

THIRTEENTH
Annual
REPORT
2007

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

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

(Formerly J.K. Udaipur Udyog Ltd.)

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

NOTICE

NOTICE is hereby given that the Thirteenth 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 Wednesday, the 25th June 2008 at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the financial period ended 31st December 2007 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri O.N. Rai, 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 13th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 25,000/- 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."

AS SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification(s), the following as **Ordinary Resolution**:

"RESOLVED that pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification or re-enactment thereof, the re-appointment of Shri R.K. Gupta, Whole-time Director of the Company for a period of three years w.e.f. 26th May 2008 be and is hereby approved on the terms of remuneration set out in Explanatory Statement annexed hereto which shall be deemed to form part hereof and in the event of inadequacy or absence of profits under Sections 349 and 350 of the said Act in any financial year, the remuneration comprising salary, perquisites and benefits as approved herein be paid as minimum remuneration to the said Whole-time Director for a period of three years w.e.f. 26th May 2008 subject to necessary approvals."

RESOLVED FURTHER that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to vary and/or revise the remuneration of the said Whole-time Director within the overall limit approved herein and settle any question in connection therewith and incidental thereto."

New Delhi

7th day of May 2008

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 23.06.2008 to 25.06.2008 (inclusive).
3. Resume of Shri O.N. Rai proposed for re-appointment as director liable to retire by rotation (Item no 2)
Shri Onkar Nath Rai, (aged 66 years) who holds an Engineering Degree, joined the Board on 14.11.1996. He has experience of over 41 years in industry in various management capacities. He does not have any other Directorships."

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 4**

The Board of Directors of the Company at its meeting held on 7th May 2008 re-appointed Shri R.K. Gupta as Wholetime Director of the Company for a period of three years w.e.f. 26th May 2008 and recommended necessary resolution for approval of the Shareholders at this meeting on the terms of remuneration approved by the Remuneration Committee of Directors and conditions.

Information about Shri R.K. Gupta, Wholetime Director

Shri R.K. Gupta 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 of the Institute of Cost and Works Accountants of India. Shri Gupta has 33 years of experience in various companies in executive positions. He has served this Company for about 15 years in various capacities.

Terms of Remuneration of Shri R.K. Gupta, Wholetime Director and Company Secretary.

- A. Salary: Consolidated amount of Rs. 20,000 per month in the range of Rs. 20,000 Rs. 50,000 per month (maximum) with such increase as may be decided by the Board (or a Committee thereof) from time to time.
- B. Perquisites: Shri R.K. Gupta shall be entitled to other Perquisites / benefits other than Salary, not exceeding 100% of the Salary.

Except Shri R.K. Gupta, no other Director is deemed to be concerned or interested in the Resolutions. This may also be treated as an abstract of the terms of re-appointment and remuneration of the said Wholetime Director pursuant to Section 302 of the Companies Act, 1956.

New Delhi7th day of May 2008

By Order of the Board

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

UDAIPUR CEMENT WORKS LIMITED

DIRECTORS' REPORT

To the Members

Your Directors present the 13th Annual Report and Audited Accounts of the Company for the year ended 31st December, 2007.

OPERATIONS

The plant operations continued to remain suspended during this year also. During the period under review the company posted a net loss of Rs.7,47,01,945 /- after providing for interest and depreciation.

The company continues to be registered with BIFR as a sick company. Efforts to revive the plant operations in consultations with ARCIL (Assets Reconstruction Company (India) Limited) are being made and a scheme is being worked out in this regard.

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

DIRECTORS

Shri O.N. Rai retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Shri R.K.Gupta whose appointment as Whole Time Director expires on 25th May of 2008 has been reappointed as a Whole Time Director of the Company for the period of three years w.e.f. 26th May 2008 subject to necessary approval.

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 2007, is being conducted by the Cost Auditor who will submit their report for the period ended 31st December 2007, 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.

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 Company.

New Delhi

Date : 07.05.2008

ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st DEC. 2007

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, 2007 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.

UDAIPUR CEMENT WORKS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS
(A) ECONOMY AND BUSINESS ENVIRONMENT

1. The Indian economy today, is characterized by sound macro-economic fundamentals on account of GDP growth of about 9 percent, business, commercial, financial and industrial buoyancy, and ever-increasing foreign exchange reserves. India is the second fastest growing economy in the world today.
2. The current pace of growth in industrial sector is quite broad based and indicates that the high industrial growth is sustainable. The infrastructure development, which was marred by lack of funds, has been witnessing strong growth with investment pouring in from all corners viz FDI, Government, Public-Private Partnership etc.

(B) INDIAN CEMENT INDUSTRY

As is reflected in the XIth Five Year Plan projections by the Planning Commission, India is poised to continue with its economic buoyancy in the future and cement demand growth is expected to continue at a healthy rate. The report of the working group on cement industry for XIth five year plan (2007-12) by the planning commission, has projected cement demand of 257 million tones in 2011-12 based on 9% GDP growth and 11.5% cement demand growth.

OPERATIONS

The plant operations continues to remain suspended throughout the year. The liquidity position of the company continue to be under extreme constraints.

Efforts to revive the plant are continuing and various options are being worked out in this direction.

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 (01.01.2007 to 31.12.2007), five Board Meetings were held on 24.01.2007, 24.04.2007, 19.05.2007, 10.08.2007 and 8.10.2007. 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		
					Other Director-ships	Committee Member-ships	Committee Chairman-ships
1.	Shri Onkar Nath Rai	NED	5	Yes	-	-	-
2.	Shri Vinit Marwaha	IND	5	-	1	-	-
3.	Shri Rohni Kumar Gupta	Executive	5	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 19.05.2007, 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. 16,000/-) 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.	Remuneration	
		Period	Amount
Shri R.K.Gupta	5 years w.e.f. 26.5.2003	01.01.2007 -- 31.12.2007	Rs. 3,48,738

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 2007, 5 meetings of the said Committee were held on 24th January 2007, 24th April 2007, 19th May 2007, 10th August 2007 and 8th October 2007. The Company received 53 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
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.
2005-2006	Maharani Palace, Station Road, Jaipur (Rajasthan)	29.06.2007	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. NSDL/CDSL has also stopped downloading of data regarding Beneficial ownership (Benpos).

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 '07 to December '07. 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 : 25.06.2008

Venue : Hotel 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 2008 will be tentatively held by 30th June 2009.

(iii) **DATE OF BOOK CLOSURE** 23.06.2008 to 25.06.2008 (both days inclusive)

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