

**UNIMERS
INDIA
LIMITED**



UNIMERS INDIA LIMITED

BOARD OF DIRECTORS

Mr. G. P. Goenka
Mr. Sukhendu Ray
Mr. Shrivardhan Goenka
Mr. Tan Chean Liang Kelvin
Mr. R. S. Agarwal
Mr. V. B. Dalal
Mr. M. K. Mittal
Mr. S. P. Gupta

Chairman
Director
Director
Director (Appointed w.e.f. 30.06.2007)
Director
Director
Nominee – IFCI Limited (Appointed w.e.f. 25.01.2007)
Whole Time Director (Appointed w.e.f. 28.06.2007)

AUDIT COMMITTEE

Mr. R. S. Agarwal
Mr. Sukhendu Ray
Mr. Shrivardhan Goenka

Chairman of Committee
Member
Member

INVESTORS GRIEVANCE COMMITTEE

Mr. V. B. Dalal
Mr. S. P. Gupta

Chairman of Committee (Appointed w.e.f. 25.01.2007)
Member (Appointed w.e.f. 28.06.2007)

SHARE / DEBENTURE TRANSFER COMMITTEE

Mr. S. P. Gupta
Mr. Deepak Bhandari

Chairman of Committee (Appointed w.e.f. 28.06.2007)
Member

REMUNERATION COMMITTEE

Mr. R. S. Agarwal
Mr. V. B. Dalal
Mr. Sukhendu Ray

Chairman of Committee
Member
Member

COMPANY SECRETARY

Ms. M. K. Mehta

BANKERS

State Bank of India
State Bank of Travancore
State Bank of Bikaner & Jaipur
Bank of India

AUDITORS

Lodha & Co.
Chartered Accountants

REGISTERED OFFICE & FACTORY

2/2, TTC Industrial Area (D Block)
MIDC, Thane-Belapur Road,
Turbhe, Navi Mumbai 400 705
email: secretarial@unimers.com
Internet: www.unimers.com

REGISTRAR & TRANSFER AGENT

Adroit Corporate Services Pvt. Ltd.,
19, Jaferbhoy Industrial Estate,
1st Floor, Makhwana Road,
Marol Naka, Mumbai 400 059
Tel. Nos.: 2859 6060 / 4060 Fax: 2850 3748

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UNIMERS INDIA LIMITED

NOTICE:

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of **UNIMERS INDIA LIMITED** will be held on Friday, September 7, 2007 at 11:00 a.m. at Rotary Club of Navi Mumbai, Rotary Centre, Next to Sacred Heart Convent School, Sector-6, Vashi, Navi Mumbai 400 703 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2007 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. V. B. Dalal, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R. S. Agarwal who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT M/s. Lodha & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of out-of-pocket expenses."

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT as per the recommendation of Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded for the appointment of Mr. L. K. Guglani as Managing Director of the Company for a period from October 18, 2006 to June 28, 2007 on the terms and conditions as set out in the Draft Agreement to be entered into between the Company and the said Managing Director initialled by the Chairman for the purpose of identification which agreement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment and/or agreement in such a manner as may be agreed between the Board and Mr. L. K. Guglani."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take such steps as may be necessary, expedient or desirable to give effect to the above resolution".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. S. P. Gupta, who was appointed as an Additional Director of the Company with effect from June 28, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and who would hold his office till the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, along with necessary deposit from Shareholder proposing the candidature of Mr. S. P. Gupta for the office of the Director, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT as per the recommendation of Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the consent of the Company hereby accorded for the

appointment of Mr. S. P. Gupta as Whole Time Director of the Company for a period of three years with effect from June 28, 2007 on the terms and conditions as set out in the Draft Agreement to be entered into between the Company and the said Whole Time Director initialled by the Chairman for the purpose of identification which agreement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment and / or agreement in such a manner as may be agreed between the Board and Mr. S. P. Gupta."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take such steps as may be necessary, expedient or desirable to give effect to the above resolution".

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Tan Chean Liang Kelvin, who was appointed as an Additional Director of the Company with effect from June 30, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and who would hold his office till the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, along with necessary deposit from Shareholder proposing the candidature of Mr. Tan Chean Liang Kelvin for the office of the Director, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

By Order of the Board
For **UNIMERS INDIA LIMITED**

M. K. Mehta
Company Secretary

Place: Mumbai
Dated: June 28, 2007

Registered Office:
2/2, TTC Indl. Area, (D Block),
MIDC, Thane - Belapur Road,
Turbhe, Navi Mumbai - 400 705

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 5 to 8 is annexed hereto.
- c) The Resolution in respect of Item No. 4 is proposed as a Special Resolution as the combined holding of Financial Institutions/ Nationalised Banks/ Insurance Companies, etc. exceeds the limits prescribed by in Section 224A of the Companies Act, 1956.
- d) The Register of Members and Share Transfer Books of the Company will be closed on Friday, September 7, 2007.
- e) Members / Proxies are requested to bring the attendance slip duly filled in for attending the meeting. No duplicate will be issued at the venue of the meeting.
- f) Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
- g) The Shareholders are requested to send all their correspondence, in respect of shares etc. to Adroit Corporate Services Private Limited 19, Jaferbhoy Industrial Estate, 1st Floor, Makhwana Road, Marol Naka, Mumbai 400 059.
- h) As required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed/ re-appointed are given hereunder.

BRIEF RESUME OF PERSONS PROPOSED TO BE APPOINTED / RE-APPOINTED AS DIRECTORS OF THE COMPANY AT THE ANNUAL GENERAL MEETING:

- I. (i) Name:** Mr. V. B. Dalal
(ii) Age: 62 years
(iii) Qualification: B. Com, FCA
(iv) Experience: He has a post qualification experience of more than 33 years in the field of Audit and Direct Taxation. He has handled international assignments on internal and operation audits in U. K., Portugal, Kenya and Indonesia. He has also an academic experience of more than 11 years as a part time lecturer in Accountancy, having worked with the M. L. Dahanukar College of Commerce and Economics affiliated to the University of Mumbai.
(v) Director of the Company since: April 12, 2006
(vi) Other Directorships:
 1. Maharashtra Polybutenes Limited
 2. Oxides and Specialities Limited
- II. (i) Name:** Mr. R. S. Agarwal
(ii) Age: 65 years
(iii) Qualification: B.Sc, B.E. (Chemical Engg.), Diploma in Industrial Engineering, Proficiency in Boiler Operation Engineering
(iv) Experience: He has 9½ years Industrial experience as Process Engineer in a leading paper mill of Northern India (1965-1974). Thereafter Mr. R. S. Agarwal was working with Industrial Development Bank of India (IDBI) for a period of 28 years and retired as Executive Director of IDBI.
(v) Director of the Company since: April 12, 2006
(vi) Other Directorships:
 1. Deccan Cements Limited
 2. Elegant Marbles & Granite Industries Limited
 3. GVK Jaipur Kishangarh Express Way Limited
 4. Madras Cements Limited
 5. Suryalakshmi Cotton Mills Limited
 6. Suryalata Spinning Mills Limited
 7. Tamilnadu News Print & Papers Limited
 8. Torrent Cables Limited
- III. (i) Name:** Mr. L. K. Guglani
(ii) Age: 52 years
(iii) Qualification: B. Tech (Chemical Engineer) and MBA
(iv) Experience: Mr. L. K. Guglani has over 31 years of experience in Chemical and Petrochemical Industry. He has experience of working with various industries in technical as well as commercial assignments. He has served as Director on the Board of a number of Companies like Maharashtra Polybutenes Limited and Gujarat Carbon & Industries Limited.
(v) Director of the Company since: October 18, 2006
(vi) Other Directorships:
 1. Duncans Tea Limited
 2. Gujarat Carbon & Industries Limited

- IV. (i) Name:** Mr. S. P. Gupta
(ii) Age: 53 years
(iii) Qualification: B. Tech (Chemical Engineer) and MBA
(iv) Experience: 31 years experience in reputed Chemical Industries like J. K. Synthetics Ltd., Vardhman Acrylics Ltd., Parupati Acrylon Ltd., Consolidated Fibres & Chemicals Limited., Duncans Industries Limited. He has handled various technical and commercial assignments. He has expertise in turn around of companies through innovative ways of productivity enhancement and cost reduction.
(v) Director of the Company since: June 28, 2007
(vi) Other Directorships:
 Duncans Industries Limited
- V. (i) Name:** Mr. Tan Chean Liang Kelvin
(ii) Age: 34 years
(iii) Qualification: LLB (Honours) at National University of Singapore
(iv) Experience: Mr. Tan Chean Liang Kelvin has an experience of more than 7 years in the Legal field. He has experience of working with various Companies like Starwood Asia Pacific Hotels & Resorts Pte Ltd. Fujitsu Asia Pte Ltd, StarHub Ltd and also in various Partnership Firms for counselling and providing his valuable advice and opinions in the legal matters.
(v) Director of the Company since: June 30, 2007
(vi) Other Directorships: Nil

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956

Item No. 5

The Board of Directors at its meeting held on October 18, 2006 had appointed Mr. L. K. Guglani as Managing Director of the Company for a period of three years from October 18, 2006 on the following terms and conditions including the terms as to remuneration as approved by the remuneration committee subject to the approval of the members of the Company at the Annual General Meeting and approval of such Authorities as may be required. However, Mr. L. K. Guglani has resigned from Directorship w.e.f. June 28, 2007. The approval of the members is required for the appointment and remuneration paid to Mr. L. K. Guglani during his tenure as Managing Director from October 18, 2006 to June 28, 2007

1. Salary : Rs.1,00,000/- per month
2. Special Allowance : Rs. 41,000/- per month
3. Performance Pay : Rs.10,00,000/- per annum payable six monthly based on performance.
4. Perquisites: The following perquisites are allowed in addition to salary, special allowance and performance pay. These shall be restricted to an amount such that the total remuneration paid to Mr. L. K. Guglani does not exceed the limits prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956. Perquisites are classified into three categories "A", "B" and "C" as follows:

Category "A"

- (I) Housing
 Housing I: The Company shall provide furnished accommodation

OR



UNIMERS INDIA LIMITED

Housing. II: In case no accommodation is provided or availed, Mr. L. K. Guglani shall be entitled to house rent allowance of 50% of the salary.

(II) Gas, Electricity, Water and Furnishings:

The actual expenditure incurred on gas, electricity, water and furnishings will be borne by the Company.

(III) Medical Reimbursement:

Expenses actually incurred for the Managing Director and his family including dependent parents.

(IV) Leave and Leave Travel Concession / Allowance:

Leave Travel Allowance of Rs. 2,00,000/- once in a year.

(V) Club Fees: Fees of club.

(VI) Personal Accident Insurance: Personal Accident Insurance premium.

Category "B"

(I) Contribution to Superannuation Fund and towards Provident Fund:

Contribution towards Provident Fund will be subject to current ceiling of 12% of the salary. Contribution to Pension Superannuation Fund together with Provident Fund shall not exceed current ceiling of 27% of the salary as laid down in the Income Tax Rules. Contribution to Provident Fund, Superannuation Fund and Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

(II) Gratuity:

Gratuity shall be payable at the rate of one half month's salary for each completed year of service.

(III) Encashment of Leave:

Encashment of unavailed Leave at the end of the aforesaid tenure will not be included in the computation of the ceiling on perquisites

Category "C"

(i) Car: Provision of two cars one with driver for official and other for official and private use.

(ii) Telephone: Provision of telephone at residence and Mobile phone for official use.

(iii) Credit Card: Provision of Credit Card.

Other terms:

1. If the tenure of the office of the Managing Director is determined before the expiration of the Agreement, then the Managing Director will be entitled to compensation in accordance with the provisions contained in Section 318 of the Companies Act, 1956 and to the extent provided in the said section.

2. (a) The Agreement may be terminated by either party by giving to the other party three months' notice in writing.

(b) The Managing Director may be removed from office for breach of duty or breach of trust.

3. The re-appointment of the Managing Director may be made for a further period not exceeding three years provided such re-appointment shall not be sanctioned earlier than two years from the date on which it is to come into force.

4. The Managing Director shall be entitled to reimbursement of all expenses which may be incurred by him on behalf of the Company or in connection with the business of the Company including entertainment and travel expenses.

5. The Managing Director so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.

6. The Managing Director shall not as long as he continues to be Managing Director of the Company, be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the number of Directors liable to retire by rotation.

7. The Board of Directors of the Company is authorised to alter and vary the above terms of appointment in such manner as may be agreed between the Company and acceptable to Mr. L. K. Guglani.

Mr. L. K. Guglani, aged 52 years is a B. Tech (Chemical Engineer) and MBA with over 31 years in Chemical and Petrochemical Industry. He has experience of working with varied industries in technical as well as commercial assignments. He is on the Board of a number of Companies like Duncans Tea Limited and Gujarat Carbon & Industries Limited. With the background of Mr. Guglani, the Board of Directors of the Company thought it fit to appoint him as the Managing Director of the Company. Taking into consideration his qualification and experience in the relevant field, Mr. L. K. Guglani is suited for the responsibilities assigned to him by the Board of Directors. The Board, therefore, commends the resolution for approval of shareholders subject to the approval of such other Authorities as may be deemed necessary.

The explanation together with accompanying notice may also be considered as an abstract of the terms of appointment of the Managing Director and Memorandum as to nature of concern or interest of Directors in the said appointment as required under Section 302 of the Companies Act, 1956.

The draft agreement proposed to be entered into between the Company and Mr. L. K. Guglani shall be available for inspection at the Registered Office of the Company on any working day between 10.30 a.m. and 1.00 p.m. upto the date of ensuing AGM.

None of the Directors other than Mr. L. K. Guglani, may be deemed to be concerned or interested in this resolution.

In accordance with Section II of Part II of Schedule XIII to the Companies Act, 1956 the following details are provided:

I. GENERAL INFORMATION :

(1) **Nature of industry:** The Company is engaged in the manufacturing of EPM/EPDM Rubber.

(2) **Date or expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus:** Commercial Production of manufacturing of EPM/EPDM Rubber was started in August, 1993.

(3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus:** Not Applicable

(4) **Financial performance based on the given indicators:**

As per audited Accounts for the year ended March 31, 2007:

Particulars	Rupees in lacs
Turnover and other Income	4748.48
Net Loss for the year	1389.30
Accumulated losses	6251.58

II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background details:** As per the explanatory statement
- (2) **Past remuneration:** As Managing Director of Gujarat Carbon and Industries Limited for the financial year 2005-06

(Rs. In lacs)

Salary	Perquisites	Contribution to PF & other funds	Total
10.32	10.20	2.56	23.08

- (3) **Recognition or Awards:** Not Applicable
- (4) **Job Profile and his suitability:** Mr. L. K. Guglani, Managing Director of the Company will be in charge of overall affairs of the Company under the superintendence and guidance of the Board of Directors of the Company.

Taking into consideration his qualification and experience in the relevant fields, Mr. L. K. Guglani, Managing Director of the Company is best suited for the responsibilities assigned to him by the Board of Directors.
- (5) **Remuneration Proposed:** As per the explanatory statement
- (6) **Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of the position and person (in case of expatriates the relevant details w.r.t. the country of his origin):** Taking into consideration the size of the Company, the profile of the appointee, the responsibility shouldered, and the nature of work, the proposed remuneration to be paid to Mr. L. K. Guglani, Managing Director is commensurate with the Company and other Managerial Personnel.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Not applicable except for the remuneration proposed.

III. OTHER INFORMATION:

- (1) **Reasons for loss or inadequacy:**

The performance of the unit has been affected since inception due to the following reasons:

1. The Project Cost increased from Rs. 82 crores to Rs. 98 crores due to time over run.
2. When UIL set up its Plant in 1993, the domestic demand for EPDM was estimated 3700 MT in 1992-93, which was expected to grow rapidly to 11,000 MT within 2-3 years. However, the market especially the automobile industry, did not grow as expected resulting in low capacity utilization.
3. UIL has been operating at around 50% capacity since its inception. The Company has always posted profits at the operating levels (Gross Profit/EBIDTA), except in 2004-05. However, the contribution was not sufficient to meet the fixed costs. The heavy financial burden and large depreciation charges led to losses at the net level.
4. UIL had to rely on a single source supplier for their major raw material resulting in irregular supply of raw material and intermittent operations for UIL. After privatization of IPCL, the supplies have become more or less regular.
5. UIL's Plant is a stand-alone unit. The main raw material for manufacture of EPDM is Ethylene and Propylene which constitute 97-98% of the final product. While Ethylene is procured from IPCL at Nagothane, Propylene is procured

from IOC, Mathura in bullet tankers. The production and profitability had been affected due to uncertainty of raw material supply, transportation and storage cost.

6. Because of continuous losses, the Company defaulted in its repayment obligations to the FIs. The first financial restructuring package was sanctioned by financial institutions (ICICI, IDBI, IFCI, LIC & UTI) in 1998. Despite restructuring of dues, the performance of the Company did not show any improvement due to various reasons discussed in the preceding paragraphs.
7. The EPDM Market globally has undergone a demand-supply gap correction after a surplus prevailing through years 2004 and 2005. Because of the tighter availability situation, as well as healthy demand growth, realizations are expected to be stable. However, despite the improvement, at the current levels of debt, the Company would be unable to meet its debt service requirements completely.
8. In order to further improve the performance of the Company and ensure complete debt service, SBI had referred the proposal for restructuring of Company's debts under the Corporate Debt Restructuring (CDR) Mechanism. Accordingly, the CDR Empowered Group has approved the restructuring proposal which interalia contains terms for restructuring of dues of the financial institutions/banks by way of change in repayment schedule, reduction in interest rates, conversion of loans into equity, reduction of equity share capital by way of setting off accumulated losses, etc. The Company is in the process of implementation of the said CDR Scheme.
9. A major fire broke out in the Finishing Section and Warehouse area of the Company's plant at Navi Mumbai in the early hours of October 24, 2006. Due to the same the Warehouse and Finishing section has suffered extensive damage. There was loss of stocks also. The finishing section become totally inoperative. As a consequence thereof company could not be restarted till the end of the financial year under review.

- (2) **Steps taken or proposed to be taken for improvement:**

Some of the important steps taken by the Company are as under:

1. With a view to restore the financial viability of the Company, the CDR Empowered Group ("CDR" A mechanism set up by Banks and Financial Institutions under Reserve Bank of India for restructuring and revival of loss making units) vide letter dated January 3, 2006 and April 3, 2006 approved the proposal for restructuring the debts of the Company. The Restructuring proposal as approved by the CDR Cell interalia provides for the following:
 - a) Reduction of the existing equity share capital by 70% .
 - b) Issue of further equity shares to Financial Institutions towards conversion of outstanding loans with interest thereon.
 - c) Restructuring of Promoters loans which interalia involves infusion of additional funds with option to convert into equity as per SEBI formula, conversion of part loans into equity at par (post capital reduction 70%), etc.
 - d) Restructuring of the terms of repayment and/or rate of interest payable on the debts.



With the Implementation of the CDR Scheme, the Company was supposed to be able to achieve optimal levels of production and bag profits.

2. Consequent to sanction of CDR package in January, 2006 our company was on recovery path and had substantially implemented the CDR package but the Fire Incident in our plant on October 24, 2006 led to complete stoppage of the manufacturing by almost six months disturbing the whole recovery process of the company. In view of the above facts the re-structuring of CDR package sanctioned in January, 2006 has become imminent. The Company has submitted a proposal for re-structuring of CDR package which is being considered and the Company is hopeful that the same will be sanctioned in due course.
3. The demand for EPDM has grown substantially due to boom in the automotive industry during the past few years. Two major EPDM plants of DSM have closed and this has resulted in demand exceeding supply worldwide resulting in favorable demand-supply position for the Company. The current indigenous demand of EPDM is estimated at 15000 MT with 5% growth estimated in subsequent years. Anti-dumping duty has also been imposed by the Government of India. It is perceived that the Company will be able to turn around.
4. The Company has proposed a few efficiency improvement projects in the existing plant.
5. New avenues of business growth are being explored through in-house development of new grades and products of EPDM rubber meeting customer's specific requirement: This has resulted higher market share for the Company's product and consequent increase in business volume and margin. Products based on low hardness (soft) EPDM rubber covered roller formulations, acid and alkali resistant EPDM based special tiles compounds, high temperature insulation compounds for defense application, low hardness and medium tensile strength EPDM compounds, EPDM based tyre flaps, etc are giving very good return to our business.

Our Technical Services Laboratory has developed following applications for rubber and plastic industry using HERLENE EPDM in last few years: Tyre Flaps, TPO for Automotive Mud Flaps, TPO for Electrical Applications, Food & Medical Applications, NBR/ EPDM blend for selected Molded Applications, EPDM compound for very high hardness Molded and Extruded products, EPDM for Coated Fabrics, Very low density sponge.

None of the Directors other than Mr. L. K. Gugliani, may be deemed to be concerned or interested in this resolution.

Item No. 6

Mr. S. P. Gupta was appointed as an Additional Director of the Company on June 28, 2007. In accordance with the provision of Section 260 of the Companies Act, 1956 read with Article 160 of the Articles of Association of the Company, the said Additional Director shall hold office only up to the date of ensuing Annual General Meeting of the Company, and is eligible for appointment as a Director.

The Company has received a notice in writing alongwith the requisite deposit from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. S. P. Gupta as a Director of the Company at the ensuing Annual General Meeting.

Item No. 7

The Board of Directors at its meeting held on June 28, 2007 had appointed Mr. S. P. Gupta as Whole Time Director of the Company for a period of three years from June 28, 2007 on the following terms and conditions including the terms as to remuneration as approved by the remuneration committee subject to the approval of the members of the Company at the ensuing Annual General Meeting and approval of such Authorities as may be required.

- | | |
|--|---|
| 1) Basic Salary | - Rs. 1,00,000/- per month |
| 2) Special Allowance | - Rs. 36,000/- per month |
| 3) Performance Pay | - Rs. 12 lacs Per annum (payable quarterly based on performance review) |
| 4) Superannuation Allowance | - Rs. 15,000/- per month |
| 5) Gas & Electricity | - Reimbursement at actual per month |
| 6) Leave Travel Assistance | - Rs. 1,00,000/- per annum |
| 7) Flat maintenance & Flat Decoration | - At actuals |
| 8) Entertainment Expenses | - Rs. 3,000/- per month |
| 9) Books and periodicals | - Rs. 500/- per month |
| 10) Medical | - At actuals for self and family (including dependent parents) |
| 11) Personal Accident Insurance | - As per Company rule |
| 12) Accommodation | - Furnished Company accommodation or House Rent Allowance of Rs. 12,000/- per month |
| 13) Company Car with petrol & maintenance | - At Actuals |
| 14) Driver's and Cleaner's wages | - Rs. 5,000/- per month |
| 15) Driver's and Cleaner's bonus | - Rs. 5,000/- per annum |
| 16) Driver's and Cleaner's uniform | - Rs. 5,000/- per annum |
| 17) Residential Telephone Expenses | - At actual for rental, local calls and long distance official calls only |
| 18) Membership Subscription | - One club |
| 19) Leave | - As per Company rules |
| 20) Reimbursement of annual membership fee of one Professional Institute | |
| 21) Reimbursement of one Credit Card annual fees | |
| 22) Provident Fund/ Gratuity / Leave Encashment | - as per the rules of the respective Funds / Company |

Perquisites mentioned in Items 5,6,7,10,11,12,13,14,15,16,17,18,20 and 21 above will stand restricted to an amount equivalent to annual basic salary

Other terms:

1. If the tenure of the office of the Whole Time Director is determined before the expiration of the Agreement, then the Whole Time Director will be entitled to compensation in accordance with the provisions contained in Section 318 of the Companies Act, 1956 and to the extent provided in the said section.
2. The Agreement may be terminated by either party by giving to the other party three months' notice in writing.

3. The Whole Time Director may be removed from office for breach of duty or breach of trust.
4. The re-appointment of the Whole Time Director may be made for a further period not exceeding three years provided such reappointment shall not be sanctioned earlier than two years from the date on which it is to come into force.
5. The Whole Time Director shall be entitled to reimbursement of all expenses which may be incurred by him on behalf of the Company or in connection with the business of the Company including entertainment and travel expenses.
6. The Whole Time Director so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
7. The Whole Time Director shall not as long as he continues to be Whole Time Director of the Company, be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the number of Directors liable to retire by rotation.

In accordance with Section II of Part II of Schedule XIII to the Companies Act, 1956 the following details are provided:

I. GENERAL INFORMATION :

- (1) **Nature of Industry:** The Company is engaged in the manufacturing of EPM/EPDM Rubber.
- (2) **Date or expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus:** Commercial Production of manufacturing of EPM/EPDM Rubber was started in August 1993.
- (3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus:** Not Applicable
- (4) **Financial performance based on the given indicators:**

As per audited Accounts for the year ended March 31, 2007:

Particulars	Rupees in lacs
Turnover and other Income	4748.48
Net Loss for the year	1389.30
Accumulated losses	6251.58

II. INFORMATION ABOUT THE APPOINTEE:

- (1) **Background details:** As per the explanatory statement
- (2) **Past remuneration:** As Managing Director of Duncans Industries Limited for the financial year 2006-07

(Rs. In lacs)

Salary	Perquisites	Contribution to PF & other funds	Total
10.50	6.96	-	17.46

- (3) **Recognition or awards:** Not Applicable
- (4) **Job Profile and his suitability:** Mr. S. P. Gupta, Whole Time Director of the Company will be in charge of overall affairs of the Company under the superintendence and guidance of the Board of Directors of the Company.

Taking into consideration his qualification and experience in the relevant fields, Mr. S. P. Gupta, Whole Time Director of the Company is best suited for the responsibilities assigned to him by the Board of Directors.

- (5) **Remuneration Proposed:** As per the explanatory statement
- (6) **Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person (in case of expatriates the relevant details w.r.t. the country of his origin):** Taking into consideration the size of the Company, the profile of the appointee, the responsibility shouldered, and the nature of work, the proposed remuneration to be paid to Mr. S. P. Gupta, Whole Time Director is commensurate with the Company and other Managerial Personnel.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Not applicable except for the remuneration proposed.

III. OTHER INFORMATION:

- (1) **Reasons for loss or inadequacy:**

The performance of the unit has been affected since inception due to the following reasons:

1. The Project Cost increased from Rs. 82 crores to Rs. 98 crores due to time over run.
2. When UIL set up its Plant in 1993, the domestic demand for EPDM was estimated 3700 MT in 1992-93, which was expected to grow rapidly to 11,000 MT within 2-3 years. However, the market especially the automobile industry, did not grow as expected resulting in low capacity utilization.
3. UIL has been operating at around 50% capacity since its inception. The Company has always posted profits at the operating levels (Gross Profit/EBIDTA), except in 2004-05. However, the contribution was not sufficient to meet the fixed costs. The heavy financial burden and large depreciation charges led to losses at the net level.
4. UIL had to rely on a single source supplier for their major raw material resulting in irregular supply of raw material and intermittent operations for UIL. After privatization of IPCL, the supplies have become more or less regular.
5. UIL's Plant is a stand-alone unit. The main raw material for manufacture of EPDM is Ethylene and Propylene which constitute 97-98% of the final product. While Ethylene is procured from IPCL at Nagothane, Propylene is procured from IOC, Mathura in bullet tankers. The production and profitability had been affected due to uncertainty of raw material supply, transportation and storage cost.
6. Because of continuous losses, the Company defaulted in its repayment obligations to the FIs. The first financial restructuring package was sanctioned by financial institutions (ICICI, IDBI, IFCI, LIC & UTI) in 1998. Despite restructuring of dues, the performance of the Company did not show any improvement due to various reasons discussed in the preceding paragraphs.
7. The EPDM Market globally has undergone a demand-supply gap correction after a surplus prevailing through years 2004 and 2005. Because of the tighter availability situation, as well as healthy demand growth, realizations are expected to be stable. However, despite the improvement, at the current levels of debt, the Company would be unable to meet its debt service requirements completely.



8. In order to further improve the performance of the Company and ensure complete debt service, SBI had referred the proposal for restructuring of Company's debts under the Corporate Debt Restructuring (CDR) Mechanism. Accordingly, the CDR Empowered Group has approved the restructuring proposal which inter alia contains terms for restructuring of dues of the financial institutions/banks by way of change in repayment schedule, reduction in interest rates, conversion of loans into equity, reduction of equity share capital by way of setting off accumulated losses, etc. The Company is in the process of implementation of the said CDR Scheme.
9. A major fire broke out in the Finishing Section and Warehouse area of the Company's plant at Navi Mumbai in the early hours of October 24, 2006. Due to the same the Warehouse and Finishing section has suffered extensive damage. There was loss of stocks also. The finishing section become totally inoperative. As a consequence thereof company's could not be restarted till the end of the financial year under review.

(2) Steps taken or proposed to be taken for improvement:

Some of the important steps taken by the Company are as under:

1. With a view to restore the financial viability of the Company, the CDR Empowered Group ("CDR" A mechanism set up by Banks and Financial Institutions under Reserve Bank of India for restructuring and revival of loss making units) vide letter dated January 3, 2006 and April 3, 2006 approved the proposal for restructuring the debts of the Company. The Restructuring proposal as approved by the CDR Cell inter alia provides for the following:
 - a) Reduction of the existing equity share capital by 70% .
 - b) Issue of further equity shares to Financial Institutions towards conversion of outstanding loans with interest thereon.
 - c) Restructuring of Promoters loans which inter alia involves infusion of additional funds with option to convert into equity as per SEBI formula, conversion of part loans into equity at par ("post capital reduction 70%") etc.
 - d) Restructuring of the terms of repayment and/or rate of interest payable on the debts.

With the Implementation of the CDR Scheme, the Company was supposed to be able to achieve optimal levels of production and bag profits.

2. Consequent to sanction of CDR package in January, 2006 our company was on recovery path and had substantially implemented the CDR package but the Fire Incident in our plant on October 24, 2006 led to complete stoppage of the manufacturing for more than six months disturbing the whole recovery process of the company. In view of the above facts the working of CDR package sanctioned in January, 2006 has become imminent. The Company has submitted a proposal for working of CDR package which is being considered and the Company is hopeful that the same will be sanctioned in due course.
3. The demand for EPDM has grown substantially due to boom in the automotive industry during the past few years. Two major EPDM plants of DSM have closed and this has

resulted in demand exceeding supply worldwide resulting in favourable demand-supply position for the Company. The current indigenous demand of EPDM is estimated at 15000 MT with 5% growth estimated in subsequent years. Anti-dumping duty has also been imposed by the Government of India. It is perceived that the Company will be able to turn around.

4. The Company has proposed a few efficiency improvement projects in the existing plant.
5. New avenues of business growth are being explored through in-house development of new grades and products of EPDM rubber meeting customer's specific requirements. This has resulted in higher market share for the Company's product and consequent increase in business volume and margin. Products based on low hardness (soft) EPDM rubber covered roller formulations, acid and alkali resistant EPDM based special tiles compounds, high temperature insulation compounds for defense application, low hardness and medium tensile strength EPDM compounds, EPDM based tyre flaps, etc are giving very good return to our business.

Our Technical Services Laboratory has developed following applications for rubber and plastic industry using HERLENE EPDM in last few years: Tyre Flaps, TPO for Automotive Mud-Flaps, TPO for Electrical Applications, Food & Medical Applications, NBR/ EPDM blend for selected Molded Applications, EPDM compound for very high hardness Moulded and Extruded products, EPDM for Coated Fabrics, Very low density sponge.

None of the Directors other than Mr. S. P. Gupta, may be deemed to be concerned or interested in this resolution.

Item No. 8

Mr. Tan Chean Liang Kelvin was appointed as an Additional Director of the Company w.e.f. June 30, 2007. In accordance with the provision of Section 260 of the Companies Act, 1956 read with Article 160 of the Articles of Association of the Company, the said Additional Director shall hold office only up to the date of ensuing Annual General Meeting of the Company, and is eligible for appointment as a Director.

The Company has received a notice in writing alongwith the requisite deposit from a member pursuant to Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Tan Chean Liang Kelvin as a Director of the Company at the ensuing Annual General Meeting.

None of the Directors other than Mr. Tan Chean Liang Kelvin, may be deemed to be concerned or interested in this resolution.

By Order of the Board
For UNIMERS INDIA LIMITED

Place: Mumbai
Dated: June 28, 2007

M. K. Mehta
Company Secretary

Registered Office:
2/2, TTC Indl. Area, (D Block),
MIDC, Thane-Belapur Road,
Turbhe, Navi Mumbai 400 705

REPORT OF THE DIRECTORS

Your Directors present the Nineteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2007

1. FINANCIAL HIGHLIGHTS

	Year ended 31.03.2007 (Rs. in lacs)	Year ended 31.03.2006 (Rs. in lacs)
Sales (Net of Excise Duty)	4276.08	5470.67
Gross profit/(loss) before interest and depreciation	(454.09)	460.53
Profit/(loss) before tax and exceptional items	(1343.92)	(437.35)
Exceptional Items	(39.45)	65.40
Provision for Fringe Benefit Tax	(5.93)	(4.74)
Profit/(Loss) carried to Balance Sheet	(1389.30)	(376.69)

2. OPERATIONS

A major fire broke out in the Finishing Section and Warehouse area of the Company's plant at Navi Mumbai in the early hours of October 24, 2006. The same was controlled in around five hours. The Warehouse and Finishing section has suffered extensive damage. There was a substantial loss of stocks also. Four persons suffered injuries and there were two casualties. Due to the same, the operations of the Company came to a complete halt and no production activity took place thereafter until the end of the financial year. The Company has filed timely claims with the insurers for losses on account of stocks and Fixed Assets. The damaged sections have been restored and plant operations have restarted from June, 2007.

During the year under review, Company produced 3657 MT of EPDM as against previous period quantity of 4914 MT. This represents about 26% decrease in production over previous year.

During the financial year 2006-07, the Company sold 3091 MT in the domestic market against the previous year sale of 4133 MT. During the year 550 MT was exported as against 715 MT in the previous year.

In terms of sales realisations, though there was some improvement over the previous year, but the margins were adversely affected due to high input costs. The profits were further affected adversely on account of cessation of production activity.

3. FINANCE

Consequent to sanction of CDR package in January, 2006 our company was on recovery path and had substantially implemented the CDR package but the Fire Incident in our plant on October 24, 2006 led to complete stoppage of the manufacturing by almost eight months disturbing the whole recovery process of the company.

In view of the above facts, the re-structuring of CDR package sanctioned in January, 2006 has become imminent. The Company has submitted a proposal for restructuring of CDR package which is being considered and the Company is hopeful that the same will be sanctioned in due course.

As per the condition for approval of CDR package, the Company was required to reduce the paid up capital by 70%. A resolution was passed unanimously at the Extraordinary General Meeting held on June 14, 2006. The Company has obtained the necessary

confirmation from High Court Bombay for the said Resolution in April 7, 2007 and the Order of High Court, Bombay has been filed with the Registrar of Companies on April 25, 2007. The Company is in the process of determining a record date for the purpose of cancellation of the equity share capital as discussed herein before.

Availability of adequate working capital continues to be a cause of concern for achieving higher production levels.

4. FUTURE OUTLOOK:

The EPDM market globally has undergone a demand-supply gap correction after a surplus situation prevailing through years 2004 and 2005. Because of the tighter availability situation, as well as healthy demand growth, realisations are expected to be stable but due to strengthening of rupee, margins may be affected adversely.

5. EMPLOYEE RELATIONS:

Employee relations continued to be cordial during the year 2006-2007.

6. PARTICULARS OF EMPLOYEES

Particulars of employees as required in terms of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming a part of this report are given in Annexure 'A'.

7. SAFETY, HEALTH & ENVIRONMENT POLICY

The Company declares that its operations are conducted with utmost regard to safety and health of personnel, plant, machinery and the environment. It is the best endeavour of the management to follow and sustain standards and procedures related to Safety, Health and Environment.

The Management endeavours to support and commit the resources necessary for ensuring adherence / compliance to various standards under the relevant statutes.

The management also strive to achieve a conducive working environment to active participation of its employee's in practicably maintaining safe and pollution free condition in its manufacturing operations and to extend required organisational support and provide facilities for imparting relevant information, instruction, training, motivation, and encourage involvement of its' employees in the implementation of this Safety, Health and Environment Policy.

8. DEMATERIALISATION OF COMPANY'S EQUITY SHARES

The Company's 73.28% Equity Shares have been dematerialised.

9. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Information required under the Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure "B" and forms part of this report.

10. DIRECTORS

Mr. P. S. Sharma resigned as Managing Director of the Company and was relieved of his responsibilities as Managing Director w.e.f. September 20, 2006 and as Director w.e.f. February 20, 2007.

During the year under review, Mr. L. K. Guglani was appointed as Additional Director and Managing Director of the Company w.e.f. October 18, 2006 subject to necessary approvals and resigned w.e.f. June 28, 2007 as Director and Managing Director of the Company.



UNIMERS INDIA LIMITED

The Board of Directors wish to place on record their sincere appreciation for the contribution made by Mr. P. S. Sharma and Mr. L. K. Guglani during their term of office as Managing Directors of the Company.

Also, during the year under review, Mr. S. P. Gupta was appointed as Additional Director and Whole Time Director of the Company w.e.f. June 28, 2007 for a period of three years subject to necessary approvals.

Mr. M. K. Mittal was appointed as a Nominee Director of IFCI Limited w.e.f. January 25, 2007 and Mr. Tan Chean Liang Kelvin was appointed as an Additional Director of the Company w.e.f. June 30, 2007.

Mr. R. S. Agarwal and Mr. V. B. Dalal retire by rotation, and being eligible, offer themselves for re-appointment.

11. CORPORATE GOVERNANCE

Securities & Exchange Board of India (SEBI) had introduced a code of Corporate Governance for implementation by the listed Companies by an amendment to the Listing Agreement. Your Company has implemented the same during the year. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance is annexed as part of the Annual Report.

12. RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- that they have prepared the annual accounts on a going concern basis.

13. AUDITORS & AUDITORS' REPORT

M/s. Lodha & Co., Chartered Accountants, the present Auditors, will cease to hold office as the Auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

With respect to the observation made in the Auditors' Report at point no. 5(f) regarding non-payment of dues of the Lenders, the Company has requested the CDR Cell for further restructuring of the debts in view of the fire incident on October 24, 2006, the same has been approved in-principal by the CDR Cell and a revised package is under consideration. The Company has requested ASREC (India) Ltd. (agency appointed by UTI for recovery of its dues), for further time for repayment of amount payable under the settlement.

14. ACKNOWLEDGEMENT

The Board of Directors takes this opportunity to thank the Financial Institutions, Bankers, Customers, Institutions and Suppliers for their continued support and co-operation in the activities of the Company. The Board of Directors of the Company wish to place on record their appreciation to all the employees of the Company for their contribution towards the continued progress of the Company in these difficult times.

For and on behalf of the Board

Place : Mumbai
Dated: June 28, 2007

G. P. Goenka
Chairman

Registered Office :
2/2, TTC Industrial Area,
D-Block, MIDC,
Thane Belapur Road,
Turbhe, Navi Mumbai 400 705

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE 'A'

Particulars of Employees in terms of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975

Name	Designation & Nature of Duties	Remuneration (Rupees)	Qualification & Experience	Age (Years)	Date of commencement of employment	Last employment held before joining the Company	Designation in previous Company
Mr. L. K. Guglani	Managing Director	11,07,839	B. Tech (Chemical Engineer) and MBA 31 years	52 years	18.10.2006	Gujarat Carbon & Industries Limited	Managing Director

ANNEXURE 'B'

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(I) CONSERVATION OF ENERGY

The design of the Plant incorporates the latest technology for the conservation of energy. The total energy consumption and energy consumption per unit of production as per Form 'A' is annexed herewith.

(II) TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R&D)

(a) Specific areas in which Research and Development is carried out by the Company:

1. In order to increase our Herlene customers' base, various product formulations based on different grades of Herlene EPDM have been developed in our Technical Service Laboratory. Production trials at customers' end were very successful with product properties as per customers' expectations. Some of these developments are enumerated below:

- High heat resistant, high tensile strength, conveyor belt skim/ carcass/ cover compounds, V-belts compounds, semi- heat resistant NR (NATURAL RUBBER) / EPDM (ETHYLENE - PROPYLENE - DIENE RUBBER), SBR (STYRENE - BUTADIENE RUBBER) / EPDM, CR (NEOPRENE RUBBER) / EPDM compounds have been developed for many belt manufacturers in India and results are very satisfactory.
- Highly loaded compounds for low cost window profiles / moulded items have been developed to replace NR with EPDM, especially for rising price of NR. A paper entitled "HERLENE EPDM RUBBER FOR LOW COST PROFILES AND MOULDED COMPOUNDS" has been published in RubberChem Review in Jan-Feb 2007 issue.
- EPDM tyre flaps have at least three times more service life than NR flaps. BEST and MSRTC are replacing NR flaps with EPDM flaps. Cost effective formulations have been established. EPDM flaps are already being used in BEST buses. In near future all state transports are likely to use EPDM flaps replacing NR flaps. Few trials with some flap manufacturers are already over. The results are very encouraging.

Some other compound formulations have been developed for:

- High hardness, high tensile strength compound for extruded profiles or moulded items.
- Low compression set EPDM compounds.
- Low and medium hardness compound for roller applications.
- Solid extruded profiles for auto applications.
- High filler loaded compound for steam cured profiles / moulded items.
- Radiator hose compounds.
- Injection / transfer molded compounds for auto parts.
- White rubber compound with high tensile strength.

2. Effect of many rubber compounding ingredients including processing additives, tackifier resins, homogenizers, drying bonding agents for improving adhesion property of Herlene EPDM rubber with various fabric reinforcements in conveyor belts, tire cords, wire reinforcements have been studied and many practical formulations have been developed and same have been passed over to our valued customers.

(b) Benefits derived as a result of R&D efforts:

Almost all grades of Herlene EPDM rubber suitable for conveyor belts; V-belts, solid and sponge profiles, corners jointing of profiles, low cost window profiles, hoses etc are now available. Thus, Herlene EPDM has captured a wide spectrum of extruded and molded auto-profile products for modern range of cars. A very good infrastructure as well as service of experienced personnel in our R & D Dept has been found to be very helpful to our valued customers. This has resulted increasing our customer base day by day.

(c) Expenditure on R & D Technical Sales Service Centre: Rs. 30.14 lacs.

(d) Future plan of action:

- To focus on manufacturing customer specific quality grade for the auto profile / hose sector, belts, replacing competitor's grade.
- Herlene for use in medium voltage wire and cable insulation compounds.
- Improved IM (IMPACT MODIFIER), TPO (THERMOPLASTIC RUBBER OLEFINIC), TRP (THERMOPLASTIC RUBBER), TPV (THERMOPLASTIC RUBBER VULCANIZATE)
- compounds based on EPDM/PP (POLY PROPYLENE).

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding foreign exchange earnings and outgo appears in items from 20 to 22 of Schedule 15 to the Notes to Accounts.

For and on behalf of Board

Place : Mumbai
Dated: June 28, 2007

G. P. Goenka
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

'FORM A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and fuel consumption

	Current year	Previous year
1. Electricity		
a. Purchase Unit	9851622 kwh	11422191 kwh
Total amount	Rs. 495.78 lacs	Rs. 485.61 lacs
Rate / Unit	Rs. 5.03	Rs. 4.25
b. Own generation	NIL	NIL
(I) Through diesel generator		
Unit per ltr. of diesel oil	N.A.	N.A.
Cost/Unit		
(II) Through stream turbine generator	N.A.	N.A.
2. Coal	NIL	NIL
3. Furnace oil		
Quantity	2677.00 K.Ltrs	3146.88 K.Ltrs
Total amount	Rs. 474.41 lacs	Rs. 465.34 lacs
Average rate	Rs. 17721/K.Ltrs	Rs. 14787/K.Ltrs
4. Others	NIL	NIL

B. Consumption per unit of production

	Current year	Previous year
Products	EPM/EPDM RUBBER	EPM/EPDM RUBBER
Electricity	2.694 Mwh/MT	2.323 Mwh/MT
Furnace oil	0.7231 K.ltrs / MT	0.6404 K.ltrs / MT
Coal	NIL	NIL
Diesel	NIL	NIL

For and on behalf of the Board

Place: Mumbai
Dated: June 28, 2007

G. P. Goenka
(Chairman)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry Structure and Developments

Unimers India Ltd is the only manufacturer of EPDM in India. The technology has been received from the world renowned M/s. Uniroyal Chemical Co. (now a Crompton Corp. unit). The EPDM grades (Trade name 'Herelene') manufactured by UNIMERS INDIA LIMITED are suitable for a wide range of applications.

b. Opportunities and Threats

The Company commands a significant share of the domestic market. Competition from EPDM manufactures located in US, Europe, Brazil and consequent erosion of working capital, resulted in low capacity utilization in 2006-07. However, the stabilization of raw material supply, as well as good growth in the automotive industry augur well for the future prospects of the Company.

c. Risks and Concerns

Hardening prices for refinery products like Ethylene, Propylene and Furnace Oil would influence EPDM production cost. The high debt portfolio and shortage of working capital is another cause for concern. However, the approval of the Company's revised CDR proposal by its lenders will considerably ease the debt servicing burden.

d. Internal Control Systems and their adequacy

The Management has ensured that necessary internal control systems are created and maintained in all departments. These internal control procedures are adequate and commensurate with the size of the Company and nature of its business. The statutory and internal audits carried out by professional and reputed external agencies have not highlighted any major discrepancies, omissions and the like.

e. Financial and Operational Performance

The Company was aggressively pursuing the effective implementation of the Restructuring proposal but unfortunately a major fire broke out in the Finishing Section and Warehouse Area of the Company's plant on October 24, 2006 that led to extensive damage in the Warehouse and Finishing section and there was a substantial loss of stocks also. The Company has restored the damaged section and operations have been resumed.

In view of the above facts, re-structuring of CDR package sanctioned in January, 2006 has become imminent. A new restructuring scheme is being considered by Banks/ FIs which also provides for augmentation of working capital.

f. Outlook

The outlook for the near future appears to be bright for the Company. Demand is rising in India as well as in the rest of Asia (notably China), Europe and USA. With demand growth likely to be higher than supply, this is expected to impact favourably on the Company's sales volumes and realisation.

g. Material Developments in Human Resources / Industrial Relations fronts including number of people.

Employee relations continue to be cordial. Training and Development activities are identified, organized and progress monitored as part of Human Resource Development activities.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, the following is a report on Corporate Governance code as implemented by your Company.

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

The Company's philosophy on Corporate Governance envisages attainment of (i) market Leadership with: "First Choice" status in the domestic market (ii) significant export business (iii) development of appropriate competencies across the organization and (iv) strive to obtain a fair return on invested capital.

2. **Board of Directors**

Composition and Status of Directors:

Name of the Director	Status (Executive, Non-Executive and Independent)
Mr. G. P. Goenka (Chairman)	Promoter, Non Executive
Mr. Sukhendu Ray	Non - Executive & Independent
Mr. Shrivardhan Goenka	Promoter and Non Executive
Mr. Lee Youn-Sang	Non Executive & Independent
Mr. V. B. Dalal	Non-Executive
Mr. R. S. Agarwal	Non-Executive & Independent
Mr. M. K. Mittal (Appointed w.e.f. 25/01/2007)	Nominee of IFCI & Independent
Mr. L. K. Guglani (Appointed as Additional & Managing Director w.e.f. 18/10/2006)	Executive
*Mr. P. S. Sharma (Resigned w.e.f. 20/02/2007)	Executive

Attendance at the Board Meetings, at the last AGM, outside Directorships and other Board Committees:

Name of Director	Held During the Year	Board Meetings Attended during the Year	Attendance at Last AGM	Other Directorships (other than Pvt. Ltd. Companies)	No of Memberships/ Chairmanships of other committees	
					Member	Chairman
Mr. G. P. Goenka	5	5	No	9	-	-
Mr. Sukhendu Ray	5	3	No	8	-	-
Mr. Shrivardhan Goenka	5	5	No	8	1	-
Mr. Lee Yong-Sang	5	Nil	No	-	-	-
Mr. R. S. Agarwal	5	5	Yes	8	6	1
Mr. V. B. Dalal	5	4	Yes	3	1	2
Mr. M. K. Mittal	5	1	N.A.	-	-	-
Mr. L. K. Guglani	5	2	N.A.	2	-	-
*Mr. P. S. Sharma	5	5	No	-	-	-

Number of Board of Directors Meeting held and the dated on which held:

Five Board Meetings were held during the year, as against the minimum requirement of four Board Meetings. The dates on which the Meetings were held are as follows: April 12, 2006, June 28, 2006, July 24, 2006, October 18, 2006 and January 25, 2007.



3. Board Committees

Currently, the Board has four Committees - Audit Committee, Investor Grievances Committee, Remuneration Committee and Share / Debenture Transfer Committee. As on date, the Audit Committee comprises of three members of which two Members are Non-Executive Independent Directors and one member is a Non-Executive Director. The Investor Grievances Committee comprises of two Members. The Chairman of the said Committees is Non-Executive Director. The Remuneration Committee comprises of three members of which two Members are Non-Executive Independent Directors and one member is a Non-Executive Director. The Share / Debenture Transfer Committee of Executives comprises of Managing Director and the Chief Financial Officer of the Company.

The Board is responsible for the constitution, co-opting and fixing the terms of reference for Committee members of the said Committees.

i. Audit Committee

Terms of reference

(a) Primary objectives of the Audit Committee:

The Audit Committee acts as a link between the Statutory Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements and other management information and adequacy of provisions of liabilities. The primary objective of the Audit Committee (the "Committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out in the financial reporting process - by the management, including the independent auditor - and notes the process and safeguards employed by each.

(b) Scope of the Audit Committee:

1. Provide an open avenue of communication between the independent auditor and the Board of Directors ("BOD");
2. Recommending the appointment and removal of statutory auditors, fixation of audit fees and also to approve the payment for other services;
3. Meet four times a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary;
4. Confirm and assure the independence of the external auditor;
5. Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources;
6. Consider and review with the independent auditor the adequacy of internal controls including the computerised information system controls and security;
7. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
8. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - (a) Any changes in the accounting policies and practices
 - (b) The going concern assumption
 - (c) Compliance with accounting standards
 - (d) Compliance with stock exchange and legal requirements concerning financial statements
 - (e) Significant adjustment arising out of audit
9. Consider and review with the management and the independent auditor:
 - (a) Significant findings during the year, including the status of previous audit recommendations.
 - (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
10. Review of the following information:
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions submitted by the management;
 - (c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors

(c) Composition of the Audit Committee as on March 31, 2007

The Audit Committee comprises of three Non-Executive Directors of which two are Independent Directors. Mr. R. S. Agarwal, a Non-Executive Independent Director acts as the Chairman of the Committee. The Audit Committee is constituted in accordance with the Corporate Governance Code of the Listing Agreement and the provisions of the Companies Act, 1956. The Statutory Auditors are invited to the Audit Committee Meetings whenever required. The quorum for the Audit Committee Meeting is two members.

The composition of the Audit Committee as on date is as follows:

1. Mr. R. S. Agarwal, Chairman
2. Mr. Sukhendu Ray
3. Mr. Shrivardhan Goenka

(d) Audit Committee Meetings and Attendance during the financial year ended March 31, 2007

During the financial year ended March 31, 2007, Five Audit Committee Meetings were held on April 12, 2006, June 26, 2006, July 24, 2006, October 18, 2006 and January 25, 2007. The table hereunder gives the attendance record of the Audit Committee members.

Name of the Audit Committee Members	No. of Meetings held	No. of Meetings attended
Mr. R. S. Agarwal	5	4
Mr. Sukhendu Ray	5	3
Mr. Shrivardhan Goenka	5	5

The Committee has recommended to the Board the appointment of M/s. Lodha & Co., Chartered Accountants, as the Statutory and Independent Auditors of the Company for the Financial Year ending March 31, 2008 and that necessary resolution for appointing them as auditors be placed before the shareholders.

ii. Remuneration Committee:

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives including the Executive Directors are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity.

The Remuneration Committee has been constituted on April 12, 2006 and comprises of the following members:

1. Mr. R. S. Agarwal, Chairman
2. Mr. V. B. Dalal
3. Mr. Sukhendu Ray

The Remuneration Committee met twice on April 12, 2006 and October 18, 2006 during the financial year ended on March 31, 2007 in which all the members were present.

Remuneration Policy:

The Non-Executive Directors of the Company are paid sitting fees for attending the Board Meetings. The appointment and remuneration of the Managing Director and Whole Time Directors is governed by resolutions passed by the Remuneration Committee, Board of Directors and shareholders of the Company, which covers terms of such appointment, read with the service rules of the Company. Remuneration paid to the Managing Director is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the General Meetings.

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.



UNIMERS INDIA LIMITED

Details of Remuneration to all the Directors for the Financial Year ended March 31, 2007 are as under:

Name of the Directors	Sitting Fees (Rs.)					Salary & Perks (Rs.)	Total (Rs.)
	Board Meetings	Audit Committee Meetings	Investors Grievance Committee	Remuneration Committee	Share/ Debenture Transfer Committee		
Mr. G. P. Goenka	12,500/-	-	-	-	-	-	12,500/-
Mr. Sukhendu Ray	7,500/-	7,500/-	-	5,000/-	-	-	20,000/-
Mr. Shrivardhan Goenka	12,500/-	12,500/-	10,000/-	-	-	-	35,000/-
Mr. Lee Yong-Sang	-	-	-	-	-	-	-
Mr. R. S. Agarwal	12,500/-	10,000/-	-	5,000/-	-	-	27,500/-
Mr. V. B. Dalal	10,000/-	-	-	5,000/-	-	-	15,000/-
Mr. M. K. Mittal	2,500/-	-	-	-	-	-	2,500/-
Mr. L. K. Guglani	-	-	-	-	-	11,07,839/-	11,07,839/-
Mr. P. S. Sharma	5,000/-	-	2,500/-	-	5,000/-	-	12,500/-
Total (Rs.)	62,500/-	30,000/-	12,500/-	15,000/-	5,000/-	11,07,839/-	12,32,839/-

iii. Investors' Grievances Committee

The Investors' Grievance Committee comprises of the following Members:

Mr. V. B. Dalal, Chairman
Mr. L. K. Guglani

The Investors' Grievance Committee meets at periodic intervals to look into the redressing of shareholders, debenture holders and investors complaints related to transfer of shares/ debentures, non-receipt of Balance Sheet, non-receipt of declared dividends, etc.

The following changes took place in the composition of the Investors' Grievance Committee:

Mr. P. S. Sharma ceased to be a Member of the Committee w.e.f. 18/10/2006
Mr. Shrivardhan Goenka ceased to be a Member of the Committee w.e.f. 25/01/2007
Mr. L. K. Guglani has been appointed as a Member on the Committee w.e.f. 18/10/2006
Mr. V. B. Dalal has been appointed as the Member and Chairman of the Committee w.e.f. 25/01/2007

Investors' Grievance Committee Meetings and Attendance during the financial year ended March 31, 2007

Four Committee Meetings were held during the financial year ended March 31, 2007. The table hereunder gives the attendance record of the Investors' Grievance Committee members.

Name of the Investors' Grievance Committee Members	No. of meetings held	No. of meetings attended
Mr. L. K. Guglani (Appointed w.e.f. 18/10/2006)	4	1
Mr. V. B. Dalal (Appointed w.e.f. 25/01/2007)	4	N. A.
Mr. Shrivardhan Goenka (Resigned w.e.f. 25/01/2007)	4	4
Mr. P. S. Sharma (Resigned w.e.f. 18/10/2006)	4	3

iv. Share / Debenture Transfer Committee of Executives

The powers of transfer and other related matters have been delegated to the Share / Debenture Transfer Committee of Executives. It comprises of the following members:

Mr. L. K. Guglani - Managing Director
Mr. Deepak Bhandari - Chief Financial Officer

The following changes took place in the composition of the Investors' Grievance Committee:

Mr. P. S. Sharma ceased to be a Member of the Committee w.e.f. 18/10/2006

Mr. L. K. Guglani has been appointed as a Member on the Committee w.e.f. 18/10/2006

Share / Debenture Transfer Committee Meetings and Attendance during the financial year ended March 31, 2007

Twenty Four Committee Meetings were held during the financial year ended March 31, 2007. The table hereunder gives the attendance record of the Share / Debenture Transfer Committee members.

Name of the Share / Debenture Transfer Committee Members	No. of meetings held	No. of meetings attended
Mr. L. K. Guglani (Appointed w.e.f. 18/10/2006)	24	11
Mr. Deepak Bhandari	24	24
Mr. P. S. Sharma (Resigned w.e.f. 18/10/2006)	24	13

Compliance Officer: Ms. Mittal Mehta - Company Secretary is the Compliance Officer.

Number of investors' complaints received during the year - 983
Number not solved to the satisfaction of investors - Nil
Number of pending share / debenture transfer - Nil
There are no outstanding complaints as on March 31, 2007.

4. General Body Meeting

Location and time of the General Meetings held during last 3 years. -

Year	Date	Venue	Time	No. of Special Resolutions passed through Postal Ballot
2004 AGM	27.09.2004	Vashi, Navi Mumbai	10.00 A.M.	NIL
2005 AGM	27.09.2005	Vashi, Navi Mumbai	10.00 A.M.	NIL
2006 EGM	14.06.2006	Vashi, Navi Mumbai	10.00 A.M.	1
2006 AGM	26.09.2006	Vashi, Navi Mumbai	10.00 A.M.	NIL

The Special Resolutions were passed on show of hands and polls were not asked for.

5. Note on Directors seeking Appointment / Re-appointment and Nominee Director

Disclosures regarding appointment / reappointment of Directors / Nominee Director

According to Articles of Association of the Company, one third of the Directors retired by rotation every year and if eligible, offer themselves for re-appointment at every Annual General Meeting. Mr. V. B. Dalal and Mr. R. S. Agarwal retire by rotation and being eligible offer themselves for reappointment and hold office upto the date of this Annual General Meeting. Mr. L. K. Guglani was appointed as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 160 of the Articles of Association of the Company and holds office upto the date of the ensuing Annual General Meeting and are eligible for appointment. Mr. L. K. Guglani was appointed as Managing Director for a period of 3 years w.e.f. 18.10.2006 subject to the approval of the members of the Company at the Annual General Meeting and approval of such Authorities as may be deemed necessary. Mr. M. K. Mittal was appointed as Nominee Director by IFCI Limited on 25.01.2007.



6. Disclosures

(i) Related Party Transactions:

During the year, Company had sale / purchase transactions in normal course of business with its Associate Companies. All transactions were carried out on arms length basis. None of the transactions with any of the related parties were in conflict with the interest of the Company. Remuneration to Directors disclosed in Clause 3 above.

(ii) Compliances by the Company:

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other Statutory authority on any matter related to capital markets, during the last three years/period.

(iii) Access of personnel to the Audit Committee:

The Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

(iv) Compliance with the Mandatory requirements and Implementation of the Non-mandatory requirements:

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement excepting the constitution of Remuneration Committee.

7. Means of Communication

- | | |
|---|--|
| (i) Half yearly report sent to each household of shareholders: | No |
| <u>Quarterly Results</u> | |
| (a) Which newspapers normally published in: | Free Press Journal (English) & Navshakti (Marathi) |
| (b) Any website, where displayed: | Yes - www.unimers.com |
| (ii) Whether it also displays official news releases: | No |
| (iii) Presentation made to Institution Investor or to the Analysts: | No |
| (iv) Whether Management Discussion & Analysis Report is a part of annual report or not: | Yes |

8. Report on Corporate Governance:

The Company has obtained a Certificate from the statutory auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 which is annexed herewith.

9. CEO Declaration:

As required by Clause 49 of the Listing Agreement, the CEO i.e. Managing Director's declaration on compliance of the Company's Code of Conduct is Annexed herewith.

10. General Shareholder information:

- | | |
|--|--|
| (i) Date, time and venue of Annual General Meeting of Shareholders | : September 7, 2007, 11:00 A.M.
Rotary Club of Navi Mumbai, Rotary Centre,
Next to Sacred Heart Convent School, Sector -6, Vashi,
Navi Mumbai 400 703 |
| (ii) Financial Calendar 2006-07 (tentative and subject to change) | : Financial reporting for quarter ended
June 30, 2007 : By July 31, 2007
September 30, 2007 : By October 31, 2007
December 31, 2007 : By January 31, 2008
March 31, 2008 : By June 30, 2008

Annual General Meeting for year ended March 31, 2008 - By September 30, 2008 |
| (iii) Dates of book closures | : September 7, 2007 |
| (iv) Dividend Payment | : The Company has not declared any dividend |
| (v) Registered Office | : 2/2, TTC Industrial Area, D-Block, MIDC, Thane Belapur Road, Turbe,
Navi Mumbai - 400 705. Website: www.unimers.com |
| (vi) Listing on Stock Exchange | : Bombay Stock Exchange Limited |
| (vii) Stock Exchange Code | : 524264 |
- Annual Listing fees for 2007-08 has been paid to the above Stock Exchange.

(viii) Demat ISIN.No. for NSDL / CDSL - INE 980B01021

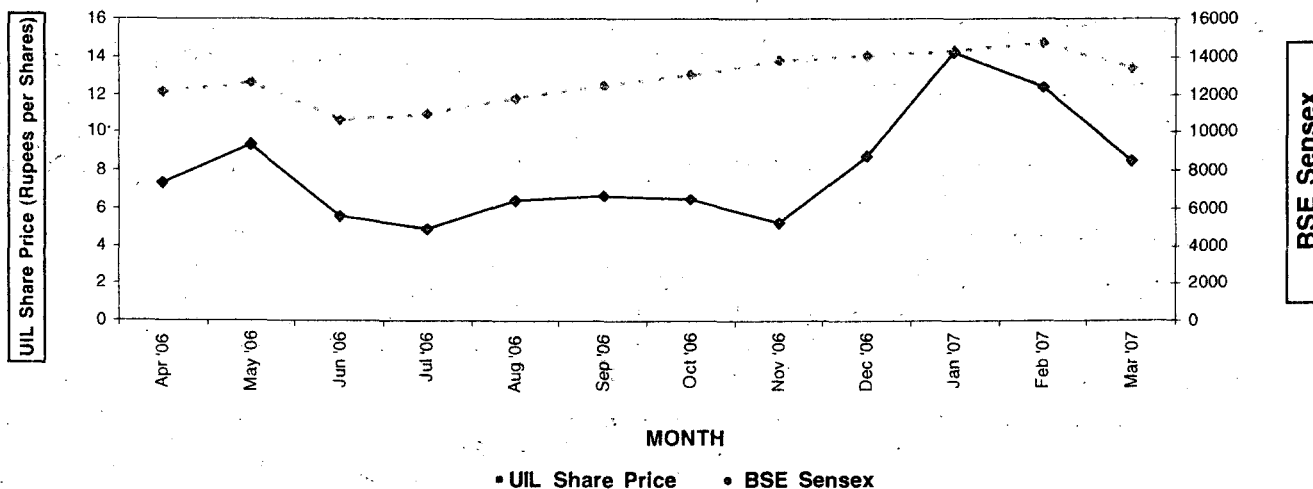
(ix) Share Transfer Agent - In view of Common Agency requirement by SEBI, Company has appointed M/s. Adroit Corporate Services Pvt. Ltd.

(x) Stock Market price data

Monthly high and low at the Bombay Stock Exchange Limited for financial year ended March 31, 2007:

Month	High (Rs.)	Low (Rs.)	BSE Sensex (High)
April, 2006	7.29	5.10	12102
May, 2006	9.32	5.69	12671
June, 2006	5.60	3.28	10627
July, 2006	4.91	3.40	10940
August, 2006	6.43	3.50	11794
September, 2006	6.64	4.30	12485
October, 2006	6.45	4.43	13076
November, 2006	5.25	4.26	13799
December, 2006	8.78	4.50	14035
January, 2007	14.22	7.32	14326
February, 2007	12.35	7.15	14724
March, 2007	8.50	4.13	13387

(xi) Performance in comparison to BSE Sensex:



(xii) Registrar & Transfer Agent: Adroit Corporate Services Pvt. Ltd.
 19, Jaferbhoy Industrial Estate,
 1st Floor, Makwana Road,
 Marol Naka, Mumbai 400 059
 Tel.: 2859 6060 / 4060 Fax: 2850 3748

(xiii) Share Transfer System:

Transfer of shares are processed by Share Transfer Agent viz. M/s. Adroit Corporate Services Pvt. Ltd. and approved by Share / Debenture Transfer Committee of Executives. The transferred certificates are returned within a period of 30 days from the date of receipt subject to the documents being valid and complete in all respects. Total number of shares transferred in physical form during the year under review is 1092950.



UNIMERS INDIA LIMITED

(xiv) Distribution of Shareholding as on March 31, 2007

No. of Shares Held	No. of Folios	Percentage	No. of Shares	Percentage
1 - 500	67958	97.25	3080324	5.81
501 - 1000	882	1.26	762906	1.44
1001 - 2000	460	0.66	717557	1.35
2001 - 3000	171	0.24	451868	0.85
3001 - 4000	71	0.10	266368	0.51
4001 - 5000	107	0.15	515107	0.97
5001 - 10000	117	0.17	905792	1.71
10001 & above	122	0.17	46306743	87.36
TOTAL	69888	100.00	53006665	100.00

	<u>No. of shareholders</u>	<u>No. of shares</u>
No. of shareholders in Physical mode	59570	14163744
No. of shareholders in Electronic mode	10318	38842921

(xv) Share Holding Pattern as on March 31, 2007

CATEGORY	NO OF SHARES	% OF SHAREHOLDING
Promoters	26701274	50.37
Foreign Collaborator (UCC)	825000	1.56
Financial Institutions & Banks	15024825	28.35
Mutual Fund & UTI	4900	0.01
Bodies Corporate	1379952	2.60
NRI	9822	0.02
Indian Public	9060892	17.09
Total	53006665	100.00

(xvi) Dematerialisation of shares and liquidity : 73.28%
 No. of shares dematted as on March 31, 2007 : 38842921

As on March 31, 2007 the paid up capital of the Company is Rs.53.00 Crore comprising of 5.30 crore shares of Rs. 10/- each of which 38842921 shares have been dematerialised during the financial year.

(xvii) Outstanding GDRs/ADRs/Warrants or any of the convertible instruments, conversion date and likely impact on equity : The Company has not issued any of the said instruments.

(xviii) Plant location : 2/2, TTC Industrial Area, (D-Block), M.I.D.C, Thane Belapur Road, Turbhe, Navi Mumbai 400 705

(xix) Shareholders correspondence should be addressed to : Adroit Corporate Services Pvt. Ltd. 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai 400 059

Shareholders holding shares in electronic mode should address all their correspondence through their respective Depository Participant.

DECLARATION - CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the financial year ended March 31, 2007.

FOR UNIMERS INDIA LIMITED

Place: Mumbai
Date : June 28, 2007

L. K. GUGLANI
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
M/s. Unimers India Limited

We have examined the compliance of the conditions of Corporate Governance by M/s. Unimers India Limited for the year ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has broadly complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LODHA & COMPANY
Chartered Accountants

Place : Mumbai
Date : June 28, 2007

R. P. BARADIYA
Partner
Membership No. 44101



UNIMERS INDIA LIMITED

AUDITORS' REPORT

To
The Members
UNIMERS INDIA LIMITED,

1. We have audited the attached Balance Sheet of Unimers India Limited as at 31st March, 2007 and the annexed Profit & Loss Account and also Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We draw attention to:
 - a) Note No. B (1) of Schedule 15 of the financial statements. The Company has incurred a loss in the current year and the accumulated losses as at the year end exceeds 50% of its net worth. These financial statements have been prepared by the Management on a "going concern" basis considering the restructuring package sanctioned by the Corporate debt restructuring cell (CDR) of the Financial Institutions and Banks, which is under implementation.
 - b) Note No. B (2) of Schedule 15 of the financial statements, pending settlement of the insurance claim lodged by the Company in respect of the fixed assets destroyed in fire.
 - c) Note No. B (9) (b) of Schedule 15 of the financial statements, regarding non - receipt of confirmations of various accounts of Sundry Debtors, Sundry Creditors, Advances and Lenders.
4. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
5. Further to our comments in the Annexure referred to in paragraph (4) above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion proper books of account as required by

law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act, to the extent applicable;
- e) On the basis of written representations received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of Section 274 (1)(g) of the Act.
- f) *The Company has not paid installments due in respect of certain debts as per the CDR package/settlement, consequently the lenders shall have the right to revoke the package/settlement in case of non-fulfillment of commitments by the Company and they also have the right to convert entire/part of loans outstanding into equity. Besides pending approval of the CDR Core Group, accounting impact of the amount settled with UTI has not been given (refer note no. B (4)(b) of Schedule 15 of the financial statements). The management has asked for reworking/rescheduling of the CDR package/settlement, inter alia in view of stoppage of plant due to fire. (Refer note no. B(2) of Schedule 15 of the financial statements).*
- g) In our opinion and to the best of our information and according to the explanations given to us, the financial statements *subject to what is stated in paragraph 5 (f) above*, the impact in respect of which cannot be presently ascertained, and read together with the "Significant Accounting Policies and Notes on Financial Statements" in Schedule 15 and those appearing elsewhere in the financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow statement, of the Cash Flows of the Company for the year ended on that date.

For LODHA & COMPANY
Chartered Accountants

R. P. Baradiya
Partner

Place: Mumbai
Date: June 28, 2007

Membership No.: 44101

Annexure referred to in paragraph 4 of our report of even date to the Members of UNIMERS INDIA LIMITED on the financial statements for the year ended March 31, 2007.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of fixed assets. No material discrepancies were noticed in respect of the assets physically verified during the year.
(c) No substantial part of fixed assets has been disposed off during the year. However, refer note no. B (2) of Schedule 15 of the financial statements in respect of assets destroyed in fire
2. (a) The Inventory (excluding stocks with third parties) has been physically verified by the management during the year. Inventory lying with third parties have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventories as compared to book records.
3. (a) During the year, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has taken interest free unsecured loans from a Company covered in the register maintained under Section 301 of the Act. The maximum balance at any time during the year and the year end balance is Rs. 408.16 Lacs. In our opinion, the terms and conditions whereof are prima facie, not prejudicial to the interest of the Company. The said loans are repayable only after the Company's net worth becomes positive pursuant to the scheme sanctioned by the Corporate Debt Restructuring Cell.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. We are informed by the management that as per the legal opinion obtained by them, the transactions with other companies in which Directors of the Company and who are also holding the positions as directors in the other companies (not holding shares exceeding 2% of paid up capital) are not required to be entered in the register maintained under sub-section (1) of Section 301 of the Act. In view of above, there are no entries recorded in the Register maintained under Section 301 of the Act.
6. The Company has not accepted any deposits within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and Rules framed thereunder.
7. The Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub - section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and according to the books and records as produced to and examined by us, the Company has generally been regular in depositing undisputed statutory dues with appropriate authorities including Income Tax, Sales Tax, Cess and other material statutory dues applicable to it and there were no undisputed amounts outstanding as at March 31, 2007 for a period of more than six months from the date they became payable except the ones mentioned herein below:



UNIMERS INDIA LIMITED

Name of the statute	Nature of dues	Amount (Rs. In Lacs)*	Period to which the amount relates	Due date	Date of Payment
The Companies Act, 1956	Investor education and protection fund	75.21	1991	1998	Still Unpaid

* it does not includes interest and other charges as may be leviable owing to non payment / late payment of the aforesaid amount.

- (b) According to the records of the Company and the information and explanations given to us by the management, the details of disputed statutory dues which have not been deposited are as under:

Name of the statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central / Bombay Sales Tax	Non Submission of Sales Tax form	143.42	Assessment Years 98-99, 99-00 and 00-01 and 01-02.	Deputy Commissioner of Sales Tax
	Sales Tax Liability	110.46	Assessment Years 93-94, 98-99, 99-00, 01 and 01-02	Maharashtra Sales Tax Tribunal

10. The Company's accumulated losses as at March 31, 2007 are more than fifty percent of its net worth. The Company has incurred cash losses during the current financial year but not in the immediately preceding financial year

11. The Company has defaulted in repayment of dues to the debenture holders and financial institutions as under:

Nature of Due	Amount (Rs. In Lacs)	Paid On
Debenture Holders	207.98 Lacs (refer note no. B (4) of Schedule 15)	Still Pending
Financial Institutions	790.87	Still Pending

12. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

13. According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

14. According to the information and explanations given to us and on an overall examination of the balance sheet and the Cash Flow statement of the Company we report that the funds raised on short term basis have not been used for long term investment.

15. During the year, the Company has not made any preferential allotment of shares to parties and companies covered and recorded in the Register maintained under section 301 of the Act.

16. The Company has not issued any debentures during the year.

17. The Company has not raised any money by public issues during the year.

18. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For LODHA & COMPANY
Chartered Accountants

R. P. Baradiya
Partner

Membership No.: 44101

Place : Mumbai
Date : June 28, 2007

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BALANCE SHEET AS AT 31.3.2007

	Schedule No.	31.3.2007 Rupees	31.3.2006 Rupees
1. SOURCES OF FUNDS			
(1) SHAREHOLDERS FUNDS :			
(a) Share Capital	1-A	638,066,650	638,066,650
(b) Advance against share Capital	1-B	112,427,970	-
(2) LOAN FUNDS :			
(a) Secured Loans	2	418,762,263	402,326,994
(b) Unsecured Loans	3	74,249,647	142,495,662
TOTAL		1,243,506,530	1,182,889,306
2. APPLICATION OF FUNDS			
(1) FIXED ASSETS :			
(a) Gross Block	4	1,302,961,509	1,302,381,344
(b) Less : Depreciation and amortisation		663,973,929	615,377,171
(c) Net Block		638,987,580	687,004,173
(d) Capital work in progress		25,792,221	-
		664,779,801	687,004,173
DEFERRED TAX ASSET(NET) (Refer Note B 10(a) of Schedule 15)			
(2) CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	5	64,129,369	80,142,129
(b) Debtors	6	9,789,620	47,615,325
(c) Cash and Bank Balances	7	17,697,949	18,757,518
(d) Loans and Advances	8	44,569,843	41,090,133
		136,186,781	187,605,105
LESS :			
CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	9	174,954,595	170,784,071
(b) Provisions	10	7,663,084	7,162,958
		182,617,679	177,947,029
NET CURRENT ASSETS		(46,430,898)	9,658,076
(3) PROFIT AND LOSS ACCOUNT			
		625,157,627	486,227,057
TOTAL		1,243,506,530	1,182,889,306
Significant Accounting Policies and Notes on Financial Statements	15		

The Schedules referred to herein form an integral part of the Financial Statements
As per attached report of even date

For LODHA & CO
Chartered Accountants

R. P. BARADIYA
Partner
Membership No.: 44101

Place : Mumbai
Dated : June 28, 2007

On behalf of the Board

G. P. GOENKA
Chairman

L. K. GUGLANI
Managing Director

M. K. MEHTA
Company Secretary

R. S. AGARWAL
Chairman-Audit Committee

V. B. Dalal
M. K. Mittal

Directors



UNIMERS INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2007

	Schedule No.	For the Year Ended 31.3.2007 Rupees	For the Year Ended 31.3.2006 Rupees
INCOME			
Gross Sales		487,721,604	623,758,638
Less : Excise Duty		60,113,735	76,691,689
Net Sales		<u>427,607,869</u>	<u>547,066,949</u>
Other Income	11	<u>47,240,167</u>	<u>11,691,173</u>
		474,848,036	558,758,121
EXPENDITURE			
Raw Materials Consumed		305,250,906	331,871,147
Other Expenses	12	189,164,108	190,548,092
(Increase)/Decrease in finished goods and work- in- progress	13	<u>25,842,305</u>	<u>(9,714,210)</u>
		520,257,319	512,705,029
PROFIT / (LOSS) BEFORE INTEREST AND DEPRECIATION		(45,409,283)	46,053,092
Depreciation and amortisation		48,596,759	48,486,277
Interest	14	<u>40,386,598</u>	<u>41,302,337</u>
		88,983,357	89,788,614
LOSS BEFORE TAXATION & EXCEPTIONAL ITEMS		(134,392,640)	(43,735,522)
Exceptional items (Net) Refer Note B 2 Schedule 15		(3,944,700)	6,540,464
Fringe Benefit Tax		(5,3230)	(473,948)
LOSS AFTER TAXATION & EXCEPTIONAL ITEMS		(138,930,570)	(37,669,006)
Balance brought forward from previous year		(486,227,057)	(448,558,051)
BALANCE CARRIED TO BALANCE SHEET (LOSS)		<u>(625,157,627)</u>	<u>(486,227,057)</u>
Earning Per Share (Refer note B 16 of the schedule 15)			
- Basic & Diluted (Face value of Rs.10 each)		(2.62)	(0.71)
Significant Accounting Policies and Notes to the Financial Statements	15		

The Schedules referred to herein form an integral part of the Financial Statements
As per our report of even date

For LODHA & CO
Chartered Accountants

R. P. BARADIYA
Partner.
Membership No.: 44101

Place : Mumbai
Dated : June 28, 2007

On behalf of the Board

G. P. GOENKA
Chairman

L. K. GUGLANI
Managing Director

M. K. MEHTA
Company Secretary

R. S. AGARWAL
Chairman-Audit Committee

V. B. DALAL
M: K. MITTAL

Directors

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	31.3.2007 (RUPEES)	31.3.2006 (RUPEES)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax and Exceptional Items	134,392,640	(43,735,522)
Adjustments for:		
Depreciation	48,596,759	48,486,277
Finance lease payment	9,029	41,698
Other provision	536,263	1,886,837
Bad & doubtful debts	-	31,251
Sundry Credit balances written back	(526,544)	(941,344)
Interest Received	(887,139)	(774,072)
Interest Paid	40,386,598	41,302,337
	88,114,966	90,032,985
Operating profit/(loss) before Exceptional Items & Change in Working Capital	(46,277,674)	46,297,463
Exceptional Item	(3,944,700)	6,540,464
Operating profit/(loss) before working Capital Changes	(50,222,374)	39,756,999
Adjustments for: (Increase)/Decrease		
Trade & Other Receivables	38,630,240	(8,345,389)
Loans and Advances	(3,199,615)	(7,506,914)
Inventories	16,012,760	(29,031,810)
Trade Payables	17,865,397	41,915,617
	69,308,782	(2,968,497)
Cash generated from operations	19,086,408	36,788,502
Direct Taxes Paid(FBT/wealth tax)	(583,741)	(245,554)
Taxes paid /Received net of Tds	130,484	(109,409)
Cash generated before Exceptional Item	18,633,151	36,433,540
Cash generated from Operating Activities	18,633,151	36,433,540
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(26,372,386)	(2,504,169)
Interest Received	558,073	8,692,100
Finance lease payment(principal portion)	(62,076)	(301,057)
Cash generated from Investing Activities	(25,876,389)	5,886,874
C) CASH FLOW FROM FINANCING ACTIVITIES		
Payments to long term borrowings	(75,782,325)	11,305,133
Proceeds from Advance money towards share capital	112,427,970	6,500,000
Interest paid	(44,015,967)	(66,565,995)
Lease rent paid(Interest portion)	(9,029)	(41,698)
Proceeds from Cash credit borrowings (Net)	15,451,580	9,646,917
Cash generated from Financing Activities	8,072,229	(39,155,643)
Net Increase in Cash and Cash Equivalents	828,991	3,164,770
Opening Balance of Cash and Cash Equivalents	12,964,042	9,799,272
Closing Balance of Cash and Cash Equivalents	13,793,033	12,964,042

- Notes : 1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outflow.
3. Margin money of Rs 3,906,729 (as at March 31, 2006 Rs 5,793,476) has been excluded from cash and cash equivalent and included in other receivables.
4. Previous year's figures have been regrouped/rearranged wherever necessary, to conform to the current year's presentation.

As per our report of even date

On behalf of the Board

For LODHA & CO
Chartered Accountants

G. P. GOENKA
Chairman

R. S. AGARWAL
Chairman-Audit Committee

R. P. BARADIYA
Partner
Membership No.: 44101

L. K. GUGLANI
Managing Director

V. B. Dálal
M. K. Mittal

Place : Mumbai
Dated : June 28, 2007

M. K. MEHTA
Company Secretary

Directors



UNIMERS INDIA LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 1-A	31.03.2007 Rupees	31.3.2006 Rupees
SHARE CAPITAL		
AUTHORISED		
60,000,000, Equity shares of Rs.10 each	600,000,000	600,000,000
25,000,000, 0.5% Cumulative Non Convertible Redeemable Preference Shares of Rs. 10 each	250,000,000	250,000,000
	850,000,000	850,000,000
ISSUED, SUBSCRIBED AND PAID UP		
53,006,665 Equity Shares (Previous year 53,006,665) of Rs. 10 each fully paid up	530,066,650	530,066,650
10,800,000, 0.5% Cumulative Non-Convertible Redeemable Preference Shares of Rs 10 each (Redeemable at par at the end of 9 th year from the date of allotment i.e October 16,2003 or earlier at the option of the Company)	108,000,000	108,000,000
	638,066,650	638,066,650
SCHEDULE 1-B		
	31.03.2007 Rupees	31.3.2006 Rupees
Advance against Share Capital	112,427,970	-
	112,427,970	-
SCHEDULE 2		
	31.03.2007 Rupees	31.3.2006 Rupees
SECURED LOANS		
(1) (a) Debentures (Refer Note B 4(d) of Schedule 15)	92,892,000	92,905,000
Repayable within one year Rs. NIL (Previous Year Rs. NIL)		
Interest Accrued and Due Thereon	20,798,171	-
929,050 (Previous year 929,050)12.5% (subsequently 13% from August 1, 2001 upto 31.3.2005 and from 1.4.2005 onwards 8.25%) Secured Redeemable Non-Convertible Debentures of Rs. 100 each ranking.		
These are secured by a second, subservient and subordinate charge on the Company's immovable properties, both present and future and a second subservient charge by way of hypothecation on Company's movables (save and except book debts) subject to prior charges created in favour of Company's bankers on the Company's stocks of raw materials, semi-finished and finished goods, consumable stores, spares and such other movables (As agreed to by the Trustees) for working capital requirements.		
(b) Zero Coupon Non Convertible Debentures *	138,964,280	141,976,918
Repayable within one year Rs 52,704,566 (Previous Year Rs. 27,321,812)		
Interest Accrued and Due Thereon*	40,632,501	32,496,000
(Refer Note B4(a) and B4(f) of Schedule 15) 1,853,610 (previous year 1,853,610) Secured Zero Coupon Non Convertible Debentures of Rs.100 each (ZCNCD's) redeemable in 20 quarterly installments commencing from		

April 1, 2006 in respect of SASF, IFCI, LIC and from July 1, 2006 in respect of ICICI. These are secured by way of mortgage, by deposit of title deeds of all the immovable properties and a subservient charge by way of hypothecation of all moveable assets. The mortgage and charge referred to above shall rank pari passu with mortgages created and/or to be created in favour of Financial Institutions.

(2) Term Loans from Financial Institutions

From Financial Institutions/ Banks

(a) UTI	38,989,414	38,989,414
(Repayable within one year Rs. 38,989,414 (previous year Rs. 194,94707))		
Interest Accrued and Due Thereon	5,441,453	3,318,000
(Refer Note B4(b) of Schedule 15)		
(a) IFCI	2,161,775	2,161,775
Interest Accrued and Due Thereon **	892,957	756,000
(Repayable within one year Rs. 648,000 (previous year Rs.2,16,000))		
(Refer Note B4(a) of Schedule 15)		

Term Loans from financial institutions are secured by way of joint mortgage by deposit of the title deeds in respect of all the immovable properties of the Company both present and future, and a subservient charge by way of hypothecation of all movable assets (save and except book debts) both present and future subject to prior charges created in favour of the Company's bankers for financing the working capital requirements. The amounts taken on account of foreign currency loan are repayable in Indian Rupees. The mortgage and charges created in favour of the financial institutions and banks for the Rupee term loans shall rank paripassu with the mortgage and charges created in favour of the financial institutions for the Foreign Currency loans.

(3) Other Loans from Banks

Funded Interest Term Loan (FITL)

Interest Accrued and Due Thereon

	11,611,718	6,350,718
	623,277	

To be secured by way of joint mortgage by deposit of the title deeds in respect of all the immovable properties of the company both present and future, subservient charge by way of hypothecation of all movable properties (save and expect book debts) both present and future subject to prior charges created in favor of company's bankers for financing the working capital requirements.

(a) Working Capital Loan

Interest Accrued and Due Thereon

	65,439,717	80,891,297
	315,000	2,481,872

Secured by joint hypothecation of entire present and future stocks of raw materials, finished and semi-finished goods, stores and process chemicals, outstanding monies receivable, book debts, etc. in favour of a consortium of banks on a paripassu basis and a subservient charge on the Company's immovable properties both present and future subject to prior charges created in favour of Term Lenders for their term loans and Debenture holders of Secured Non Convertible Debentures.

	418,762,263	402,326,994
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* Includes Rs. 32,107,810 (previous year Rs. 32,107,810) to be converted into equity

** Includes Rs.757,850 (previous year Rs. 757,850) to be converted into equity



UNIMERS INDIA LIMITED

SCHEDULE 3

31.3.2007
Rupees

31.3.2006
Rupees

UNSECURED LOANS

Long Term Loans and Advances

Intercorporate deposits	53,427,962	114,855,932
18% Unsecured Redeemable Non Convertible Debentures of Rs.100 each (under CDR repayable after repayment of all institutions loans)	10,000,000	10,000,000
Peerless General Finance and Investment Company Limited.	7,500,000	7,500,000

Short Term Loans

From others	500,000	8,145,478
from body corporate	549,736	326,986
Interest accrued and due	2,271,949	1,667,266
	<u>74,249,647</u>	<u>142,495,662</u>

SCHEDULE 4

SCHEDULE OF FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT BOOK VALUE)				DEPRECIATION AND AMORTISATION				NET BLOCK	
	COST AS ON 01.04.2006	ADDITIONS	DEDUCTIONS	COST AS ON 31.3.2007	AS ON 31.3.2007	CHARGE FOR THE YEAR	WRITTEN BACK ON DEDUCTION	AS ON 31.3.2007	AS ON 31.3.2007	AS ON 31.3.2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
LEASE HOLD LAND	331,791,737	-	-	331,791,737	3,370,820	237,973	-	3,608,793	328,182,944	328,420,917
BUILDING	79,519,749	-	-	79,519,749	24,573,335	2,056,336	-	26,629,671	52,890,078	54,946,414
PLANT & MACHINERY	868,466,287	120,710	-	868,586,997	570,393,898	45,436,133	-	615,830,031	252,756,966	298,072,389
MACHINERY SPARES	5,021,987	-	-	5,021,987	5,021,987	-	-	5,021,987	-	-
FURNITURE & FIXTURES AND OFFICE EQUIPMENTS	9,951,961	26,569	-	9,978,530	6,563,859	521,912	-	7,085,771	2,892,759	3,388,102
VEHICLES	7,629,623	432,886	-	8,062,509	5,453,272	344,405	-	5,797,677	2,264,833	2,176,351
TOTAL	1,302,381,344	580,165	-	1,302,961,509	615,377,171	48,596,759	-	663,973,926	638,987,580	687,004,173
PREVIOUS YEAR	1,299,877,175	2,504,169	-	1,302,381,344	566,890,892	48,486,277	-	615,377,171	687,004,173	-
Capital Work in progress (Incl. advances on capital account)									25,792,221	
GRAND TOTAL									664,779,801	687,004,173

SCHEDULE 5

31.3.2007
Rupees

31.3.2006
Rupees

INVENTORIES (As valued, verified and certified by Management)

At cost or net realisable value whichever is lower

Stores (including in transit)	22,194,913	22,891,478
Packing Materials	565,393	579,844
Raw materials (including in transit)	41,266,795	30,726,235
Finished goods	102,268	25,944,572
	<u>64,129,369</u>	<u>80,142,129</u>

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SCHEDULE 6	31.3.2007 Rupees	31.3.2006 Rupees
DEBTORS		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months :		
Considered good	-	7,036,148
Considered doubtful	12,134,932	12,134,932
	<u>12,134,932</u>	<u>19,171,080</u>
Other debts considered good	9,789,620	40,579,177
	<u>21,924,552</u>	<u>59,750,257</u>
Less : Provision for doubtful debts	12,134,932	12,134,932
	<u>9,789,620</u>	<u>47,615,325</u>

SCHEDULE 7	31.3.2007 Rupees	31.3.2006 Rupees
CASH AND BANK BALANCES		
Cash on hand and cheque on hand	79,072	97,111
Balances with scheduled banks		
on Current Account	7,365,003	6,504,272
on Warrant Account	3,096,320	3,116,646
on Term deposits-margin money	4,010,554	5,892,489
on Warrant account deposits	3,147,000	3,147,000
	<u>17,697,949</u>	<u>18,757,518</u>

SCHEDULE 8	31.3.2007 Rupees	31.3.2006 Rupees
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	34,662,145	33,025,987
Considered Doubtful	8,848,966	5,639,731
	<u>43,511,111</u>	<u>38,665,718</u>
Less : Provision for Doubtful Advances	8,848,966	5,639,731
	<u>34,662,145</u>	<u>33,025,987</u>
Deposit with public bodies and others (net of provisions)	9,539,119	7,565,083
Advance taxes paid (net of provisions)	368,579	499,063
	<u>44,569,843</u>	<u>41,090,133</u>

SCHEDULE 9	31.3.2007 Rupees	31.3.2006 Rupees
LIABILITIES		
Sundry creditors (Refer Note B13(a) of Schedule 15)	109,693,580	81,895,402
Advances from customers	830,190	1,477,550
Other Liabilities	30,392,942	40,178,489
Investor' Education & Protection Fund shall be credited by		
- Public issue refund	7,520,885	7,520,885
(Refer Note B 15 of Schedule 15)		
Interest accrued but not due on Secured Loan	26,516,998	39,711,745
	<u>174,954,595</u>	<u>170,784,071</u>



UNIMERS INDIA LIMITED

SCHEDULE 10	31.3.2007	31.3.2006
	Rupees	Rupees
PROVISIONS		
Wealth tax	7,806	6,764
Superannuation	1,368,785	1,032,522
Gratuity	4,635,025	4,204,872
Leave Encashment	1,651,468	1,918,801
	<u>7,663,084</u>	<u>7,162,959</u>
SCHEDULE 11	31.3.2007	31.3.2006
	Rupees	Rupees
OTHER INCOME		
Interest on deposits(Tax deducted at source Rs.94,517 [Previous year Rs.39,449])	887,139	774,072
Insurance claim	26,737	6,264,327
Scrap sales	407,908	168,054
Export incentive	456,977	1,526,905
Provision no longer required written back	526,544	2,789,076
Miscellaneous income	14,311	168,740
Insurance claim received on goods lost in fire (refer to note no.B (2) of Schedule 15)	44,920,551	-
	<u>47,240,167</u>	<u>11,691,174</u>
SCHEDULE 12	31.3.2007	31.3.2006
	Rupees	Rupees
OTHER EXPENSES		
Salaries, Wages & Bonus	25,166,291	24,482,263
Contribution to Provident and Other Funds	2,910,725	2,993,188
Staff Welfare Expenses	3,079,189	2,820,940
Power & Fuel	97,019,299	95,095,562
Water charges	2,517,437	2,878,262
Consumable Stores and Auxilliary Chemicals	11,443,808	10,674,918
Labour Charges	2,296,736	2,256,400
Rates and Taxes	2,394,486	1,431,071
Repairs and Maintenance		
- Plant and Machinery	5,455,314	4,012,783
- Building	2,850	586,168
- Others	611,122	531,658
Excise Duty on stocks	(3,470,671)	1,808,828
Rent	179,050	187,750
Insurance	2,875,455	3,510,863
Selling & Distribution Expenses	5,830,342	5,295,069
Cash Discount	5,539,127	7,799,423
Commission on Sales	7,570,061	8,482,592
Auditors' Remuneration (Refer Note B17 of Schedule 15)	835,310	861,813
Managerial Remuneration	1,107,839	-
Directors Fees	127,500	65,000
Restructuring Expenses	500,905	1,048,450
Provision for Bad and Doubtful Debts	-	31,251
Miscellaneous Expenses	15,171,933	13,693,840
	<u>189,164,108</u>	<u>190,548,092</u>

SCHEDULE 13	31.3.2007	31.3.2006
	Rupees	Rupees
(INCREASE) / DECREASE IN STOCK		
OPENING STOCK		
Finished Goods (Manufactured)	25,944,573	16,230,363
CLOSING STOCK		
Finished Goods (Manufactured)	102,268	25,944,573
(INCREASE)/DECREASE	<u>25,842,305</u>	<u>(9,714,210)</u>

SCHEDULE 14	31.3.2007	31.3.2006
	Rupees	Rupees
INTEREST AND OTHER FINANCE CHARGES		
- On Debentures	7,641,072	7,641,538
- on Zero Coupon Non Convertible Debentures	11,728,070	12,080,478
- On other Fixed Term loans	3,305,497	3,501,456
- On other loan	631,577	638,157
- On Cash Credit & Others	10,574,564	14,131,533
- Finance Charges	6,505,818	3,309,175
	<u>40,386,598</u>	<u>41,302,337</u>

SCHEDULE 15

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007.

(A). ACCOUNTING POLICIES

1. ACCOUNTING METHODOLOGY

The accounts have been prepared on historical cost basis of accounting, on an accrual basis and comply with the Accounting Standards referred in section 211 (3C) of the Companies Act, 1956, to the extent applicable. All expenses and income to the extent considered payable and receivable with reasonable certainty are accounted for on accrual basis. Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

2. USE OF ESTIMATES

The presentation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities, and the disclosures of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

3. REVENUE RECOGNITION

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the Customers. Sales are net of sales return and trade discounts.

4. FIXED ASSETS

a) Fixed Assets are carried at cost/book value and include amount added on revaluation. Depreciation is provided on revalued cost of assets (excluding land) on Straight Line Method, at rates prescribed under Schedule XIV of the Companies Act, 1956. Cost of leasehold land/land development is being amortised over the period of the lease. In respect of additions to fixed assets, depreciation is being calculated on pro-rata basis from the month of such addition.

b) Depreciation on Assets is provided as per Straight Line Method .

c) Financial Leases - Assets under hire purchase are capitalised and depreciated as per estimated useful life of the asset.

5. IMPAIRMENT OF ASSETS

In accordance with AS 28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, where the impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whether the carrying amount of such assets exceeds its recoverable amount impairment loss is recognized in the profit and loss account.

6. INVENTORIES

Inventories are valued at lower of cost and estimated net realisable value. Valuation of finished goods represents direct cost



and an appropriate portion of factory overheads which are incurred in bringing them to their present location and conditions and includes Central Excise Duty payable. Weighted Average method is used for determination of cost.

7. TAXATION

- a) Income tax expense comprise current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year)
- b) The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.
- c) Deferred tax is recognised, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset including asset arising from unabsorbed depreciation and losses carried forward, is not recognised unless there is virtual certainty that sufficient future taxable income will be available against which deferred tax can be realised.

8. PROVISION OF RETIREMENT BENEFITS

- a) Liabilities in respect of retirement benefits to the present employees are provided for by the contributions to the Provident Fund and Superannuation Fund.
- b) Liability for gratuity and Leave Encashment are actuarially determined at balance sheet date and provided for.

9. FOREIGN CURRENCY TRANSLATIONS

All foreign currency liabilities and receivables are restated at the forward exchange rates (wherever applicable) and at the exchange rates prevailing as on the date of Balance Sheet and exchange differences arising thereon and also which arose during the period are charged to the Profit and Loss Account. (except those relating to acquisition of fixed assets which are adjusted to cost of asset)

10. BORROWING COSTS

Borrowing costs attributable to acquisition and construction of qualifying asset are capitalized as a part of the date when such asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit and Loss Account.

11. PROVISIONS AND CONTINGENT LIABILITIES

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the likelihood of outflow resources is remote, no provision or disclosure is made.

(B) NOTES TO THE ACCOUNTS

1. Although the accumulated losses as at the year end amounted to Rs.625, 157,627 (Previous Year Rs.486, 227,057) as against paid up share capital of Rs 638,066,650, these financial statements have been prepared by the Management on a "going concern" basis taking into account the financial support of promoters/shareholders, the long term restructuring package agreed and finalized with financial institutions and banks and also one time settlement provided by UTI.
2. There was a fire on October 24, 2006 in the finishing area of the plant resulting in destruction of stocks and fixed assets and consequently complete stoppage of production activity. The Insurance Company has settled the claim for Rs.4,62,35,369 in respect of loss of inventory for Rs. 4,83,34,240. The balance amount of Rs. 20, 98,871 has been shown under the head exceptional items in the financials. In respect of claim for destruction of fixed assets, (the same as of March 31, 2007 were under installation, cost incurred upto March 31, 2007 is disclosed under the head Capital Work In Progress and Advances) the Company has received an adhoc payment of Rs. 3, 00,00,000 against the claim from the insurance Company and the same is disclosed under the head Other Liabilities. The management is confident of recovering most of the replacement cost of machinery on settlement of the claim. However, loss if any, which may not be material, shall be accounted for on finalization of claim by insurers. The restoration of damaged fixed assets has been completed and plant re-started.
3. In view of accumulated losses, no transfer has been made to the Debenture Redemption Reserve in respect of secured and unsecured Non Convertible Debentures.
4. (a) The Corporate Debt Re-structuring cell (CDR) of Financial institutions and Banks has sanctioned a comprehensive restructuring package of company's debts and liabilities which, inter alia, among others provide for reduction of rate of interest on secured and unsecured loans, waiver of a part of overdue interest, reschedulement of repayment of loans, reduction in equity capital (existing by 70 %), conversion of certain debts/outstandings into equity/funded interest term loan, induction of fresh capital by promoters etc. SASF (ZCNCD'S owed to IDBI have been assigned to 'SASF', a trust constituted by Government of India under the trust deed dated September 24, 2004), IFCI, ICICI, LIC, State Bank of India, State Bank of Travancore, State Bank of Bikaner & Jaipur and Bank of India have also given sanctions in line with the re structuring package sanctioned by CDR. The Company has received approval from the High Court and filed the same with the Registrar of Companies in respect of reduction of Equity Capital as referred above subsequent to year end. The impact for the same

shall be given in the year 2007-2008.

- (b) ASREC (India) Ltd. (agency appointed by UTI for recovery of its dues) has sanctioned settlement proposal in respect of dues payable by company to UTI including waiver of over due interest. Pending approval of the same by CDR, effect of the same has not been given in these accounts. In view of the fire incident on October 24, 2006, the company has requested ASREC (India) Ltd., for further time for repayment of amount payable under the above settlement.
- (c) Out of total unsecured loan (including debentures) amounting to Rs.1248.56 lakhs from promoters, an amount equivalent to 50 % thereof shall be converted into equity after reduction of existing capital by 70 % in line with CDR approval. Interest on these loans/debentures for the period up to March 31, 2005 is waived and no further interest shall be charged on these loans and the same has been disclosed under the head Advance Share Capital account.
- (d) Public Debentures of Rs.997 lakhs (outstanding as on March 31, 2007 Rs 928.92 lakhs) (Previous year Rs. 929.05 lacs) issued in 1992 were rescheduled in the debenture holders meeting held on August 1, 2001 for redemption in three installments in August 2003, August 2004 and August 2005. ICICI, as debenture trustee, has filed a civil suit in Bombay High court demanding payment of the entire principal amount along with interest and liquidated damages aggregating to Rs 1335 lacs. The court has passed an order for Ad Interim relief restraining the Company from disposing of immovable and movable properties of the Company but has excluded the Banker's goods (current assets) from the injunction thereby enabling normal operations. The matter is pending in the Bombay High Court. The Company has obtained a legal opinion that the deferred redemption schedule is a reschedulement and not a rollover. These debentures were further rescheduled in the debenture holders meeting held on August 4, 2003 for redemption in three installments on August 9, 2005, August 9, 2006 and August 9, 2007 and the interest payable is 13% p.a., half yearly basis. These debentures have since been restructured by CDR whereby these are repayable in five annual equal instalments beginning March 31, 2008, interest rate has been reduced to 8.25% w e f April 1, 2005 (in line with other loans) and interest unpaid up to March 31, 2005 and for the year 2005-06 (without compounding) to be paid in three equal installments in March 2007, March 2008 and March 2009. In their meeting held on June 15, 2006, Debentureholders have passed special resolution approving the re-structuring of these debentures in line with CDR package.
- (e) Lenders shall have the right to revoke the package in case of non-fulfillment of commitments by the company/ promoters. Besides in the event of default, the lenders shall have the right to convert entire / part of loans outstanding into equity
- (f). The effect of restructuring package to the extent revision in outstanding principal, interest rates, waiver of over dues, compound interest, liquidated damages etc. have been given in these accounts. Details of balances are as follows;

Particulars	Balance as on March 31, 2007 (Rs.)	Repayable within one year (Rs.)	Part of restructured amount to be converted into equity at par after reduction of existing equity capital by 70 % as per CDR approval (Rs)	Amt. due but unpaid
ZCNCD'S				
- SASF	59,303,876	22,809,180	-	10,644,284
- IFCI	49,409,782	19,003,762	-	8,868,422
- ICICI	21,471,430	7,515,004	-	3,220,716
- LIC	8,779,192	3,376,620	-	1,575,756
Total	138964280	52,704,566	-	24,309,178
Interest on ZCNCD's	40,632,501	--	32,137,810	8,524,691
Term Loans				
- IFCI	2,161,775	648,000	-	216,000
- UTI-ASREC LTD	38,989,414	38,989,414	-	38,989,414
FITL(Banks)				
SBI	3,600,000	-	-	-
SBOT	6,350,778	-	-	-
SBB&J	1,661,000	-	-	-
Total	11,611,778	-	-	-
Interest on Term Loans				
IFCI	892,957	-	757,850	135,107
UTI - ASREC LTD.	5,441,453	-	-	5,441,453
Peerless General Finance and investment Company Ltd.	7,500,000	3,000,000	-	1,500,000
Total	246,194,158	95,341,980	32,895,660	79,115,843



UNIMERS INDIA LIMITED

- (g) The Company has obtained unsecured loans of Rs. 7,500,000 (Previous year Rs.7,500,000) from M/s. Peerless General Finance and Investment Company Limited for which the security (by mortgage of assets) is provided by M/s. Duncan Industries Limited. As per CDR package, the repayment of loan is rescheduled and to be paid in five annual installments of Rs. 1,500,000 each starting from March 2007.
- (h) Consequent to fire of October 24, 2007 the reworking of above referred CDR package has been approved in principle by CDR core group in their meeting held on April 16, 2007. A revised proposal is being formulated and considered by the CDR empowered group.
- 5 Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. Nil (Previous year Rs Nil).
6. The Company revalued its Land, Building and certain Plant and Machinery as on April 1, 1996 based on the valuation made by an independent firm of Consulting Engineers, Surveyors and Government Approved Valuers using standard indices. Accordingly, the original cost of the above assets as on April 1, 1996 was restated at estimated market value arrived after adjusting the depreciation on the estimated replacement cost.
7. Contingent Liabilities not provided for in respect of

	Year ended March 31, 2007 Rupees	Year ended March 31, 2006 Rupees
a) Bills Discounted (since realized Rs.Nil; Previous year Rs.4,303,654)	NIL	203,09,880
b) Outstanding Guarantees given by banks	NIL	710,000
c) Claims against the company relating to Income Tax, Sales Tax, Excise Duty, suppliers, Local Authority etc. not acknowledged as debts.	51,914,613	46,730,027
d) Other matter.	125,000	125,000
e) Union agreement between management and workers has already expired on 31.3.2005. The same is under negotiation and amount payable, if any, under the new agreement is not yet finalized and, therefore, not ascertainable.		
f) Arrears of Fixed Preference Dividend.	2,160,000	1,620,000
8 (a) Duncan Industries Limited has given corporate guarantees favoring consortium banks for Rs.154,100,000 (Previous year Rs.154,100,000) for Company's working capital facilities and amount due to the banks is Rs.77,051,435 (Previous year Rs. 87,242,015) including FITL Rs.11,611,7180 (Previous year Rs.6,350,718) Letters of Credit and Bank Guarantees Rs. NIL (Previous year Rs. 710,000).		
(b) All the secured loans (including interest accrued and due) except Public Debentures have been/are being personally guaranteed by a director of the Company.		
9 (a) In the opinion of Board, Current Assets, Loans and advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated.		
(b) The accounts of certain Sundry Debtors, Sundry Creditors, Advances and Lenders are subject to confirmation/reconciliations and adjustments, if any. The Management does not expect any material difference affecting the current year's financial statements.		
(c) Overdue advance of Rs. NIL (Previous year 3,678,729) given to certain companies against supply of raw materials/making payments for rendering services by other parties in earlier years. The aforesaid amount is fully recoverable in view of continuous follow up in the matters and hope for favourable settlement in due course.		
10 a) Deferred Tax Asset / Liability		
During the current financial year, the Company has accounted for deferred tax in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. The Management is of the opinion that there will be sufficient future income against which the deferred tax assets will be fully realized. In consideration of Prudence, Deferred Tax Asset as on March 31, 2007 is being recognized only to the extent of deferred tax liability of Rs. 17,515,679.		

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The above referred Deferred tax are as follows:

	March 31, 2007 Rs.	March 31, 2006 Rs.
Deferred Tax Asset		
Unabsorbed Depreciation and Business loss	17,515,679	20,610,499
Deferred Tax Liability		
Difference between Tax and W.D.V of fixed assets	17,515,679	20,610,499
Net	Nil	Nil

b) No current tax provision has been made in the accounts in absence of taxable profits.

11 Disclosures as required by Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India:

a) Finance Lease where company is a lessee

The Company has entered into lease arrangement for vehicles with banks. The lease arrangements are non-cancellable finance leases. The future commitments under this arrangement are as follows:-

	March 31, 2007 Rs.	March 31, 2006 Rs.
Minimum lease payments		
Due within one year	151,260	Nil
Due later than one year and not later than 5 years	252,100	Nil
Later than 5 years	Nil	Nil
Total	403,360	Nil
Present value of minimum lease payments	Rs.	Rs.
Due within one year	18,416	Nil
Due later than one year and not later than 5 years	5,042	Nil
Later than 5 years	Nil	Nil
Total	23,458	Nil

b) Operating Lease where the Company is a lessee:

(i) The Company has taken various residential / commercial premises under cancellable Operating Leases. The Lease Agreements are usually renewable by mutual consent on mutually agreeable terms.

(ii) The rental expense in respect of Operating Leases is charged as Rent under Schedule '12'.

12. Related parties Disclosures: (as identified and certified by the management)

(1) Parties where control exists

Shubh Shanti Services Limited - 35.54%

(2) Other parties with whom the Company has entered into transactions during the Year

(i) Other related parties

Fellow Subsidiaries NIL

(ii) Associate / Group Companies :

a) With whom the Company had transactions:

Oxides & Specialities Ltd, Duncans industries Ltd., NRC Ltd, Shubh Shanti Services Ltd., Maharashtra Polybutenes Ltd., Star Paper Mills Ltd

b) Others - with whom Company had no transactions :

Albert Trading Co. Pvt. Ltd., Andhra Cements Ltd., Bargate Communications Pvt. Ltd., Boydell Media Pvt. Ltd., Continuous Forms (Calcutta) Ltd., Dail Consultants Ltd., Duncans Agro Chemicals Ltd., Duncans Biotech Ltd., Duncans Industries Ltd., Duncans Tea House Pvt. Ltd., Duncans Tea Ltd., Gujarat Carbon And Industries Ltd., Infratech Software Services Ltd.,



UNIMERS INDIA LIMITED

ISG Traders Ltd., Julex Commercial Co. Ltd., Kavita Marketing Pvt. Ltd., Leyden Leasing & Financial Services Ltd., Marlybone Travels & Resorts Pvt. Ltd., Napier Softech Pvt. Ltd., NRC Ltd., Octave Technologies Pvt. Ltd., Odyssey Travels Ltd., Orchard Holdings Pvt. Ltd., Pailmall Edusystems & Medicare Services Pvt. Ltd., Pentonville Software Ltd., Santipara Tea Company Ltd., Sewand Investments Pvt. Ltd., Shubh Shanti Services Ltd., Silent Valley Investments Ltd., Skylark Rubber Products Ltd., Skylight Trading Company Ltd., Sprint Trading Company Ltd., Star Paper Mills Ltd., Stone India Ltd.,

(iii) Key Management Personnel

Managing Director : Mr. L. K. Guglani

Notes: i) Figures in the brackets relates to previous year.

ii) No amounts in respect of related parties have been written off/written back/provided for during the year.

(iv) Transaction with related parties :

(Amount in Rs.)

Perticulars	Oxides & Specialities Ltd	Duncan Industries Ltd	Shubh Shanti Services Ltd/ Agargayana tradco pvt Ltd	NRC Ltd	Others	Key managerial personnel	Total
Outstanding Receivables	(2,811,530)	(-)	(-)	7,609 (7,609)	88,665 (97,665)	-	96,274 (2,916,804)
Outstanding payable	(-)	1,054,721 (104,331,426)	103,466,682 (21,938,989)	- (-)	1,047,174 (-)	-	105,568,577 (126,270,415)
Finance Received	(-)	(-)	(-)	(-)	4,230,200 (-)	-	4,230,200 -
Share Application money received	(-)	(-)	-	50,000,000 (-)	- (-)	-	50,000,000 -
Guarantees by Associates Companies	(-)	154,100,000 (154,100,000)	(-) (-)	- (-)	- (-)	-	154,100,00 (154,100,000)
Rendering of Services	(341,272)	(-)	(-)	(551)	(-)	-	(341,823)
Receiving of Services	(-)	32,773 (-)	222,750 (16,250)	9,000 (9,000)	- (15,000)	-	264,523 (40,250)
Managerial remuneration	-	-	-	-	-	1,107,839	1,107,839

13. Managing Director's remuneration:

Amount as on
March 31, 2007
Rupees

Amount as on
March 31, 2006
Rupees

Salaries & allowances

1,041,258

-

Contribution to Provident fund

66,581

-

The above figure does not include provision for leave encashment and gratuity as separate actuarial valuations are not available for the Managing Director.

14. (a) Name of Small Scale Industries (SSI) to whom Company owes a sum for more than 30 days. (Interest, if any is not being considered)

Partys' name	Amount as on March 31, 2007 Rupees	Amount as on March 31, 2006 Rupees
Elson Packaging Ind Pvt Ltd.	1,248,102	440,895
Vasu chemicals	354,334	155,008
Aristo Plast	Nil	262,132
Rachit Packers	222,543	160,329
	<u>1,824,979</u>	<u>1,018,364</u>
Outstanding dues of small scale industrial undertakings for less than 30 days	--	997,457
Total amount outstanding to other SSI	1,824,979	2,015,821

(b) Outstanding dues of creditors other than SSI 93,640,440 79,879,581

(c) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

15 Amount outstanding to be credited to Investor Education Protection Fund is Rs 7,520,885. Further based on a legal opinion obtained by the Company, interest on debentures, outstanding for more than 7 years, aggregating to Rs. 6,956,113 (previous year Rs. 4,196,698) has not been included in the aforesaid amount as the Debenture Holders have rescheduled the payment of the above-mentioned amount vide resolutions passed in Debenture Holders General Meetings dated August 4, 2003 and June 15, 2006..

16. Earning Per Share

	Year Ended March 31, 2007	Year Ended March 31, 2006
Profit/(Loss) after taxation (Rs.)	(138,930,570)	37,669,006
Weighted average number of shares		
Outstanding during the year	53,006,665	53,006,665
Basic earning per share in Rs.	(2.62)	0.71
Nominal value of shares Rs 10 each		

In view of the losses, the effect of the potential equity shares which are anti-dilutive is ignored and hence diluted earnings per share are the same as basic earnings per share.

17: The Company is primarily engaged in one Segment i.e. EPDM rubber.

18. Auditors' Remuneration

	Year ended March 31, 2007 Rupees	Year ended March 31, 2006 Rupees
a. Audit Fees	475,000	475,000
b. Limited review/Other services	350,310	365,000
c. Out of pocket expenses (incl. service tax for Rs.101,661/- previous year Rs. 85,680)	101,661	107,493
	<u>926,971</u>	<u>947,493</u>



UNIMERS INDIA LIMITED

19. (a) Raw Materials and Packing Materials Consumed:

	Quantity MT	Year Ended *	Quantity MT	Year Ended
		March 31, 2007 Rupees		March 31, 2006 Rupees
Ethylene	2200.430	140,681,561	2905.48	146,744,810
Propylene	1525.300	73,290,829	1,888.47	84,355,422
Diene	186.694	24,176,760	237.83	29,601,179
Others		67,101,756		71,169,736
		<u>305,250,906</u>		<u>331,871,147</u>

* The above does not include goods destroyed in fire Rs 3,413,689 of 32.250 MT

(b) Consumption of indigenous and imported Raw Material and Packing Materials

	%	Year Ended	%	Year Ended
		March 31, 2007 Rupees		March 31, 2006 Rupees
Indigenous	82.06	249,877,295	80.00	265,509,672
Imported	17.94	55,373,611	20.00	66,361,475
	<u>100.00</u>	<u>305,250,906</u>	<u>100.00</u>	<u>331,871,147</u>

(c) Consumption of indigenous and imported stores:

	%	Year Ended	%	Year Ended
		March 31, 2007 Rupees		March 31, 2006 Rupees
Indigenous	89.93	8,299,233	81.34	8,683,168
Imported	10.07	9,29,340	18.66	1,991,750
	<u>100.00</u>	<u>9,228,573</u>	<u>100.00</u>	<u>10,674,918</u>

(d) Quantitative information with respect to traded items

	Quantity MT	Year Ended	Quantity MT	Year Ended
		March 31, 2007 Rupees		March 31, 2006 Rupees
Opening Stock	-	-	1.92	1,74,826
Purchases -	-	-	-	-
Sale	-	-	-	-
Transfers/Samples	-	-	1.92	-
Closing Stock	-	-	-	-

(e) Capacities and Production:

	Capacities (per annum)			
	Licensed		Production Installed	
	As At	As At	As At	As At
	March 31, 2007 MT	March 31, 2006 MT	March 31, 2007 MT	March 31, 2006 MT
EPM/EPDM Rubber	10,000	10,000	3656.669	4914.113
	(10,000)	(10,000)		

Note: Installed capacity is as certified by the management and accepted by auditors, being a technical matter.

(f) Quantitative information with respect to manufactured finished goods

Particulars	Quantity MT	Year Ended	Quantity MT	Year Ended
		March 31, 2007 Rupees		March 31, 2006 Rupees
Opening Stock: EPM/EPDM Rubber	177.0578	22,363,508	114.130	13,930,023
Sales: EPM/EPDM Rubber (less material return)	3623.750	428,052,001	4815.219	543,910,823
Consumed for conversion EPM/EPDM Rubber-Lost in fire	13.938 195.339	Nil	35.966	Nil
Closing Stock EPM/EPDM/Rubber	0.700	102,268	177.058	22,363,508

Particulars	Quantity MT	Year Ended	Quantity MT	Year Ended
		March 31, 2007 Rupees		March 31, 2006 Rupees
Opening Stock: IMPACT MODIFIERS	5.726	6,38,289	0.025	2,455
Processed during the year: IMPACT MODIFIERS	22.134	Nil	38.378	Nil
Sales: IMPACT MODIFIERS Loss on Fire	17.405 10.455	2,797,250	32.677	3,184,423
Closing Stock: IMPACT MODIFIERS	-	-	5.726	6,38,289

20. CIF Value of Imports	Year ended	Year ended
	March 31, 2007 Rupees	March 31, 2006 Rupees
Raw Material	43,997,378	65,236,286
Components & Spare Parts	6,571,135	1,856,246

21. Expenditure in foreign currency	Year ended	Year ended
	March 31, 2007 Rupees	March 31, 2006 Rupees
Foreign Travel	86,465	70,740
Others	236,46	590,682

22. Earnings in foreign currency	Year ended	Year ended
	March 31, 2007 Rupees	March 31, 2006 Rupees
Export Sales	58,342,665	67,012,670

23. Figures of the previous year have been regrouped / re-arranged wherever necessary to conform to current year's presentation.



UNIMERS INDIA LIMITED

FOR THE YEAR ENDED 31ST MARCH, 2007

(C) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue
Rights Issue
Bonus Issue
Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities
Total Assets
Sources of Funds
Paid-up Capital
Reserves and Surplus
Secured Loans
Unsecured Loans
Application of Funds
Net Fixed Assets
Investments
Net Current Assets
Miscellaneous Expenditure
Accumulated Losses

IV. Performance of Company (Amount in Rs.Thousands)

Turnover
Total Expenditure
+ - Profit Before Tax + -
Profit After Tax
(Please tick appropriate box + for Profit - for Loss)

Loss per Share in Rs.
Dividend Rate

V. Generic Names of Three Principal Products/Services of Company(as per monetary terms)

Product Description

Product Code No.

Signatures to Schedules 1 to 15

For LODHA & CO
Chartered Accountants

R. P. BARADIYA
Partner
Membership No.: 44101

Place : Mumbai
Dated : June 28, 2007

On behalf of the Board

G. P. GOENKA
Chairman

L. K. GUGLANI
Managing Director

M. K. MEHTA
Company Secretary

R. S. AGARWAL
Chairman-Audit Committee

V. B. Dalal
M. K. Mittal

Directors



UNIMERS INDIA LIMITED

Regd. Office : 2/2, TTC Indl. Area, (D Block), MIDC, Thane-Belapur Road,
Turbhe, Navi Mumbai - 400 705

L. F. No.	
No. of Share Held	

ATTENDANCE SLIP

I / We hereby record my / our presence at the 19th Annual General Meeting of the Company to be held on Friday, September 7, 2007 at 11.00 a.m. at Rotary Club of Navi Mumbai, Rotary Centre, Next to Sacred Heart Convent School, Sector-6, Vashi, Navi Mumbai - 400 703.

NAME OF THE SHARE HOLDER (IN BLOCK LETTERS)
SIGNATURE OF THE HOLDER
NAME OF THE PROXY (IN BLOCK LETTERS)
SIGNATURE OF THE PROXY

NOTE

- You are requested to sign and hand over this slip at the entrance.
- If you intend to appoint a proxy to attend the meeting instead of your self, the proxy form must be deposited at the Registered Office of the Company at 2/2, TTC Indl. Area, (D Block), MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705 not less than 48 hours before the time for holding the Meeting.

----- TEAR HERE -----



UNIMERS INDIA LIMITED

Regd. Office : 2/2, TTC Indl. Area, (D Block), MIDC, Thane-Belapur Road,
Turbhe, Navi Mumbai - 400 705

L. F. No.	
No. of Share Held	

FORM OF PROXY

I/We _____ of _____ in the district of _____ being a Share Holder / Share Holders of the above named Company hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Meeting of the Share Holders of the Company to be held on Friday, September 7, 2007 at 11.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2007

**Affix Re.1
Revenue
Stamp**

NOTE :

- The Proxy forms must be deposited at the Registered Office of the Company at 2/2, TTC Industrial Area (D Block), MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai 400 705 not less than 48 hours before the time for holding the meeting.
- Proxy need not be a member of the Company.

TEAR HERE

BOOK-POST

TO,

If not delivered please return to :

UNIMERS INDIA LIMITED

2/2, TTC Industrial Area, (D. Block),
Thane - Belapur Road, Turbhe,
Navi Mumbai - 400 705.