



**UNIWORTH  
LIMITED**

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**ANNUAL  
REPORT  
2005-2006**



**UNI WORTH  
LIMITED**

## **BOARD OF DIRECTORS**

(As on 30.06.2006)

ANIL KUMAR SHARMA - *Executive Director*  
KISHORE JHUNJHUNWALA  
SHIV SHARMA  
ANAND GOPAL BHATNAGAR  
SHREEKRISHAN JHUNJHUNWALA  
SUBID CHANDRA MAJUMDER  
SANJEEV SAXENA - *MPSIDC Nominee*

## **AUDIT COMMITTEE**

(As on 30.06.2006)

KISHORE JHUNJHUNWALA  
ANAND GOPAL BHATNAGAR  
SHREEKRISHAN JHUNJHUNWALA  
SUBID CHANDRA MAJUMDER

## **COMPANY SECRETARY**

PARTHO PAL CHOWDHURY

## **AUDITORS**

M/s. SINGHI & CO.,  
Chartered Accountants

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

## **BANKERS**

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

## **REGISTERED OFFICE**

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

## **REGISTRARS**

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

## **WORKS**

100% EOU Spinning Unit  
Urla Growth Centre  
Raipur, Chattisgarh

## **SILK DIVISION**

Amriti                      Urla Growth Centre  
Malda, W.B.              Raipur, Chattisgarh



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## **NOTICE :**

Notice is hereby given that the 18th Annual General Meeting of the Members of UNI WORTH 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 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, 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. Shiv Sharma, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. C. Majumder, 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 :

#### **As Ordinary Resolution :**

- (a) **RESOLVED THAT** Mr. A. K. Sharma, who was appointed as an Additional Director and subsequently 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 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. Sharma as an Executive Director of the Company for a period of 5 years with effect from 31st January, 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

P. P. Chowdhury  
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.



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- 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) 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) Listing fees have been paid to Calcutta Stock Exchange and Bombay 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. Sharma, who was appointed as an Additional Director of the Company with effect from 31st January, 2006 in terms of Section 260 of the Companies Act, 1956 and Article 93 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. Sharma 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. Sharma is concerned and/or interested in the aforesaid resolution.

**Item No. 5 (b)**

The Board of Directors had appointed Mr. A. K. Sharma as an Executive Director of the Company for a period of five years with effect from 31st January, 2006 on remuneration and terms as given below.

Mr. A. K. Sharma 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. Sharma as an Executive Director of the Company would benefit the Company.

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

1. Salary : Rs. 45,000/- per month. The Annual increments in the aforesaid salary will be decided by the Board of Director.
2. Housing : Furnished Accommodation as per Company's Policy.
3. 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.
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. Other Terms : As per rules of the Company.

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

**Registered Office :**

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

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By Order of the Board

P. P. Chowdhury  
Company Secretary


**UNI WORTH  
LIMITED**
**DIRECTORS' REPORT TO THE MEMBERS :**

\* Your Directors have pleasure in presenting the 18th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2006

**FINANCIAL HIGHLIGHTS :**

	<b>31st March 2006</b> <b>(Rs. In Lacs)</b>	<b>31st March 2005</b> <b>(Rs. In Lacs)</b>
Total Income	5217.69	5370.61
Profit/(Loss) before Interest and Depreciation		
Before prior period adjustment	729.42	1167.05
Previous year adjustments	<u>6.73</u>	<u>(3.51)</u>
Profit/(Loss) before Interest and Depreciation	736.15	1163.54
Less : Interest for the year	<u>4453.40</u>	<u>4344.51</u>
Profit/(Loss) before Depreciation	(3717.25)	(3180.97)
Less: Depreciation	<u>1095.15</u>	<u>1082.43</u>
Profit /(Loss) before Tax	(4812.40)	(4263.40)
Less : Provision for taxation		
Fringe Benefit Tax	<u>9.17</u>	<u>-</u>
Profit/(Loss) after Tax for the year	(4821.57)	(4263.40)
Add: Balance Brought Forward from the Previous year	<u>(49094.61)</u>	<u>(44831.21)</u>
Profit/(Loss) carried to Balance Sheet	<u>(53916.18)</u>	<u>(49094.61)</u>

**OPERATIONS AND MANAGEMENT DISCUSSION AND ANALYSIS :**

The Company's performance during the year under review was adversely affected due to continued recession in the woollen worsted yarn industry. Profit before interest and depreciation for the current year remained at Rs. 736.15 lacs as against Rs. 1163.54 lacs for the corresponding previous year. There was no improvement in global demand for woollen worsted yarns due to substantial increase in wool prices. To utilize the plant capacities at optimum level, substantial quantities of blended yarns were produced for domestic markets. Though order booking position for domestic market was comfortable, but the profit margins remained under pressure due to lower sales realization. The performance of Silk Division was also affected due to drastic increase in raw material prices during the year.

To improve the profitability in future, the Company has made efforts to increase dyeing capacities in the plants. Your Directors expect that profitability is likely to be improved in the coming years.

**PROCESS OF RESTRUCTURING :**

As reported last year, some of the secured lenders had transferred and assigned their Debts to Asset Reconstruction Company (India) Limited (ARCIL) under the Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002. Negotiations with ARCIL are at an advanced stage of conclusion under which the total debts of the Company are proposed to be restructured through a composite Scheme which is currently under preparation. In the meanwhile, the Company has been declared a Sick Industrial Undertaking under the Provisions of SICA by BIFR.

**DEPOSITS :**

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



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#### **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 judgements 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 Clause 49 and all other applicable provisions of Listing Agreements with the Stock Exchanges and other Company Law requirements. A report on Corporate Governance along with a certificate from the Auditors is annexed hereto and forms part of this Report.

#### **AUDITORS' REPORT :**

The observations of the Auditors' Report have been dealt with in the Notes to Profit & Loss Account and the Balance Sheet in Schedule 20 of the Accounts, and being self-explanatory, do not call for any further clarifications.

#### **DIRECTORS :**

Mr. Shiv Sharma and Mr. S. C. Majumder retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year 2005-2006, MPSIDC Ltd. replaced Mr. Debabrata Sen by Mr. Sanjeev Saxena as their Nominee Director w.e.f. 28.06.2005. Mr. A P Lohia resigned from the Board w.e.f. 31.01.2006. Mr. Shiv Sharma resigned as Executive Director w.e.f. 31.01.2006 but continues as Non-Executive Director.

Your Directors place on record their appreciation for the valuable services rendered by them in their respective capacities.

Since the last Annual General Meeting, Mr. A. K. Sharma has been appointed as Executive Director of the Company w.e.f. 31.01.2006. Appropriate Resolutions seeking your approval for his appointment 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 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


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**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 : 30.06.2006

A. K. Sharma  
**Executive Director**

S. C. Majumder  
**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**

	<b>2005-2006</b>	<b>2004-2005</b>
I Electricity		
a) Purchase Unit (KWH in lacs)	<b>68.31</b>	196.37
Total Amount (Rs. In lacs)	<b>311.85</b>	668.12
Rate/KWH (In lacs)	<b>4.57</b>	3.40
b) Own Generation		
Through Generator/Units (KWH in lacs)	<b>206.82</b>	145.33
Units/Ltr.	<b>3.96</b>	3.80
Cost/Unit (Rs./ Unit)	<b>3.72</b>	2.83
II Coal		
Quantity (tones)	<b>754.25</b>	1080.08
Total Cost (Rs. In Lacs)	<b>26.46</b>	32.14
Average rate per tonne (In Rs.)	<b>3508.12</b>	2975.65
III Furnace Oil		
Quantity (K. Ltr.)	<b>5222.80</b>	3824.52
Total Amount (Rs. In Lacs)	<b>768.80</b>	411.14
Average rate per Ltr. (In Rs.)	<b>14.72</b>	10.75


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**B) CONSUMPTION PER UNIT PRODUCTION**

	<u>2005-2006</u>	<u>2004-2005</u>
Production (Kg. In lacs)		
Worsted Yarn	<b>25.76</b>	33.80
Silk Spun Yarn	<b>1.19</b>	1.21
Open End Yarn	<b>0.51</b>	0.57
Noil Yarn	<b>0.65</b>	1.26
Electricity per Kg. (Units)		
Worsted Yarn	<b>9.31</b>	7.65
Silk Spun Yarn	<b>24.22</b>	28.52
Open End Yarn	<b>3.08</b>	4.51
Noil Yarn	<b>3.40</b>	2.41
HSD (Ltrs. In thousand)	-	

**'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.
  - ☞ Due to inhouse Research and Development Activities following products were developed and launched during the year.
    - i) 100% Daffodil Acrylic yarn at present we are market leader in yarn market.
    - ii) Acrylic blended yarn with Wool, Nylon and Polyester.
    - iii) Siro and Siro lycra yarn in Wool and Polywool.
    - iv) Polyester/Viscose & polyester Acrylic yarn.
    - v) Blending of Silk with Wool, Nylon and Viscose.
    - vi) we have become market leader in Acrylic Daffodil yarn.
  - ☞ Continuous technological and market innovation to match the changed requirements of the markets.
  - ☞ Incorporated dyeing automation for better receipt management & consistency in shades.
  - ☞ Research & Development lab and pilot plant in Dyeing Department started developing all kinds of shades.
2. Benefit derived as a result of the above R & D : ☞ ISO-9001 have been renewed during this year.
3. Future plan of action :
  - ☞ Strengthening the research on quality improvement.
  - ☞ To achieve total quality management cost reduction.




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**4. Expenditure on R & D**

- a) Capital : NIL
- b) Recurring : ∞ Expenses incurred are charged to respective heads and are not allocated separately.

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

1. Efforts in brief made towards technology absorption, adaptation and innovation : ∞ The Company always keep close contact with IWS, CSIR and other Internationals, Indian Research Institutes like Inter Wool Lab, Silk Board etc. Various technical experts give their view and suggestion for improving technology. Technical Staff of the Company are sent abroad for training in new technology.
2. Benefit derived as a result of the above efforts e.g., products improvement, cost reduction, product development, import substitution etc. : Benefits derived are :-  
 ∞ Improvement in productivity per spindle and reduction in cost.  
 ∞ Better capacity utilization in machine with improved quality.  
 ∞ By optimizing development relative temperature and relative humidity the company has saved considerable amount. By using the latest technology based energy efficient fuses, chokes, tubelight, ballasts and power cables etc., the Company has achieved a significant savings on electricity consumption.
3. In case of imported technology (Imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished.
- a) Technology imported : Not Applicable
- b) Year of Import : Not Applicable
- c) Status of Implementation : Not Applicable

**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	<b>2005-2006 (Rs. In Lacs)</b>	<b>2004-2005 (Rs. In Lacs)</b>
a) Foreign Exchange Earnings (including Deemed Export Rs. 2840.77 Lacs and Trading Goods of Worsted Yarn Rs. Nil)	<b>2990.22</b>	2791.17
b) Foreign Exchange Outgo		
i) CIF Value of Imports		
Raw Material	<b>765.21</b>	301.69
Capital Goods	—	—
Companents & Spare Parts	<b>29.36</b>	173.39
ii) Others	—	—


**UNIWORTH  
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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 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) Executive Director and 6 (Six) Non-Executive & Independent Directors including 1 (one) Nominee Director of MPSIDC 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. A. P. Lohia (Upto 31.01.2006)	Promoter & Non-Executive	—	—	—
Mr. K. Jhunjunwala	Non-Executive & Independent	—	—	—
Mr. A. G. Bhatnagar	Non Executive & Independent	—	—	—
Mr S. K. Jhunjunwala	Non Executive & Independent	—	—	—
Mr. Shiv Sharma	Non Executive & Independent***	—	—	—
Mr. S. C. Majumder	Non Executive & Independent	—	—	—
Mr. D. Sen (Upto 28.06.2005)	Non-Executive & Nominee of MPSIDC Ltd.	—	—	—
Mr. Sanjeev Saxena (From 28.06.2005)	Non-Executive & Nominee of MPSIDC Ltd.	—	—	—
Mr. A. K. Sharma (From 31.01.2006)	Executive Director	—	—	—

\* 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 promoters or management or its subsidiaries, which in the judgment of the Board may affect his independence of judgment.

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

\*\*\* Executive Director upto 31.01.2006 and Non-Executive Director w.e.f. 01.02.2006