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# UNIMERS INDIA LIMITED

(Formerly Herdillia Unimers Limited)

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**14th Annual Report 2001-2002**



# UNIMERS INDIA LIMITED

## BOARD OF DIRECTORS

G.P. Goenka	<i>Chairman</i>
V.C. Vaidya	
Sukhendu Ray	
Shrivardhan Goenka	<i>(Appointed w.e.f. July 24, 2002)</i>
Amitabh Bhargava	<i>Nominee -ICICI</i>
A.K. De	<i>Nominee - IDBI</i>
Mark Harakal	<i>Alternate - Mr. J.F. Sierakowski</i>
G.G. Gogate	<i>Managing Director</i>

## AUDIT COMMITTEE

V.C.Vaidya	<i>Chairman</i>
Sukhendu Ray	
Amitabh Bhargava	

## COMPANY SECRETARY

S. Srinivas

## BANKERS :

State Bank of India  
State Bank of Travancore  
State Bank of Bikaner & Jaipur  
Bank of India

## AUDITORS :

Price Waterhouse

## REGISTERED OFFICE, FACTORY & SHARE DEPARTMENT

2/2 TTC Industrial Area, (D Block)  
MIDC, Thane - Belapur Road,  
Turbhe, Navi Mumbai - 400 705.  
email : secretarial@unimers.com  
Internet : www.unimers.com

CONTENTS	
	Page No.
Notice .....	1
Report of the Directors .....	3
Management Discussion and Analysis Report ....	5
Report on Corporate Governance .....	6
Report of the Auditors .....	11
Balance Sheet .....	13
Profit & Loss Account .....	14
Schedules .....	15
Cash Flow Statement .....	27



# UNIMERS INDIA LIMITED

## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of Unimers India Limited will be held on September 5, 2002 at 10.00 a.m. at Rotary Club of Navi Mumbai, Rotary Centre, next to Sacred Heart Convent School, Sector 6, Vashi, Navi Mumbai 400 703 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2002 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. G.P. Goenka, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V.C. Vaidya who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and, if thought fit, to pass with or without modification (s) the following resolution as a Special Resolution :  
"RESOLVED THAT Price Waterhouse, Chartered Accountants, be and are hereby appointed as Auditors of the Company, from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, out-of-pocket expenses."

### 5. SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification (s) the following resolution as an ORDINARY RESOLUTION :

" RESOLVED THAT Mr. Sukhendu Ray, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 160 of the Articles of Association of the Company, and in respect of whom the Company has received a Notice in writing from a member of the Company, expressing his intention of proposing the candidature of Mr. Sukhendu Ray for the office of Director, be and is hereby appointed as a Director of the Company."

### 6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an ORDINARY RESOLUTION :

" RESOLVED THAT pursuant to provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 including Schedule XIII to the said Act, as amended, consent of the Company be and is hereby accorded to the payment of enhanced remuneration to Mr. G.G. Gogate, Managing Director w.e.f. April 1, 2001 for remainder of tenure of his Agreement which is upto 31st October, 2002 on the terms and conditions as set out in the Explanatory Statement annexed hereto.

"FURTHER RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956, including Schedule XIII to the said Act, as amended, from time to time, the consent of the Company be and is hereby accorded to the reappointment and payment of remuneration and perquisites to Mr. G.G. Gogate as Managing Director for a further period of 3 years w.e.f. November 1, 2002 to October 31, 2005 on the terms and conditions set out in the Agreement, which is hereby specifically approved by the Board with liberty to Directors to alter and vary terms of said appointment and / or Agreement in such manner as may be agreed to between the Directors and Mr. G.G. Gogate.

By Order of the Board  
For UNIMERS INDIA LIMITED

S. SRINIVAS  
Deputy General Manager (Legal)  
& Company Secretary

NAVI MUMBAI

Dated : 28th June, 2002.

### Registered Office :

2/2, TTC indl. Area, (D Block),  
MIDC, Thane-Belapur Road,  
Turbhe, Navi Mumbai - 400 705.

### NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED

AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (b) The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the business under item nos. 5 and 6 set out is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will be closed from August 27, 2002 to September 5, 2002 (both days inclusive).
- (d) Members/ proxies are requested to bring the attendance slip duly filled in for attending the meeting. No duplicate will be issued at the venue of the meeting.
- (e) Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
- (f) The Shareholders are requested to send all their future correspondence, in respect of shares etc. to the Share Department at 2/2 TTC Industrial Area, (D-Block), MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400 705.

### ANNEXURE TO NOTICE

**Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956.**

#### Item No. (5) :

Mr. Sukhendu Ray has been appointed as an Additional Director of the Company effective October 31, 2001 and in accordance with Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting.

The Company has received a Notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Sukhendu Ray as a candidate for the office of Director together with requisite deposit as required by law.

None of the Directors, other than Mr. Sukhendu Ray, is in any way interested or concerned with the resolution.

#### Item No. (6) :

Mr. G.G. Gogate was appointed as Managing Director of the Company for 5 years from November 1, 1997 till October 31, 2002 at the 10th Annual General Meeting of the Company held on March 26, 1998. Further, the Board of Directors at their meeting held on September 21, 2001 enhanced Mr. G.G. Gogate's remuneration with effect from April 2001 till the tenure of his service i.e. till October 31, 2002. The Board of Directors at their meeting held on June 20, 2002 decided to extend his tenure as Managing Director of the Company by another 3 years from November 1, 2002 till October 31, 2005 on the following terms and conditions and such appointment shall be subject to necessary approval as may be needed.

- i) **Salary** : Rs.50,000/- (Rupees Fifty Thousand only) per month with such increments as may be decided by the Board of Directors.
- ii) **Performance Pay** : An amount upto Rs. 6,00,000/- be payable as Performance pay subject to the approval of the Board of Directors. This amount will not be included in the overall ceiling of perquisites of Rs. 5,07,000/- mentioned below.
- iii) **Commission** : Not more than one percent on the net profits of the Company subject to a ceiling of 50% of the annual Salary or Rs.1,50,000/- per annum which ever is less.
- iv) **Perquisites** : These shall be restricted to an amount equal to Rs. 5,07,000/- per annum or such enhanced amount as may be approved by the Board of Directors from time to time.

#### CATEGORY I :

##### i) Housing :

- a) The expenditure by the Company on hiring furnished accommodation in Mumbai shall be valued as per the Income Tax Rules, 1962, subject to ceiling of 60% of the salary.
- b) In case the Company does not provide accommodation to Mr. G.G. Gogate, he shall be entitled to House Rent Allowance not exceeding 60% of his salary.
- c) In case the accommodation provided is rented/leased by the Company, 10% of his salary shall be deducted by the Company on gas, electricity and water, society outgoings / house tax, cess, surcharge etc. house upkeep, repairs and furnishings shall be valued as per the Income Tax Rules, 1962.

**14TH ANNUAL REPORT 2001-2002****ii) Medical Reimbursement :**

Expenditure incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

**iii) Leave Travel Concession :**

For self and family once in a year in accordance with the Rules of the Company.

**iv) Club Fees :**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**v) Personal Accident Insurance :**

Insurance premium not to exceed Rs. 4,000/- per annum. (For the purpose of this part, 'family' means the spouse, dependent children and dependent parents of the Managing Director.)

**vi) Special Allowance :**

A special allowance upto an amount of Rs. 11,000/- per month. The annual value of the above perquisites shall not exceed Rs. 5,07,000/- p.a. or such enhanced amount as may be approved by the Board of Directors from time to time.

**CATEGORY II :****i) Provident Fund**

Company's contribution towards Provident Fund as per the Rules of the Company for the time being in force, but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962 or such other limits as may be prescribed from time to time.

**ii) Superannuation Fund**

Company's contribution to Superannuation Fund as per the Rules of the Company for the time being in force, but not exceeding 25% of the salary together with the Company's contribution to Provident Fund as laid down under the Income Tax Rules, 1962 or such other limits as may be prescribed from time to time.

**iii) Gratuity**

As per the Rules of the Company, but shall not exceed one half month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/-

**iv) Earned Leave**

On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**CATEGORY III :**

Provision and use of the Company car with driver for official use and telephone / fax at residence shall not be included in the computation of perquisites for the purpose of the above ceiling."

The terms and conditions of appointment as set out above may be altered and varied from time to time by the Board of Directors of the Company, as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.

The agreement may be terminated by either party by giving to the other party six month's notice."

**Details of the Directors Seeking appointment/reappointment in the Annual General Meeting.****1. i) Name : Shri G. P. Goenka**

ii) Age : 61 years

iii) Qualification : B.Sc (Hons.)

iv) Experience : Mr. Goenka is a reputed industrialist hailing from one of the Country's oldest business families. The family has associated itself with the Country's industrialisation for five generations since 1820. Mr. Goenka has been the Chairman of the Company since 1990. He is also Chairman of number of other well known listed Companies.

Mr. Goenka has been associated with a number of Trade & Industry Organisations. He is a past President of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is also a President of the Indian Tea Association and a member of the consultative Committee of Plantation Associations. He has also served as a Member of the Prime Minister's Council on Trade and

Industry.

v) Director of the Company : Since June 1990

vi) Other Directorships :

Andhra Cements Ltd. - Chairman  
Consolidated Fibres & Chemicals Ltd. - Chairman  
Duncan Gleneagles Hospitals Ltd. - Chairman  
Energy Development Company Ltd.  
Gujarat Carbon & Industries Ltd. - Chairman  
Jay Shree Tea & Industries Ltd.  
Nicholas Piramal India Ltd.  
Stone India Ltd. - Chairman  
Star Paper Mills Ltd. - Chairman  
Texmaco Ltd.  
NRC Ltd. - Chairman  
Alfred Herbert (India) Ltd. - Alternate Director

Other Professional Membership :

Federation of India Chambers of Commerce & Industry - Committee Member

**2. i) Name : Shri V.C.Vaidya**

ii) Age : 82 years

iii) Qualification : LL.B. and Solicitor, Bombay.

iv) Experience : Ex-Chairman and Managing Director of New India Assurance Co. Ltd. Mr. Vaidya is experienced in legal, Insurance and Investment fields.

v) Director of the Company : Since March, 1991

vi) Other Directorships :

Antifriction Bearing Corp. Ltd.  
Chika Ltd.  
Goodlas Nerolac Paints Ltd.  
Grover Vinyards Ltd.  
N R C Ltd.  
The Industrial Investment Trust Ltd.  
The Industrial & Prudential Investment Co. Ltd.  
Standard Industries Ltd.  
Tata Investment Corporation Ltd.  
Victoria Mills Ltd.  
Trustee of :  
GIC Mutual Fund  
Madgaokar Trust  
Mahalaxmi Temple Trust  
Pransukhlal Mafatlal Bath & Boat Club Trust  
Willington Sport Club, Mumbai.

**3. i) Name : Shri Sukhendu Ray**

ii) Age : 79 years

iii) Qualification : A Science Graduate from University of Calcutta and a qualified Chartered Accountant from England. He is a Fellow Member of the Institute of Chartered Accountants of England & Wales..

iv) Experience : He worked with Kettle well Bullen & Company Ltd. and thereafter with Guest Keen Williams Ltd. then a Subsidiary of Guest Keen & Nestlefold Ltd., a multi national British Engineering group. Mr. Ray retired from Guest Keen Williams Ltd. as Managing Director and Chief Executive of the Company.

v) Director of the Company : Since October 2001

vi) Other Directorships : Asiatic Oxygen Ltd.  
The Calcutta Chemical Co. Ltd.  
Nagarjuna Agrichem. Ltd.  
Stone India Ltd.  
Consolidated Fibres & Chemicals Ltd.

**4. i) Name : Shri G.G. Gogate**

ii) Age : 58 years

iii) Qualification : B.Sc (Tech.)

iv) Experience : Deepak Group of Industries for over 27 years at various Management levels and resigned as President - Corporate Affairs. Presently also Managing Director of Oxides & Specialities Ltd.

v) Managing Director : Since November 1997

vi) Other Directorship : Oxides and Specialities Ltd.



# UNIMERS INDIA LIMITED



## REPORT OF THE DIRECTORS

Your Directors present the Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended 31.03.2002.

### 1. FINANCIAL RESULTS

	Year ended 31.3.2002 (Rs. in lacs)	Year ended 31.3.2001 (Rs. in lacs)
Sales (including Excise duty) and other income	4412.22	5510.23
Gross Profit/ (Loss) before Interest and Depreciation	623.27	446.48
Profit/ (Loss) for the year before adjustment	(111.92)	(194.41)
Prior period items (net)	0.24	(5.40)
Profit (Loss) for the year	(112.16)	(199.81)
Profit/ (Loss) carried forward	(132.95)	(3196.71)

### 2. RESPONSIBILITY STATEMENT

The Directors confirm

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that 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 at the end of the financial year and of the profit or loss of the Company for that period;
- that they have 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;
- that they have prepared the annual accounts on a going concern basis.

### 3. OPERATIONS

During the year under review, the Company produced 3840 MT of EPDM as against previous period's quantity of EPDM 4398 MT. The lower production is due to short supply of Ethylene. The restricted supply to the market led to indiscriminate imports of low priced EPDM of inconsistent quality over the standard quality product.

After regularisation of ethylene supply from August 2001, the EPDM production was stabilised at efficient levels and concerted marketing efforts have resulted in regaining of customer confidence. The Company, as a strategy, is committed to maintain leadership, attain "First choice" status on the domestic EPDM market and achieve a significant export portfolio. Quickly consolidating / increasing market share in the domestic market and an aggressive push towards developing exports is the thrust area for 2002-2003.

During the year under review, the Company has sold 3438 MT of EPDM Rubber as against the previous year sale of 4376 MT.

### 4. FINANCE

The availability of adequate working capital though is continuing to be a cause of concern for achieving higher production levels, the Company is confident of overcoming this problem through better debtor management and persuasive efforts with the banks.

Pursuant to the Restructuring Package agreed to by the Financial Institutions, the reduction in equity capital as approved by the members at their 12<sup>th</sup> Annual General Meeting held on September 25, 2000 has been cleared by High Court, Bombay and taken on record by the Registrar of Companies, Maharashtra. Consequently, the Company has allotted and issued equity shares to the term lending Financial Institutions of the Company, except Unit Trust of India, in conversion of their loans and interest on loans etc. and is in the process of issuing equity shares to the Promoters of the Company in conversion of their loans and interest on loans etc.

## QUALIFICATIONS IN THE AUDITORS' REPORT

The Audit qualifications as contained in Paras 4.1 and 4.2 of Auditors' Report relating to the non-provision of interest on certain inter corporate deposits and short provision of depreciation on plant and machinery read together with the Notes to the Accounts, are self explanatory.

No provision has been made for the interest on unsecured loans due to Schenectady Herdillia Limited (formerly Herdillia Chemicals Limited) / Shubh Shanti Services Limited as per the Company's consistent policy of providing for such interest only on cash settlement basis.

Similarly, as per the Company's consistent policy, depreciation on plant and machinery has been provided based on the capacity utilisation of the plant.

### 5. FUTURE OUTLOOK

With the assured regular supply of the major raw materials namely Ethylene and Propylene at competitive prices and stabilized production level at the Company's plant, the customers are once again sourcing their EPDM requirements from the Company. The Company's prospects appear to be promising with increased quantum of operation at reasonably good contribution levels.

### 6. EMPLOYEE RELATIONS

Employee relations continued to be cordial during the year. The Company has signed a 5 year Union Agreement upto 2005.

### 7. PARTICULARS OF EMPLOYEES

No employee of the Company is drawing above the prescribed limit as provided under Section 217 (2A) of the Companies Act, 1956 and therefore, the requirement is not applicable.

### 8. DEMATERIALISATION OF COMPANY'S EQUITY SHARES

The Company's 76.32 % equity shares have been dematerialised.

### 9. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Information required under the Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure "A" and forms part of this report.

### 10. DIRECTORS

Mr. R.M. Pandia has resigned as a Director from the Board with effect from September 10, 2001.

ICICI Ltd. has appointed Mr. Amitabh Bhargava in place of Ms. Lata Pillai as their Nominee Director on the Board w.e.f. April 3, 2002.

Mr. K.J. Tanna has resigned as a Director from the Board with effect from May 18, 2002.

Mr. G.P. Goenka and Mr. V.C. Vaidya retire by rotation and being eligible offer themselves for re-appointment.

Mr. Sukhendu Ray was appointed as an Additional Director w.e.f. October 31, 2001 upto the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and is eligible for appointment.

Your Directors would like to record their appreciation of the services rendered by Mr. K.J. Tanna, Ms. Lata Pillai and Mr. R.M. Pandia during their tenure as Director of the Company.

### 11. CORPORATE GOVERNANCE

The Securities & Exchange Board of India had introduced a code of Corporate Governance for implementation by the listed Companies by an amendment to the Listing Agreement. The same has been implemented by your Company during the year. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance is annexed as part of the Annual Report.

### 12. AUDITORS

M/s Price Waterhouse, Chartered Accountants, the present Auditors, will cease to hold office as the Auditors of the Company at the ensuing

# 14TH ANNUAL REPORT 2001-2002

Annual General Meeting and being eligible, offer themselves for re-appointment.

## 13. ACKNOWLEDGMENT

The Board of Directors take this opportunity to thank the Financial Institutions, bankers, M/s Duncans Industries Ltd. customers and suppliers with a special mention to IPCL for regularising the supply of major raw material at competitive prices for their continued support and co-operation in the activities of the Company. The Board of Directors of the Company wish to place on record their appreciation to all the employees of the Company for their contribution towards the continued progress of the Company in these difficult times.

For and on behalf of the Board

V.C.Vaidya  
(Director)

G.G.Gogate  
(Managing Director)

**Registered Office :**  
2/2, TTC Industrial Area,  
(D Block), MIDC,  
Thane Belapur Road,  
Turbhe, Navi Mumbai - 400 705.

Dated : June 28, 2002

## ANNEXURE 'A'

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### (I) CONSERVATION OF ENERGY

The design of the Plant incorporates the latest technology for the conservation of energy. The total energy consumption and energy consumption per unit of production as per Form 'A' is annexed herewith.

### (II) TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

(a) Specific areas in which Research and Development is carried out by the Company :

R & Development efforts were focussed in the areas of development of new grades and Product Application Development (PAD). During the year under review, several imported EPDM grades entered the Indian market at low prices "near prime" category. These are essentially off grade non recyclable materials generated during start up of some new plants abroad. To address market needs of a relatively low priced EPDM, a new hybrid grade H-511 was introduced for moulding and extrusion applications. The market feedback is encouraging. PAD work on high heat resistant conveyor belt has been completed successfully and repeat orders are being received from leading conveyor belt manufacturers. PAD work on development of low density moulded sponge targeted at cushioned soles in sports/medical shoes is continuing. PAD work on development of rubber chemical master batches with EPDM rubber has been taken up and these master batches have been developed in pellet form. Use of pelletized form of rubber chemicals would give reduction in chemical dust in major units such as tyre companies thus minimising health hazards.

(b) Benefits derived as a result of R & D efforts :

As a result of these R & D efforts, new business areas have been identified and are being actively pursued for commercial application such as high heat resistant products in new generation cars like Fiat Palio etc.

(c) Expenditure on R & D / Technical Sales Service Centre is Rs. 24.26 lacs.

(d) Future plan of action :

- 1) To focus customer specific quality for the auto industry.
- 2) To promote usage of very low density EPDM foam.
- 3) To Promote usage of EPDM in high heat resistant conveyor belts.
- 4) To make promote EPDM/Rubber chemicals masterbatches in pelletized form.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(a) Efforts, in brief, made towards technology absorption :

The Company has fully absorbed the technology received from the collaborators - M/s. Uniroyal Chemical Co. Inc. USA

(b) Benefits derived as a result of the above efforts :

New / modified grades are developed to compete with the low quality - low cost EPDM sold by foreign players. This will improve the market share of the Company's Product.

(c) Information in case of technology imported during the last six years reckoned from the beginning of the financial year : N.A.

### (III) Foreign Exchange Earnings and Outgo

Particulars regarding foreign exchange earnings and outgo appear in items from 26 to 27 of Schedule 16 to the Notes to Accounts.

For and on behalf of the Board

V.C.Vaidya  
(Director)

G.G.Gogate  
(Managing Director)

Mumbai

Dated : 28th June, 2002.

## ANNEXURE TO THE DIRECTORS' REPORT FORM A

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. Power and fuel consumption

	Current Year (12 months)	Previous Period (13 months)
1. Electricity		
(a) Purchase Unit	10,332,566 Kwh	12,835,237Kwh
Total amount	Rs. 474.76 Lacs	Rs.578.15 Lacs
Rate /Unit	Rs. 4.59 / Kwh	Rs. 4.50 / Kwh
(b) Own generation	NIL	NIL
(i) Through diesel generator unit		
Unit Per ltr., of diesel oil	N.A.	N.A.
Cost/Unit		
(ii) Through steam turbine/ generator	N.A.	N.A.
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity	2771.24 K.Ltrs.	3398.96 K.Ltrs.
Total amount	Rs. 226.18 Lacs	Rs. 319.14 Lacs
Average rate	Rs.8162.00/K.Ltrs	Rs.9397.00/K.Ltrs
4. Others	NIL	NIL

#### B. Consumption per unit of production

Products	EPM / EPDM	EPM / EPDM
Rubber		
Electricity	2.691Mwh/MT	2.918 Mwh/MT
Furnace Oil	0.7217K.Ltrs/MT	0.7728 K.Ltrs/MT
Coal	NIL	NIL
Diesel	NIL	NIL

For and on behalf of the Board

V.C.Vaidya  
(Director)

G.G.Gogate  
(Managing Director)

Mumbai

Dated : 28th June, 2002.



## UNIMERS INDIA LIMITED

### Management Discussion and Analysis Report

#### a. Industry Structure and Developments

Unimers India Ltd is the only manufacturer of EPDM in India. The technology has been received from one of the world leaders in EPDM M/s. Uniroyal Chemical Co. The EPDM grades manufactured by UNIMERS INDIA LIMITED are suited for all automobile applications.

#### b. Opportunity and Threats

The company commands a major share of the domestic market. To maximise capacity utilisation of 10,000 MT/annum, a strong strategic thrust is being made on increasing exports business. The mismatch between low global demand and excess supply of EPDM may result in cheap imports into India.

#### c. Risk and concerns

Adequate availability and prices commensurate with the international trends for refinery products like Ethylene, Propylene and Furnace Oil would influence EPDM production cost. Ethylene imports are not feasible due to the highly specialised requirement of handling facilities.

#### d. Internal Control systems and their adequacy

The management has ensured through appropriate distribution division of workflows in different departments that necessary internal check and control systems are created and maintained. These internal control procedures are adequate and commensurate with the size of the Company and nature of its business. The statutory and internal audits performed by professional and reputed external agencies have not

highlighted any major discrepancies, omissions, frauds and the like.

#### e. Financial performance with respect to operational performance

The Company has been able to reduce the net loss before tax (Rs.112 lacs in the current year as compared to Rs.194 lacs in the previous year) despite lower capacity utilisation. The gross profit before interest and depreciation has gone up (Rs. 623 lacs in the current year as compared to Rs. 446 lacs in the previous year).

This has been achieved through improved contribution due to campaign production runs and better efficiencies of Raw Material and utilities. Based on improved financial performance, the Company has been appropriately servicing the dues to the Financial Institutions and Debenture holders.

#### f. Outlook

The Company expects to improve its operational performance from the current year and is endeavouring to achieve a turn around in the near future.

#### g. Material Developments in Human Resources / Industrial Relations fronts including number of people.

Employee relations continue to be cordial. A settlement has been finalized between the Management and the Employee Union for a period of five years effective from 01.04.2000 to 31.03.2005. Training and Development activities are identified, organized and progress monitored as part of human resource development activities. The total manpower strength has been optimised at 160 personnel.

Report  junction.com

**14TH ANNUAL REPORT 2001-2002****REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, the following is a report on Corporate Governance code as implemented by your Company.

**A. MANDATORY REQUIREMENTS****1. Company's Philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance envisages attainment of (i) market Leadership with : "First Choice" status in the domestic market (ii) significant export business (iii) development of appropriate competencies across the organization and (iv) strive to obtain a fair return on invested capital.

**2. Board of Directors****Composition and Status of Directors :**

Name of the Director	Status ( Executive, Non-Executive and Independent)
Mr. G.P.Goenka ( Chairman )	Promoter, Non Executive
Mr. V.C.Vaidya	Non-Executive & Independent
** Mr. A.K.De	Nominee of IDBI & Independent
** Mr. Sukhendu Ray ( Additional Director )	Non – Executive & Independent
** Mr. Mark Harakal ( Alternate Director )	Non Executive
Mr. G.G.Gogate ( Managing Director )	Executive
Ms. Lata Pillai	Nominee of ICICI & Independent
Mr. K.J. Tanna	Non – Executive & Independent
* Mr. R.M. Pandia	Non – Executive & Independent

\*\* - Appointed during the year

\* - Resigned during the year

**Attendance at the Board Meetings, at the last AGM, outside Directorships and other Board Committees.**

Name of the Director	Held during the year	Board Meetings attended during the year	Attended Last AGM	Other Directorships ( other than Pvt. Ltd. Co's.)	No. of Memberships/ Chairmanships of other Committees
Mr. G.P. Goenka	7	5	No	13	Nil
Mr. V.C. Vaidya	7	6	No	10	Chairman - 3 Member - 3
Mr. K.J. Tanna	7	3	No	3	Nil
Mrs. Lata Pillai	7	5	No	Nil	Nil
Mr. A.K.De		7	4	No	1 Nil
Mr. Sukhendu Ray	7	Nil	N.A.	5	Chairman - 3 Member - 1
Mr. Mark Harakal	7	Nil	No	-	Nil
Mr. G.G.Gogate	7	7	Yes	1	Member - 1

**Number of Board of Directors meetings held and the dates on which held**

7 Board Meetings were held during the year, as against the minimum requirement of 4 Board Meetings. The dates on which the Meetings were held are as follows: April 24, 2001, June 28, 2001, June 30, 2001, July 26, 2001, September 21, 2001, October 31, 2001 and January 29, 2002. The maximum gap between two Meetings was not more than three months.

**3. Audit Committee**

The Audit Committee comprises of three independent non executive Directors viz Mr. V.C.Vaidya, Chairman, Mr. K.J. Tanna and Ms. Lata Pillai are members of the Audit Committee. The constitution of Audit Committee meets the requirement of the provisions of Section 292 A of the Companies Act, 1956. Mr. K.J. Tanna, Director and Ms. Lata Pillai, Nominee – ICICI who were the members of the earlier Audit Committee have resigned on 18.5.2002 and 3.4.2002 respectively. Mr. Amitabh Bhargava has been nominated with effect from 3.4.2002 by ICICI in place of Ms. Lata Pillai. Mr. Srinivas, Company Secretary acts as the Secretary of the Committee. The Managing Director along with Statutory Auditors and Internal Auditors are invitees to the Meeting. The role and the terms of reference of this Committee are wide enough covering matters specified under Clause 49 of the Listing Agreement.



# UNIMERS INDIA LIMITED

## Meetings and the attendance during the year

The Audit Committee met 3 times during the year on 20.09.2001, 31.10.2001 and 29.01.2002. The attendance of each Member of the Committee is given below :

Name of the Director	No. of Meetings Attended
Mr. V.C.Vaidya	2
Mr. K.J.Tanna	1
Ms. Lata Pillai	2
Mr. R.M. Pandia	1

## 4. Remuneration to Directors

Name	Sitting fees (Rs)	Salary & Perks (Rs)	Total (Rs)
Mr. G.P. Goenka	5000	NIL	5000
Mr. V.C.Vaidya	22000	NIL	22000
Mr. K.J.Tanna	5000	NIL	5000
Ms. Lata Pillai	7000	NIL	7000
Mr. A.K. De	4000	NIL	4000
Mr. Sukhendu Ray	NIL	NIL	NIL
Mr. Mark Harakal	NIL	NIL	NIL
Mr. R.M. Pandia	8000	NIL	8000
Mr. G.G. Gogate	NIL	1,177,627	1,177,627

No Commission has been paid to Executive / Non Executive Directors. The Company has not constituted a Remuneration Committee as it is not mandatory and there is no Executive Director employed by the Company other than the Managing Director. Sitting fees paid to the Financial Institutions who have appointed these Directors as their Nominees. Managing Director is appointed as per Agreement for a period of 5 years at a remuneration as approved by shareholders at their meeting held on 26.3.1998. Either party to the Agreement is entitled to terminate the Agreement by giving 6 months notice to the other party. The remuneration has been modified by the Board at their meeting held on 29.01.2002.

## 5. Share / Debenture Transfer and Investor Grievances Committee

The Board has constituted a Finance and Share/Debenture Transfer and Investor Grievances Committee comprising of Mr. G.P. Goenka (Chairman), Mr. V.C.Vaidya, (Non Executive Director), Mr. G.G.Gogate (Managing Director) and Mr. R.M. Pandia (Non Executive Director ).

Director	No. of Share Transfer Meetings held	Attendance
G.P. Goenka	14	NIL
V.C. Vaidya	14	14
R.M. Pandia	14	4
G.G. Gogate	14	14

The Finance and Share/Debenture Transfer and Investors Grievance Sub Committee approves Share / Debenture transfers, issuance of duplicate certificates, authorises splitting of shares / debentures etc., oversees rederessal of the shareholder and investor grievances.

Mr. S. Srinivas – Company Secretary is the Compliance Officer.

Number of shareholders complaints received so far - 3025  
 Number not solved to the satisfaction of shareholders - Nil  
 Number of pending share transfer - There are no. pending transfers as on 31<sup>st</sup> March 2002.

There are no outstanding complaints as on June 28, 2002 ( date of report ).

## 6. General Body Meeting

Location and time of the AGM's held during last 3 years -

	Venue	Date	Time	No. of Special Resolutions passed
11 <sup>th</sup> AGM	Vashi Navi Mumbai	24.06.1999	3 p.m.	NIL
12 <sup>th</sup> AGM	Vashi Navi Mumbai	25.09.2000	10 a.m.	NIL
13 <sup>th</sup> AGM	Vashi Navi Mumbai	20.09.2001	10 a.m.	NIL

The Special Resolutions were passed as show of hands and polls were not asked for.