

**SIXTEENTH**  
**Annual**  
**REPORT**  
**2010-11**

**UDAIPUR CEMENT WORKS LIMITED**

## BOARD OF DIRECTORS

Onkar Nath Rai

R. K. Gupta

Vinit Marwaha

S.K. Kinra

### REGISTERED OFFICE

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

### PLANT

Shripati Nagar,  
P.O. C.E.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**

**UDAIPUR CEMENT WORKS LIMITED**  
Gulab Bhawan, 3rd Floor, 6A, Bahadur Shah Zafar Marg  
New Delhi-110 002

**NOTICE**

NOTICE is hereby given that the sixteenth 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 23rd September 2011 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 March 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Onkar Nath 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, 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 16th 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 **Special Resolution**:  
"RESOLVED that pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act 1956 or any statutory modification or re-enactment thereof (the 'Act'), the re-appointment of Shri R.K. Gupta, Whole-time Director of the Company (WTD) for a period of three years w.e.f. 26th May 2011 be and is hereby approved on the terms of remuneration as 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 2011 subject to approvals other than the Shareholders, if any, required; Provided that on receipt of the Final Order of the Hon'ble Board for Industrial and Financial Reconstruction pursuant to the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, by the Company, along with the sanctioned Rehabilitation Scheme, the Board of Directors of the Company or a Committee thereof (hereinafter referred to as the 'Board') be and is hereby authorized, to consider and review, increase or alter the salary of the WTD (including salary range), perquisites, allowances, and other benefits, subject to the overall ceiling prescribed under the Act."

RESOLVED FURTHER that the Board is authorized to settle any question or difficulty in connection therewith and incidental thereto without any further reference or approval of the Members in this regard."

By Order of the Board

Regd. Office:  
E-2, Transport Nagar  
Jaipur-302 003, Rajasthan  
5th August 2011

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 Share Transfer Books of the Company shall remain closed from 20.09.2011 to 23.09.2011 (inclusive).
3. Brief Resume of Shri Onkar Nath Rai proposed to be re-appointed as Director liable to retire by rotation (Item no 2) is given hereunder:  
Shri Onkar Nath Rai, (aged 69 years) who holds an Engineering Degree, joined the Board on 14.11.1996. He has experience of over 44 years in industry in various management capacities. He does not have any other Directorships."
4. Requests for transfer of Equity Shares and related correspondence should be addressed to the Company's Secretarial Department at the New Delhi address mentioned above.

#### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

##### Item No. 4

The re-appointment of Shri R.K. Gupta, as Whole-time Director of the Company for a period of three years was approved by the Members at the Annual General Meeting held on 25th June 2008 and also by the Central Government. He has been drawing minimum remuneration of Rs. 20,000 p.m. approved by the Members and the Central Government as aforesaid.

As the Members are aware, the Company had submitted a Draft Scheme for rehabilitation and revival of the Company to the Board for Industrial and Financial Reconstruction (BIFR). After due deliberation with the secured creditors, Government agencies and others concerned, the Scheme has been sanctioned by the Hon'ble BIFR at its hearing held on 24.11.2010 subject to completion of certain conditions. However, copy of the final Order of the BIFR along with the sanctioned Rehabilitation Scheme ("Scheme") is awaited. On receipt and implementation of the said order, it is expected that the state of affairs of the Company shall improve consequent to reduction of various debts and liabilities and infusion of fresh funds. In view of this, the Board of Directors of the Company may be authorized to vary, enhance or revise the remuneration payable to Shri R.K. Gupta, Whole-time Director and Secretary of the Company for the remainder tenure of his service and subject to requisite approvals, if any, in this behalf.

Pending receipt of the aforesaid Sanctioned Scheme, re-appointment of Shri R.K. Gupta as Whole-time Director of the Company (WTD) has fallen due w.e.f. 26th May 2011. The Board of Directors of the Company at its meeting held on 14th May 2011 re-appointed Shri R.K. Gupta as Whole-time Director of the Company for a period of three years w.e.f. 26th May 2011 and recommended necessary resolution for approval of the Shareholders at this meeting on the terms of remuneration approved by the Remuneration Committee of Directors.

While determining the remuneration of the WTD, the Remuneration Committee recommended to the Board to review the remuneration payable to the WTD, post receipt of the Sanctioned Scheme and its implementation.

Relevant details under para 1(C)(iv) of Section II of Part II of the Schedule XIII to the Act:

## UDAIPUR CEMENT WORKS LIMITED

### General Information:

1. Nature of Industry: Cement.
2. Date or expected date of commencement of commercial production: January 1994.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial Performance based on given indicators:

Particulars for the financial year ended 31 <sup>st</sup> March 2011	
Net Sales and Other Income	(in Rs.)
Operating Profit (Before Interest, Depreciation and Tax)	6,292.00
Profit Before Tax	(36,85,490.00)
Profit After Tax	(36,85,490.00)

1. Export performance and net foreign exchange collaborations: Not Applicable
2. Foreign investments or collaborators, if any : Not Applicable

### 1. Information about the Appointee

- (1) 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 more than 37 years of experience in various companies in executive positions and has served the Company for about 18 years in various capacities.
- (2) Past Remuneration of Shri R.K. Gupta was approved by the Shareholders at the Annual General Meeting of the Company held on 25th June 2008.
- (3) Job Profile and his suitability: Shri R.K. Gupta as Whole-time Director of the Company is vested with substantial powers of management under the superintendence, control and direction of the Board of Directors. He is also involved in policy planning, vision and strategy and long term developmental activities of the Company, besides Corporate Governance and Board coordination. He is also the Occupier of the Company's Cement Plant.
- (4) Remuneration proposed: The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 14th May 2011 have approved the following terms of remuneration of Shri R.K. Gupta for a tenure of 3 years w.e.f. 26th May 2011, as under:
  - A. Consolidated Salary: Rs. 20,000 per month with such increments as may be decided by the Board from time to time in the salary range of Rs. 20,000 to Rs. 50,000 per month.  
The term "Board" as mentioned above shall include any Committee of Directors authorized by the Board.
  - B. Perquisites, allowances and benefits: Shri R.K. Gupta shall be entitled to other Perquisites / benefits other than Salary, not exceeding 100% of the Salary.
  - C. Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961.
  - D. Gratuity at the rate of 15 days salary for each completed year of service.
  - E. Encashment of unavailed leave.

- F. The Board may, from time to time, increase, modify, vary or alter the salary (including salary range), perquisites, allowances and other benefits subject to the overall ceiling prescribed under the Companies Act, 1956 or any statutory modifications thereto or re-enactments thereof.
- (5) Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person: The Board may review the remuneration payable to Shri R.K. Gupta, Whole-time Director of the Company, post receipt of the Sanctioned Rehabilitation Scheme and its implementation.
- (6) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the remuneration proposed herein, Shri R.K. Gupta does not have any pecuniary relationship with the Company.

**III. Other Information:**

- (1) Reasons of loss or inadequate profits: Non viability of operations.
- (2) Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms: The Draft Rehabilitation Scheme of the Company has been submitted to BIFR and BIFR is taking necessary steps in this regard.

Operations of the Company will become viable after implementation of the Scheme.

None of the Directors other than Shri R.K. Gupta, may be deemed to be concerned or interested in the aforesaid Resolution. The terms of remuneration now proposed to be drawn by the said Whole-time director from the Company set out hereinabove may also be treated as an abstract of memorandum of interest of the Director under Section 302 of the Companies Act, 1956.

The terms of remuneration now proposed to be drawn by the said Whole-time Director from the Company set out hereinabove may also be treated as abstract of memorandum of interest of the Directors under Section 302 of the Companies Act 1956.

The Resolution is recommended to the Shareholders for passing as a Special Resolution.

By Order of the Board

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

**Regd. Office:**  
E-2, Transport Nagar  
Jaipur-302 003, Rajasthan  
5<sup>th</sup> August 2011

# UDAIPUR CEMENT WORKS LIMITED

## DIRECTORS' REPORT

### To the Members

Your Directors present the 16th Annual Report and Audited Accounts of the Company for the year ended 31st March 2011.

### OPERATIONS

The plant operations continued to remain suspended throughout the year. During the period under review the Company posted a net loss of Rs. 36,85,490/-.

The Company continues to be registered with BIFR as a sick company. The company is trying to revive the plant with the help of Hon'ble BIFR under the "Sick Industrial Company (Special Provisions) Act, 1985" (SICA) and has submitted a rehabilitation scheme which has been sanctioned by Hon'ble BIFR in its hearing on 24.11.2010 subject to completion of certain conditions. BIFR is taking further necessary steps in accordance with the law for issue of the final sanctioned scheme.

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

Shri S.K.Kinra has been appointed as a special Director on the Board of Directors of the company by Hon'ble BIFR w.e.f. 03.01.2011 until further orders or for a period of 5 years from the date of appointment or till the date on which he attains the age of 70 years, whichever is earlier.

### AUDITORS

M/s. Om Prakash S Chaplot & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The Auditor's have confirmed that they hold a valid certificate issued by the "Peer Review Board" of Institute of Chartered Accountants of India (ICAI). 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 2011.
- 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**

Shri S.P.Gupta, Cost Accountant, Gurgaon has been appointed as Cost Auditors of the company for the Financial Year 2011-12 commencing 1st April 2011 as approved by the Central Government. Audit of the Cost Accounts of the company relating to 'Cement' for the year ended 31st March 2011 will be conducted by the Cost Auditors and Cost Audit Report will be submitted to the Ministry of Corporate Affairs, Government of India within the prescribed time.

The Cost Audit Report for the financial year ended 31st March 2010 was filed by the Cost Auditor with the Ministry of Corporate Affairs, Government of India on 19.08.2010 (Due date 30.09.2010).

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate confirming compliance of the conditions of Corporate

Governance form 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.

#### **ACKNOWLEDGEMENTS**

The Directors wish to place on record and acknowledge their appreciation for the continued and valuable co-operation received from the, Financial Institutions, Banks, Government Authorities, Shareholders, Debentureholders and the Employees of the Company despite liquidity constraints faced by the Company.

On behalf of the Board of Directors

(R.K. GUPTA) (VINIT MARWAHA)

DIRECTORS

New Delhi

Date : 05.08.2011

#### **ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MAR. 2011**

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 2011 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

For the financial year ending March 2011, India logged yearly GDP growth rate of 8.5% just below the expected 8.6%, half a percentage point over the 8.0% growth logged a year earlier.

The drop in GDP was primarily on account of lower than expected performance in 'mining and quarrying', 'manufacturing', 'trade, hotels, transport and communication' and 'financing, insurance, real estate & business services'.

One of the biggest reason why economy has not grown as expected is inflation. It has been consistently high and has been hovering around the double digit mark during the year. To add to inflation woes are the high crude prices, which threaten to put inflation on even higher pedestal.

#### (B) INDIAN CEMENT INDUSTRY

India is the world's second largest producer of cement with total capacity of about 290 million tonnes (MT) at the end of the year.

The year ending 31st March 2011 was one of the difficult year for the cement industry.

The capacity addition of about 11% during the year exceeded the growth in demand for cement of about 5% resulting in sizeable cement surplus in the country. There was also steep rise in the cost of inputs and interest cost which affected the margin of the cement industry.

However, future outlook for the cement industry remains positive as 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.

#### OPERATIONS

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

Efforts to revive the plant are continuing and the company has submitted a Draft Rehabilitation Scheme (DRS) in this regards which has been sanctioned by Hon'ble BIFR in its hearing on 24.11.2010 subject to completion of certain conditions. BIFR is taking further necessary steps in accordance with law for issue of the final sanctioned scheme.

## 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 observing of business practices with the ultimate aim of enhancing long term shareholders' value and commitment to high standards of

business ethics.

### 2. BOARD OF DIRECTORS

The Board of Directors presently consists of four Directors comprising of three Non-Executive (NED) and Independent Directors (INDs). Six Board Meetings were held during the Financial Year 2010-11 ended 31st March 2011, on 8th April 2010, 5th May 2010, 5th July 2010, 5th October 2010, 30th December 2010 and 2nd February 2011. Attendance and other details of the Directors are as under:

Director	Category	No. of Board Meetings attended	Whether last AGM attended (17.9.10)	Outside Directorships and Committee Memberships/ Chairmanships		
				Other Directorships@	Committee Member-ships#	Committee Chairman-ships#
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Shri Onkar Nath Rai	IND	3	NO	-	-	-
Shri Vinit Marwaha	IND	5	-	1	-	-
Shri Rohini Kumar Gupta	Executive	6	Yes	-	-	-
Shri Suresh Kumar Kinra*	IND(BIFR Nominee)	-	-	-	-	-

@ As per Section 275 read with Section 278 of the Companies Act 1956.

#Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.

\* The Hon'ble BIFR appointed Shri Suresh Kumar Kinra as Special Director on the Board of the Company w.e.f. 3<sup>rd</sup> January 2011.

### 3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors. The "Terms of Reference" of the Committee are in conformity with the provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The Committee consists of four Directors namely Shri Onkar Nath Rai (Chairman), Shri Vinit Marwaha, Shri R.K. Gupta and Shri Suresh Kumar Kinra\*, majority being Non-Executive.

The meeting of the Audit Committee held on 5th July 2010, was attended by Shri Vinit Marwaha and Shri R.K. Gupta. 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.

\*Shri Suresh Kumar Kinra was appointed by the Board as a Member of the Audit Committee w.e.f. 3.1.2011.

### 4.1 REMUNERATION COMMITTEE (non-mandatory)

The Company does not have any permanent Remuneration Committee. A Committee comprising of three independent Directors was constituted by the Board on 14th May 2011 to consider and determine remuneration of Shri R.K. Gupta, Whole-time Director of the Company on his re-appointment for a further period of three years w.e.f. 26th May 2011.

### 4.2 REMUNERATION PAID TO DIRECTORS

- (a) Non executive Directors (NEDs): As unanimously decided by the Board, no payments were made to the Directors