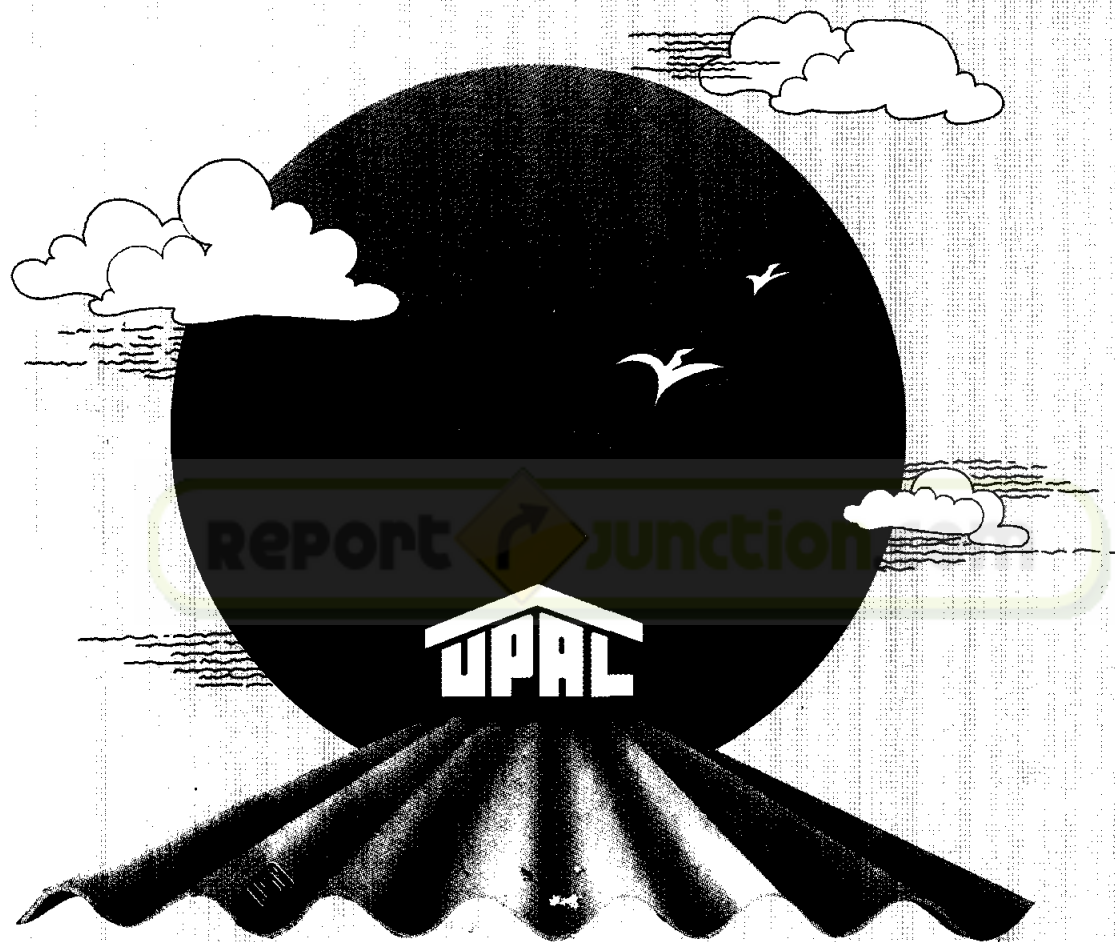


ANNUAL REPORT

2000 - 2001



U.P. Asbestos Ltd.

U. P. ASBESTOS LIMITED

DIRECTORS

Shri Ramesh Chandra, *Chairman*
Shri Dharam Mohan
Shri N. M. Majmudar IAS (Retd.)
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

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

WORKS

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

C-231, MIDC, Butibori
Industrial Area-441108
Nagpur (Maharashtra)

ADMINISTRATIVE OFFICE

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

Report  Junction.com

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 27th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	2000-2001 (Rs. in Lakhs)	1999-2000 (Rs. in Lakhs)
Sales	7083	5167
Depreciation	167	112
Interest	315	258
Operating Profit	532	310
Expenses relating to previous year	3	5
Profit before Tax	529	305
Profit after Tax	447	269
Add : Profit & Loss Accounts		
At the beginning of the year	803	566
Available for appropriation	<u>1250</u>	<u>835</u>
Dividend (including tax thereon)	19	22
Transfer to General Reserve	10	10
Balance retained in Profit & Loss Account	<u>1221</u>	<u>803</u>
Total	<u>1250</u>	<u>835</u>

DIVIDEND

Your directors have proposed a dividend of Rs. 0.70 per share, which is same as in the previous year.

PERFORMANCE

The AC Sheets Division has performed satisfactorily as a result of which the overall profitability of the Company has improved in comparison to last year. Improvement in performance has been achieved by continuing the process of improving quality, laying stress on cost reduction and strengthening employees involvement. The profit after tax of the Company has increased from Rs. 269.21 Lacs (last year) to Rs. 447 Lacs in financial year 2000-01. However, the Company is feeling the effect in the current year due to the general slow down of the economy.

EXPANSION

During the year, the Company has successfully implemented expansion programme by setting up an AC Sheet Unit with a capacity of 36000 MT per annum at Nagpur (Maharashtra), making the total capacity now at 144000 MT per annum.

CEMENT GRINDING UNIT

The Cement Division has been incurring losses. Keeping this in view, the Company negotiated the sale of Cement Division. The sale of Cement Unit has been concluded in June 2001.

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, deposits amounting to Rs. 40,000/- from 2 depositors remained unclaimed.

DIRECTORS' REPORT (Contd.)**DIRECTORS**

Shri Ashwani Kumar Gupta resigned as Director during the year. The Board wishes to place on record its appreciation for the valuable services rendered by him.

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.

The observations made by the Auditors in their report have been clarified in the relevant notes forming part of the account, which are self explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

(A) The Company has been advised that the requirement of giving detailed report on Corporate Governance is not applicable to your company as yet.

Your Directors affirm your Company's philosophy of efficient conduct of its business and fulfilling its corporate responsibilities towards Shareholders, Depositors, Creditors, Consumers, Institutional and other lenders and Employees and places due emphasis on regulatory compliance.

(B) Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) The Directors had 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 profit of the Company for that period.
- (iii) The Directors had 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.
- (iv) The Directors had prepared the annual accounts on a going concern basis.

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 not applicable since there are no employees covered under this section.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE 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 cooperation of the financial institution, banks, customers and business associates.

On behalf of Board of Directors

Ramesh Chandra
Chairman

Place : Lucknow

Date : 29th July, 2001

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

	<u>2000-01</u>	<u>1999-2000</u>
1. Electricity		
(a) Purchased		
Units (Lacs KWH)	—	2.10
Total amount (Rs. in Lacs)	—	29.36
Rate / Unit (Rs.)	—	13.96
(b) Own Generation		
(i) Through Diesel Generator		
Units (Lacs / KWH)	0.37	0.10
Units per Ltr. of Diesel Oil	—	1.32
Cost / Unit (Rs.)	15.96	9.49
(ii) Through Steam Turbine / Generator	—	—
2. Coal	—	—
3. Furnace Oil / LDHS Qty. (K. Ltrs.)	—	—
Total amount (Rs. in Lacs)	—	—
Average Rate (Rs. / K. Ltrs.)	—	—
4. Others / Internal generation		
(B) Consumption per unit of production		
Electricity (Unit / MT.)	23.20	65.79
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.

ANNEXURE TO DIRECTORS' REPORT (Contd.)



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 along with cement for captive use.	
3.	Future plan of action	Not Applicable
4.	Expenditure on R & D	
		2000-01 (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 substantial 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 imported	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. 1875.46 Lacs Earned : NIL

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, 2001 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 accounts 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 accounts;
 - (d) in our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in Sub-section (3 C) of Section 211 of the Companies Act, 1956.
 - (e) on the basis of written representations received from the Directors and taken on record by the Company, we report that none of the Director is disqualified, as on the balance sheet date, from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956.
 - (f) 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. 23 regarding gratuity liability and note no. 25 regarding balance confirmation 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, 2001; 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 : 29th July, 2001

(SANDEEP KUMAR)
Partner

AUDITORS' REPORT (Contd.)

Annexure to Auditors' Report on the Accounts of U.P. ASBESTOS LIMITED
for the year ended 31.03.2001

(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, a substantial portion of the fixed assets has been 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 nature of its business.
5. It is explained that discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company. However, in respect of the Nagpur unit of the Company we have been informed that commercial production commenced from 21.03.2001 and the stocks as on 31.03.2001 were determined by physical verification and hence the question of verification with book records does not arise.
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, and is on the same basis as in the preceding year except at Nagpur unit which started functioning during the year under audit and where stores and spare parts are valued at cost on FIFO method.
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. The Company has also granted interest bearing loan to a Company which has repaid the principal amount as stipulated. Subsequently interest on this loan has also been recovered.
10. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures 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.