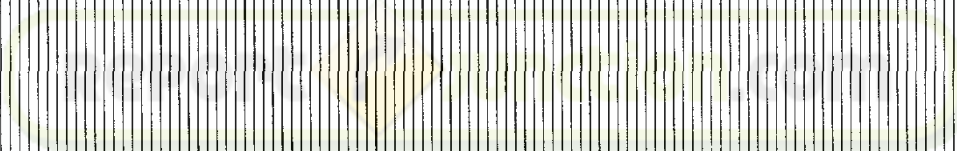


EIGHTH
ANNUAL
REPORT
2000-2002



J.K. UDAIPUR UDYOG LIMITED

BOARD OF DIRECTORS

Bharat Hari Singhania

Swaroop Chand Sethi

Surendra Malhotra

Sitab Chand Jain

V. K. Mehrotra

Nominee of ICICI

Onkar Nath Rai

REGISTERED OFFICE & PLANT

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

CORPORATE OFFICE

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

SHARE TRANSFER AGENT

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 Bank of Rajasthan Ltd.
The Hongkong & Shanghai Banking
Corporation Ltd.

SHARE DEPARTMENT

Gulab Bhawan (Rear Block)
3rd Floor,
6A, Bahadur Shah Zafar Marg,
New Delhi - 110 002

AUDITORS

Lodha & Co.
Chartered Accountants

COMPANY SECRETARY

R. K. Gupta

J.K. UDAIPUR UDYOG LIMITED

Regd. Office: Shripati Nagar, C.F.A., Distt. Udaipur-313 021 (Rajasthan)

NOTICE

NOTICE is hereby given that the **8th Annual General Meeting** of the Members of **J.K. UDAIPUR UDYOG LIMITED** will be held on Friday, the 6th September 2002 at 10.30 A.M. at Hotel Paras Mahal, Near Paras Cinema, Hiran Magri-Sector 11, Ahmedabad Road, Udaipur-313 001 (Rajasthan) to transact the following business :

1. To receive, consider and adopt the Audited Accounts for the financial year (18 months) ended 31st March 2002 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sitab Chand Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Swaroop Chand Sethi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following as **Ordinary Resolution** :

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act 1956, Messrs. Lodha & Co., Chartered Accountants, the retiring Auditors, be and are hereby appointed Auditors of the Company to hold office from the conclusion of the 8th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 1,25,000 p.a. in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit"

By Order of the Board

New Delhi
The 5th August 2002

R. K. GUPTA
Vice President (Finance) &
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 3.9.2002 from 6.9.2002 (inclusive).
3. REAPPOINTMENT OF DIRECTORS :

Brief Resume of Shri Sitab Chand Jain and Shri Swaroop Chand Sethi :

- (i) Shri Sitab Chand Jain (69) B.Com., MBA, FCS joined the Board of the Company on 15th March 1993. He is a Financial Consultant with experience of over 42 years in various spheres of industry. Shri Jain is Director

and Chairman of the Audit Committee of Sidhi Vinayak Investment Ltd., and the Shareholders/Investor Grievance Committee of Bhopal Udyog Limited. He is also Director and Member of the Audit Committee of Juggilal Kamlapat Udyog Ltd, Bhopal Udyog Limited, Hidrive Finance Limited, and J.K. Credit & Finance Limited.

- (ii) Shri Swaroop Chand Sethi (65) M.Com., LL.B., GDCS, joined the Board of the Company on 15th March, 1993 and has over 40 years experience in Industry. He is Wholetime Director in J.K. Industries Limited and Director in Vikrant Tyres Ltd. and Bhopal Udyog Limited. Shri Sethi is also a Member of the Audit Committee and the Shareholders/Investors Grievance Committee of JK Industries Limited, Vikrant Tyres Limited and Bhopal Udyog Limited.

By Order of the Board

R. K. GUPTA

*Vice President (Finance) &
Company Secretary*

New Delhi
The 5th August 2002

FOR ATTENTION OF THE SHAREHOLDERS

1. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
2. Please check the Pin code in the address slip pasted on the envelope and advise correction, if any, therein. Also please do indicate the Pin code Number of your delivery Post Office while notifying change in your address to the Company.
3. **Nomination** : In terms of Section 109A of the Companies Act 1956, a Shareholder/Debentureholder may nominate a person to whom the Shares/Debentures shall vest in the event of death of the sole/joint Share/Debenture holders, if any.
4. **"General Shareholders Information"** is contained in the **"Corporate Governance Report"** forming part of the Annual Report.

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By Order of the Board

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Vice President (Finance) &

Company Secretary

New Delhi

The 5th August 2002

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J.K. UDAIPUR UDYOG LIMITED
Shripati Nagar, P.O. C.F.A., Distt. Udaipur - 313 021 (Rajasthan)

ADMISSION SLIP

To be handed over at the entrance of the Meeting Hall

Folio No.	
No. of Equity Shares held	

I hereby record my presence at the Eighth Annual General Meeting at 10.30 A.M. on Friday, the 6th September 2002 at Hotel Paras Mahal, Near Paras Cinema, Hiran Magri-Sector 11, Ahmedabad Road, Udaipur - 313 001 (Rajasthan).

Name of the Shareholder (in block letters)
Name of Proxy (in block letters) (To be filled in if Proxy attends instead of the Member)
Signature of the Shareholder or Proxy

J.K. UDAIPUR UDYOG LIMITED
Shripati Nagar, P.O. C.F.A., Distt. Udaipur - 313 021 (Rajasthan)

PROXY FORM

I/We of being a member/
members of J.K. Udaipur Udyog Ltd. hereby appoint Shri/Smt./Km.
of or failing him Shri/Smt./Km.
of or failing him Shri/Smt./Km.
of as my / our proxy in my/our absence to attend and vote for me/us and on
my /our behalf at the Eighth Annual General Meeting of the said Company to be held at 10.30 A.M. on Friday, the
6th September 2002 and any adjournment thereof.

Signed this day of 2002

Signature of the Shareholder(s)

Affix
30 Paise
Revenue
Stamp

Folio No.	
No. of Equity Shares held	

Note : The proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

DIRECTORS' REPORT

To the Members

Your Directors hereby present their 8th Annual Report and Audited Accounts for the 18 months period ended 31st March 2002.

During the period under review, Sales and Other Income increased to Rs. 18315.23 lacs as compared to Rs. 16191.82 lacs in the corresponding 18 months. Loss before Interest and Depreciation was however higher at Rs. 1823.42 lacs as compared to Rs. 1716.09 lacs during the previous period. After providing for interest and depreciation, the net loss was lower at Rs. 5455.56 lacs as compared to Rs. 7878.95 lacs (which included Rs. 2019.27 lacs interest for earlier period).

OPERATIONS

The 18 months period under review comprises of two parts namely the first six months from October 2000 to March 2001 of Fiscal Year 2000-01 and the second part of 12 months from April 2001 to March 2002. While during 2000-01, the cement industry registered a negative growth, in the year 2001-02, a reasonably good growth of 9.7% was posted. The key drivers of higher consumption of cement have been the infrastructure development projects like Golden Quadrangle, National and State Highways, rural roads etc. and impetus received in the housing sector due to tax relief and availability of easy loan from the Banks and Housing Finance Companies on softer terms for the purpose of house construction. Cement prices continued to remain generally depressed during the entire period on one hand and substantial cost escalation took place in the input costs related with power, coal, petroleum products, freight etc. on the other, which adversely affected the profitability of the Company.

During the period under review cement prices were volatile and un-remunerative for most of this period and Company's operations therefore, were regulated to contain the losses. When the prices improved during the quarter January-March 2001 the Company decided to run the plant at full production. For few months the Company achieved more than 100% capacity utilisation and new benchmarks of production were established. However, the price improvement was short lived and gradually started falling from June 2001 affecting the profitability and continuance of sustained production.

Unfortunately on 26th March 2002 due to certain mechanical problems observed in one of the critical equipments of the plant, the operations were stopped. Required rectification has been carried out satisfactorily and the plant is kept ready for operations. However, due to stoppage of plant and continued depressed and un-remunerative prices, the liquidity position further worsened. Besides, the prevailing lower prices are not conducive for profitable operations and as such the plant still remains inoperative. Various steps for resuming the operations are being considered.

The accumulated losses of the Company as at 31st March 2002 have exceeded its entire net worth and it has become a sick industrial company under Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act 1985.

DIRECTORS

Shri Hari Shankar Singhania ceased to be the Chairman and the Director of the Company w.e.f. 19th April 2002. Shri Nirmal Kumar Ruia, Dr. Vinay Bharat Ram and Smt. Vinita Singhania have also resigned w.e.f. 30th April 2002, 9th May 2002 and

16th July 2002 respectively. The Board places on record its sincere appreciation of the valuable guidance and services rendered by them during their respective tenures.

Shri Sitab Chand Jain and Shri Swaroop Chand Sethi retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, the Auditors of the Company retire and are eligible for re-appointment. The observations of the Auditors in their Report on Accounts have been suitably explained in the relevant notes on Accounts.

PARTICULARS OF EMPLOYEES

During the year under review, there were no employees covered under the provision of Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rule 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act 1956, your Directors state that :

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- The accounting policies selected and applied are consistent and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company ;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

- The annual accounts have been prepared on a going concern basis.

COST AUDIT

Audit of the Cost Accounts of the Company relating to 'Cement' is regularly conducted. The Cost Auditor will submit their report for the year ended 31st March 2002 directly to the Central Government.

CORPORATE GOVERNANCE

Reports on Corporate Governance and Management Discussion and Analysis are included in the Annual Report.

CONSERVATION OF ENERGY ETC.

Pursuant to Section 217 (1) (e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988, particulars of energy conservation, technology absorption, foreign exchange earnings and outgo are annexed.

ACKNOWLEDGEMENTS

The Directors wish to thank the Customers, Dealers, Bankers, Financial Institutions, Government Authorities, Shareholders and Debentureholders for their continued support. They also wish to place on record their appreciation of the hard work put in by the employees at all levels.

On behalf of the Board of Directors

New Delhi
The 5th August 2002

B. H. SINGHANIA
O. N. RAI
Directors

J.K. UDAIPUR UDYOG LIMITED**ANNEXURES TO THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH 2002**

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

(a) Conservation of Energy and Technology Absorption etc.

The Company has further pursued its energy conservation and technology absorption programme and has taken following steps in this regard :

- Use of petroleum coke as partial replacement of south african coal was commenced to reduce the fuel cost.
- Optimisation studies of Raw mix were conducted to improve upon the heat consumption and also thereby to improve the quality of product.

(b) Foreign Exchange Earnings and Outgo

During the period ended 31st March 2002 there was no Foreign Exchange earning. The Foreign Exchange outgo was Rs. 278.15 lacs.

PARTICULARS OF CONSERVATION OF ENERGY

		2000-2002 (18 Months)	1999-2000 (18 Months)
A.	POWER & FUEL CONSUMPTION		
1.	Electricity		
a)	Purchased :		
	Units (Kwh in lacs)	652.19	589.53
	Total Amount (Rs. in lacs)	2933.60	2509.16
	Rate/Unit (Rs.)	4.50	4.26
b)	Own Generation through Diesel Generators :		
	Units (Kwh in lacs)	403.23	386.19
	Unit per Litre of Diesel Oil (Kwh)	3.59	3.80
	Cost/Unit (Rs.)	4.14	3.88
2.	Coal		
	Quality (Grade)	B.C.& D	B.C.& D
	Where used	Used for Calcining Raw Meal	
	Quantity (MT)	139684	128674
	Total Cost (Rs. in lacs)	3775.27	3065.79
	Average Cost (Rs./MT)	2702.72	2382.61
B.	CONSUMPTION PER UNIT OF PRODUCTION		
1.	Electricity		
	(Purchased and Captive) (Kwh/MT)	115	113
2.	Coal		
	(Kg/MT)	153	150