

# **Twenty Seventh Annual Report 2009 - 2010**



**UNIPRODUCTS (INDIA) LTD.**



ISO/TS 16949:2002  
ISO 14001:2004

## BOARD OF DIRECTORS

### Chairman

Mr. Ravi Mehra

### Managing Director

Dr. Ashwan Kapur

### Directors

Mr. C. K. Hazari

Dr. Bhaskar Dutta

Mr. P. R. Khanna

Mr. S. L. Kapur

Mr. A. P. Gandhi

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

Jarthal Village Road

84 Km. Stone, Delhi-Jaipur Road,

P.O. Sangwari, Distt. Rewari

Haryana-123401

### Corporate Office

C-15, Sector-57,

Noida-201307 (U.P.)

### Auditors

S. N. Dhawan & Co.

Chartered Accountants

C-37, Connaught Place

New Delhi-110001

### Bankers

State Bank of Patiala

State Bank of Hyderabad

Citi Bank

The Hongkong and Shanghai

Banking Corporation Limited

### Registrar & Share Transfer Agent

MAS Services Limited

T-34, 2<sup>nd</sup> Floor,

Okhla Industrial Area,

Phase-II, New Delhi-110020

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## NOTICE

NOTICE is hereby given that the 27<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 Saturday, May 29, 2010 at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, 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. S. L. Kapur, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

**"RESOLVED THAT M/s S. N. Dhawan & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company from the conclusion of 27<sup>th</sup> Annual General Meeting to the conclusion of the 28<sup>th</sup> Annual General Meeting at a remuneration to be decided by the Board.**

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

Place : New Delhi  
Date : April 24, 2010

DR. ASHWAN KAPUR  
Managing Director

**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, May 25, 2010 to Saturday, May 29, 2010 (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.
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 May 24, 2010.
  - 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 May 24, 2010.
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 Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 on or before May 15, 2010.
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 Limited.
8. Members are also requested to notify any changes in their addresses immediately to the Registrar & Share Transfer Agent- M/s MAS Services Limited.
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 2002-03 will become due for transfer to IEPF on November 3, 2010. Those shareholders who have not encashed their dividend warrant for the financial year 2002-03 are, therefore, requested to immediately forward the same to the Company for revalidation.
10. The equity shares of the Company have been delisted from Bombay Stock Exchange Limited w.e.f July 1, 2009.
11. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to the Registrar & Share Transfer Agent- M/s MAS Services Limited.
12. At the ensuing Annual General Meeting, Mr. Ravi Mehra & 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 are furnished in the Statement on Corporate Governance published in this Annual Report.

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

Place : New Delhi  
Date : April 24, 2010

**DR. ASHWAN KAPUR**  
**Managing Director**

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



## DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting their 27<sup>th</sup> Annual Report and Audited Accounts of your Company for the year ended March 31, 2010.

### FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2010 is summarized below:

Particulars	Year ended March 31, 2010 (Rs. in lakhs)	Year ended March 31, 2009 (Rs. in lakhs)
Sales and other Income	17129.95	13238.63
Gross Profit before Interest, Depreciation and Miscellaneous Expenditure written off	2055.18	1448.84
Less : Interest	680.59	593.01
Depreciation	776.98	648.83
Profit for the year	597.61	207.00
Prior period Income/(Expenditure) adjustment	4.80	2.00
Profit before tax	592.81	205.00
Provision for current tax (MAT)	101.58	23.23
Deferred tax (Assets)/Liability	128.53	127.73
Fringe Benefit Tax	-	15.48
Mat Credit Entitlement	(101.58)	(23.23)
Profit after tax	464.28	61.79
Surplus brought forward	736.61	756.65
Profit available for appropriation	1200.89	818.44
General Reserve	44.46	-
Proposed Dividend	139.89	69.94
Corporate Dividend Tax	23.77	11.89
Balance carried to the Balance Sheet	992.76	736.61

### OPERATIONS

The Company has recorded a strong growth in sales in the financial year 2009-10. Overall sales increased by 31% over the previous year, although sales of the flooring division declined by 10%.

The pre-tax profit increased by 189% to Rs.592.81 lakhs, while the profit after tax increased by 651% to Rs. 464.28 lakhs. This performance should be viewed in the light of the extremely challenging business environment which the Company faced in 2008-09 on account of the decline in demand for cars resulting from the overall economic slowdown witnessed during that year.

The Company continues to invest in new technology and assets to make available adequate manufacturing capacities for the growth that it expects in the forthcoming years.

In its relentless pursuit of "customer delight" through manufacture of world class products at competitive prices, the Company has adopted Total Productivity Management (TPM) techniques in production. Lean manufacturing has been pursued diligently for improving efficiencies, productivity & yield. New product development has been a thrust area and several greener, recyclable and lighter products that have been launched in the past now contribute steadily to the Company's turnover and profits. We continue to lay emphasis on safety and health, quality systems and cost reductions through VAVE. Institution of energy audits and implementation of the recommendations to optimise energy consumption, as well as strict control over overhead costs is also given due importance.

## **FUTURE PROSPECTS**

Automotive growth is expected to be robust during 2010-11, and the long term outlook continues to be positive because of the low per capita ownership of 7 cars per 1000 persons in India. With global car giants looking for low cost production countries 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 most car manufacturers in India. The Company's order book shows a healthy growth with sales having commenced for the recently launched models of Maruti, Honda, Hyundai and Tata Motors. The Company anticipates cost pressures, but plans to maintain its margins through improved productivity, cost reductions, VAVE measures and focus on high value added products.

## **JOINT VENTURE WITH JUKEN TECHNOLOGY LIMITED, SINGAPORE**

Your Company had incorporated a joint venture company namely "Juken Uniproducs 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 July 31, 2006. During the financial year ended March 31, 2010, it has achieved gross sales of Rs. 533.18 lakhs and profit before tax of Rs. 97.98 lakhs on the basis of unaudited results. The Company's product have been well received by the customers in the Indian and overseas markets, and your Directors are confident that this joint venture will make good profits in the coming financial year.

## **DIVIDEND**

Your Directors are pleased to recommend a dividend of 16% for the year ended March 31, 2010.

## **CLOSURE OF NASIK UNIT**

The Company had set up a small manufacturing unit at Nasik on rented premises to cater to the west based OEMs viz. Mahindra & Mahindra and Tata Motors. However, despite best efforts and marketing initiatives, business from these customers has not grown over the years.

Keeping in view the expenses incurred to maintain this facility and the possibility of economies of scale and resultant savings that can accrue by consolidating these operations at its Rewari Plant, the Company decided to close down its operations at Nasik and shift all equipment to the Plant at Rewari.

## **DELISTING OF SHARES**

On the basis of the Securities Appellate Tribunal order dated August 20, 2008 allowing the Company to delist its equity shares from the Bombay Stock Exchange at the Rights Issue Offer Price of Rs. 40/- per equity share in pursuance of Clause 17(1) & 17(2) of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Company has completed the delisting process and has been delisted from the Bombay Stock Exchange with effect from July 1, 2009.

## **ALTERATION OF MAIN OBJECTS CLAUSE OF MEMORANDUM OF ASSOCIATION**

In order to diversify the activities of the Company and make it more resilient, your directors had proposed to expand the existing range of automobile and traded products, venture into products relating to wood, wood pulp or fluff, paper and packaging industry and explore businesses propositions in the ores and mining industry. The shareholders in the extraordinary general meeting held on March 30, 2010, passed a special resolution altering the main objects clause of the Memorandum of Association for incorporating the proposed business activities mentioned above.

## **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 earnings during the year was Rs. 1.83 lakhs and foreign exchange outgo during the year was Rs. 1526.41 lakhs.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Ravi Mehra and 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;
- (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 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, retires and, being eligible, has 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 March 31, 2010.

## 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.

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## 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**

Place : New Delhi  
Date : April 24, 2010

**RAVI MEHRA**  
Chairman





## 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, 2010.

S. No.	Name	Age	Qualification	Date of Employment	Total Remuneration (Rs.)	Experience in years	Last Employment
1.	Mr. Rajender Tandon Vice President (Marketing)	60	B.Tech, IIT Delhi	01.10.96	24,94,607	37	Entremonde Poly Coaters Ltd
2.	Mr. Aditya Capoor Vice President (Finance)	47	C.A., I.C.W.A	05.07.04	25,99,635	21	Minda HUF Limited
3.	Mr. R. S. Chauhan Vice President (Operations)	57	Master Degree in PMIR, LL.B	15.05.86	24,25,880	37	Snowtemp Engineering Co. Ltd.
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.							
2. The condition of employment of the above employees is contractual.							

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, 2010.

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

#### A) POWER AND FUEL CONSUMPTION

1.	Electricity	Current Year	Previous Year
a)	<b>Purchase</b>		
	Units	52,58,732.00	52,27,381.00
	Total amount (Rs.)	2,52,02,953.00	2,46,74,700.00
	Rate per unit (Rs.)	4.79	4.72
b)	<b>Own Generated</b>		
i.	Through Diesel Generator		
	Total units generated	48,06,648.00	41,83,580.00
	Units per litre of diesel	3.47	3.53
	Cost per unit generated (Rs.)	8.05	7.79
ii.	Through Steam Turbine Generator	Nil	Nil
2.	a) <b>Coal (Medium Quality)</b>		
	Quantity (MT)	7,747.00	8113.00
	Cost (Rs.)	4,55,02,288	3,86,88,449.00
	Average rate per tonne (Rs.)	5,874.00	4,769.00
	b) <b>Furnace Oil</b>		
	Quantity (KL)	-	-
	Cost (Rs.)	-	-
	Average rate per KL (Rs.)	-	-

#### B) CONSUMPTION PER UNIT OF PRODUCTION

Products:	Nonwovens		
Electricity (in units)		1.70	2.04
Coal ( in Kgs)		1.31	1.76
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 low weight non woven carpet having high abrasion resistance.
  - 1.2 Successful development of fire retardant non woven fabrics.
  - 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 reducing raw material cost and part weight.
  - 2.2 Efforts stated 1.2 above will help in improving flammability compliance resulting in increased potential demand.
  - 2.3 Efforts stated 1.3 above will help in enhancing 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.

4. Expenditure on Research and Development	(Rs. In '000')
Capital	NIL
Recurring	1935.00
Total	1935.00
Total R&D Expenditure as % of turnover	0.11%

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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