

DIRECTORS' REPORT



To the Members,

Your Directors have pleasure in presenting the 41st Annual Report together with audited accounts of the Company for the year ended 31st March, 2015.

SUMMARISED FINANCIAL RESULTS

	2014-2015 (Rs. in Lacs)	2013-2014 (Rs. in Lacs)
Revenue from Operation	12763	13060
Depreciation	552	318
Finance Cost	1016	1132
Profit after Tax	418	(1069)
Add : Balance in Profit & Loss Account at the beginning of the year	2195	3264
Available for appropriation	2507	2195
Earning Per Share :		
Basic and Diluted (in Rs.)	4.59	(11.74)

State of Companies Affairs and Future Outlook

The Company manufactures Corrugated Fibre Cement Sheets which are widely used in Industrial sector.

Our Company is at present having two Units – one at Lucknow and the other at Dadri. Dadri Unit was given on lease to enable the Company to carry out business re-structuring, to improve its financial position, earning capacities, the net worth and result in enhancement of overall shareholders' value. Highlights of performance are discussed in detail in the Management Discussion and Analysis report attached as Annexure – III.

DIVIDEND

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

TRANSFER TO RESERVES

The Board of the Company has decided to carry Rs.311 Lacs to Reserves.

LEASE OF DADRI UNIT

Dadri Unit of the Company had been leased out for 10 years w.e.f. 01.02.14. The leasing arrangements for premises taken by the Company are not cancellable and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals are shown as rental income.

COST COMPLIANCE REPORT

The Company has appointed M/s Aman Malviya & Associates, Cost Accountants, under Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 and the Companies (Cost Records and Audit) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, for conducting Compliance Audit of Cost accounting Records of the Company and providing 'Cost Compliance Report' for the year 2014-15. Further, they have been appointed as Cost auditors by the Board for the Financial Year 2015-16.

DIRECTORS' REPORT (Contd.)



APPOINTMENT OF INTERNAL AUDITOR

The Company has appointed Shri Om Prakash Singh, Income Tax Practitioner under the provisions of Section 138 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder as 'Internal Auditor' for the Financial Year 2015-16.

APPOINTMENT OF SECRETARIAL AUDITOR

The Company has appointed M/s Amit Gupta & Associates, Company Secretaries under the provisions of Section 204 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder as 'Secretarial Auditor' for the Financial Year 2015-16. Secretarial Audit Report for the year ended 31st March, 2015 is attached as Annexure – VIII.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

SUBSIDIARY: The Company has no subsidiary/associate/Joint Venture.

E-VOTING

The Company has provided e-voting facility. Details of e-voting facility are mentioned in Note No. 2 of Notice of 41st Annual General Meeting.

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, 2013 and the Articles of Association of the Company, Shri T S Pradhan and Shri Avadh B. Lal are retiring from the Board by rotation.

Shri T S Pradhan has shown his unwillingness to be re appointed on the board.

The Board recommends re- appointment of Shri Avadh B Lal as Non – Executive Director of the Company.

VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 , a Vigil Mechanism for directors and employees to report genuine concerns has been established.

The Board of directors has nominated Shri Amitabh Tayal, Director of the Company to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure – VI.

DIRECTORS' REPORT (Contd.)



Particulars of Loan, Guarantees and Investments under Section 186

Details of Loans :

SL No	Details of Borrower	Loan given During the year	Unsecured Loan Received back during the year	Total amount outstanding at the end of F.Y	Purpose for which the loan is to be utilized by the recipient
1.	BIG APPLE REAL ESTATE PRIVATE LIMITED	34257742 (Opening Balance) Interest: 4749009	12000000	27004751	
2.	CASTMET PACKAGINGS PRIVATE LIMITED	11036011 (Opening Balance) Interest: 1589185		12625196	

Details of Investments :

Sl. No	Details of Investee	Criteria of Investment	During the year (No. of Shares)	Total amount outstanding at the end of F.Y
1.	BIG APPLE REAL ESTATE PRIVATE LIMITED	Influenced by Key Managerial Personnel	196773 Shares Allotted	15021725

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 for the Financial Year 2014-15 in the prescribed format, AOC 2 has been enclosed with the report.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

DIRECTORS' REPORT (Contd.)



1. Details of contracts or arrangements or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any during the year (Rs.)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
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UPAL Developers Private Limited	Material supplied (Cement)		401490		
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2. Details of material contracts or arrangements or transactions not at arm's length basis: NA

Fraud Reporting (Required by Companies Amendment Bill, 2014)

No fraud has been detected or reported during the year.

Statement under Sexual Harrasment of women at work place (prevention, prohibition and redressal) Act, 2013 :

During the year under review, there were no cases filed pursuant to the Sexual Harrasment of women at work place (prevention, prohibition and redressal) Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Policy is not applicable for the company.

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. 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 2015-2016 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 as Annexure – VII.

BOARD COMMITTEE

The Board has constituted five committees viz. Audit Committee, Internal Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee and Share Transfer Committee to provide necessary assistance to it in discharging its responsibilities in various fields effectively.

DIRECTORS' REPORT (Contd.)



Name of the Committee	Composition of the Committee		Highlights of duties responsibilities and activities
AUDIT COMMITTEE	Shri Dharam Mohan	Chairman	i) To recommend the appointment, remuneration and terms of appointment of auditors of the company. ii) To review and monitor the auditor's independence and performance, and effectiveness of audit process. iii) To examine the financial statement and the auditors' report thereon. iv) To scrutinise the inter-corporate loans and investments. v) To evaluate internal financial controls and risk management systems etc.
	Shri Rakesh Seth	Member	
	Shri Avadh B. Lal	Member	
	Shri Ajay Trivedi	Secretary to the Committee	
NOMINATION & REMUNERATION COMMITTEE	Shri Dharam Mohan Shri Rakesh Seth Shri Avadh B. Lal Shri Ajay Trivedi	Chairman Member Member Secretary to the Committee	To identify persons who are qualified to become directors and who may be appointed in senior management and to fix their remuneration.
STAKEHOLDERS' RELATIONSHIP COMMITTEE	Shri Dharam Mohan	Chairman	i) To consider & resolve the grievances of security holders of the company. ii) To remedy the grievance. iii) To make efforts to minimize grievance.
	Shri Amitabh Tayal	Member	
	Shri Avadh B. Lal	Member	
	Shri Ajay Trivedi	Secretary to the Committee	
SHARE TRANSFER COMMITTEE	Shri Amitabh Tayal	Managing Director	To enable it to accord its approval on the request for transfer of physical shares of the company lodged from time to time
	Shri Avadh B. Lal	Non-executive Director	
	Shri Ajay Trivedi	Company Secretary	

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors 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, 2013 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.
- v they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively to the best of their knowledge and ability; and
- vi the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

LISTING

Status of listing	<ol style="list-style-type: none">1. Delhi Stock Exchange Ltd.2. The Company made an application on 16.12.14 with the Calcutta Stock Exchange Ltd. for listing of its shares after order of SEBI dated 19.11.14 regarding de-recognition of Delhi Stock Exchange Ltd. In terms of SEBI circular no. CIR/MRD/DSA/05/2015 dated 17.04.15, the company has been given eighteen months time to secure listing at Nation Wide Stock Exchange or provide exit opportunity to its shareholders.
Listing fees	The prescribed Listing Fees has been paid.

PARTICULARS OF EMPLOYEES

The disclosure as required under the provisions of Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company has not been given, as none of the employees qualify for such disclosure.

NUMBER OF MEETINGS OF THE BOARD

The Board met 07 times during the financial year, the details of which are given in the *Corporate Governance Report* that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the Listing Agreement.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company seeks to maintain an appropriate mix of Executive and Independent directors in order to maintain the independence of the Board and segregate the functions of governance and management. The Board consists of 07 members, 02 of whom are Executive Whole-time Directors, 04 of whom are Non-executive Directors and one is a Woman Director.

During the year, the Board of the Company appointed 03 Independent Directors; all the appointees are qualified personnel with requisite qualifications, experience, positive attributes and satisfy all the criteria as set out under Schedule IV of Companies Act, 2013. These appointees are not eligible for sitting fees for attending Board meetings and Committee meetings. The Company is in process of forming a Remuneration Policy which will be approved by Nomination and Remuneration Committee of the Board.

Mrs. Mala Agarwal was appointed as an Additional (Independent Category) Woman Director on the Board. As per Section 149, 150, 152 and other rules and provisions she is proposed to be appointed for a term of five consecutive years.

Shri Dharam Mohan and Shri Rakesh Seth were appointed as Independent Directors on 24th March, 2015 for a term of five consecutive years. We seek your support in confirming the appointment of the above directors in the ensuing Annual General Meeting.

Your Company, in compliance with section 178(1) of the Companies Act, 2013 read with The Companies (Meeting of Board and its Powers) Rules, 2014, has duly constituted a *Nomination and Remuneration Committee*. This committee is chaired by an independent director and formulates the criteria for determining qualifications, positive attributes, independence of a director and other matters.

Appointment and the remuneration of Board members, key managerial personnel or one level below the Board level is fixed on the basis of the recommendation of the *Nomination and Remuneration Committee* made to the Board, which may ratify them, with or without modifications.

DIRECTORS' REPORT (Contd.)



Disclosures pursuant to the requirements of section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been provided in Corporate Governance Report.

DECLARATION BY INDEPENDENT DIRECTORS

As per the requirement of section 149(7), the Company has received a declaration from every Independent Director that he or she meets the criteria of independence as laid down under section 149(6) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rule, 2014 and Clause 49 of the Listing Agreement.

BOARD EVALUATION

Pursuant to the requirement of the Companies Act, 2013, a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. The Act states that the performance evaluation of the Independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board as explained under the Corporate Governance section of this Annual Report. In a separate meeting of independent Directors, performance of non-independent directors was evaluated.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

RISK MANAGEMENT

UPAL aims to have a formalized and systematic approach for managing risks across the Company. It encourages knowledge and experience sharing in order to increase transparency on the key risks to the Company to the extent possible. This approach increases risk awareness, and ensures proper management of risks as part of the daily management activities.

During the year, the Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in:

- Reviewing and approving the Company's Risk Management Policy so that it is consistent with the Company's objectives; and
- Ensuring that all the risks that the Company faces such as strategic, operational, financial, compliance and other risks are identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Risk Management Policy was reviewed and approved by the Committee. The policy on Risk Management may be accessed on the Company's website at the link: <http://www.upasbestos.com>

The objective of the Company's risk management process is to support a structured and consistent approach to identify, prioritize, manage, monitor and report on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

DIRECTORS' REPORT (Contd.)



The Company has introduced several initiatives for risk management including the introduction of audit functions and processes to identify and create awareness of risks, optimal risk mitigation and efficient management of internal control and assurance activities.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed to the Directors' Report in Annexure – I.

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

(Dharam Mohan)

Chairman

(DIN 00161800)

Place : Lucknow

Date: August 13, 2015

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 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
 - A. We plan to increase our capacity by revamping our machines and electrical systems. Also by removing the bottleneck in the machines and process. The demand for 3.6m sheets is increasing and hence we propose to change one more machine to produce the higher length sheets.
 - B. To utilize surplus land we plan to construct warehouses for which the govt. is giving thrust.
- 4. Expenditure on R&D:

2014-15
(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.5381 Lacs
Earned: NIL— |