

ANNUAL REPORT

2004 - 2005



U.P. Asbestos Ltd.

U. P. ASBESTOS LIMITED

DIRECTORS

Shri Dharam Mohan
Shri N. M. Majmudar IAS (*Retd.*)
Shri Atul Ashok Kumar Ruia
Shri Priyank Tayal
Shri T. S. Pradhan
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-441 108
Nagpur (Maharashtra)

ADMINISTRATIVE OFFICE

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

Report



Junction

DIRECTORS' REPORT

To the Members,

Your Directors present the 31st Annual Report together with audited accounts of the Company for the year ended 31st March, 2005.

SUMMARISED FINANCIAL RESULTS

	2004-2005 (Rs. in Lacs)		2003-2004 (Rs. in Lacs)
Sales	11077		9376
Depreciation	221		202
Interest	236		343
Operating Profit	1149		408
Expenses relating to previous year	6		1
Profit before Tax	1143		407
Profit after Tax	767	222	
Add : Profit & Loss Accounts			
At the beginning of the year	1138	939	
Available for appropriation	1905		1161
Transfer to General Reserve	30		—
Proposed Dividend	29		20
Dividend Tax	4		3
Balance retained in Profit & Loss Account	1842		1138
Total	1905		1161

DIVIDEND

Your Directors have recommended a dividend of Rupee 1.00 per equity share for the financial year ended 31st March, 2005.

As per Finance Act, 2003 the dividend when received by the shareholders will be free of tax in their hands and the Company will pay dividend distribution tax @ 12.50% plus applicable surcharge and education cess on the dividend amount. Necessary provisions of Rs. 28.82 Lacs for dividend and Rs. 4.09 Lacs for tax (including surcharge and education cess) have been made.

DEPOSITORY FACILITIES IN RESPECT OF EQUITY SHARES

The Company has introduced Depository facilities in respect of its Equity Shares under the Depositories Act, 1996 and the regulations made thereunder. Those members who are desirous of opting for the facility should contact one of the Depository Participants (DPs).

PERFORMANCE

Performance of the Company was remarkable during the year under review. There was buoyancy in the market. Production and despatches were higher than last year. Infact the excess inventory build-up of last year was liquidated during the year under review. The unit cost of raw material did not increase and other costs were kept under control. The outgo on account of interest was substantially lower than last year. Moreover the working of the Nagpur unit showed a marked improvement. The trend of losses in Nagpur unit was reversed and this unit contributed to the profits of the company.

However due to creation of fresh capacities by existing companies as also the new entrants in the industry, the market is likely to be more competitive. In spite of these developments, your directors are hopeful that barring unforeseen circumstances the performance of the company in the current year should be satisfactory.

EXPANSION

Your Company is also working for setting up a new asbestos sheet manufacturing unit with installed capacity of 72,000 metric tones per annum at Dadri in District Gautam Budh Nagar in U.P. This will help us in keeping the freight cost low in our markets in the northern parts of the country and thereby enhancing our competitiveness. It is expected that the unit should become operational before the close of current financial year. After commissioning of the new unit the total installed capacity of the Company shall go up to 2,16,000 metric tones per annum. This will make your Company a major player in asbestos industry.

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

The amount of fixed deposit 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

Mr. N. M. Majmudar and Mr. Harbhajan Singh retire by rotation and being eligible, offer themselves for reappointment.

At the meeting of the Board of Directors held on 22nd January, 2005 and 26th April, 2005 Mr. Atul Ashok Kumar Ruia and Mr. Trimbak Sadashiv Pradhan respectively were co-opted as Additional Directors by the Board and will hold office up to the date of Annual General Meeting 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 accounts, 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.

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, if any, applicable.
- (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 to 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 have 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 the Section.

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

ACKNOWLEDGEMENT

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

On behalf of Board of Directors

Place : Lucknow

Date : 17th May, 2005

Dharam Mohan
Director

Amitabh Tayal
Managing Director

ANNEXURE TO DIRECTORS' REPORT



Annexure 'A' COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. 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.

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 utilising the waste by recycling the same.

3. Future plan of action.

Not Applicable

4. Expenditure on R & D

2004-05
(Rs. in Lacs)

(a) Capital

(b) Recurring

(c) Total

(d) Total R & D expenditure as a percentage of total turnover (%) NIL

ANNEXURE TO DIRECTORS' REPORT (Contd.)



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 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 service and export plans | NIL |
| (ii) Total foreign exchange used and earned (Rs. in Lacs) | Used : Rs. 2134 Lacs
Earned : NIL |

AUDITORS' REPORT



To
The Members of
U.P. ASBESTOS LIMITED

1. We have audited the attached Balance Sheet of U.P. ASBESTOS LIMITED as on 31st March, 2005 and also the Profit and Loss Account and the 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India, in terms of Section 227 (4 A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report 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 the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on the balance sheet date, from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 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. 24 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, 2005;
 - (ii) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement of the Cash flows for the year ended on that date.

for JAIN KAPOOR & CO.,
CHARTERED ACCOUNTANTS,

Place Lucknow
Date : 17th May, 2005

(SANDEEP KUMAR)
Partner
Membership No. 77590

AUDITORS' REPORT (Contd.)

Annexure to Auditors' Report on the Accounts of U.P. ASBESTOS LIMITED
for the year ended 31.03.2005.

(Referred to in para 3 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, physical verification of substantial portion of the fixed assets has been carried out by the management during the year, which in our opinion, is reasonable. We have been informed that no material discrepancies were noticed during the course of such verification.
- (c) During the year, the Company has not disposed off a substantial part of its fixed assets.
2. (a) As informed to us, physical verification of inventory 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.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. We were explained that the discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) According to the information and explanations given to us, 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 Companies Act, 1956; however, the Company has taken unsecured loans aggregating to Rs. 181.49 lacs as on 31.3.2005 from 13 parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) According to the information and explanations furnished to us, in our opinion, the rate of interest and other terms and conditions of the above loans taken by the Company are not prima facie prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the Company is regular in payment of principal amount as stipulated and interest on the above loans taken from parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and the nature of business with regard to the purchase of inventories and fixed assets and for sale of goods.
5. As explained to us, the Company has not entered into any contracts or arrangements that need to be entered into a register required to be maintained in pursuance of section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58 A and 58 AA of the Companies Act, 1956 and rules framed thereunder, in respect of public deposits accepted by the Company.
7. The Company has an internal audit system which, in our opinion, is commensurate with the size of the Company and the nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the records of the Company, the undisputed statutory dues are generally being regularly deposited by the Company with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31.3.2005 for a period of more than six months from the date they become payable.
- (b) As far as we could ascertain and on the basis of the information furnished to us by the management details of dues of Income tax / Sales tax / Wealth tax / Service tax / Custom duty / Excise duty / cess which have not been deposited on account of dispute are given hereunder :