



**UNIORTH  
TEXTILES  
LIMITED**

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**ANNUAL  
REPORT  
2005 - 2006**



**UNI WORTH  
TEXTILES  
LIMITED**

## **BOARD OF DIRECTORS**

*(As on 30.06.2006)*

ANUJ KUMAR SHANDILYA      –    *Managing Director*  
ASHOK KUMAR  
KRISHNAMURTHI SRINIVASAN  
PARTHO PAL CHOWDHURY  
TANMOY CHAUDHURI  
S. SRINIVAS                      –    *IFCI Nominee*

## **AUDIT COMMITTEE**

*(As on 30.06.2006)*

KRISHNAMURTHI SRINIVASAN  
PARTHO PAL CHOWDHURY  
TANMOY CHAUDHURI  
S. SRINIVAS

## **REGISTERED OFFICE**

'UNI WORTH CENTRE'  
70A, Shakespeare Sarani  
Kolkata - 700 017  
Phone : (033) 2290-8885  
Fax : (033) 2290-8301

## **COMPANY SECRETARY**

SUBID CHANDRA MAJUMDER

## **AUDITORS**

M/s S. S. KOTHARI & CO.,  
Chartered Accountants

## **REGISTRARS**

M/s Intime Spectrum Registry Limited  
59C, Chowringhee Road, 3rd Floor  
Kolkata - 700 020  
Phone : (033) 2289-0540  
Fax : (033) 2289-0539

## **BANKERS**

CENTURION BANK LTD.  
THE HONGKONG & SANGHAI -  
BANKING CORPORATION LTD.  
INDUSIND BANK LTD.  
PUNJAB & SIND BANK  
STATE BANK OF INDIA  
S. SRINIVAS

## **WORKS**

100% EOU Weaving Unit  
Urli Growth Centre  
Raipur, Chattisgarh

100% EOU Finishing Unit  
MIDC, Butibori  
Nagpur, Maharashtra



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**NOTICE :**

Notice is hereby given that the 14th Annual General Meeting of the Members of UNI WORTH TEXTILES LIMITED will be held at Science City, Seminar Hall (C. V. Raman Hall), JBS Haldane Avenue, Kolkata - 700 046 on Thursday, the 21st day of September, 2006 at 11.30 A.M. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ashok Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Tanmoy Chaudhuri, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass with or without modification, the following resolution :
  - (a) **RESOLVED THAT** Mr. A. K. Shandilya, who was appointed as an Additional Director and subsequently as a Managing Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 80(a) of the Company's Article of Association and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received due notice in writing under Section 257 of the Companies Act, 1956 alongwith requisite deposit, proposing his candidature for the Office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
  - (b) **RESOLVED THAT** pursuant to all applicable provisions of the Companies Act, 1956 and subject to compliance of all Statutory formalities and approvals as may be required and further subject to such conditions or modifications as may be imposed by the Central Government or by any enactment or amendment in the existing provisions of law, and which are agreed to by the Board of Directors of the Company, the Company hereby approves the appointment of Mr. A. K. Shandilya as a Managing Director of the Company for a period of 5 years with effect from 28th April, 2006 on such remuneration and terms, as set out in the Explanatory Statement.

**Registered Office :**  
 'UNI WORTH CENTRE'  
 70A, Shakespeare Sarani  
 Kolkata - 700 017  
 Date: 30th June, 2006

By Order of the Board

S. C. Majumder  
**Company Secretary**



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**NOTES :**

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received at the Registered Office not less than 48 hours before the meeting.
- b) The Register of Members and Transfer Books of the Company will be closed from 14th September, 2006 to 21st September, 2006, both days inclusive.
- c) Intimation of any change of address should be given to the Registrar & Transfer Agent/ Company immediately.
- d) Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
- e) Listing fees have been paid to Calcutta Stock Exchange upto 2005-2006

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING

**ANNEXURE TO THE NOTICE :**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS**

**Item No. 5(a)**

Mr. A. K. Shandilya, who was appointed as an Additional Director of the Company with effect from 28th April, 2006 in terms of Section 260 of the Companies Act, 1956 and Article 80(a) of the Article of Association of the Company, vacates his office at this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit has been received by the Company from a member proposing the appointment of Mr. A. K. Shandilya as a Director of the Company, liable to retire by rotation.

The proposed resolution is recommended for adoption. None of the Directors except Mr. A. K. Shandilya is concerned and/or interested in the aforesaid resolution.

**Item No. 5(b)**

The Board of Directors had appointed Mr. A. K. Shandilya as a Managing Director of the Company for a period of five years with effect from 28th April, 2006 on remuneration and terms as given below.

Mr. A. K. Shandilya is a highly qualified professional with excellent hands-on experience in the Textile Industry. In view of his qualification and experience, it was considered that the appointment of Mr. A. K. Shandilya as a Managing Director of the Company would benefit the Company.



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In accordance with the terms of appointment, Mr. A. K. Shandilya is entitled to the following remuneration :

- |    |                         |   |   |
|----|-------------------------|---|---|
| 1. | Salary                  | : | Rs. 50,000/- per month. The Annual increments in the aforesaid salary will be decided by the Board of Directors.    |
| 2. | Housing                 | : | House Rent Allowance of Rs. 17500/- per month.  |
| 3. | Medical                 | : | He will be reimbursed medical expenses of Rs. 1250/- per month, incurred for self and family, payable quarterly.    |
| 4. | Leave Travel Assistance | : | He will be entitled to avail leave travel assistance of Rs. 4165/- per month for self and family, payable annually. |
| 5. | Other Terms             | : | As per rules of the Company.  |

The proposed resolution is recommended for adoption. None of the Directors except Mr. A. K. Shandilya is concerned and/or interested in the aforesaid resolution.

**Registered Office :**

'UNI WORTH CENTRE'

70A, Shakespeare Sarani

Kolkata – 700 017

Date: 30th June, 2006

By Order of the Board

S. C. Majumder

**Company Secretary**



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## **DIRECTORS' REPORT TO THE MEMBERS :**

Your Directors have pleasure in presenting the 14th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2006

### **FINANCIAL HIGHLIGHTS :**

	<b>31st March 2006</b>	<b>31st March 2005</b>
	<b>(Rs. In Lacs)</b>	<b>(Rs. In Lacs)</b>
Sales	<b>6270.23</b>	6724.90
Profit/(Loss) before Interest and Depreciation	<b>(257.85)</b>	150.22
Less : Interest	<b>906.33</b>	989.75
Profit /(Loss) before Depreciation	<b>(1164.18)</b>	(839.53)
Less : Depreciation	<b>421.30</b>	432.43
Profit /(Loss) for the year	<b>(1585.48)</b>	(1271.96)
Less : Fringe Benefit Tax	<b>6.40</b>	-
Net Profit/(Loss)	<b>(1591.88)</b>	(1271.96)
Add : Balance Brought Forward from the Previous year	<b>(9232.31)</b>	(7960.35)
Balance carried to Balance Sheet	<b>(10824.19)</b>	(9232.31)

### **OPERATIONS, MANAGEMENT DISCUSSION AND ANALYSIS :**

During the year under review, the Company suffered losses due to lower turnover in comparison to previous year, mainly due to stiff competition from China who are dumping in International Market at comparative lower rates. Prices of raw materials also increased substantially during the year without any corresponding increase in selling prices due to demand and supply position. However, the Company has maintained its productivity at reasonable level by optimizing utilization of its resources. It is also focusing to increase its presence in the domestic market, particularly in direct Retail business, Institutional sales and Deemed Exports for improving overall capacity utilization and a higher turnover in the current year.

As reported in the previous years' Reports, the Net Worth of the Company being fully eroded, references are being duly made to the BIFR every year under the provisions of the Sick Industrial Company (Special Provision) Act, 1985 which are still pending with the Board.

### **DEPOSITS :**

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

### **DIRECTORS' RESPONSIBILITY STATEMENT :**

In compliance of Section 217 (2AA) of the Companies Act, 1956, your Directors state as follows :

- That in the preparation of accounts, applicable accounting standards have been followed.
- That appropriate accounting policies have been selected and applied consistently with reasonable and prudent judgements and estimates so as to give true and fair view of the state of affairs of the Company.
- That proper and sufficient care have been taken for the maintenance of adequate accounting records for safeguarding assets and for preventing fraud and other irregularities.
- That the Annual Accounts have been prepared on a going concern basis.



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### **CORPORATE GOVERNANCE :**

As a Listed Company, necessary measures are taken to comply with the Clause 49 of the Listing Agreements with the Stock Exchanges. A report on Corporate Governance along with a certificate from the Auditors is annexed hereto and forms a part of this Report.

### **AUDITORS' REPORT :**

The observations of the Auditors and the Notes on Accounts are self-explanatory and therefore do not call for any further clarifications.

### **DIRECTORS :**

Mr. Ashok Kumar and Mr. Tanmoy Chaudhuri retire by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for re-appointment.

During the year 2005-2006, Mr. R K Kalia resigned from the Board w.e.f. 15.03.2006. Your Directors place on record its appreciation for the valuable services rendered by him.

Since the last Annual General Meeting, Mr. A. K. Shandilya has been appointed as Managing Director of the Company w.e.f. 28.04.2006. Appropriate Resolutions seeking your approval for his appointment is appearing in the Notice convening the Annual General Meeting.

### **AUDITORS :**

M/s S. S. Kothari & Co., Chartered Accountants, retire at the ensuing annual General Meeting and are eligible for re-appointment.

### **PARTICULARS OF EMPLOYEES :**

The Company has no employee whose remuneration is more than the limit specified in Section 217 (2A) of the Companies Act, 1956

### **ADDITIONAL INFORMATION :**

The statement showing required particulars pursuant to Section 217(1) (e) of the Companies Act, 1956 and the rules framed thereunder is annexed hereto and forms part of this Report.

### **INDUSTRIAL RELATIONS :**

Industrial Relations continued to remain cordial throughout the year. Your Directors wish to place on record their appreciation for dedicated and sincere services rendered by the executives, staff and workmen at all levels.

### **ACKNOWLEDGEMENT :**

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Government, Financial Institutions, Banks, Shareholders and others during the year under review.

On Behalf of the Board

Place : Kolkata  
Date : 30th June , 2006

**A K Shandilya**  
Managing Director

**P. P. Chowdhury**  
Director



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## ANNEXURE - I TO THE DIRECTORS REPORT

### STATEMENT SHOWING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998

#### 'FORM A'

Form for Disclosure of particulars with respect to Consumption of Energy.

#### ENERGY CONSERVATION :

<b>A) POWER AND FUEL CONSUMPTION</b>	<b><u>2005-2006</u></b>	<b><u>2004-2005</u></b>
<b>I. Electricity</b>		
a) Purchase Unit (KWH in lacs)	<b>50.97</b>	60.46
b) Total Amount (Rs. In lacs)	<b>243.61</b>	246.90
c) Rate/KWH (In lacs)	<b>4.78</b>	4.08
<b>B) CONSUMPTION PER UNIT PRODUCTION</b>		
Production (Units in Linear Mts. In lacs)		
Pure Wool Fabrics	<b>16.76</b>	17.67
Polywool	<b>8.56</b>	10.96
Others	<b>0.01</b>	0.10
Electricity per Linear Mts. (Units)		
Pure Wool Fabrics	<b>2.01</b>	2.10
Polywool	<b>2.01</b>	2.10
Others	<b>2.01</b>	2.10

#### 'FORM B'

Form for Disclosure of particulars with respect to Technology Absorption

#### RESEARCH & DEVELOPMENT (R & D) :

- Specified areas in which R & D Carried out by the Company :
  - ☞ Development of finer counts Fabric with Siro spun yarn for cost reduction & quality improvement.
  - ☞ Development of Mechanical Stretch Fabric in Super fine wool fabric.
  - ☞ Development of various finishes on Fabric such as water, oil & stain Repellent Finish, Ice touch Finish, Nano finish etc.
- Benefit derived as a result of the above R & D :
  - ☞ The developments are successful and accepted in international market.
  - ☞ We continue to occupy the status of High quality Fabric manufacturers.





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3. Future plan of action

- : ☞ To enhance our presence in uptaped global markets like Far East (Japan, Korea) & few European Market.

	<b>2005-2006 (Rs.)</b>	<b>2004-2005 ( Rs.)</b>
4. Expenditure on R & D		
a) Capital	-	32292
b) Recurring	<b>1038917</b>	<b>925571</b>

**TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION :**

1. Efforts in brief made towards technology absorption, adaptation and innovation : ☞ We have updated our technical know how with latest technologies and expertise for upgradation of our product ranges.
2. Benefit derived as a result of the above efforts e.g., products improvement, cost, reduction, product development, import substitution etc. :
  - ☞ Achieved value added products.
  - ☞ Training programmes are conducted to the employees at all levels with the help of latest techniques.
  - ☞ Both the plant of the company in Raipur as well as Nagpur are continuing with ISO 9001 - 2000 certification.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	<b>2005-2006 (Rs. In Lacs)</b>	<b>2004-2005 (Rs. In Lacs)</b>
a) Foreign Exchange Earnings	<b>5595.93</b>	<b>6295.98</b>
b) Foreign Exchange Outgo		
i) CIF Value of Imports		
Raw Material	<b>2257.27</b>	<b>2220.23</b>
Capital Goods	-	21.05
Components & Spare Parts	<b>127.23</b>	<b>140.21</b>
ii) Others	<b>130.33</b>	<b>114.77</b>



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### **REPORT ON CORPORATE GOVERNANCE :**

(Pursuant to Clause 49 of the Listing Agreement)

#### **1. Company's Philosophy on Corporate Governance :**

Your Company believes that Corporate Governance is the combination of voluntary practices and compliance with the laws and regulations of the Company, leading to effective control and management of the Company. Good Corporate Governance leads to long term shareholders value and enhances the interest of other stakeholders including the employees and all others connected with the Organization.

#### **2. Board of Directors :**

Your Board presently consists of a majority of Non-Executive and Independent Directors, many of whom are acknowledged as leading professionals in their respective fields. The Board presently comprises of 1 (one) Managing Director and 5 (five) Non-Executive and Independent Directors including 1 Nominee Director of IFCI Ltd.

The constitution of Board as it was during the Year 2005-2006 is given below :

Name of Directors	Executive/Non-Executive/ Independent*	No. Of other Directorships**	Other Committee(s)	
			Member	Chairman
Mr. Ashok Kumar	Non-Executive & Independent	4	-	-
Mr. K. Srinivasan	Non-Executive & Independent	2	3	-
Mr. R. K. Kalia (Upto 15.03.2006)	Managing Director	-	-	-
Mr. P. P. Chowdhury	Non-Executive & Independent	2	3	-
Mr. Tanmoy Chaudhuri	Non-Executive & Independent	-	-	-
Mr. S. Srinivas	Non-Executive & Nominee of IFCI Ltd.	-	-	-

\* An Independent Director is a director who apart from receiving Director's Remuneration (Sitting Fees) does not have any material pecuniary relationship or transactions with the Company or its management, which in the judgment of the Board may affect his independence of judgment.

\*\* Excludes directorships held in Private Limited Companies.

#### **a) Attendance of Directors at Board Meetings and Annual General Meeting :**

The Board of Directors of the Company met six times during the year 2005-2006 on the following dates : **20.04.2005, 29.04.2005, 28.06.2005, 29.07.2005, 27.10.2005 and 31.01.2006**

The Company regularly placed before the Board Internal Audit Reports, Financial Results with Provisional Balance Sheets, Performance Review Report of various Units together with Executive Summary, Current Workings and all Current matters of commercial importance and various other information as generally required under the Listing Agreement from time to time.