

J. K. UDAIPUR UDYOG LIMITED

## Board of Directors

Hari Shankar Singhania  
*Chairman*

Bharat Hari Singhania  
Dr. Vinay Bharat Ram  
Nirmal Kumar Ruia  
Ravinder Narain  
Vinita Singhania  
Swaroop Chand Sethi  
Surendra Malhotra  
Sitab Chand Jain  
Onkar Nath Rai

## Registered Office & Plant

Shripati Nagar,  
P.O. C.F.A.  
Distt. Udaipur .  
Rajasthan - 313 021

## Company Secretary

R.K. Gupta

## Auditors

Lodha & Co.  
*Chartered Accountants*

## Share Transfer Agents

MCS Ltd.  
Shri Venkatesh Bhawan,  
212A, Shahpur Jat,  
Behind Panchsheel Club,  
New Delhi - 110 049

## Bankers

Punjab National Bank  
State Bank of Bikaner and Jaipur  
The Hongkong & Shanghai  
Banking Corporation Ltd.  
The Bank of Rajasthan Ltd.

## Share Department

20, Community Centre,  
New Friends Colony,  
New Delhi - 110 065

## Corporate Office

Nehru House,  
4, Bahadur Shah Zafar Marg,  
New Delhi - 110 002



# J.K. UDAIPUR UDYOG LIMITED

## NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the Members of **J.K.Udaipur Udyog Limited** will be held on Wednesday, the 27th day of August 1997 at 11.30 A.M. at the Registered Office of the Company at Shripati Nagar, C.F.A., Distt. Udaipur-313 021(Rajasthan) to transact the following business :-

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March, 1997 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Vinay Bharat-Ram, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Nirmal Kumar Ruia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Surendra Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED that Shri Onkar Nath Rai whose appointment on the Board as additional Director determines on the date of present Annual General Meeting, be and is hereby elected as a Director liable to retire by rotation".

7. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

"RESOLVED that pursuant to and subject to the provisions of Sections 269, 309 and 198 and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof, approval of the members be and is hereby accorded to Shri Onkar Nath Rai, a Director of the Company, continuing to hold the office of Manager for the remainder of his term of office, with effect from the date of his appointment as Director i.e. 14th November 1996 on the terms of remuneration already approved by the Company at its Annual General Meeting held on 26th September 1995 and the Board of Directors of the Company be and is hereby authorised to resolve any doubts in the matter and to do all acts, deeds, matters and things in connection therewith and incidental thereto".

8. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

RESOLVED that the existing clause V of the Memorandum of Association of the Company be substituted by the following clause:

The Authorised Share Capital of the Company is Rs.80,00,00,000 (Rupees Eighty crores) divided into 6,00,00,000 (Six crores) Equity Shares of Rs.10 each, 10,00,000 (Ten lacs) Preference Shares of Rs.100 each and Un-classified Share Capital of Rs. 10,00,00,000 (Rupees Ten Crores).

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

"RESOLVED that pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory amendment or re-enactment thereof and subject to such approvals, permissions and/or sanctions as may be necessary of appropriate authorities or Institutions under any law, regulations or guidelines or under the covenants of agreements, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include Committee of Directors to exercise powers of the Board including the powers conferred by this resolution), to create, issue, offer and allot from time to time in one or more tranches, Cumulative Redeemable Preference Shares so as to that issued Preference Share Capital at any one point of time does not exceed in the aggregate nominal value of Rs.10,00,00,000 (Rupees Ten Crores) on such terms as to nominal amount, rate of dividend and period, premium on redemption, schedule and manner of redemption thereof and on such other terms as the Board may consider proper to any person or persons (whether Institutions, Banks, Mutual Funds, Bodies Corporate and/or Individuals or others), whether or not they are members of the Company, in such number of Shares as may be agreed to between the Company and the said persons and on such other terms as the appropriate authorities or the Financial Institutions or the subscribing persons may require and the Board of Directors of the Company agree to, and the Board be and is hereby authorised to agree to such conditions and modifications, if any, in the terms of Issue as may be required by the appropriate authorities and Financial Institutions while according approvals to the proposed Issue of the Preference Shares or by the persons agreeing to subscribe to the said Shares, and to settle any question or difficulty whatsoever may arise with regard to the issue and allotment of the Preference Shares as aforesaid."

Registered Office:  
Shripati Nagar, C.F.A.  
Dist. Udaipur  
Rajasthan 313 021  
Dated: 27.6.1997

By order of the Board

R.K. GUPTA  
Secretary

- NOTES: 1. The Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to the notice.
2. **A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself & the proxy need not be a member of the Company.**
3. Annual Book Closure of Register of Members: **14.08.1997 to 27.08.1997.**
4. Copies of the Memorandum and Articles of Association of the Company and other relevant documents are open for inspection at the Registered Office of the Company between 10 A.M. and 12 Noon at any working day prior to the date of the Meeting.
5. Please send all correspondence relating to Shares/Debentures to the Share Transfer Agents: MCS Ltd., Shri Venkatesh Bhawan, 212 A, Shahpur Jat, Behind Panchsheel Club, New Delhi-110049

### EXPLANATORY STATEMENT:

#### Items 6 & 7

The Board at their meeting held on 14.11.1996 has appointed Shri Onkar Nath Rai as additional Director. Shri Rai having been appointed as additional Director on the Board holds the office of Director upto the date of present Annual General Meeting. A Notice from a member under Section 257 of the Companies Act 1956 together with the requisite deposit has been received by the Company. The Directors commend the Resolution at Item No. 6.

Shri Onkar Nath Rai was appointed earlier by the Board as Manager of the Company within the meaning of Section 269 of the Companies Act 1956 for a period of 5 years with effect from 1st July 1995 and the said appointment and terms of remuneration were approved by the shareholders in their meeting held on 26th September 1995. The remuneration of Shri Rai continues to remain same as approved by the shareholders except the annual increase(s).

In view of the definition of "Whole-time Director" given in the Explanation to Section 269 of the Companies Act, 1956 (which reads "Whole-time Director includes a director in the whole-time employment of the Company"). Shri Rai may be deemed a Whole-time Director. Accordingly, approval of members is being sought by way of abundant caution to Shri Rai's continuing to hold Office of the Director and Manager for the remainder of the term of his office of Manager.

None of the Directors, except Shri O.N. Rai himself, shall be deemed to be concerned or interested in the proposed resolution.

#### Items 8 & 9

To augment the resources of the Company for normal capital expenditures, working capital margin/short fall,

etc., it may become necessary to raise funds by issue of Cumulative Redeemable Preference Shares upto an aggregate amount of Rs.10 crores.

The present Authorised Capital of the Company is Rs.80 crores divided into 8 crores Equity Shares of Rs.10 each. It is proposed to re-classify the Company's Authorised Capital of Rs.80 crores into 6,00,00,000 Equity Shares of Rs.10 each, 10,00,000 Preference Shares of Rs.100 each and Rs. 10 Crores as Un-classified Share Capital. Approval of the Shareholders is sought by means of an Ordinary Resolution as set out at Item No. 8 for the proposed re-classification of the Authorised Capital of the Company in the Capital Clause of the Memorandum of Association of the Company.

Under Section 81(1A) of the Companies Act, 1956, whenever it is proposed to issue further shares, it is required to offer such further shares to the existing shareholders of the Company by way of Rights unless the Company in General Meeting approves by means of a Special Resolution pursuant to Section 81(1A), to offer, issue and allot shares of the Company in any other manner.

The Special Resolution at Item No. 9 seeks to provide enabling authority to the Board of Directors of the Company to issue Cumulative Redeemable Preference Shares in one or more tranches, otherwise than by way of Rights on such terms and to such person or persons as the Board may deem proper.

The resolutions are accordingly recommended for approval of the shareholders.

None of the Directors is deemed to be concerned or interested in the proposed resolutions.

Registered Office:  
Shripati Nagar, C.F.A.  
Dist. Udaipur  
Rajasthan 313 021  
Dated: 27.6.1997

By order of the Board

R.K. GUPTA  
Secretary



**J. K. UDAIPUR UDYOG LIMITED****DIRECTORS' REPORT**

To the Members

Your Directors hereby present their 4th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

**FINANCIAL RESULTS**

The highlights of the financial results for the year ended 31st March 1997 are:-

	Rs. in lacs	
	1996-97	1995-96
Sales & other Income	14374.35	16804.44
Gross Profit before Interest and Depreciation	612.81	3036.75
Interest and Lease rental	1954.12	1782.35
Profit before Depreciation	(1341.31)	1254.40
Depreciation	775.96	682.38
Net Profit/ (Loss)	(2117.27)	572.02

**YEAR IN REVIEW**

The financial year 1996-97 has been a difficult year for the Company. The Cement Industry in general and particularly the ones located in northern region witnessed an unprecedented unfavourable demand/supply scenario due to substantial capacity increase in the last two years. Additional capacity of 7 million tpa was added in the industry, out of which 4.5 million tpa was added in our region alone in anticipation of a spurt in demand growth in the liberalized Indian

economy but ironically the pace of growth has not improved, rather slowed down during the year under review. The expected growth in the infrastructure as envisaged did not materialise. Consequently, the cement prices fell, particularly in the 2nd half of the financial year the price fall was very steep.

The sluggish demand and fall in price of cement, on the one hand, and increase in cost of 'administered price inputs' such as coal, power, railway freight and petroleum products on the other squeezed the operating margins of the Company. The impact of increase in the 'administered price inputs' was around Rs. 160/- per ton (Rs.8/- per bag) whereas the impact of price fall was around Rs. 200/- per ton (Rs. 10 per bag). The situation got further aggravated due to piling of clinker stocks with the industry and build up of trade inventories. To meet the prevailing situation Company had to take for the first time an unpleasant decision of curtailing its production during the year. All these unfavourable factors led to poor performance of the Company in the year 1996-97. Technological improvements were made to improve productivity and energy consumption. The Company has focused on cost cutting drive and reorientation of market segments to face the present difficult scenario.

**FUTURE OUTLOOK**

The demand for Cement in 1996-97 grew at 8% as compared to 10.9% in the previous year. However, if the Indian Industry were to grow at 7% GDP as planned, the Cement Industry will have more important role to play in support of industrial and infra-structural growth. Further, the per capita consumption of cement in India is only around 70 kg. which is much lower than neighbouring countries like Thailand, Malaysia where it is more than 600 kg. The prospects, therefore, for the Cement Industry appears to be bright in the coming years.

**INDUSTRIAL RELATIONS**

The industrial relations continued to be cordial. We look forward to strengthening this relationship further.

**DIRECTORS**

Dr. Vinay Bharat Ram, Shri Nirmal Kumar Ruia and Shri Surendra Malhotra will retire by rotation under Article 114 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

Shri O.N. Rai was appointed as additional Director on the Board on 14.11.1996. Shri O.N. Rai will hold office under Section 260 of the Companies Act 1956 upto the date of Annual General Meeting and is eligible for reappointment at the Annual General Meeting. As required under Section 257 of the Companies Act 1956, the Company has received notices in writing from some members signifying their intension to propose Shri O.N. Rai as candidate for the Office of Director.

**AUDITORS**

M/s. Lodha & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for

reappointment. The observation of the Auditors in their Report are self-explanatory.

**PARTICULARS OF EMPLOYEES**

The information required under section 217 (2A) of the Companies Act 1956 regarding employees is given in the enclosed statement forming part of the Report.

**ACKNOWLEDGEMENTS**

The Directors take this opportunity to convey their grateful thanks for the continued support and patronage received from the Financial Institutions, Banks, Government Authorities, Distributors, Dealers and Customers. The Directors also place on record their appreciation of the hard work put in by the employees at all levels.

On behalf of the Board

H.S. Singhania

The 27th June 1997

Chairman



**J. K. UDAIPUR UDYOG LIMITED**

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**ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1997**

**Information in accordance with Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules 1988 :**

**(a) Conservation of Energy**

Energy Conservation continue to occupy our top priority during the year under review. The various Energy Conservation measures taken during the year include use of Energy efficient Mill Internal Grinding System for Cement Mill, replacement of Pre-heater fan with more energy efficient fan etc. The company is also initiating various other energy saving projects which will further bring down the energy consumption levels.

**(b) Technology Absorption, Adaptation and Innovations**

Various equipment which were installed by the Company for modernising and capitalising are fully operational and entire Plant & Machinery and Technology has been fully adopted and the same are giving desired results.

**(c) Foreign Exchange Earnings and Outgo**

During the year ended 31st March, 1997 there was no foreign exchange earnings. The foreign exchange outgo was limited to Rs. 116.78 lacs.

**(d) Information Under Clause 43 of the Listing Agreement of the Stock Exchanges.**

In the prospectus dated 17th January 1995, the company had projected net sales (net of excise duty, freight etc.) of Rs. 118.75 crores and profit after tax of Rs. 11.16 crores. The actual net sales and net loss during the current year were Rs. 101.96 crores and Rs. 21.17 crores respectively due to fall in price of cement and increase in cost of "administered price inputs". Against the projected utilisation of funds of Rs. 220.00 crores the actual utilisation of funds was Rs. 195.90 crores. The balance of Rs. 24.10 crores will be spent on various modernisation and energy saving schemes in hand.