

29th
Annual Report
2011 - 2012



UNIPRODUCTS (INDIA) LTD.



ISO/TS 16949:2002
ISO 14001:2004

BOARD OF DIRECTORS

Chairman

Mr. Ravi Mehra

Managing Director

Dr. Ashwan Kapur

Directors

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

Registrar & Share Transfer Agent

MAS Services Limited

T-34, 2nd Floor,

Okhla Industrial Area,

Phase-II, New Delhi-110020

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NOTICE

NOTICE is hereby given that the 29th 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 Tuesday, July 10, 2012 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, 2012, 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 appoint a Director in place of Dr. Bhaskar Dutta, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Arun Seth, who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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 the 29th Annual General Meeting to the conclusion of the 30th Annual General Meeting at a remuneration to be decided by the Board."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to the provisions of Section 198, 302, 309, 310, 311 read with schedule XIII and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Dr. Ashwan Kapur as the Managing Director of the Company for a period of 3 Years commencing from August 1, 2012 and ending on July 31, 2015 on the terms and conditions approved by the Remuneration Committee as set out below:-

- I. Salary
Rs. 2,62,000/- per month
- II. Commission
1% (one percent) of the net profits of the Company for the financial year as computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956.
- III. Allowances & Perquisites
 - (a) House Rent Allowance: House Rent Allowance @ 60% of Salary.
 - (b) Medical Reimbursement: Expenses incurred for self and family (consisting of spouse, dependent children and dependent parents) subject to a maximum of one month's salary.
 - (c) Leave Travel Concession: For self and family (consisting of spouse, dependent children and dependent parents) subject to a maximum of one month's salary.
 - (d) Personal Accident and Mediclaim Insurance : Premium not to exceed Rs. 20,000/- per annum.
 - (e) Car: A Company maintained Car with driver for use in the Company's business. Use of Car for personal purpose shall be billed to him separately.
 - (f) Electricity: Reimbursement of electricity bills.
 - (g) Security: Provision of security guards for residence through a security agency subject to a maximum of Rs. 25,000/- per month.

In addition, he will be entitled to avail leaves with full pay and allowances as per the rules of the Company.

The annual value of allowances and perquisites referred to in (a) to (g) above shall be restricted to an amount equal to the annual salary.

The value of allowances and perquisites shall be taken as per Income Tax Rules, wherever applicable. In the absence of any applicable rules, allowances and perquisites shall be valued at cost.



IV. The following benefits paid to Dr. Ashwan Kapur as per the policy/rules of the Company in force shall not be included in the aforesaid allowances and perquisites:

1. a. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c. Encashment of leave at the end of the tenure.
2. Telephone and other Communication Facilities

The Company shall reimburse expenses of mobile phone, telephone & other communication facilities at the residence of Dr. Ashwan Kapur. Use of personal calls shall be billed to him separately.

V. Dr. Ashwan Kapur will also be entitled to re-imbursement of entertainment and other expenses actually and properly incurred by him in the course of legitimate business of the Company.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year during the tenure of Dr. Ashwan Kapur as Managing Director, the aforesaid remuneration (salary, commission, allowances and perquisites) be paid to him as minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised, upon the recommendation of the Remuneration Committee, to give an annual increment, not exceeding 15% per annum on the last remuneration drawn by Dr. Ashwan Kapur, Managing Director.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. 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 all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Unlisted Public Companies (Preferential Allotment) Rules, 2003, the relevant provisions of Memorandum and Articles of Association of the Company, and the regulations/guidelines prescribed by any other relevant authority, from time to time, to the extent applicable and subject to such approvals and consents as may be required in this connection from the statutory authorities, consent of the Company be and is hereby accorded to the Board (which term shall include any Committee of the Board) to create, offer, issue and allot on preferential basis to Deux Montagnes Investments Ltd, a company engaged in the business of making investments, address: Les Cascades, Edith Cavell Street, Port Louis, Republic of Mauritius, upto 29,00,000 fully paid-up equity shares of the face value of Rs. 10 each at a premium of Rs. 30 per share.

RESOLVED FURTHER THAT the Board of Directors be and is hereby instructed to get the aforesaid equity shares allotted pursuant to this resolution and the resolution be acted upon within a period of 12 months.

RESOLVED FURTHER THAT the equity shares to be issued and allotted in terms of this resolution shall rank pari- passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorized to determine the terms of issue and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient."

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

DR. ASHWAN KAPUR
Managing Director

Place : Noida
Date : May 24, 2012

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. 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.
3. 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.
4. Members are also requested to notify any changes in their addresses immediately to the Registrar & Share Transfer Agent- M/s MAS Services Limited.
5. 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 2004-05 will become due for transfer to IEPF on October 14, 2012. Those shareholders who have not encashed their dividend warrant for the financial year 2004-05 are, therefore, requested to immediately forward the same to the Company for revalidation.
6. 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.
7. At the ensuing Annual General Meeting, Dr. Bhaskar Dutta and Mr. Arun Seth, 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.
8. The Ministry of Corporate Affairs (MCA), vide its two circulars nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies. MCA has clarified that service of document can be made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notices/ documents.

As a result, members are requested to take the following steps to register their e-mail address and changes therein:

- a. In respect of shares held in physical form, members should register their e-mail address with our Registrar and Share Transfer Agent, M/s Mas Services Limited at their website www.masserv.com and;
- b. In respect of shares held in demat mode, members should register their e-mail address with their respective Depository Participants and also with our Registrar and Share Transfer Agent, M/s Mas Services Limited at their website www.masserv.com

Upon registration of the email address(es), the Company proposes to send Notices, Annual Report and such other documents to those members via electronic mode/e-mail.



EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 & 6 of the accompanying Notice dated May 24, 2012.

Item No. 5

The tenure of Dr. Ashwan Kapur as the Managing Director of the Company is expiring on July 31, 2012. The Board of directors in its meeting held on May 24, 2012 considered and approved the re-appointment of and payment of remuneration to Dr. Kapur for a period of 3 years commencing from August 1, 2012 and ending on July 31, 2015. The details of remuneration and perquisites proposed to be paid by the Company to Dr. Kapur have been given in the text of the resolution. These may also be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956. The Remuneration Committee has also recommended re-appointment and payment of remuneration to Dr. Ashwan Kapur as Managing Director of the Company for the remaining period of his tenure.

The re-appointment and payment of remuneration requires approval of shareholders by way of special resolution.

The statement pursuant to Schedule XIII of the Companies Act, 1956 is as under:

I. General Information

1. Nature of industry

The Company is engaged in the business of manufacture of wall to wall carpets, interlinings, moulded carpets, noise, vibration and harshness (NVH) insulation parts, roof liner fabrics and heat shields. It also trades in laminated floorings, carpet tiles, engineered wood, loop pile carpets, decorative grass and similar products.

2. Date or expected date of commencement of commercial production

The Company was incorporated in 1982 and commercial production was commenced in 1986.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

4. Financial performance based on given indicators

(Rs. In lakhs)

Particulars	Year 2011-12	Year 2010-11
Sales and other Income	16765.61	19406.47
Profit before tax	(761.37)	314.27
Profit after tax	(498.76)	233.00
Profit as per Section 198	(675.14)	384.91
Dividend	—	69.95

5. Export performance and net foreign exchange collaborations

(Rs. In lakhs)

Particulars	Year 2011-12	Year 2010-11
Foreign Exchange Earnings	20.58	8.89
Foreign Exchange Outgo	2675.41	1953.45

6. Foreign investments or collaborators, if any

The current foreign holding in the share capital of the Company as on March 31, 2012 is as under.

Foreign Holding	Number of Shares	Percentage Holding
Foreign Promoter	6913925	71.33
Non-Resident Indians	2675	0.03

II. Information about the appointee

1. Background details

Age : 56 years
Qualification : Ph.D (University of Leeds)
Experience : 28 years

Dr. Kapur, after receiving his Doctorate in Textile Engineering from the University of Leeds, returned to India where he jointly promoted Uniproducts (India) Limited and pioneered the setting up of the first fully integrated nonwoven plant to manufacture a wide range of needle-punched and dry-laid consumer durables and industrial products. One of Dr. Kapur's notable achievements has been the development of needle-punched jute carpets which are both durable and aesthetically attractive and jute based NVH components used in cars, for which he has received appreciation from Ministry of Textiles, UNDP & the automobile industry.

Dr. Ashwan Kapur has been the Managing Director of the Company since 1984.

2. Past remuneration

(Rs. In lakhs)

Particulars	Year 2011-12	Year 2010-11
Salary	30.36	28.20
House Rent Allowance	18.22	16.92
Contribution to Provident Fund	3.64	3.38
Other Perquisites	4.02	9.97
Commission	—	3.85
Total	56.24	62.32

3. Recognition or awards

Dr. Kapur has presented several technical papers in both national and international seminars on various aspects of non-woven technology and has also served on the Advisory Committee of the Textile Department of the Indian Institute of Technology, New Delhi. He has also acted as an external examiner for M.Tech. and Ph.D at the IIT, Delhi and Mumbai University respectively.

Dr. Ashwan Kapur was honoured by The Textile Institute, Manchester, with the Fellowship of the Institute in 1992 at the age of 35. Only a few Fellowship awards are given out each year. Dr. Kapur also holds the distinction of being one of the youngest to receive this honour.

Owing to the technical expertise of Dr. Ashwan Kapur, the Company has been able to consistently provide high quality products at lowest possible cost for which it has won several recognitions and awards.

4. Job profile and his suitability

As Managing Director, Dr. Ashwan Kapur oversees various functions of the Company namely manufacturing, research & development, marketing, finance and administration. Being a doctorate in textiles, he is one of the pioneers in India in the field of non-woven textiles. He has a rich and varied background as a self made industrialist. As a technical expert, he imparts solutions to problems, foresight and vision in Marketing and Planning. His insight & experience has largely contributed to the Company's progress in the present competitive environment.

5. Remuneration proposed

As referred in the draft resolution at item no. 5 of the Notice.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

While approving the above remuneration, the Remuneration Committee considered the challenges posed by the growth opportunities in the automotive industry, the availability of senior managerial personnel at Board level and remuneration paid by similar sized companies to their Managing Directors. The Committee also considered the achievement of the Managing Director and the responsibilities cast upon him for steering the Company in a competitive and growth oriented scenario in the automotive sector which justified the remuneration. The Committee also noted that the profile of the incumbent Managing Director is eminently suited to the overall profile of this position. For the responsibility shouldered by Dr. Ashwan Kapur, Managing Director of the Company in navigating the business in these challenging times, the remuneration paid to him is commensurate and compares favourably with the compensations paid to the business heads of like sized and similarly positioned businesses.

Name of the Company	Turnover (in Rs. Lakhs)	Name of the person	Designation	Remuneration (in Rs.)
Sterling Tools Limited	24,793.51	Shri. M. L. Aggarwal	Chairman & Executive Director	78,12,328
Clutch Auto Limited	25,052.14	Sh. Vijay Krishan Mehta	Chairman & Managing Director	1,17,37,794

Source : Annual Reports 2010-11.

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any

As on March 31, 2012, Dr. Ashwan Kapur holds 13,90,511 equity shares in the Company representing 14.34% of the total paid up capital of the Company. The Company has taken on lease the following two properties:

- located at New Delhi for use as Company's head office and for storage & sale of carpets, interlinings etc (owned by Unicel Impex Private Limited in which Dr. Ashwan Kapur is a director and shareholder)
- located at Chennai for use as Company's Sales office (owned by Dr. Ashwan Kapur)

III. Other information

1. Reasons of loss or inadequate profits

The Company's performance was adversely affected by several external events that took place during 2011-12. Due to the tsunami in Japan early last year, the supply chains of Honda Motors and Toyota Motors in India were badly affected, and as a result the vehicle production of these companies was very low in the first quarter. Further, some car manufacturers like Hyundai Motors, and specially Maruti, were affected by labor unrest which took a heavy toll on their production and sales. To make matters worse, the production at Honda Motors was halted once again during the year due to the floods in Thailand resulting in non availability of components. Uniproducts is a supplier of various parts to all these car manufactures, and consequently, our Company's sales were impacted during the financial

year 2011-12. As a result of this turmoil, some of the car launches scheduled for 2011 were postponed for 2012, which further affected our sales. During this entire period, the Company had to maintain manpower for the anticipated capacity and bear the salary cost, as these circumstances could not be anticipated or foreseen. Furthermore, high interest costs due to an increase in interest rates also contributed to the decline in profitability.

2. Steps taken or proposed to be taken for improvement

The Company has taken steps to reduce costs and to improve efficiencies, tap new business opportunities, diversify its business, enhance value addition to its customer base, maximize capacity utilization with least cost etc.

3. Expected increase in productivity and profits in measurable terms

With the reduction in costs, improvement in efficiencies, improved value addition and product diversification, the Company hopes to optimize capacity utilization and generate higher revenues and profitability.

IV. Disclosures

1. The remuneration package of Dr. Ashwan Kapur, Managing Director has been provided in the Notice.
2. As required, the disclosure relating to remuneration package such as salary and benefits, service contracts and notice period of all the directors have been mentioned in the Corporate Governance Report annexed to the Directors Report.

None of the Directors, except Dr. Ashwan Kapur, is interested in the proposed resolution.

The Board of Directors of your Company recommends the resolution for approval of the members.

Item No. 6

The Company proposes to increase its capital base for working capital requirements and reducing the existing debt burden of the Company by way of private placement of shares to Deux Montagnes Investments Ltd.

In terms of the provisions of Section 81(1A) of the Companies Act, 1956 read with the Unlisted Public Companies (Preferential Allotment) Rules, 2003 applicable for making of a preferential offer, the Company has to seek approval of members at the general meeting by way of special resolution which will be valid for a period of 12 months from the date of passing thereof.

The Company submits the following information for taking appropriate decision for approval of the proposed resolution as set out in the Item No. 6 of the notice :

- a. **The price / price band at which allotment is proposed:** The fully paid-up equity shares of Rs. 10 each are proposed to be allotted at a premium of Rs. 30 per share.
- b. **The relevant date on the basis of which price has been arrived at:** The meeting of Board of Directors held on May 24, 2012.
- c. **The object of the issue:** To raise the funds for working capital requirements and reducing the existing debt burden of the Company.
- d. **The class or classes of persons to whom the allotment is proposed to be made:** The allotment will be made to Deux Montagnes Investments Ltd, a member of promoter group.
- e. **Intention of promoters/directors/key management persons to subscribe to the offer:** Deux Montagnes Investments Ltd, a member of promoter group intends to subscribe to the offer. The directors/key management persons do not intend to subscribe to the offer



UNIPRODUCTS (INDIA) LTD.

f. Shareholding pattern of promoters and others classes of shares before and after the offer:

The Company's shareholding pattern before and after the offer is set out below:

Category	Pre-Offer		Post-Offer	
	No. of shares	(%) Holding	No. of shares	(%) Holding
Promoters				
-Indian	1925661	19.86	1925661	15.29
-Foreign	6913925	71.33	9813925*	77.93
Bodies Corporate	14023	0.15	14023	0.11
Non-Resident Indians	2675	0.03	2675	0.02
Indian Public	456896	4.71	456896	3.63
Others- Uniproducts India Employees Welfare Trust	380000	3.92	380000	3.02
Total	9693180	100.00	12593180	100.00

*On the basis of the assumption that the entire 29,00,000 shares are allotted

- g. Proposed time within which the allotment shall be completed:** The allotment will be completed within a period of 12 months from the date of approval of the resolution.
- h. Whether a change in control is intended or expected:** The directors do not envisage any change in the control by the proposed allotment of shares.

A certificate from a Company Secretary in Practice certifying that the issue of upto 29,00,000 equity shares is being made in terms of the Unlisted Public Companies (Preferential Allotment) Rules, 2003, shall be laid before the meeting.

Equity Shares issued and allotted pursuant to the above, shall rank pari passu inter se and with the then existing equity shares of the Company.

In order to authorise the Board for taking further action, it is necessary to pass the said special resolution for preferential issue of shares as set out in Item No 6 of the notice.

None of the Directors, except Mr. Ravi Mehra is concerned or interested in the proposed resolution.

The Board of Directors of your Company recommends the resolution for approval of members.

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

Place : Noida
Date : May 24, 2012

DR. ASHWAN KAPUR
Managing Director

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