

ANNUAL REPORT

2012 - 2013



U. P. Asbestos Ltd.

U.P. ASBESTOS LIMITED

DIRECTORS

Shri Dharam Mohan, *Chairman*
Shri N. M. Majmudar, IAS (Retd.)
Shri T. S. Pradhan
Shri Rakesh Seth
Shri Avadh B. Lal
Shri Dileep Bhalchandra Pandit
Shri Priyank Tayal
Shri Amitabh Tayal, *Managing Director*

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Ajay Trivedi

BANKERS

Union Bank of India

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.

ADMINISTRATIVE OFFICE

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

DIRECTORS' REPORT



To the Members,

Your Directors have the pleasure in presenting the 39th Annual Report together with audited accounts of the Company for the year ended 31st March, 2013

SUMMARISED FINANCIAL RESULTS

	2012-2013 (Rs. in Lacs)	2011-2012 (Rs. in Lacs)
Revenue from Operation	18993	18444
Depreciation	376	388
Finance Cost	973	957
Profit after Tax	424	376
Add : Balance in Profit & Loss Account at the beginning of the year	2840	2464
Available for appropriation	3264	2840

DIVIDEND

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

PERFORMANCE

During the year under review, production of finished goods was 148306 M.T. as against 194274 M.T. previous year. There is a decrease of 23.66% as compared to last year and the sales were 153745 M.T. as against 191442 M.T. in the previous year. Mainly due to sale of our Nagpur unit during the financial year 2012-13, the decrease in sales has been 19.69% as compared to last financial year figure. ***Reasons for lower productions & sales during the F.Y. are discussed in details under Annexure-III (Management Discussion & Analysis).***

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 2012-13.

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 T.S. Pradhan and Shri Amitabh Tayal are retiring from the Board by rotation and being eligible offers themselves for reappointments.

The Board recommends re-appointments of Shri T.S. Pradhan and Shri Amitabh Tayal 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.

DIRECTORS' REPORT (Contd.)



The term of Shri Amitabh Tayal, Managing Director of the Company will be over on 31st July, 2013. Owing to vast experience of Sri Amitabh Tayal and his contribution in the Company the Board has decided to re-appoint him for a further period of five years effective from 01st day of August, 2013 and referred it to the shareholders for their approval. Seeing the financial position of the Company, Shri Amitabh Tayal has agreed not to include 1% p.a. of net profit as part of his remuneration; hence his remuneration package would be reduced to that extent.

The term of Shri Dileep Bhalchandra Pandit, Whole Time Director of the Company will be over on 31st December, 2012. Owing to qualification and vast experience of Shri Dileep Bhalchandra Pandit, the Board has re-appointed him as a Whole Time Director for a further period of one year effective from 1st day of January, 2013 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 resolutions and the explanatory statements in respect of re-appointments of Shri Amitabh Tayal and Shri Dileep Bhalchandra Pandit, as above, are provided in the notice of 39th Annual General Meeting. Approvals for their re-appointments are being sought at the ensuing Annual General Meeting to be held on 27th September, 2013. Their brief resumes are 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 2013-2014 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' 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

DIRECTORS' REPORT (Contd.)



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 : 28th May, 2013

Chairman

ANNEXURE TO DIRECTORS' REPORT (Contd.)



Annexure I

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

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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 measures for reduction of energy consumption have 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.

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 :

2012-13
(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. 8965 Lacs
Earned : NIL

ANNEXURE TO DIRECTORS' REPORT (Contd.)



Annexure II

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

During the last 11 years, since the requirement of clause 49 of the Listing Agreement became applicable to the Company, the Company firmly believes in practicing good and effective Corporate Governance and endeavours to improve on these aspects on an ongoing basis. These must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of justice. Accountability improves decision-making and transparency helps to explain the rationale behind decisions, and thereby builds shareholders and other stakeholders' confidence.

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.

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

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.

Composition & Category of Directors

Particulars	Number of Directors	Percentage of composition
Executive Director	3	37.5%
Non-executive Directors	5	62.5%
Total	8	100%

Total non-executive directors are 5 out of whom 4 directors are non-executive independent directors.

Director's Attendance Record, Directorship held and Status

During the year under review, 07 Board meetings were held and conducted on May 11, 2012, June 08, 2012, August 10, 2012, September 24, 2012, November 12, 2012, December 22, 2012, February 12, 2013,. The composition of Board of Directors, attendance of directors at the board meetings and Annual General Meeting and also the number of other directorships in Indian Public Limited Companies and memberships of the committees of the Board of such companies are as follows:

Name of the Director	Category of Director	Attendance at last AGM	No. of Board meetings attended	No. of other Directorships#	Other Board's Committees	
					Chairman	Member
Shri Dharam Mohan	Non-executive Independent Director	Yes	06	NIL	NIL	NIL
Shri T S Pradhan	Non-executive Independent Director	No	NIL	NIL	NIL	NIL
Shri N. M. Majmudar	Non-executive Independent Director	No	07	NIL	NIL	NIL
Shri Rakesh Seth	Non-executive Independent Director	No	07	NIL	NIL	NIL
Shri Avadh B. Lal	Non-executive Director	Yes	06	NIL	NIL	NIL
Shri Dileep Bhalchandra Pandit	Executive Director	Yes	06	NIL	NIL	NIL
Shri Priyank Tayal	Executive Director	No	06	NIL	NIL	NIL
Shri Amitabh Tayal	Executive Director	Yes	07	NIL	NIL	NIL

Number of other Directorships held in Public Limited Companies.

ANNEXURE TO DIRECTORS' REPORT (Contd.)



(iii) Disclosure of relationships between directors inter-se

Name of the Director	Designation of Director	Relationships Inter-se
Shri Dharam Mohan	Chairman & Non-executive Independent Director	No Relationship Inter-se
Shri N. M. Majmudar	Non-executive Independent Director	No Relationship Inter-se
Shri T S Pradhan	Non-executive Independent Director	No Relationship Inter-se
Shri Rakesh Seth	Non-executive Independent Director	No Relationship Inter-se
Shri Avadh B. Lal	Non-executive Director	No Relationship Inter-se
Shri Dileep Bhalchandra Pandit	Whole-time Director	No Relationship Inter-se
Shri Priyank Tayal	Whole-time Director	Son of Shri Amitabh Tayal, who is a Managing Director of the Company Father of Shri Priyank Tayal, who is a Whole-time Director of the Company
Shri Amitabh Tayal	Managing Director	

None of the Directors is a member of more than 10 Board level Committees or is a Chairman of more than 5 such Committees.

AUDIT COMMITTEE

Composition of Audit Committee Meetings and Attendance.

Name of Members	Position	No. of Meetings	
		Held	Attended
Shri Dharam Mohan	Chairman	04	03
Shri N M. Majmudar	Member	04	04
Shri Rakesh Seth	Member	04	04
Shri Avadh B. Lal	Member	04	03
Shri Ajay Trivedi	Secretary to the Committee		

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.

ANNEXURE TO DIRECTORS' REPORT (Contd.)



SHAREHOLDERS' GRIEVANCE COMMITTEE

Composition of Shareholders' Grievance Committee and Attendance

Name of Members	Position	No. of Meetings	
		Held	Attended
Shri Dharam Mohan	Chairman	04	03
Shri Amitabh Tayal	Member	04	04
Shri N M. Majmudar	Member	04	04
Shri Avadh B. Lal	Member	04	03
Shri Ajay Trivedi	Secretary to the Committee		

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 2013 was 11.

Role of Shareholders' Grievance Committee

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

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 re-constituted the Share Transfer Committee comprising of following persons 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 Avadh B. Lal Non-executive Director
3. Shri Ajay Trivedi Company Secretary

The Committee met 1 times and transfer of 300 equity shares were approved.

REMUNERATION COMMITTEE

The composition of the remuneration committee is as follows :

Name of the Director	Position
Shri Dharam Mohan	Chairman
Shri N. M. Majmudar	Member
Shri Rakesh Seth	Member
Shri Avadh B. Lal	Member
Shri Ajay Trivedi	Secretary to the Committee

The Committee met only 1 time during the year and approved the remuneration of Executive Director(s).