



UDAIPUR CEMENT WORKS LIMITED

BOARD OF DIRECTORS

Onkar Nath Rai

R.K. Gupta

Vinit Marwaha

REGISTERED OFFICE

309, Samod Towar
S.C. Road,
Jaipur - 302 001
Rajasthan

PLANT

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

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CORPORATE OFFICE

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

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,
6-A, Bahadur Shah Zafar Marg,
New Delhi - 110 002

SHARE TRANSFER AGENT

MCS Ltd.,
Shri Venkatesh Bhawan,
W-40, Okhla Phase - II
New Delhi - 110 020

AUDITORS

M/S. OM PRAKASH S CHAPLOT & CO.
Chartered Accountants

UDAIPUR CEMENT WORKS LIMITED

UDAIPUR CEMENT WORKS LIMITED

Regd. Office: 309, Samod Tower, S.C. Road, Jaipur-302 001, Rajasthan

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of **Udaipur Cement Works Limited** will be held at Hotel Maharani Palace, Station Road, Jaipur-302 001, Rajasthan, on Friday, the 29th June 2007 at 11.30 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the financial period ended 31st December 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rohni Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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, of M/s. Om Prakash S. Chaplot & Company, Chartered Accountants, Udaipur, be and are hereby appointed Auditors of the Company to hold office from the conclusion of the 12th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs.25000/- p.a. (Rupees Twenty Five Thousand only), (excluding Service Tax) in addition to reimbursement of travelling and other out of pocket expenses actually incurred by them in connection with the audit."

New Delhi
19th day of May 2007

By Order of the Board
R.K. Gupta
Whole-time Director &
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 the Share Transfer Books of the Company shall remain closed from 27th June 2007 to 29th June 2007 (inclusive).
3. Resume of Shri Rohni Kumar Gupta proposed for re-appointment as director liable to retire by rotation (Item no 2)

Shri Rohni Kumar Gupta, (aged 55 years) who holds an Honours Degree in Commerce and also a post graduate Masters Degree in Business Administration. He is also a member of the Institute of Company Secretaries of India and the Institute of cost and Works Accountant of

India. He has experience of over 32 years in industry in various management capacities. He is an expert in Financial matters. He does not have any other Directorships.

By Order of the Board

New Delhi
19th day of May 2007

R.K. Gupta
Whole-time Director &
Company Secretary



UDAIPUR CEMENT WORKS LIMITED**DIRECTORS' REPORT**

To the Members

Your Directors present the 12th Annual Report and Audited Accounts of the Company for the year ended 31st December, 2006.

OPERATIONS

The plant operations continued to remain suspended throughout the year. During the period under review the company posted a net loss of Rs.7,79,97,261/- after providing for interest and depreciation.

The company continues to be registered with BIFR as a sick company. Assets Reconstruction Company (India) Limited (ARCIL) who has acquired debt from ICICI and some other lenders has recently issued an invitation for expression of interest to various strategic investors for revival of the plant. The management is rendering necessary help to ARCIL to arrive at a workable proposition in this regard.

The liquidity position of the company continued to be under extreme pressure. As a result, the company is finding it difficult even to maintain essential services. In view of the difficult position the company has also not been able to make any payment to Financial Institutions, Banks and other creditors etc.

DIRECTORS

Shri R K Gupta retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

AUDITORS

M/s Om Prakash S Chaplot & Co. Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting (AGM) of the Company and are eligible for re-appointment. The observations of the Auditors in their Report on Accounts read with relevant notes, are self explanatory.

PARTICULARS OF EMPLOYEES

During the year under review, there were no employees getting covered under the provision

of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 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 in the financial statement.
- 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 at the end of the financial year and of the profit or loss of the Company for that period ;
- 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

The Audit of the Cost Accounts of the Company relating to 'Cement' for the period ended 31st December 2006, is being conducted by the Cost Auditor who will submit their report for the period ended 31st December 2006, as required.

CORPORATE GOVERNANCE

Pursuant to the revised Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Auditor's Certificate regarding compliance of the conditions of Corporate Governance are made a part of this Annual Report.

CONSERVATION OF ENERGY, ETC.

Details as required under section 217 (1) (e) of the Companies Act 1956 read with Companies

(Disclosures of Particulars in the Report of Board of Directors) Rules 1988, are annexed. Company.

On behalf of the Board of Directors
(R.K. GUPTA) (O.N. RAI)

ACKNOWLEDGEMENTS

DIRECTORS

The Directors wish to thank the Bankers, Financial Institutions, Government Authorities, Shareholders, Debentureholders and the Employees of the Company for their continued support despite liquidity constraints faced by the

New Delhi

Date :19.05.2007

ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st DEC.2006

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.

Since the plant operations continued to be suspended since 26.03.2002 no significant steps could be taken on energy conservation and technology absorption during the period under review.

(b) Foreign Exchange Earning and outgo.

During the period ended 31st December, 2006 there is no Foreign Exchange earning. The Foreign exchange outgo was also Nil.

PARTICULARS OF CONSERVATION OF ENERGY

Due to suspension of the plant operations throughout the year, there was no consumption of electricity and coal during the year.

MANAGEMENT DISCUSSION AND ANALYSIS**MANAGEMENT DISCUSSIONS AND ANALYSIS****ECONOMY AND BUSINESS ENVIRONMENT**

The Indian economy continues to grow consistently and GDP growth of around 9% has been achieved in the year under review. The future outlook of the economy presents an encouraging trend which is expected to improve the prospects of cement industry in general.

INDIAN CEMENT INDUSTRY

The cement industry during the year 2006-07 has recorded a consumption growth of about 10%. While the capacity during the year increased from 158 million ton to 166 million ton registering a growth of about 5%, the cement production during the year increased from 142 million to 155 million ton registering an increase of above 9%. As a result of lower capacity increase, the capacity utilisation of the industry has improved during the year. Presently consumption is far exceeding the growth in capacity with favourable impact on cement prices. The demand of cement is expected to grow in excess of 10% with high priority being given for infrastructure development which is still to catch up the present pace of economy. Housing and construction activities are witnessing unprecedented boom.

OPERATIONS

The plant operations continues to remain suspended throughout the year.

The company continues to be registered with BIFR as a sick company. Assets Reconstruction Company (India) Limited (ARCIL) who has acquired debt from ICICI and some other institutions has recently issued an invitation for expression of interest to various strategic investors for revival of the plant. The management is exploring various workable options for revival of the plant and also helping ARCIL to achieve this objective.

The liquidity position of the company continue to be under extreme constraints.

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CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is an integral part of values, ethics and best business practices followed by the company. The Company's philosophy can be described as the business practices with the ultimate aim of enhancing long term shareholders' value and remaining committed to high standards of business ethics.

2. BOARD OF DIRECTORS

During the year the Board consisted of three Directors comprising of two Non-Executive Directors (NED) of which one is Independent (IND). During the year (01.01.2006 to 31.12.2006), four Board Meetings were held on 06.03.2006, 24.05.2006, 30.09.2006 and 28.11.2006. Directors' attendance and other details are as under:

Sl. No.	Director	Category	No. of Board Meetings Attended	Last AGM Attended	No. of other directorships and Committee Memberships/Chairmanships Committee		
					Other Directorships	Committee Member	Chairman
					ships	-ships	ships
1.	Shri Onkar Nath Rai	NED	4	Yes	-	-	-
2.	Shri Vinit Marwaha	IND	4	-		1	-
3.	Shri Rohni Kumar Gupta	Executive	4	Yes		-	-

3. AUDIT COMMITTEE

The Audit Committee comprised of three Directors namely Shri Onkar Nath Rai (Chairman), Shri Vinit Marwaha and Shri R.K. Gupta, majority being Non-Executive. The Company Secretary acts as the Secretary of the Committee. Terms of Reference of the Committee covers all the matters specified under the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956. The meeting of the Audit Committee held on 24.05.2006, was attended by all the aforesaid Directors. As reported by the Directors in their Report to the members, the operations at the Company's Plant remained suspended throughout the year, being uneconomical.

4.1 REMUNERATION COMMITTEE (non-mandatory)

The Company does not have a permanent Remuneration Committee.

4.2 REMUNERATION OF DIRECTORS

(a) **Non executive Directors:** Except sitting fees (Total amount: Rs. 17,000/-) paid to the Non-Executive Directors for each of the meetings of the Board and/ or its Committees attended by them, no other payments were made to such Directors.

(b) Executive Directors:

Name	Service Contract years /w.e.f.	Remuner Ation	
		Period	Amount
Shri R.K.Gupta	5 years w.e.f. 26.5.2003	01.01.2006 - 31.12.2006	Rs. 370338

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Company has Shareholders/Investors Grievance Committee at the Board level which consists of three Directors, namely, Shri O.N. Rai (Chairman of the Committee), Shri R.K. Gupta and Shri Vinit Marwaha. Shri R.K. Gupta, Whole-time Director & Company Secretary, is the *Compliance Officer* who oversees the investor's grievances such as Transfer/ Transmission of shares/ Dematerialisation, non-receipt of dividend/interest and redemption proceeds on Debentures, annual report etc.

During the year ended 31st December 2006, the Company received 20 complaints which were

UDAIPUR CEMENT WORKS LIMITED

promptly attended. In addition, the Company also has a Committee of Directors, which approves registration of transfer of shares etc. All valid requests for transfer of shares in physical form were processed in time and there are no pending transfers of shares.

6. GENERAL BODY MEETINGS

Location and time for the last three Annual General Meetings (AGM):

Year	Location	Date	Time
2002-2003	Rupis Resorts, Near Airport, Dabok, Udaipur(Rajasthan)	27.02.2004	11.30 A.M.
2003-2004	Rupis Resorts, Near Airport, Dabok, Udaipur(Rajasthan)	31.03.2005	11.30 A.M.
2004-2005	Maharani Palace, Station Road, Jaipur(Rajasthan)	30.06.2006	11.30 A.M.

No special resolutions were passed during the last three years' AGM.

Approval of shareholders through Special Resolution in the matter of shifting of Registered Office of the company under section 146(2) of the Companies Act 1956, from Udaipur to Jaipur within the state of Rajasthan, has been obtained by means of Postal Ballot on 14th February 2006.

7. DISCLOSURES

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large: None. Suitable disclosure as required by Accounting Standard (AS-18) – Related party transactions, has been made in the Annual Report.

There were no materially significant transactions with related parties, which were in conflict with the interests of the Company.

Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority,

on any matter related to capital markets, during the last three years:

Due to extremely difficult liquidity position arising out of stoppage of plant operations as reported in the Director's Report, the Company could not make certain essential payments

including Interest and Redemption on Debentures/Term Loans and listing fees to the Stock Exchanges and NSDL/CDSL. The Stock Exchange, Mumbai had suspended trading in the scrips of the Company w.e.f. 3.2.2003.

8. MEANS OF COMMUNICATION

Due to stoppage of plant operations throughout the financial year 2006 as reported by the Directors in their Report to the Members, the Company was not in a position to publish unaudited financial results for the quarters from January '06 to December '06. The company has kept the Stock Exchanges informed in this regard, from time to time.

Both "Management Discussion & Analysis" and "General Shareholders Information" form part of the Annual Report.

9. GENERAL SHAREHOLDERS' INFORMATION**(i) ANNUAL GENERAL MEETING**

(a) Date and Time : 29.06.2007

Venue : Maharani Palace, Station Road, Jaipur (Rajasthan).

(b) As required under Clause 49 VII (F), a brief resume and other particulars of the appointment of the Directors retiring by rotation at the aforesaid Annual General Meeting and seeking re-appointment are being given in the Explanatory Statement to the Notice convening the said Meeting.

(ii) **FINANCIAL CALENDAR** Reporting of Unaudited results, Limited Audit Review and Annual Accounts etc. Annual General Meeting for the next year ending 31st December 2007 will be tentatively held by 30.06.2008.

(iii) **DATE OF BOOK CLOSURE** 27.06.2007 to 29.06.2007 (both days inclusive)

(iv) **DIVIDEND** No dividend was declared for the year.

(v) **LISTING OF SHARES/DEBENTURES ON STOCK EXCHANGES (INCLUDING SECURITY CODE)** The Equity Shares of the Company are listed on the Stock Exchanges at Jaipur (548), Mumbai (30131), Ahmedabad (28577) and Delhi (10104). However, trading in the scrips of the Company was suspended by the Stock Exchange Mumbai w.e.f. 03.02.2003.

(vi) **MARKET PRICE DATA & STOCK PERFORMANCE IN COMPARISON TO BSE SENSEX INDEX** Trading in the scrips of the Company was suspended by Mumbai Stock Exchange w.e.f. 03.02.2003. Thus, no market price data is available.

(vii) **DISTRIBUTION OF SHAREHOLDINGS AS ON 31st DECEMBER, 2006**

No. of Equity shares held	No. of shareholders	% of shareholders	No. of shares	% of share-holding
Upto 5000	15,665	98.91	57,64,879	9.13
5001-10000	102	0.64	7,92,735	1.26
10001-50000	53	0.33	9,50,317	1.51
50001-100000	7	0.04	4,65,675	0.74
100000 & above	12	0.08	5,51,29,637	87.36
TOTAL	15,839	100.00	6,31,03,243	100.00

(viii) **SHARE TRANSFER SYSTEM**

All valid requests for transfer/transmission of Shares in physical form are processed within a period of 15-20 days from the date of receipt thereof and Share Certificates duly transferred are immediately returned to the transferee/lodger. In the case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

(ix) **DEMATERIALISATION OF SHARES**

Trading in the equity Shares of the Company is permitted only in dematerialised form w.e.f. 27.11.2000 as per notification issued by SEBI. Shareholders may dematerialise their holdings with any one of the Depositories namely, NSDL and CDSL. The Company's ISIN No. for both the

depositories is **INE225C01011**. As on 31st December 2006, 81.66% of the Company's Equity Shares have been dematerialised. In respect of Shares held in electronic form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their demat account.

(x) **OUTSTANDING GDRs AND LIKELY IMPACT ON EQUITY** : Not Applicable

(xi) **PLANT LOCATION** Shripati Nagar, P.O. C.F.A., Distt. Udaipur- 313 021, Rajasthan.

(xii) **ADDRESS FOR CORRESPONDENCE**

1 Company's

Secretarial Department at:

Gulab Bhawan (Rear Block)

6A, Bahadur Shah Zafar Marg

New Delhi- 110 002

Tel.Nos.011 2331 1112-5 Extn.329,633

Fax Nos.91-11-23739475

Email:dswain@jkmil.com

2 **Registrar & Share Transfer Agents:**

MCS Ltd.

Sri Venkatesh Bhawan,

W – 40, Okhla Phase – II,

New Delhi- 110 020

Tel. Nos.011-41406149

41406151-52

Fax No.91-11-41406148

Email:mcsdel@vsnl.com

While writing to the Company/ RTA, Shareholders should quote their Folio No. and details of shares held in physical/ demat mode, E-mail Ids and Telephone/Fax No. for prompt reply to their communications.