



**UNIWORTH
LIMITED**



CERTIFIED TRUE COPY
For UNIWORTH LIMITED


Company Secretary

**ANNUAL
REPORT
2001 - 2002**



**UNI WORTH
LIMITED**

BOARD OF DIRECTORS

(As on 30.06.2002)

KISHORE JHUNJHUNWALA
B. PAUL MUKTIEH
AJAI PRAKASH LOHIA
K. DARBARI
SANTOSH KUMAR JAIN

*Executive Director
IDBI Nominee*

AUDIT COMMITTEE

(As on 30.06.2002)

AJAI PRAKASH LOHIA
B. PAUL MUKTIEH
K. DARBARI

COMPANY SECRETARY

ANAND KUMAR KANODIA

AUDITORS

SINGHI & CO.
Chartered Accountants

S S KOTHARI & CO
Chartered Accountants

BANKERS

ABN AMRO BANK N.V.
ALLAHABAD BANK
BANK OF AMERICA
CENTURION BANK LTD.
DEUTSCHE BANK
HDFC BANK LTD.
THE HONGKONG & SHANGHAI
BANKING CORPORATION LTD.
THE FEDERAL BANK LTD.
STATE BANK OF MYSORE
STATE BANK OF INDIA
UNITED BANK OF INDIA
UTI BANK LTD.

SOLICITORS

M/s. KHAITAN & CO.

REGISTERED OFFICE :

'UNI WORTH CENTRE'
70A, Shakespeare Sarani
Kolkata - 700 017
Phone : (033) 240-8885
Fax : (033) 240-8301/02

REGISTRAR :

AXC Computers Private Limited
(Formerly ABC Computers Pvt. Ltd.)
National Council of Education Building
Jadavpur University Campus
Kolkata - 700 032
Phone : (033) 414-6363/6292
Fax : (033) 413-7900

WORKS :

100% EOU SPINNING UNIT
Urla Growth Centre
Raipur, M.P.

SILK DIVISION :

AMRITI	URLA GROWTH CENTRE
Malda, W.B.	Raipur, M.P.



**UNIORTH
LIMITED**

NOTICE:

Notice is hereby given that the 14th Annual General Meeting of the Members of UNIORTH LIMITED will be held at Science City, Mini Auditorium, JBS Haldane Avenue, Kolkata -700 046 on Thursday, the 12th day of September, 2002 at 10.30 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, 2002 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. A. P. Lohia, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following resolutions

As Ordinary Resolution:

- (a) **RESOLVED THAT** Mr. Kishore Jhunjhunwala, who was appointed as an Executive Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 93 of the Company's Articles of Association and who 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 Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
 - (b) **RESOLVED FURTHER 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. Kishore Jhunjhunwala as an Executive Director of the Company for a period of 5 years with effect from 21st January, 2001 on such remuneration and terms as set out in the Explanatory Statement.
5. To consider and, if thought fit, to pass with or without modification, the following resolution

As Ordinary Resolution:

RESOLVED THAT Mr. S. K. Jain, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 93 of the Company's Articles of Association and who 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 Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

6. To consider and, if thought fit, to pass with or without modification, the following resolutions

As Ordinary Resolution:

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



**UNI WORTH
LIMITED**

existing provisions of law, and which are agreed to by the Board of Directors of the Company, the Company hereby approves the remuneration paid to Mr. M. L. Parmecha from 31.05.2001 to 29.10.2001, during the period he was a Wholetime Director of the Company, as set out in the Explanatory Statement.

Registered Office
'UNI WORTH CENTRE'
70A, Shakespeare Sarani
Kolkata – 700 017
Place : Kolkata
Date: 30th June, 2002

By Order of the Board

A. K. Kanodia
Company Secretary

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 5th September, 2002 to 12th September, 2002, both days inclusive.
- c) Intimation of any change of address should be given to the Company/Registrar immediately.
- d) Explanatory Statement U/s 173 (2) of the Companies Act, 1956 is annexed herewith in respect of items of Special Business.
- e) Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
- f) The Equity Shares of the company were initially listed with the Stock Exchanges at Ahmedabad, Bangalore, Delhi, Kolkata and Mumbai. At the Annual General Meeting held on 18th September, 2000, the members have passed a resolution approving delisting of the shares at Ahmedabad, Bangalore and Delhi Stock Exchanges. Listing fees have been paid to Calcutta Stock Exchange and Stock Exchange, Mumbai upto 2001-2002.
- g) The Unclaimed Dividend that are due for transfer to the Central Government are as follows :-

DIVIDEND

DUE FOR TRANSFER ON

9th Equity Dividend (Final)	1994-95	10.12.2002
10th Equity Dividend (Interim)	1995-96	15.05.2003
11th Equity Dividend (Final)	1995-96	12.12.2003
12th Equity Dividend (Final)	1996-97	28.10.2004
13th Equity Dividend (Final)	1997-98	11.11.2005

Members who have not encashed their aforesaid Dividend Warrants are requested to approach the Company's Registrar and Transfer Agents, quoting their Folio No., Dividend Warrant No. and No. of Shares held for obtaining duplicate Dividend Warrants.

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



**UNI WORTH
LIMITED**

ANNEXURE TO THE NOTICE :

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

Item No. 4 (a)

Mr. Kishore Jhunjunwala who was appointed as Additional Director of the Company with effect from 21st January, 2002 in terms of Section 260 of the Companies Act, 1956 and Article 93 of the Articles 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. Kishore Jhunjunwala as a Director of the Company, liable to retire by rotation.

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

Item No. 4(b)

The Board of Directors had also appointed Mr. Kishore Jhunjunwala as an Executive Director of the Company for a period of five years with effect from 21st January, 2002 on remuneration and terms as given below.

Mr. Kishore Jhunjunwala is a Chartered Accountant and has been associated with the Company since its inception. In view of his qualification and experience, it was considered that the appointment of Mr. Kishore Jhunjunwala as an Executive Director of the Company would benefit the Company.

In accordance with the terms of appointment, Mr. Kishore Jhunjunwala is entitled to the following remuneration:

1. Salary : Rs. 18000/- per month in the range of Rs. 18,000/- to Rs. 24,000/- per month. The Annual increments in the aforesaid salary will be decided by the Board of Directors.
2. Housing : House Rent Allowance of Rs. 7000/- per month.
3. Medical : He will be reimbursed medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Assistance : He will be entitled to avail leave travel assistance for self and family, once in a year in accordance with the rules of the Company but limited to one month's salary in a year.
5. Other Terms : As per rules of the Company.

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

Item No. 5

Mr. S. K. Jain who was appointed as Additional Director of the Company with effect from 29th October, 2001 in terms of Section 260 of the Companies Act, 1956 and Article 93 of the Articles 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. S. K. Jain as a Director of the Company, liable to retire by rotation.

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

Item No. 6

Mr. M. L. Pamecha was appointed as an Executive Director by the Board of Directors on 31.05.2001. But since he has resigned from the Board on 29.10.2001, the Resolution is proposed for the purpose of approval of the



**UNI WORTH
LIMITED**

following remuneration paid to him during his tenure as Executive Director, i.e. from 31.05.2001 to 29.10.2001.

1. Salary : Rs. 18000/- per month.
2. Housing : House Rent Allowance of Rs. 7000/- per month.
3. Special Allowance : A special allowance of Rs. 6500/- per month.
4. Medical : He will be reimbursed medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
5. Leave Travel Assistance : He will be entitled to avail leave travel assistance for self and family, once in a year in accordance with the rules of the Company but limited to one month's salary in a year.
6. Other Terms : As per rules of the Company.

The proposed resolution is recommended for adoption. None of the Directors except Mr. M L Pamecha is concerned and / or interested in the aforesaid resolution.

Registered Office
'UNI WORTH CENTRE'
70A, Shakespeare Sarani
Kolkata – 700 017
Place : Kolkata
Date: 30th June, 2002

By Order of the Board

A. K. Kanodia
Company Secretary

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**UNI WORTH
LIMITED**

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, 2002.

FINANCIAL HIGHLIGHTS :

	31st March 2002 (Rs. in Lacs)	31st March 2001 (Rs. in Lacs)
Total Income	16743.17	24756.23
Profit/(Loss) before Interest and Depreciation	117.19	983.99
Before prior period adjustment		
Previous year adjustments	(347.47)	(2106.90)
Profit / (Loss) before Depreciation	(230.28)	(1122.91)
Less : Interest for the year	3924.32	4555.41
Profit / (Loss) before Depreciation	(4154.60)	(5678.32)
Less : Depreciation	967.06	960.49
Profit/ (Loss) before Tax	(5121.66)	(6638.81)
Less: Provision for Taxation	-	-
Profit/ (Loss) after Tax for the year	(5121.66)	(6638.81)
Add : Extra Ordinary Item (Net)	1937.66	4295.38
	(7059.32)	(10934.19)
Add : Balance b/f from the Previous year	(16187.47)	(5253.28)
Profit/ (Loss) carried to Balance Sheet	(23246.79)	(16187.47)

OPERATIONS AND MANAGEMENT DISCUSSION & ANALYSIS :

The Company's operations during the year were quite satisfactory. New blended products were introduced to make it more flexible to increase Profit on different market situations. The average price of raw materials were much higher than the last year average while there was no movement in the price of finished products. The Company could sustain and operate at lower operating profit as it enjoys a good reputation for its products and services in the world market. Continuous efforts at operational levels are being made for technological up-gradation in term of improved quality, better yield, better Capacity Utilization and better product mix to capture both International and Domestic markets.

The Company being an EOU depends mainly on export market. It was severally affected by 11th September, 2001 crisis in USA, leading to uncertainty in Export orders and huge turmoil in the world market. The production was reduced due to uncertain demand. The loss would have been very high, had it not been for management to foresee it and taken precautions in terms of low production and introduction of new products and high efficiency resulting in sustenance with low operating income.

Your Directors have also provided for permanent diminution in the value of Investment made in Uniworth Textiles Ltd., a company referred to BIFR under the SICA Act, to the extent of Rs. 125.13 lacs to reflect the true and fair picture of Investments.

The Company is a Sick Industrial Company under Clause (o) of sub-section (1) of the Section 3 of the Sick Industrial Company (Special Provisions) Act, 1985 and referred to BIFR and is awaiting for Rehabilitation Scheme. Your company has already appointed M/s. Arthur & Andersen (now Ernst & Young), an Internationally Accredited Consultancy firm to prepare the Restructuring Scheme in consultation with Banks and Financial Institutions. They would be submitting their proposal for restructuring the total Debts of the company.



**UNIORTH
LIMITED**

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 :

- a) That in the preparation of accounts, applicable accounting standards have been followed.
- b) That appropriate accounting policies have been selected and applied consistently with reasonable and prudent judgments and estimates so as to give true and fair view of the state of affairs of the Company.
- c) 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.
- d) That the Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

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

AUDITORS' REPORT :

Carpet & Furnishing Yarn Project could not be implemented for long time due to adverse market conditions after import of machinery. The Management feels that it would not be feasible to implement the Project till the market conditions improve. The Company has made adequate provision for investment in Equity Shares of Companies referred to BIFR under mandatory provisions of SICA Act, 1985. However, the management considers it unnecessary to make provision for other Long-term Investments, Loans & Advances and Debtors as the Companies referred to BIFR are running as a going concern, all trade related transactions are carried out as normal business transactions and are expected to continue for foreseeable future. All outstanding Bills are crystallized and the company is expected to get the approval of Appropriate Authority for adjustment against import dues. Therefore, provision for loss on Exchange revaluation is not necessary. Due to non-receipt of consent of few term lenders for restructuring in time and the consequent liquidity crunch, the company could not fully meet its commitment to the debenture-holders. Under the revised Restructuring proposal, management has taken care to make payments to debenture-holders in preference to others.

All other observations made in the Auditors' Report have been dealt with in the Notes to Profit & Loss Account and the Balance Sheet in the Schedule 22 of the Accounts and being self-explanatory, do not call for further comments.

DIRECTORS :

The IDBI Nominee Director, Dr. T. K. Mukhopadhyay was withdrawn from the Board with effect from 17th April, 2002 and in his place Mr. B. Paul Muktieh was nominated. The ICICI Nominee Director, Mr. K. V. Unni was withdrawn from the Board with effect from 7th December, 2001 and no further nominations have been received from ICICI Ltd. so far. Mr. M. L. Pamecha who was appointed as a Whole time Director of the company has also resigned from the company w.e.f. 29th October, 2001. Mr. W. F. Small has resigned from the Board with effect from 31st July, 2001. Your Directors would like to record their appreciation for the services rendered by Mr. W. F. Small, Mr. M. L. Pamecha, Mr. K. V. Unni and Dr. T. K. Mukhopadhyay.

Mr. A. P. Lohia has resigned from the post of Managing Directors but continue as a Director liable to retire by rotation. He is retiring by rotation at the ensuing Annual General meeting and being eligible offer himself for re-appointment.



**UNI WORTH
LIMITED**

Mr. K. Darbari, Mr. K. Jhunjhunwala and Mr. S. K. Jain have been appointed as Additional Directors during the year. Mr. K. Jhunjhunwala has been additionally appointed as a Wholetime Executive Director of the Company with effect from 21st January, 2002. Appropriate Resolutions seeking your approval for their appointments is appearing in the Notice convening the Annual General Meeting.

AUDITORS :

M/s. Singhi & Co., Chartered Accountants and M/s. S. S. Kothari & Co., Chartered Accountants, Joint Auditors of the company are retiring at the ensuing Annual General Meeting of the company 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) (2) 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, 2002

K. Jhunjhunwala
Executive Director

A. P. Lohia
Director

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:

A) POWER AND FUEL CONSUMPTION	2001-2002	2000-2001
I. Electricity		
a) Purchase Unit (KWH in lacs)	21.95	5.20
Total Amount (Rs. In lacs)	91.85	20.75
Rate/KWH (In lacs)	4.18	3.99
b) Own Generation		
Through Generator/Units (KWH/Lacs)	331.56	430.92
Units/ Ltr.	3.64	3.98
Cost/Unit (Rs. / Unit)	2.45	2.06



UNI WORTH
LIMITED

	<u>2001-2002</u>	<u>2000-2001</u>
II. Coal		
Quantity (tones)	1077.30	1481.27
Total Cost (Rs. In lacs)	27.14	32.43
Average rate per tonne (In Rs.)	2519.12	2189.51
III. Furnace Oil		
Quantity (K Ltr.)	10445.00	12205.60
Total Amount (Rs. In lacs)	836.03	999.42
Average rate per Ltr. (In Rs.)	8.00	8.19

B) CONSUMPTION PER UNIT PRODUCTION

Production (Kg in lacs)		
Worsted yarn	18.62	22.41
Silk Spun Yarn	1.05	1.49
Open End Yarn	0.97	1.38
Noil Yarn	0.82	0.59
Electricity per Kg. (Units)		
Worsted Yarn	12.39	10.62
Silk Spun Yarn	50.83	23.01
Open End Yarn	12.90	6.32
Noil Yarn	5.87	3.31
HSD (Ltrs. In thousand)	NIL	10.00

'FORM B'

Form for Disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT (R & D)

1. Specified areas in which R & D Carried out by the Company :
 - ☑ Continuous improvement in Quality Standards to match the International Markets.
 - ☑ Continuous technological and market innovation to match the changed requirements of the markets.
 - ☑ Development of new value added products such as Dyed Yarn, Vireaus printing, Lycra blend yarn etc.
 - ☑ Started manufacturing all types of shades to meet the local and export market demand.
 - ☑ Research & Development lab and pilot plant in Dyeing Department started for developing all kinds of shades.
 - ☑ Incorporated computerized color matching system in Dyeing Department for mix and match regularly.
 - ☑ Started Polyster Top making from Tow by installing Tow to top converter.
 - ☑ Increased the Dyeing Plant capacity from 90MT to 120 MT per month in first phase by installing Long close machine.
2. Benefit derived as a result of the above R & D :
 - ☑ ISO 9002 renewal have been done this year.
 - ☑ Converted all slow speed Combers to high speed for increasing Top production capacity.
 - ☑ Increased Card production capacity from 10 MT to 13 MT per day by making some technical development and changes in machines
 - ☑ Ring Frame productivity in Poly Wool & Dyed Yarn has increased.
 - ☑ Twisting capacity has increased by installing more TFO machines.