

Twenty Fourth Annual Report 2006 - 2007

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UNIPRODUCTS (INDIA) LTD.



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UNIPRODUCTS (INDIA) LTD.



BOARD OF DIRECTORS

Chairman

Mr. Ravi Mehra

Managing Director

Dr. Ashwan Kapur

Directors

Mr. C. K. Hazari

Mr. Govind Narain

Dr. Bhaskar Dutta

Mr. M. M. Kohli

Mr. S. L. Kapur

Mr. A. P. Gandhi

Mr. P.R. Khanna

Auditors

S. N. Dhawan & Co.
Chartered Accountants
C-37, Connaught Place
New Delhi-110001

Bankers

State Bank of Patiala
Citi Bank
HSBC

President

Mr. Arun Seth

Company Secretary

Ms. Shweta Saxena

Head Office

Khasra No. 360-361
Village Jonapur, Mehrauli,
New Delhi-110047

Registered Office & Plant I

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

Admn. Office & Plant II

C-15, Sector-57,
Noida Industrial Area
Noida-201307 (U.P.)

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UNIPRODUCTS (INDIA) LTD.

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the Members of **UNIPRODUCTS (INDIA) LIMITED** 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-123401, on Wednesday, 5th September, 2007 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007, Profit & Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Ravi Mehra who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Govind Narain who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. L. Kapur who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

Registered Office:

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

Date : 30th July, 2007

By order of the Board

DR. ASHWAN KAPUR
Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy form should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, August 30, 2007 to Wednesday, September 5, 2007 (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. 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.

UNIPRODUCTS (INDIA) LTD.



5. 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 Members as on September 5, 2007. In respect of shares held in electronics form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
6. Members desirous of receiving dividend by direct electronic deposit through Electronics Clearing Service (ECS) facility may authorise the Company with their ECS mandate containing bank details, alongwith the 9 digit MICR code. Request should be lodged with our Registrar & Transfer Agent, M/s MAS Services Ltd. AB-4, Safdarjung Enclave, New Delhi-110029 on or before August 28, 2007.
7. In order to provide protection against fraudulent encashment of dividend warrants, the members are requested to provide, if not provided earlier, their bank account details, quoting folio numbers, to the Company's Registrar & Share Transfer Agent, M/s MAS Services Ltd.
8. Members are also requested to notify any changes in their addresses immediately to the Registrar & Share Transfer Agent- M/s MAS Services Ltd.
9. Pursuant to Section 205 (C) of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and no claim shall lie against the said fund or the Company for the amount so transferred. The unpaid/unclaimed dividend pertaining to the financial year 1999-2000 will become due for transfer to IEPF on 13th November 2007. Those shareholders who have not encashed their dividend warrant for the financial year 1999-2000 are, therefore, requested to immediately forward the same to the Company for revalidation.
10. The shares of the Company are listed on Bombay Stock Exchange Limited. The listing fees have been paid.
11. At the ensuing Annual General Meeting, Mr. Ravi Mehra, Mr. Govind Narain & Mr. S.L. Kapur retire by rotation and, being eligible, offer themselves for re-appointment. The information/details pertaining to these Directors to be provided in terms of Clause 49 of the listing agreement with the Bombay Stock Exchange Limited are furnished in the Statement on Corporate Governance published in this Annual Report.

Registered Office:

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

Date : 30th July, 2007

By order of the Board

DR. ASHWAN KAPUR
Managing Director



UNIPRODUCTS (INDIA) LTD.

DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting their 24th Annual Report and Audited Accounts of your Company for the year ended 31st March, 2007.

FINANCIAL RESULTS:

Particulars	Year ended March 31, 2007 (Rs. in lakhs)	Year ended March 31, 2006 (Rs. in lakhs)
Sales and other Income	11955.33	9965.07
Gross Profit before Interest, Depreciation and Miscellaneous Expenditure written off	1278.82	1174.83
Less : Interest	263.28	294.88
Depreciation	474.78	397.02
Miscellaneous Expenditure written off	12.90	12.90
Profit for the year	527.86	470.03
Prior period Income/(Expenditure) adjustment	(6.48)	(3.33)
Profit before tax	521.38	466.70
Provision for current tax (MAT)	58.50	39.27
Deferred tax (Assets)/Liability	112.48	116.32
Fringe Benefit Tax	10.88	10.49
Profit after tax	339.52	300.62
Surplus brought forward	324.13	143.48
Profit available for appropriation	663.65	444.10
General Reserve	26.07	22.55
Proposed Dividend	104.92	85.44
Corporate Dividend Tax	17.83	11.98
Balance carried to the Balance Sheet	514.83	324.13

OPERATIONS

The Company continues to record a strong growth in its sales; all products sales recorded a growth of 20% over the previous year. The Company's compound annual growth rate in sales over the past 5 years has been 27%.

The pre tax profit of Rs.521.38 lakhs is 12% higher than in the previous year. Further to our investment in technology made during the previous year, the Company has, during the year 2006-07, procured a complete needlepunch line from Germany which will enable it to increase its production capacity and manufacture a diverse range of products that provide significant value addition.

In its pursuit of "customer delight" through manufacture of world class products at competitive prices, the Company has taken major steps in applying total productivity management (TPM) techniques in production. The focus on quality systems and cost reductions through VA/VE exercises is now a continuous process in the Company. Moreover, regular energy audits are conducted and strict control is exercised on overhead costs.

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FUTURE PROSPECTS

India is becoming a hub for small cars because of its low production costs. Our Company is poised to participate in this growth story through its focus on frugal engineering. The Company's order book shows a healthy growth with orders having been received for the forthcoming models of Maruti, Honda and Hyundai (2nd tier). The Company plans to maintain its margins through focus on high value added products.

RIGHTS ISSUE

Considering the expansion of the business of the Company and also its high borrowing in comparison with the present equity capital, your Company had offered a rights issue of 45,25,254 equity shares of Rs. 10/- each for cash at a premium of Rs. 30/- per equity share aggregating to Rs. 1,810.10 lakhs on right basis to the existing equity shareholders of the Company in the proportion of one equity share for every one equity share held on January, 15, 2007. The issue opened on 27th February, 2007 and successfully closed on 28th March, 2007. A total of 42,17,926 shares were allotted against this issue, and the Company's equity share capital increased from 45,25,254 shares to 87,43,180 shares after the completion of allotment on 26th April, 2007.

JOINT VENTURE WITH JUKEN TECHNOLOGY LIMITED, SINGAPORE

Your Company had incorporated a joint venture company namely "Juken Uniproducts Private Limited" under the shareholder's agreement entered into with Juken Technology Limited, a Singapore based company in the year 2005-2006. During the year under review, "Juken Uniproducts Private Limited" has commenced its production on 31st July, 2006. Presently, its main Customers are JNS Instruments Limited, Minda Stoneridge Instruments Limited and Siemens Limited.

DIVIDEND

Your Directors are pleased to recommend a dividend of 12% for the year ended 31st March, 2007 on the enhanced equity share capital of the Company.

DELISTING OF SHARES

The Board of Directors, in their meeting held on 28th April, 2007, approved the delisting of equity shares with the Mumbai Stock Exchange. The Company has also obtained Shareholders approval in the EGM held on 15th June, 2007. With shareholder's approval, the Company has filed its application with the Mumbai Stock Exchange and is waiting for their approval for delisting.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information with respect to conservation of energy and technology absorption, pursuant to sub-section 1(e) of section 217 of the Companies Act, 1956, is appended hereto and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earning during the year was Rs. 2.62 lakhs and foreign exchange outgo during the year was Rs. 1842.70 lakhs.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Ravi Mehra, Mr. Govind Narain & Mr. S.L. Kapur will retire by rotation at the ensuing annual general meeting and, being eligible, offer themselves for re-appointment.

Brief resume of the above Directors, together with the nature of their expertise as stipulated under Clause 49 of the listing agreement with the stock exchange, is given in the section on Corporate Governance.

DIRECTORS RESPONSIBILITY STATEMENT

As per section 217 (2AA) of the Companies Act 1956, the Directors of the Company hereby declare:

- (i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



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- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES UNDER SUB-SECTION 2A OF SECTION 217 OF THE COMPANIES ACT, 1956

A statement showing particulars of employees as required under sub-section 2A of section 217 of the Companies Act, 1956, which forms an integral part of this report, is annexed hereto.

AUDITORS

M/s. S.N. Dhawan & Co., Chartered Accountants, retire and, being eligible, have expressed their willingness to be re-appointed.

FIXED DEPOSITS

The Company did not hold any fixed deposits as at the close of the year, nor were there any deposits overdue for repayment as on 31st March, 2007.

EMPLOYEE RELATIONS

Relations between the employees and the management remained cordial during the year. The Directors wish to place on record their sincere appreciation for the efficient and committed services rendered by the employees at all levels. Their dedication and commitment has been and continues to be instrumental to the success of the Company.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement with the stock exchange, Management Discussion and Analysis, Corporate Governance Report and Certificate from the Company's Auditors confirming compliance of Corporate Governance are made part of the Annual Report.

ACKNOWLEDGEMENTS

Your Directors are pleased to record their gratitude for the understanding and support received from the Shareholders, Financial Institutions, Bankers, Customers and Suppliers of the Company.

For and on behalf of the Board

RAVI MEHRA
Chairman

UNIPRODUCTS (INDIA) LTD.



ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended March 31, 2007.

S. No.	Name	Age	Qualification	Date of Employment	Total Remuneration (Rs.)	Experience in years	Last Employment
EMPLOYED THROUGHOUT THE YEAR							
1.	Mr. Arun Seth President	65	B.Sc., M.B.A. (Leeds)	16.11.84	33,55,907.00	43	Intermagnetics (U.K.), Ltd., London
2.	Dr. Ashwan Kapur Managing Director	51	Ph.D. (Leeds)	01.08.84	43,50,933.00	23	First Employment
<p>Notes : 1. The gross remuneration as shown in the statement includes salary, house rent allowance/ benefit of free accommodation, reimbursement of electricity expenses, medical expenses, bonus, commission, Company's contribution to Provident Fund and other perquisites valued as per Income Tax Rules, 1962.</p> <p>2. The condition of employment of the above employees is contractual.</p>							

Disclosure of particulars with respect to Conservation of Energy & Technology Absorption as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 and forming part of the Report of the Board of Directors for the year ended March 31, 2007.

Disclosure of Particulars with respect to Conservation of Energy

A) POWER AND FUEL CONSUMPTION

1.	Electricity	Current Year	Previous Year
a)	Purchase		
	Units	35,72,846.00	39,07,174.00
	Total amount (Rs.)	1,57,79,246.00	1,64,99,074.00
	Rate per unit (Rs.)	4.42	4.22
b)	Own Generated		
i.	Through Diesel Generator		
	Total units generated	42,97,760.00	30,14,298.00
	Units per litre of diesel	3.11	3.28
	Cost per unit generated (Rs.)	9.99	9.00
ii.	Through Steam Turbine Generator	Nil	Nil
2.	a) Coal (Medium Quality)		
	Quantity (MT)	6,843.00	5,649.46
	Cost (Rs.)	2,99,69,880.00	2,36,98,633.00
	Average rate per tonne (Rs.)	4,379.00	4,195.00
	b) Furnace Oil		
	Quantity (KL)	-	-
	Cost (Rs.)	-	-
	Average rate per KL (Rs.)	-	-
B)	CONSUMPTION PER UNIT OF PRODUCTION		
	Products: Nonwovens		
	Electricity (in units)	1.74	1.82
	Coal (in Kgs)	1.79	1.74
	Furnace Oil (in Ltr)	-	-

**ENERGY CONSERVATION MEASURES TAKEN :****1. Modifying Process/Machinery**

- a. Energy conservation through improved insulation of buildings.
- b. Improved insulation of all cooling and heating equipments.

2. Switching off lights when not necessary

- a) Provided switches for individual light fittings instead of group light fittings.
- b) Imparted training to all plant personnel to switch off machines, lights, fans, air conditioners, coolers, when not in use.

3. Using energy efficient devices

- a) Mounted transparent sheets in roofs for using natural light in daytime.
- b) Horizontal deployment of energy saving devices:
 - i) Replaced copper ballast with an electronic ballast.
 - ii) Replaced normal tube light rods with high lumen tube light rods.
 - iii) Mounted mirror finished reflectors.
 - iv) Mounted automatic switch off devices in lighting circuits.

Disclosure of Particulars with respect to Technology Absorption**A. RESEARCH & DEVELOPMENT (R & D)****1. Specific areas in which R&D was carried out by the Company.**

- 1.1 Successful development of fire retardant non-woven fabric.
- 1.2 Removal of adhesives during carpet manufacturing.
- 1.3 Improved colour fastness properties of fabric.

2. Benefits derived as a result of the above R&D

- 2.1 Efforts stated at 1.1 above will help in replacing the costlier imported raw material with a local, low cost product and in improving quality of NVH parts resulting in additional orders.
- 2.2 Has improved flammability compliance resulting in increased potential demand.
- 2.3 Has enhanced demand potential in both export & local markets.

3. Future Plan of Action

The Company is undertaking various R & D projects to make products more cost competitive. Also, recycleable products are now being developed for various end uses in the car interior.

4. Expenditure on Research and Development	(Rs. In '000')
Capital	NIL
Recurring	1609.78
Total	1609.78
Total R&D Expenditure as % of turnover	0.14%

UNIPRODUCTS (INDIA) LTD.



B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Various projects undertaken based on energy and safety audits conducted by specialised agencies.
2. Technology imported during the last five years:
 - 2.1 Technology has been imported for manufacture of needle punch fabric and air laid felt manufacturing.
 - 2.2

Product	Year of import
New Needle Line (Complete System)	2004
Air laid felt manufacturing	2005
Latexing Line	2006
Needlepunch Line (Complete)	2007
 - 2.3 We have fully absorbed the technology made available to us.

Disclosure of the information in pursuance to the requirement of the SEBI (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999.

	Description	Details
1.	Total Number of shares	Maximum of 3,80,000 equity shares of Rs. 10/- each.
2.	Options granted	Nil
3.	The pricing formula	Equivalent to 70% of the market price of the shares determined with respect to the date of exercise.
4.	Options vested	Nil
5.	Options exercised	Nil
6.	The total number of shares arising as a result of exercise of options	Nil
7.	Options lapsed	Nil
8.	Variation of terms of options	Nil
9.	Money realised by exercise of options	Nil
10.	Number of options in force	Nil
11.	Grant to senior management	Nil
12.	Employees receiving 5% or more of the total number of options during the year	None
13.	Employees who were granted options in any year equal to or exceeding 1% of the issued capital of the Company	None
14.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since shares will be transferred by the Uniproducts India Employees Welfare Trust upon exercise of options and the Company will not be required to issue any new shares.

15. Since the Company has not granted any options to employees during the year under review, there is no impact on profits and on EPS of the Company due to the difference between the employees compensation cost so calculated using the intrinsic value of stock options, and by using the fair value of options.
16. Weighted-average exercise prices and weighted-average fair values of options: NIL