance of the liability.

**(h) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**i) Inventories**

Raw materials, components, stores and spares :

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**(j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Dividend

Dividend including Interim is accounted for when declared.

All items of income/ expenses are accounted for on accrual basis except for the following items which are accounted for on cash basis.

- 1) Encashment of leave and gratuity payable to employees
- 2) Custom /Excise Duty on Material in bond.
- 3) Bonus

**(k) Foreign currency translation**

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate at the end of the reporting period. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset

**(l) Taxes on Income**

Income Tax expense comprise of Current Tax and Deferred Tax charge or credit. The current tax is determined as the amount of tax payable in respect of taxable income for the year, as per the provisions of Income Tax Act, 1961. The Company provides for Deferred Tax Liability based on the tax effect of Timing Differences resulting from the reorganization of item in the financial statements and estimating its current income tax provision. Where there are brought forward fiscal allowances, deferred tax asset is recognized only if there is virtual certainty of realization of such assets. Deferred tax assets and liabilities are reviewed as at each balance sheet date and restated as per current developments.

**(m) Borrowing Costs**

Borrowing Costs attributable to the fixed assets during their construction/renovation and modernization are capitalized in accordance with AS-16 issued by ICAI. Such borrowing costs are apportioned on the average balance of Capital Work-In-Progress for the year. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**(n) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(o) Provisions**

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**(p) Segment Information**

The Company has only one business and geographical Segment viz. HDPE Tarpaulene and related products in India. Hence no further disclosures are required to be made as per AS-17 on segment reporting.

**(q) Indirect Taxes*****Excise Duty :***

I) 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 the factory.

II) 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

***Custom Duty :***

Custom Duty payable on Raw Materials, Stores, Spares and Components is accounted on clearance thereof from the bonded warehouses.

**(r) Sales :**

Sales include excise duty and are net of sales tax.

**(s) Miscellaneous Expenditure :**

The Company has written off all the preliminary / miscellaneous expenditure over a period of 10 year

**(B) NOTES TO THE ACCOUNTS****1. Impairment of Assets**

The Company has carried out Impairment test on its fixed assets as on the date of Balance Sheet and the management is of the opinion that there is no asset for which provision for impairment is required to be made as per Accounting Standard - 28 on Impairment of Assets.

**2 The contingent liabilities:**

- a) Bills discounted with the banks amount to Rs. 479,473/- (Previous year Rs.479,473/- and other parties Rs. 4,636,340/- (Previous year Rs. 4,636,340)
- b) Bank Guarantee with custom Authorities Rs. 9,645,768/-

**3. No provision has been made in accounts for gratuity and other retirement benefits accruing to employees which is not in accordance with the Accounting Standard 15 and accounting policy of the company****4. Payments to Auditors**

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Audit Fees	35,000	35,000
Tax Audit Fees	15,000	15,000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>

**5. Managerial Remuneration**

Remuneration has been paid to Managing Director as per Schedule XII of Companies Act 1956 as under:-

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Salary	6,57,525	6,34,369
<b>Total</b>	<b>6,57,525</b>	<b>6,34,369</b>



**6. Related Parties Disclosures****(I).Names of related parties**

Names of related parties where control exists irrespective of whether transactions have occurred or not	Nil	
Names of other related parties with whom transactions have taken place during the year	Nil	
Associates	Nil	
Key Management Personnel	1.	Mr. Zuzar A. Kathawala (Director)
	2.	Mrs. Durriya Z. Kathawala (Director)
	1.	Mr. Imtiaz A. Kathawala
	2.	Mr. A. G. Kathawala
	3.	Yunus Kathawala
Enterprises owned or significantly influenced by key management personnel or their relatives	1.	Alban Communications India Pvt. Ltd.
	2.	Adamji Investment Pvt . Ltd.
	3.	Ambient Media Solutions Pvt. Ltd.
	4.	Niyuprene Plastics Co. Pvt. Ltd.

**(II). Related Party Disclosure**

	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)		Enterprises owned or significantly influenced by key management personnel or their relatives	
	2010	2009	2010	2009
Employee Benefits for Key Management Personnel	6,57,525	6,34,369		-
Unsecured Loans Taken	-	31,22,000	18,45,000	1,03,36,223
Unsecured Loans Repayments	17,09,362	23,22,565	6,00,000	68,36,772
Business Advances Taken / Received back	-	-	-	31,92,000
Business Advances Repaid/given	-	-	-	27,70,050
Hire Charges / (Income)	-	-	60000	60,000
Commission Income	-	-	-	-
Balances Outstanding at the year end	28,07,343	45,16,705	3,10,93,211	2,98,48,211
	-			
Unsecured Loan Payable	28,07,343	45,16,705	3,10,93,211	2,86,50,042
Business Advance (Receivable) / Payable	-	-	-	8,10,169
Commission receivable	-	-	-	-

\*Amount written off or written back in respect of debts due from or to related parties is "NIL".

\*\*Figures for the previous year have been shown in the brackets.

\*\*\*Related party relationship is as identified by the management and relied upon by the auditor.

**7. ACCOUNTING STANDARD (AS-19) LEASE TRANSACTION DISCLOSURES****(a) Disclosures relating to Finance and Operating Leases**

The Company has not entered in any kind of Finance and Operating Lease transactions during the Financial Year. Hence, no disclosure is required to be made as per AS-19 in this respect.

**8. Provision for Taxation**

- a) Current Tax: The company has made a appropriate provision for taxation for the year under the provision of the Income Tax Act, 1961
- b) Deferred Tax

Deferred tax is recognized on timing differences in accordance with AS-22 issued by ICAI as per details given hereunder.

As a matter of Prudence, no provision for deferred Tax Asset has been made in the accounts.

**9. Earning Per Share (EPS)****(Rs. In lacs except EPS)**

Particulars	2009-10	2008-09
i) Net Profit after tax as per profit and Less :Profit Attributable to ordinary	17.73 -	18.95 -
ii) Net Profit attributable to equity share	17.73	18.95
iii) Weighted Average number of equity shares used as denominator for	48,35,000	48,35,000
iv) Basic and Diluted EPS		
- Basic	0.37	0.39
- Diluted	0.37	0.39
vi) Face Values per equity share	10.00	10.00

10. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

Licensed Capacity, Installed Capacity and Actual Production

Class of Goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		2010	2009	2010	2009	2010	2009
Tarpaulin/Fabric	Kgs	N.A.	N.A.	33,00,000	33,00,000	24,82,297	24,48,296

**11. Earnings / Expenditure in foreign currency**

	2009-10	2008-09
Earnings in foreign currency (Cash/Accrual basis)		
Exports at F.O.B. Value	40,87,567	78,82,551
	<b>40,87,567</b>	<b>78,82,551</b>
Expenditure in foreign currency (Cash/Accrual basis)		
Travelling	4,78,803	2,83,032
Others ( Commission)	-	-
	<b>4,78,803</b>	<b>2,83,032</b>
Value of imports calculated on CIF basis		
Finished Goods ( Tarpaulin)	4,78,803	58,43,321
	<b>59,00,137</b>	<b>58,43,321</b>

**12. Sales :**

Particulars	Unit	Quantity		Value (in Rs.)	
		2010	2009	2010	2009
HDPE	Kgs.	27,55,149	21,14,589		19,43,87,738
Fabric/Tarp/Beg					
LDPE	Kgs.	-	2,000	-	1,39,000
Paper Coated Fabric	Kgs.	92,539	1,47,791		1,20,98,106
Wastage	Kgs.	2,6,550	3,14,738		72,05,245
Kraft Paper	Roll	-	6,070	-	1,94,440
<b>Total</b>	<b>31,14,248</b>		<b>25,85,188</b>		<b>21,40,24,529</b>

**12. Sales :**

Particulars	Unit	Quantity		Value (in Rs.)	
		2010	2009	2010	2009
HDPE/LDPE/LLDPE	Kgs	26,01,409	22,41,150	17,25,70,981	15,07,19,446
CC/MB	Kgs	1,88,444	1,13,551	1,41,80,319	1,04,60,555
Kraft Paper	Kgs	37,698	57,668	25,00,772	48,17,316
Stores	Kgs	40,627	41413.1	18,35,895	19,75,522
Others				13,15,380	12,97,138
<b>Total</b>		<b>28,68,178</b>	<b>24,53,782</b>	<b>19,24,03,347</b>	<b>16,92,69,977</b>

**14. Imported and indigenous raw materials, components and spare parts consumed**

	Percentage of Total Consumption		Value (in Rs.)	
	2010	2009	2010	2009
Imported	100	-	59,00,137	-
Indigenously obtained	100	100	1,97,286,335	16,92,69,977
	100	100	2,03,196,472	16,92,69,977

**15.Details of Finished Goods**

	Quantity		Value (Rs.)	
	2010	2009	2010	2009
Opening Stock				
HDPE Laminated Fabric	2,54,089	5,02,047	2,27,87,489	3,88,30,980
HDPE Unlaminated Fabric	1,71,989	-	1,49,63,077	-
Others	5,840	9,520	1,79,268	2,28,487
	4,31,918	5,11,567	3,79,29,834	3,90,59,467
Purchases				
HDPE Tarpaulene	-	49,174	-	58,43,321
		<b>49,174</b>		<b>58,43,321</b>
Production				
HDPE Laminated Fabric/ Tarpaulean	20,94,136	15,75,601	-	-
HDPE Unlaminated	3,88,161	3,27,544	-	-
HDPE Bag	20,246	86,743	-	-
Paper Coated Fabric	92,539	1,47,791	-	-
Others	2,71,824	3,10,616	-	-
	28,66,906	24,48,295	-	-
Sales				
HDPE Laminated / Tarpaulean	22,76,230	18,72,733	-	-
HDPE Unlaminated	4,58,673	1,55,555	-	-
HDPE Bag	20,246	86,301	-	-
Paper Coated Fabric	92,539	1,47,791	-	-
Wastage	2,66,560	3,14,738	-	-
	<b>31,14,248</b>	<b>25,77,118</b>		

<b>Closing Stock</b>				
HDPE Laminated Fabric	71,997	2,54,089	72,59,888	2,27,87,489
HDPE Unlaminated Fabric	1,01,447	1,71,989	1,00,46,203	1,49,63,077
HDPE Bag	-	442	-	38,896
Others/Wastage	11,104	5,399	2,27,095	140,372
	1,84,578	4,31,919	17,533,186	3,79,29,834

**16. Segment Reporting**

The Company has only one business and geographical Segment viz. HDPE Tarpaulene and related products in India. Hence no further disclosures are required to be made as per AS-17 on segment reporting.

**17. Previous Year Comparatives**

Previous year's figures have been regrouped where necessary to conform to this year's classification.

**18. General Notes :**

- I) In term of notification GSR (129E) dated. 22.02.99 issued by the department of the company affairs, the company is required to furnish the details of outstanding to SSI undertaking under the head "Current Liabilities & Provision" of amount more than one lacs and for the period of more than 45 days the company has requested to vendor to furnish requisite information along with their SSI registration balance sheet, therefore the company is unable to furnish the particulars.
- II) Income Tax assessments of the Company have been completed till the assessment year 2006 - 2007 U/S 143 (1) (a).
- III) Margin on Bill Discounting as per book of accounts is Rs. 1040434/- (Previous Year Rs. 1040434/-). However as per bank records it stands as NIL. Therefore there is a difference of the entire amount of Rs. 1090749/- pending reconciliation.
- IV) Provision has not been made for Bonus Payable in the current year.
- V) The company has in the year 1997 pledged with Development Credit Bank Ltd. Share 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 the 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 29025/- (Rupees 7.42 Lacs)
- VI) We are given to understand that though the shares were pledged for a particular transaction and upto a limit of Rs. 10 Lacs 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 Lacs only, and accordingly sold the shares for Rs. 28850988.57 and credited the proceeds to the companies cash and the matter is under litigation by the parties concerned the amount so credited by the bank is shown under the heading suspense account failing under classified group unsecured loans.

19. Balance of all sundry Debtors, Sundry Creditors & loan and advances are subject to confirmation

and consequent reconciliation and adjustments, if any.

20. No forward exchange contracts are outstanding on the balance sheet date which is entered to hedge foreign exchange exposures of the Company.
21. Account confirmation statements were not received from some of the parties
22. Current Assets and Loan & Advances are stated at the values which are realizable in the normal course of business in the opinion of the management
23. Previous years figures have been re-arranged and re-grouped wherever necessary

In terms of our report of even date

**For Chaturvedi & Chaturvedi**  
**Chartered Accountants**

Pawan Chaturvedi  
(Partner)  
M. No. : 125751  
Place : Mumbai  
Date : 9th August, 2010

For and on Behalf of the Board

<b>(Z A Kathawala)</b>	<b>(D Z Kathawala)</b>
Chairman & Managing Director	Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

Particulars	31.03.2010 RS	31.03.2009 RS
<b>CASH FLOW FROM OPERATION ACTIVITIES :</b>		
Net Profit before tax and extraordinary items :	1,773,073	2,023,099
Adjustment for :		
Depreciation	3,252,183	3,185,126
Misc. & other Income	-	(148,198)
Interest/Dividend received	(113,629)	(1,226,823)
<b>Operating Profit before Working capital changes :</b>	<u>4,911,627</u>	<u>3,833,204</u>
Adjustment for :		
Trade and Other Receivables	(17,003,858)	(10,093,713)
Inventories	15,454,521	2,515,721
Trade Paybles	(1,374,823)	5,744,438
Other Current Assets	(473,418)	(3,518,199)
<b>Cash Generated from Operation</b>	<u>1,514,048</u>	<u>(1,518,549)</u>
Cash Flow Before extraordinary items	1,514,048	(1,518,549)
Direct Tax Paid	-	(127,943)
Other Income	-	148,198
Net cash from operating activities after extra ordinary items	A 1,514,048	(1,498,294)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,262,172)	(2,177,908)
Purchase of Investments	1,070,000	(509,800)
Interest /Dividend received	113,629	1,226,823
<b>Net Cash Used in Investing activities</b>	B <u>(1,078,543)</u>	<u>(1,460,885)</u>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Net Proceeds from Issue of Share Capital		
Net Proceeds from Unsecured Loans	(464,362)	3,443,844
Net Proceeds from Secured Loans	-	-
Preliminary Expenses	33,914	33,914
<b>Net Cash used in Financial Activities</b>	C <u>(430,448)</u>	<u>3,477,758</u>
<b>Net Increase\Decrease in Cash and Cash Equivalents</b>	5,057	518,579
<b>Cash and Cash Equivalents as on 01-04-08(Opening)</b>	3,411,993	2,893,414
<b>Cash and Cash Equivalents as on 31-03-09(Closing)</b>	3,417,051	3,411,993

**AUDITORS'S CERTIFICATE**

We have examined the above Cash Flow Statement of Union Quality Plastics Ltd for the year ended 31st March 2010. 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 covered by our Report dated 09th August, 2010 to Members of the Company

**For Chaturvedi & Chaturvedi**  
**Chartered Accountants**

Pawan Chaturvedi  
(Partner)  
M. No. : 125751  
Place : Mumbai  
Date : 9th August, 2010

For and on Behalf of the Board

(Z A Kathawala) (D Z Kathawala)  
Chairman & Managing Director Director