

# 16TH ANNUAL REPORT 2008-2009



***Uniroyal***  
***Industries Limited***

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## 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 Pradeep Aggarwal	Director
Shri Anirudh Khullar	Director
Shri Sushil Gupta	Director

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### AUDITOR

J R KHANNA & CO.  
Chartered Accountants  
SCO 10, 2nd Floor, Sector 17-E,  
Chandigarh  
Tel : 0172-2703802  
Fax : 0172-5075663

### REGISTERED OFFICE CUM FACTORY

Plot No. 365, Phase-II,  
Industrial Estate,  
Panchkula - 134 113,  
Haryana  
Tel : 0172-2593592, 5066531-34  
Fax : 0172-2591837

### SHARE TRANSFER AGENTS CUM DEMAT REGISTRAR

LINK INTIME INDIA PRIVATE LTD.  
A-40, 2nd Floor, Near Batra Banquet Hall,  
Naraina Industrial Area, Phase-II,  
New Delhi-110 028

### BANKERS

State Bank of India  
Specialised Commercial Branch,  
Sector 17,  
Chandigarh - 160 017

## ANNUAL GENERAL MEETING NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of M/s Uniroyal Industries Limited will be held on Wednesday, 30th September, 2009 at 10.00 a.m. at Hotel Parbhat 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 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the financial year ended on that date and the Report of Board of Directors and Auditors' thereon.
2. To appoint a director in place of Mr. Pradeep Aggarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Anirudh Khullar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Sushil Gupta 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 modifications the following resolution as an **Ordinary Resolution**:

"Resolved that M/s AGPRS & Associates Chartered Accountants, be and are hereby appointed Auditors of the Company in place of retiring auditors M/s J. R. Khanna & Co. to hold office until the conclusion of next Annual General Meeting at a remuneration to be fixed by the board."

### SPECIAL BUSINESS

6. 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, approval of the members of the company be and is hereby accorded to the re-appointment of Mr. Arvind Mahajan as Managing Director of the company for a period of 3 years w.e.f. 20<sup>th</sup> April, 2009.

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



## UNIROYAL INDUSTRIES LIMITED

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

- |     |  |   |  |
|-----|--|---|--|
| A.  | Salary   | : | Rs. 1,00,000/- (Rs. One Lac only) per month.   |
| B.  | Housing  | : | The appointee shall be provided by the company a rent free furnished accommodation with watchman and the expenditure incurred on gas, electricity and water shall be reimbursed to him by the company. |
| C.  | Medical  | : | The company shall reimburse the medical reimbursement expenses incurred for the appointee and his family.  |
| D.  | Club Fee   | : | Fee of clubs subject to maximum of two clubs, including admission and life membership fees.  |
| E.  | Personal Accident Insurance  | : | Premium not to exceed Rs. 10,000 per annum.  |
| F.  | Leave travel   | : | First class air passage for self, wife, dependent children and dependent parents of the appointee once in a year.  |
| G.  | 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.   |
| H.  | 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.                                |
| I.  | 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(B) 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. Arvind Mahajan will be paid the aforesaid remuneration as minimum remuneration."

7. **To consider and if thought fit to pass with or without modifications, the following resolution as ordinary resolution.**

**"RESOLVED THAT** the company do hereby accord its consent u/s 293 (1) (a) of the companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the company all or any of the movable or immovable properties both present and future or the whole of the undertaking or the undertakings of the company for securing any loan, working capital limits or any other financial facilities obtained or as may be obtained by the company from any financial institution(s), bank(s) or person(s) together with interest, costs, charges, expenses and any other money payable by the company, provided however that the total borrowing of the company should not exceed the aggregate of Rs. 20.00 crores at any time."

8. **To consider and if thought fit to pass with or without modifications, the following resolution as ordinary resolution..**

**"RESOLVED THAT** the company do hereby accord its consent to the Board of Directors of the company pursuant to Section 293(1)(d) and other provisions applicable, if any, of the Companies Act, 1956 to borrow from time to time, all such sums of money as it may deem requisite for the purpose of the business of the company, notwithstanding that moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, that the total amount so borrowed shall not exceed Rs. 20.00 crores (Rupees Twenty Crores)."

Dated: 30<sup>th</sup> July, 2009  
Place : Panchkula

By order of the Board  
Sd/-  
(Arvind Mahajan)  
Managing Director



## 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. 6 is 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 27<sup>th</sup> September, 2009 to 30<sup>th</sup> September, 2009 (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 J. R Khanna & Co., 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 16<sup>th</sup> Annual General Meeting of the company. **They have expressed their inability in the appointment as statutory auditor for the financial year 2009-10.**

**M/s AGPRS & Associates, Chartered Accountants have given their consent to act as Statutory Auditors of the company for the financial year 2009-2010. The members may consider and appoint M/s AGPRS & Associates, Chartered Accountants as Statutory Auditors of the company.**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6.**

The Board was informed that Mr. Arvind Mahajan was appointed as Managing Director of the company for five years w.e.f. 20<sup>th</sup> April, 2004. His tenure will expire on 19<sup>th</sup> April, 2009.

The Board was further informed that the project of manufacturing woven labels was conceptualized by Mr. Arvind Mahajan and under his leadership, management and control the woven labels and narrow fabrics manufactured by the company have become accepted by most of the renowned companies of India and abroad. Under his stewardship the company has expanded manufacturing capacity from time to time. In view of the above, it was suggested that Mr. Arvind Mahajan be re-appointed as Managing Director for another term of 3 years w.e.f. 20<sup>th</sup> April, 2009.

The Board was further informed that the Remuneration Committee in its meeting held on 17<sup>th</sup> April, 2009 has considered and recommended to re-appoint Mr. Arvind Mahajan as Managing Director and to pay the remuneration to him as mentioned.

The Board was further informed that the appointment is being made under para 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 because the Remuneration Committee has approved the appointment & payment of remuneration to Mr. Arvind Mahajan and the company has not committed any default in repayment of its debts or interest payable thereon.

Mr. Arvind Mahajan being himself the appointee, Mrs. Rashmi Mahajan being his wife, Mr. Akhil Mahajan and Mr. Abhay Mahajan being his sons and Mr. P.C. Mahajan being his father disclosed their interest in the matter and they did not participate in discussion and vote.

**ITEM NO. 7 & 8**

The company is in the process of enhancing existing manufacturing capacities and adding new line of activities. In order to meet its financial requirements, the company needs to mortgage/create charge on its movable and immovable assets and to borrow money from time to time which shall exceed the paid up capital and free reserves of the company.

In terms of the provisions of the section 293(1)(d) of the Companies Act, 1956, consent of the members of the company is required for mortgaging and/or charging the assets of the company and for borrowing moneys in excess of the paid up capital and free reserves of the company. The total amount up to which moneys may be borrowed by the Board of directors shall not exceed at any time Rs. 20.00 crores on account of the principal amount.

The proposed resolutions are, therefore, being placed before the members of the company for their consent by way of Ordinary resolutions.

None of the directors of the company is directly or indirectly concerned or interested in the proposed resolutions.



# UNIROYAL INDUSTRIES LIMITED

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges)

### (1) Company's Philosophy on Corporate Governance

Your Company has set out the required practice of Corporate Governance keeping in view the size, complexity and its traditional ethical values. The accountability, integrity and responsibilities in dealings with employees, shareholders, consumers and community at large are of utmost importance. The Company believes to achieve the global standards of corporate conduct towards all stakeholders, which needs to be better managed and governed and to align its activities with national interest. The culture of transparency, new development capabilities, identifying opportunities for value creation have been embedded in each and every employee of the company.

The company has adhered to the underlying principles of Corporate Governance and has made compliance with the corporate governance as an integral part of its day to day operations. The company believes in enhancing overall shareholders' wealth over a sustained period of time.

### (2) Board of Directors

#### (a) Composition and category of Directors:

The existing strength of Board of Directors is four (4) whole time Directors including Managing Director, one (1) non -Executive Director and five (5) non executive Independent directors.

The Directors on the Board are experienced and competent persons from their respective fields. The independent Directors take active part in the Board and Committee Meeting which add value to the decision making process of the Board.

The composition of the Board of Director is in conformity with the Corporate Governance requirements.

#### (b) Attendance of Directors:

During the year 2008-09, the Company has held 8 Board Meetings as on 30<sup>th</sup> April 2008, 20<sup>th</sup> May, 2008, 30<sup>th</sup> June 2008, 30<sup>th</sup> July 2008, 3<sup>rd</sup> October, 2008, 30<sup>th</sup> October 2008, 30<sup>th</sup> January 2009 and 26<sup>th</sup> February, 2009. The following table gives details of Directors, attendance of directors at the Board Meetings and at the last annual general meeting, the number of membership held by the directors in the Board/ committees of various companies.

Name of the Director	Category	Attendance Particulars		No. of other Directorship and Committee member/Chairmanship including UIL & other public limited companies			Share holding as on 31.03.09
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship	Numbers (%age)
Sh. Arvind Mahajan	E-NI (M.D.)	6	No	4	1	-	1300464 (15.73%)
Smt. Rashmi Mahajan	E-NI	6	No	1	1	-	408469 (4.94%)
Sh. Akhil Mahajan	E-NI	8	Yes	4	1	-	390125 (4.72%)
Sh. Abhay Mahajan	E-NI	7	Yes	1	-	-	452770 (5.48%)
Sh. P. C. Mahajan	NE-NI	8	No	-	-	-	NIL
Sh. Sanjiv Kumar	NE-I	-	No	5	-	-	NIL
Sh. K. K. Malik	NE-I	-	No	-	-	-	NIL
Sh. Anirudh Khullar	NE-I	8	Yes	-	-	3	500 (0.006%)
Sh. Sushil Gupta	NE-I	8	No	1	2	-	NIL
Sh. Pardeep Aggarwal	NE-I	-	No	-	2	-	3000 (0.036%)



NE: Non Executive; NI-Non –Independent; M.D- Managing Director; E: Executive I-Independent  
 This includes chairmanships/memberships of audit committees, shareholders grievance committees and remuneration committees of public limited companies, whether listed or not.

None of the Directors on the Board hold office of Director in more than 15 companies or memberships in more than 10 committees or chairmanship of more than 5 committees across all companies in which he is director.

**© Particulars of the Directors seeking Appointment/Reappointment at the forthcoming Annual General Meeting**

Mr. Pradeep Aggarwal, Mr. Anirudh Khullar and Mr. Sushil Gupta are directors liable to retire by rotation. Being eligible they have offered themselves for re-appointment. The Board of Directors have recommended their re-appointment as Directors of the company.

The tenure of Mr. Arvind Mahajan as Managing Director of the company expired on 19.04.2009. He was again re-appointed as Managing Director of the company w.e.f. 20.04.2009 in the Board Meeting held on 17.04.2009. His appointment is subject to the approval of the shareholders by way of Special Resolution in the Annual General Meeting. The same is therefore being placed before the shareholders in the forthcoming Annual General Meeting.

**(3). Audit Committee**

**(a) Brief description of terms of reference**

The Broad approved terms of reference to the Audit Committee include all the matters provided in revised clause 49 of the Listing Agreement and section 292A of the Companies Act 1956 which inter alia includes:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of external auditor, fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management the annual financial statements before submission to the board for approval with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in Board's report in terms of clause (2AA) of section 217 of the company Act, 1956
  - b) Change, if any, in accounting policies and practices and reason for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d) Significant adjustments made in the financial statement arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the Management, performance of statutory and internal auditors, adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.



## UNIROYAL INDUSTRIES LIMITED

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audits as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same in existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### (b) Composition of Committee

An Audit Committee was constituted by the Board comprising three Independent and non- Executive Directors:

During the financial year ended 31<sup>st</sup> March, 2009, the Audit Committee met 5 times on 30<sup>th</sup> April 2008; 30<sup>th</sup> June 2008 ; 30<sup>th</sup> July 2008, 30<sup>th</sup> October, 2008 and 30<sup>th</sup> January, 2009. Sh. Anirudh Khullar and Sh. Sushil Gupta attended all the meetings

Name of Members	Category	Status	Number of meetings attended
Sh. Anirudh khullar	NE-I	Chairman	5
Sh. Sushil Gupta	NE-I	Director	5
Sh. Pardeep Aggarwal	NE-I	Director	-

### (4) Remuneration Committee:

This is a non-mandatory requirement of clause 49th of the listing agreement. The Board has however formed a remuneration committee in terms of Schedule XIII to the Companies Act, 1956. The Broad terms of reference of the Remuneration committee include all the matters provided in Schedule XIII to the Companies Act 1956 which inter alia includes approval of remuneration of Managing Director, Executive Directors after taking into account the financial position of the company.

A remuneration committee has been constituted by the Board of Directors. It decides the company's policy on specific remuneration package for executive directors and also has such powers as may be entrusted by the Board from time to time.

The Remuneration committee comprises of three members viz: Sh. Anirudh Khullar- Chairman, Sh. Sushil Gupta and Sh. Pradeep Aggarwal as members. All the three members are Independent and Non-Executive Directors. During the financial year 2008-09, no meeting of the committee was held as there was no change in the remuneration.

### Details of Remuneration paid

#### I. Executive Directors:

Name	Salary/ Commission/ Bonus	Perquisites	Provident Fund/ Retirement Benefits	Appointed as Executive  Director from
Mr. Arvind Mahajan	1082571	882055	NIL	20.04.2009
Smt. Rashmi Mahajan	1082571	18127	NIL	01.07.2005
Mr. Akhil Mahajan	1082571	55282	NIL	01.09.2006
Mr. Abhay Mahajan	962571	19568	NIL	02.04.2007

The remuneration of the managerial persons is decided by the Board of Directors subject to approval of shareholders and after recommendation from Remuneration Committee.