

ANNUAL REPORT

1998 – 99



U. P. Asbestos Ltd.

U. P. ASBESTOS LIMITED

DIRECTORS

Shri Ramesh Chandra, *Chairman*
Shri Dharam Mohan
Shri N. M. Majmudar IAS (Retd.)
Shri Ashwani Kumar Gupta
Shri P. K. Sethi (Nominee IDBI)
Shri Amitabh Tayal, *Managing Director*
Shri Harbhajan Singh, *Executive Director*

BANKERS

State Bank of India
State Bank of Bikaner & Jaipur

AUDITORS

M/s Jain Kapoor & Co.
Chartered Accountants

REGISTERED OFFICE & WORKS

Mohanlalganj-227 305
Distt. Lucknow, U.P.

ADMINISTRATIVE OFFICE

Mahmoodabad Estate Bldg.,
15 Hazratganj,
Lucknow-226 001.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 25th Annual Report together with the audited accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	1998-99 (Rs. in Lakhs)		1997-98 (Rs. in Lakhs)
Gross Profit	344.31		267.70
Deduction :			
Depreciation	101.61		89.05
Profit Before Tax	242.70		178.65
Less : (i) Expenses relating to previous year	1.65	—	
(ii) Provision for Taxation	26.00	20.00	
(iii) Provision of Income Tax written back of earlier year (—) 23.34		—	
	4.31		20.00
	238.39		158.65
Add : Balance brought forward	356.93		224.47
Profit available for appropriation	595.32		383.12
Less : (i) Transfer to General Reserve	10.00	10.00	
(ii) Provision for Dividend	17.84	14.72	
(iii) Provision for Income Tax on Dividend	1.78	1.47	
	29.62		26.19
Balance carried to Balance Sheet	565.70		356.93

DIVIDEND

In spite of substantial Capital Expenses envisaged in the expansion of 3rd AC Sheets Unit and desirability to conserve cash resources your Directors propose a tax free dividend of Rs. 0.70 per share which is the same as in the previous year.

PERFORMANCE

A. C. SHEET UNIT

The A. C. Sheet Unit reported another year of satisfactory performance as a result of which the overall profitability of the Company improved over the previous year despite sluggish performance of the cement business of the Company. Improvement in performance was achieved by continuing the process of improving quality, applying new technology, laying stress on cost reduction and strengthening employees' involvement. Hence in spite of the lower per unit sales realisation, better profitability was attained.

DIRECTORS' REPORT (Contd.)

This year was the first full year of the working of the 2nd AC Sheet Unit. We achieved 94% capacity utilization.

The profit after tax of the Company has increased from Rs. 158.65 Lakhs (last year) to Rs. 238.39 Lakhs in financial year 1998-99.

Barring unforeseen circumstances your Directors are hopeful of satisfactory performance during the current year.

EXPANSION

Your Company is setting up a 3rd AC Sheets Unit with a capacity of 36000 MT per annum. After the addition of this capacity, the total capacity of AC Sheets Units shall become 108000 MT per annum.

CEMENT GRINDING UNIT

The Company's Cement business continues to incur losses and this has affected the overall performance of the Company. Since net sales realisation were below the cost of production, the plant was shut down intermittently for curtailing the losses.

FIXED DEPOSIT

The amount of fixed deposits accepted from the public during the year under review was within prescribed limits. At the end of the financial year, there were no fixed deposits that were overdue or unclaimed.

Y2K COMPLIANCE

All the hardware and software available with the Company are fully Y2K compliant as confirmed by our Hardware Suppliers and Software Consultants respectively.

DIRECTORS

Shri Dharam Mohan and Shri Harbhajan Singh retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS

At the Annual General Meeting, members will be requested to appoint Auditors for the current year and to fix their remuneration. M/s Jain Kapoor & Co., the present auditors of the Company, have, pursuant to Section 224 (1) of the Companies Act, 1956, furnished a certificate regarding their eligibility for reappointment. Members are requested to reappoint them and fix their remuneration.

PERSONNEL

Your Directors place on record their sincere appreciation for the dedication shown by the employees at all levels. The information under Section 217 (2A) of the Companies Act, 1956 is attached to this report.

COMPANIES (DISCLOSURE OF PARTICULARS IN THEIR REPORT OF BOARD OF DIRECTORS) RULES, 1988. Information is given as Annexure A to this report.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to acknowledge the support and co-operation of the financial institutions, banks, customers and business associates.

On behalf of the Board of Directors

Place : Lucknow

Date : 21st July, 1999

Harbhajan Singh

Executive Director

Amitabh Tayal

Managing Director

ANNEXURE TO DIRECTORS' REPORT

Annexure 'A'

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

CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

All electrical machineries and appliances are suitably shut down to avoid unnecessary wastage of energy.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

The Company has always been conscious of the need for reduction of consumption of energy.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

FORM A

Form for disclosure of particulars with respect to conservation of energy (Cement Division) :

(A) Power and Fuel consumption

	1998-99	1997-98
1. Electricity		
(a) Purchased		
Units (Lakhs KWH)	4.11	13.02
Total amount (Rs. in Lakhs)	37.65	61.36
Rate / Unit (Rs.)	9.16	4.71
(b) Own Generation		
(i) Through Diesel Generator		
Units (Lakhs KWH)	0.30	3.63
Units per Ltr. of Diesel Oil	3.28	4.62
Cost / Unit (Rs.)	3.25	5.58
(ii) Through Steam Turbine / Generator	—	—
2. Coal	—	—
3. Furnace Oil / LDHS Qty. (K. Ltrs.)	—	—
Total amount (Rs. in Lakhs)	—	—
Average Rate (Rs. / K. Ltrs.)	—	—
4. Others / Internal generation	—	—
(B) Consumption per unit of production		
Electricity (Unit / MT.)	91.06	55.69
Furnace Oil / LDHS (Ltrs. / MT.)	—	—
Coal	—	—

FORM B

Form for disclosure of particulars with respect to Technology Absorption.

Research and Development (R & D)

1. Specific areas in which R & D is carried out by the Company

(a) Effective utilisation of waste material.

(b) Monitoring and controlling pollution.

2. Benefits derived as a result of the above R & D.

(a) An effective Air Pollution Control Plant has been designed and installed to minimise the escaping of fibre dust particles into the ambient air.

(b) An ETP has been designed to render the effluent comparatively harmless and to recycle the same to a much greater degree than before.

(c) We are recycling wastes by grinding alongwith cement for captive use.

ANNEXURE TO DIRECTORS' REPORT (Contd.)

3.	Future plan of action	Not Applicable
4.	Expenditure on R & D	1998-99 (Rs. in Lakhs)
	(a) Capital	
	(b) Recurring	
	(c) Total	
	(d) Total R & D expenditure as a percentage of total turnover (%)	NIL
5.	Technology absorption, adaptation and innovation :	
	(a) Efforts, in brief, made towards technology absorption, adaptation and innovation.	None
	(b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Not Applicable
	(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) :	
	(i) Technology imported (product)	None
	(ii) Year of import	Not Applicable
	(iii) Has technology been fully absorbed ?	Not Applicable
	(iv) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action.	Not Applicable
C.	FOREIGN EXCHANGE EARNINGS AND OUTGO :	
	(i) Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.	NIL
	(ii) Total foreign exchange used and earned.	Used : Rs. 1120.63 Lakhs Earned : Rs. 10.02 Lakhs

Statement Containing Information as per Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 1999.

S. No.	Name	Designation & Nature of Employment	Gross Remuneration Rs.	Age, Qualification, Experience	Date of Commencement of Employment	Last Employment & Position held
1.	Amitabh Tayal	Managing Director	6,67,032	45 Years, B.Com., 25 Years	01.01.1984	Managing Director Ganga Corpn. Asbestos Pvt. Ltd.
2.	H. B. Singh	Executive Director	4,38,196	56 Years, M.Com., LL.B. Diploma in Tax, 36 Years	21.10.1985	Manager BHP Ltd. 1984-1985

AUDITORS' REPORT

To
The Members
of U.P. ASBESTOS LIMITED

We have audited the attached Balance Sheet of U.P. ASBESTOS LIMITED as on 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report that :—

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4 A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - (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 appears from our examination of the books;
 - (c) the Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;
 - (d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to note no. 24 regarding non-confirmation of balances and its impact, if any, on profit and reserves; and read together with other notes in Schedule 'P', give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) in the case of Balance Sheet of the state of affairs of the Company as on 31st March, 1999; and
 - (ii) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.

for JAIN KAPOOR & CO.
CHARTERED ACCOUNTANTS,

Place : Lucknow
Date : 21st July, 1999

(SANDEEP KUMAR)
Partner

AUDITORS' REPORT (Contd.)

Annexure to Auditors' Report on the Accounts of U.P. ASBESTOS LIMITED
for the year ended 31.03.1999

(Referred to in para 1 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) As informed to us, the fixed assets consisting of furniture and fixtures were physically verified by the management during the year which in our opinion is reasonable. We have been informed that no material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the year.
3. As informed to us, physical verification of finished goods, stores, spare parts and raw materials was conducted by the management at year end, except for materials stated to be with third parties. In our opinion the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancy noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles. As indicated in Note no. 1 (d) in Schedule 'P' the company has changed the method of valuation of closing stock of finished goods to bring it in conformity with AS-2 issued by the Institute of Chartered Accountants of India, resulting in the value of stock-in-hand and profit being lower by Rs. 49.94 Lakhs.
7. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the Companies listed in the Register maintained under Section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
8. The Company has not given / granted any loans, secured or unsecured, to Companies, firms and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
9. Loans and advances in the nature of loans have been given to employees who are generally repaying the principal amounts as stipulated. No interest is being charged on loans and advances to employees.
10. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedure commensurate with the size of the Company and the nature of business with regard to the purchase of stores, raw material including components, plant and machinery, equipment and other assets and for sale of goods.
11. According to the information and explanations given to us, there are no transaction or purchase of goods and materials and sale of goods, materials and services aggregating during the year to Rs. 50,000/- or more in respect of each party in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.