

DUNGLA GOENKA



UNIMERS INDIA LIMITED

15th Annual Report 2002-2003



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. Sierakowaski</i>
P. S. Sharma	<i>Managing Director (w.e.f. 27.5.2003)</i>
G.G. Gogate	<i>Managing Director (upto 27.5.2003)</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

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

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REGISTRARS & TRANSFER AGENTS

ADROIT CORPORATE SERVICES PVT. LTD.,
19, JAFERBHOY INDUSTRIAL ESTATE
1ST FLOOR, MAKHWANA ROAD,
MAROLNAKA, MUMBAI - 400 059.
Tel. Nos. : 2859 0942 / 2850 3748



UNIMERS INDIA LIMITED

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of Unimers India Limited will be held on Monday September 22, 2003 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, 2003 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Shrivardhan Goenka, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sukhendu Ray, 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."

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.
 "RESOLVED THAT Mr. P.S. Sharma, 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 of the Company pursuant to the provisions of 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 his candidature 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 resolution as a Special Resolution :
 "RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 316 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, and any other approvals if necessary, the Company do hereby appoint Mr. P.S. Sharma as the Managing Director of the Company for a period of 3 years with effect from 27.5.2003 on the terms and conditions as set out in the Draft Agreement to be entered into between the Company and him initialled by the Chairman for the purpose of identification which agreement be and is hereby approved subject to such conditions and modifications, if any that the Central Government may impose in granting their approval and as may be acceptable to the Board of Directors and Mr. P.S. Sharma.
 "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to enter into an agreement on behalf of the Company with Mr. P.S. Sharma as Managing Director and to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the aforesaid resolution."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :
 "RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory

modifications or re-enactment thereof, for the time being in force, the Articles of Association of the Company be and are amended or altered with immediate effect be incorporated in the manner and to the extent set out hereinbelow :

Article 155 is deleted and the following para added in its place -
 Nominee Directors of Uniroyal Chemicals

Article 155 So long as Uniroyal Chemical Co. U.S.A (Uniroyal) continues to hold not less than 10 percent shares in the equity share capital of the Company, Uniroyal shall have a right to appoint from time to time any person as Director (hereinafter referred to as 'Uniroyal' Nominee Director) on the Board of the Company and such person so appointed shall not be liable to retire by rotation.

PROVIDED HOWEVER that in the event of the holding of Uniroyal is reduced to less than 10 percent in the equity share capital, the Uniroyal Nominee Director shall be liable to retire by rotation and the Board of Directors shall have the power to remove such person from office of Director of the Company, if deemed fit.

Article 187 - The following para be added at the end of the Article 187 (Managing Director and Wholetime Director).

' However, in the event the limits prescribed under Section 255 of the Companies Act, are exceeded, the Wholetime Director (s), Managing Director and lastly the Chairman shall become liable to retirement by rotation in the said order read with Article 197.'

The following para be added in Article 197 (Chairman and vice Chairman of the Board)

'Article 197 (3). The Chairman so appointed shall not be liable to retirement by rotation so long as the limits prescribed in Section 255 (1) of the Companies Act, are complied with. And in the event of the limits prescribed in the Act are exceeded, the wholetime Director(s); Managing Director and lastly the Chairman shall become liable to retirement by rotation in the order so prescribed hereinabove.

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital be increased from Rs. 80,00,00,000 (Sixty crore) divided into 6,00,00,000 equity shares of Rs. 10/- each to Rs. 85,00,00,000 (Eighty five crore) divided into 6,00,00,000 (Six crore) equity shares of Rs. 10/- each and 2,50,00,000 (Two crore fifty lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each and consequently the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in place and stead thereof, the following as new Clause V :
 V. "The Share Capital of the Company is Rs. 85,00,00,000 (Eighty five crores) divided into 6,00,00,000 (Six crore) equity shares of Rs. 10/- each and 2,50,00,000 (Two crore fifty lacs) Cumulative Redeemable Preference Shares of Rs. 10/- each with the rights, privileges, conditions or restrictions attaching thereto as are provided by the Articles of Association of the Company and any statutory modification or re-enactment thereof for the time being in force in this behalf with power to increase and reduce the Share Capital and to divide the Shares in the Share Capital for the time being into several classes and to attach thereto respectively such preferential, priority, deferred, qualified or special rights, privileges, conditions or restrictions whether in regard to dividend, voting, return of Capital, distribution of assets or otherwise howsoever

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as may be determined by or in accordance with the Articles of Association of the Company and any statutory modification or re-enactment thereof for the time being in force and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may from time to time be permitted by the Act or provided by the Articles of Association of the Company and to consolidate or sub-divide or reorganise Shares or issue Shares of higher or lower denominations."

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory modification or re-enactment thereof, for the time being in force, the Articles of Association be are hereby altered by substituting the following as Article 3 with the marginal note thereto in place of the existing Article 3 :

3 The Share Capital of the Company shall be of such amount and of such description as is stated for the time being or at any time in the Company's Memorandum of Association and the Company shall have the power to increase or reduce the Share Capital from time to time in accordance with the Articles of Association of the Company and any statutory modification or re-enactment thereof for the time being in force in this behalf with power to increase and reduce the Share Capital and to divide the shares in the Share Capital for the time being into several classes and to attach thereto respectively such preferential, priority, deferred, qualified or special rights, privileges, conditions or restrictions whether in regard to dividend, voting, return of Capital, distribution of assets or otherwise howsoever as may be determined by or in accordance with the Articles of Association of the Company and any statutory modification or re-enactment thereof for the time being in force and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may from time to time be permitted by the Act or provided by the Articles of Association of the Company and to consolidate or sub-divide or reorganise Shares or issue Shares of higher or lower denominations.

10. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Securities and Exchange Board of India (SEBI) and such other authorities whose permissions and sanctions as may be necessary and subject also to such terms and conditions, alterations and modifications as may be prescribed and specified by any of them while granting such approvals, permission and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") the consent of the Company be and is hereby given to the Board to issue for cash 5% Cumulative Redeemable Preference Share (CRPS) of the aggregate amount not exceeding Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) to the Promoters of the Company and to such other persons the Board may approve at such time and on such terms and conditions, including the number of shares to be issued as the Board may in its absolute discretion deem fit in the best interest of the Company." "RESOLVED FURTHER THAT for the purpose of giving effect to the issue of 5% Cumulative Redeemable Preference Shares (CRPS), the Board be and is hereby authorised to make necessary applications from time to time to various authorities as may be necessary and accept on behalf of the Company such modifications

and alterations to the terms and conditions of the issue as may be considered necessary or desirable to effect such modifications and alterations, to settle all questions that may arise with regard to the issue of 5 % Cumulative Redeemable Preference Shares (CRPS) and do all matters connected there with or incidental thereto as may be necessary, proper or expedient."

11. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution :-

"RESOLVED THAT, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company ('the Board') or any Committee / person(s) authorised by the Board, consent be and is hereby accorded to delist the Ordinary Shares of the Company from the Stock Exchange at Ahmedabad.

" RESOLVED FURTHER that authority be and is hereby accorded to the Board or any Committee / person (s) authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

By Order of the Board
For UNIMERS INDIA LIMITED

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

MUMBAI

Dated : 25.7.2003

Registered Office :

2/2, TTC Indl. Area, (D-Block)

MIDC, Thane-Belapur Road,

Turbhe, Navi Mumbai - 400 705.

NOTES :

- 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.
- The Register of Members and Share Transfer Books of the Company will be closed from Tuesday 16/09/2003 to Monday 22/09/2003 (both days inclusive).
- Members/ proxies are requested to bring the attendance slip duly filled in for attending the meeting. Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
- The Shareholders are requested to send all their future correspondence, in respect of shares etc. to M/s. Adroit Corporate Services Pvt. Ltd. 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai 400 059.
- The shareholders are requested to lodge their old share certificates in lieu of their new share certificates after reduction at the



UNIMERS INDIA LIMITED

Registered office of the Company or its R & T Agents whose address is given above. This is in view of reduction of capital of the Company by 75% approved by shareholders at their 12th Annual General Meeting held on 25.9.2000

ANNEXURE TO NOTICE

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

Item No. 5

The Board of Directors at its meeting held on May 27, 2003 has appointed Mr. P.S. Sharma as an Additional Director of the Company. In accordance with Section 260 of the Companies Act, 1956, and Article 160 of the Article of Association of the Company, he holds office upto the date of this Annual General Meeting.

The Company has received notice in writing from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. P.S. Sharma as a Director of the Company at the ensuing Annual General Meeting together with requisite deposit as required by law.

None of the Directors other than Mr. P.S. Sharma may be deemed to be concerned or interested in this resolution.

Item No. 6

The Board of Directors at its meeting held on May 27, 2003 has appointed Mr. P.S. Sharma as Managing Director of the Company with effect from 27.5.2003 for a period of three years subject to the approval of members of the Company at the Annual General Meeting and approval of Central Government and other Authorities as may be deemed necessary.

As agreed to between the Board of Directors and Mr. Sharma, he will not be drawing any remuneration from the Company.

- (i) The Managing Director so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
- (ii) The Company shall reimburse to the Managing Director entertainment, travelling and other expenses incurred by him for the business of the Company.
- (iii) Either party shall be entitled to determine the Agreement by giving six months' notice in writing to the other party without assigning any reason and on the expiry of the period of such notice the Agreement shall stand determined. The Company shall be entitled to give six months' salary and perquisites in lieu of notice.
- (iv) The Managing Director shall not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.
- (v) The Managing Director shall not be entitled to supplement his earnings with any buying or selling commission and any other commission or become interested or concerned directly or through his wife and/or minor children, relatives in any selling agency of the Company, without the prior approval of the Central Government.

Mr. P.S. Sharma, aged 62 years, holds a B.E. (Chemical) Degree in 1st class. He served with DCM group for 35 years including last 9 years as Executive Director of DCM Shriram Industries Limited. Mr. Sharma during his tenure as Managing Director at NRC Limited has successfully implemented several measures which have improved operating results of the Company considerably. Considering the varied contributions, the Board of Directors is of the view that it will be of advantage to the Company to have Mr. Sharma at a juncture when the Company is making all around efforts to wipe out its losses to turn the corner. The Board, therefore, commends

the resolution for approval of shareholders subject to the approval of Central Government and other Authorities as may be deemed necessary.

This explanation together with accompanying Notice may also be considered as an abstract of the terms of appointment of the Managing Director and memorandum as to nature of concern or interest of Directors in the said appointment as required under Section 302 of the Companies Act, 1956.

The draft agreement proposed to be entered into between the Company and Mr. P.S. Sharma is available for the inspection of the Members at the Registered Office of the Company during business hours on any working day between 10.30 a.m. and 1.00 p.m.

None of the Directors other than Mr. P.S. Sharma may be deemed to be concerned or interested in this resolution.

Item No. 7

Mr. G.P. Goenka is Chairman of the Company from June 6, 1990 till date. With the approval of members, he be appointed as non rotational director from the date of this meeting. In view of seniority and position, it is now advisable to consider appointment of Mr. G.P. Goenka as non rotational director from the date of this meeting.

UCC (Uniroyal) which is the technical and financial collaborator were originally holding 10% shares in equity share capital of the Company and had a right to appoint any person as Director on the Board of the Company and such Director shall not be liable to retire by rotation so long as it continues to hold not less than 10% shares in the equity share capital of the Company. In view of reduction of capital of the Company and further issue of shares on a preferential basis to the term lending Financial Institutions of the Company and Promoters, in view of the Financial Restructuring Package sanctioned by the term lending Financial Institutions of the Company, the present holding of Uniroyal is only 1.62% shares in equity share capital of the Company. It is felt that that the Board be empowered to make such Uniroyal Nominee Director to retire by rotation or to remove such person from office of Director of the Company.

The above Special Resolution is therefore commended for approval of the members in terms of Section 31 of the Companies Act, 1956. Necessary approval of the Central Government, if any, required under Section 268 will be obtained.

Mr. G.P. Goenka, Chairman and Mr. Mark Harakal, Nominee Director of Uniroyal Chemical Co. may be deemed to be concerned or interested in the Resolution as the item pertains to their reappointment.

Item No. 8, 9 & 10

The Company is in the process of restructuring its long term debts. In view of this, Board of Directors are proposing to convert debts into cumulative preference shares of the Company which will result in Company's share capital being increased to nearly Rs. 85,00,00,000. Since present authorised capital is Rs. 60,00,00,000 it is necessary that the same be increased so as to enable the Company to issue Preference Shares to lenders. It is therefore proposed to increase Authorised share capital to Rs. 85,00,00,000 and accordingly, the resolution at Item No. 8, 9 & 10 are placed before the members for their approval.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 11

The Ordinary Shares of Rs. 10/- each of your Company, commonly known as 'Equity Shares', are presently listed on the following Stock Exchanges in India.

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- a. The Stock Exchange, Mumbai (BSE)
- b. The Stock Exchange, Ahmedabad (ASE)

Data on trading volumes indicates that the Company's shares, which are required to be compulsorily traded in the dematerialised form, are not traded in material volumes at Stock Exchanges other than BSE. BSE account for more than 95% of the traded volumes of the Company's shares and have extensive networking of trading terminals, which facilitates trading by Members / Investors across the country. The trading volumes in the Company's shares on ASE is insignificant. Continued listing on ASE neither serves the interest of the Members / Investors nor that of the Company.

The Board of Directors of your Company ('the Board') at its meeting held on 25th July 2003, accordingly recommended for the approval of the Members, the proposal to voluntarily delist the Company's shares from the Stock Exchange at Ahmedabad. The Company's shares will however continue to be listed on the BSE.

Delisting of the Company's shares from the aforesaid Stock Exchange would result in administrative convenience and saving in costs on account of listing fees, etc.

In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, consent of the Members by way of a Special Resolution is required for voluntary delisting of the Company's shares from the aforesaid Stock Exchange.

None of the Directors of your Company is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

Details of the Directors Seeking appointment / reappointment in the Annual General Meeting.

1. Mr. Shrivardhan Goenka, aged 27 years, is a scion of the famous Goenka family, who were pioneers in banking and industry. Mr. Shrivardhan Goenka is the son of Mr. Gouri Prasad Goenka, who is the Chairman of Duncan Goenka Group and the great grandson of Shri Badridas Goenka, who was the Chairman of Imperial Bank, now known as the State Bank of India.

After his graduation in Commerce from St. Xavier's College, Calcutta, he has done a General Management Course from the University of Pennsylvania, USA. Currently Mr. Goenka is doing Master of Business Administration from Kellogg School of Management, Northwestern University, USA, and will be graduating in June 2003.

Mr. Goenka is on the Board of a number of Group Companies viz., Stone India Limited, Consolidated Fibres and Chemicals Limited, Star Paper Mills Limited, Duncans Tea Limited, NRC Ltd and Gujarat Carbon & Industries Limited. He is a Committee Member of Indian Chamber of Commerce.
2. Mr. Sukhendu Ray aged 80 years is a Science Graduate from University of Calcutta and a qualified Chartered Accountant from England. He is a fellow member of the Institute of Chartered Accountant of England & Wales. He worked with Kettle Well Bullen & Company Ltd. and thereafter with Guest Keen Williams Ltd. then a Subsidiary of Guest Keen & Nestlefold Ltd., a multinational British Engineering group. Mr. Ray retired from Guest Keen Williams Ltd. as Managing Director and Chief Executive of the Company. He is a Director of the Company since October 2001. His other Directorships include Asiatic Oxygen Ltd., The Calcutta Chemical Co. Ltd., Nagarjuna Agrichem Ltd., Stone India Ltd., Consolidated Fibres & Chemicals Ltd.

Report



UNIMERS INDIA LIMITED

REPORT OF THE DIRECTORS

Your Directors present the Fifteenth Annual Report together with the Audited Accounts of the Company for the year ended 31.03.2003.

1. FINANCIAL HIGHLIGHTS

	Year ended 31.3.2003 (Rs. in lacs)	Year ended 31.3.2002 (Rs. in lacs)
Sales (including Excise duty and other Income)	5381.87	3831.73
Gross Profit/ (Loss) before Interest and Depreciation	724.79	623.13
Profit/(Loss) for the year	(353.93)	(112.16)
Depreciation of earlier years	(2149.18)	--
Profit/ (Loss) carried to Balance Sheet	(2503.11)	(112.16)

2. OPERATIONS

During the period under review, Company produced 5023 MT of EPDM as against previous period quantity of 3840 MT. This represents about 30% increase in production over last year.

During the financial year 2002-03, the Company sold 5072 MT against the previous year sale of 3438 MT.

In view of the uninterrupted supply of ethylene and the consistency in pricing policies of the major raw materials better production norms could be achieved during the year. Such improved production level resulted in improved operational efficiencies and plant performance.

The Company has managed to restore the confidence of all customers, keeping with the objective of attaining 'First Choice Status', all customers have placed regular schedules. However, abundant caution has to be exercised in pricing of the Company's EPDM, in view of the supply of cheaper materials or offer by leading international players.

3. FINANCE

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

Based on improved cashflows during 2002-03, the Company has serviced the dues to the financial institutions and debenture holders as best as possible. However, due to anticipated pressures on price realisation and uncertain price situation of petroleum products, the Company is in discussion with financial institutions, banks, debentureholders and other unsecured body corporates with a view to restructure / reschedule the debts in line with the expected cashflows which will enable the Company to turnaround and also service the debt appropriately. In view of the above ongoing discussions on the restructuring / rescheduling of the loans with the above lenders and the overall relief expected, the ultimate interest liability, if any, on unsecured loans/ICDs etc. is not readily ascertainable and accordingly no provision is considered by the management in the books of accounts.

During th year, the Company has changed its policy of booking depreciation on plant and machinery from capacity-based to full charge and has also provided for shortbooked depreciation of earlier years of Rs. 2149.18 lacs.

4. FUTURE OUTLOOK

The consumption of EPDM rubber in the domestic market is largely driven by the auto sector demand. This sector has been exhibiting healthy growth in the recent past, and all indications are that the trend will continue. This situation augurs well for the future of the Company. However, significant competitive presence is being noticed in the domestic market, and volumes and realisations could be under pressure in the short term. In view of the company's inherent locational and service infrastructural advantages, the targeted growth rates are expected to be maintained.

On the international front the company's initiatives have received very positive response, especially in Iran, Turkey and Egypt. The Company expects to achieve multi-fold increase in sales volumes to these countries in the coming fiscal, and soon attain its objective of a significant international presence.

5. EMPLOYEE RELATIONS

Employee relations continued to be cordial during the year 2002-2003.

6. 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.

7. DEMATERIALISATION OF COMPANY'S EQUITY SHARES

The Company's 36% equity shares have been dematerialised.

8. SICK INDUSTRIAL COMPANIES (Special Provisions ACT, 1985)

As on 31st March, 2003, the accumulated losses of the Company were in excess of 50% of the peak net worth during the immediately preceding four financial years, thereby attracting the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. Report of the Board of Directors as to erosion in the peak net worth of the Company and the causes for such erosion is being sent alongwith the Notice of the Extra-ordinary General Meeting scheduled to be held on September 22, 2003, at 11.00 a.m. at Vashi or immediately after the conclusion of the 15th Annual General Meeting on that day whichever is later

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. Shrivardhan Goenka was appointed as a Director in casual vacancy caused due to resignation of Mr. K. J. Tanna, with effect from July 24, 2002

Mr. Shrivardhan Goenka and Mr. Sukhendu Ray retire by rotation and being eligible offer themselves for re-appointment.

Mr. G.G. Gogate has resigned from the services of the Company as Managing Director w.e.f. May 27, 2003. Your directors would like to record their appreciation of services rendered by Mr. G.G. Gogate during his tenure as Managing Director of the Company.

Mr. P.S. Sharma, presently Managing Director of NRC Limited, has been appointed as Managing Director of the Company with effect from May 27, 2003.

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11. REPORT ON CORPORATE GOVERNANCE

The detailed Corporate Governance in terms of Clause 49 of the Listing Agreement is Attached to the Annual Report.

12. DIRECTOR'S 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.

13. AUDITORS

M/s Price Waterhouse, Chartered Accountants, the present Auditors, will cease to hold office as the Auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

14. 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
G.P. Goenka
(Chairman)

Registered Office :

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

Dated : June 17, 2003

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 & D efforts were focussed in the areas of development of new grades and Product Application Development (PAD). During the year under review, several imported 'near prime' EPDM grades entered the Indian market at low prices. 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 good. 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 low density EPDM moulded sponge for cushion soles for sports shoes has been completed in the lab and plant trials have been taken at specialised sports shoes manufacturers. PAD work on rubber chemicals master batches with Harelene EPDM has also been completed and lab samples sent to all the regions for obtaining market reactions.

(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. as also a major thrust in heat resistant conveyor belts.

(c) Expenditure on R & D/ Technical Sales Service Centre is

Rs. 32.51 lacs.

(d) Future plan of action

- To focus customer specific quality for the auto industry.
- To promote usage of very low density EPDM foam.
- To promote usage of EPDM in high heat resistant conveyor belts.

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 : NA

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding foreign exchange earnings and outgo appear in items from 28 to 29 of Schedule 16 to the Notes to Accounts.

For and on behalf of the Board
G.P. Goenka
(Chairman)

Mumbai
Dated : June 17, 2003



UNIMERS INDIA LIMITED

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	Previous year
1. Electricity		
(a) Purchase Unit	12391125 kwh	10,332,566 kwh
Total amount	Rs. 526.16 lacs	Rs. 474.76 lacs
Rate / Unit	Rs. 4.25 / kwh	Rs. 4.59 / 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/ N.A.	N.A.	
generator		
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity	3264.58 K. Ltrs	2771.24 K Ltrs
Total amount	Rs. 341.46 lacs	Rs. 226.18 lacs
Average rate	Rs. 10460 / K.Ltrs	Rs. 8162 / KLtrs
4. Others	NIL	NIL
B. Consumption per unit of production		
Products	EPM/EPDM	EPM/EPDM
Rubber		
Electricity	2.467 Mwh / MT	2.691 Mwh / MT
Furnace Oil	0.6499 k.ltrs / MT	0.7217 k.ltrs / MT
Coal	NIL	NIL
Diesel	NIL	NIL

For and on behalf of the Board

G.P. Goenka
(Chairman)

Mumbai

Dated : June 17, 2003

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 the world renowned M/s. Uniroyal Chemical Co.(now a Crompton business). The EPDM grades (Trade name 'Herelene') manufactured by UNIMERS INDIA LIMITED are suitable for all automobile applications.

b. Opportunities and Threats

The company commands a major share of the domestic market. To maximize capacity utilisation of 10,000 MT/annum, a strong strategic thrust has been made on increasing exports business especially to Iran, Turkey and the Middle East. The excess availability of EPDM globally on account of new operators with newer technology in the market is putting pressure on sales realisation. Entry barriers for these international producers are also significantly lower today as a consequence of reduction in import duties.

c. Risks 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 carried out 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's operational performance has improved through higher capacity utilisation and better operations management and due to this, the company has been able to reduce the expenses considerably.

The gross operational profit has also improved from Rs. 623 lacs during previous year to Rs. 725 lacs during the current year. This has been achieved through improved production methods, campaign production runs and better efficiencies of raw materials and utilities.

f. Outlook

In the local market, a significant presence has been established in the tyre inner tube segment.

In the extrusion segment, the company has consolidated its position through new grades with all processors and products are gaining rapid acceptance in most applications.

The Company's R&D and marketing teams are involved in developing markets for new applications like Conveyor belts, Tyre Flaps, Radial Tubes, Bicycle Tyres etc.

These initiatives are expected to yield significant volumes in the near future.

On the export front, Company's products have received very encouraging response from customers in Iran, Turkey and Egypt. The Company expects a quantum leap in volumes in the financial year 2003-2004.

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

Employee relations continue to be cordial. 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.

15TH ANNUAL REPORT 2002-2003



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. Shrivardhan Goenka	Promoter, Non Executive
** Mr. K.J.Tanna	Non Executive & Independant
*** Ms. Lata Pillai	Nominee of ICICI & Independant
Mr. Amitabh Bhargava	Nominee of ICICI & Independent
Mr. A.K.De	Nominee of IDBI & Independent
Mr. Sukhendu Ray	Non - Executive & Independent
Mr. Mark Harakal	Non Executive
**** Mr. G.G. Gogate (Managing Director)	Executive
* - Appointed during the year	
** - upto 18 th May 2002	
*** - upto 3 rd April 2002	
**** - upto May 27, 2003	

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	Attendance at Last AGM	Other Directorships (other than Pvt. Ltd. Co's.)	No.of Memberships/ Chairmanships of other Committees
Mr. G.P. Goenka	6	4	No	14	NIL
Mr. V.C. Vaidya	6	6	Yes	11	Chairman - 5 Member - 5
Mr. Shrivardhan Goenka	6	Nil	No	11	NIL
Mr. Amitabh Bhargava	6	2	No	NIL	NIL
Mr. A.K.De	6	3	No	1	NIL
Mr. Sukhendu Ray	6	5	No	5	Member - 3 Chairman - 5
Mr. Mark Harakal	6	Nil	No	NIL	NIL
Mr. G.G.Gogate	6	6	Yes	1	Member - 2

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

6 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 : May 20, 2002, June 20, 2002, June 28, 2002, July 24, 2002, October 24, 2002 and January 28, 2003. The maximum gap between two meetings was not more than three months.