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# UNIMERS INDIA LIMITED

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**17th Annual Report 2004-2005**



# UNIMERS INDIA LIMITED

## BOARD OF DIRECTORS

G. P. Goenka	<i>Chairman</i>
Sukhendu Ray	
Dr. S. P. Vohra	(Appointed w.e.f. December 2, 2004)
V. C. Vaidya	(Resigned w.e.f. July 29, 2004)
Shrivardhan Goenka	
A. K. Gore	Nominee - ICICI (Appointed w.e.f. September 16, 2004)
Amit Bhargava	Nominee - ICICI (Resigned w.e.f. September 16, 2004)
Smt. B.K. Mandal	Nominee - IDBI (w.e.f. June 14, 2004)
A. K. De	Nominee - IDBI (upto June 13, 2004)
Mark Harakal	Alternate - Mr. J.F. Sierakowski (Resigned w.e.f. October 25, 2004)
Benard Lim Kay Yi	(Appointed w.e.f. November 9, 2004)
P. S. Sharma	<i>Managing Director</i>

## AUDIT COMMITTEE

Dr. S. P. Vohra - Chairman (appointed w.e.f. Dec. 2, 2004)
V. C. Vaidya - Chairman (resigned w.e.f. July 29, 2004)
Sukhendu Ray
Amitabh Bhargava (Resigned w.e.f. Sept. 16, 2004)
A. K. Gore (appointed w.e.f. Sept. 16, 2004)

## BANKERS :

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

## AUDITORS :

Price Waterhouse
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## 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

## 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

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# UNIMERS INDIA LIMITED

## NOTICE:

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Unimers India Limited will be held on September 27, 2005 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, 2005 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Sukhendu Ray who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Shivardhan Goenka 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 M/S. Lodha & Co. 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. A. K. Gore, 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. A.K.Gore 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 an ORDINARY RESOLUTION :  
"RESOLVED THAT Mr. Bernard Lim Kay Yi, 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 the Notice in writing from a member of the Company, expressing his intention of proposing the candidature of Mr. Bernard Lim Kay Yi for the office of Director, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION :  
"RESOLVED THAT Dr. S. P. Vohra, 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 Dr. S. P. Vohra for the office of Director, be and is hereby appointed as a Director of the Company."

By Order of the Board  
For UNIMERS INDIA LIMITED

P. D. PHATAK  
Company Secretary  
& Manager (Legal)

## NAVI MUMBAI

Dated : 29th April, 2005  
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 Register of Members and Share Transfer Books of the Company will be closed from 21-09-2005 to 27-09-2005 (both days inclusive).
- c) 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.
- d) Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
- e) 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, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai 400 059.

## Details of the Directors Seeking reappointment in the Annual General Meeting.

1. Mr. Shrivardhan Goenka, (29 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 Sir 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. And he has also done Master of Business Administration from Kellogg School of Management, Northwestern University, USA.

Mr. Goenka is on the Board of a number of Group Companies viz., Continuous Forms (Calcutta) Limited, Duncans Tea Ltd., Gujarat Carbon & Industries Limited, Odyssey Travels Ltd., Stone India Limited, NRC Limited, Shubh Shanti Services Ltd., Star Paper Mills Ltd. He is a Committee member of Federation of Indian Chamber of Commerce and Indian Chamber of Commerce.

2. Mr. Sukhendu Ray (82 years) is a Science graduate from the 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 Kettlewell Bullen & Co. 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 the Chief Executive of the Company. He is a director of the company since October, 2001. His other Directorships include Asiatic Oxygen Ltd., Henkel India Ltd., Nagarjuna Agrichem Ltd. Sotne India Ltd., Consolidated Fibres & Chemicals Ltd., International combustion (India) Ltd.

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

## Item No. 4 :

M/s Price Waterhouse & Co., Chartered Accountants, the retiring Auditors have conveyed to the Company in writing their unwillingness to be re-appointed as the Statutory Auditors for the financial year 2005-2006. The company has received a Special Notice from a shareholder under section 225 of the Companies Act 1956 proposing the name of M/S. Lodha & Co., Chartered Accountants as the Statutory Auditors of the company. M/s. Lodha & Co., Chartered Accountants have confirmed that if appointed, their appointment would be within the limit of Sec 224 (1 B) of the companies Act 1956. In terms of Section 224 A of the Companies Act, 1956 the said Resolution is proposed as a special resolution as the holding of Public Financial Institutions/Banks exceeds 25% of the subscribed share capital. The Board of Directors therefore, recommend this special resolution for shareholder's approval for appointment of M/s. Lodha & Co. as Statutory Auditors for the financial year 2005-2006 and authorise the Board of Directors to fix their remuneration.

## Item No. 5 :

The Board of Directors vide Resolution By Circulation No. 1 - 2004-05 dated 7th October, 2004 has appointed Mr. A. K. Gore 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. A. K. Gore 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. A. K. Gore may be deemed to be concerned or interested in this resolution.

## Item No. 6

The Board of Directors at their meeting held on 25th October, 2004 has appointed Mr. Bernard Lim Kay Yi, 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. Bernard Lim Kay Yi 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. Bernard Lim Kay Yi, may be deemed to be concerned or interested in this resolution.

## Item No. 7

The Board of Directors vide Resolution By Circulation No. 2 - 2004-05 dated 2nd December, 2004 has appointed Dr. S. P. Vohra, 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 Dr. S. P. Vohra, 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 Dr. S. P. Vohra may be deemed to be concerned or interested in this resolution.

By Order of the Board  
For UNIMERS INDIA LIMITED

P. D. PHATAK  
Company Secretary  
& Manager (Legal)

NAVI MUMBAI  
Dated : 29th April, 2005  
Registered Office :  
2/2, TTC Indl. Area, (D Block)  
MIDC, Thane-Belapur Road,  
Turbhe, Navi Mumbai - 400 705.





# UNIMERS INDIA LIMITED

## REPORT OF THE DIRECTORS

Your Directors present the Seventeenth Annual Report together with the Audited Accounts of the Company for the year ended 31.03.05

### 1. FINANCIAL HIGHLIGHTS

	Year ended 31.03.2005 (Rs. in lacs)	Year ended 31.03.2004 (Rs. in lacs)
Sales (Net of Excise duty)	3617.00	5170.81
Gross profit/(Loss) before interest and depreciation	(365.13)	113.68
Profit/(Loss) for the year	(1019.90)	(829.51)
Provision for wealth tax	(0.07)	(0.03)
Profit/(Loss) carried to Balance sheet	(1019.97)	(829.54)

### 2. OPERATIONS

During the period under review, Company produced 3750 MT of EPDM as against previous year quantity of 5461 MT. This represents about 31% decrease in production over previous year.

Indian Oil Corporation Ltd. shut down from 7th July 04 to 25th October, 04 resulted in the non-availability of Propylene, which adversely affected production and sales for the year. Subsequent acute working capital constraints led to lower capacity utilisation during the year.

During the year average domestic sales realisation increased from Rs. 92/- per Kg during 2003-04 to Rs. 97/- per kg during 2004-05.

During the financial year 2004-05, the Company sold 3613 MT in the domestic market against the previous year sale of 4843 MT. During the year 166 MT was exported as against 996 MT in the previous year. The market for the Company's product in India has recovered and posted strong growth since mid 2004 both in terms of demand and price. However, the Company could not take advantage of this opportunity due to working capital constraints.

### 3. FINANCE

Availability of adequate working capital is a cause of concern for achieving higher production levels.

Company's Techno-Economic Viability and Financial Restructuring Report from reputed independent consultants has been forwarded to all the lenders by the lead bank - State Bank of India. The Company is pursuing rigorously for Corporate Debts Restructuring Mechanism through the lead bank.

On acceptance of the Company's proposal, the Company will be benefited by the proposed scheme when accepted through reduction in the interest cost, as well as rescheduling of repayments of debts. This will result in improvement in working capital, coupled with lower interest costs, which will help the Company to improve its performance.

### 4. FUTURE OUTLOOK

The EPDM market globally has undergone a demand-supply gap correction after a surplus situation prevailing through years 2003 and 2004. Availability of EPDM is now very tight and this situation is expected to continue. No additional capacity is expected to come in during this period.

Because of the tight availability situation, as well as healthy demand growth, realisations have improved significantly, and expected to continue.

### 5. EMPLOYEE RELATIONS

Employee relations continued to be cordial during the year 2004-2005.

### 6. PARTICULARS OF EMPLOYEES

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

### 7. SAFETY, HEALTH & ENVIRONMENT POLICY

The company declares that its operations are conducted with utmost regard to safety and health of personnel, plant, machinery and the environment. It is the best endeavour of the management to follow and sustain standards and procedures related to Safety, Health and Environment.

The Management endeavours to support and commit the resources necessary for ensuring adherence / compliance to various standards under the relevant statutes. The management also strives to achieve a conducive working environment to active participation of its employee in maintaining safe and pollution free condition in its manufacturing operations and to extend required organisational support and provide facilities for imparting relevant information, instruction, training, motivation, and encourage involvement of its employees in the implementation of Safety, Health and Environment Policy.

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

The Company's 34.98 % 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

During the year Mr. V. C. Vaidya, a senior Director on Board since 1991 resigned from the Board on 29th July, 2004. The Board of Directors wish to place on record their sincere appreciation for the professional guidance and support extended by him to the Company.

During the year IDBI appointed Ms. B. K. Mandal w.e.f. June 14, 2004 in place of Mr. A.K.De

During the year ICICI appointed Mr. A. K. Gore w.e.f. September 16, 2004 in place of Mr. Amitabh Bhargava.

During the year Uniroyal Chemical Company appointed Mr. Bernard Lim Kay Yi w.e.f. November 9, 2004 in place of Mr. Mark Harakal who resigned w.e.f. October 25, 2004.

During the year the Company appointed Dr. S. P. Vohra, as an additional Director on 2nd December, 2004.

Mr. Sukhendu Ray and Mr. Shrivardhan Goenka retire by rotation, and being eligible, offer themselves for reappointment.

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## 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 Exchange, a compliance report on Corporate Governance is annexed as part of the Annual Report.

## 12. RESPONSIBILITY STATEMENT

The Directors' confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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. RESIGNATION / APPOINTMENT OF STATUTORY AUDITORS

M/s Price Waterhouse, Chartered Accountants, the retiring auditors have expressed their unwillingness to be re-appointed as the Statutory Auditors of the company at the forthcoming 17th Annual General Meeting to be held in calendar year 2005.

The company has received as Special Notice from a shareholder under section 225 of the Companies Act, 1956 proposing the name of M/s. Lodha & Co. Chartered Accountants to be appointed as Statutory Auditors for the financial year 2005-2006. M/s Lodha & Co. Chartered Accountants have expressed their intention to act as the Statutory Auditors of the company if appointed, and confirmed their appointment in such case would be within the ceiling of sec 224 (1B) of the Companies Act, 1956.

## 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 : April 29, 2005

## 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:

- An indigenous source for a special process chemical is being developed. Plant level trials are planned soon and once successful, this will enable the company to market certain specialised premium grades.
- Various product formulations based on different Herlene EPDM grades have been developed on Customers' requests. Production trials at customers' end were very successful with product properties as per customers' expectations. Some of these developments are enumerated below :
  - Low hardness (soft) EPDM rubber covered roller formulations for rollers used in steel mills, paper mills, metal coating, off-set printing, UV-printing, etc have been developed in our R & D Laboratory. A paper entitled "EPDM RUBBER COVERED ROLLER APPLICATIONS" was presented in India Rubber Expo-2005 at Mumbai.
  - EPDM RUBBER high temperature insulation compounds for Defence application have been evaluated jointly with HEMRL (DRDO).
  - Acid and alkali resistant EPDM based compounds for manufacturing special tiles have been developed for some customers and product is well accepted in the market.
  - Formulations for replacing neoprene by EPDM and Hypalon rubber in outer cover for hoses have been successfully passed on to some EPDM users.
  - Low hardness and medium tensile strength EPDM compounds have been developed for moulded auto-component industries.
  - EPDM drum seal gaskets compound formulations have been well accepted by drum seal manufacturers.
  - EPDM based tyre flaps, manufactured using our formulation have been accepted in Govt. undertakings like BEST Mumbai.

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

Almost all grades of Herlene EPDM rubber suitable for solid and sponge profiles, corners jointing of profiles and low cost window profiles are now available. Thus, Herlene EPDM has captured a wide spectrum of extruded and moulded auto-profile products for modern range of cars. A very good infrastructure as well as service of experienced personnel in our R & D Dept. has been found to be very helpful to our valued customers. This has resulted increasing our customer base day by day.

(c) Expenditure on R&D Technical Sales Service Centre is Rs. 28.03 lacs.

(d) Future plan of action

- New EPDM grades for use as viscosity index improvers.
- Compound formulations for very low density foams with proper Herlene grades.
- Herlene for use in medium voltage cable insulation.

### (III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding foreign exchange earnings and outgo appears in items from 21 to 23, of Schedule 15 to the Notes to Accounts.

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

Mumbai  
Dated : April 29, 2005



# 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	9374691 kwh	13160251 kwh
Total amount	Rs. 386.53 lacs	Rs. 526.78 lacs
Rate / Unit	Rs. 4.14	Rs. 3.72

b Own generation	NIL	NIL
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#### (I) Through diesel generator unit

Unit per ltr. Of diesel oil	N.A.	N.A.
Cost/Unit		

#### (II) Through stream turbine generator

2 Coal	NIL	NIL
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3. Furnace oil		
Quantity	2378.18 K. Ltrs	3687.25 K. Ltrs
Total amount	Rs. 264.72 lacs	Rs. 386.17 lacs
Average rate	Rs.11131/K.Ltrs	Rs. 10473 /K.Ltrs

4. Others	NIL	NIL
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#### B. Consumption per unit of production

Products	EPM/EPDM	EPM/EPDM
	RUBBER	RUBBER
Electricity	2.412 Mwh/MT	2.413 Mwh/MT
Furnace oil	0.6343 K.ltrs /MT	0.6751 K.ltrs / MT
Coal	NIL	NIL
Diesel	NIL	NIL

For and on behalf of the Board

G. P. Goenka  
( Chairman )

Mumbai

Dated : April 29, 2005

### 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 Uniroyal Chemical Co. (now a Crompton Corpn. unit). The EPDM grades (Trade name 'Hereleene') manufactured by UNIMERS INDIA LIMITED are suitable for a wide range of applications.

#### b. Opportunities and Threats

The Company had traditionally commanded a major share of the domestic market. Continued dumping by EPDM manufacturers located in US, EU, Brazil and china, as well as major disruptions in availability of one of the primary raw materials (propylene), resulted in low capacity utilisation in 2004-05. However, the stabilisation of raw material supply, as well as good growth in the automotive industry augur well for the future prospects of the Company.

#### c. Risks and Concerns

Hardening of prices for refinery products like Ethylene, Propylene and Furnace Oil would influence EPDM production cost. The high debt portfolio is another cause for concern.

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

The Management has ensured that necessary internal control systems are created and maintained in all departments. 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 and the like.

#### e. Financial and Operational Performance

The Company's operational efficiencies have remained the same compared to previous year in spite of lower capacity utilisation due to better operation and management. However increase in raw material cost and lower utilisation of capacity affected profitability.

As regards sales of EPDM, although the sales volume were lower than the previous year, there was an increase in realisation in the latter period of 2004-05, due to global increase in demand as well as tightness in supply consequent upon global capacities shortfall.

#### f. Outlook

The outlook for the near term future appears to be bright for the Company. Demand is rising in India as well as in the rest of Asia (notably China), Europe and USA. With demand growth likely to be higher than supply, this is expected to impact favourably on the Company's sales volumes and realisation.

#### 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, organised and progress monitored as part of Human Resource Development activities. The total manpower strength has been optimised at 126 personnel.

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## 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 organisation 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. Sukhendu Ray	Non – Executive & Independent
Dr. S. P. Vohra (Appointed w.e.f. 02/12/2004)	Non – Executive & Independent
Mr. V.C.Vaidya (Resigned w.e.f. 29/07/2004)	Non-Executive & Independent
Mr. Shrivardhan Goenka	Promoter and Non Executive
Mrs. B. K. Mandal (Appointed w.e.f. 14/06/2004)	Nominee of IDBI & Independent
Mr. A.K.De (Resigned w.e.f. 13/06/2004)	Nominee of IDBI & Independent
Mr. A. K. Gore (Appointed w.e.f. 16/09/2004)	Nominee of ICICI & Independent
Mr. Amitabh Bhargava (Resigned w.e.f. 16/09/2004)	Nominee of ICICI & Independent
Mr. Mark Harakal (Resigned w.e.f. 25/10/2004)	Non Executive
Mr. Benard Lim Kay Yi (Appointed w.e.f. 09/11/2004)	Non Executive
Mr. P.S.Sharma ( Managing Director )	Executive

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. Companies)	No. of Memberships/ Chairmanships of other Committees
Mr. G.P. Goenka	4	4	No	10	NIL
Mr. Sukhendu Ray	4	3	No	6	Member - 2 Chairman - 4
Dr. S. P. Vohra	4	1	No	3	Member - 1 Chairman - 1
Mr. V.C. Vaidya	4	2	No	N.A.	NIL
Mr. Shrivardhan Goenka	4	4	No	8	NIL
Mrs. B. K. Mandal	4	3	No	-	NIL
Mr. A.K.De	4	1	No	-	NIL
Mr. A. K. Gore	4	1	No	-	NIL
Mr. Amitabh Bhargava	4	1	No	-	NIL
Mr. Mark Harakal	4	Nil	No	-	NIL
Mr. Benard Lim Kay Yi	4	Nil	No	Foreign Co.	NIL
Mr. P.S. Sharma	4	4	Yes	5	NIL

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

Four 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 : June 2, 2004, July 29, 2004, October 25, 2004 and January 31, 2005.

#### 3. Audit Committee

The Audit Committee comprises of three independent non-executive Directors viz. Dr. S. P. Vohra, (appointed w.e.f. 2/12/2004), Mr. V. C. Vaidya Chairman (Resigned w.e.f. 29/07/2004), Mr. Sukhendu Ray and Mr. Amitabh Bhargava. (Resigned w.e.f. 16/09/2004), Mr. A. K. Gore (appointed w.e.f. 16/09/2004) are members of the Audit Committee. Mr. P. D. Phatak, Company Secretary (Resigned w.e.f. 2/5/2005) 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 4 times during the year on 2.0.2004, 29.7.2004, 25.10.2004 and 31.01.2005. The attendance of each Member of the Committee is given below :

Name of the Director	No. of Meetings Attended
Dr. S. P. Vohra (appointed w.e.f. 02/12/2004)	1
Mr. V.C.Vaidya Chairman (Resigned w.e.f. 29/07/2004)	2
Mr. Sukhendu Ray	3
Mr. Amitabh Bhargava (Resigned w.e.f. 16/09/2004)	1
Mr. A.K. Gore (appointed w.e.f. 16/09/2004)	1

## 4. Remuneration to Directors

Name	Sitting fees (Rs.)	Salary and Perks (Rs.)	Total (Rs.)
Mr. G.P. Goenka	10,000	NIL	10,000
Mr. Sukhendu Ray	15,000	NIL	15,000
Dr. S. P. Vohra	20,000	NIL	20,000
Mr. V.C.Vaidya	22,500	NIL	22,500
Mr. Shrivardhan Goenka	10,000	NIL	10,000
Mrs. B. K. Mandal	7,500	NIL	7,500
Mr. A.K. De	2,500	NIL	2,500
Mr. A. K. Gore	5,000	NIL	5,000
Mr. Amitabh Bhargava	5,000	NIL	5,000
Mr. Mark Harakal	NIL	NIL	NIL
Mr. Bernard Lim Kay Yi	NIL	NIL	NIL
Mr. P.S. Sharma	NIL	NIL	NIL

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 3 years at no remuneration as approved by shareholders at their meeting held on September 22, 2003. Either party to the Agreement is entitled to terminate the Agreement by giving 6 months notice to the other party.

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

The Board has constituted a Finance and Share/Debenture Transfer and Investor Grievances Committee comprising of Dr. S. P. Vohra, (Non Executive Independent Director appointed w.e.f. 02/12/2004), Mr. V. C. Vaidya (Non Executive Independent Director Resigned w.e.f. 29/07/2004), and Mr. P.S.Sharma (Managing Director).

Director	No. of Meeting Attended
Dr. S. P. Vohra (Appointed w.e.f. 02/12/2004)	6
Mr. V. C. Vaidya (Resigned w.e.f. 29/07/2004),	4
Mr. P. S. Sharma	16

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., to redress shareholder's and investor's grievances.

Mr. P. D. Phatak - Company Secretary is the Compliance Officer.

Number of shareholders complaints received so far	- 172
Number not solved to the satisfaction of shareholders	- Nil
Number of pending share transfer	- Nil

There are 11 outstanding complaints in respect of Non payment of debenture interest as on March 31, 2005.

## 6. General Body Meeting

Location and time of the General Meetings held during last 3 years -

AGM	Venue	Date	Time	No. of Special Resolutions passed through Postal Ballot
14 <sup>th</sup> AGM	Vashi, Navi Mumbai	05.09.2002	10 a.m.	NIL
15 <sup>th</sup> AGM	Vashi, Navi Mumbai	22.09.2003	10 a.m.	NIL
EGM	Vashi, Navi Mumbai	22.09.2003	After the conclusion of AGM	NIL
16 <sup>th</sup> AGM	Vashi, Navi Mumbai	27.09.2004	10 a.m.	NIL

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

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## 7. Note on Directors seeking Appointment / Re-appointment.

**Disclosures regarding appointment / reappointment of Directors**

According to Articles of Association of the Company, one third of the Directors retired by rotation every year and if eligible, offer themselves for re-appointment at every Annual General Meeting. Mr. Sukhendu Ray and Mr. Shrivardhan Goenka retire by rotation and being eligible offer themselves for reappointment and hold office upto the date of this Annual General Meeting. Given below are the abbreviated resumes of Mr. Sukhendu Ray and Mr. Shrivardhan Goenka Directors of the Company who are reappointed at this Annual General Meeting.

**Shrivardhan Goenka** - Mr. Shrivardhan Goenka, aged 29 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. And he has also done Master of Business Administration from Kellogg School of Management, Northwestern University, USA.

Mr. Goenka is on the Board of a number of Group Companies viz., Continuous Forms (Calcutta) Ltd., Stone India Limited, Consolidated Fibres and Chemicals Limited, Star Paper Mills Limited, Duncans Tea Limited, NRC Ltd and Gujrat Carbon & Industries Limited, Odyssey Travels Ltd., Shubh Shanti Services Ltd., He is a Committee Member of Indian Chamber of Commerce and is also a Committee Member of Federation of Indian Chamber of Commerce.

**Sukhendu Ray** - Mr. Sukhendu Ray aged 82 years, is a Science graduate from the 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 Kettlewell Builen & Co. Ltd. and thereafter, with Guest Keen Williams Ltd., then a subsidiary of Guest Keen & Nestfield Ltd., a multi national British Engineering group. Mr. Ray retired from Guest Keen Williams Ltd as Managing Director and the Chief Executive of Company. He is a director of the company since October 2001. His other directorship includes Asiatic Oxygen Ltd., Henkal India Ltd., Nagarjuna Agrichem Ltd., Stone India Ltd., Consolidated Fibres & Chemicals Ltd., International Combustion (India) Ltd.

## 8. Disclosures

During the year, Company had sale / purchase transactions in normal course of business with its Associate Companies. All transactions were carried out on arms length basis. None of the transactions with any of the related parties were in conflict with the interest of the Company. Remuneration to Directors is disclosed in Clause 4 above.

No penalty has been imposed on the Company by any regulatory authority for non-compliance of any laws.

## 9. Means of communication

Half yearly report sent to each household of shareholders	No
Quarterly Results	Free Press Journal (English)
Which newspapers normally published in	& Navashakti (Marathi)
Any website, where displayed	Yes - www.unimers.com
Whether it also displays official news releases	No
Presentation made to Institution Investor or to the Analysts.	No
Whether Management Discussion & Analysis Report is a part of annual report or not	Yes

## 10. General Shareholder information

AGM:	Date	: September 27, 2005
	Time	: 10 a.m.
	Venue	: Rotary Club of Navi Mumbai, Rotary Centre, Sector 6, Vashi, next to Sacred Heart Convent School, Mumbai - 400 703.

Financial calendar	: April 2005 to March 2006
1 <sup>st</sup> Quarterly Result	: by 31.07.2005
2 <sup>nd</sup> Quarterly Result	: by 31.10.2005
3 <sup>rd</sup> Quarterly Result	: by 31.01.2006

Results for year ending March, 2006	by June 30, 2006
Date of book closure	by 21/09/2005 to 27/09/2005 (both days inclusive)
Dividend payment date	The Company has not declared any dividend

Listing on Stock exchanges  
The Stock Exchange, Mumbai

- Stock Code No. 524264  
Annual Listing fees for 2004-05 has been paid to the above Stock Exchange  
- INE 98QB01021  
- In view of Common Agency requirement by SEBI, Company has appointed M/s. Adroit Corporate Services P. Ltd.

Demat ISIN No. for NSDL / CDSL  
Share Transfer Agent