

17TH ANNUAL REPORT 2009-2010



Uniroyal
Industries Limited

BOARD OF DIRECTORS

Shri Arvind Mahajan
Smt. Rashmi Mahajan
Shri Akhil Mahajan
Shri Abhay Mahajan
Shri K.K. Malik
Shri Pradeep Aggarwal
Shri Anirudh Khullar
Shri Sushil Gupta

Managing Director
Executive Director
Executive Director
Executive Director
Director
Director
Director

AGP R S & ASSOCIATES

Chartered Accountants
2, Malviya Enclave,
Adjoining City Cable Office,
M.M. Malviya Road, Amritsar
Tel. : 0183-2228415

SHRIRAM TRANSFER AGENTS CUSTOMER REGISTRAR

LINK INTIME INDIA PRIVATE LTD.
A-40, 2nd Floor, Near Batra Banquet Hall,
Naraina Industrial Area, Phase-II,
New Delhi-110 028

REGISTERED OFFICE

Plot No. 365, Phase-II,
Industrial Estate,
Panchkula - 134 113,
Haryana
Tel : 0172-2593592, 5066531-34
Fax : 0172-2591837

BANKERS

State Bank of India
Specialised Commercial Branch,
Sector 17,
Chandigarh - 160 017

ANNUAL GENERAL MEETING NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of M/s Uniroyal Industries Limited will be held on Thursday, 30th September, 2010 at 10.00 a.m. at Hotel Parbhat Inn Sector 10, Panchkula to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the financial year ended on that date and the Report of Board of Directors and Auditors' thereon.
2. To appoint a director in place of Mr. Akhil Mahajan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Abhay Mahajan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. K.K. Mallk who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the company and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:
"Resolved that M/s AGPRS & Associates, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company at a remuneration to be fixed by the Board."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as special resolution :-
"RESOLVED THAT pursuant to Section 269, 309, 310, 311 and other provisions applicable, if any, of the Companies Act, 1956 read with Schedule XIII, approval of the members of the company be and is hereby accorded to the re-appointment of Mrs. Rashmi Mahajan as Executive Director of the company for a period of 3 years w.e.f. 1st April, 2010."

FURTHER RESOLVED THAT Mrs. Rashmi Mahajan shall manage the affairs of the company under the directions, superintendence and control of the Board of Directors of the company.



UNIROYAL INDUSTRIES LIMITED

FURTHER RESOLVED THAT in consideration of her services as Executive Director, Mrs. Rashmi Mahajan shall be paid the following remuneration:

- | | | |
|--------------------------------|---|--|
| A. Salary | : | Rs. 1,00,000/- (Rs. One Lac only) per month. |
| B. Housing | : | The appointee shall be provided by the company a rent free furnished accommodation with watchman and the expenditure incurred on gas, electricity and water shall be reimbursed to her by the company. |
| C. Medical | : | The company shall reimburse the medical expenses incurred for the appointee and her family. |
| D. Club Fee | : | Fee of clubs subject to maximum of two clubs, including admission and life membership fees. |
| E. Personal Accident Insurance | : | Premium not to exceed Rs. 10,000 per annum. |
| F. Leave travel | : | First class air passage for self, Spouse, dependent children and dependent parents of the appointee once in a year. |
| G. Car | : | Provision of car for official-cum-personal use. However, the valuation of personal use of car shall be treated as perquisite of the appointee. |
| H. Telephone | : | Provision of telephone at residence for official-cum-personal use. However, the valuation of personal use of telephone shall be treated as perquisite of the appointee. |
| I. Other Perquisites | : | The appointee shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration: |
| (a) | | Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 |
| (b) | | Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and |
| (c) | | Encashment of leave at the end of the tenure." |

Provided however that during any financial year, the sum total of salary and perquisites stated in Clause (A) to Clause (I) above shall not exceed the limit of remuneration prescribed under para 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Provided further that even in case of loss or inadequacy of profits during any financial year, Mrs. Rashmi Mahajan will be paid the aforesaid remuneration as minimum remuneration."

7. To consider and if thought fit to pass with or without modifications, the following resolution as special resolution.

RESOLVED THAT pursuant to Section 269, 309, 310, 311 and other provisions applicable, if any, of the Companies Act, 1956 read with Schedule XIII, approval of the members of the company be and is hereby accorded to the following salary structure for the remaining period of tenure of Mr. Arvind Mahajan, Managing Director of the company w.e.f. 1st April, 2010.

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|-----|--|---|---|
| A. | Salary | : | Rs. 2,25,000/- (Rs. Two Lac twenty Five Thousand only) per month. |
| B. | Medical | : | The company shall reimburse the medical expenses incurred for the appointee and his family. |
| C. | Club Fee | : | Fee of clubs subject to maximum of two clubs, including admission and life membership fees. |
| D. | Personal Accident Insurance | : | Premium not to exceed Rs. 10,000 per annum. |
| E. | Leave travel | : | First class air passage for self, spouse, dependent children and dependent parents of the appointee once in a year. |
| F. | Car | : | Provision of car for official-cum-personal use. However, the valuation of personal use of car shall be treated as perquisite of the appointee. |
| G. | Telephone | : | Provision of telephone at residence for official-cum-personal use. However, the valuation of personal use of telephone shall be treated as perquisite of the appointee. |
| H. | Other Perquisites | : | The appointee shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration: |
| (a) | Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 | | |
| (b) | Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and | | |
| (c) | Encashment of leave at the end of the tenure." | | |

Provided however that during any financial year, the sum total of salary and perquisites stated above shall not exceed the limit of remuneration prescribed under para 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Provided further that even in case of loss or inadequacy of profits during any financial year, Mr. Arvind Mahajan will be paid the aforesaid remuneration as minimum remuneration."

Dated: 2nd August, 2010
Place : Panchkula

By order of the Board
Sd/-
(Arvind Mahajan)
Managing Director



NOTES:

1. A member who is entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The proxy form duly filled in and signed must reach the Registered Office of the company at least 48 hours before the meeting.
2. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 and 7 is enclosed herewith and form part of this meeting notice.
3. All documents referred to in this meeting notice and the accompanying statements are open for inspection at the Registered Office of the company on all working days (except Holidays) during business hours upto the date of Annual General Meeting.
4. Members are requested to notify to the company immediately change in their address, if any.
5. The Register of Members and Transfer Books of the company will remain closed from 27th September, 2010 to 30th September, 2010 (both days inclusive) at the time of Annual General Meeting of the company.
6. Members having any query relating to the Annual Report are requested to write to the company at least 7 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
7. Members are requested to bring their copy of the Annual Report along with them to the meeting, as copies of the Annual Report will not be distributed at the meeting.
8. Members are requested to produce the Attendance Slip at the entrance to the venue.
9. M/s AGPRS & Associates., Chartered Accountants, are the present Auditors of the company. Pursuant to section 224 of the Companies Act, 1956, they would retire as auditors at the forthcoming 17th Annual General Meeting of the company. Being eligible they have offered themselves for re appointment.

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

ITEM NO. 6.

Mrs. Rashmi Mahajan is a promoter director of the company and she has been instrumental in development and designing of woven labels manufactured by the company. She has been devoting her full time and energy in the business of the company and it is largely due to her consistent and devoted efforts that the company's woven labels have gained acceptance from the most reputed national and international garment manufacturers.

Mrs. Rashmi Mahajan had been appointed as Executive Director of the Company for 5 years w.e.f. 1st July, 2005 in the Annual General Meeting held on 30th September, 2005. Her term of appointment has expired on 30th June, 2010.

The Remuneration Committee in its meeting held on 15th March, 2010 has recommended her re-appointment as Executive Director on the remuneration given in above proposed resolution. Following the recommendations of the Remuneration Committee, the Board of Directors has re-appointed Mrs. Rashmi Mahajan as Executive Director of the company for another term of 3 years w.e.f. 1st April, 2010.

Appointment has been made under para 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 because the Remuneration Committee has approved the appointment & payment of remuneration and the company has not committed any default in repayment of its debts or interest payable thereon.

As per Schedule XIII of the Companies Act, 1956, approval of the members of the company by way of special resolution is required for her re-appointment. Therefore, the proposed resolution is being placed before the members for their approval.

Mrs. Rashmi Mahajan being herself the appointee, Mr. Arvind Mahajan being her husband, Mr. Akhil Mahajan and Mr. Abhay Mahajan being her sons and Mr. P.C. Mahajan being her father in law are interested in the proposed resolution. No other director is concerned or interested, in the proposed resolution.

ITEM NO. 7

Mr. Arvind Mahajan was appointed as Managing Director of the company w.e.f. 20th April, 2009 for a period of three years.

The project of manufacturing woven labels was conceptualized by Mr. Arvind Mahajan and under his leadership, management and control the woven labels and narrow fabrics manufactured by the company have become accepted by most of the renowned companies of India and abroad. Under his stewardship the company has expanded manufacturing capacity from time to time. In view of the above, it was suggested that salary of Mr. Arvind Mahajan be increased for the remaining period of his tenure.

Remuneration Committee in its meeting held on 15th March, 2010 has considered and recommended the enhancement of remuneration of Mr. Arvind Mahajan, Managing Director.

Remuneration has been enhanced under para 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 because the Remuneration Committee has approved the appointment & payment of remuneration and the company has not committed any default in repayment of its debts or interest payable thereon.

As per Schedule XIII of the Companies Act, 1956, approval of the members of the company by way of special resolution is required for this enhancement in remuneration. Therefore, the proposed resolution is being placed before the members for their approval.

Mr. Arvind Mahajan being himself the appointee, Mrs. Rashmi Mahajan being his wife, Mr. Akhil Mahajan and Mr. Abhay Mahajan being his sons and Mr. P.C. Mahajan being his father are interested in the proposed resolution. No other director is concerned or interested in the proposed resolution.



UNIROYAL INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement with the Stock Exchange)

(1) Company's Philosophy on Corporate Governance

Your Company has set out the required practice of Corporate Governance keeping in view the size, complexity and its traditional ethical values. The accountability, integrity and responsibilities in dealings with employees, shareholders, consumers and community at large are of utmost importance. The Company believes to achieve the global standards of corporate conduct towards all stakeholders, which needs to be better managed and governed and to align its activities with national interest. The culture of transparency, new development capabilities, identifying opportunities for value creation have been embedded in each and every employee of the company.

The company has adhered to the underlying principles of Corporate Governance and has made compliance with the corporate governance as an integral part of its day to day operations. The company believes in enhancing overall shareholders' wealth over a sustained period of time.

(2) Board of Directors

(a) Composition and category of Directors:

The existing strength of Board of Directors is four (4) whole time Directors including Managing Director and four (4) non executive Independent directors. None of the non executive directors have any material pecuniary relationship or transactions with the company.

The Directors on the Board are experienced and competent persons from their respective fields. The independent Directors take active part in the Board and Committee Meeting which add value to the decision making process of the Board.

The composition of the Board of Director is in conformity with the Corporate Governance requirements.

(b) Attendance of Directors:

During the year 2009-10, the Company has held 7 Board Meetings as on 17- April 2009, 30- June 2009, 30- July 2009, 16- October, 2009, 30- October 2009, 28- January 2010 and 15- March, 2010. The following table gives details of Directors, attendance of directors at the Board Meetings and at the last annual general meeting, the number of membership held by the directors in the Board/ committees of various companies.

Name of the Director	Category	Attendance Particulars		No. of other Directorship and Committee member/Chairmanship holding including UIL & other public limited companies			Share holding as on 31.03.10
		Board Meetings	Last AGM	Other Director Ship	Committee Member Ship	Committee Chairman Ship	Numbers (%Age)
Sh. Arvind Mahajan	E-NI (M.D)	6	Yes	3	1	-	1679389(20.31%)
Smt. Rashmi Mahajan	E-NI	6	Yes	1	1	-	408469(4.94%)
Sh. Akhil Mahajan	E-NI	6	Yes	3	1	-	390125(4.72%)
Sh. Abhay Mahajan	E-NI	7	Yes	1	-	-	452770(5.48%)
Sh. P. C. Mahajan	NE-NI	8	Yes	-	-	-	NIL
Sh. Sanjiv Kumar	NE-I	-	No	6	-	-	NIL
Sh. K. K. Malik	NE-I	3	No	-	-	-	NIL
Sh. Anirudh Khullar	NE-I	6	Yes	-	-	3	500(0.006%)
Sh. Sushil Gupta	NE-I	6	No	1	2	-	NIL
Sh. Pardeep Aggarwal	NE-I	-	No	-	2	-	3000(0.036%)

NE: Non Executive; NI-Non –Independent; M.D- Managing Director; E: Executive I-Independent

(C) Particulars of the Directors seeking Appointment/Reappointment at the forthcoming Annual General Meeting

Mr. Akhil Mahajan, Mr. Abhay Mahajan and Mr. K K Malik are directors liable to retire by rotation. Being eligible they have offered themselves for re-appointment. The Board of Directors have recommended their re-appointment as Directors of the company.

Mrs. Rashmi Mahajan was re-appointed as Executive Director of the company w.e.f. 01.04.2010 in the Board Meeting held on 15.03.2010. Her appointment is subject to the approval of the shareholders by way of Special Resolution in the Annual General Meeting. The same is therefore being placed before the shareholders in the forthcoming Annual General Meeting.

(3). Audit Committee

(a) Brief description of terms of reference

The Broad approved terms of reference to the Audit Committee include all the matters provided in revised clause 49 of the Listing Agreement and section 292A of the Companies Act 1956 which inter alia includes;

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.



2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of external auditor, fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management the annual financial statements before submission to the board for approval with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in Board's report in terms of clause (2AA) of section 217 of the company Act, 1956
 - b) Change, if any, in accounting policies and practices and reason for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d) Significant adjustments made in the financial statement arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualification in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the Management, performance of statutory and internal auditors, adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors of any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audits as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same in existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(b) Composition of Committee

An Audit Committee was constituted by the Board comprising three Independent and non- Executive Directors: During the financial year ended 31st March, 2010, the Audit Committee met 5 times on 24th April 2009; 30th June 2009; 30th July 2009, 30th October, 2009 and 28th January, 2010. Attendance was as under:

Name of Members	Category	Status	Number of meetings attended
Sh. Anirudh khullar	NE-I	Chairman	5
Sh. Sushil Gupta	NE-I	Director	5
Sh. Pardeep Aggarwal	NE-I	Director	-

(4) Remuneration Committee:

This is a non-mandatory requirement of clause 49th of the listing agreement. The Board has however formed a remuneration committee in terms of Schedule XIII to the Companies Act, 1956. The Broad terms of reference of the Remuneration committee include all the matters provided in Schedule XIII to the Companies Act 1956 which inter alia includes approval of remuneration of Managing Director, Executive Directors after taking into account the financial position of the company.