

14TH ANNUAL REPORT 2006-2007



Uniroyal
Industries Limited



BOARD OF DIRECTORS

Shri Arvind Mahajan	Managing Director
Smt. Rashmi Mahajan	Executive Director
Shri Akhil Mahajan	Executive Director
Shri Abhay Mahajan	Executive Director
Shri Pritam Chand Mahajan	Director
Shri Sanjiv Kumar	Director
Shri K.K. Malik	Director
Shri Pardeep Aggarwal	Director
Shri Anirudh Khullar	Director
Shri Sushil Gupta	Director

AUDITOR

M/s Sud Gupta & Associates
Chartered Accountants
50-51, Nehru Shopping Complex,
2nd Floor, Lawrence Road,
Amritsar
Phone : 0183-2211352, 2212993

REGISTERED OFFICE CUM FACTORY

365, Phase-II, Industrial Estate,
Panchkula - 134 113 (Haryana)
Ph. : 0172-2593592, 5066531-34
Fax : 0091-172-2591837

SHARE TRANSFER AGENTS CUM DEMAT REGISTRAR

M/s In-time Spectrum Registry Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase-11, Near Batra Banquet Hall,
New Delhi-110028

BANKERS

State Bank of India
Specialised Commercial Branch,
Sector 17, Chandigarh

UNIROYAL INDUSTRIES LIMITED**14th Annual Report****2006-2007****ANNUAL GENERAL MEETING NOTICE****ANNUAL GENERAL MEETING NOTICE**

Notice is hereby given that the 14th Annual General Meeting of the members of M/s Uniroyal Industries Limited will be held on Thursday, 27th September, 2007 at 10.00 a.m. at Hotel Prabhat Inn, Sector 10, Panchkula to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2007 and the Profit & Loss Account for the financial year ended on that date alongwith the Directors' Report and Auditors' Report thereupon.
2. To appoint a director in place of Mr. K. K. Malik who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Sanjiv Kumar Gupta 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 modifications the following resolution as an **Ordinary Resolution**:

"Resolved that M/s Sud Gupta & Associates, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS**5. APPOINTMENT OF SH AKHIL MAHAJAN AS EXECUTIVE DIRECTOR**

To consider and if thought fit, to pass with or without modifications, the following resolution as **Special Resolution** :-

"RESOLVED THAT pursuant to Section 269, 309, 310, 311 and other provisions applicable, if any, of the Companies Act, 1956 read with Schedule XIII, consent of the members be and is hereby given for the appointment of Mr. Akhil Mahajan as Executive Director of the company for a period of 5 years w.e.f. 1st September, 2006.

FURTHER RESOLVED THAT Mr. Akhil Mahajan shall manage the affairs of the company under the directions, superintendence and control of the Board of Directors of the company.

FURTHER RESOLVED THAT in consideration of his services as Executive Director, Mr. Akhil Mahajan shall be paid the following remuneration:

- | | | |
|--------------------------|---|--|
| A. Salary | : | Rs. 40,000/- (Rs. Forty Thousand only) per month. |
| B. Commission | : | 0.75% of net sale for the financial year. |
| C. Housing | : | The appointee shall be provided by the company a rent free furnished accommodation and the expenditure incurred on gas, electricity and water shall be reimbursed to him by the company. |
| D. Medical reimbursement | : | The company shall reimburse the medical expenses incurred for the appointee and his family. |
| E. Club Fee | : | Fee of clubs subject to maximum of two clubs, including admission and life membership fees. |



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- F. Personal Accident : Premium not to exceed Rs. 10,000 per annum.
Insurance
- G. Leave travel : First class air passage for self, spouse, dependent children and
Concession dependent parents of the appointee once in a year.
- H. Car : Provision of car for official-cum-personal use. However, the valuation of
personal use of car shall be treated as perquisite of the appointee.
- I. Telephone : Provision of telephone at residence for official-cum-personal use.
However, the valuation of personal use of telephone shall be treated as
perquisite of the appointee.

OTHER PERQUISITES

The appointee shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:

- (a) 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, and
- (c) Encashment of leave at the end of the tenure.

Provided however that during any financial year, the sum total of salary and perquisites stated in Clause (A) to Clause (I) above shall not exceed the limit of remuneration prescribed under para 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Provided further that even in case of loss or inadequacy of profits during any financial year, Mr. Akhil Mahajan will be paid the aforesaid remuneration as minimum remuneration."

6. APPOINTMENT OF SH ABHAY MAHAJAN AS DIRECTOR

To consider and if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any of the Companies Act 1956, Sh Abhay Mahajan ,who was appointed as Additional Director pursuant to the provisions of Section 260 of the Companies Act 1956 be and is hereby appointed as Director of the Company liable to retirement by rotation."

7. APPOINTMENT OF SH ABHAY MAHAJAN AS EXECUTIVE DIRECTOR

To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution :-

"RESOLVED THAT pursuant to Section 269, 309, 310, 311 and other provisions applicable, if any, of the Companies Act, 1956 read with Schedule XIII consent of the members be and is hereby given for the appointment of Mr. Abhay Mahajan as Executive Director of the company for a period of 5 years w.e.f. 2nd April, 2007

FURTHER RESOLVED THAT Mr. Abhay Mahajan shall manage the affairs of the company under the directions, superintendence and control of the Board of Directors of the company.

FURTHER RESOLVED THAT in consideration of his services as Executive Director, Mr. Abhay Mahajan shall be paid the following remuneration:

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A. Salary	Rs. 30,000/- (Rs. Thirty Thousand only) per month
B. Commission	0.75% of net sale for the financial year
C. Housing	The appointee shall be provided by the company a rent free furnished accommodation and the expenditure incurred on gas, electricity and water shall be reimbursed to him by the company.
D. Medical Reimbursement	The company shall reimburse the medical expenses incurred for the appointee and his family.
E. Club Fee	Fee of clubs subject to maximum of two clubs, including admission and life membership fees.
F. Personal Accident Insurance	Premium not to exceed Rs. 10,000 per annum.
G. Leave travel Concession	First class air passage for self, wife, dependent children and dependent parents of the appointee once in a year.
H. Car	Provision of car for official-cum-personal use. However, the valuation of personal use of car shall be treated as perquisite of the appointee.
I. Telephone	Provision of telephone at residence for official-cum-personal use. However, the valuation of personal use of telephone shall be treated as perquisite of the appointee.

OTHER PERQUISITES

The appointee shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration:

- (a) 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, and
- (c) Encashment of leave at the end of the tenure.

Provided however that during any financial year, the sum total of salary and perquisites stated in Clause (A) to Clause (I) above shall not exceed the limit of remuneration prescribed under para 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Provided further that even in case of loss or inadequacy of profits during any financial year, Mr. Abhay Mahajan will be paid the aforesaid remuneration as minimum remuneration."

By order of the Board

Dated : 28.07.2007
Place : Panchkula

Sd/-
(Rashima Bhai)
Company Secretary



UNIROYAL INDUSTRIES LIMITED

NOTES :

1. A member who is entitled to attend and vote at the meeting is also 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 duly filled in and signed must reach the Registered Office of the company at least 48 hours before the meeting.*
2. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 5, 6 & 7 are enclosed herewith and form part of this meeting notice.
3. All documents referred to in this meeting notice and the accompanying statements are open for inspection at the Registered Office of the company on all working days (except holidays) during business hours upto the date of Annual General meeting.
4. Members are requested to notify to the company immediately change in their address, if any.
5. The Register of Members and Transfer Books of the company will remain closed from 24th September, 2007 to 27th September, 2007 (both days inclusive) at the time of Annual General Meeting of the company.
6. Members having any query relating to the Annual Report are requested to write to the company at least 7 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
7. Members are requested to bring their copy of the Annual Report along with them to the meeting, as copies of the Annual Report will not be distributed at the meeting.
8. Members are requested to produce the Attendance Slip at the entrance to the venue.
9. *M/s Sud Gupta and Associates, Chartered Accountants are the present Auditors of the Company. Pursuant to the section 224 of the Companies Act, 1956 they would retire as Auditors at this Annual General Meeting of the company. Being eligible they have offered themselves for re-appointment.*

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5.

Mr. Akhil Mahajan was appointed as Executive Director of the Company for 5 years w.e.f. 1st September, 2006. His term of appointment will expire on 31st August, 2011.

The appointment is being made under para1(A) of Part II of Schedule XIII to the Companies Act 1956. As per the requirement of Schedule XIII the Remuneration Committee has approved the appointment and payment of remuneration to Sh Akhil Mahajan. The company has not committed any default in repayment of its debts or interest payable thereon.

As per Schedule XIII of the Companies Act, 1956, approval of the members of the company is required for his appointment. Therefore, the proposed resolution is being placed before the members for their approval.

Mr. Akhil Mahajan being the appointee, Mr. Arvind Mahajan, Mr. P.C Mahajan, Mr. Abhay Mahajan and Mrs. Rashmi Mahajan being close relatives of Mr. Akhil Mahajan are interested in the proposed resolution.

No other director is concerned or interested, in the proposed resolution.

The resolution, if approved as proposed, be treated as an abstract of the terms of appointment of Mr. Akhil Mahajan u/s 302 of the Companies Act, 1956.

ITEM NO. 6.

Mr. Abhay Mahajan, whose appointment as Director is proposed at the meeting is qualified Electrical Engineer and an MBA from Chicago University of Chicago-USB,U.S. He has worked with Motorola Inc. for a period of 6 years and had a brief stint with Reliance Communications before joining the company. In view of his experience, he was appointed as Additional Director on the Board of the Company. However, pursuant to Sec. 260 of the Companies Act 1956, he shall cease to be a Director on the date of the forthcoming Annual General Meeting. It is proposed to appoint Mr. Abhay Mahajan as director liable to retire by rotation.

Mr. Abhay Mahajan being the appointee Mr. Akhil Mahajan, Mr. Arvind Mahajan ,Mr. P.C Mahajan and Mrs. Rashmi Mahajan being close relatives of Mr. Abhay Mahajan are interested in the proposed resolution.

No other director is concerned or interested, in the proposed resolution.

ITEM NO. 7.

Mr. Abhay Mahajan was appointed as Executive Director of the Company for 5 years w.e.f. 2nd April, 2007. His term of appointment will expire on 1st April 2012.

The appointment is being made under para1(A) of Part II of Schedule XIII of the Companies Act 1956. As per the requirement of Schedule XIII, the Remuneration Committee has approved the appointment and payment of remuneration to Mr Abhay Mahajan. The company has not committed any default in repayment of its debts or interest payable thereon.

As per Schedule XIII of the Companies Act, 1956, approval of the members of the company is required for his appointment. Therefore, the proposed resolution is being placed before the members for their approval.

Mr. Abhay Mahajan being the appointee, Mr Arvind Mahajan, Mr. P.C Mahajan Mr. Akhil Mahajan and Mrs. Rashmi Mahajan being close relatives of Mr. Abhay Mahajan are interested in the proposed resolution.

No other director is concerned or interested, in the proposed resolution.

The resolution, if approved as proposed, be treated as an abstract of the terms of appointment of Mr. Abhay Mahajan u/s 302 of the Companies Act, 1956.



UNIROYAL INDUSTRIES LIMITED

DIRECTORS' REPORT

(Pursuant to Section 217 of the Companies Act, 1956)

The Members
Uniroyal Industries Limited,

The Board of Directors of your company are pleased to present the 14th Annual Report together with Audited accounts of the company for the Financial Year ended 31st March, 2007 and the Auditor's Report thereon:

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	Financial Year Ended 31.03.2007	Financial Year Ended 31.03.2006
Sales	972.68	617.32
Other Income	6.13	162.95
Total Income	978.81	780.27
Total Expenditure	849.30	444.68
Interest	68.12	39.59
Gross Profit after interest but before depreciation & tax	61.39	294.00
Depreciation	135.60	99.14
Prior Period Adjustments	8.97	0.67
Profit Before Tax	(83.18)	194.19
Provision for Tax		
-Current Year	3.58	18.76
-Deferred Tax Liability	1.55	70.90
Net Profit	(88.31)	104.53
<u>Appropriations</u>		
Income Tax Adjustment	(0.43)	0.05
Transferred to General Reserve	0.00	20.00
Carried to Balance Sheet	87.88	84.47
Paid up equity share capital	826.87	603.55
Reserves & Surplus	253.53	484.75

REVIEW OF OPERATIONS

Capacity of woven labels facility was enhanced by installing additional machinery with a total outlay of Rs. 539.48 lacs. Expansion was financed partly from internal accruals and partly by term loan of Rs. 392.00 lacs from State Bank of India.

Sale of labels increased to Rs. 718.55 lacs as compared to last year sale of Rs. 617.32 lacs i.e. an

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increase of 16.39% Profit before Tax and Cash accruals was Rs. 47.48 lacs and Rs. 180.47 lacs respectively. Overall increase in sale was 57.56%. Company incurred net loss of Rs. 88.31 lacs due to losses of amalgamated companies. Pharmaceutical division of the Company has been closed down. Land, Building and Machinery and other assets situated at village Haripur Hinduan, Dist. Mohali, Punjab have been sold off.

With the enhanced capacity of labels facility in operation and capacity of amalgamated company, your company expects to do better in the ensuing year.

AMALGAMATION OF COMPANIES

During the year, The Hon'ble High Court of Punjab and Haryana at Chandigarh sanctioned the scheme of Amalgamation of Sidharatha Textile Mills Ltd. and Uniroyal Pharmaceutical Ltd. with Uniroyal Textiles Industries Limited vide order dated 27.07.2006. Certified copies of the Court order have been filed with the concerned Registrars of Companies.

CAPITAL STRUCTURE

22,33,220 equity shares of Rs. 10 each were allotted to erstwhile share holders of amalgamated companies pursuant to the scheme of Amalgamation.

Consequent to the issue, the paid up equity capital of the company has increased from Rs. 603.55 lacs to Rs. 826.87 lacs.

LISTING STATUS OF SHARES

Shares allotted to the shareholders by the Directors in their Board Meeting dated 30th October, 2006, pursuant to the Scheme of Amalgamation of Sidharatha Textile Mills Ltd. and Uniroyal Pharmaceutical Ltd. with Uniroyal Textiles Industries Ltd. got listed on the Stock Exchanges of Mumbai on 14th February, 2007.

Shares of the company are listed on the Stock Exchanges of Mumbai and Delhi. Company is regular in paying annual listing fees to the concerned stock exchanges.

CHANGE OF NAME

Pursuant to special resolution passed at the Annual General Meeting held on 30th September 2005 and the approval of the Central Government under section 21 of the Companies Act 1956 and fresh certificate of Incorporation issued by Registrar of Companies, NCT of Delhi and Haryana dated 28th February 2007, the name of the company has been changed from Uniroyal Textiles Industries Limited to Uniroyal Industries Limited. w.e.f. 28/02/2007.

DIRECTORATE

The Board consists of Executive and Non-Executive Directors including Independent Directors who have varied experience in different disciplines of corporate functioning.

Mr. Abhay Mahajan was appointed as additional Director of the company by the Board w.e.f. 02.04.2007. He was also appointed as Executive Director w.e.f. 02.04.2007 for a period of five years.

Mr. Akhil Mahajan was appointed as Executive Director of the company w.e.f. 01.09.2006 for a period of 5 years. His appointment is subject to approval of the members of the company in Annual General Meeting. The members may consider his appointment as Executive Director. The Board re-commends his appointment as director of the company liable to retire by rotation.



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Mr. K.K. Malik and Mr. Sajeev Kumar Gupta would retire by rotation as directors of the company at the forthcoming Annual General Meeting and being eligible they have offered themselves for re-appointment as directors of the company.

The Board recommends the appointment of Mr. K.K. Malik and Mr. Sanjeev Kumar Gupta as directors of the company liable to retire by rotation.

AUDITORS' REPORT

The Notes on Accounts referred in the Auditor's Report are self explanatory and therefore do not call for any further comments.

AUDITORS

M/s Sud Gupta & Associates, Chartered Accountants, are the present Auditors of the company. Pursuant to section 224 of the Companies Act, 1956, they would retire as auditors at the forthcoming 14th Annual General Meeting of the company and being eligible they have offered themselves for re-appointment.

The Board recommends their re-appointment as Auditors of the company for the financial year 2007-2008.

COMPANY SECRETARY

Mrs. Rashima Bhai has been appointed as Company Secretary of the company w.e.f. 8th November, 2006. She is also the Compliance Officer of the company. Form 32 has been duly filed with Registrar of Companies.

CORPORATE GOVERNANCE

As required by clause 49 of the Listing Agreement with the Stock Exchanges, a report on the Corporate Governance together with Auditors' Certificate on Corporate Governance is appended to the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is appended to the Annual Report.

Management Discussion and Analysis Report as required under the clause 49 of the Listing agreement with the stock exchanges forms a part of this Directors' Report.

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

During the year under report, none of the employees was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act 1956 read with Companies (Particulars of employees) Rules, 1975 as amended.

ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION

Pursuant of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the particulars of energy conservation and technology absorption are enclosed herewith as **Annexure A** forming integral part of this Directors' Report.