

ANNUAL REPORT

2008 - 2009



U.P. Asbestos Ltd.

U.P. ASBESTOS LIMITED

DIRECTORS

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

- (i) Mohanlalganj-227 305
Distt. Lucknow, U.P.
- (ii) Vill. (PO) Beshara
Tehsil Dadri
(Dadri NTPC Road)
Distt. Gautam Budh Nagar, U.P.
- (iii) C-231, MIDC Butibori
Industrial Area-441 108
Nagpur (Maharashtra)

ADMINISTRATIVE OFFICE

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

DIRECTORS' REPORT



To the Members,

Your Directors have the pleasure in presenting the 35th Annual Report together with audited accounts of the Company for the year ended 31st March, 2009.

SUMMARISED FINANCIAL RESULTS

	2008-2009 (Rs. in Lacs)	2007-2008 (Rs. in Lacs)
Sales	18362	13748
Depreciation	381	362
Interest	752	675
Profit after Tax	167	16
Add : Balance in Profit & Loss Account		
at the beginning of the year	2143	2198
Less : Provision for Additional Contribution		
To Gratuity Fund	0	(-) 71
Available for appropriation	<u>2310</u>	<u>2143</u>

DIVIDEND

Your Directors have not recommended any dividend this year.

PERFORMANCE

During the year under review, production of finished goods was 210943 M.T. as against 222765 M.T. for previous year. Even though there was decline of about 5% in production the dispatches were higher at 230921 M.T. as against 223902 M.T. in the previous year. In money terms, the turnover of finished products for the current year was Rs. 16731 lacs as against Rs. 13575 lacs in the previous year. The increase is mainly due to higher dispatches and better realization. The company also carried out business in asbestos fibre trading.

FUTURE OUTLOOK

Your company anticipates good demand for 12 feet asbestos sheets. Test marketing of these sheets was done by doing trading in these sheets. In the current year modifications in one of the Lucknow plants are proposed for manufacture of 12 feet sheets. Barring unforeseen circumstances the working in the current year should be satisfactory.

REVALUATION OF ASSETS

The Company has revalued, during the year under review, its freehold land at all its locations at their present market value. On the basis of the valuation report of an approved Valuer, the consequential increase has been transferred to Revaluation Reserve account.

DIRECTORS' REPORT (Contd.)



FIXED DEPOSIT

The amount of fixed deposit accepted from the public during the year under review was within prescribed limits.

DIRECTORS

During the year under review Shri Dharam Mohan and Shri T. S. Pradhan retire by rotation and being eligible, offer themselves for reappointment. In order to provide more details about them to the members, their brief resumes are also included in the notice. The Board approved the appointment of Shri N.M. Majmudar as an Additional Director on the Board on 15.01.2009. Approval for his appointment as an Independent Director is being sought at the ensuing Annual General Meeting to be held on 31.08.2009

The term of Shri Priyank Tayal as a Director will expire on 31.07.2009. Owing to Qualification and experience of Shri Priyank Tayal and his contribution to the Company, the Board has decided to re-appoint him for a further period of one year effective from 1st day of August, 2009 on the terms and conditions as set out in the notice and recommended by the Remuneration Committee. Approval for his re-appointment is being sought at the ensuing Annual General Meeting to be held on 31st August, 2009. His brief resume is also included in the notice.

AUDITORS

M/s Jain Kapoor & Co., Chartered Accountants, the Statutory Auditors of the company retire at the conclusion of ensuing annual general meeting and being eligible offer themselves for re-appointment. Pursuant to provisions of Section 224(1) of the Companies Act, 1956, the Auditors of the Company, have furnished a Certificate regarding their eligibility for reappointment. The Audit Committee have recommended their reappointment. Members are requested to reappoint them for the financial year 2009-2010 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.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the listing Agreement executed with the stock exchanges, Corporate Governance Report, Management Discussion and Analysis Report and Practicing Company Secretary's Certificate certifying compliance of conditions of Corporate Governance by the Company have been made part of this annual report and annexed herewith as annexure II, III, and IV respectively. A CFO certification is also annexed to this report at Annexure V.

BOARD COMMITTEE

The Board has constituted four committees viz. Audit Committee, Shareholders' Grievance Committee, Remuneration Committee and Share Transfer Committee to provide necessary assistance to it in discharging its responsibilities in various fields effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

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:

DIRECTORS' REPORT (Contd.)

- (i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments 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.

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

The relevant information is placed at Annexure 'I' in this report.

PARTICULARS OF EMPLOYEES

The information under Section 217 (2A) of the Companies Act, 1956 is not applicable since there are no employees covered under the Section.

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 : 30th June, 2009

Chairman

ANNEXURE TO DIRECTORS' REPORT (Contd.)



Annexure I

**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 and has installed Bio Mass Power Plants at Lucknow and Dadri Units.

(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 :

The above measure for reduction of energy consumption has resulted in lowering cost of production.

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.

(c) Test Marketing of 12 feet sheets.

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

(a) An effective Air Pollution Control Plant has been designed and installed to minimize 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

ANNEXURE TO DIRECTORS' REPORT (Contd.)

**4. Expenditure on R & D :**

2007-08

(Rs. in Lacs)

- (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 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. 5556 Lacs
Earned : NIL

ANNEXURE TO DIRECTORS' REPORT (Contd.)



Annexure II

CORPORATE GOVERNANCE REPORT

This report on Corporate Governance forms part of the Directors' Report.

In keeping with the essence and philosophy of Corporate Governance, the Company has adopted a frame-work governed by values of quality, customer orientation, commitment, discipline, integrity, transparency, teamwork and trust. The Company is making all efforts to imbibe high standards of corporate governance.

PHILOSOPHY ON CORPORATE GOVERNANCE

UPAL's philosophy of corporate governance is based upon commitment of the Board of Directors and the senior officers of the Company in managing the Company in a transparent manner for maximizing long term shareholder value. Adequate control systems exist to enable the Board to effectively discharge its responsibilities in making fair and transparent decisions.

BOARD OF DIRECTORS
Composition of the Board and Nature of Directorship

The Company's Board consists of 6 Directors of whom three are Executive Directors and the balance 3 are non-executive independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement which stipulates that if the Chairman is a non-executive Director, at least one-third of the Board should comprise of independent Directors.

None of the Directors is a member of more than 10 Board level Committees or is a Chairman of more than 5 such Committees. The table below gives the details of the Board as on 31st March 2009 –

Name of Directors	Nature of Directorship
Shri Dharam Mohan	Chairman & Independent Director
Shri Amitabh Tayal	Managing Director
Shri Priyank Tayal	Whole Time Director
Shri H. B. Singh	Executive Director
Shri T. S. Pradhan	Non Executive & Independent
Shri N.M. Majmudar	Non Executive & Independent
(appointed w.e.f. 15.01.2009)	

ANNEXURE TO DIRECTORS' REPORT (Contd.)



Committees of the Board

As on 31st March, 2009 the Audit Committee comprises of four members. The details of the Audit Committee are given below :—

AUDIT COMMITTEE

Composition of Audit Committee Meetings and Attendance.

Name of Members	Position	No. of Meetings	
		Held	Attended
Shri Dharam Mohan	Chairman	4	4
Shri N M. Majmudar (Appointed on 15.01.2009)	Member	0	0
Shri Amitabh Tayal	Member (Invitee)	4	4
Shri H B Singh	Member	4	4

Role of Audit Committee

The Audit Committee has been formed to provide directions and review functions of the Audit Department. It will evaluate internal audit policies, plan, procedure and performance and review the other functions through various internal audit reports and other year-end certificate issued by the Statutory Auditors, to ensure accurate and timely disclosure that maintain the transparency, integrity and quality of financial control and reporting.

Powers of Audit Committee

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

SHAREHOLDERS' GRIEVANCE COMMITTEE

Composition

Name of Members	Position	No. of Meetings	
		Held	Attended
Shri Dharam Mohan	Chairman	4	4
Shri N M. Majmudar (Appointed on 15.01.2009)	Member	0	0
Shri Amitabh Tayal	Member	4	4
Shri H B Singh	Member	4	4

Details of investors' complaints received and redressed

The total number of complaints redressed to the satisfaction of the investors during the year ended at 31st March 2009 was 33, except the matter of Listing of Bonus Shares with the Delhi Stock Exchange. The matter has been resolved with Delhi Stock Exchange and the Shares shall be listed shortly.

Role of Shareholders' Grievance Committee

- To monitor the shareholders grievance.
- To remedy the grievance.
- To make efforts to minimize grievance.

ANNEXURE TO DIRECTORS' REPORT (Contd.)



Powers of Shareholders' Grievance Committee

- To call for information from any Officer or Registrar & Share Transfer Agent or other agency.
- To issue necessary directions for remedy of shareholder grievance.

SHARE TRANSFER COMMITTEE

The Board has constituted a Share Transfer Committee comprising of following members to enable it to accord its approval on the request for transfer of physical shares of the Company lodged from time to time -

- | | | |
|----|-----------------------|--------------------|
| 1. | Shri Amitabh Tayal | Managing Director |
| 2. | Shri Harbhajan Singh | Executive Director |
| 3. | Shri C. R. Gopinathan | Secretary (Admn.) |

The Committee met 3 times and transfer of 1250 equity shares were approved.

REMUNERATION COMMITTEE

The Board has constituted a remuneration committee comprising of following members:

Name of Members	Position	No. of Meetings	
		Held	Attended
Shri Dharam Mohan	Chairman	1	1
Shri N. M. Majmudar (Appointed on 15.01.2009)	Member	0	0
Shri T. S. Pradhan	Member	1	1
Shri Amitabh Tayal	Member	1	1
Shri H. B. Singh	Member	1	1

GENERAL BODY MEETINGS

35th Annual General Meeting would be held on 31st August, 2009.

Details of last three annual general meetings are as follows -

For Financial year	Date	Time	Venue	No. of Special Resolutions considered
2005-06	20.06.2006	10.00 A. M.	Mohanlalganj - 227 305, Distt. Lucknow	Nil
2006-07	18.09.2007	10.00 A. M.	Mohanlalganj - 227 305, Distt. Lucknow	Nil
2007-08	29.09.2008	10.00 A. M.	Mohanlalganj - 227 305, Distt. Lucknow	Nil