

Ashwini Ayare



Peer Mohideen



S. Ramchandran



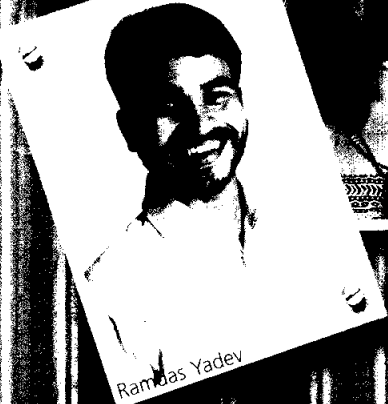
Shubhangi Nawale



Pallavi Kate



Ramdas Yadev



What's better
to smile at
in a recession?

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-

looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



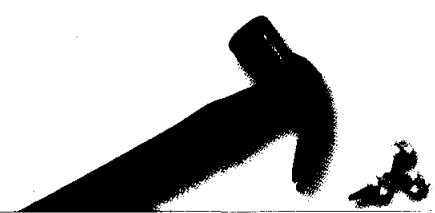
Corporate description **16** Vision and Mission **17** What we are. What we believe in. What we achieved in 2000-01 **18** Strategy audit **20** Chairman's interview **22** Enhancing shareholder value **26** Measuring shareholder value **27** Brand at roofit **28** Corporate Governance **30** Risk management **36** Directors' report **39** Auditor's report **42** Balance Sheet **46** Profit and Loss account **47** Schedules **48** Balance Sheet Abstract **62** Cash Flow Statement **64** Management discussion and analysis **66** Segment analysis **72** 5 - year financial summary **88** Value-added statement **90** Ratio analysis **91** Environment report **95** Directors' profile **102** Management structure **103** Corporate Information **104**

A lot!

Roofit's 1996-97 turnover was a mere Rs. 66 cr. Within just four years, turnover has grown to Rs. 456.28 cr. That's a compounded annual growth rate of an amazing ▶

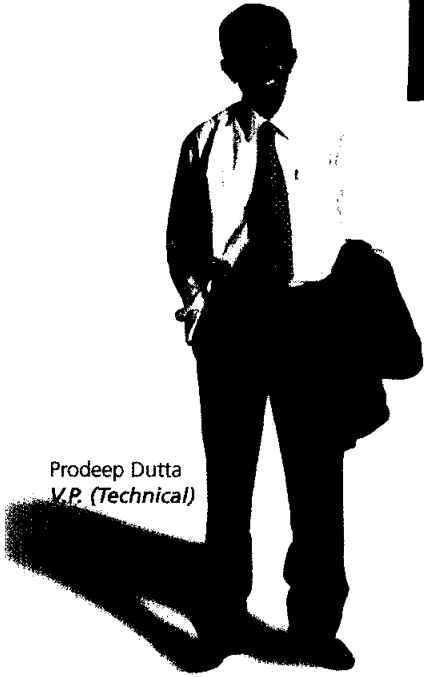
62%

Everyone - and that includes our competitors - wants to know the reasons that have made Roofit one of the fastest growing Indian companies over the last few years.



Well
actually,
it's an
open book.

There are 15



Prodeep Dutta
V.P. (Technical)



Reshma Phadnis
Jr. Executive (Corporate)



K. J. Chellani
In charge (Import - Export)



Radhakant Dube
Security

reasons why

Roofit beat
the recession
convincingly
in 2000-01.
Some four are
featured on
this very
double
spread.



[Most look mild, friendly and affable. Just the kind of people you meet in the train each morning. Make no mistake.
You are looking at some of the most single-minded and performance-driven professionals in our business].



At Roofit, **drive**

Recession.

Then there is overcapacity. A reduction in government offtake.

Low demand from the construction industry.

Every analyst who we have met over the last few months has asked how we are getting around them.

Through a simple strategy. By infusing the highest sense of quality among our people.

"What makes Roofit different from its competitors is that it works as a family. When you don't have to spend time worrying about who's looking over your shoulder and who is trying to stab you in the back, you will be amazed as to how much you can achieve!"



Vivek K. Sawhney
Sr. Asst. General Manager (Sheets)

Pooja Doshi
Jr. Executive (Sheets)

meets **daring**

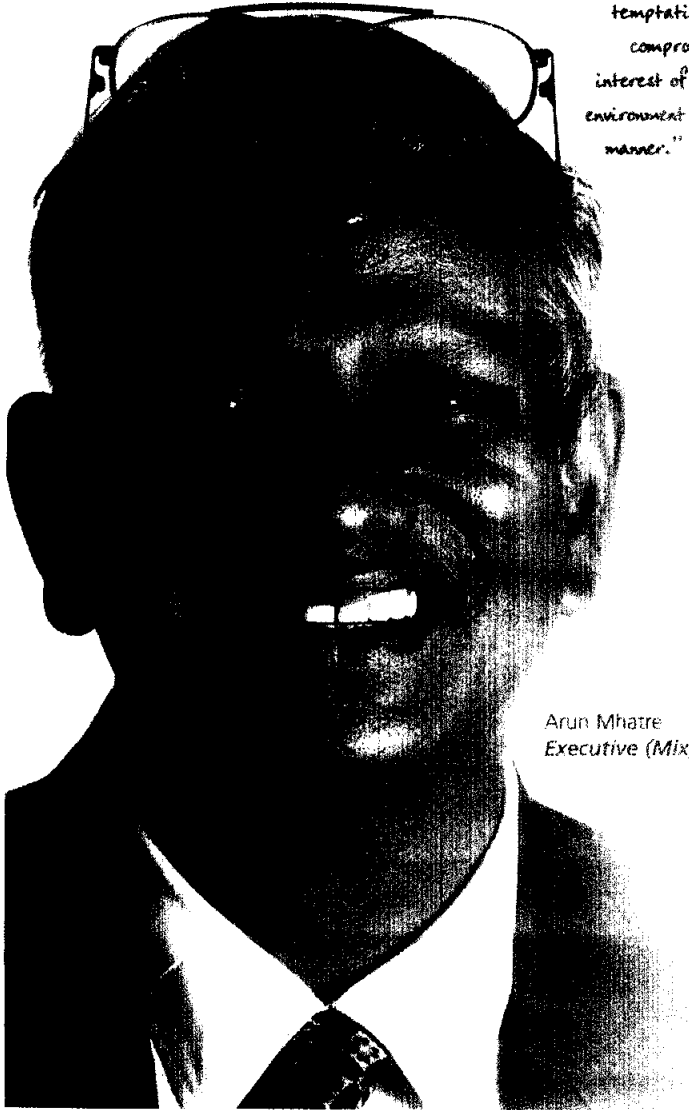
This then is the result.

Roofit's turnover has grown from
Rs. 321.02 cr in 1999-2000 to
Rs. 456.16 cr in 2000-01.

And Roofit's profit after tax
increased from Rs 37.04 cr in
1999-2000 to Rs 41.64 cr during
the year under review.



"The management's brief to me is clear: whatever be the temptation, do not compromise the interest of the environment in any manner."



Arun Mhatre
Executive (Mix)

At Roofit, care

When you are building a house, the easier part is putting the money together.

Putting the various building materials together is more difficult.

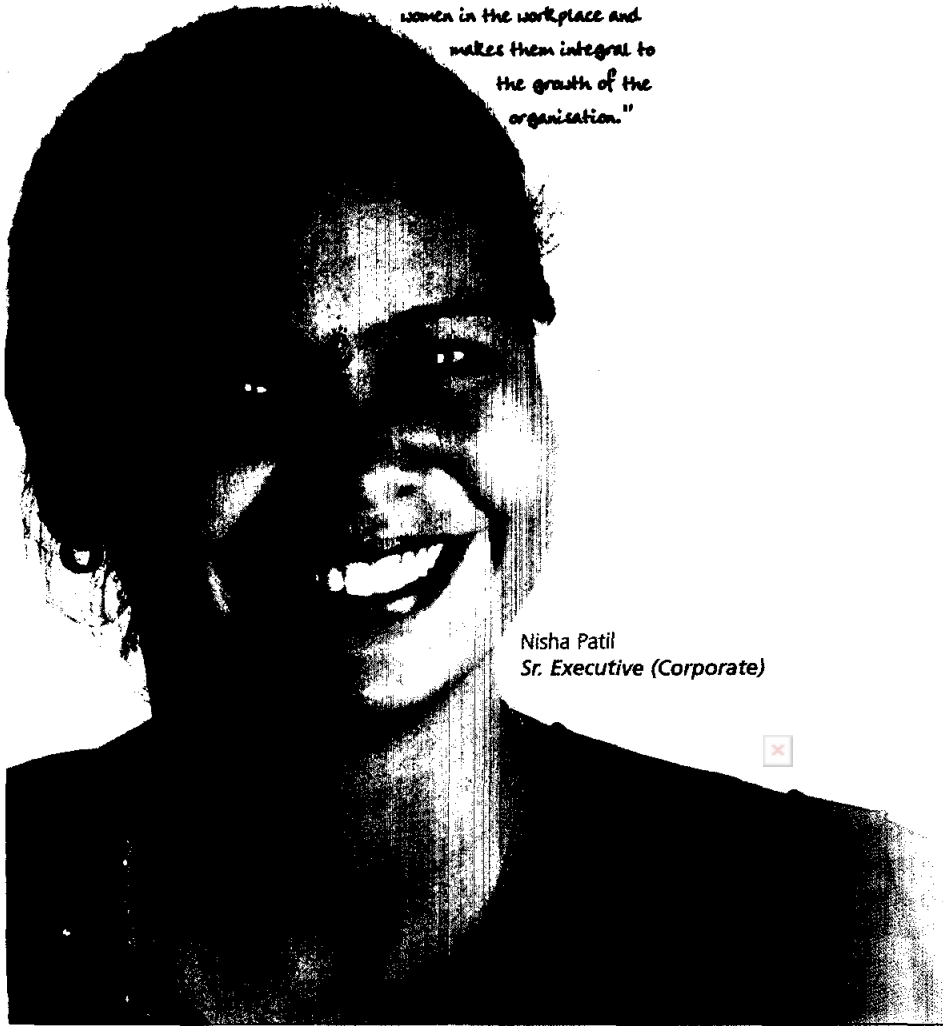
In such a situation, Roofit is

the house builder's best friend.

Since Roofit manufactures and markets most building materials, its executives make the house building experience simple, convenient and satisfying.

At Roofit, **service**

"I have worked in a few places
and let me tell you that
Roofit earns my
loyalty because it respects
women in the workplace and
makes them integral to
the growth of the
organisation."



Nisha Patil
Sr. Executive (Corporate)

You've fitted a pipe but it leaks. You've installed a roof but it shakes. You applied plaster but it cracks.

The harsh truth is that there is generally a difference between promise and performance, irrespective of whichever products one buy.

On most occasions, this is so because even though the products conform to the most demanding specifications, their installation is faulty.

Roofit recognises this reality.

meets standards

As a result, the company does not just focus on the sale. But on whether the customer is generating adequate value out of Roofit's product after the transaction has been completed.

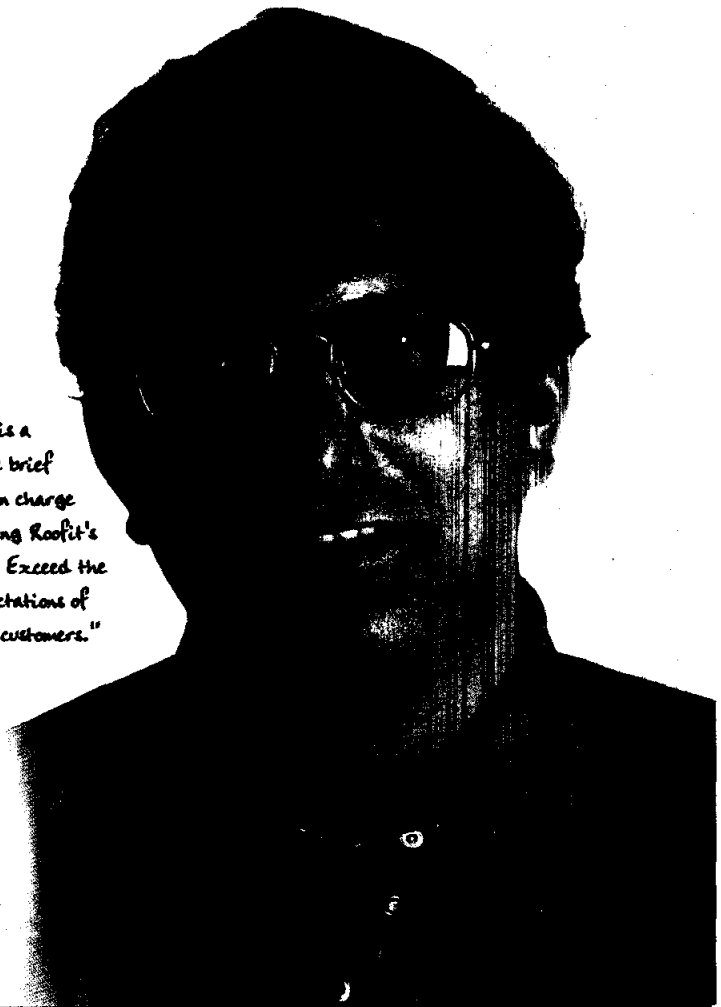
This belief is reflected in some interesting initiatives. Roofit's customer servicing team comprises engineers. These engineers are found more at customer sites than in their offices. They are armed with an expert insight into customer problems. And supported by a laptop to address challenging problems on the spot.

This ability to address customer problems effectively is reflected in the strength of the Roofit brand. Nearly 70 percent of the company's turnover was derived from repeat customers in 2000-01.

"There is a simple line brief to those in charge of making Roofit's products: Exceed the expectations of customers."



Adil Davar
Manager - sales (Sheets)



meets

creativity

Roofit supplies:

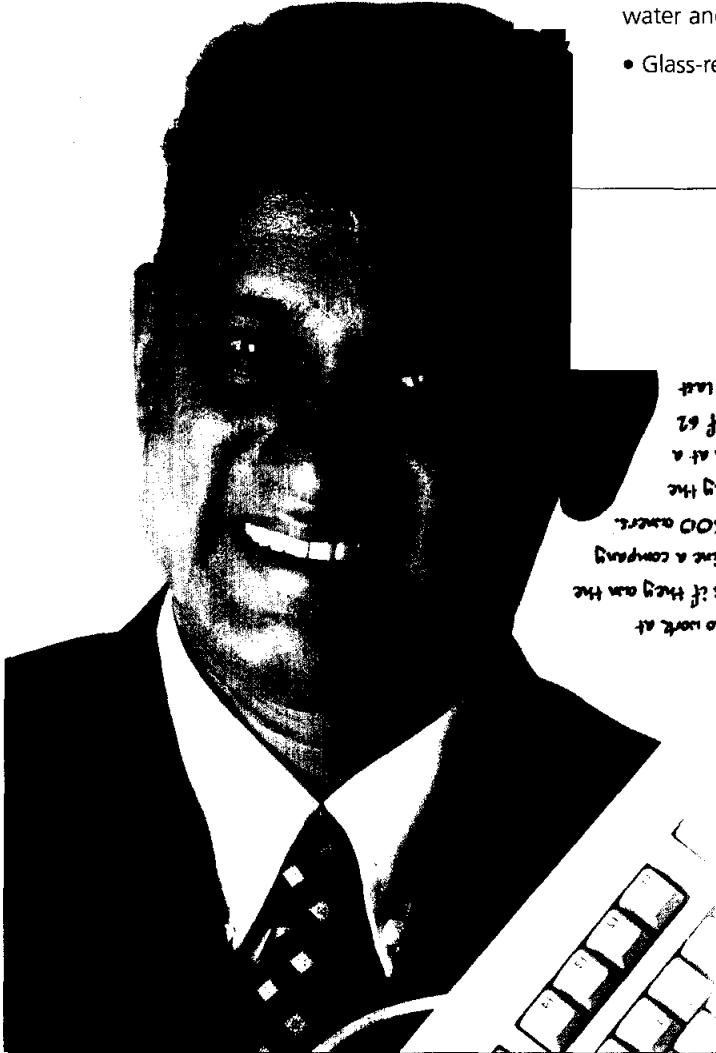
- Ready-made concrete mixed in a perfect quantity to reinforce construction,
- Pre-mixed, crack resistant plaster,
- Strong and durable AC pipes for water and sewage lines,
- Glass-reinforced polycarbonate water

tanks for safe and hygienic water,


- Bright PVC roofing sheets,
- Strong AC sheets for roofing the garage,
- Panels for doors and windows.

Not surprisingly, 'Everything under one roof' has a larger meaning than usual when used at Roofit Industries Limited.

Rajendra Nabar
Deputy Manager (Mix)



"Most people who work at Roofit act as if they own the company. Also imagine a company with more than 500 assets. This explains why the company has grown at a CAGR in excess of 6% percent over the last



"What I like about Roofit is
that it is a
demanding workplace
without the place
losing its
cheerfulness."

At Roofit,

visibility

How many times have you looked for
a building product and not been able
to find a dealer who can sell you
one?

A visible presence is Roofit's biggest
strength - and priority. Roofit
products are available off-the-shelf in
almost every taluka that it has
selected to be present in. That's
because Roofit possesses the largest
number of distributors per state in
the country.

Roofit provides the widest range of
products within the Indian building
and construction industry.

Ratnakar Chafe
Executive (Export)

meets standards

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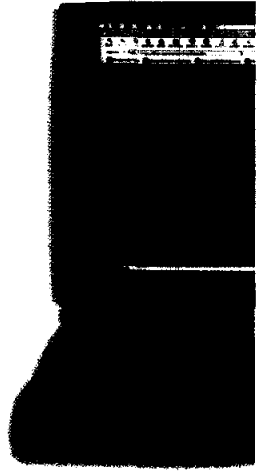
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"There is a simple line brief to those in charge of making Roofit's products: Exceed the expectations of customers."



Adil Davar
Manager - sales (Sheets)





Prasad Divekar
Sr. Manager (Corporate)

meets accessibility

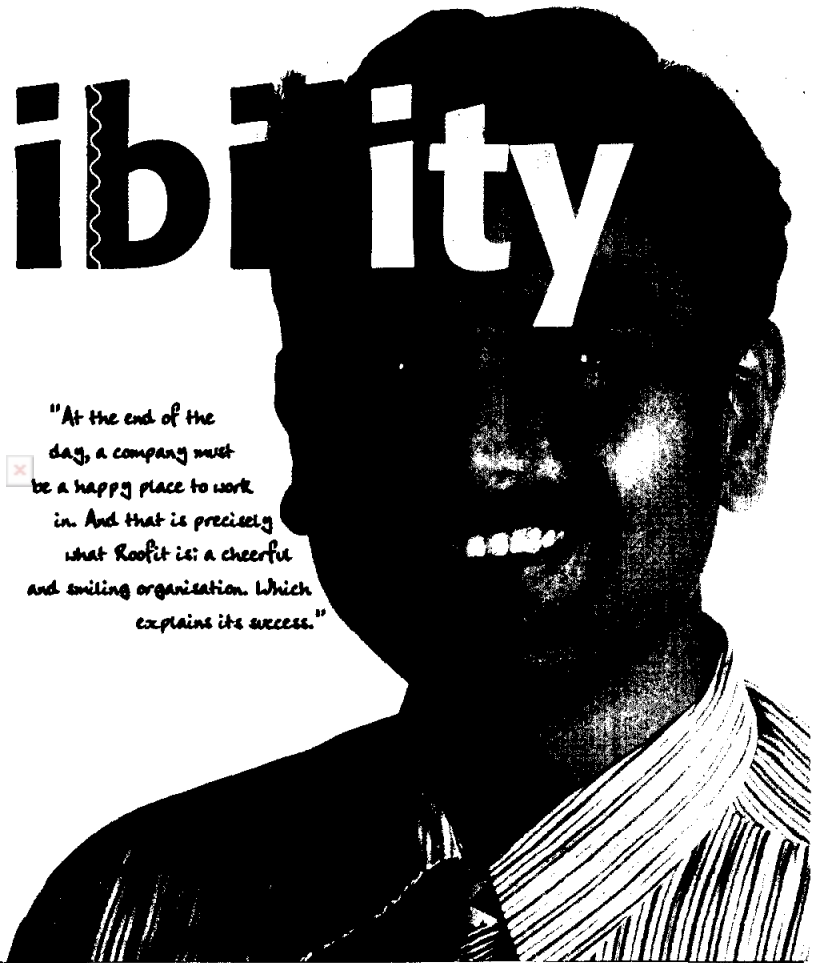
Should customers have a problem with installation, Roofit customer care executives are available across all of 24 hours.

Because most of Roofit's distributors have grown with the company, they have helped attract more dealers, resulting in the network expanding from 5,000 in 1998-99 to 7,000 in 2000-01.

These dealers do not only represent an existing asset for the company. But constitute an ideal launching pad for prospective products as well.

At no extra cost.

"At the end of the day, a company must be a happy place to work in. And that is precisely what Roofit is: a cheerful and smiling organization. Which explains its success."





Mangesh Shinde
Jr. Executive (Mix)

"Most companies swim with the tide. Roofit generally swims against it, which explains why the company's profits have risen in the face of a recession. And in some cases, Roofit creates the tide, clearly demonstrated in the drymix instance."

At Roofit, **insight**

Roofit's people have always taken the road less travelled.

And that has made all the difference.

For instance, even as every single AC sheet manufacturer was focused on the industrial offtake of the material, Roofit was the first to penetrate rural India and reach out to the home consumer.

Result: Roofit enjoys a 45 percent share of the rural AC sheet industry in the markets of its presence today.



"What I like about Roofit
is that it is not a
cut throat
company. It is a
company which
reconciles business
target-setting
with personal
growth."

'meets intelligence

Or take another instance. When the Indian construction industry was accustomed to creating cement mix on the site, Roofit offered the pioneering convenience of drymix.

Result: Roofit is the only manufacturer of drymix in India today.

In Roofit's case, being the first has inevitably resulted in it being the largest as well.

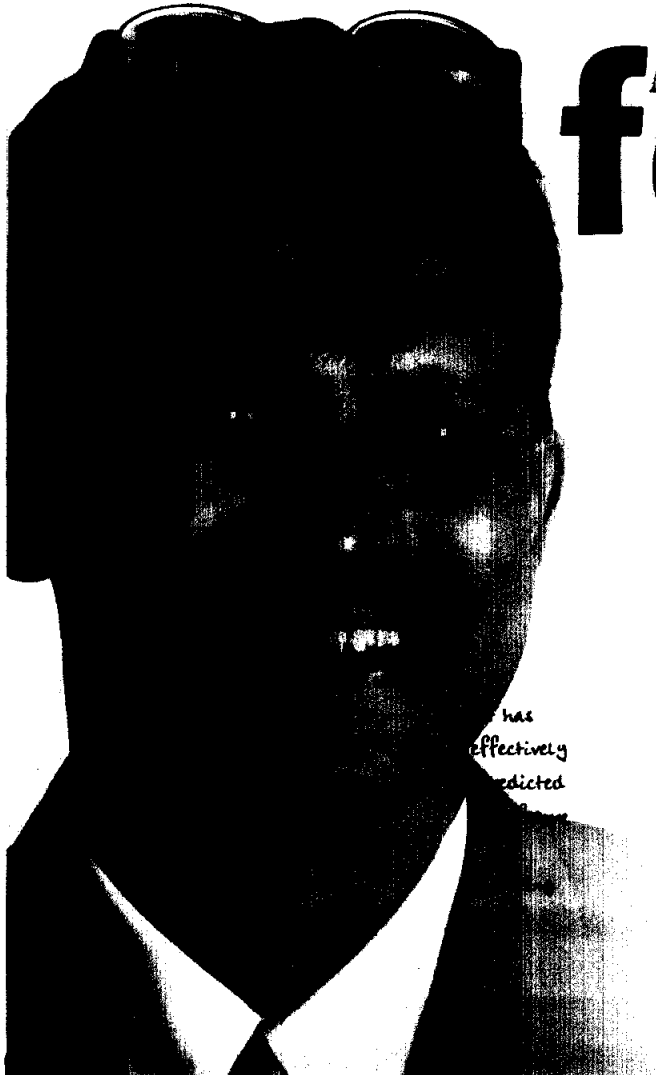


Almaas Gadka
Executive (M)





Kiran Pawaskar
Executive (Mix)



At Roofit, **foresight**

What will we do when asbestos cement sheets are banned?

This is a question that we have been asked on a number of occasions.

Over the last few years, Roofit has moved proactively to de-risk itself from such an eventuality. By extending its product portfolio to fast-growing non-asbestos-based products within the construction industry.

Like PVC sheets, European Union compliant sheets, pigment sheets, coloured sheets, semi-corrugated sheets, drymix, fibre-reinforced polycarbonate sheets, glass-reinforced polycarbonate tanks and dust ventilators.

has
effectively
predicted



"At Roofit we are growing as professionals all the time due to a strong mix of experiential as well as formal training."

meets
synergy


Roofit outsourced these products, created a market for them and then proceeded to manufacture most of them. As a result, the company was able to keep its costs low while the market was gestating. And was able to cater to a growing demand after an appetite had already been created.

The success of this strategy is reflected in the numbers: approximately 27 per cent of the company's turnover in 2000-01 was generated from new products.

Since Roofit's products were synergic, the company strengthened its impression as a service-led company.

Roofit has a special word for this business philosophy and positioning.

'Constructware'.



P.C. Saruparia
Assistant GM (Accounts)

"One of the strongest drivers of excellence at Roofit is its informal culture. As a result, new recruits perform to their full potential in the shortest time since they are recruited."



Sameer Rasam
Jr. Executive (Corporate)

Roofit Industries Ltd. provides comprehensive **building solutions** through the manufacture and marketing of building and construction materials in India.

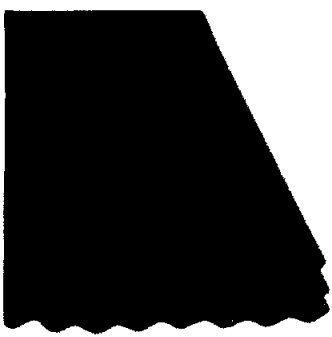
The company manufactures asbestos cement (AC) sheets, asbestos cement (AC) pipes, PVC sheets and drymix. The company outsources glass-reinforced polycarbonate (GRP) sheets, fibre-reinforced polycarbonate (FRP) tanks and other allied construction materials.

The company's products are sold under the brand name of 'Roofit'.

The company's products are made across six manufacturing plants located in Ratnagiri, Wada, Aurangabad and Kurkumbh (Maharashtra), Silvassa (Dadra and Nagar Haveli) and Chennai. The company enjoys a **rural and urban focus** in the markets of west and south India.

Roofit recorded a turnover of Rs. 456.16 cr in 2000-01, an increase of 42.09 per cent over 1999-2000 and a profit after tax of Rs 41.64 cr, a 12.45 per cent **increase** over the previous financial year.

Roofit is a part of the Mumbai-based Motwani Group. The company is listed on the National, Mumbai, Delhi and Ahmedabad Stock Exchanges. The company's market capitalisation was Rs. 168.69 cr as on 30 June, 2001 (market price Rs. 105.50 cr). Nearly 60 per cent of the company's equity was held by the promoters and around 24 per cent was held by the public.

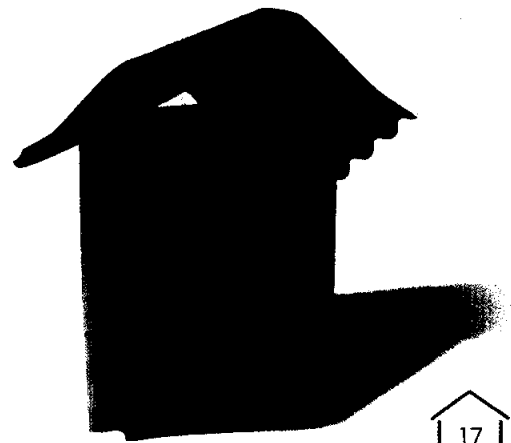


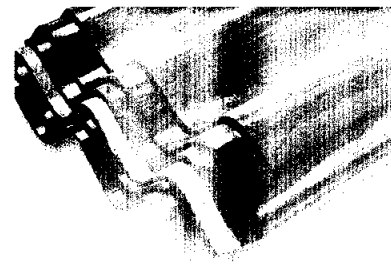
Vision

To be the building and construction solutions company of choice in India - for customers, business associates and stakeholders.

Mission

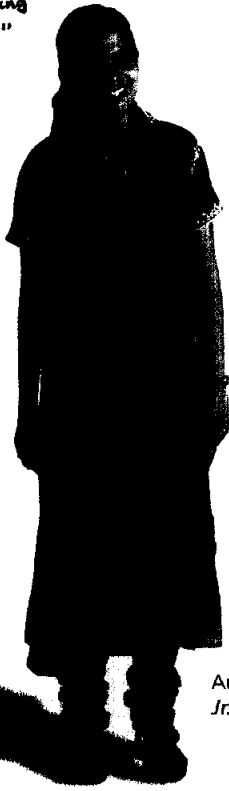
- To provide world-class products and services at affordable prices.
- To encourage innovation and a continuous improvement in products, processes and services.
- To provide total solutions in roofing, water management and plastering markets.
- To introduce new and synergic products in line with the company's core competence.





"What I like about Roofit is that even juniors are encouraged to take decisions and drive the business. As a result, the company provides a learning environment."

**what we
are what
we believe
in what we
achieved
in 2000-01.**



Anitha Jacob
Jr. Executive (Sheets)





"What I have learnt at Roofit is that trust pays. As a result, employee turnover has been practically nil."

A. V. Ramnath
Assistant GM (Finance)

what we are

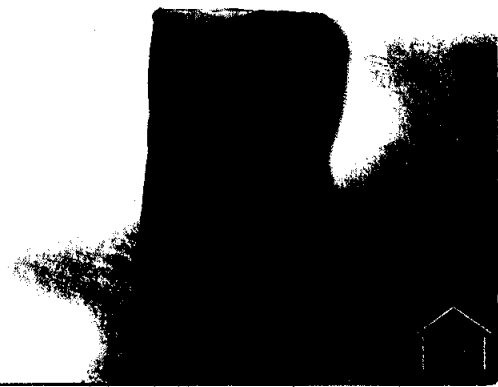
Growth-led: Roofit is driven by continuous improvement, demonstrated in relevant financial and value parameters. **Teamworked:** Roofit makes things happen through effective team working. **Customer-focused:** Roofit does not sell products, it sells solutions. As a result, the company's services ensure that what the customers buy are installed and used correctly. **Leader-led:** Decision-making at Roofit is effectively delegated so that leaders can be created throughout the organisation.

what we believe

Respect for people: Roofit enjoys a proud record of treating its members with dignity. The company expects to live by this philosophy as the cornerstone of its operations. **Integrity:** Roofit demands the highest ethical standards - of itself and others. The company obeys the laws of the land and works within their framework. **Environment focus:** Roofit protects the environment through safe products and process. **Shareholder value:** We are committed to global standards of corporate transparency and increasing shareholder confidence in our collective ability. We are also committed to deliver shareholder value commensurate with our management depth and financial solidity.

what we achieved

Turnover increased from Rs. 321.03 cr in 1999-2000 to Rs. 456.16 cr in 2000-01, a growth of 42.09 per cent. • Revenue from AC products declined from 74.41 per cent in 1999-2000 to 57.02 per cent in 2000-01. • The company commissioned two drymix plants with a cumulative capacity of 4,35,000 tpa - in Ratnagiri and Kurkumbh. Drymix revenue increased from Rs. 10.66 cr in 1999-2000 to Rs. 91.78 cr in 2000-01. • Exports increased from Rs. 1.95 cr in 1999-2000 to Rs. 11.41 cr as the company developed new markets in Africa, the Gulf and Sri Lanka.



Strategy



AC Sheets →



AC Pipes →



Drymix →



PVC Sheets →

Market overview

The AC sheet market is controlled by the organised sector. Due to a high transport cost, the market is characterised by regional players. The market is divided into two distinct segments: industrial and rural. The growth is largely fuelled from the rural sector due to an industrial downturn.

The AC pipes industry is a buyers' market dominated by the Government. The industry is equally divided between the organised and unorganised markets. The organised market is growing due to its ability to deliver quality pipes.

Drymix is a totally new concept in the domestic market. It is a scientific and convenient replacement for the conventional plaster used in buildings. The entire Indian construction market is expected to generate a requirement of one billion tonnes of drymix.

PVC sheets represent a premium quality of sheets, sold mainly in the urban markets.



audit

Our position

Roofit is amongst the top three AC sheet manufacturers in the country. It has a capacity of 2,40,000 tpa spread over four plants. The company has one of the best connected distribution networks in the south and west. Its strength lies in the rural pockets, which account for 80 per cent of the revenue from AC sheets.

Roofit enjoys a 10 per cent share of the AC pipes industry. The company has the highest exposure to turnkey projects in the industry. This has enabled the company to record the highest per tonne realisations.

Roofit is the only company that manufactures drymix in large-scale quantities. It has two plants with an installed capacity of 4,35,000 tpa. The company has targeted the urban construction industry. The company released 17 versions in the first year. The product has been well received in the major markets of Mumbai, Chennai, Pune, Cochin, Bangalore and Hyderabad.

Roofit has a capacity of 3,600 tpa, which makes it the second largest producer of PVC sheets in India. The company enjoys the most penetrated distribution, which has helped Roofit in attaining a national character in an industry dominated by regional players.

Key strategies

Roofit intends to make further inroads into the rural market. The company's aim is to emerge as the number one brand in the southern and western markets. The company is also exploring at options of entering the promising northern market.

No further additions in capacity are planned for AC pipes. Roofit sees AC pipes providing a supporting role in the company's transformation into a 'constructware' company.

Roofit is in the process of installing a second plant in Chennai, raising its installed capacity to 7,20,000 tpa. The company intends to release further variants in the market. To be more consumer friendly, the company is introducing the product in smaller bags. Roofit expects to release a drymix customised for the rural market. The perspective growth in Roofit is expected to come largely from the offtake of drymix.

No further capacity additions are planned. PVC sheets have helped the company provide roofing solutions in the urban markets.

'Pioneering products and services accounted for an increase in profits'

Chairman Suresh Motwani reviews the company's performance in 2000-01.

Q: Were you satisfied with the company's performance in 2000-01?
It was a satisfying year for a number of reasons. But the biggest reason has to be the fact that despite an economic slowdown, Roofit succeeded in posting a 42.10 per cent increase in its turnover and a 12.45 per cent increase in its bottomline. Roofit successfully countered the prevailing sectoral and economic trend, indicating a stronger undercurrent than what one would have assumed of most momentum companies.

Q: How do you explain the corporate growth as distinct from the economic momentum?
That the company continued to grow faster than

the industry and the economy must be explained by the company's innate desire to introduce pioneering products and services - in new geographies. The sum of these initiatives has translated into higher realisations and margins.

Q: Which new products?
The company's biggest triumph was the success of its drymix. This was a pioneering product that we introduced in the country. Even though drymix required concept-selling in a number of areas, Roofit posted a turnover of Rs. 91.78 cr from this product in 2000-01. The success of the product did a number of things for the company: it urbanised our income profile, which was hitherto largely drawn from the rural pockets of the country. It also spread our

risk across more products. It strengthened our focus as a construction-led company. More importantly, it reinforced our image as an innovative and pioneering company among the thousands of dealers scattered across the country. I cannot over-emphasise this point: this perception enables us to enlist a growing number of dealers, which, in turn, helps us penetrate the markets deeper with our products. As a result, the success of the drymix has accelerated what promises to be a virtuous cycle for the company's image and offtake in the marketplace.

Q: Was there any other area of corporate working that gave you satisfaction?

A: The performance of AC pipes and sheets, our traditional products. Since these are long standing products, a number of observers felt that the magic had gone out of them. We proved them wrong during the last financial year. Not only in terms of offtake but also in terms of realisations. AC sheets increased from Rs 188.70 cr in 2000-01 to Rs 211.39 cr in 2001-02 and in AC pipes from Rs 21 cr to Rs 58.79 cr. Realisations increased in both the products, indicating our ability to build on our brand. The fact that consumers were willing to pay extra for a mature product is a reflection of the company's service standards and brand equity. The servicisation of these products points to higher realisations over the coming years as well.

Q: In what ways were you disappointed with the company's performance in 2000-01?

A: The increase in the topline was not reflected in the bottomline. To penetrate our products deep into the country and to launch new products, the company incurred higher interest charges. However, we expect the situation to correct itself from 2001-02 as the turnover from drymix increases. Besides, our inability to enhance shareholder value through stock appreciation was also a disappointment. We had reckoned that the bonus issue would enhance the liquidity in

the company's stock and enable investors to take a greater interest in it, but unfortunately we were caught in the middle of a recession and investing sentiment just tapered off. I must also mention here that the Pune drymix plant took longer to be commissioned than we thought, which compelled us to outsource from abroad.

Q: Is the high cost of finance worrying ?

A: In 2000-01, the company paid out Rs 35.98 cr as interest compared to Rs 22.05 cr in the previous year. The increase was on account of more debt taken on the books to fund the company's new projects. We would have liked to fund these projects with equity funds but were unable to do so on account of the negative sentiment prevailing in the country's capital market. However, we expect to correct the situation through an equity infusion of around Rs. 50 cr in 2001-02. This infusion will help the company fund capital expenditure. The company also expects to swap its high cost debt with lower cost alternatives.

Q: Shareholders are likely to be worried about the company's ongoing exposure to asbestos-based products.

A: We appreciate the concern. There is a growing media awareness about the dangers of asbestos. However, let me assure shareholders that some of the fears are grossly exaggerated. Asbestos remains one of the most versatile and economic construction products. We have conducted adequate research on the subject and have come to the conclusion that the material, in the form used by the company, does not pose an ecological threat.

On the contrary, asbestos is less harmful than some of the alternatives that are being suggested. However, to protect the company's interests in view of the phasing out of asbestos in the European Union by 2004, we have diversified aggressively into non-asbestos products.

'We are optimistic about our performance'

Looking at the future.

Q: From which segments does the company expect to generate growth over the coming years?

A: Through a host of non-AC products. We expect to launch a number of products that customers will need, products which are synergic with the company's existing products and which can be sold through the same dealer network. The company possesses the capacity to grow the offtake of these products attractively over the short-term.

Q: What new products are expected to be manufactured by the company?

A: We set up two plants to cater to the increasing demand for drymix. A third is about to be commissioned. This will enable us to meet the growing drymix demand in the coming year. We are also looking into the market for ready mix concrete, a wet mixture consisting of sand, cement and aggregates, targeted at the urban construction industry. It is expected to replace the conventional method of making concrete at sites. We also expect to make special quality bricks and aerated concrete blocks and panels. The bricks are based on calcium silicate, which will give it better quality, more uniformity and superior aesthetic appeal. Aerated concrete blocks and panels are expected to be used in construction of pillars because they are light, strong and will reduce the dead load on the buildings. We expect non-AC

products to play a growing role in the coming years.

Q: Will Roofit continue to be a regional player?

A: Since our products are freight-intensive, we have been a regional player in the south and the west of the country. We are however looking forward to establish ourselves in new markets. We are in the initial stages of setting a manufacturing base in the north to tap the demand for sheets. We also expect to increase our export profile to cater to the demand for coloured AC sheets and PVC sheets in Africa and the Gulf.

Q: What is the outlook for the coming year?

A: We are optimistic about our performance. We expect to maintain our realisations in the AC pipes, AC and PVC sheet segments. We expect drymix revenues of approximately Rs. 175 cr - a big jump. Should this transpire, a turnover of Rs. 550 cr looks feasible in 2001-02. Earnings from new product launches will be an added bonus.

Over the years, we expect to transform Roofit from a mere AC products company to a 'constructware' company with a reducing dependence on asbestos-based items and a growing exposure in construction-related products used by a broad sweep of consumers.

Technology strengths at Roofit

Roofit has modern plants for all its products. The company's drymix plant at Kurkumbh is run by only three employees. Its AC plant is the only one in the industry to be certified under ISO 1600. Roofit's technology excellence is reflected in its consistent production of a high quality of products.

Product strengths at Roofit

Roofit makes and markets products that enjoy its synergy with the Indian construction industry. As the company's products are sold across a wide rural geography, they are insulated from any over-dependence in any segment and from an unforeseen drop in any one region.

Distribution strengths at Roofit

Roofit's products are distributed through a network of depots, distributors and dealers across the northern and western markets. As a result, Roofit's products reach customers through 7,000 retail outlets. This makes it possible for the company to launch new products and achieve an acceptable benchmark of sales in the shortest possible time.

Enhancing shareholder value

Roofit enhances value for shareholders through an intelligent interplay of its focus, innovation, brand equity and market presence.

Focus

Roofit has focused its presence in the building and construction business. The company is already manufacturing, sheets, pipes and drymix. It is trading in other allied products like dust ventilators, PVC tiles, boards for doors and windows, among others. Since these products are synergic, dealers are able to offer comprehensive solutions under one roof. This enables dealers to maximise their earnings and, in turn, enables Roofit to raise realisations.



Core income as a
% of the total income

99.31	99.89	99.91
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Brand equity

Roofit's core competence has translated into a strong brand equity. Not only does the company possess a wide range of products, these products conform to a high standard of quality, are available deep in geographic pockets, are affordably priced and are generally available. A combination of these factors has translated into an increased realisation per tonne for the company's products, the recession notwithstanding.



AC sheets	9,303.35	9,578.16	2.95
Polymer composite roofing systems	64,629.87	1,00,671.15	55.77
AC pipes	19,090.00	19,892.00	4.20

The company's brand equity is amply reflected in AC sheets, a product segment that Roofit entered last in the country's organised sector. Roofit's sheets were sold at a discount of Rs.15 per sheet when compared with the recognised sheets in 1998-99. Today Roofit is one of the premium brands.

Market presence

Roofit enjoys perhaps the most extensive distribution network for construction products in the country. The company's products are available in the remotest interiors of the markets of its presence.

The company is in the process of building an overseas marketing network as well as one in the northern markets, driving growth over the foreseeable future.

Innovation

Roofit was a single product company in 1996-97. Over the years, the company introduced 10 new products and grew its turnover 147.59 per cent by 2000-01. Today, Roofit provides a one-stop-shop for basic construction products and services, a convenient option. This has helped the company strengthen its relationship with dealers and consumers, resulting in a strong brand equity. In 2001-02, Roofit expects to launch ready mix concrete, bricks and aerated blocks and panels.

Measuring shareholder value

Roofit posted an EVA of Rs. 16.74 cr. and an MVA of Rs. 18.54 cr in 2000-01.

Economic Value Added

Roofit registered an EVA of Rs 16.74 cr in 2000-01. This indicates that the company exceeded the expectations of its shareholders.

EVA, which has been constructed by the New York-based consulting firm Stern Stewart and Company, shows the business profits left after adjusting for the cost of servicing the capital employed in the business. If the EVA is positive, the business has generated wealth in excess of what is expected by the shareholders and vice-versa. If the figure for a particular year drops below zero, it indicates that the expectations of the shareholders are not being met.

Market value-added

Roofit's MVA continued to be positive at Rs. 18.45 cr in 2000-01.

Market value-added indicates whether a company has been valued in excess of its total funds. In instances where this is so, the assumption is that the market is willing to place a premium on the company's value in recognition of its future earnings potential.

No. of Shares	0.64	0.78	1.60
Market capitalisation (Rs.cr)	59.52	208.65	168.69
Total debt (Rs. cr)	122.99	187.91	319.17
Less			
Net Worth (Rs.cr)	62.80	113.46	150.24
Loan Funds (Rs.cr)	122.99	187.91	319.17
Market Value Added (Rs. cr)	-3.28	95.19	18.45

Competitive positioning

Roofit outperformed the building and construction products industry in India in 2000-01.


Hyderabad Industries	7.17	294.81	-16.51	-	-
Ramco Industries	4.33	189.27	15.78	36.40	3.20
Eternit Everest	14.80	144.49	-8.32	--	--
Roofit Industries	15.99	456.16	41.64	26.04	4.05



Vikram Singh
Jr. Executive (Mix)


"I am pleasantly surprised by the amount of encouragement given to youngsters and the speed with which they are integrated into the organisation."

Brand *at* Roofit



"At Roofit, we have always believed that a satisfied customer is our best advertisement."

The company's roofing and piping solutions are marketed under the Roofit brand, owned by the company.



Ranjan Kumar Subudhi
Deputy General Manager (Sheets)



The Roofit brand was launched in early 1990s, the first year of the company's operations. The drymix was launched in 1999-2000 under the umbrella brand RoofitMix. Both brands are well recognised in the rural and urban markets. Although, still largely dominant in the south and the west, the brands are on their way to acquiring a national character.

Roofit's brands have been strengthened through hoardings, dealer boards, bus shelters and slides in movies. As a conscious environment policy, the company does not plaster advertisements on walls.

Roofit's advertising expenditure jumped from Rs. 2.70 cr in 1999-2000 to Rs. 9.32 cr in 2000-01, a rise of more than 245 per cent. The increase was due to the launch of drymix during the year under review. More than 50 per cent of the total advertising budget was incurred in the electronic media.

Trisys, an independent agency, used the

globally accepted Interbrand method to value the Roofit brand. The Roofit brand was valued at Rs. 234.03 cr in 2000-01. It was estimated that Rs. 22.80 cr of Roofit's profits in 2000-01 had been earned from the strength of its brand.

'Building trust' addresses three stakeholders:

The customer

The Roofit brand stands for premium, quality products in the minds of consumers. This is because the company has constantly endeavoured to replace traditional methods of construction with safe, advanced and convenient building materials. The company is also a one-stop-shop for basic building and construction requirements. Roofit's diverse product portfolio is backed by an extensive distribution and service network, making it easy for customers to buy.

The distributor

Roofit treats distributors as an extended part of its organisation. The company's

"I will describe Roofit as aggressive. The proof is in the numbers."

Sunita Merala
Jr. Executive (Mix)



various policies are dealer-focused, resulting in attractive dealer retention and accretion. As a result, Roofit enjoys a presence across ten states, dotted by nearly 7,000 dealers. The strength in the company's dealer relationships is reflected in the fact that not a single distributor has terminated his association with the company over the last three years.

The employee

Roofit strives to be an ideal employer. The company provides a challenging and informal environment in which to grow the business. Over the last few years, there has been increasing delegation and empowerment. As a result, employee turnover has been negligible over the last few years.

Corporate Governance

Effective corporate Governance is directed at the 'enhancement of shareholder value, keeping in view the interests of other stakeholders.' This harmonises the need to strike a balance between enhanced shareholder wealth without this being detrimental to the interests of the other stakeholders in the organisation. The Company complied with a number of Corporate Governance guidelines recommended by the Securities and Exchange Board of India (SEBI) and the Confederation of Indian Industries (CII).

Number of Board meetings

During the year, the Board met five times – on 11 August 2000, 18 October 2000, 30 January 2001, 28 April 2001 and 25 June 2001. The maximum time gap between any two Board meetings was not more than four months.

Composition of the Board

Mr. Suresh G. Motwani	Chairman & Executive Director
Mr. Vinod G. Motwani	Executive Director
Mr. Kishore G. Motwani	Executive Director
Mr. Milind Tamhane	Whole- time Director
Mr. M. D. Gothivrekar	Non Executive & Independent Director
Mr. E. .V. Hariharan	Non Executive & Independent Director
Mr. Vijay Paradkar	
<i>Nominee of SICOM Ltd.</i>	Non Executive & Independent Director
Mr. Ramesh Dhall	
<i>Nominee of IDBI</i>	Non Executive & Independent Director
Mr. S.C. Kapur	
<i>Nominee of ICICI</i>	Non Executive & Independent Director

Note: None of the Directors have any materially significant pecuniary or business relationship with the Company.

Outside Directorships

(excluding Roofit Industries Ltd.)

Mr. Suresh G. Motwani	3	6
Mr. Vinod G. Motwani	2	3
Mr. Kishore G. Motwani	2	4
Mr. Milind Tamhane	Nil	1
Mr. M. D. Gothivrekar	Nil	1
Mr. E. V. Hariharan	1	Nil
Mr. Vijay Paradkar	Nil	1
Mr. Ramesh Dhall	Nil	Nil
Mr. S .C . Kapur	1	Nil

Information supplied to the Board

The Board was supplied with all relevant information and supporting papers required to transact the business specified in the agenda of the Board meetings.

Attendance and remuneration of Directors

The table below gives the attendance record of the Directors and the details of the remuneration paid to them.

Director	Attendance	Remarks	Basic Salary	Director's Fee	Other Remuneration	Total
Mr. Suresh G Motwani	5	✓	Nil	Nil	Nil	Nil
Mr. Vinod G. Motwani	3	✓	Nil	Nil	Nil	Nil
Mr. Kishore G. Motwani	2	✓	Nil	Nil	Nil	Nil
Mr. Milind Tamhane	5	✓	Nil	933000	Nil	933000
Mr. M.D.Gothivrekhar	4	✓	8000	Nil	Nil	8000
Mr. E. V. Hariharan	5	✓	10000	Nil	Nil	10000
Mr. Vijay Paradkar	4	X	8000	Nil	Nil	8000
Mr. Ramesh Dhall	4	X	8000	Nil	Nil	8000
Mr. S. C. Kapur	3	X	6000	Nil	Nil	6000

Remuneration Committee

The Company does not have a formal Remuneration Committee. However, all decisions regarding the remuneration of executive Directors and non-executive Directors are taken by the Board.

Audit Committee

An Audit Committee consists of three members, Mr. M. D. Gothivrekhar, Mr. E. V. Hariharan and Mr. Ramesh Dhall, Directors of the Company, all of whom are independent. Every member of the aforesaid Committee possesses a strong financial and accounting background. The Audit Committee met twice during the year.

Management Discussion and Analysis

Relevant disclosures by the Management to the Board have been made on page 66 of this Annual Report.

Disclosure regarding appointment or re-appointment of Directors

The details pertaining to re-appointment of Directors have been included in the AGM notice.

Communicating to shareholders through website

The Company has its own website. All relevant information relating to the Company was immediately put on this site for the benefit of the shareholders and the public at large. The Company's website address is <http://www.roofitindia.com>

Investor grievances

A 'Shareholders /Grievance committee' was formed during the year comprising Mr. Milind Tamhane, Mr. M.D. Gothivrekhar and Mr. E.V. Hariharan to specifically redress shareholder and investor complaints (transfer of shares, non-receipts of Balance Sheet and non-receipt of dividends).

Share transfers

To expedite share transfers, the Board delegated this power to the Share Transfer Committee comprising Mr. Suresh G. Motwani, Mr. Vinod G. Motwani, Mr. Kishore G. Motwani and Mr. Milind Tamhane. This Committee meets on regular intervals.

Postal ballot

The company has not conducted a postal ballot till now but will carry out the exercise whenever circumstances warrant.

Details of non-compliance

The company complied with all applicable provisions imposed by the SEBI and stock exchanges through respective listing agreements and any other statutory authority on any matter related to the capital markets.

Circulation of half-yearly results

The half-yearly results were submitted to respective stock exchanges and published in newspapers as per applicable provisions of listing agreements.

Report on Corporate Governance

Corporate Governance reporting is mandatory for the Company effective from financial year 2001-02. This section of the report, together with the information given under Management Discussion and Analysis and Additional Shareholder Information, constitutes a detailed compliance report on corporate governance during 2000-01.

Shareholders' Information

* Website

www.roofitindia.com

* e-mail

roofit@bom3.vsnl.net.in

* Registered office

501, Sangli Bank Building,
296, Perin Nariman Street,
Fort, Mumbai 400 001.

* Annual general meeting

30th October, 2001 at 3 p.m. at Dahanukar Hall of Maharashtra Chamber of Commerce Trust, Orion House, 12, K. Dubash Marg, Mumbai 400 023.

* Book closure date

23rd October, 2001 to 30th October, 2001 (both days inclusive).

* Transfer agent and registrar

Intime Spectrum Registry Private Limited is acting as Registrar and Transfer agent of the Company. In respect of shareholder services, inquiries, complaints and for Depository services you may contact them at the following address :

Intime Spectrum Registry Private Limited

260A, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (West),
Mumbai 400 090.
Phone No. 5647731, 5672716
Fax : 5672693

* Dividend

Interim dividend @ Rs. 1.50 per share was paid during the year. Dividend @ Rs. 0.50 per share has been recommended by the Board, subject to the approval of shareholders and Financial Institutions. Shareholders who wish to have their bank account printed on dividend warrants should send the required information to the Company.

* Investor complaints

The company has attended to most of the investor grievances /

correspondences within a period of 15-20 days from the date of their receipt either at the office of the Company at its Registered Office.

Non-receipt of dividend	121	121
Non-transfer of shares	129	129

• **Next results**

The schedule of the results for 2001-2002 is as follows :

- 1st Quarter : between 15th October to 31st October, 2001.
- 2nd Quarter : between 15th January to 31st January, 2002.
- 3rd Quarter : between 15th April to 30th April, 2002.
- 4th Quarter : between 15th July to 31st July, 2002.

• **Annual fees to stock exchanges**

The Company has paid the Annual Listing Fees for the year 2001-02 to all the Stock Exchanges where the Company's equity shares are listed. The name and address of such stock exchanges are mentioned below :

1. The Stock Exchange, Mumbai
Phiroz Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.
2. National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra- Kurla Complex,
Bandra(East), Mumbai 400 051
3. The Delhi Stock Exchange Association Ltd.
DSE House, 3/1, Asaf Ali Road,
New Delhi 110002.
4. The Ahmedabad Stock Exchange Association Ltd.
Kamdhenu Complex, Opp. Shahajanand College,
Panjarapole, Ahmedabad 380 015.

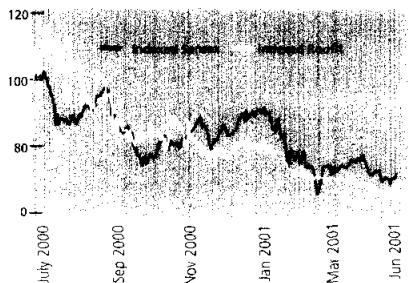
• **Share price movements on BSE**

July, 2000	178.88	145.47	205.25
August	162.24	125.87	247.02
September	156	118.85	163.09
October	132.31	117.52	320.77
November	135.1	112.45	132.6
December	133.75	109.3	463.49
January, 2001	132	113	864.58
February	132	113.15	764.38
March	121.25	105.25	1028.47
April	116.75	102	838.21
May	109.9	103	655.83
June	109	97	113.96

• **Share price movements on NSE**

July, 2000	174.42	140.25	133.75
August	159.07	130.05	135.75
September	164.22	116.28	204.45
October	135.15	113.22	632.79
November	139.23	115.39	842.27
December	132	111.6	223.54
January, 2001	131.5	114	1200.83
February	128	110	680.75
March	120.25	105	554.1
April	111.4	102	545.98
May	111.9	102.55	131.24
June	107.3	95	94.51

* Share price chart



* Distribution of shareholding

Shareholding Range	No. of Shareholders	% of Total Shareholders	Total Shares Held	% of Total Shares
Upto 5000	4661	88.33	774020	4.84
5001-10000	320	6.06	233291	1.46
10001-20000	144	2.73	217639	1.36
20001-30000	37	0.70	89273	0.56
30001-40000	29	0.55	96936	0.61
40001-50000	11	0.21	50098	0.31
50001-100000	12	0.23	93206	0.58
100001-99999999	63	1.19	14434977	90.28
Total	5277	100	15989440	100

* Shareholding profile

Category	No. of Shareholders	% of Total Shareholders
Directors, their relatives & associate		
Companies	9638930	60.28
Foreign holding (FIs & NRIs)	569410	3.57
Financial Institutions, Insurance		
Companies, Mutual fund & Banks	1871012	11.7
Public	3910088	24.46
Total	15989440	100

* Demat status

The Company's shares are traded compulsorily in dematerialised mode with effect from 26 June, 2000.

No. of shares dematerialised till date	: 14,844,419
No. of shareholders of such shares	: 2,401
Shares in demat form as a % of the total number of shares	: 93 %
Shareholders of demat shares as a % of total number of shareholders of the Company	: 46.19 %

* Share transfer record

Total shares transferred during the year	1,119,746	54,68,747
Total transfers	3,161	11,709

* Stock exchange code

BSE Code : 26089
NSE code : ROOFITIND

* Stock price

as on 30th June, 2001

BSE - Rs. 105.50
NSE - Rs. 104.10

* Share transfer system

The equity shares of the Company are compulsorily traded in demat form. The Share Transfer Committee of Directors meet at frequent intervals for the approval of the transfer of shares in the physical form. Following the transfer of shares, a demat option letter is sent to shareholders. If the option is not exercised within 30 days, the physical share certificates are sent to shareholders. Shares in dematerialised form are transferred within 15 days.

• Capital history

1983	16,400	10	16,400	Issued at par
1984	1,500	10	17,900	Issued at par
1985	13,250	10	31,150	Issued at par
1987	70,350	10	1,01,500	Issued at par
1988	3,97,650	10	4,99,150	Issued at par
1988	1,09,500	10	6,08,650	Issued at par
1988	2,76,850	10	8,85,500	Issued at par
1988	1,64,500	10	10,50,000	Issued at par
1988	7,90,000	10	18,40,000	Issued at par
1991	60,000	10	19,00,000	Issued at par
1992	3,80,000	10	22,80,000	Issued at par
1993	6,19,000	10	28,99,000	Issued at par
1993	2,89,900	10	31,88,900	Right issue (1:10)
1993	8,04,100	10	39,93,000	Public issue
1993	6,000	10	39,99,000	Issued to employees
1994	23,99,400	10	63,98,400	Bonus Issue (3:5)
1999	13,00,000	10	76,98,400	Preferential issue to Promoters
1999	1,00,000	10	77,98,400	Issued to Sun Earth Ceramics Limited as part consideration for transfer of pipe division on conversion of Rs. 50 portion of ZFCB.
1999	-3,680	10	77,94,720	Forfeited shares
2000	77,94,720	10	1,55,89,440	Bonus Shares (1:1)
2000	4,00,000	10	1,59,89,440	Issued 2,00,000 equity shares to Sun Earth Ceramics Limited as part consideration for transfer of pipe division on conversion of Rs. 100 portion of ZFCB and 2,00,000 equity shares allotted as bonus thereon.

Risk management

Risk is an integral part of any business. Roofit manages various risks through prudent checks and balances on an ongoing basis.



Business portfolio risk

Roofit makes and markets a number of products. The mix may not be synergic and eventually strain the organisation's capacity to manage them effectively.

Risk mitigation

All products manufactured and marketed by the company are used in the construction of houses and industrial properties. This represents a strong synergy with an attractive branding and distribution payback. The company does not intend to enter any unrelated business.

Competition risk

Competition might affect Roofit in the marketplace.

Risk mitigation

Roofit is one of the lowest cost AC sheet producers in India. The AC sheet business is capital-intensive. To set up a cost efficient plant, the minimum capital requirement is Rs. 40 cr. The reach of a single plant is restricted to a limited geographical area due to the high freight component in transporting products. To sell higher volumes, multiple plants are required over a large area. Roofit has four plants spread over the southern and western markets to service demand across regions. Roofit also possesses an

extensive distribution network - 35 distributors spread over ten states, the highest number of distributors per state in the industry, which will be difficult to replicate in a short period. Roofit possesses a strong brand, which is synonymous with quality.

The company also possesses the financial muscle to sustain a long receivables cycle in some of its businesses, which new competitors may find difficult to match.

Perception risk

Much of the company's revenue is sourced from asbestos-based products. Asbestos is considered environment unfriendly in a number of countries.

Risk mitigation

Even though asbestos represents a danger to the environment, it is the company's considered option that its end products are safe and durable.

However, in a prudent, de-risking initiative, Roofit has reduced its exposure of asbestos-based products - AC sheets and pipes - from 99.45 per cent in 1998-99 to 57.02 per cent of its turnover in 2000-01. This is expected to reduce further over the foreseeable future following an increased focus on drymix and other non-AC products.

1998-99	99.45 %
1999-00	74.41 %
2000-01	57.02 %

Globalisation risk

The company's products may be hit by cheap imports.

Risk mitigation

Since inward freight is prohibitive as a percentage of the selling price, the company faces no significant import threat. Roofit has also insulated itself against imports through a strong distribution network in the rural and urban markets. Roofit's brands represent trust, an effective buffer against competition in the marketplace.

Raw material risk

In the case of an unfavourable review by the European Union, the mining of asbestos may be banned, leading to raw material scarcity.

Risk mitigation

Until 1999-2000, the entire raw material requirement of the company was sourced from Zimbabwe. In a de-risking initiative, the company also sourced material from Russia from 2000-01. Since Russia is not expected to toe the

line of the European Union, Roofit does not expect any disruption in the supply of asbestos. To de-risk itself further, Roofit markets EU-compliant sheets and PVC sheets as well. The company has also modified its production process to facilitate the production of sheets using an alternative material.

Economy risk

Since the company's products address the construction sector, Roofit's earnings could be affected in an economic recession.

Risk mitigation

Roofit has countered this threat through a product portfolio that addresses urban and rural demand (AC sheets are directed at the rural sector, PVC sheets and drymix at the urban consumer). Within the urban market, the company caters to institutional and individual buyers. This customer spread has reduced dependence on any one segment; besides, it has helped the company capitalise on growth. Roofit has also used the recession to strengthen its brand, increasing its market share from 16 percent to 23 percent over the last three years.

Geographical risk

A major part of the company's income is sourced from sales in the south and west, a geographic overdependence.

Risk mitigation

The company's decision to be present in a few markets to start with was influenced by the need to penetrate vertically and establish a strong distribution network before expanding horizontally. The company selected its markets of presence with care.

The southern and western markets of the country represent the most affluent and fastest growing markets in the country. Roofit is in the process of spreading itself across more geographies - exports six-folded in 2000-01 and the quantum of shipped material is expected to increase in 2001-02. Roofit also expects to enter the growing north India over the foreseeable future.

Client risk

Roofit's AC pipes revenue is dependent on Government offtake, marked by low realisations and long receivables.

Risk mitigation

Roofit has prudently supplied AC pipes to projects, resulting in higher realisations and a shorter receivables cycle. The company expects revenues from the sale of AC pipes to increase since the water and sewage system is a priority thrust area for the Government.

Capital-intensive risk

Roofit's gross block increased from

Rs. 123.75 cr in 1999-2000 to Rs. 203.04 cr in 2000-01 resulting in negative operating cash flows.

Risk mitigation

Roofit's aggressive expansion has enabled it to strengthen its business for the future. As a result, Roofit's plants are equipped to cater to a large area, a pre-requisite in a business with a large transport cost component.

The company does not expect to incur major capital expenditure in the coming year. Besides, higher drymix revenues are expected to generate positive operating cash flows.

Liquidity risk

Interest and financial charges increased from Rs. 22.05 cr in 1999-2000 to Rs. 35.97 cr in 2000-01. The company's debt-equity ratio stands at 2.12, a liquidity threat.

Risk mitigation

Roofit expects to reduce its interest outgo through a debt swap - high interest, working capital loans with low interest term loans. Drymix revenues are expected to generate resources for working capital requirement while term loans are expected to fund minor capital expenditure. The company is also in the process of infusing equity into the company, which will reduce its debt-equity ratio.

Directors' report

Dear Shareholders

Your Directors are pleased to present the Nineteenth Annual Report and Audited Accounts for the year ended 30th June, 2001.

Financial Results

Gross Sales	45628	32112
Profit before Interest, depreciation & Tax,	9041	6928
Less : Interest & financial charges	3597	2205
Depreciation	805	559
Profit before Tax	4639	4164
Provision for tax	475	460
Profit after Tax	4164	3704
Add : Balance Brought forward from Previous year	4231	1570
Less : Transfer to Debenture Redemption Reserve	453	200
Transfer to General Reserve	500	375
Appropriations :		
Dividend including Preference Shares Dividend	538	415
Dividend Tax	81	53
Balance carried forward to Balance Sheet	6823	4231

Operations

Despite a slowdown in the economy, your Company improved its performance for 2000-01. The total turnover of the Company increased by 42 per cent to

Rs. 45628 lakhs and the operating profit of the Company increased by 30 per cent to Rs. 9041 lakhs. The net profit of the Company increased by 12 per cent to Rs. 4164 lakhs from Rs. 3704 lakhs.

Dividends

Your Directors are pleased to recommend a final dividend of Rs. 0.50 per equity share. The total dividend, including an interim dividend of Rs. 1.50

per equity share, will be Rs.2.00 per equity share (Previous year Rs.3.50 per share) on the increased equity share Capital following the bonus issue for the year ended 30th June, 2001. The consequent outflow including preference dividend paid and dividend tax of Rs. 81 lakhs will be Rs. 538 lakhs (Previous year Rs. 415 lakhs).

Audit Committee

Pursuant to the provisions of new Section 292A of the Companies Act, 1956, your company constituted the following Audit Committee of the Board of Directors :

1. Mr. M. D. Gothivrekar - Chairman,
2. Mr. Ramesh Dhall,
3. Mr. E. V. Hariharan.

Deposits

Some 91 deposits, totalling Rs.10.49 lakhs due for repayment on or before 30th June, 2001, were not claimed by the depositors on that date. As on the date of this report, deposits aggregating Rs.7.59 lakhs thereof were claimed and paid or renewed.

Directors'

Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) That in the preparation of the accounts for the financial year ended 30th June, 2001 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for 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) That the Directors have prepared the accounts for the financial year ended 30th June, 2001 on a 'going concern' basis.

Significant developments during the year

The Company commissioned a drymix

factory at Ratnagiri and at Kurkumbh near Pune during the year under review. The Chennai factory for drymix is expected to commence production in October, 2001. After the commissioning of Chennai factory, the company will possess a total production capacity of 720,000 tpa, the only company to have such a large production facility in India.

Outlook

The company's outlook appears to be optimistic.

The Indian government has made housing a priority sector. Various tax incentives have been announced to encourage the growth of residential units leading to increased institutional disbursements. India's rural economy is expected to grow at nine per cent in 2001-02, leading to a higher consumption of construction and ancillary products.

Your company possesses plants with adequate capacity and relevant technologies to make cost-effective products. The company's plants are judiciously spread in regions of demand in south and west India, close to raw material sources and attractive growth. Your company, with a diverse product portfolio, is in an ideal position to address the growing demand. Much of the growth is expected to come from the company's drymix operations. The to-be

commissioned Chennai plant is expected to address drymix demand from the southern states.

The marketing focus will dovetail the manufacturing. The company expects to raise its profile as a national brand. It expects to leverage its quality, brand and portfolio to deepen its penetration. It is in the process of establishing its products in the overseas markets. These initiatives are expected to generate higher than average realisations and strengthen the company's margins.

Directors

Mr. Kishore Motwani and Mr. Vinod G. Motwani retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Energy conservation and technology absorption

The provision under the Companies Act, 1956 in regard to reporting on energy conservation are not applicable to the industry in which the company is engaged. The manufacturing operations for AC sheets are based on indigenous technology, which is well established.

During the year the company has installed its drymix Plant at Kurkumbh near Pune and Ratnagiri.

Raute Dry Mix OY, Finland, specialising in drymix plants and product technology,

has supplied complete plant, machinery and equipment for the production of plasters and mortars, as well as product technology and development services to manufacture drymix products. The product know-how received from them has helped to improve the market evaluation and designing of the product range to the marketing of final product.

Employees

Roofit employees are part of an extended family. The Company strives to cultivate a spirit of involvement amongst them. The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

Foreign Exchange Earnings and Outgo

During the year, the company exported products valued at Rs.1141 lacs (previous year Rs.194 lacs). The outgo of foreign exchange was Rs. 2852 lacs on account of the import of raw materials (previous year Rs. 2346 lacs) and Rs. 31.32 lacs on foreign travel (previous year Rs. 22.70 lacs) Rs.1146 lakhs for import of capital goods (previous year nil).

Auditors

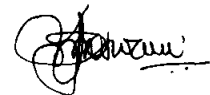
The Auditors, M/s. Nitish Nigam & Co.

Chartered Accountants, retire at the conclusion of this Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 of the Companies Act, 1956.

Appreciation

The Board wishes to place on record its appreciation of the hard work and dedication of employees at all levels. Industrial relations in all the units of the Company continued to be cordial during the year under review. Your Directors also convey their grateful thanks to the Financial Institutions, Bankers and Shareholders for their continued co-operation and patronage.

On behalf of the Board of Directors,



Suresh G. Motwani
Chairman

Place : Mumbai

Date : 7th September, 2001

Auditor's report

To the Shareholders,

We have audited the attached Balance Sheet of Roofit Industries Limited as at 30th, June 2001 and also the Profit & Loss Account of the Company for the year ended as on that date and report that :-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our Opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are

in agreement with the above books of account .

4. In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
5. In our opinion and based on the information and explanations given to us, none of the directors are disqualified as on 30th June 2001, from being appointed as directors in terms of clause(g) of sub section (1) of section 274 of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the

accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view **subject to note No.15 regarding non provision of gratuity liability in respect of staff of its factories at Gummidipoondi, Aurangabad & Abitghar.**

- a) In the case of Balance Sheet, of the state of affairs of the Company as at 30th June 2001.
 - b) In the case of Profit and Loss Account, of the profit for the year ended 30th June 2001.
7. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of

Section 227(4A) of the Companies Act, 1956, we further report that :

- i) ***We have been informed that the Fixed Assets register showing full particulars including quantitative details and situation of fixed assets is being updated. Further we are informed that the physical verification of these fixed assets will be carried only after completion of the fixed assets register and discrepancy if any, will be adjusted thereafter.***
- ii) The Fixed Assets were not revalued during the year.
- iii) The Stock of Finished Goods, Stores, Spare Parts and Raw Material of the Company have been physically verified by the management during the year at reasonable intervals.
- iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- v) In respect of stock physically

verified by the management there was no material discrepancy between physical stock and book stock.

- vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
- vii) In our opinion, the terms and conditions on which interest free loan have been taken from Companies, firms & parties listed in the registers U/s 301 of the Companies Act, 1956, are not prima facie, prejudicial to the interest of the Company. We are informed that there is no company under the same management as defined U/s 370(1B) of the Companies Act, 1956.
- viii) In our opinion, the terms and conditions on which loans are given to concerns listed in the register U/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company. We are informed that there are no

companies under the same management.

- ix) The parties (including staff) to whom loans and advances in the nature of loan have been given by the Company are generally repaying the principal amounts as stipulated and have been regular in the paying of interest wherever applicable.
- x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- xi) In our opinion and according to the information and explanations given to us the transactions for purchase of goods and materials and sale of goods & materials made in pursuance of contracts or arrangements entered in the register U/s 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been

made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods and materials have been made with other parties. There was no sale of services to such parties.

- xii) As explained to us, unserviceable or damaged goods, stores, raw materials and finished goods were determined by the Company on the basis of technical evaluation and adequate provision for loss has been made in the accounts.
- xiii) In our opinion and according to the information and explanation given to us, the Company has generally complied with the provisions of section 58-A of the Companies Act, 1956 and the rules made there under.
- xiv) We are informed that there is no significant scrap generated. The Company does not have any by-products.
- xv) The Internal Audit of the Company

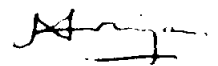
is being conducted by a firm of Chartered Accountants. In our Opinion the same is commensurate with the size of the Company and nature of its business.

- xvi) We are informed that the Central Government has not prescribed the maintenance of cost records by the company under Section 209 (1) (d) of the Companies Act, 1956 for any of its products.
- xvii) In our opinion the Company is generally regular in depositing Provident Fund and ESIC dues with the appropriate authorities.
- xviii) We are informed that there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty Excise Duty and Wealth Tax as at the last day of the financial year for a period of more than six months from the date they become payable.
- xix) During the course of our examination of the books of account carried out in accordance with the generally accepted

auditing practices, we have not come across any personal expenses, which have been charged to Profit and Loss Account, other than those payable under contractual obligations or generally accepted business practices, nor have we been informed of any such case by the management.

- xx) The Company is not a sick Industrial Company within the meaning of Clause (O) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In relation to trading activities of the company, we are informed that there are no damaged goods.

for NITISH NIGAM & CO.
Chartered Accountants



Nitish Nigam
Proprietor

Place : Mumbai
Date : 7th September, 2001

financial



Balance Sheet

As at 30 June, 2001 (Amount in Rupees)

Schedule

2001

2000

I. SOURCES OF FUNDS				
1. Shareholders Funds				
a) Share Capital	1			
Equity Share Capital		159,903,900		77,956,700
Preference Share Capital		145,316,667		141,950,000
		305,220,567		219,906,700
b) Reserves & Surplus	2	1,197,159,605		914,682,401
			1,502,380,172	1,134,589,101
2. Loan Funds				
a) Secured Loan	3	2,375,637,984		1,527,969,762
b) Unsecured Loan	4	816,071,690		351,101,937
Total Loan Funds		3,191,709,674		1,879,071,699
Total			4,694,089,846	3,013,660,800
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block	5	2,030,381,255		1,237,536,645
b) Less Depreciation		277,158,449		196,652,775
c) Net Block		1,753,222,806		1,040,883,870
d) Capital Work In Progress including advances		437,253,550		295,204,785
			2,190,476,356	1,336,088,655
2. Investments	6	22,111,886		18,526,096
3. Current Assets, Loans and Advances				
a) Inventories	7	1,182,277,170		741,609,369
b) Sundry Debtors		1,446,074,089		958,833,879
c) Cash & Bank Balances		110,284,619		86,218,739
d) Deposits		71,305,812		58,521,795
e) Loans & Advances		285,736,099		279,859,150
		3,095,677,789		2,125,042,932
Less Current Liabilities and Provisions	8	616,257,108		466,547,230
			2,479,420,681	1,658,495,702
4. Miscellaneous Expenditure (to the extent not written off)		2,080,923		550,347
Total			4,694,089,846	3,013,660,800

As per our report of even date attached

For **Nitish Nigam & Co.**
Chartered Accountants

For Roofit Industries Ltd.,

Nitish Nigam
(Proprietor)

Suresh G Motwani
Chairman

Milind Tamhane
Wholetime Director

Vinod G Motwani
Director

Kishore G Motwani
Director

Sandhya Borase
Company Secretary

Mumbai, 7th September, 2001

Profit and Loss Account

For the year ended 30 June, 2001 (Amount in Rupees)

Schedule

2001

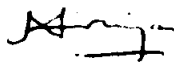
2000

INCOME			
Sales		4,562,802,515	3,211,232,698
Less Excise		5,490,945	4,387,876
Sales After Excise		4,557,311,570	3,206,844,822
Other Income	9	4,302,766	3,418,346
		4,561,614,336	3,210,263,168
Increase/(Decrease) in Stock	10	195,919,622	187,335,082
		4,757,533,958	3,397,598,250
EXPENDITURE			
Materials	11	2,846,999,041	1,990,120,235
Expenses	12	1,006,298,830	714,657,815
Interest & Financial Charges	13	359,783,695	220,534,280
Depreciation		80,505,674	55,879,917
		4,293,587,240	2,981,192,247
Profit/(Loss) Before Taxation		463,946,718	416,406,003
Provision for Taxation		47,500,000	46,000,000
Profit Attributable to Shareholders		416,446,718	370,406,003
Add : Balance Brought Forward		423,119,567	157,015,090
Transfer to General Reserve		50,000,000	37,500,000
Transfer to Debenture Redemption Reserve during the year		45,333,333	20,000,000
Available for Distribution		744,232,952	469,921,093
Interim Dividend @ Rs.1.50 Per Share (Previous year Rs. 2.50 Per Share)		23,984,160	17,680,940
Final Dividend @ Rs.0.50 Per Share (Previous year Rs.1.00 Per Share) – proposed		7,994,720	7,077,323
Dividend on Preference Shares		21,880,383	16,696,313
Corporate Dividend Tax		8,163,051	5,346,950
Balance Carried Forward		682,210,638	423,119,567

As per our report of even date attached

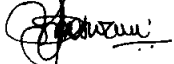
For **Nitish Nigam & Co.**
Chartered Accountants

For Roofit Industries Ltd.,

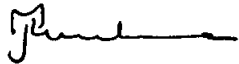


Nitish Nigam
(Proprietor)

Mumbai, 7th September, 2001



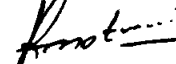
Suresh G Motwani
Chairman



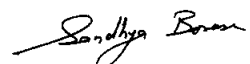
Milind Tamhane
Wholetime Director



Vinod G Motwani
Director



Kishore G Motwani
Director



Sandhya Borase
Company Secretary

Schedules forming part of Accounts

Schedule - 1

As at 30 June, 2001 (Amount in Rupees)

2001

2000

SHARE CAPITAL

Authorised Capital

250,00,000 Equity Shares of Rs 10 each (Previous year 100,00,000)	250,000,000	100,000,000
25,00,000 Cumulative Redeemable Preference Shares of Rs 100 each	250,000,000	250,000,000

500,000,000 **350,000,000**

Issued, Subscribed & Paid up Capital

1,59,89,440 Equity Shares of Rs 10 each fully paid up (Previous year 77,94,720	159,894,400	77,947,200
--	-------------	------------

Equity Shares of Rs 10 each) of the above 2,00,000 Equity Shares (Previous year 1,00,000 Equity Shares) were allotted to M/s Sun Earth Ceramics Ltd. as part consideration for transfer of pipe division on conversion of Rs. 100/- (Previous year Rs. 50) portion of Zero coupon Fully Convertible Bonds of Rs. 150/- each. - See Note 3.

Out of the above

- 79,94,720 Equity Shares of Rs. 10/- each were allotted as fully paid Bonus shares by capitalisation of General Reserves & Share Premium account.
- 23,99,400 Equity Shares of Rs. 10/- each were allotted as fully paid up Bonus Shares during the year 1994-95 by capitalisation of General Reserves & Share Premium account.

Share Forfeiture A/c	9,500	9,500
----------------------	-------	-------

Total Equity Share Capital	159,903,900	77,956,700
----------------------------	-------------	------------

14,86,500* Redeemable Preference Shares of Rs.100 each (Previous year 14,19,500 Redeemable Preference Shares of Rs 100 each)	145,316,667	141,950,000
--	-------------	-------------

305,220,567 **219,906,700**

* 1,00,000 Preference Shares of Rs. 100/- each have been redeemed upto 1/3 of their nominal value.



**Schedule - 2**

As at 30 June, 2001 (Amount in Rupees)

		2001	2000
RESERVES & SURPLUS			
Capital Subsidy		6,464,755	6,464,755
General Reserve			
Opening Balance	338,626,195		291,126,195
Add: Amount transferred during the year	50,000,000		37,500,000
Add: Transferred from Debenture Redemption Reserve	10,000,000		10,000,000
Less: Amount capitalised for issue of Bonus Shares	39,973,600		0
Total		358,652,595	338,626,195
Debenture Redemption Reserve Opening Balance	36,333,333		26,333,333
Add: Amount transferred during the year	45,333,333		20,000,000
Less: Amount transferred to General Reserve	10,000,000		10,000,000
		71,666,666	36,333,333
Share Premium	102,981,605		1,481,605
Add : Addition during the year	8,000,000		101,500,000
Less: Amount capitalised for issue of Bonus Shares	39,973,600		0
		71,008,005	102,981,605
Investment Allowance Utilised Reserve	7,156,946		7,156,946
Balance in Profit & Loss Account	682,210,638		423,119,567
		1,197,159,605	914,682,401

**Schedule - 3****SECURED LOANS**

Industrial Development Bank of India			
- Rupee Term Loans		344,361,000	344,500,000
- Foreign Currency Loan		11,472,180	11,472,180
Industrial Investment Bank of India		22,500,000	37,500,000
ICICI Ltd.		67,800,000	111,400,000
Unit Trust of India - 18% Non Convertible Debentures		10,000,000	20,000,000
Unit Trust of India - 16% Non Convertible Debentures		50,000,000	50,000,000
State Bank of India		25,000,000	35,000,000
Bombay Mercantile Co-operative Bank Ltd.		21,875,000	30,625,000
Cash Credit from Banks against Hypothecation of Stock & Book Debts		814,390,960	751,097,475
Commercial Paper		400,000,000	0
Packing Credit Facility from Banks		77,804,721	76,216,000
Project Loans (From Punjab National Bank, Bombay Mercantile Bank, IIBI, Dhanlakshmi Bank, Canara Bank & Corporation Bank)		270,000,000	0
UCO Bank - Corporate Loans		100,000,000	0
Life Insurance Corporation of India - 12.75% - NCDs		100,000,000	0
Hire Purchases & Equipment Finance Loan from Cathollic Syrian Bank Ltd & Others		60,434,123	60,159,107
		2,375,637,984	1,527,969,762

Schedules forming part of Accounts

1. Loans taken from Industrial Development Bank of India, ICICI Ltd., Industrial Investment Bank of India, State Bank of India and Bombay Mercantile Bank Ltd, is secured by first charge by way of hypothecation of all the company's immovable properties both present & future and also a first charge by way of hypothecation of all company's movable properties (Save & Except Book Debts) including movable machinery, machinery spares, tools & accessories present & future, subject to prior charges created/to be created in favour of companies bankers on the company's stock of raw material, semi-finished & finished goods, consumables stores and such other movables as may be agreed. It is also guaranteed by Shri Suresh G Motwani, Shri Vinod G Motwani and Shri Kishore G Motwani directors of the company.
2. Hire Purchase loans are secured by the assets acquired on hire purchase.
3. Non Convertible Debentures from Unit Trust of India and Life Insurance Corporation of India are secured by a Legal/ English mortgage over all the immovable properties of the Company, wherever situated, including plant & machinery, spares, tools & accessories both present and future and a floating charge on all the other movable assets of the Company subject to prior charges, if any, created in favour of the Company's Bankers for securing its working capital requirements.



Schedule - 4

As at 30 June, 2001 (Amount in Rupees)

2001

2000

UNSECURED LOANS

Interest Free Sales Tax Loan	88,171,444	73,361,220
Deposits	394,189,246	145,138,217
Other Unsecured Loans*	333,711,000	132,602,500
	816,071,690	351,101,937

* Includes Loans raised from promoters not Secured by Assets of the Company



**Schedule - 5**

As at 30 June, 2001 (Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost	Additions	Total	Balance	Additions	Balance	VALUE	VALUE
	as on 1/7/2000		as on 30/6/2001	as on 1/7/2000		as on 30/6/2001	as on 30/6/2000	as on 30/6/2001
Leasehold Land	6,637,819	5,525,399	12,163,218	—	—	—	6,637,819	12,163,218
Freehold Land	11,568,074	6,143,834	17,711,908	—	—	—	11,568,074	17,711,908
Factory Buildings	279,358,165	160,693,180	440,051,345	30,288,687	12,381,104	42,669,791	249,069,478	397,381,554
Office Buildings	17,208,016	27,902,427	45,110,443	762,124	521,042	1,283,166	16,445,892	43,827,277
Tube Well	498,830	266,260	765,090	60,981	21,830	82,811	437,849	682,279
Plant & Machinery	770,085,528	480,415,240	1,250,500,768	143,532,681	53,040,284	196,572,965	626,552,847	1,053,927,803
Furniture & Fixtures	9,273,360	11,133,496	20,406,856	1,853,076	1,026,792	2,879,868	7,420,284	17,526,988
Office Equipment	12,521,238	5,009,074	17,530,312	1,219,092	753,864	1,972,956	11,302,146	15,557,356
Computers	12,808,099	16,633,688	29,441,787	4,686,435	3,652,038	8,338,473	8,121,664	21,103,314
Factory Equipment	85,351,971	63,358,165	148,710,136	7,436,322	5,171,709	12,608,031	77,915,649	136,102,105
Vehicles	32,225,545	15,763,847	47,989,392	6,813,377	3,937,011	10,750,388	25,412,168	37,239,004
Total	1,237,536,645	792,844,610	2,030,381,255	196,652,775	80,505,674	277,158,449	1,040,883,870	1,753,222,806
Previous Year	985,671,077	251,865,568	1,237,536,645	140,772,858	55,879,917	196,652,775	844,898,219	1,040,883,870



Schedules forming part of Accounts

Schedule - 6

As at 30 June, 2001 (Amount in Rupees)

2001

2000

INVESTMENTS

Unquoted

25 Equity Shares of Greater Mumbai Co-op. Bank Ltd	250	250
1,00,000 Equity Shares of Vinayak Vita Ltd	1,000,000	1,000,000
1,666 Equity Shares of Bombay Mercantile Co-operative Bank Ltd.	49,980	49,980
50 Equity Shares of Saraswat Co-op Bank Ltd	500	-
50 Bonds of Andhra Pradesh Power Finance Corporation Ltd	5,000,000	-

Quoted

513,000 Units US 64	7,546,250	7,546,250
22,300 Equity Shares of IDBI	2,899,000	2,899,000
14,050 Equity Shares of Karnataka Bank Ltd	1,717,228	1,717,228
1,00,000 Units of Sun F&C Mutual Fund	1,000,000	1,000,000
50,000 IDBHNIT-95 Units	500,000	500,000
50,000 Units of Zurich India Mutual Funds	500,000	500,000
1,000 Equity Shares of Bank of Baroda	85,000	85,000
7,400 Equity shares of Birla Global Finance Ltd	242,988	242,988
6,000 Equity Shares of Khandwala Securities Ltd (Previous year 12,000)	360,000	720,000
2400 16.5% PCD's of Hindustan Construction Co. Ltd.	372,000	372,000
2400 Equity Shares of Hindustan Construction Co. Ltd	108,000	108,000
3,200 Equity Shares of IndusInd Bank Limited	144,000	144,000
15,600 Equity Shares of The South Indian Bank Limited	489,200	489,200
1,600 Equity Shares of HDFC	92,000	92,000
305 Equity Shares of IDBI Bank Limited (Previous year 58,900)	5,490	1,060,200
	22,111,886	18,526,096

Aggregate Market Value of Quoted Investments Rs 1,13,38,112/- (Previous year Rs 15,751,952/-)



**Schedule - 7**

As at 30 June, 2001 (Amount in Rupees)

2001

2000

CURRENT ASSETS AND LOANS & ADVANCES

a) Inventories (As taken Valued & Certified by the Management)			
Raw Materials	557,245,540		315,628,048
Consumables	31,775,555		28,644,868
Finished Goods	<u>593,256,075</u>		<u>397,336,453</u>
		1,182,277,170	741,609,369
b) Sundry Debtors (Unsecured and considered good)			
More than 6 months	38,171,651		18,742,076
Others	<u>1,407,902,438</u>		<u>940,091,803</u>
		1,446,074,089	958,833,879
c) Cash & Bank Balances			
Cash Balances	2,589,152		1,890,836
Bank Balances with Scheduled Banks	41,927,483		41,907,123
Fixed Deposits with Banks	<u>65,767,984</u>		<u>42,420,780</u>
		110,284,619	86,218,739
d) Deposits		71,305,812	58,521,795
e) Loans & Advances			
Others	285,736,099		279,859,150
		<u>285,736,099</u>	<u>279,859,150</u>
		3,095,677,789	2,125,042,932

**Schedule - 8****CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors, Acceptance	370,283,803	304,727,052
Other Liabilities	157,181,932	76,359,219
Provision for Income Tax & Dividend Tax	80,796,653	78,383,636
Proposed Dividend	<u>7,994,720</u>	<u>7,077,323</u>
	616,257,108	466,547,230

Schedules forming part of Accounts



Schedule - 9

For the year ended 30 June, 2001 (Amount in Rupees)

2001

2000

OTHER INCOME

Profit from sale of investments
Other Income

1,355,797
2,946,969
4,302,766

445,760
2,972,586
3,418,346



Schedule - 10

INCREASE / (DECREASE) IN STOCK

Closing Stock
Less : Opening Stock

593,256,075
397,336,453
195,919,622

397,336,453
210,001,371
187,335,082



Schedule - 11

MATERIALS

Materials
Stores, Spares & Consumables

2,762,733,581
84,265,460
2,846,999,041

1,935,822,310
54,297,925
1,990,120,235



**Schedule - 12**

For the year ended 30 June, 2001 (Amount in Rupees)

2001

2000

EXPENSES

Salaries Wages Bonus etc.	107,848,061	78,419,390
Subcontracting Expenses	192,572,714	140,727,378
Power, Fuel & Water	51,553,967	46,533,072
Repairs & Maintenance	21,477,208	14,137,300
Rents, Rates & Taxes	11,154,489	7,211,433
Travelling & Conveyance	34,515,291	23,036,844
Postage, Telex & Telephone Charges	17,156,459	12,796,741
Printing & Stationery	12,086,672	8,078,917
Insurance	9,143,417	6,164,895
Professional & Consultancy Charges	17,883,978	11,180,056
Transportation Charges	175,558,468	158,657,251
VAT, Sales & Turnover Tax	85,773,218	66,812,648
Commission	21,937,949	14,374,901
Discounts	137,509,200	85,952,356
Advertisements & Donations	93,185,296	26,989,309
Miscellaneous Expenses	16,510,625	13,349,746
Preliminary Expenditure written off	431,818	235,578
	1,006,298,830	714,657,815

**Schedule - 13****INTEREST**

Interest on Term Loans	102,553,957	75,982,852
Other Interest	257,229,738	144,551,428
	359,783,695	220,534,280



NOTES TO ACCOUNTS

1. Significant Accounting Policies

i. System of Accounting

The Company adopts accrual concept in the preparation of accounts.

ii. Inflation

Assets and Liabilities are recorded at historical costs to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

iii. Fixed Assets

Fixed Assets are capitalised at cost, inclusive of pre-operative expenses including interest upto the commencement of commercial production. The value thereof is stated net off modvat less accumulated depreciation.

iv. Depreciation

Depreciation is provided on straight line method on the value of Fixed Assets net off modvat as per rates specified in Schedule XIV of the Companies Act, 1956. It is provided for part of the year in respect of assets acquired during the year.

v. Investments

Long term investments are valued at cost of acquisition. Provision, if necessary, is made for decline (other than temporary) in their value.

vi. Inventories

Inventories are valued at lower of cost or net realisable value. Cost is computed on weighted average basis and is net of modvat. Raw Material, Stores and Spare Parts are computed on FIFO basis. Finished goods includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories also includes work in progress on account of Contract Sales.

vii. Sales

Sales are indicated net of trade discounts and are stated both inclusive and exclusive of Excise Duty. Sales includes sales tax. Sales also includes charges for providing & fixing of the products.

viii. Retirement Benefits

The company has created Gratuity fund for which an application for approval is pending with the Commissioner of Income Tax in respect of its employees at Mumbai. A group policy with LIC has been taken for future payment of Gratuity to retiring employees. However in case of staff of its factories at Gummidipoondi, Aurangabad & Abitghar, gratuity is accounted on cash basis.

ix. Expenditure During Construction Period

Expenditure during construction period including advances are included under Capital Work in Progress and same are related to the respective fixed assets at the time of installation of that asset.

Schedules forming part of Accounts

x. Foreign Exchange Transactions

Current Assets and Current Liabilities related to foreign currency transactions are translated at year end rates. Gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the Profit and Loss Account. Exchange difference relating to Fixed Assets are adjusted in the cost of Fixed Assets.

xi. Encashment of Leave

Benefit of Encashment of leave to the employees, being at the option of employees is accounted for as and when claimed.

2. In Computing the taxable income and provision for taxation as legally advised, interest on borrowings for capital expenditure has been treated as deductible expenditure.
3. Pursuant to the scheme of arrangement between Roofit Industries Ltd. and Sun Earth Ceramics Ltd. as approved by the Bombay High Court in 1999-2000, the Company had allotted 1,00,000 Zero Coupon fully convertible Bonds of Rs. 150 each as part consideration for transfer of Pipe Division of Sun Earth Ceramics Ltd. to the Company. Further last year Rs. 50 portion of the Bonds was converted into equity share of Rs. 10 each at a premium of Rs. 40 per share. During the current year, 2,00,000 equity shares have been allotted to M/s Sun Earth Ceramics Ltd. on conversion of the remaining Rs. 100 portion of the Bond into equity shares of Rs. 10 each at a premium of Rs. 40 per share.
4. Goods in which not less than 25 per cent by weight of fly ash has been used are exempted from levy of excise duty.
5. Excise duty payable on goods lying in factory premises aggregating to Rs. 12.65 lacs (Previous year Rs. 6.94 lacs) and customs duty payable on goods lying in bonded warehouse aggregating to Rs. 140.62 lacs (Previous year Rs. 87.28 lacs) have been provided and included in valuation of inventory. However, there is no effect on profit for the year or Reserves as at 30 June, 2001.
6. Previous years figures have been regrouped/rearranged/restated wherever necessary to confirm with the current year's presentation.

7. Payment to Auditors

Particulars	2000-01 Rupees	1999-00 Rupees
a) Statutory Audit Fees	3,00,000	2,20,000
b) Tax Audit Fees	1,00,000	65,000
c) Taxation Matters	75,000	60,000
d) Consultation on Company Law matters	60,000	50,000
e) Out of Pocket Expenses	90,380	55,300
f) Certification & Other Miscellaneous matters.	33,000	23,100
Total	6,58,380	473,400

Schedules forming part of Accounts

8. Quantitative information and value of imports.

I. Licensed & Installed Capacities on Triple Shift Basis

	*Licensed Capacity (In Tonnes)		Installed Capacity (In Tonnes)	
	2000-01	1999-00	2000-01	1999-00
Asbestos Cement Sheets & Accessories	N.A.	N.A.	2,40,000	2,40,000
Asbestos Cement Pipes & Accessories	N.A.	N.A.	20,000	20,000
Cement	N.A.	N.A.	60,000	60,000
Dry Mix Products	N.A.	N.A.	4,35,000	—
PVC Sheets	N.A.	N.A.	3,600	3,600

* (The Industry has been delicensed since June 1997)

II. Value of imported (including imports through canalising agencies) and indigenous materials consumed (As certified by the Management).

Particulars	2000-01 Rupees		1999-00 Rupees	
Indigenous	58%.	1,649,975,296	56%.	1,114,467,332
Imported	42%.	1,197,023,745	44%.	875,652,903
Total		284,69,99,041		199,01,20,235

III. Value of Imports on CIF Basis :

Particulars	2000-01 Rupees	1999-00 Rupees
Capital Goods – Drymix plant	116,099,377	NIL
Materials	269,507,302	235,043,377
Total	38,56,06,679	235,043,377



Schedules forming part of Accounts

IV. Details of Stocks, Purchases, Consumption & Sales (As certified by the Management).

Particulars		Opening Stock		Production/Purchase		Consumption/Sales		Closing Stock	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
		MT	Rs.	MT	Rs.	MT	Rs.	MT	Rs.
I. Materials									
a) Cement & Clinker	00-01	11494	25,075,207	148246	388,798,687	143624	371,573,022	16116	42300872
	99-00	11342	25949241	115252	295143965	115099	296017999	11495	25075207
b) Fibres & Pulp	00-01	7258	268488028	27426	961891012	23753	847120750	10932	383258291
	99-00	6055	201651429	24068	853667943	22865	786831344	7258	268488028
c) Flyash/ Sand & Gypsum	00-01	13672	10694248	212766	108129168	178135	95066383	48303	23757033
	99-00	10184	10589682	69560	57971787	66072	57867221	13672	10694248
d) Resins/Pigments & Plastics	00-01	77	4447446	6790	480164137	6655	472842131	212	11769451
	99-00	0	0	12336	626566848	12259	622119402	77	4447446
e) Plasters/Lime Stone & Additives	00-01	0	0	69254	528364504	64459	446278130	4795	82086374
	99-00	0	0	18502	142202347	18502	142202347	-	-
f) Other Materials	00-01	0	6923119	0	537003565	-	529853165	-	14073519
	*99-00	0	6827750	0	30879366	-	30783997	-	6923119
Total	00-01	0	315628048	0	3004351073	-	2762733581	-	557245540
	99-00	0	245018102	0	2006432256	-	1935822310	-	315628048
II. Finished Goods									
a) Fibre Cement Roofing Systems	00-01	30305	181330694	215039	0	210255	2013855621	35089	205204730
	99-00	26394	138612185	206743	0	202832	1887017626	30305	181330694
b) Polymer Composite Roofing Systems	00-01	1516	51987778	6447	0	5622	565973189	2340	102192046
	99-00	0	0	12106	0	10589	684365728	1517	51987778
c) Pipe System	00-01	8437	91136474	29985	0	29554	587888168	8868	87878760
	99-00	6930	71389186	27823	0	26316	502372440	8437	91136474
d) Plasters	00-01	8840	66530453	202442	0	164558	917768147	46724	186680816
	99-00	0	0	18502	0	9662	106608306	8840	66530453
e) Cement	00-01	0	0	33072	0	3663*	10065924	0	0
	99-00	0	0	35745	0	5336*	15251680	0	0
f) Other Products	00-01	0	6351054	-	-	-	467251466	-	11299723
	99-00	0	0	-	-	-	15616918	-	6351054
Total	00-01	0	397336453	-	-	-	4562802515	-	593256075
	99-00	0	210001371	-	-	-	3211232698	-	397336453

* Excludes Internal Consumption

Schedules forming part of Accounts

9. Earnings in foreign exchange during the year

Particulars	2000-01 Rs.	1999-00 Rs.
Export of Goods (FOB)	106,917,111	16,635,496
Others (Freight on exports)	7,179,161	2,816,729
Total	114,096,272	19,452,225

10. In case of balances where confirmation were not available the balances in the books of accounts have been relied upon.

11. Modvat credit on raw material purchases has been credited to raw material purchases account. Modvat credit on Capital Goods has been credited to the relevant Fixed Assets.

12. Remuneration to Directors.

Salaries	703,800	1,018,200
Commission	—	—
Contribution to Provident & Pension Fund	73,440	109,440
Other Perquisites	229,200	409,200
Total	1,006,440	1,536,840

Computation of net profits in accordance with Section 198 of the Companies Act, 1956 and the commission payable to Directors

Profit Before Taxation		463,946,718
Add:		
Depreciation (as per accounts)	80,505,674	
Directors Remuneration	1,006,440	81,512,114
		545,458,832
Less : Depreciation under Section 350		80,505,674
Net Profit for Section 198 of the Companies Act, 1956		464,953,158
Commission Payable to Directors for the Period @ 1%		4,649,532
Actual Commission Paid		—



Schedules forming part of Accounts

13. Expenditure in foreign currency

Particulars	2000-01 Rs.	1999-2000 Rs.
Materials	237,745,582	234,613,184
Travelling	3,132,678	2,270,188
Capital Goods	114,638,007	-
Total	355,516,267	236,883,372

14. Contingent Liabilities :

- i) Bills Discounted as on 30 June, 2001 Rs. 3.66 Crores (Previous year Rs. 2.94 Crores)
- ii) Corporate guarantee given as on 30 June, 2001 Rs. 29.00 Crores
- iii) Estimated amounts of contracts remaining to be executed on capital accounts and not provided for Rs. 2.15 Crores.

15. Gratuity in respect of staff of Factories at Gummidipoondi, Aurangabad & Abitghar is accounted on cash basis. The company has not evaluated the discounted value of such gratuity liability as on 30 June, 2001 on accrual basis and no provision has been made for the same in the accounts under review. In absence of such information the effect of such non provision on the profits of the company for the year under review cannot be quantified.

16. Sundry creditors include dues to Small Scale Industrial Undertakings of Rs. 20.15 lacs, the name of such undertakings to whom the Company owes a sum exceeding Rs. 1 lac for a period of more than 30 days are given below.

- i) Chirag Sanditext Pvt Ltd
- ii) Arun Engg. & Contractors.
- iii) Mahalaxmi Tool Center

For the information given above, the small scale industrial undertaking status has been reckoned on the basis of information available with the company.

17. Total amount of borrowing cost including financial charges capitalised during the year Rs. 6.29 Crores.

18. Additional information as required under Part IV of Schedule to the Companies Act, 1956 (as per attached statement).



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.

2 6 3 6 9

State Code No.

1 1

Balance Sheet Date

3 0 0 6 0 1

2. Capital Raised During the year (Amount in Rupees)

Public Issue

N I L

Bonus Issue

7 9 9 4 7 2 0 0

Conversion of Zero % Bonds

2 0 0 0 0 0 0

Private Placement (Op. Balance + Preference Share Issued - Redeemed)

3 3 6 6 6 6 7

3. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

Total Liabilities

4 6 9 4 0 8 9 8 4 6

Total Assets

4 6 9 4 0 8 9 8 4 6

Sources of Funds

Paid-up Capital

3 0 5 2 2 0 5 6 7

Reserves & Surplus

1 1 9 7 1 5 9 6 0 5

Secured Loans

2 3 7 5 6 3 7 9 8 4

Unsecured Loans

8 1 6 0 7 1 6 9 0

Application of Funds

Net Fixed Assets including CWIP

2 1 9 0 4 7 6 3 5 6

Investments

2 2 1 1 1 8 8 6

Net Current Assets

2 4 7 9 4 2 0 6 8 1

Miscellaneous Expenditure

2 0 8 0 9 2 3

4. Performance of Company (Amount in Rupees)

Turnover

4 5 6 2 8 0 2 5 1 5

Total Expenditure

4 2 9 3 5 8 7 2 4 0

Profit/(Loss) Before Tax

4 6 3 9 4 6 7 1 8

Profit/(Loss) After Tax

4 1 6 4 4 6 7 1 8

Earnings per share in Rs.

2 4 . 6 8

Dividend Rate on Equity Shares-Interim (%)

1 5 . 0 0

Dividend Rate on Equity Shares-Final (Proposed) (%)

5 . 0 0

5. Generic Names of Principal Products/Services of Company (As per monetary terms)

Production Description

Item Code No. (ITC Code)

1) AC Sheets

6 1 1

2) AC Pipes

8 1 0

3) Ordinary Portland Cement

5 3 9 0

4) PVC Sheet

3 2 . 1

5) Premix Plaster

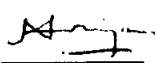
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Signature to Schedule I to XIV


As per our report of even date attached

For **Nitish Nigam & Co.**
Chartered Accountants

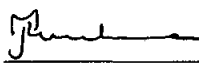
For Roofit Industries Ltd.,



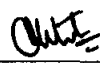
Nitish Nigam
Proprietor



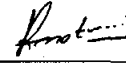
Suresh G Motwani
Chairman



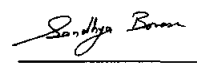
Milind Tamhane
Wholetime Director



Vinod G Motwani
Director



Kishore G Motwani
Director



Sandhya Borase
Company Secretary

Mumbai, 7th September, 2001



Cash Flow Statement

For the year ended 30 June (Amount in Rupees)

2001

2000

A. Cash Flow from the Operating Activities		
Profit Before Taxation	463,946,718	416,406,003
Adjustment for:		
Depreciation & Non Cash Expenses	80,937,492	56,115,495
Interest (Net)	359,783,695	220,534,280
Income from Investments	-4,302,766	-3,418,346
Operating Profit Before Working Capital Changes	900,365,139	689,637,432
Adjustments for :		
(Increase)/Decrease in Inventory	-440,667,801	-270,473,410
(Increase)/Decrease in Trade & Other Receivables	-487,240,210	-524,448,320
Increase/(Decrease) in Trade Payables	146,379,463	144,280,382
Cash Generated from Operations	118,836,591	38,996,084
Interest Paid	-375,578,113	-235,500,409
Miscellaneous Expenditure	-1,962,394	-
Net Cash from Operating Activities	-258,703,916	-196,504,325
B. Cash Flow from Investing Activities		
Increase in Fixed Assets & CWIP	-934,893,374	-449,356,472
Purchase of Investments	-5,000,500	-6,643,730
Sale of Investments	1,414,710	630,000
Movement in Loans	-71,911,000	-115,959,948
Interest / Dividend Received	20,097,184	18,384,475
Net Cash (used in)/from Investing Activities	-990,292,980	-552,945,675
C. Cash Flow from Financing Activities		
Increase / (Decrease) in Equity Share Capital	2,000,000	14,000,000
Increase / (Decrease) in Preference Share Capital (Net)	3,366,667	67,550,000
Increase / (Decrease) in Share Premium	8,000,000	101,500,000
Increase in Long Term & other borrowings	1,312,637,975	649,210,433
Dividend Paid	-52,941,866	-56,758,773
Net Cash (used in)/from Financing Activities	1,273,062,776	775,501,660
Net increase in Cash & Cash Equivalents (A+B+C)	24,065,880	26,051,660
Cash & Cash Equivalents as at the beginning of the year	86,218,739	60,167,079
Cash & Cash Equivalents as at the ending of the year	110,284,619	86,218,739



Notes on Cash Flow Statement

1. Purchases of Fixed Assets are stated inclusive of movements of Capital Work in Progress between beginning and end of the year.
2. Proceeds from Long term and other borrowing are shown net of repayments.
3. Cash and Cash equivalents represents Cash and Bank Balances only.
4. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

Roofit Industries Limited

Suresh G Motwani
Chairman

Mumbai, 7th September, 2001



Auditors' Certificate

The Board of Directors
MS. Roofit Industries Limited

We have examined the attached Cash Flow Statement of Roofit Industries Limited for the year ended 30th June, 2001. The statement has been prepared by the Company in accordance with the requirement of Clause No. 32 of the Company's Listing Agreement with the Bombay Stock Exchange. The Statement is based on and is derived from the Profit & Loss Account for the year ended 30th June 2001, and the Balance Sheet as on that date of the Company, covered by our Report dated, 7th September, 2001 to the members of the Company.

For Nitish Nigam & Co.
Chartered Accountants

Nitish Nigam
Proprietor

Mumbai, 7th September, 2001

Management discuss & Analysis



Income accounting method

The company followed the accrual system of accounting in 2000-01. Under this method, revenue and expenditure were recognised as soon as the transaction was recorded in the books even though the actual receipt or disbursement transpired later. This format of accounting corresponded to the Generally Accepted Accounting Practices in India. Wherever the treatment of accounts required an interpretation, the company preferred to be conservative.

2000-01 vs 1999-00

The total income increased from Rs. 321.02 cr in 1999-00 to Rs. 456.16 cr in 2000-01. Profit after tax increased to Rs. 41.64 cr in 2000-01, a rise of 12.45 per cent.

Miscellaneous income

Income from 'other products' increased from Rs. 1.56 cr in 1999-00 to Rs. 46.73 cr in 2000-01. 'Other products' included GRP tanks, PVC tiles, FRP sheets, dust ventilators and other accessories. The company expects income from 'other products' to remain at the existing levels in 2001-02.

Other income

Other income stood at Rs. 0.43 cr in 2000-01 compared to Rs. 0.34 cr in the preceding year. Dividend income and income from the sale of scrap constituted more than 67 per cent of 'other income'. As a percentage of total income, other income reduced from 0.11 per cent in 1999-00 to 0.09 per cent in 2000-01.

Surplus management policy

The surplus generated from the business was used for working capital requirements, for asset expansion and for distribution as dividend to shareholders. The Rs 18 cr drymix plant at Ratnagiri was funded entirely through internal accruals. ❌

Capital structure

The company's equity share capital increased from Rs. 7.80 cr in 1999-2000 to Rs. 15.99 cr in 2000-01 through an issue of bonus shares in a 1:1 ratio in December 2000. The company also issued 2,00,000 equity shares at Rs. 50 per share (face value Rs. 10) as the final installment to Sun Earth Ceramics Ltd. for the Rs 15.07 cr purchase of its AC pipes

plant in 1997-98. During the year, the company also approved a rights issue in the ratio of two fully convertible debentures/equity shares for every five shares held to be issued at such premium (face value Rs.10) that the Board may approve.

This will increase the company's equity capital to Rs. 22.40 cr.

Roofit's redeemable preference share capital was Rs. 14.53 cr in 2000-01. Preference shares were issued for funding the company's expansion and meeting long-term working capital requirement.

Reserves

Roofit's reserves and surplus increased from Rs. 91.47 cr in 1999-00 to Rs. 119.72 cr in 2000-01. Transfers from the Profit and Loss account stood at Rs. 68.22 cr and constituted around 57 per cent of the company's total reserves.

General reserves accounted for Rs. 35.86 cr and debenture redemption reserves for Rs. 7.17 cr. Share premium reserves stood at Rs. 7.10 cr.

Borrowing philosophy

Roofit's borrowings increased due to

loans taken to commission new plants, launch new products and for the working capital required to fund their distribution and offtake. Roofit is in the process of replacing working capital loans with term loans, resulting in a lower interest.

Loans

Roofit's secured loans increased from Rs. 152.80 cr in 1999-00 to Rs. 237.56 cr in 2000-01, an increase of Rs. 84.76 cr. The company floated commercial paper of Rs. 40 cr at an interest of 9.5 per cent for funding working capital needs.

Two loans of Rs. 10 cr each were taken to finance working capital. A project loan of Rs. 27 cr at an interest of 12.5 per cent per annum funded the drymix plant near Pune.

Roofit's unsecured loans increased from Rs. 35.11 cr in 1999-00 to Rs. 81.61 cr in 2000-01, an increase of Rs. 46.50 cr. Public deposits increased from Rs. 14.51 cr to Rs. 39.42 cr. Other unsecured loans increased from Rs. 13.26 cr to Rs. 33.37 cr. The rest represented interest-free loans given by the Directors. All unsecured loans were used for capital expansion.

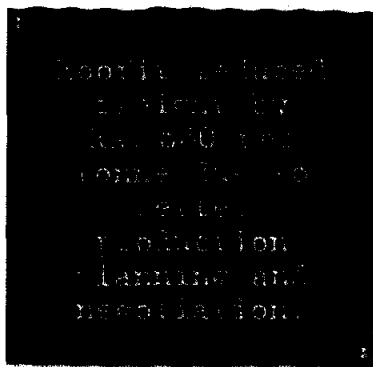
Capital employed

As a result of the increase in equity, reserves and debt, Roofit's total capital employed increased from Rs. 301.37 cr in

1999-00 to Rs. 469.41 cr in 2000-01.

Gross block

Roofit's gross block increased from Rs. 123.75 cr in 1999-00 to Rs. 203.04 cr in 2000-01. Productive assets accounted for almost 91 per cent of the company's gross block. Factory buildings increased by Rs. 16.07 cr and plant and machinery by Rs. 48.04 cr on account of the company's drymix plants in Ratnagiri



and Pune. Since the plants are relatively new with an average age of six years, no large-scale asset replacement is expected.

Capital work-in-progress

Roofit's capital work-in-progress, representing the drymix plant in Chennai, stood at Rs. 43.73 cr in 2000-01. The plant, with an installed capacity of 285,000 tpa, is expected to be completed before the end of 2001-02.

Investments

Roofit's investments increased marginally by Rs. 0.36 cr during the year under review. The company does not have any investments on the stock market. The company does not expect to invest in the capital market during the current year.

Inventories

Roofit's inventories increased from Rs 74.16 cr in 1999-00 to Rs.118.23 cr in 2000-01. At Rs. 59.33 cr, finished goods constituted more than 50 per cent of the inventories (Rs. 39.73 cr in 1999-2000, 54 per cent of the inventories). The increase was on account of the increased drymix inventory being placed with an increased number of dealers. The closing stock of raw materials was Rs. 55.72 cr in 2000-01 compared to Rs. 31.56 cr in the preceding year, primarily due to an increase in raw materials for the production of drymix.

Debtors

Sundry debtors increased from Rs. 95.88 cr in 1999-00 to Rs. 144.61 cr in 2000-01 on account of higher rural sales.

Debtors' turnover increased from 108 days in 1999-00 to 114 days in 2000-01 due to a higher credit given out following the launch of new products. In 2001-02, the company expects to address a larger urban market which is expected to reduce the debtors' turnover.

Loans and advances

Loans and advances increased from Rs. 27.99 cr in 1999-2000 to Rs. 28.58 cr in 2000-01. A major part of the loans and advances comprised deposits with suppliers of raw material and finished goods.

Subcontracting expenses

Subcontracting expenses increased from Rs. 14.07 cr in 1999-00 to Rs. 19.26 cr in 2000-01. These expenses refer to payments made to government - approved contractors for the installation of AC pipes.

Transportation charges

Transportation comprised an important cost item across all products marketed by Roofit. Primary freight comprised the movement of finished goods from the factory premises to the distributor / warehouse while secondary freight comprised costs incurred for the transfer of goods to the retailer or consumer.

Roofit reduced freight by Rs. 530 per tonne on AC sheets due to better production planning and negotiation. Transportation cost as a percentage of gross sales reduced from 4.94 per cent in 1999-00 to 3.85 per cent in 2000-01.

In 2001-02, Roofit expects to use sea vessels to transport sheets from its Ratnagiri plant to markets in Gujarat and Kerala, reducing costs by approximately Rs. 75 lacs.

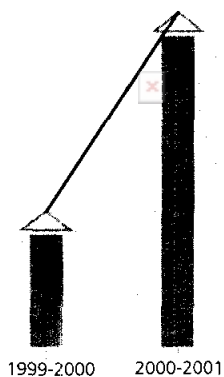
(Rs. cr)

Transportation cost	15.87	17.56
Transportation cost as a % of net sales	4.95	3.85

Advertisement expenditure

Roofit's advertisement expenditure increased from Rs. 2.70 cr in 1999-00 to Rs. 9.32 cr in 2000-01 due to increased promotional activities for drymix.

The company expects advertisement expenditure as a percentage of net sales to remain around the same levels during the current year.



Advertisement expenditure as a % of net sales

Interest outflow

Interest outflow increased from Rs. 22.05 cr in 1999-00 to Rs. 35.98 cr in 2000-01 due to an increase in the secured and unsecured loans for funding capital expansion and meeting working capital requirements.

Roofit's average rate of interest increased marginally from 14.18 per cent in 1999-00 to 14.19 per cent in 2000-01. The company expects to reduce its average rate of interest in 2001-02 through a debt swap.

Opening borrowing	122.99	187.91
Closing borrowing	187.91	319.17
Average borrowing	155.45	253.54
Interest outflow	22.05	35.98
Interest/average borrowing %	14.18	14.19

Depreciation

Roofit provided Rs 27.72 cr for depreciation in 2000-01 compared to Rs. 19.67 cr in 1999-00. The depreciation was provided on a straight-line basis as per the rates specified in Schedule XIV of the Companies Act, 1956. There was no change in the depreciation policy followed by the company in 2000-01. In 2001-02, the company expects to capitalise approximately Rs. 36 cr on account of its drymix plant in Chennai, resulting in an

adequate tax shield.

Corporate tax

Roofit's tax provision was Rs. 4.75 cr in 2000-01 compared to Rs. 4.60 cr in 1999-00. The company registered exports of Rs. 11.41 cr during the year under review compared to Rs. 1.95 cr in the preceding year, bringing down the company's tax exposure.

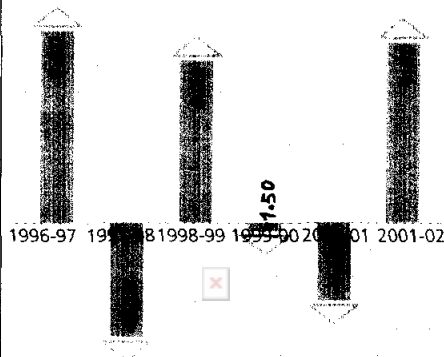
Outlook

In the Union Budget 2001-02, the Indian government introduced a number of schemes to accelerate housing growth in the rural sector:

- The government planned to set up 2.5 million dwelling units in rural areas.
- A Plan allocation of Rs 15.01 billion was made for providing 1.2 million houses for the poor.
- A Plan allocation of Rs 920 million was made to provide 100,000 houses for families with an income of less than Rs 32,000 a year.
- Under Golden Jubilee Rural Housing Finance Scheme, National Housing Bank committed to finance companies for the construction of 150,000 houses.
- The Centre for Monitoring Indian Economy (CMIE) has forecast a 6.3 per cent growth in the real GDP in the current fiscal year against 5.2 per cent growth in the GDP in the last fiscal. The growth is expected to come entirely from

the agricultural sector. CMIE has forecast agricultural growth at a high 9 per cent, the highest in the last seven years. This follows two disappointing drought years in Gujarat, Maharashtra and Rajasthan.

As a result, demand for Roofit's goods and services is expected to improve.



Percentage change in agricultural production

"Every job and function is important to the organisation - that is Roofit's message to people who work at the company."

Sandhya K. Oturkar
Executive (Personnel)

"Informality
is the
religion of
this
company"



Sandeep Patade
Executive (Sheets)

Our products

Major product lines :

Asbestos cement (AC) sheets
Poly vinyl chloride (PVC) sheets
Asbestos cement (AC) pipes
Plaster

Key applications :

Used for roofing purposes in industrial buildings, rural sector, low cost urban housing and other areas (stadiums, civil structures, railway stations, bus stands, among others).
Used mainly for aesthetic and decorative purposes in upmarket urban housing, resorts and hotels, among others.
Used for distributing water and carrying sewage.
Used for plastering walls and ceilings, laying tiles, among others.

Competitive position :

A 20 per cent share of the domestic market. It is amongst the three leading manufacturers in the country. Markets include south and west India.
The second largest producer of PVC sheets in the country.
Second largest Indian manufacturer of AC pipes. Market share of more than 10 per cent.
Installed capacity of 4,35,000 tpa. The largest producer of drymix in the country.

Rationale for business

- The roofing sheet industry in India is among the largest in the world. There exists a huge latent demand for the product. Consider this: the total housing shortage in 2001 was estimated at 19.36 million dwelling units, 66 per cent in the rural areas. Besides, India is considerably under-penetrated because the vast, price-sensitive rural market cannot still afford concrete roofs. As a result, a huge market exists for durable and cost-effective roofing solutions.

Roofit is particularly equipped to address this market. The company makes asbestos cement sheets, which are durable, safe for use and reasonably priced compared to alternatives like metallic and PVC sheets. AC sheets are used as roofing material by industrial and rural housing segments. Since asbestos is a poor conductor of heat, the sheets possess a high tensile strength and a long active life. These qualities make it an ideal product for roofing purposes. Roofit also makes AC pipes, which are used for water and sewage transportation.

- AC pipes are used in the underground transportation of water and sewage. These pipes are preferred due to their

immunity to various sub-soil chemical reactions. The tensile strength of AC pipes is amongst the highest in the pipes industry, resulting in 80 per cent of the piping network comprising AC pipes.

- Polymer composite roofing systems comprise PVC sheets, fibre re-enforced plastic (FRP) sheets and glass re-enforced plastic (GRP) tanks. These products are targeted towards the premium segment of buyers. In 1999-00, Roofit began manufacturing PVC sheets in Silvassa.

PVC sheets are a value-added, niche product used by urban houses, hotels and resorts. They are light, possess a *high impact resistance*, are easy to install and aesthetic in appearance. The company manufactures PVC sheets in opaque, transparent and translucent versions to tap a diverse market.

As housing and water programmes accelerate, Roofit expects that the offtake of AC sheets and AC pipes will rise, justifying its presence in these segments.

Segment overview

- For years, the principal manufacturers of AC sheets focused on the industrial sector. There were a number of reasons for this: industrial buyers accounted for

large volumes, marketing was easier and demand forecasting was simple.

However, when the Indian economy slowed and fresh industrial investments staggered, the industrial demand for AC sheets tapered.

Roofit emerged unscathed from this trough because the company prudently focused on retail rural offtake, which accounted for nearly 80 per cent of the total demand for inexpensive roofing solutions. Rural offtake strengthened for a number of reasons: the vast section of the population graduated to a better quality of living, resulting in better houses. Besides, the healthy monsoons of the last number of years resulted in a retail surplus, which translated, among other things, into a growing demand for AC sheets. As a result, Roofit was at the right place at the right time.

- The commonly used pipes in India are cast iron (CI), PVC, steel and ductile iron (DI). The purchase of AC pipes is dominated by the government.

- The pipes industry in India is estimated to be more than Rs. 5000 cr and is growing at approximately 12 per cent each year. The industry is dominated by CI and DI pipes. AC pipes, which currently transport the bulk of water and

raw sewage in the US and European Union, have progressively lost market share in India from 40 per cent to three percent due to a poor quality being made by most manufacturers in the country.

The demand for AC pipes is influenced by the Government's water and sewage transportation projects. The government is a volume buyer, saving manufacturers distribution and promotion expenses. On the other hand, suppliers need a large working capital requirement to meet the government's staggered payment schedules.

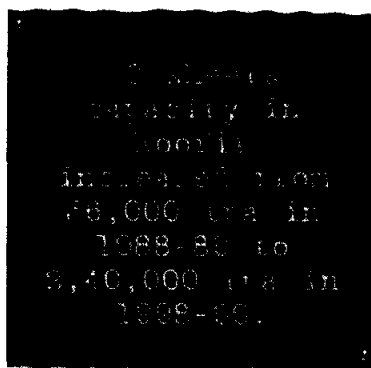
The AC pipes industry is equally divided among organised and unorganised manufacturers. Due to increasing quality requirements, the unorganised sector is fast losing market share. The organised market is currently estimated to grow between 10 to 15 per cent per annum.

Roofit's background

Roofit had been trading in AC sheets from the Eighties. The company integrated backwards by setting up its first AC sheets plant with a capacity of 36,000 tpa in Ratnagiri in 1988. Roofit stood out in the marketplace with a differentiated strategy: the company developed an extensive rural distribution network in the south and west. The rural focus paid off: the company grew to four plants with an installed capacity of 240,000 tpa by 1998-99.

In 1999-00, Roofit enlarged its product portfolio. The company marketed polymer composite roofing solutions and emerged as a one-stop shop for roofing material. While AC sheets continued to address the low-end rural market, polymer-roofing sheets reached out to the higher value urban market.

Meanwhile, Sun Earth Ceramics Limited, a group company, set up an AC pipes plant in 1989 to offer quality products for water and sewage transportation. In



view of the existing synergies with AC sheets, Roofit acquired the AC pipe plant from Sun Earth Ceramics in 1998-99.

Roofit manufactures around 120 varieties of pipes with diameters ranging from 80 mm to 600 mm, perhaps the most diverse range manufactured in India. The company started trading in fibre reinforced pipes (FRP) in 2000-01, used in special cases where corrosion resistance

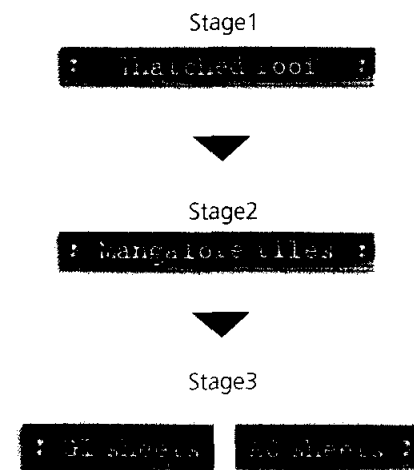
and strength are of paramount importance.

Industry structure

• AC sheets

The annual size of the Indian roofing industry is estimated at Rs. 3,500 cr. In terms of tonnage, the industry is equally dominated by AC and galvanised iron (GI) sheets. However, in terms of value, GI sheets comprise 80 per cent of the Indian roofing market. The AC roofing industry in India is estimated at around Rs 1200 cr. This segment has been growing at an average 12 per cent per annum. Due to its strong value-for-money proposition, much of the growth in the roofing market is derived from AC sheets.

The classic roofing path in India's rural sector is :



Comparison of AC sheets with alternative roofing materials

Product life	> 50 years	8-10 years	8-10 years	15-20 years
Corrosion resistance	Good	Deteriorates with time	Deteriorates with time	Fair
Thermal conductivity	Low	High	High	Medium
Energy input in production	Very Low	Medium	Medium	High
Manufacturing process	Simple	Complex	Complex	Complex
Effluent generation during production	Nil	High	High	High
Cost	Low	Medium	Medium	Medium

Industry characteristics

Due to the strong dependence on rural demand, the industry is characterised by a high requirement of working capital. An extensive distribution network is also one of the pre-requisites of this business. Much of the business is routed through dealers, who ensure that the product reaches the end consumers.

The AC sheets industry is dominated by the organised sector.

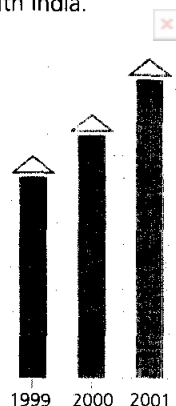
Since freight is an important element of cost - constitutes around 3.85 per cent of the total sales - manufacturers generally sell as close to their manufacturing plants as possible. As a result, there is a regional character to most manufacturers.

Roofit's strategy

Roofit's market share for AC sheet has

increased from 16 percent in 1998-99 to 23 percent in 2000-01 on account of the following initiatives:

- Roofit has focused primarily on retail demand. More than 90 percent of AC sheet revenues came from non-institutional sales.
- Rather than consolidate its installed capacity, Roofit consciously scattered it across the growing markets of west and south India.



Roofit's share (%) of the domestic AC sheets market

- Roofit's production of AC pipes has stood out on account of the superior quality. The company follows stringent ISO standards.

- The company is also collaborating with various state governments to make a better quality of pipes as per their customised requirements.

Performance in 2000-01

AC sheets

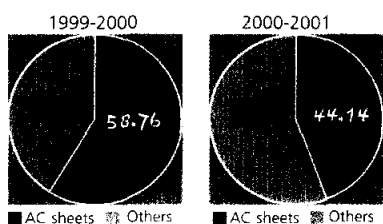
Roofit sold AC sheets including accessories and services amounting to Rs. 201.39 cr in 2000-01, 44.14 per cent of the company's turnover (Rs 188.70 cr in 1999-00, 58.76 per cent of the turnover).

While AC sheets are expected to be the mainstay of the company's turnover, their weightage in the turnover is expected to reduce as the company

drives the offtake of non-AC products.

1999-00	2,02,832	188.70	9,303.35
2000-01	2,10,255	201.39	9,578.16

Contribution to turnover



Despite an increasing pressure on prices for AC sheets, Roofit delivered a better quality of product and service and strengthened realisations per tonne from Rs.9,303 in 1999-00 to Rs 9,578 in 2000-01.

Corrugated sheets	94
Flat sheets	3
Semi corrugated	1
Accessories	2

AC pipes

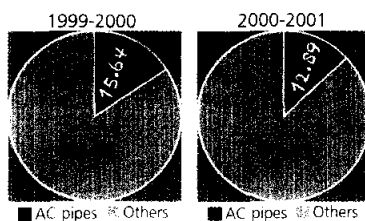
AC pipes revenue stood at Rs. 58.79 cr in 2000-01, compared to Rs. 50.24 cr in 1999-00. Its weightage in the company's turnover declined from 15.64 per cent in 1999-00 to 12.89 per cent in 2000-01.

Despite a difficult industry environment, Roofit increased its average realisation per tonne from Rs. 19,090 in 1999-00 to Rs. 19,892 in 2000-01 by extending its role: from marketing to service.

As a result, Roofit offered technical advice and supervision regarding the correct installation of pipes. Roofit sold 622 MT of FRP in 2000-01 for a total realisation of Rs. 2.49 cr, generating a value-addition in excess of 100 per cent over the ordinary AC pipes.

1999-00	26,316	50.24	19,090.00
2000-01	29,554	58.79	19,892.00

Contribution to turnover



Polymer composite roofing systems

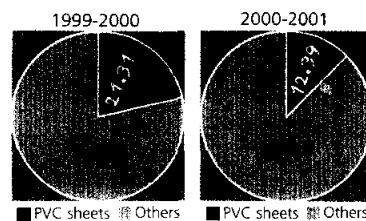
• Polymer composite roofing systems contributed Rs. 56.60 cr in 2000-01 to the company's turnover (Rs. 68.44 cr in 1999-2000). The drop in volumes from 10,589 MT in 1999-00 to 5,622 MT in

2000-01 was compensated by an increase in realisation from Rs. 64,630 per tonne to Rs. 100,671 per tonne.

• PVC sheets generated an average realisation of Rs. 72,000 per tonne compared to an average realisation of Rs. 7,500 per tonne for an ordinary AC sheet. Roofit launched two profiles in 2000-01 and intends to add another in 2001-02.

1999-00	10,589	68.44	64,629.87
2000-01	5,622	56.60	1,00,671.15

Contribution to turnover



Other products

Roofit also sells PVC roof tiles, boards for doors and windows and other construction accessories. The revenues are sourced from trading activities. Revenue from these products jumped from Rs. 1.56 cr in 1999-00 to Rs. 46.73 cr in 2000-01. Their weightage in the

total revenue increased from 0.49 per cent to 10.24 per cent over the last year. The increased role of accessories helped the company emerge as a one-shop-stop solution provider to the construction industry.

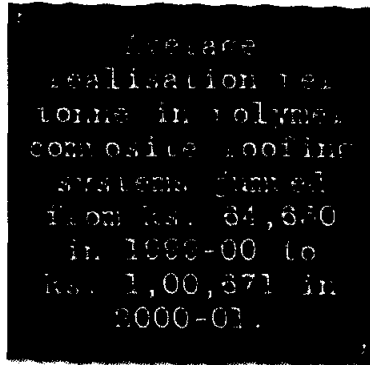
1999-00	1.56	0.49 (%)
2000-01	46.73	10.24 (%)

Production

Roofit makes products that conform to the highest quality standards. The company is the only one in its industry to have received the ISO (International Standards Organisation) certification for AC pipes.

- AC sheets are produced using a blend of high-grade chrysolite asbestos fibre, portland cement and fly ash. The blend is mixed with water and thereafter, pulp is added to impart the required toughness and density. The slurry is then poured into the machine vat where the rotating sieve cylinders pick up the film of wet fibre cement matrix, while filtering the water. The fibre cement film formed on the sieve roll is then transferred to a continuous running felt. Thereafter, the film is transferred to a forming roller and when the required thickness is attained, it is extracted from the forming roller and laid onto a conveyor, which takes it to corrugator.

The sheet is then corrugated and placed on an oiled steel mould, preventing the sheet from sticking to it. The sheets are then stacked one on another interleaved with the steel moulds. After nearly 10 hours of the cement having set, the sheets emerge hardened. These sheets are cured by spraying water on them for



14 to 21 days. They are then tested for relevant standards before being sold.

Sheets production (MT)	2,06,743	2,48,000
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- The manufacturing process for AC pipes is the same as AC sheets. The pipes are manufactured with the preferred Mazza technology. The homogeneous slurry is introduced to the machine vat and following the rotation of the sieve cylinder within the vat, the slurry filters through the sieve cylinder

and forms a thin layer of asbestos cement on the sieve cover. This is picked up layer after layer by the running felt. Pressurised rubber rollers are used to impart the necessary adhesion, compactness and strength. These layers are then compressed. The pipes formed are calendered and transferred to the extraction cradle process. Steam and hot air is then used to accelerate the setting process. The continuous rolling of the pipes at low speed on the conveyor helps them achieve acceptable roundness and strength. The pipes are then cured in water tanks before being taken for finishing and testing for the requisite standards.

Pipes production (MT)	27,823	28,609
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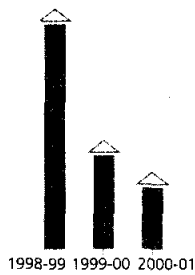
- The PVC sheet plant consists of two lines put up at Silvassa in March 2000 with an installed capacity of 3,600 tonnes. The production process requires PVC resins, stabilisers for durability and lubricants for a smoother finish.

All the raw materials are mixed in pre-determined quantities at a specified temperature. The mix is then melted, extruded and cast into small pellets. The pellets are re-melted and extruded in the form of round sheets. These sheets are then cut and shaped in the required manner.

Production improvements, 2000-01

• The rejection rate in the AC pipes division dropped from 11 per cent in 1998-99 to 3.5 per cent in 2000-01. Rejections of AC sheets dropped from 3.2 per cent in 1999-00 to around 2 per cent in 2000-01. The decrease in the rejection rates strengthened realisations by more than Rs. 2 cr.

Rejection levels in AC pipes (%)



• Through the optimisation of raw materials, the conversion cost was rationalised by around four per cent. Roofit also optimised on the use of asbestos in the production of AC sheets and AC pipes, resulting in a saving of around Rs. 5 cr.

• The de-bottlenecking exercise in all the company's plants strengthened capacity utilisation by an average 15 per cent.

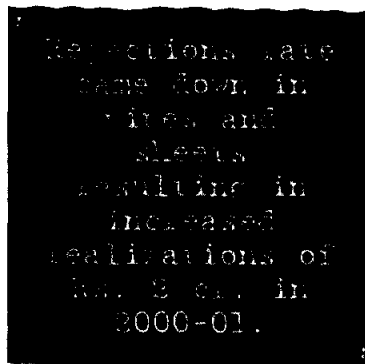
• The company converted its raw material handling, weighing and batching system from a largely manual process to a mechanical one. This ensured a perfect mix of raw materials leading to a reduction in waste and an increased consistency in the finished

product.

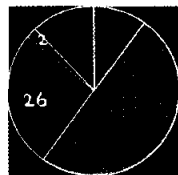
• The company intends to install bulk-handling capacities for cement in its AC pipe and sheet plants. This is expected to rationalise labour cost incurred in handling cement bags and storage, packing and unpacking costs as well as economies of scale. Roofit expects approximate savings of Rs. 1.50 cr.

Raw materials

Asbestos fibre, 43 grade ordinary portland cement, fly ash, resins/pigments



and wood pulp were used by the company in the manufacture of AC sheets and pipes. The raw material mix for the production of AC pipes and sheets is as follows:



■ Asbestos fibre ■ Cement
■ Fly ash ■ Pulp ■ Others

As a % of volume

Raw materials used in the manufacture of sheets and pipes totalled Rs. 276.27 cr in 2000-01 compared to Rs. 193.58 cr in 1999-00.

Description of major raw materials

• Asbestos: Asbestos is the principal raw material used in the manufacture of AC pipes and sheets. The material produces diverse characteristics in combination with cement - resistance to fire, corrosion and humidity. As a result, asbestos-based products are generally strong, stable and durable.

The asbestos mined in India is not suitable for production. Therefore, the company imports its entire requirement from Zimbabwe, Russia and Canada. The company's long-term agreement with suppliers enabled it to buy asbestos at favourable prices. By intelligently selecting suppliers, the company saved Rs. 2 cr in 2000-01.

The company consumed 23,548 tonnes of asbestos in 2000-01. The cost per tonne of asbestos over the last three years was:

Year	Cost per tonne of asbestos (Rs.)
1998-99	30,205
1999-00	34,412
2000-01	35,901

• Cement: In addition to captive consumption, the Company also procures cement from the open market. The cost per tonne of cement consumed

fell from Rs. 2572 in 1999-00 to Rs. 2468 in 2000-01.



Cost per tonne of cement (Rs.)

• Fly ash: Fly ash is used in the portland cement made by the company and is sourced from within the country. The specifications for the use of fly ash are well within the prevailing norms for the product the world over. The cost per tonne of fly ash was Rs. 795 per tonne in 2000-01 compared to Rs. 875 per tonne in 1999-00.

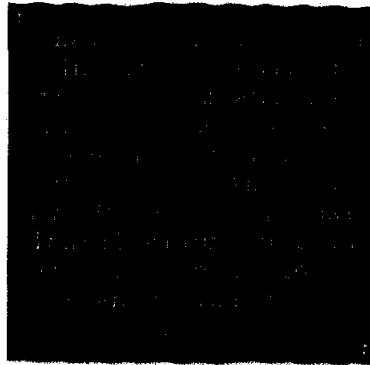
New products

• Sheets: Through in-house research, Roofit developed 'Canaleta', a deep corrugated sheet in 2000-01. What makes this sheet special is that can be placed directly on two walls without requiring any bolts and accessories to fasten it in place. Roofit is the first company in India to market such a sheet. 'Canaleta' sheets have been targeted at the rural market, where there is a dearth of carpenters. The product represents a win-win benefit: while it is expected to generate a 30 percent value-addition over ordinary AC sheets for the company, the post-installation cost is

expected to be attractively lower than that of ordinary AC sheets.

Roofit also released pigmented AC sheets under the 'Rangoli' series. These were introduced in green and brick colours. Introduced for primarily the rural market, these sheets are expected to generate a value-addition of around 20 per cent.

• Pipes: Roofit introduced helical glass asbestos cement (HGAC) pipes for withstanding high pressure and



corrosion. The company expects to generate a value addition of 60 per cent and revenues of Rs. 3 cr from HGAC in 2000-01.

Capacity and locations

The installed capacity of AC sheets was 2,40,000 tonnes per annum while the installed capacity of AC pipes was 20,000 tonnes per annum in 2000-01. There was no increase in the installed

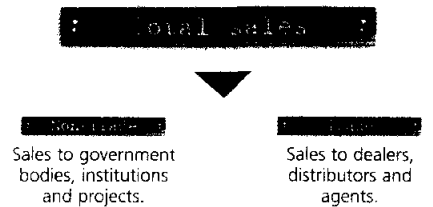
capacity of the company's plants in 2000-01.

Ratnagiri	AC sheets
Abidgarh	AC sheets
Aurangabad	AC pipes and sheets
Gummudipondi	AC sheets
Silvassa	PVC sheets

- The company's plants were in close proximity to the cement belt in south and west India.
- They were located close to the urban and rural markets of Maharashtra, Tamil Nadu, Kerala, Karnataka, Madhya Pradesh and Andhra Pradesh.
- Due to its location in a backward area, the Abidgarh plant was exempt from sales tax.
- Roofit's pipe plant, located in central India, helped it access the growing markets of Gujarat, Uttar Pradesh, Tamil Nadu and Kerala at a low freight cost.

Distribution

Roofit's aggressive distribution policy helped it emerge among the three biggest sellers of AC sheets in south and west India.



Maharashtra	2
Gujarat	3
Madhya Pradesh	3
Karnataka	1
Andhra Pradesh	3
Goa	1
Kerala	2
Tamil Nadu	2
Orissa	3
Andaman	1
Daman and Diu	3

• **Sheets:** An efficient distribution enables products to be available just when and where the customer needs them. To enable this to happen, the company established a deep and diverse network in the markets of its presence. In 2000-01, the company strengthened its presence in the rural and semi-urban markets, covering every district headquarter in the process.

The number of stockists increased from 500 in 1999-2000 to 800 in 2000-01. Over the foreseeable future, the company expects to reach its products to every taluka and town.

Non-trade sales are characterised by lower realisations and slower recoveries. Trade sales exceed realisations from non-trade sales by around 20 per cent. The percentage of trade sales increased from 60 in 1997-98 to around 88 in 2000-01. The company expects to increase this to 90 per cent during 2001-02.

1997-98	60	:	40
1999-00	80	:	20
2000-01	88	:	12

Strategy

Roofit sold sheets directly to the customer, through the distributor and through the dealer. Around 80 per cent of the company's sales were channelled through distributors. The company's dealer commitment is reflected in the fact that even non-trade sales were routed through distributors.

Roofit distributors increased from 5,000 in 1998-99 to 7,000 in 2000-01.

The company added sawmill owners to its distribution network in the rural areas.

Roofit strengthened its dealer relationship through timely product delivery and mature complaints management. Roofit executives were present at dealer premises to supervise the cutting of sheets into required sizes and reduce waste. The company offered free holidays to distributors based on the tonnage sold by them. Dealer volumes registered an increase of 12 per cent in 2000-01 over the previous year.

The company expects to strengthen its dealer relationships by re-launching its successful 'video-on wheels'.

Roofit intends to increase sales through distributors to 85 per cent by the end of

2001-02.

Roofit exported sheets worth Rs. 3.5 cr in 2000-01; exports in the preceding year stood at Rs. 2.75 cr. In the coming year, the company intends to enter the Sri Lankan market. It is estimated to have a market of two lac tpa and the domestic supply is not enough to meet the growing demand.

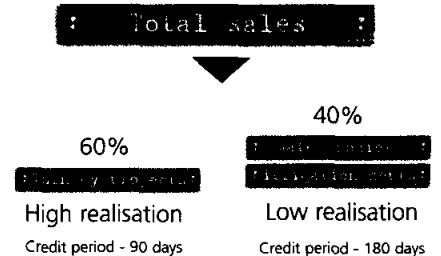
• **Pipes:** Around 60 per cent of Roofit's production is directed towards turnkey projects.

Various Water Boards and irrigation departments account for the rest of the offtake. The sale is governed through a formal tender process.

The difference in realisation between the retail and institutional offtake is almost 30 per cent in favour of turnkey projects. Roofit's exposure to turnkey projects is amongst the highest in the industry, translating into higher margins.

Roofit emerged as the only domestic pipe manufacturer to export pipes.

Exports (Rs. in cr)	0.03	0.60
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Rationale for business

The Indian construction business suffers from an inconsistent quality of plaster. Besides, sand is not always available in a number of cities. As a result, drymix is a convenient substitute for the time-consuming and non-scientific plaster prepared at construction sites. Drymix requires the addition of water in measured quantities before being used. The product can be used for the following purposes:



A comparison between drymix and conventional plasters

Drymix plaster
Drymix is transported in bags/silos to the construction site. This ensures no waste and adulteration.
Sand is dried, sterilised, made silt-free and graded.
Moderate supervision transforms drymix into quality plaster.
Uniform, easy to apply, covers larger area, does not shrink and does not crack.
Lower 'dead weight' on the building.
Dries within 24 hours of application, resulting in quicker project completion.

Conventional plaster
Cement and other aggregates are transported to the construction site separately and in open condition.
Sand quality is inconsistent and suspect.
Strict supervision is needed for proportioning and mixing.
Often unreliable. Cracks are routine.
More plaster per square metre leads to more 'dead weight' on the building.
Drying takes twice the time, resulting in a longer completion cycle.

Industry structure

Drymix has existed in the western countries since the Sixties. The product was pioneered during the post-war development boom in Germany. Germany today manufactures around 10 million tonnes of drymix today. The Indian market potential is estimated to be around one billion tonnes.

Roofit is the only organised Indian company to produce drymix in a substantial quantity. The industry's prospects are protected through a high freight component, which makes imports unviable, and a customs duty of 35 per cent.

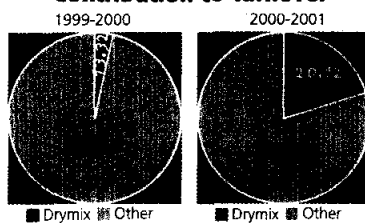
Performance, 2000-01

To test the acceptance of the product, Roofit outsourced and marketed drymix in 1999-00. Enthused by the acceptance of the product, especially in the urban market, the company set up drymix manufacturing facilities in Ratnagiri and Kurkumbh (near Pune) with an aggregate installed capacity of 4,35,000 tpa.

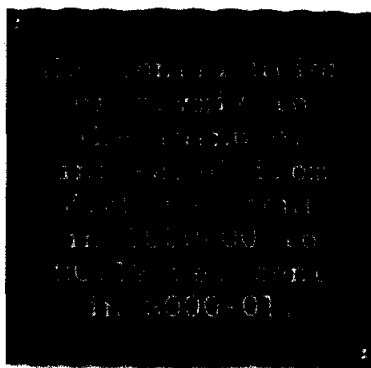
The third plant, near Chennai, with a capacity of 2,85,000 tpa is expected to be operational by October, 2001.

	1999-00	2000-01	1999-00	2000-01
Revenue	9,662	1,64,558	10.66	91.78
Profit	11,033.77	5,577.17		

Contribution to turnover



Drymix revenue increased from Rs. 10.66 cr in 1999-00 to Rs. 91.78 cr in 2000-01. The weightage of drymix in the company's turnover increased from 3.32 per cent to 20.12 per cent during the period.



Since the company was now able to manufacture increased quantities, prices stabilised at reasonable levels - Rs. 5,577 per tonne in 2000-01 compared to Rs. 11,033 per tonne in 1999-2000.

Raw materials

The principal raw materials used in the manufacture of drymix are wet sand, cement, dolomite and additives.

The company acquired wet sand from

river banks. White and grey cement were procured from indigenous sources and were used for different types of finishing. The company used diverse additives for enhancing the quality and adhesiveness. Dolomite was sourced from Vadodara and used as a filler. Fuel was used for drying wet sand.

	1999-00	2000-01	1999-00
Cement	18	28	3360
Sand	65	10	320
Fly ash	3	2	1100
Limestone	13	7	1232
Additives	0.45	53	251233

Installed capacity

Roofit's installed capacity of 4,35,000 tpa is spread over two plants. The company manufactures 60 tonnes per hour.

Ratnagiri (Maharashtra)	1,50,000
Kurkumbh (Maharashtra)	2,85,000

- The Ratnagiri plant was commissioned at the same location as the company's AC sheets plant, resulting in a low greenfield cost.

The plants are close to Mumbai, Pune and Bangalore, three of India's fastest growing cities.

Rivers that are rich with sand deposits are in close proximity, reducing the

company's freight cost.

Production

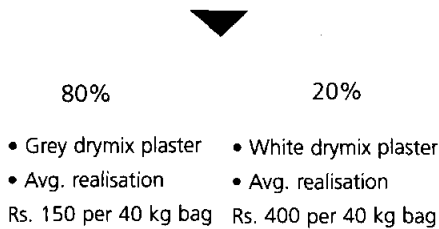
Roofit commissioned state-of-the-art plants with technology from Raute Dry Mix OY, Finland. The extent of automation enables the plant to be run with only three people.

In the production process, wet sand is dried to reduce moisture, then crushed to the desired level. Binders, fillers and additives are added and mixed. The finished product is packed in bags and despatched.

The company manufactures around 16 varieties of drymix. Approximately 80 per cent of the total production constitutes grey mix plaster. White mixed plaster accounts for the rest. Grey plaster is used both inside and outside the house, while white drymix is applied only inside.

Roofit's premium quality is reflected in a minimum wastage of raw material and a zero-rejection of the finished product.

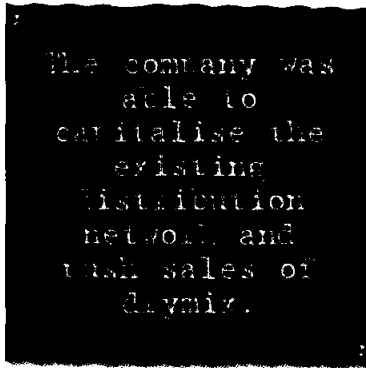
Total drymix production :



1999-00	100	:	0
2000-01	32	:	68

Distribution

Roofit concept-sold drymix among institutions in the construction industry, highlighting the ability of the product to save time and money for users. The product was well-received and institutional sales accounted for 70 per cent of the company's turnover. Roofit also extended the product's goodwill to



masons, resulting in retail sales to the extent of 30 per cent of the company's offtake. The retail segment generated a 10 percent higher realisation.

Roofit leveraged its existing distribution network of AC pipes to push drymix in the rural and urban areas. Nearly 60 percent of Roofit's drymix was distributed in Kerala, Maharashtra, Gujarat, Karnataka and Tamil Nadu across a radius of 300 kms. Roofit

expects to introduce a drymix customised for the rural market in the future.

The company's customers included respectable names like Tata Chemicals Ltd., Reserve Bank of India, Great Eastern Shipping Co. Ltd., Life Insurance Corporation, Cricket Club of India (Mumbai), Wipro (Bangalore), ITC Limited (Bangalore), L & T Ltd. (Chennai), Hotel Le Meridian (Cochin) and Godrej Properties (Pune).

Outlook

The product is currently being sold in 40 kg bags. Roofit is in the process of introducing 5 kg, 10 kg and 20 kg bags to customise packages in line with customer needs. The company intends to develop more versions of drymix as well. The Indian drymix market is estimated to grow at more than 100 per cent. Roofit expects revenues of approximately Rs. 175 cr from this product by the end of 2001-02.



5-year financial Summary

	1999	2000	2001	2002	2003	(Rs. in cr)
Domestic Sales	66.22	107.70	182.65	319.17	444.87	
Export Sales	0.71	0.49	0.99	1.95	11.41	
Gross Sales	66.93	108.19	183.64	321.12	456.28	
Excise	1.23	3.92	0.68	0.44	0.55	
Net Sales	65.70	104.27	182.96	320.68	455.73	
Other Income	1.77	0.42	1.28	0.34	0.43	
Total Income	67.47	104.69	184.24	321.02	456.16	
Material Consumption	35.80	51.52	86.43	180.28	265.11	
Personnel Expenses	2.01	3.70	6.45	7.84	10.78	
Power & Fuel	1.69	2.56	3.55	4.65	5.16	
Travelling and Conveyance	1.19	1.08	2.08	2.30	3.45	
Transportation Charges	3.27	6.08	11.86	15.87	17.56	
Advertisement	0.21	0.56	2.61	2.70	9.32	
Other Expenses	6.23	13.72	26.99	38.05	54.15	
Misc. Expenditure w/off	0.02	0.10	0.08	0.06	0.21	
Total Cost	50.42	79.32	140.05	251.75	365.74	
PBDIT	17.05	25.37	44.19	69.27	90.42	
Interest	5.19	10.35	17.30	22.05	35.98	
PBDT	11.86	15.02	26.89	47.22	54.44	
Depreciation	1.36	2.58	4.45	5.59	8.05	
PBT	10.50	12.44	22.44	41.63	46.39	
Tax	1.16	1.31	2.60	4.60	4.75	
PAT	9.34	11.13	19.84	37.03	41.64	

(Rs. in cr)

Sources of funds					
Equity Share capital	6.40	6.40	6.40	7.80	15.99
Preference share capital :	2.22	10.56	7.44	14.20	14.53
	8.62	16.96	13.84	22.00	30.52
Reserves & surplus	22.64	33.49	48.96	91.46	119.72
Net worth	31.26	50.45	62.80	113.46	150.24
Secured loans	37.27	61.48	98.85	152.80	237.56
Unsecured loans	6.40	10.44	24.14	35.11	81.61
Total loans	43.67	71.92	122.99	187.91	319.17
Total liabilities	74.93	122.37	185.79	301.37	469.41
Application of funds					
Gross block	38.29	60.85	98.57	123.75	203.04
Depreciation	5.92	9.62	14.08	19.67	27.72
Net block	32.37	51.23	84.49	104.08	175.32
Capital WIP	4.43	8.39	9.77	29.52	43.73
NB + CWIP	36.80	59.62	94.26	133.60	219.05
Investment	10.67	3.48	1.25	1.85	2.21
Current Assets					
Inventories	16.40	28.10	47.11	74.16	118.23
Debtors	13.53	25.25	43.44	95.89	144.61
Cash & bank balance	1.73	3.55	6.03	8.63	11.03
Deposits	2.51	2.88	5.12	5.85	7.13
Loans and advances	6.94	17.93	18.54	27.99	28.57
Total current assets	41.11	77.71	120.24	212.52	309.57
Current Liabilities					
Creditors	1.18	8.75	17.46	30.47	37.03
Other liabilities	7.98	3.80	6.22	7.65	15.72
Provisions	4.62	5.99	6.36	8.53	8.88
Total current liabilities	13.78	18.54	30.04	46.65	61.63
Net Current Assets	27.33	59.17	90.20	165.87	247.94
Misc. Expenditure	0.13	0.10	0.08	0.05	0.21
Total Assets	74.93	122.37	185.79	301.37	469.41

Value-added statement



Rajesh Shirsat
Deputy General Manager
(Corporate)

Gross Income	66.93	108.19	183.64	321.12	456.28
Add : Other Income	1.77	0.42	1.28	0.34	0.43
Corporate Output	68.70	108.61	184.92	321.46	456.71
Less: Material consumed	35.80	51.52	86.43	180.28	265.11
Manufacturing expense	1.69	2.56	3.55	4.65	5.16
Selling and administrative expenses	10.92	21.54	43.62	58.98	84.69
Gross Value Added	21.98	35.55	54.87	82.20	106.91
Less: Depreciation	1.36	2.58	4.45	5.59	8.05
Net Value Added	20.62	32.97	50.42	76.61	98.86
Growth %		59.89	52.93	51.94	29.04
To personnel	2.01	3.70	6.45	7.84	10.78
To creditors	5.19	10.35	17.30	22.05	35.98
To taxes (incl. Dividend tax)	2.39	5.23	3.28	5.04	5.30
To investors (Dividend)	0.00	0.00	0.00	0.00	0.00
To the company (retained earnings)	11.03	13.69	23.39	41.68	46.80

& their Ratios analysis



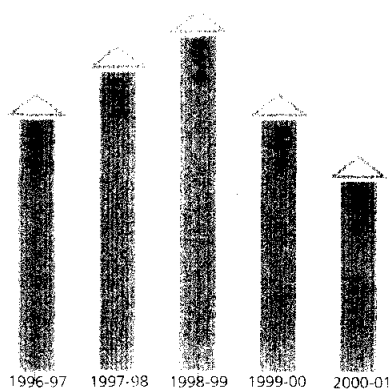
Ravindra Kadam
Executive (Accounts)

Domestic Sales/Gross Sales (%)	98.94	99.55	99.46	99.39	97.50
Export Sales/Gross Sales (%)	1.06	0.45	0.54	0.61	2.50
Other income / Total Income (%)	2.62	0.40	0.69	0.11	0.09
Material consumption cost / Net Sales (%)	54.49	49.41	47.24	56.22	58.07
Personnel expenses / Total Income (%)	2.98	3.53	3.50	2.44	2.36
Excise / Gross sales (%)	1.84	3.62	0.37	0.14	0.12
Power and fuel / Net sales (%)	2.57	2.46	1.94	1.45	1.13
Transportation charge / Net sales (%)	4.98	5.83	6.48	4.95	3.85
Advertisement expenditure / Net sales (%)	0.32	0.54	1.43	0.84	2.05
Interest / Total Income (%)	7.69	9.89	9.39	6.87	7.89
PBDIT / Net sales (operating margin) (%)	25.95	24.33	24.15	21.60	19.84
PBDT / Net sales (post interest margin) (%)	18.05	14.40	14.70	14.72	11.95
Depreciation / Total Income (%)	2.02	2.46	2.42	1.74	1.76
Tax / PBT (%)	11.05	10.53	11.59	11.05	10.24
Net profit / Total Income (%)	13.84	10.63	10.77	11.54	9.13
Cash flow / Total Income (%)	15.86	13.10	13.18	13.28	10.89
RONW (PAT / Net Worth) (%)	29.88	22.06	31.59	32.64	27.72
ROCE (PBDIT / Average capital employed) (%)		25.72	28.68	28.44	23.46
Capital output ratio (Total Income/ average capital employed)		1.06	1.20	1.32	1.18
Royalty / Total Income (%)	1.76	1.03	1.13	0.72	0.76
PBDIT/ Interest (Interest cover)	3.29	2.45	2.55	3.14	2.51

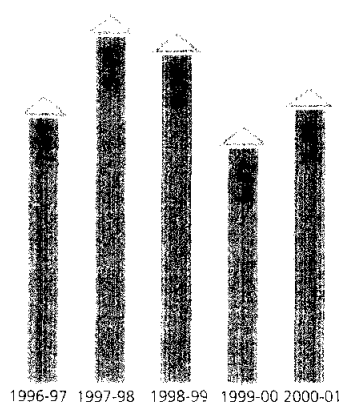
Some ratios may not be strictly comparable with the ratios in the previous annual report due to a change in base.

Although, Roofit's business is primarily restricted to within India, exports registered a healthy increase during the year under review. Other income continued to be on the lower side. Material consumption to net sales indicated a marginal increase due to the inclusion of drymix. Power and fuel costs as a component of net sales dropped, indicating efficient production practices. Transportation costs as a percentage of net sales decreased, indicating that the company penetrated deeper within its markets and generated a larger component of offtake closer to the company's manufacturing plants. Advertisement expenditure to net sales increased due to the increasing need to

publicise a large product portfolio. Operating margins came down to below 20 per cent on account of a high material cost (nearly 32 per cent of drymix revenues came from trading activities) and the high initial adspend to sustain sales of drymix. Roofit's net profit margin was under pressure due to a higher interest and depreciation charges. Although Return on Net Worth (RONW) continued to be on the high side, there was a drop in 2000-01 due to an increase in the company's share capital. Return on Capital Employed (ROCE) and interest cover reduced due to an increase in secured and unsecured loans.



Transportation charge / Net sales %

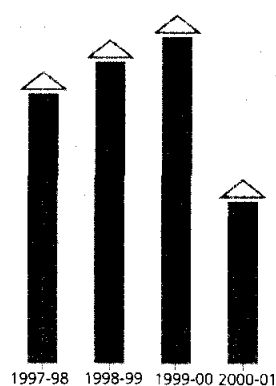


Interest / Total income %

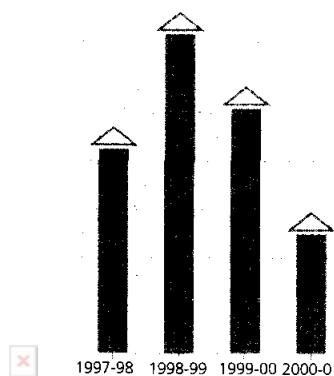
Growth in total Income (%)	55.17	75.99	74.24	42.10
Growth in domestic sales (%)	62.64	69.59	74.74	39.38
Growth in export sales (%)	-30.99	102.04	96.97	458.13
Growth in net sales (%)	58.71	75.47	75.27	42.11
Growth in PBDIT (%)	48.80	74.18	56.75	30.53
Growth in PAT (%)	19.16	78.26	86.64	12.45
Growth in cash flow (%)	28.13	77.17	75.46	16.59

All growth ratios continued to show positive trends. The growth in exports was the highest in the history of the company.

Debt-equity ratio	1.40	1.43	1.96	1.66	2.12
Debtors' turnover (days)	73	84	85	108	115
Inventory turnover (days)	88	94	92	83	94
Current ratio	1.52	1.73	1.54	1.75	2.16
Quick ratio	0.91	1.11	0.93	1.14	1.34
Cash and equivalents / total assets	2.31%	2.90%	3.25%	2.86%	2.35%
Depreciation for the year / gross block	3.55%	4.24%	4.51%	4.52%	3.96%
Asset turnover (Total Income / total assets)	0.90	0.86	0.99	1.07	0.97



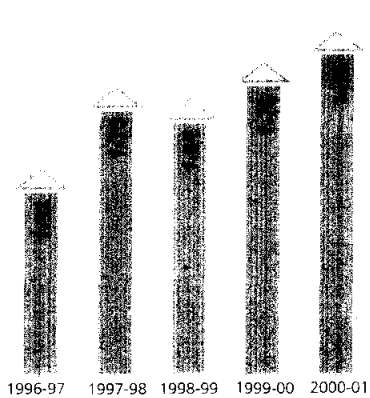
Growth in domestic sales %



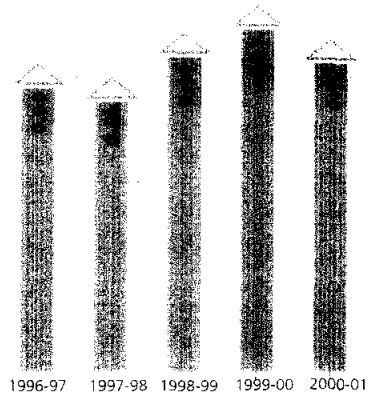
Growth in PBDIT %

Roofit's debt-equity ratio increased as the company funded asset and working capital growth through debt. Debtors' turnover and inventory turnover increased as Roofit pushed more products, increased the number of depots and

strengthened its distribution network. This was also reflected in a high current and quick ratio. The asset turnover ratio came down in the year under review due to the commissioning of drymix plants in Ratnagiri and Kurkumbh.



Current ratio

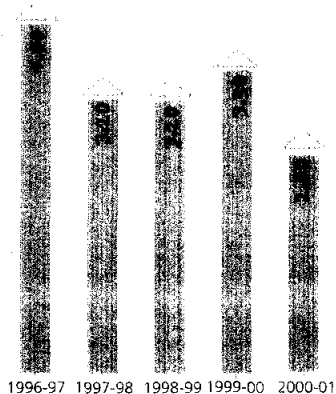


Asset turnover (Total Income / total assets)

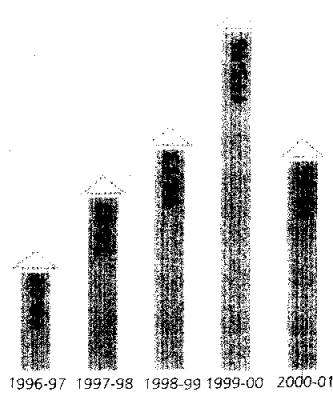
Earnings (less extraordinary income)	14.59	17.39	31.00	47.47	26.04
Cash earnings (Rs)	16.72	21.42	37.95	54.64	31.08
Dividend (Rs)	4.00	3.20	3.50	3.50	2.00
Book value (Rs)	48.84	78.83	98.13	145.46	93.96
Net Indebtedness per share	68.23	112.38	192.17	240.91	199.61

Although earnings per share continued to be healthy, there was a drop from the previous year due to an increase in interest, depreciation and equity share capital. Dividend per share stood

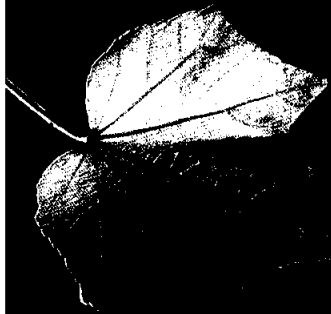
at Rs. 2.00 on an enhanced capital after issue of Bonus shares in the ratio of 1:1. The company's lower book value per share was on account of an increase in share capital.



Dividend (Rs)

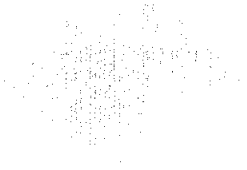


Book value (Rs)



Roofit





environment

Vision

To respect and protect the environment. To meet stringent environment standards and continuously improve them.

environment

Mission

Roofit will strive to be a responsible corporate citizen, producing products that are safe for the use of individuals and society.

Our record



Roofit discharges zero-effluents outside its manufacturing facilities. This is a result of the company's safe handling and manufacturing practices. Besides, the end product exceeds the stringent quality requirements laid down by the Bureau of Indian Standards. Some of the company's products comprise asbestos in a form that makes them suitable for use over an extended period.

Our profile

Roofit will continue to produce quality products that economise on material usage, thereby conserving the earth's depletable resources.

Roofit's efficient manufacturing saves material - and costs.

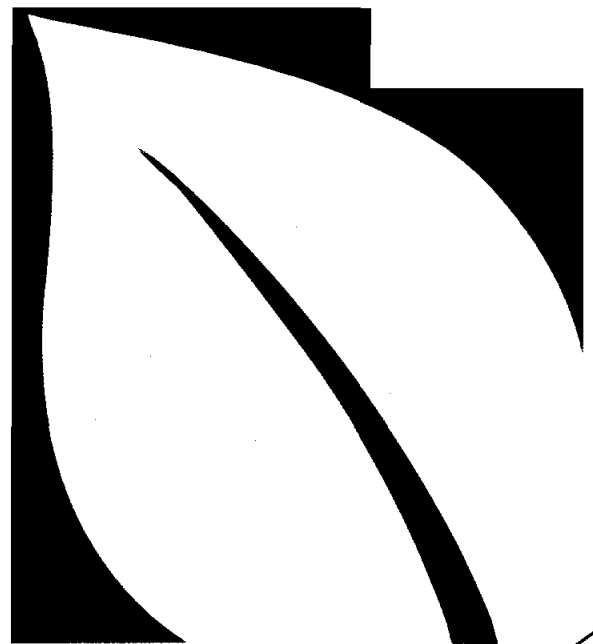
Roofit respects the laws of the land governing the ecological protection and management of the immediate and distant environment. The company will continue to make the world a better place to live in.

Roofit educates employees at all levels in the raw material handling and production process. The company is committed to increasing an internal awareness on the subject through intense training, resulting in the delivery of an environmentally safe product.

Roofit continues to ensure that its operations and products are safe - not only for the external world but

also for the employees working to make them. Roofit's work practices are structured around preventing an exposure to asbestos dust at work and protecting workers from potentially harmful effects.

Roofit is committed to creating awareness on the product attributes and characteristics within the community and stakeholders.



- The design of all Roofit's plants are based on the concept of 'zero-discharge'. No effluents are released outside any of the factories. The air emitted by the factories is clean and well within the tolerance limits prescribed by the statutory agencies.
- Roofit has incorporated dust extraction systems in its production process that separates the dust from the breathable air, allowing the former to be recycled into the system before permitting the latter to escape into the atmosphere. The threshold limit value (TLV) is well within the permitted two fibres per cc of air.
- In the event of an accident, the fibre mill is designed to stop functioning immediately.

Safe manufacturing initiatives

- Silica, present in cement, possesses harmful side-effects under certain conditions. To eliminate the possibility of silicosis, Roofit's cement dust collector helps to collect and filter the cement dust before permitting the clean air to be released into the atmosphere. A similar collection system is present for fly ash.
- Broken AC sheet units, which have no commercial value, are recycled by being put back into the pulveriser. The pulveriser is attached to each of Roofit's plants. The broken material is converted into powder, the dust is transferred to a cyclone separator and dust collector, before being recycled into the manufacturing system.
- In the event of minor breakages, the broken part is separated from the sheet and pulverised. The unaffected part is sold.
- The recycled water usually contains remnants of fly ash, cement and asbestos fibre. These substances are recovered and re-used in the manufacturing process.



The lifetime risk of cancer for someone who worked in a building containing asbestos was one in 250,000. By comparison, outdoor air in urban areas has enough asbestos fibres to create a one-in-a-25,000 lifetime risk of cancer. So an office worker is ten times safer inside a building made with asbestos than outside it.

Environmental Protection Agency (EPA)

Our Commitment

Roofit's asbestos cement sheets are manufactured well within the following environment guidelines laid down by the Bureau of Indian Standards. (IS 11450)

The asbestos fibre used by Roofit as raw material is more than five microns in length, less than three microns in

diameter and less than 3:1 in its aspect ratio (length divided by the diameter).

The number of fibres per cc of respirable air is well below two within Roofit's various plants and the neighbouring areas, highlighting the safety of the company's handling and manufacturing practices.

Our asbestos cement technology and products have been certified as safe and eco-friendly by:

- WHO (World Health Organisation) • UNEP (United Nations Environment Programme) • ILO (International Labour Organisation)
- ISO (International Standards Organisation) • IARC (International Agency for Research on Cancer) • US Courts (Fifth Circuit)

Safe handling initiatives

The employee code of conduct



* No Roofit employee or visitor is permitted to smoke within the factory premises. The company also encourages the recruitment of non-smokers as a health and safety initiative.

* Roofit conducts periodic employee health checks of the lungs and the body. Those joining the company are required to submit a medical certificate testifying their good health from a civil surgeon.

* Facemasks are easily accessible within the factory to facilitate the safe inspection of incoming raw material.

* Workers leaving for the day are required to leave their uniforms within the factories. They are provided with shower facilities on the premises as a safety and hygienic measure.

* The works manager heads the environment initiatives at each factory. He reports directly to the managing director.

* 25 per cent of the land area in each of Roofit's plants is dedicated to a green cover.

* The works manager at each of Roofit's plants trains executives and employees actively on safety initiatives.

Some facts

on asbestos

- It is a natural mineral fibre found in abundance in the earth's crust. It is seldom used in its original form.

- Asbestos and cement are silicates and form a virtually inseparable bond. This ensures that the free asbestos fibre has little possibility of becoming airborne, even if asbestos cement is cut or powdered. The combination of asbestos and cement produces diverse characteristics: resistance to fibre, corrosion and humidity. Asbestos fibres can be moulded or woven into various forms such as cloth and ropes. The end products are generally stable, durable and possess considerable strength.

- Asbestos's non-inflammability and poor conducting property enables it to be used for making fireproof products: such as safety clothing for fire-fighters and insulation products like hot water pipes, boiler lagging and mattresses. The product has been used in more than 3,600 applications such as building construction materials, textiles, missile and jet parts, asphalt, caulking

compounds, paints and filtering material; its use in friction based products like the clutch and brake linings is also pronounced. Fibres that were earlier used for insulation and waterproofing were found to be carcinogenic and are no longer used.

- Asbestos fibres are light, airborne and non-biodegradable. Their toxicity is low and harmful only if certain sizes are airborne and inhaled in excessive amount for a continuous period between 15-40 years. It is harmless in water, food or even to the skin. In everyday life, breathing asbestos is unavoidable as it is a natural fibre released into the air by wind and erosion as well as from man-made sources such as brake linings. There are three main health consequences associated with exposure to air-borne asbestos: it thickens and scars the lung tissue, causes lung cancer and mesothelioma.

- Asbestos dust has caused cancer in miners and workers who made and installed asbestos products with

insufficient precautions. The workers inhaled asbestos fibres, often for years or decades.

- Workers who developed asbestos related diseases often spent years in clouds of asbestos dust, spraying insulation inside ships or weaving fireproof cloth at textile mills. They worked in places that might have a typical asbestos dust level of 10 fibres per cubic centimetre of air - enough to cause 20 per cent of the workers exposed to 20 years to develop lung cancer. But the risk to workers from asbestos has been reduced significantly by relatively inexpensive safety techniques.

- Asbestos products were progressively banned by the Environmental Protection Agency (EPA) of USA from 1997 under the US Toxic Substances Control Act. However, the Fifth Circuit Court of Appeals rejected the ban after conducting an exhaustive nationwide survey establishing the safety of the end products made using asbestos fibre.

Directors' profile

Suresh G Motwani, MBBS, is Chairman of Roofit. A second-generation entrepreneur, Mr. Motwani monitors the finance and corporate affairs of the company. He has over 15 years of experience in the building products industry. He is also the Chairman of Sun Earth Ceramics Ltd, a group company. Mr. Motwani is credited with having formulated the expansion and acquisition forays of Roofit.

Kishore G Motwani, BE, Mechanical, manages the technical aspects of the company. He is credited with the implementation of the various greenfield projects of the group. Mr. Motwani is also responsible for the modernisation and capacity balancing projects.

Vinod G Motwani, BE, Chemical, has over 14 years of experience in the field of marketing of building products including ceramic tiles and asbestos sheets. Mr. Motwani also manages the group's corporate and strategic planning processes.

Milind R Tamhane, whole time director oversees the finance and corporate affairs of the company. Mr. Tamhane has 15 years of experience in the financial services sector.

M D Gothivrekar, LLB, is a finance and management consultant with over 35 years experience. He retired from ICICI as DGM, Operations and has been a nominee director on the board of several companies.

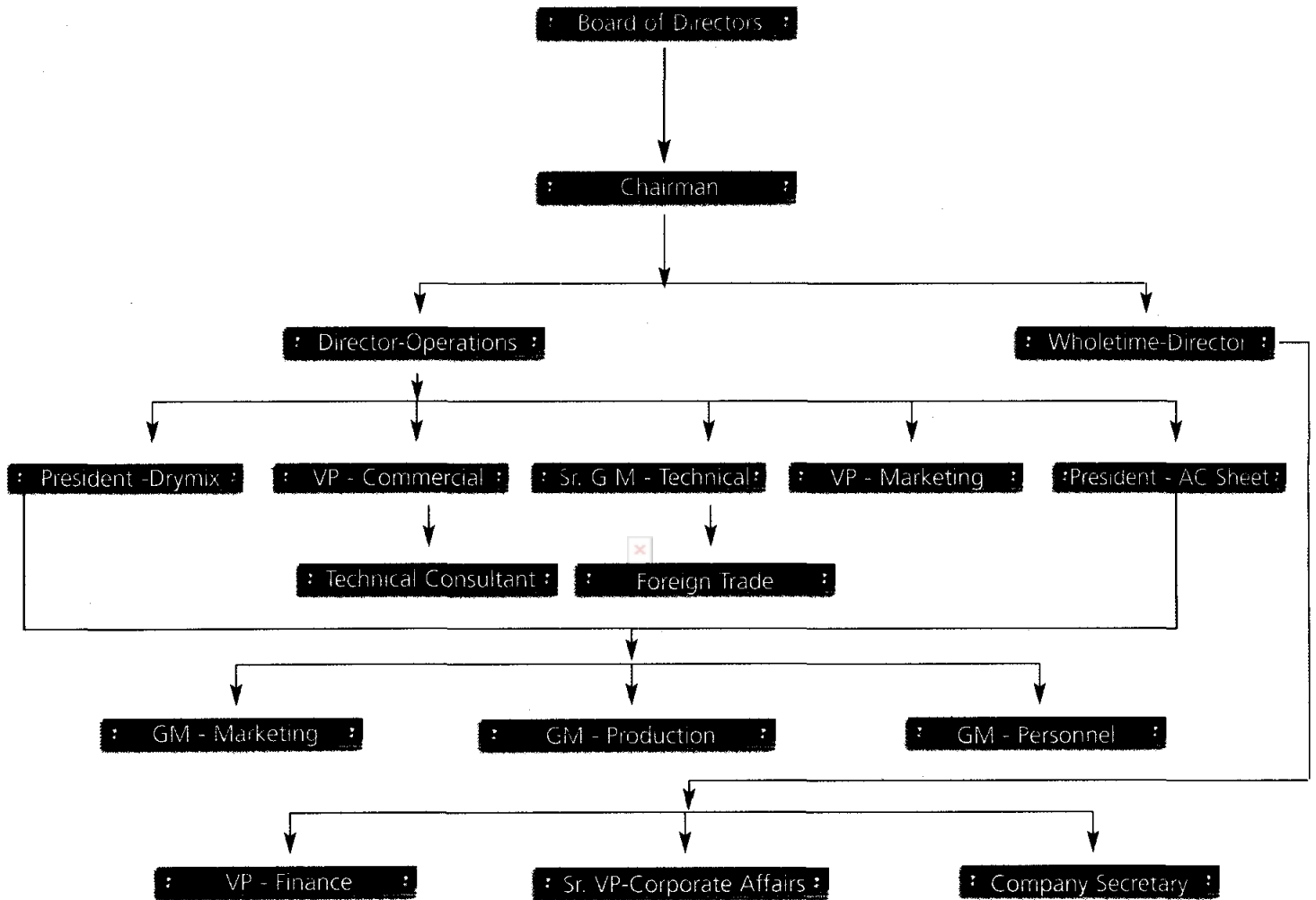
E V Hariharan has over 40 years experience with ICICI during which he was the director of several companies.

Vijay M Paradkar is the nominee director of SICOM Ltd.

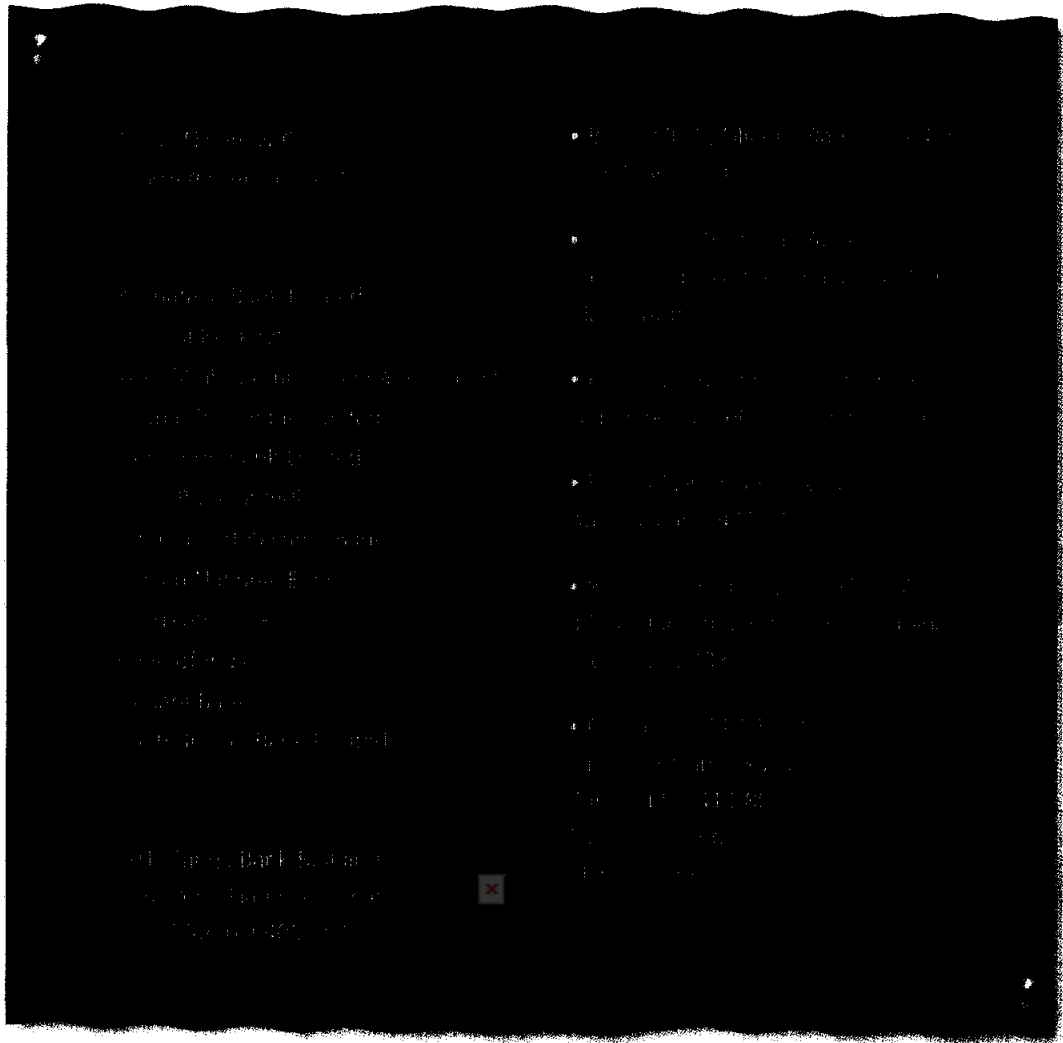
Ramesh Dhall is the nominee director of IDBI.

S C Kapur is the nominee director of ICICI.

Management structure



Corporate information



Roofit Industries Limited

501, Sangli Bank Building, 296, Perin Nariman Street, Fort, Mumbai 400 001



NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of ROOFIT INDUSTRIES LIMITED will be held on Tuesday, 30th October, 2001 at 3.00 p.m. at Dahanukar Hall of Maharashtra Chambers of Commerce Trust, Orion House, 12, K. Dubash Marg, Mumbai - 400 023, to transact the following business :

1. To consider and adopt the Audited Profit & Loss Account for the year ended 30th June, 2001, the Balance Sheet as at that date and the Reports of the Directors' and the Auditors thereon.
2. To ratify and approve payment of interim dividend of Rs.1.50 per equity share and to declare a final dividend for the year ended 30th June, 2001.
3. To appoint a Director in place of Shri Kishore G. Motwani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vinod G. Motwani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix

their remuneration and if thought fit, to pass with or without modification the following Ordinary Resolution :

"RESOLVED that, M/s. Nitish Nigam & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby appointed as auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of next Annual General Meeting of the Company and fix their remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, exclusive of travelling and other out of pocket expenses."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution, with or without modifications, as a Special Resolution:

"RESOLVED that in accordance with the provisions of section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and subject to such consents and approvals as may be required, and subject to such conditions and modifications, as may be considered necessary and agreed to by the Board of Directors


(hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company, be and is hereby accorded to the Board to issue / offer equity/preference shares and/or convertible debentures, (fully or partly) and/or non- convertible debenture, all or any of the aforesaid with or without detachable or non-detachable warrants, and/or warrants of any nature and/or secured premium notes, and /or floating rates Notes /Bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as "Security") as the Board at its sole discretion may at any time or times hereinafter decide to the Members, Debentureholders, Employees, Non Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs) Companies, other entities/authorities and such other persons, whether through public issue, right issue, private placement, exchange of securities, conversion of loans or otherwise for general corporate purposes including capital expenditure and working capital requirements as the Board may deem fit and/or by any one or more combination of the above modes/ methods or otherwise and in one or more tranches, with or without voting rights in General Meeting/ Class Meetings of the Company as may be permitted under then prevailing laws, at such price or prices, in such manner as the Board may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of securities to be issued, face value, rate of interest / preference dividend/ redemption period, manner of redemption, amount of premium on redemption, the

number of equity shares to be allotted on conversion/redemption/extinguishment of debts, exercise of rights attached with warrants, the ratio of exchange of shares and/or warrants and/or any other financial instrument, period of conversion, fixing of record date or book closure and related matters.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed off by the Board, to such persons and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/ Foreign Institutional Investors or such other persons or otherwise as the Board may in its absolute discretion decide.

RESOLVED FURTHER THAT the consent of the Company be and is hereby also granted in terms of section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, all of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking (s) together with the power to takeover the management of the business and concern of the Company in certain events of default in favour of the agents and trustees/lenders for securing the securities (if they comprise fully/ partly Secured Convertible Debentures and/or Secured Non Convertible Debentures with or without Detachable or Non Detachable Warrants, or

secured Premium Notes, Floating Rates Notes /Bonds or other Secured Debt Instruments) together with interest, further interest thereon, compound interest in case of default accumulated interest, remuneration of trustees, premium (if any) on redemption, all other costs, charges and expenses payable by the Company in terms of the Trust Deed/ other documents to be finalised and executed between the Company and the Agent and Trustees/ Lenders and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors and the Agents and Trustees/Lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things , as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of securities and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit." 

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Members/proxies should bring the attendance slips duly filled in for attending the Meeting.

Members are requested to kindly bring their copies of the Annual Report to the Annual General Meeting.

Members seeking any information with regard to accounts are requested to write to the company at the Registered Office at an early date so as to enable the management to keep the information ready.

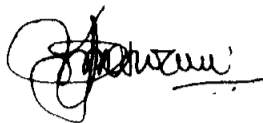
1. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd October, 2001 to 30th October, 2001 both days inclusive.
2. Members are requested to notify immediately any change in the address to their depository participants in respect of their electronic share accounts and the Registrar and Transfer Agents in respect of their physical share folios, if any.
3. At the ensuing Annual General Meeting, Mr. Vinod G. Motwani and Mr. Kishore G. Motwani, directors of the Company retire by rotation and being eligible offer themselves for reappointment. The information or details to be provided for the aforesaid directors are as under :

(a) Mr. Vinod G. Motwani, aged 45 years has been director of the Company since 31st May, 1987. His challenging assignments have been implementation of ceramic tile projects and the launching of ROOFIT brand of Asbestos Cement Sheets, manufactured by the Company. In very short period he has achieved respectable market share for ROOFIT brand in face of stiff competition from the existing manufacturers.

(b) Mr. Kishore G. Motwani, aged 42 years has been director of the Company since 29th December, 1986. He implemented projects for manufacturing Asbestos Cement

Sheets for the Company. He also successfully launched drymix products in the Indian market.

By order of the Board of Directors



Suresh G. Motwani
Chairman

Place : Mumbai

Date : 7th September, 2001

REGISTERED OFFICE:

501, Sangli Bank Building,
296, Perin Nariman Street,
Fort, Mumbai 400 001

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173
OF THE COMPANIES ACT, 1956**

Item No. 6

To meet normal capital expenditure and to augment long term resources for working capital the Board may decide to raise the funds at appropriate time by issue of appropriate instruments at such price or prices to such persons(s) and in such manner as stated in the resolution, in order to secure the best terms.

Section 81 of the Companies Act, 1956 provides, interalia, that when it is proposed to increase the subscribed capital of a company by allotment of further shares, such further shares be offered to the persons who at the date of the offer are holders of the Company in the manner laid down in section 81 unless the members in general meeting decide otherwise.

The listing agreement(s) with stock exchange(s) provides,

interalia, that the company in the first instance should offer all new shares to be issued for subscription on pro-rata basis to the equity shareholders unless the shareholders decide otherwise in a General meeting.

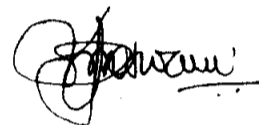
Accordingly to comply with the above mentioned provisions, the required approval of shareholders is being sought pursuant to the provisions of the said Section 81 and all other applicable provisions of the Companies Act, 1956, and in terms of the provisions of the listing agreements executed by the Company with various stock exchanges where the Company's Equity Shares are listed.

The Resolution is an enabling Resolution conferring authority on the Board to cover all contingencies and corporate requirements.

The Directors recommend the Resolution for approval of members.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of Equity Shares/Preference Shares that may be subscribed by them as Equity Shareholders or by the companies/institutions of which they are Directors, nominees or members.

By order of the Board of Directors



Suresh G. Motwani
Chairman

Place : Mumbai

Date : 7th September, 2001

REGISTERED OFFICE:

501, Sangli Bank Building,
296, Perin Nariman Street,
Fort, Mumbai 400 001