

# Twenty Fifth Annual Report 2007 - 2008

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For UNIPRODUCTS (I) LTD.

*Jaspreet*  
Company Secretary



## UNIPRODUCTS (INDIA) LTD.



ISO/TS 16949:2002  
ISO 14001:2004

# 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. P. R. Khanna  
Mr. S. L. Kapur  
Mr. A. P. Gandhi

### President

Mr. Arun Seth

### Vice President (Finance)

Mr. Aditya Capoor

### Company Secretary

Ms. Preeti Gandhi

### 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

### Corporate Office & Plant II

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

### Auditors

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

### Bankers

State Bank of Patiala  
Citi Bank  
HSBC

### Registrar & Share Transfer Agent

MAS Services Private Ltd.  
AB-4, Safdarjung Enclave  
New Delhi-110029  
Tel. : 011-26104142  
Fax : 011-26181081  
E-mail : mas\_serv@yahoo.com

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## NOTICE

**NOTICE** is hereby given that the 25<sup>th</sup> 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 Friday, the 05<sup>th</sup> September, 2008 at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2008, 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. C. K.Hazari who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P.R.Khanna who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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.

By order of the Board  
For UNIPRODUCTS (INDIA ) LTD.

Dr. ASHWAN KAPUR  
Managing Director

Place : New Delhi  
Date : 24th July, 2008

### Registered Office:

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

## 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 Tuesday, September 2, 2008 to Friday, September 5, 2008 (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 as under:
  - a) To all Beneficial Owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on September 1, 2008.
  - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on September 1, 2008.
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 Pvt. Ltd. AB-4, Safdarjung Enclave, New Delhi-110029 on or before August 25, 2008.
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 Pvt. Ltd.
8. Members are also requested to notify any changes in their addresses immediately to the Registrar & Share Transfer Agent- M/s MAS Services Pvt. 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 2000-01 will become due for transfer to IEPF on 01<sup>st</sup> November, 2008. Those shareholders who have not encashed their dividend warrant for the financial year 2000-01 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. The listing fees have been paid.
11. At the ensuing Annual General Meeting, Mr. C.K.Hazari & Mr. P.R.Khanna 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 are furnished in the Statement on Corporate Governance published in this Annual Report.

**By order of the Board**  
**For UNIPRODUCTS (INDIA) LTD.**

**Dr. ASHWAN KAPUR**  
**Managing Director**

Place : New Delhi  
Date : 24th July, 2008

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



# UNIPRODUCTS (INDIA) LTD.

## DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting their 25<sup>th</sup> Annual Report and Audited Accounts of your Company for the year ended 31st March, 2008.

### FINANCIAL RESULTS:

The financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2008 is summarised below:

Particulars	Year ended March 31, 2008 (Rs. in lakhs)	Year ended March 31, 2007 (Rs. in lakhs)
Sales and other Income	13365.94	11955.33
Gross Profit before Interest, Depreciation and Miscellaneous Expenditure written off	1470.55	1278.82
Less : Interest	348.43	263.28
Depreciation	588.22	474.78
Miscellaneous Expenditure written off	—	12.90
Profit for the year	533.90	527.86
Prior period Income/(Expenditure) adjustment	(2.88)	(6.48)
Profit before tax	531.02	521.38
Provision for current tax (MAT)	60.16	58.50
Deferred tax (Assets)/Liability	63.38	112.48
Fringe Benefit Tax	16.36	10.88
Profit after tax	391.12	339.52
Surplus brought forward	514.83	324.13
Profit available for appropriation	905.95	663.65
General Reserve	26.55	26.07
Proposed Dividend	104.92	104.92
Corporate Dividend Tax	17.83	17.83
Balance carried to the Balance Sheet	756.65	514.83

### OPERATIONS

The Company has posted yet another year of impressive results despite rising input and energy costs. This is a testimony to the robustness of the business model pursued by the Company. Sales continue to record a steady growth; all products sales have grown by 12% over the previous year. The Company's compound annual growth rate in sales over the past 5 years now stands at 24%.

The pre tax profit increased by 2% to Rs.531.02 lakhs, while the profit after tax grew by 15% to Rs.391.12 lacs. The performance is even more satisfying when viewed in the light of the challenging business environment of the automotive industry, where OEMs demand products which satisfy extremely high standards of quality and are, at the same time, cost competitive.

The Company continues to invest in technology and assets to make available adequate manufacturing capacities for the growth that it expects in the forthcoming years. The Company has, during the year 2007-08, procured two new needling looms from Germany which will enable it to increase its production capacity and manufacture a diverse range of products that provide significant value addition. It has also imported robust Italian equipment that will enable it to diversify into new product lines. The Company has recently acquired industrial land at SIPCOT, Oragadam, Chennai for the purpose of expansion and diversification.

In its relentless pursuit of "customer delight" through manufacture of world class products at competitive prices, the Company continues to make efforts to apply total productivity management (TPM) techniques in production. The Company lays emphasis on remaining a low cost manufacture by continuously improving efficiencies,

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productivity & yield. New product development is another thrust area for the Company, and it has launched several greener and recyclable products into the market in the recent years. The focus on safety and health, quality systems and cost reductions through VA/VE exercises is now a continuous process in the Company. Institution of energy audits and implementation of the recommendations to reduce energy consumption, as well as strict control over overhead costs is given due priority.

## FUTURE PROSPECTS

Automotive growth is expected to be moderate during 2008-09, with inflation and rising input costs limiting growth prospects, although the long term outlook continues to be positive. With car manufacturers looking for low cost production bases to contain costs, India is becoming a hub for small cars, as well as for outsourcing of auto components. Our Company is poised to participate in this growth story through its existing wide range of products which it supplies to almost all car manufacturers in India. The Company's order book shows a healthy growth with orders having been received for the forthcoming models of Maruti, Honda, Hyundai (2<sup>nd</sup> tier) and Tata Motors. The Company anticipates cost pressures, but plans to maintain its margins through improved productivity, cost reductions, VA/VE measures and focus on high value added products.

## RIGHTS ISSUE

Considering the expansion of the business of the Company and also the high borrowings in comparison with the 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. The issue closed successfully on 27<sup>th</sup> March, 2007, and the allotment was completed on 26<sup>th</sup> April, 2007. A total of 42,17,926 equity shares were allotted under this issue, and the Company's equity share capital increased from 45,25,254 shares to 87,43,180 shares post allotment. The proceeds of the issue have been utilized for the purposes mentioned in the offer document, and the details are given in the notes to accounts which form a part of the annual accounts for the year 2007-08.

## 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. This Company commenced commercial production on 31<sup>st</sup> July, 2006. During the financial year ended 31<sup>st</sup> March, 2008, the Company has achieved a gross sales of Rs. 186.69 Lacs. As 2007-08 was the first full year of commercial production for the Company, it will take some more time for the operations to achieve break even sales. However, high precision plastic injection moulded components is a promising product line in which the company's joint venture partner is well recognized in the overseas markets, and your Directors are confident that this joint venture will be successful in the years to come.

## DIVIDEND

Your Directors are pleased to recommend a dividend of 12% for the year ended 31<sup>st</sup> March, 2008.

## DELISTING OF SHARES

The Board of Directors, in their meeting held on 28<sup>th</sup> April, 2007, approved the delisting of equity shares of the Company from the Bombay Stock Exchange Limited. The approval of the Shareholders was also obtained in the Extra-ordinary General Meeting held on 15<sup>th</sup> June, 2007. With shareholder's approval, the Company filed its application with the Bombay Stock Exchange Limited for delisting. On February 25, 2008 the Company has received an order passed by SEBI instructing the Company not to delist the securities pursuant to the rights issue. The Company has filed an appeal against the said order, and the adjudication proceedings are currently in progress.

## 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. 10.57 lakhs and foreign exchange outgo during the year was Rs. 1403.31 lakhs.



## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. C.K.Hazari and Mr. P.R.Khanna 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.

Mr. M.M.Kohli has resigned from the directorship of your Company w.e.f. 05.09.2007

## 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;
- (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, 2008.

## 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

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## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended March 31, 2008.

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	66	B.Sc., M.B.A. (Leeds)	16.11.84	33,38,387.00	44	Intermagnetics (U.K.), Ltd., London
<p>Notes : 1. The gross remuneration as shown in the statement includes salary, medical expenses, 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, 2008.

### Disclosure of Particulars with respect to Conservation of Energy

#### A) POWER AND FUEL CONSUMPTION

1. Electricity	Current Year	Previous Year
a) Purchase		
Units	12,00,389.00	35,72,846.00
Total amount (Rs.)	51,39,094.00	1,57,79,246.00
Rate per unit (Rs.)	4.42	4.22
b) Own Generated		
i. Through Diesel Generator		
Total units generated	82,09,275.00	42,97,760.00
Units per litre of diesel	3.57	3.11
Cost per unit generated (Rs.)	6.49	9.99
ii. Through Steam Turbine Generator	Nil	Nil
2. a) Coal (Medium Quality)		
Quantity (MT)	6765.00	6,843.00
Cost (Rs.)	2,87,70,073.00	2,99,69,880.00
Average rate per tonne (Rs.)	4,253.00	4,379.00
b) Furnace Oil		
Quantity (KL)	-	-
Cost (Rs.)	-	-
Average rate per KL (Rs.)	-	-

#### B) CONSUMPTION PER UNIT OF PRODUCTION

Products: Nonwovens		
Electricity (in units)	1.96	1.74
Coal (in Kgs)	1.67	1.79
Furnace Oil (in Ltr)	-	-



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

- a. Replaced electrical heating with thermic fluid heating wherever possible.
- b. Modified Thermopack from manual coal fired to automatic coal firing with fluidised bed.
- c. HFO used as a fuel instead of HSD by installation of HFO based Skoda Generator.
- d. Replaced cartridge heater of electrical ovens with high efficiency Infrared heaters.
- e. Replaced overrated motors with suitable capacity motors.

**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 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, recyclable products are now being developed for various end uses in the car interior.

<b>4. Expenditure on Research and Development</b>	<b>(Rs. In '000')</b>
Capital	NIL
Recurring	807.00
Total	807.00
Total R&D Expenditure as % of turnover	0.06%

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Various projects were undertaken based on energy and safety audits conducted by specialised agencies.
2. Technology imported during the last five years :

Technology has been imported for manufacture of needle punch fabric, air laid felt manufacturing and Imprgration & Latexing. The Company has fully absorbed the technology made available to it.

# UNIPRODUCTS (INDIA) LTD.



**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