

FOURTEENTH
Annual
REPORT
2008

UDAIPUR CEMENT WORKS LIMITED

BOARD OF DIRECTORS

Onkar Nath Rai

R.K. Gupta

Vinit Marwaha

REGISTERED OFFICE

E-18, Prem Nagar
Jhotwara,
Jaipur -302 012,
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 Vendatesh Bhawan,
W-40[Okhia Phase-II
New Delhi - 110 020

AUDITORS

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

UDAIPUR CEMENT WORKS LIMITED

UDAIPUR CEMENT WORKS LIMITED

(Formerly J.K. Udaipur Udyog Ltd.)

Regd. Office: E-18, Prem Nagar, Jhotwara, Jaipur-302 012, Rajasthan

NOTICE

NOTICE is hereby given that the Fourteenth 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 Saturday, the 20th June 2009 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 2008 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vinit Marwaha, 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, 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 14th 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."

New Delhi

8th day of April 2009

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 18.06.2009 to 20.06.2009 (inclusive).
3. Resume of Shri Vinit Marwaha proposed for re-appointment as director liable to retire by rotation (Item no 2)

Shri Vinit Marwaha, (aged 57 years) who holds a Commerce Degree, joined the Board on 3.3.2004. He brings with him an experience of over 35 years in industry in various management capacities. He is an expert in Taxation matters. He is also a Director in Rouncy Trading Pvt. Ltd. and Manager in Juggilal kamlapat (Agency) Ltd.

New Delhi

8th day of April 2009

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 14th Annual Report and Audited Accounts of the Company for the year ended 31st December 2008.

OPERATIONS

The plant operations continued to remain suspended throughout the year. During the period under review the Company posted a net loss of Rs.7,46,74,302/-.

The Company continues to be registered with BIFR as a sick company. The Company has submitted a Draft Rehabilitation Scheme (DRS) and BIFR is taking necessary steps in accordance with the law.

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 Vinit Marwaha retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Based on the application made by the Company, the Central Government vide its letter dated 1st December 2008 accorded its approval to the reappointment of Shri R.K. Gupta as Whole-time Director of the Company for a period of three years and remuneration for a period of two years w.e.f. 26.5.2008.

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 provisions of Section 217(2A) of the Companies

Act 1956 read with the 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 the financial year ended 31st December 2008;
- 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; and
- 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 2008, is being conducted by the Cost Auditor who will submit their report for the period ended 31st December 2008, as required.

CORPORATE GOVERNANCE

Pursuant to 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.

ACKNOWLEDGMENTS

On behalf of the Board of 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.

(R.K. GUPTA) (VINIT MARWAHA)
DIRECTORS

New Delhi
Date: 08.04.2009

ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st DEC. 2008

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 Earnings and Outgo.

During the period ended 31st December 2008 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**

The Global Financial meltdown which commenced in end July 2008, had its own downside effect on the Indian Economy. The Indian GDP Growth, which was at a CAGR of 9% for last five years, is likely to move down to 7% for 2008.

(B) INDIAN CEMENT INDUSTRY

The Indian Cement Market Demand, which normally revived itself after the end of South West Monsoon, has on the other hand, shown a negative downside of around 10%. This all India distress status is only going to worsen further, since the earlier expectations, on SEZ's Real Estate, Housing and Industrial/Infrastructure-Investments, are not likely to find support, from India & Abroad,

due to the Worldwide collapse of the Financial Investment Banking System. Due to the Global Financial meltdown; India which does not have an export led GDP; would survive on the long term. Govt. of India had in early 2008, in order to reduce pressure on Cement Prices & availability, encouraged Imports, and had put in place certain favorable measures. It had consequently removed the earlier handicaps of; Import Tariffs on Cement and the requirement of Prior Quality Control Procedural approvals from Bureau of Indian Standards etc.

OPERATIONS

The plant operations continued to remain suspended throughout the year. The liquidity position of the company worsened further.

Efforts to revive the plant are continuing and the company has submitted a Draft Rehabilitation Scheme (DRS) in this regards.


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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 (01.01.2008 to 31.12.2008), six Board Meetings were held on 18.01.2008, 12.02.2008, 07.05.2008, 20.05.2008, 21.07.08 and 07.10.08. Directors' attendance and other details are as under:

Sl. No.	Director	Category	No. of Board Meetings Attended	<u>Last AGM</u> <u>Attended</u> Held on	No. of other directorships and Committee Memberships/ Chairmanships		
					Other Director-ships	Committee Member-ships	Committee Chairman-ships
1.	Shri Onkar Nath Rai	NED	6	Yes	-	-	-
2.	Shri Vinit Marwaha	IND	6	-	1	-	-
3.	Shri Rohini Kumar Gupta	Executive	6	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 7.05.2008 and 20.5.2008, 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: As unanimously decided by the Board, no payments were made to the Directors in respect of the Board/ Committee meetings attended by them during the year.

(b) Executive Directors:

Name	Service Contract years /w.e.f.	Remuneration	
		Period	Amount
Shri R.K. Gupta	3 years w.e.f. 26.05.2008	01.01.08-31.12.08	Rs. 2,87,538

Based on the application made by the Company, the Central Government vide its letter dated 1st December 2008 accorded its approval to the reappointment of Shri R.K. Gupta as Whole-time Director of the Company for a period of three years and remuneration for a period of two years w.e.f. 26.5.2008.

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 2008, 4 meetings of the said Committee were held on 12th February 2008, 29th March 2008, 21st July 2008 and 7th October 2008. The Company received 46 complaints which were promptly attended. In addition, the Company also has a Committee of

UDAIPUR CEMENT WORKS LIMITED

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
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.
2006-2007	Maharani Palace, Station Road, Jaipur (Rajasthan)	25.06.2008	11.00 A.M.

Special Resolution regarding 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 was passed at the Annual General Meeting held on 25th June 2008.

No Special Resolutions were required to be put through postal ballot last year.

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 Directors' 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. 03.02.2003.

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 2008 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 '08 to December '08. 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 : 20.06.2009 at 11.00 A.M.

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

(b) As required under Clause 49 (IV)(G)(i), 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 notes to the Notice convening the said Meeting.

(ii) **FINANCIAL CALENDAR:** Reporting of Quarterly Unaudited Financial Results, Limited Audit Review and Annual Accounts etc.

Annual General Meeting for the next year ending 31st December 2009 will be tentatively held by 30th June 2010.

(iii) **DATE OF BOOK CLOSURE** 18.06.2009 to 20.06.2009 (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