

**FIFTEENTH**

**Annual  
REPORT**

**2009-10**

**UDAIPUR CEMENT WORKS LIMITED**

# **BOARD OF DIRECTORS**

**Onkar Nath Rai**

**R. K. Gupta**

**Vinit Marwaha**

## **REGISTERED OFFICE**

E-2, Transport Nagar,  
Jaipur-302 003,  
Rajasthan

## **PLANT**

Shripati Nagar,  
P.O. C.F.A. - 313 021,  
Distt. Udaipur,  
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,  
F-65, First Floor,  
Okhala Industrial Area,  
Phase-I,  
New Delhi - 110 020

## **AUDITORS**

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

**UDAIPUR CEMENT WORKS LIMITED**

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**UDAIPUR CEMENT WORKS LIMITED**

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

**NOTICE**

NOTICE is hereby given that the Fifteenth 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 17<sup>th</sup> September 2010 at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the financial period ended 31<sup>st</sup> March 2010 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, 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 15<sup>th</sup> 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."

By Order of the Board

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

Regd. Office:  
E-2, Transport Nagar  
Jaipur-302 003, Rajasthan  
5th July 2010

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**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 14.09.2010 to 17.09.2010 (inclusive).
3. Brief Resume of Shri Rohni Kumar Gupta proposed to be re-appointed as Director liable to retire by rotation (Item no 2) is given hereunder:

Shri Rohni Kumar Gupta, aged 58 years, 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 more than 35 years of experience in various companies in executive positions and has served the Company for about 17 years in various capacities.

4. The Registered Office of the Company has been shifted from E-18, Prem Nagar Jhotwara, Jaipur- 302 012 (Rajasthan) to E-2 Transport Nagar, Jaipur- 302 003 (Rajasthan) w.e.f. 5<sup>th</sup> May 2010. Requests for transfer of Equity Shares and related correspondence should be addressed to the Company's Secretarial Deptt. at the New Delhi address mentioned above.

By Order of the Board

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

**Regd. Office:**  
E-2, Transport Nagar  
Jaipur-302 003, Rajasthan  
5th July 2010

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## DIRECTORS' REPORT

### To the Members

Your Directors present the 15th Annual Report and Audited Accounts of the Company for the year ended 31st March 2010.

### OPERATIONS

The plant operations continued to remain suspended throughout the year. During the period under review the Company posted a net loss of Rs.1,86,83,316/-.

The Company continues to be registered with BIFR as a sick company. The Company has submitted a Draft Rehabilitation Scheme (DRS) which has been circulated vide Hon'ble BIFR order dated 06.01.2010. BIFR is taking further necessary steps in accordance with 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 R.K.Gupta retires by rotation at the forthcoming Annual General Meeting and being eligible offers 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 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 March 2010.
- 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 March 2010, is being conducted by the Cost Auditor who will submit their report for the period ended 31st March 2010, 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.

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**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.

despite liquidity constraints faced by the Company.

On behalf of the Board of Directors

**ACKNOWLEDGEMENTS**

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

(R.K. GUPTA) (VINIT MARWAHA)

DIRECTORS

New Delhi

Date : 05.07.2010

**ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MAR. 2010**

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 March 2010 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****(A) ECONOMY AND BUSINESS ENVIRONMENT**

The economic crisis reached its peak in the first half of 2009, with gross domestic product taking a particularly heavy tumble in export driven economies like Germany and Japan. However, economic expectations in the corporate sector started to stabilize as early as the spring of 2009 – a precursor to the economic recovery that began to take root in many economies from the middle of the year onwards. Slowly but surely, world trade started to get back into gear as well.

The economic stabilization that emerged in the course of 2009 owed its success not only to very expansive fiscal policy and the low interest rate environment engineered by the central banks, but also to a more temperate mood in the financial markets.

**(B) INDIAN CEMENT INDUSTRY**

India is the world's second largest producer of cement with total capacity of 219 million tonnes (MT) at the end of FY 2009, according to the cement manufacture's association.

According to the cement manufacturer's association, cement dispatches during 2009-10 were 159.43 million tonnes (MT) increasing by 12 per

cent over 142.23 in 2008-09. Cement production during 2009-10 was 160.31 MT an increase of 12.37 per cent over 142.65 MT in 2008-09.

Moreover, the government's continued thrust on infrastructure will help the key building material to maintain an annual growth of 9-10 per cent in 2010.

Government initiatives in the infrastructure sector, coupled with the housing sector boom and urban development, continue being the main drivers of growth for the Indian cement industry.

Increased infrastructure spending has been a key focus area in the Union Budget 2010-11.

The government has also increased budgetary allocation for roads by 13 per cent.

**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 which has been circulated vide Hon'ble BIFR order dated 06.01.2010. BIFR is taking further necessary steps in accordance with law.

## 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 period under review, the Board consisted of three Directors comprising of two Non-Executive Directors (NED) of which one is Independent (IND). During the period 01.01.2009 to 31.3.2010, six Board Meetings were held on 05.01.09, 08.04.09, 22.7.09, 09.10.09, 30.12.09 and 06.02.10. Directors' attendance and other details are as under:

Sl. No.	Director	Category	No. of Board Meetings Attended	Last AGM Attended Held on	No. of other directorships and Committee Memberships/ Chairmanships		
					Other Directorships	Committee Member-ships	Committee Chairman-ships
1.	Shri Onkar Nath Rai	NED	3	Yes	-	-	-
2.	Shri Vinit Marwaha	IND	6	-	1	-	-
3.	Shri Rohni 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 08.04.09, 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 period under review, 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. 26.5.2008	01.01.2009-31.03.2010	Rs. 3,59,423

### 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 period 1.1.2009 to 31.3.2010, 5 meetings of the said



Committee were held on 8th April 2009, 22nd July 2009, 9th October 2009, 30th December 2009 and 6th February 2010. The Company received 13 complaints which were 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
2005-2006	Maharani Palace, Station Road, Jaipur (Rajasthan)	29.06.2007	11.30 A.M.
2006-2007	Same as above	25.06.2008	11.00 A.M.
2007-2008	Same as above	20.06.2009	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. 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 2009-10 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 '09 to March '10. 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 : 17th September 2010 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 (TENTATIVE):** Reporting of Quarterly Unaudited Financial Results, Limited Audit Review and Annual Accounts etc.

Annual General Meeting for the next year ending 31st March 2011 will be