

Sixteenth Annual Report 1998-99

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UNIPRODUCTS (INDIA) LTD.





UNIPRODUCTS (INDIA) LTD

VISION 2005 AD

- ★ Become the First Choice Company to its Users.
- ★ Provide Highest Value/ Satisfaction to its Customers, Employees, Vendors and Shareholders through innovative solutions & continuous improvement.
- ★ Be Globally Competitive and Penetrate the Overseas Market.



UNIPRODUCTS (INDIA) LTD

**QUALITY
POLICY**

We will endeavor to maximise customer satisfaction by continuous improvement in quality of our products and services.

Company intends to achieve this through focus on :

- ★ Process and Technology Improvement
- ★ Innovation in Products
- ★ Reducing Costs
- ★ Empowerment of Employees.

(Managing Director)

Report



Junction

BOARD OF DIRECTORS

RAVI MEHRA - Chairman

ASHWAN KAPUR Ph.D.-Managing Director

CHAND KISHAN HAZARI

GOVIND NARAIN I.C.S. (Retd.)

BHASKAR DUTTA Ph. D.

M.M. KOHLI

PRESIDENT

ARUN SETH

AUDITORS

S.N. DHAWAN & CO.

CHARTERED ACCOUNTANTS

NEW DELHI

BANKERS

ANZ GRINDLAYS BANK

HEAD OFFICE

21, COMMUNITY CENTRE

FRIENDS COLONY

NEW DELHI-110 065

REGISTERED OFFICE & WORKS

JARTHAL VILLAGE ROAD

84 KM. STONE, DELHI-JAIPUR ROAD

P.O. SANGWARI, DISTT. REWARI

HARYANA-123 401

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Jarthal Village Road, 84 Km. stone, Delhi-Jaipur Road, P.O. Sangwari, Distt. Rewari, Haryana 123 401, on Thursday, the 9th September, 1999 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended March 31, 1999 and the report of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Govind Narain who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ravi Mehra who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification (s), the following Resolution as an Ordinary Resolution.

"Resolved that Mr. M.M. Kohli, who was appointed as an Additional Director of the Company on 28th August, 1998 under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting, being eligible for re-appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office is subject to retirement of Directors by rotation".

7. 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 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and the guidelines and subsequent clarifications thereon issued by SEBI, approval from Reserve Bank of India and subject to such other consents and approvals, if any, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which terms shall include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed in granting such consents and approvals and which may be agreed to by the Board, the consent and approval of the Company be and is hereby accorded to the Board to make a Preferential Issue of 1618700 equity shares of Rs. 10/- each at a premium of Rs. 5/- each to promoters and their associates and within such time or times as may be fixed by the Board in accordance with the rules and guidelines prevailing in this regard and as may be prescribed by the approving authorities and accepted by the Board and the subscribing promoters and their associates.

"Resolved further that the Board be and is hereby authorised to issue and allot such number of equity shares as may be required in pursuance of this Preferential Issue and the equity shares so allotted shall rank in all respects pari passu with the existing equity shares of the Company save that such equity shares shall carry the right to receive dividend which may be declared for the financial year in which the allotment of the shares shall become effective pro-rata from the respective date of allotment.

"Resolved further that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to take such actions, give such directions as may be necessary or desirable, and to make and accept, in the interest of the Company, any modification and alteration in the proposal and terms of the Issue and to settle any question or difficulty that may arise with regard to the issue, allotment and listing of the proposed equity shares".

Registered Office :
Jarthal Village Road,
84 Km. Stone, Delhi-Jaipur Road,
P.O. Sangwari, Distt. Rewari,
Haryana-123 401

By order of the Board

DR. ASHWAN KAPUR
Managing Director

Dated : 29th July, 1999.

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting in his stead. The proxy need not be a member.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 1st September 1999 to Wednesday, 8th September 1999, both days inclusive.
3. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Report as the same will not be distributed at the meeting.
4. For prompt attention, please address all correspondence relating to the securities held in the Company to the Company's Head Office at 21, Community Centre, Friends Colony, New Delhi 110 065, quoting the relevant Folio No. (s).
5. Shareholders who wish to raise any queries/comments on the accounts of the Company are requested to send their queries/comments at least 7 days before the date of the Annual General Meeting.
6. Dividend recommended by the Board of Directors, if approved by the Members at the Annual General Meeting, will be paid to those Members whose names appear on the Register of Member as on 8th September, 1999.
7. Members, who have not encashed their dividend warrants for the financial years ended 31.3.96, 31.3.97 and 31.3.98 are requested to approach the Company's Head Office for obtaining duplicate dividend warrants.
8. The Company has listed its shares at :
 - (1) The Delhi Stock Exchange Association Limited
3 & 44/B, Asaf Ali Road,
New Delhi-110 002; and
 - (2) The Stock Exchange, Mumbai
Phiroze Jee Jeebhoy Towers,
Dalal Street, Mumbai-400 001.

The listing fee for these exchanges has been paid in time.
9. Members are requested to intimate their Bank Account details, if not already sent, so that the same can be printed on the dividend warrant, to avoid the incidence of fraudulent encashment of the dividend warrant.

EXPLANATORY STATEMENT (As required under Section 173(2) of the Companies Act, 1956)**Item No.6**

Mr. M.M. Kohli was appointed as an Additional Director on the Board of Directors of the Company on 28th August, 1998 in accordance with Article 89 of the Company's Articles of Association. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of the next Annual General Meeting. As required by Section 257 of the Companies Act, 1956, notice together with a deposit of Rs. 500/- has been received from a member of the Company signifying his intention to propose Mr. M.M. Kohli for the office of Director of the Company.

Considering the experience and competence of Mr. M.M. Kohli, the Board consider that it would be in the best interest of the Company to appoint him as Director and, therefore, recommends the resolution for his appointment.

None of the Directors of the Company, except Mr. M.M. Kohli, is concerned or interested in any way in the said resolution.

Item No. 7

The Members have approved in the Extra-ordinary General Meeting held on Tuesday, 1st June, 1999, preferential allotment of 16,18,700 equity shares at a premium of Rs. 5/- per share. As per SEBI Guidelines for preferential allotment of equity shares, the currency of shareholder resolutions is for a period of 3 months from the General Meeting. The Company has applied to RBI for its approval for allotment of shares to promoters (an Overseas Corporate body). The approval from RBI has not been received within the period allowed by SEBI for allotment of shares. Therefore we are placing below the relevant facts relating to this resolution for approval of Members.

Additional funds are required to invest in a project for the manufacture of NVH and Heat Shield products for supply to the automotive industry and to supplement working capital availability of the Company in order to reduce interest burden. For meeting the need of additional funds, further equity shares are proposed to be issued to the promoters and their associates at a premium of Rs. 5/- per share i.e. at Rs. 15/- per share as against the prevailing market rate of about Rs. 6.50/- per share.

The shareholding of the promoters (as defined in the Resolution) in the Company is currently about 66.41% of the existing paid-up equity capital without taking into account any permissible creeping acquisition that may have been done by the promoters and shares not lodged for transfer as on the date of this Notice.

The price at which the Preferential Issue of equity shares would be made under the prevailing SEBI Rules and Guidelines is, inter alia, presently related to the higher of the average of the weekly high and low closing market price of the Company's shares as quoted on the stock exchange over the last six months or during the last two weeks. This works out to a price of Rs. 6.80 per share of face value of Rs. 10/- each which represents a substantial premium over the current market price to be issued on a preferential basis.

As and when the equity shares are allotted to the promoters within the period/s stipulated by the Board, the equity share capital of the Company will increase to an amount not exceeding about Rs. 414.53 lacs.

The pre and post issue shareholding pattern based on the subscribed equity capital of the Company as on 28th, July, 1999 is as follows on the assumption that the promoters subscribe fully to the Preferential Issue of 16,18,700 equity shares.

Category	Pre-issue Holding (No. of shares)	% to the total capital	Post-issue Holding (No. of shares)	% to the total capital
Promoters and their relatives	16,77,849	66.41	32,96,549	79.53
Financial Institutions	3,600	0.14	3,600	0.09
Banks	6,200	0.25	6,200	0.15
Other Bodies Corporate	56,200	2.22	56,200	1.35
Public/Others	7,82,705	30.98	7,82,705	18.88
Total	25,26,554	100.00	41,45,254	100.00

Section 81 of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by allotment of further shares, such further shares shall be offered to the persons who, on the date of offer, are holders of the equity shares of the Company in proportion to the capital paid-up on the date unless the Shareholders in General Meeting decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro-rata to the equity shareholders unless the Shareholders in a General Meeting decide otherwise. The consent of the Shareholders is sought to authorise the Board of Directors as set out in the Resolution at Item 7 to issue equity shares to the promoters through a Preferential Issue. The Board commends the Resolution to the Shareholders for acceptance.

The Directors of the Company may be deemed to be concerned or interested in the Resolution at Item 7 to the extent of the shares that may be subscribed to by the promoters of which they are Directors or Members. All the relevant documents are available for inspection at the Registered Office of the Company between 10.00 a.m. and 2.00 p.m. on any working day of the Company.

Registered Office :
Jarthal Village Road,
84 Km. Stone, Delhi-Jaipur Road,
P.O. Sangwari, Distt. Rewari,
Haryana-123401

By order of the Board

DR. ASHWANKAPUR
Managing Director

Dated : 29th July, 1999.

AUDITORS' REPORT

To the Members of

UNIPRODUCTS (INDIA) LIMITED

We have audited the attached Balance Sheet of Uniproducts (India) Limited as at 31st March, 1999 and the annexed Profit & Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing & Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from the examination of the books.
 - c) The Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the books of account.
 - d) In our opinion, the Profit & Loss Account and the Balance Sheet of the Company comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
 - e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999; and
 - (ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

C-37, Connaught Place
New Delhi -110 001.

For **S.N. DHAWAN & COMPANY**
Chartered Accountants,

Dated : 29th July, 1999

SURESH SETH
Partner

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE
ACCOUNTS OF UNIPRODUCTS (INDIA) LIMITED FOR THE YEAR ENDED 31ST MARCH, 1999.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of the assets. However, during the year no physical verification of fixed assets was conducted.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, stocks of finished goods, stores, spares and raw materials have been physically verified by the management at the end of the year, except for stocks of finished goods lying with consignee agents for which certificate of stocks held by them been obtained in most of the cases.
4. In our opinion, and according to the information and explanations given to us, the procedures for physical verification of stocks followed by the Company are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to the book records.

6. In our opinion, and on the basis of our examination, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has taken an interest free unsecured loan from a company under the same management as defined under Section 370 (1B) of the Companies Act, 1956 and in our opinion, the terms and conditions of such loan are prima facie not prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
9. The Company has given loans to employees and they are repaying the principal amount as stipulated.
10. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of the stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.
11. According to the information and explanations given to us, the Company has not entered into transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. The Company has a system of determining unserviceable or damaged stores and raw materials and finished goods on the basis of technical evaluation and adequate provision has been made in the accounts for the loss arising on the items so determined.
13. According to the information and explanations given to us, the Company has not accepted any deposit from the public to which provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 apply.
14. In our opinion, reasonable records have been maintained for the sale and disposal of the scrap. No by-product, we are informed, is generated.
15. The Company has an internal audit system commensurate with its size and nature of its business.
16. The maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government.
17. The Company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. There are no undisputed amounts payable in respect of income tax, wealth tax, custom duty and excise duty which are outstanding as at March 31, 1999 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses have been charged to the Profit & Loss Account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of clause (i) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
21. In respect of the trading activities, the Company has a system of determination during verification, of damaged goods and provisions for loss on the same. However, there were no damaged goods during the year.

C-37, Connaught Place
New Delhi -110 001.

For **S.N. DHAWAN & COMPANY**
Chartered Accountants,

Dated : 29th July, 1999

SURESH SETH
Partner