

ANNUAL REPORT

2011 - 2012



U. P. Asbestos Ltd.

U. P. ASBESTOS LTD.,

NOTICE OF 38th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 38th ANNUAL GENERAL MEETING of the members of “**U. P. ASBESTOS LIMITED**” will be held on Friday, the 28th day of September, 2012 at 10:00 A.M. at the Registered Office of the Company at Mohanlalganj-227305, Distt. Lucknow, to transact the following businesses :—

AS ORDINARY BUSINESS :—

- 1 To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2012 and the Balance Sheet as at 31st March, 2012 together with Reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri Nitin Mangal Das Majmudar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Dharam Mohan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the auditors and to fix their remuneration for the year ending 2012-13. M/s Jain Kapoor & Co., Chartered Accountants, Lucknow are retiring at the ensuing Annual General Meeting and are eligible for re-appointment.

AS SPECIAL BUSINESS :—

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

“**RESOLVED THAT** Shri Dileep Bhalchandra Pandit, who was appointed as an Additional Director with effect from 01st January, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 17 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company.”

6. **Approval of Appointment of Shri Dileep Bhalchandra Pandit as Whole Time Director**

“**RESOLVED** that pursuant to the provisions of sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals including of Central Government if necessary and pursuant to the recommendations and approval of the Remuneration Committee, the consent of shareholders be and is hereby accorded to the appointment of Shri Dileep Bhalchandra Pandit as Whole Time Director of the Company for a period of 1 year with effect from 1st January, 2012 upon the terms and conditions stated herein below and the remuneration shall not exceed the limit specified in Schedule XIII of the Companies Act, 1956.”

a. **Salary:** @ Rs. 60,000/- per month.

b. Special Allowance: @ Rs. 30,000/- per month.

c. **Perquisites :**

i **Housing** (unfurnished): Rs. 20,000/- per month or actual, whichever is higher.

- ii **Medical Benefits:** Reimbursement of medical expenses for self and family upto Rs. 60,000/- p.a. subject to rules of the Company.
- iii **Leave Travel Concession:** Leave Travel Concession for self and his family upto Rs. 60,000/- p.a. subject to rules of the Company.
- iv **Motor Car and Driver:** As per rules of the Company.
- v **Leave –** With full pay and allowance, as per rules of the company but not more than one month's leave for every eleven months of services. However, leave accumulated but not availed of, will not be allowed to be encashed. He shall not be paid any sitting fee for attending the meeting of the Board of Directors or of any Committee thereof, from the date of his appointment as Whole Time Director.

“FURTHER RESOLVED that in the event of absence or inadequacy of profits in any financial year during the tenure of his office the minimum remuneration shall be payable to the Whole Time Director during that year and it will be subject to restriction, if any, in the Schedule XIII to the Companies Act, 1956.”

NOTES

1. a) A member entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company. However, the company shall have the right to fully verify the identity of proxy.
b) Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
c) Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
2. Members attending the meeting are requested to bring their copy of Annual Report, as extra copies will not be supplied.
3. Members who are holding physical shares in identical names in more than one folio are requested to write to the Company/Share Transfer Agent to enable the Company to consolidate their holdings in one folio. Further, members are also requested to immediately notify to the Company/ Share Transfer Agent any change in their address with the postal area pin code number quoting their folio number.
4. Register of Members of the Company will remain closed from Friday, the 21st September 2012 to Friday, the 28th September 2012 (both days inclusive) for the purpose of Annual General Meeting.
5. Pursuant to the provisions contained in Section 205A and 205C of the Companies Act, 1956, the company had transferred dividend remaining unclaimed for a period of seven years from the date it first became due for payment, to The Investor Education and Protection Fund (IEPF) constituted by the Central Government and no claim shall lie against the IEPF or the company in respect of individual amount(s) so credited to the IEPF. Further, no amount of dividend etc. is due to be transferred to IEPF during the current year.
6. The Management is confident of shareholders' co-operation for smooth conduct of the meeting.
7. Members are requested to kindly refer Annexure- B to this notice for the information to be provided in respect of re-appointment/ appointment of Directors/ Whole Time Director under Clause 49 of the Listing Agreement.

ANNEXURE – A TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

Shri Dileep Bhalchandra Pandit was appointed by the Board of Director as an Additional Director of the Company at their meeting held on 27th December, 2011 to hold the office upto the date of 38th Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of whom a notice has been received from a Member in writing alongwith a deposit of Rs. 500 (five hundred rupees only), under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director.

The Directors recommend the appointment of Shri Dileep Bhalchandra Pandit as a Director of the Company.

ITEM NO. 6

Shri Dileep Bhalchandra Pandit, S/o Bhalchandra Mahadeo Pandit born on 23rd August, 1949 having Diploma in Mech. Engg. (DME) & Diploma in Elect. Engg. (DEE) has huge experience in our industry. The Board of Directors of the Company, at their meeting held on 27.12.2011, have appointed Shri Dileep Bhalchandra Pandit as a Whole Time Director for a period of 01 year w.e.f. 1st January, 2012 on the terms and conditions contained in the resolution and recommended by the Remuneration Committee, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and other provisions of the Act and subject to approval by shareholders in 38th Annual General Meeting. Hence this resolution is recommended by the Directors of the Company as ordinary resolution for members' approval.

No Director of the Company is concerned or interested in the resolution.

The explanatory statement read with proposed resolution may be treated as the abstracts of the terms of appointment and memorandum of interest u/s 302 of the Companies Act. 1956.

ANNEXURE – B TO THE NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES.

ADDITIONAL INFORMATION

Information pertaining to Shri Dharam Mohan, Shri Nitin Mangal Das Majmudar & Shri Dileep Bhalchandra Pandit, Directors will retire by expiry of term and seeking re-appointment at this Annual General Meeting.

Particular	Shri Dharam Mohan	Shri Nitin Mangal Das Majmudar	Shri Dileep Bhalchandra Pandit
Date of Birth	23.07.1927	31.08.1934	23.08.1949
Qualification	Graduate	Retired IAS Officer	Diploma in Mech. Engg. (DME) Diploma in Elect. Engg. (DEE)
Expertise in special functional area	General Operations	Retired as Member, Board of Revenue equivalent to State Chief Secretary/ Secretary to Government of India.	Manufacturing of AC Sheets
Directorships in other Companies	1. Ganga Corporation Private Limited 2. Everest Roofings Private Limited 3. The Rohtak & Hissar District Electric Supply Co. Private Limited	NIL	NIL

By Order of the Board
For U. P. ASBESTOS LTD.

Registered Office:
P.O. Mohanlalganj-227 305
Distt. Lucknow
Dated : 10th August, 2012

Ajay Trivedi
Company Secretary

U.P. ASBESTOS LIMITED

Mohanlalganj-227305, Lucknow

PROXY FORM

I / We of

being a member / members of U. P. Asbestos Limited, hereby appoint

of or failing him of

as my / our proxy in my / our absence to attend and vote for me / us on my / our behalf
at the 38th Annual General Meeting of the Company to be held on Friday, the 28th day
of September, 2012 and at any adjournment thereof.

Signed this day of 2012.

Signature (s) _____

Affix Re. 1.00
Revenue
Stamp

Membership No.

Note : The proxy form duly completed must reach the Registered Office of the Company, Mohanlalganj, Distt. Lucknow not less than forty-eight hours before the time fixed for holding the meeting.

DIRECTORS' REPORT



To the Members,

Your Directors have the pleasure in presenting the 38th Annual Report together with audited accounts of the Company for the year ended 31st March, 2012

SUMMARISED FINANCIAL RESULTS

	2011-2012 (Rs. in Lacs)	2010-2011 (Rs. in Lacs)
Revenue from Operation	18444	17240
Depreciation	388	371
Finance Cost	957	752
Profit after Tax	376	(40)
Add : Balance in Profit & Loss Account at the beginning of the year	2464	2504
Available for appropriation	2840	2464

DIVIDEND

With a view to conserve resources our Directors have not recommended any dividend this year.

PERFORMANCE

During the year under review, production of finished goods was 194274 M.T. as against 222159 M.T. in the previous year. There is a marginal decrease of 12.5% as compared to last year but the sales were 191442 M.T. as against 222698 M.T. in the previous year. The decrease is 11.58%.

During the year, your Company has carried out modernization & modification work by Variable Frequency Drives (VFD) Panels at Plant I, II & III at Lucknow and 3 mtrs. to 3.6 mtrs. capacity sheets at Dadri. These are found necessary and feasible in the plants at Lucknow and Dadri.

SALE OF NAGPUR UNIT

The current activities and future development of the Nagpur unit requires the investment of further significant funds which the UPAL would not be able to finance without compromising its core business and, hence, UPAL has decided through postal ballot process to restructuring, demerger, sale, lease, transfer of and/or otherwise dispose-off its Nagpur unit situated at MIDC Butibori Industrial Area, Nagpur, Maharashtra and Mouza Wateghat, Grampanchayat Kirmati, Tah Hingna, Distt. Nagpur, Maharashtra, including its leasehold land and all other assets as a going concern. This discussion & analysis can be viewed in detail in **Management Discussion & Analysis (Annexure-III)**.

COST COMPLIANCE REPORT

The Company has appointed M/s Aman Malviya & Associates, Cost Accountants, under Section 209(1) (d) of the Companies Act, 1956 and Rule 2 of the Companies (Cost Accounting Records) Rules, 2011, for conducting Compliance Audit of Cost accounting Records of the Company and providing 'Cost Compliance Report' for the year 2011-12.

DIRECTORS' REPORT (Contd.)



FIXED DEPOSIT

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

DIRECTORS

In accordance with the provisions of the Companies Acts, 1956 and the Articles of Association of the Company, Shri Nitin Mangal Das Majmudar and Shri Dharam Mohan are retiring from the Board by rotation and being eligible offers themselves for reappointments.

The Board recommends re-appointments of Shri Nitin Mangal Das Majmudar and Shri Dharam Mohan as Directors of the Company. In order to provide more details about them to the members, their brief resumes are also included in the notice.

Shri Dileep Bhalchandra Pandit, who was appointed as Additional Director of the Company u/s. 260 of the Companies Act, 1956 on 01st January, 2012, will retire at the ensuing Annual General Meeting. He is eligible for re-appointment as a Director of the Company and in respect of whom a notice has been received from a Member in writing alongwith a deposit of Rs. 500 (five hundred rupees), under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director of the Company.

Owing to qualification and vast experience of Shri Dileep Bhalchandra Pandit, the Board has appointed him as a Whole Time Director for a period of one year effective from 1st day of January, 2012 on the terms and conditions contained in the resolution and recommended by the Remuneration Committee, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and other provisions of the Act. The required resolution and the explanatory statement are provided in the notice of 38th Annual General Meeting. Approval for his appointment is being sought at the ensuing Annual General Meeting to be held on 28th September, 2012. 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 has recommended their re-appointment. Members are requested to re-appoint them for the financial year 2012-2013 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, the **CEO Declaration for Code of Conduct** 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, IV and V respectively. A CFO certification is also annexed to this report at Annexure VI.

BOARD COMMITTEE

The Board has constituted five committees, viz. Audit Committee, Internal 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' REPORT (Contd.)



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 :

- (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 place on record their sincere appreciation for the wholehearted devotion and commitment extended by the employees at all levels, which has been a source of strength and inspiration to the company.

The directors also wish to thank and deeply acknowledge the cooperation, assistance and support extended by the shareholders, the dealers and vendors of the company, bankers and financial institution.

On behalf of Board of Directors

Place : Lucknow

Date : 10th August, 2012

Chairman

Annexure I

ANNEXURE TO DIRECTORS' REPORT (Contd.)



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 Plant at Lucknow.
- (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