

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

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 17th 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 31st 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 15th 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

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. 5th 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

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.

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 manufacturer'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

tentatively held between July and September 2011.

(iii) **DATE OF BOOK CLOSURE:**
14.09.2010 to 17.09.2010 (both days inclusive)

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

(v) **LISTING 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 Bombay Stock Exchange w.e.f. 03.02.2003.

(vi) **STOCK MARKET PRICE DATA & COMPANY'S SHARE PERFORMANCE V/S. BSE SENSEX**

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 March 2010**

No. of Equity shares held	No. of shareholders	% of shareholders	No. of shares	% of share-holding
Upto 5000	15,774	99.57	37,26,947	5.91
5001-10000	41	0.26	3,24,538	0.51
10001-50000	19	0.12	3,16,071	0.50
50001-100000	3	0.02	2,33,000	0.37
100000 & above	4	0.03	5,85,03,687	92.71
TOTAL	15,841	100.00	6,31,03,243	100.00

(viii) **SHARE TRANSFER SYSTEM**

All valid requests for transfer/transmission of Shares held in physical form are processed within a period of 15-20 days from the date of receipt thereof and the Share Certificates duly transferred are immediately returned to the transferee/lodger. Transactions in the demated shares are processed by NSDL/CDSL through the Depository Participant with whom the Shareholders have opened their demat accounts.

(ix) **DEMATERIALISATION OF SHARES AND LIQUIDITY**

Trading in the equity Shares of the Company is permitted only in

dematerialised form. Shareholders may therefore, dematerialise their holdings in physical form with any one of the Depositories namely, NSDL and CDSL. ISIN No. for both the depositories is INE225C01011. As on 31st March 2010, 82.18% of the Equity Shares stand dematerialised. It may be noted that in respect of Shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

(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 **Udaipur Cement Works Limited Secretarial Department at:**
Gulab Bhawan (Rear Block)
6A, Bahadur Shah Zafar Marg
New Delhi- 110 002
Tel.Nos.(011)30179861 & 30179862
Fax Nos.91-11-23739475
Email:rgupta@jkm.com

2 **Registrar & Share Transfer Agents(RTA):**

MCS Ltd.

Venkatesh Bhawan

F-65, First Floor, Okhla Industrial Area, Phase-I,

New Delhi- 110 020

Tel. Nos. (011) 41406149, 41406151-52

Fax No.91-11-41709881

Email:admin@mcsdel.com

Contact Person: Mr. Aniruddha Mitra

(E-mail: amitra@mcsdel.com)

Shareholders are requested to quote their Folio No./ DP ID/ Client ID and details of shares held in physical/ demat mode, E-mail Ids and Telephone/Fax No. for prompt reply to their communications.

**Auditor's Compliance
Certificate on
Corporate Governance**

To the members of Udaipur Cement Works Limited.

We have examined the conditions of Corporate Governance procedures by Udaipur Cement Works Limited for year ended on 31.03.2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges have generally been complied with except, publication/ taking on record by the Board of Directors of unaudited half yearly/quarterly results, constitution of Audit Committee w.r.t. minimum number of Non-Executive/ Independent Directors and holding of minimum number of audit committee meetings. There are no investor complaints/grievances of over 30 days which are remaining unattended as per the record maintained by the Shareholder's/Investor's Grievance Committee.

For OM PRAKASH S. CHAPLOT & CO.

Chartered Accountants

(O.P.CHAPLOT)

Partner

M.No. 10184

Date : 05.07.2010

Place: Udaipur

AUDITORS' REPORT

To the members of Udaipur Cement Works Limited

We have audited the attached Balance Sheet of Udaipur Cement Works Limited as at 31st March 2010, the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion and to the best of our information, the Profit & Loss Account, Balance Sheet and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable **except to the extent of non – provision of interest liability etc. and preparation of accounts on going concern basis (AS-1), non-provision for leave encashment. (Note No. 2-AS 15), Non-determination of current net Realisable Value of Inventory and Non- determination/ non- provision of obsolete and unusable assets and inventory, non provision of depreciation and for impairment of assets(note no.3- AS-2, AS-6, AS-10 and AS-28);**
 - e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being re-appointed as a director of the company in terms of the clause (g) of sub- (1) of section 274 of the Companies Act, 1956. **However all the directors of the company are disqualified to be appointed/ re-appointed as directors in any other public company;**
 - f) **Attention is invited to:**
 - (i) Note no. 1 & 11 of Schedule 13 regarding preparation of accounts on "going concern basis" for the reasons stated in the said notes and our inability to comment thereon;
 - (ii) Note no. 2 of Schedule 13 regarding

UDAIPUR CEMENT WORKS LIMITED

- non-provision of salary , wages , allowances and other benefit etc. as stated in the said note (amount unascertained).
- (iii) Note no. 3 of Schedule 13 regarding valuation of respective inventories as valued, considered same as in the previous year and have been taken on the same value as in the previous year and non provision of adjustment of lower of net realisable value over cost of inventories and non provision for obsolete, shortages, damaged and non-moving, inventories and fixed assets and for impairment of assets (amount unascertained) and non provision of depreciation as stated in the said note.
- (iv) Note no. 4(a) of Schedule 13 regarding non provision of interest on secured loans, bank borrowings, trade deposits, royalty, dues payable to Ajmer Vidyut Vitaran Nigam Ltd. (AVVNL), excise duty demand and penal interest, liquidated damages, etc. thereon as stated in the said note (amount unascertained) and regarding non-accounting of interest earned on certain deposits.
- (v) Note No. 4(c) of Schedule 13 regarding non-accounting of interest earned on certain deposits as stated in the said note (amount unascertained).
- (vi) Note No. 14 of Schedule 13 regarding non-provision against overdue debtors amounting to Rs. 3,67,79,578 and loans and advances amounting to Rs. 4,70,28,145.
- (vii) Note No. 21, 14, 6 & 11 of Schedule 13 regarding pending reconciliation/confirmation of balances of secured loans, unsecured loans, deferred interest, creditors, other current liabilities, banks, deposits, debtors, loans and advances and contingent liabilities considered to the extent identified by the management and our inability to comment thereon.
- (viii) Note No. 13 of Schedule 13 regarding non-provision of interest on overdue liability of Sundry Creditors under

Current Liabilities & Provisions as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" (amount unascertained) and identification of such parties and their dues by the management and our inability to comment on the same.

We further report that the loss for the year, balance in profit & loss account, assets and liabilities as stated are without considering the impact of items mentioned in para (f)(i) to (v), (vii) & (viii) above. Had the observation made in para (f) (iii) & (vi) above been considered, loss for the year would have been Rs. 19,23,99,570 (as against reported figure of Rs 1,86,83,316), debit balance in profit & loss account would have been Rs. 3,07,83,72,056 (as against reported figure of Rs. 2,90,46,55,802), debtors would have been Rs. Nil (as against reported figure of Rs. 3,67,79,578) and loans & advances would have been Rs. 10,00,00,000 (as against reported figure of Rs. 14,70,28,145).

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said balance sheet, profit & Loss account and the cash flow statement read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2010;
- In the case of the Profit & loss Account, of the loss for the year ended on that date; and
- In the case of Cash Flow Statement, of the cash flows for the year ended on that date

FOR OM PRAKASH S CHAPLOT & CO.
Chartered Accountants

(O.P.CHAPLOT)

Date : 05.07.2010

Partner

Place : Udaipur

M. No. 10184

ANNEXURE TO THE AUDITOR'S REPORT

[Referred to in Paragraph (1) of the Auditors' Report of even date to the members of Udaipur Cement Works Limited for the year ended 31.03.2010]

i)

- a) Records showing full particulars including quantitative details and situation of fixed assets have been maintained by the company. This should be read with our comments in para (b) below.
- b) Physical verification of fixed assets has not been conducted by the management during the year due to plant operation being under suspension as stated in note no. 3 of Schedule 13. Discrepancy, if any, in this respect could not be ascertained and commented by us.
- c) As per information and explanations provided by the management and records made available to us, fixed assets disposed off during the year were not substantial.

ii)

- a) Physical verification of inventories has not been conducted by the Management during the year as stated in note no.3 of Schedule 13.
- b) In our opinion and having regard to our comments in Para (ii)(a) above, the procedures of physical verification of inventory needs to be made adequate in relation to the size of the company and nature of its business.
- c) On the basis of information and records made available, inventory records are maintained (subject to note no.3 of Schedule 13) but in the absence of physical verification report, it is not possible to ascertain and comment on discrepancy between book records and physical inventory and adjustments, if any

and ascertainment of amount thereof read together with note no.3 of Schedule 13.

- iii) The company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii) (b) to (d), (f) & (g) of the order are not applicable.
- iv) Internal control system require to be strengthened to be made commensurate with the size of the company and the nature of its business for the sale of fixed assets and services and read with our comments elsewhere and note no 3, 14, & 21 of Schedule 13.
- v) According to the information and explanations provided by the management and based upon audit procedure performed, we are of the opinion that there are no particulars of contracts or arrangements referred to in section 301 of the Act to be entered in the register required to be maintained under that section, accordingly, the provisions of clause 4 (v) (b) of the order are not applicable.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India and the provision of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- vii) No Internal Audit has been carried out during the year as stated in note no. 17 of Schedule 13.
- viii) We have broadly reviewed the books of account maintained by the company

UDAIPUR CEMENT WORKS LIMITED

pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained read with Note no. 3 of schedule 13. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate.

ix)

- a) According to the legal opinion obtained by the company liability of provident fund contribution arises only when salaries and wages are actually paid, accordingly we are not in a position to express opinion about payable amount in respect of provident fund contribution. As informed to us, Employee State Insurance is not applicable to the company. Further, according to the records of the Company and information and explanations given to us, the company is generally regular (except delay in case of Sales Tax, Excise Duty, Income Tax, Royalty (

including as reported below) in depositing undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Service Tax, Custom Duty, Cess and other material Statutory dues with the appropriate authorities to the extent applicable. There are no material statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2010 except Sales Tax Rs. 13,44,27,346, Excise Duty Rs. 70,54,778, , Electricity dues Rs. 1,83,17,491, Cess Rs. 55,853 and Royalty Rs. 62,61,385, further this is to be read together with note no. 2, 4(a) and 21 of Schedule 13.

- b) According to the records and information and explanations given to us, there are no dues in respect of Wealth Tax, Custom Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of Income Tax, Excise Duty, Service Tax and Sales Tax that have not been deposited on account of dispute and the forum where the dispute is pending are given below: -

Name of the Statute	Nature of The Dues	Period	Forum where dispute is pending	Amount (in Rs.)
Central Excise Act	Excise Duty	1995-96	High Court	4,40,017
Service Tax Act	Service Tax	1997-98	Assistant Commissioner of Excise (S.T.)	66,05,892
Sales Tax Act	Sales Tax	1999- 2000	Assistant Commissioner (Comm. Tax)	8,14,000
	Sales Tax (Interest)	1996-97, 1997-98 & 1998-99	Assistant Commissioner (Comm. Tax)	9,11,000
	Sales Tax	1996- 97	Assistant Commissioner (Comm. Tax) Circle 'B' Jammu	25,04,900
<i>Above is to be read with note no. 6, & 21 of Schedule 13</i>				

- x) The company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has also incurred cash losses in the current financial year and also in the immediately preceding financial year.
- xi) On the basis of records made available

and information and explanations given to us, the company has defaulted in repayment of dues, considering restructuring scheme, to financial institutions, banks and debenture holders, the details of which are given below

<i>Particulars</i>	<i>Amount Over due as on 31.03.2010 (Including accrued interest to the extent provided for)</i>	<i>Maximum Balance outstanding during the year</i>
Debentures holders	Rs. 40,49,59,779 (including carried over Rs. 31,50,16,353 from previous year)	Rs. 40,49,59,779
Banks	Rs 18,92,88,108 (including carried over Rs. 18,66,44,358 from previous year)	Rs. 18,92,88,108
Financial Institutions	Rs 60,84,70,500 (including carried over Rs. 47,31,29,933 from previous year)	Rs 60,84,70,500
Deferred Interest	Rs. 10,82,29,116	Rs. 10,82,29,116
<i>Above is to be read with note no. 4, 5 & 21 of Schedule 13</i>		

- xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or a nidhi/ mutual benefit fund/society; therefore the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- xiv) According to the information and explanations provided by the management, the company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the records, information and explanations given to us, the Company has not availed any fresh term loan during the year.
- xvii) Based on the examination of the documents and records made available and on the basis of information and explanations given to us and on an overall examination of financial statements, we are of the opinion that the company has not used funds raised on short-term basis for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to information & explanations provided by the management no debentures have been issued during the year. In respect of debentures outstanding during the year security or charge had been created as stated in note no. B 1 of schedule-3.
- xx) The company has not raised any money through a public issue during the year.
- xxi) Based on the audit procedures performed and on the basis of information and explanations provided by the management which have been relied upon by us, no fraud on or by the company has been noticed or reported during the course of our audit or have been informed by the management.

**FOR OM PRAKASH S CHAPLOT & CO.,
Chartered Accountants**

Date : 05.07.2010
Place : Udaipur

(O.P.CHAPLOT)
Partner
M. No. 10184

UDAIPUR CEMENT WORKS LIMITED

BALANCE SHEET
As at 31st March, 2010

(Amount in Rs.)

	SCHEDULE	31st Mar.2010 (15 Months)	31st Dec.2008 (12 Months)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,143,223,330	1,143,223,330
Reserves and Surplus	2	608,992,920	608,992,920
		<u>1,752,216,250</u>	<u>1,752,216,250</u>
Loan Funds			
Secured Loans	3	1,202,568,008	1,217,017,008
Deferred interest (Refer Note No.5 - Notes on Accounts)		108,229,116	108,229,116
Unsecured Loan - Trade Deposit		43,902,540	43,902,540
		<u>1,354,699,664</u>	<u>1,369,148,664</u>
	Total	<u>3,106,915,914</u>	<u>3,121,364,914</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		1,678,960,282	1,678,960,282
Less: Depreciation		1,238,774,106	1,238,774,106
Net Block	4	<u>440,186,176</u>	<u>440,186,176</u>
Current Assets, Loans and Advances			
Inventories	5	84,323,104	84,323,104
Sundry Debtors	6	36,779,578	37,870,578
Cash and Bank Balances	7	6,262,327	6,161,506
Loans and Advances	8	147,028,145	147,270,130
		<u>274,393,154</u>	<u>275,625,318</u>
Less: Current Liabilities and Provisions	9	<u>512,319,218</u>	<u>480,419,067</u>
Net Current Assets		<u>(237,926,064)</u>	<u>(204,793,748)</u>
Profit & Loss Account		2,904,655,802	2,885,972,486
(Balance as per annexed Profit & Loss account)			
	Total	<u>3,106,915,914</u>	<u>3,121,364,914</u>

Notes on Accounts 13
Schedules 1 to 9 and 13 attached to the Balance Sheet
are an integral part thereof

As per our report of even date
for OM PRAKASH S CHAPLOT & CO.
Chartered Accountants

Onkar Nath Rai

O.P.CHAPLOT
Partner

R.K.GUPTA
Whole Time Director

Vinit Marwaha

Directors

UDAIPUR
Date: 05.07.2010

PROFIT AND LOSS ACCOUNT
For the Year Ended 31st March, 2010

(Amount in Rs.)			
	SCHEDULE	31st Mar.2010 (15 Months)	31st Dec.2008 (12 Months)
INCOME			
Sales			
Other Income	10	375	225,576
		<u>375</u>	<u>225,576</u>
Increase / (Decrease) in Stocks		<u>375</u>	<u>225,576</u>
EXPENDITURE			
Employees	11	18,023,065	1,371,745
Other Expenses	12	660,626	1,275,694
		<u>18,683,691</u>	<u>2,647,439</u>
PROFIT / (LOSS) BEFORE DEPRECIATION		<u>(18,683,316)</u>	<u>(2,421,863)</u>
Depreciation			<u>72,252,439</u>
NET PROFIT/(LOSS) AFTER DEPRECIATION		<u>(18,683,316)</u>	<u>(74,674,302)</u>
NET PROFIT/(LOSS) BEFORE TAX		(18,683,316)	(74,674,302)
NET PROFIT/(LOSS) AFTER TAX		<u>(18,683,316)</u>	<u>(74,674,302)</u>
(Deficit) brought forward from Previous Period		(2,885,972,486)	(2,811,298,184)
(Deficit) carried to Balance Sheet		<u>(2,904,655,802)</u>	<u>(2,885,972,486)</u>

Notes on Accounts 13
Schedules 10 to 13 attached to the Profit and Loss Accounts
are an integral part thereof

As per our report of even date
for OM PRAKASH S CHAPLOT & CO.
Chartered Accountants

Onkar Nath Rai

Directors

O.P.CHAPLOT
Partner

R.K.GUPTA
Whole Time Director

Vinit Marwaha

UDAIPUR
Date: 05.07.2010

UDAIPUR CEMENT WORKS LIMITED

Schedules 1 to 13 annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date.

	31st Mar.2010 (15 Months)	31st Dec.2008 (12 Months)
(Amount in Rs.)		
SCHEDULE 1		
CAPITAL #		
Authorised:		
Equity Shares - 6,50,00,000 of Rs. 10 each	650,000,000	650,000,000
Preference Shares - 60,00,000 of Rs. 100 each	600,000,000	600,000,000
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, Subscribed & Paid Up:		
Equity Shares		
- 63103243 (Previous year 63103243) of Rs. 10 each fully paid up	631,032,430	631,032,430
Add : Forfeited Shares	2,667,900	2,667,900
	<u>633,700,330</u>	<u>633,700,330</u>
Zero Coupon Preference Shares #		
- 4531948 Shares of Rs. 100 each (series-I) fully paidup (Issued in consideration other than cash)	453,194,800	453,194,800
- 563282 Shares of Rs. 100 each (series-II) fully paidup (Issued in consideration other than cash)	56,328,200	56,328,200
# Zero Coupon Preference Shares I & II are Redeemable at par in five equal instalments commencing from the last quarter of year 2010-11		
	<u>1,143,223,330</u>	<u>1,143,223,330</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserves	130,800	130,800
Share Premium Account	608,862,120	608,862,120
	<u>608,992,920</u>	<u>608,992,920</u>
SCHEDULE 3		
SECURED LOANS		
(i) Debentures		
13.5% Secured Redeemable Partly Convertible Debentures	7,588,500	7,588,500
Non Convertible Debentures of Rs.100 each (Series - I) 2398769 (Previous Year 2398769) 13.5%	235,427,900	239,876,900
Non Convertible Debentures of Rs.100 each (Series- II) 1617930 (Previous Year 1617930) 13.5%	161,793,000	161,793,000
(ii) Loans & Advances from Banks and Financial Institutions		
Term Loans from		
Financial Institutions	608,470,500	618,470,500
Banks	11,250,000	11,250,000
Working Capital Loans from Banks	178,038,108	178,038,108
	<u>1,202,568,008</u>	<u>1,217,017,008</u>

Notes:

A. Terms of Redemption of Debentures

1. 13.5% Secured Redeemable Partly Convertible Debentures of Rs.90 each are redeemable in three equal annual installments commencing from April,1 2002 (one installment redeemed)
2. In terms of the sanctioned Scheme of Compromise and/or Arrangement, part of the long term debt of the Company stood converted into Debentures on the terms given below:-
 - 13.5% Non-Convertible Debentures of Rs.100 each (Series-I) aggregating to Rs. 239876900/- (out of which Rs. 44,49,000/- paid during the year) and 13.5% Non-Convertible Debentures of Rs.100 each(Series-II) aggregating to Rs. 161793000/- are redeemable in 28 quarterly installments of the amount calculated in terms of percentage specified in the scheme commencing from 2003-04 to 2009-10 i.e. 8%,12%,12%,13%,18%,18% and 19%.

B. Security

1. 13.5% Secured Redeemable Partly Convertible Debentures (Non Convertible Portion) of Rs.75,88,500 and 13.5% NCDs (Series - I) are secured by way of first parri passu charge on all the movable and immovable properties of the company and 13.5% NCDs (Series-II) are secured by way of a second and sub-servient charge on all the movable and immovable properties of the company subject to prior charges in favour of the bankers on specified movable assets for working capital requirements.
2. Term Loans from Financial Institutions and Banks are secured by way of first parri passu charge inter alia on the company's immovable properties at Udaipur and on the company's movable properties except term loans from Financial Institutions amounting to Rs. 48460500 are secured by means of second and sub-servient charge on the properties mentioned above subject to prior charges in favour of the bankers on specified movable assets for working capital requirements.
3. The Debentures and Term Loans secured as stated above are inclusive of deferred interest. (Refer Note 5 of Schedule 13)
4. Working Capital Loans from Banks are secured against hypothecation of Stocks & Book Debts etc.

SCHEDULE - 4

FIXED ASSETS

PARTICULARS	(Amount in Rs.)										
	1st Jan. 2009 Gross Book Value	Additions/ Adjustment	Sales/ Adjustment	31st Mar.2010 Gross Book Value	DEPRECIATION				31st Mar.2010 Net Book Value	31st Dec. 2008 Net Book Value	
					Upto 31.12.2008	For the Period	On Sales/ Adjustment	Upto 31.03.2010			
Land	4151259			4151259						4151259	4151259
Leasehold Land	7063706			7063706					6469483	594223	594223
Building	126775637			126775637					48499194	78276443	78276443
Furniture & Fixtures	11542082			11542082					10175890	1366192	1366192
Vehicles	1521737			1521737					1275405	246332	246332
Plant & Machinery	1484341788			1484341788					1142328746	342013042	342013042
Pipeline & Water Works	8495428			8495428					5398467	3096961	3096961
Railway Siding & Locomotives	20727653			20727653					14568523	6159130	6159130
Electric Sub Stn. & Tel. Insst. etc.	13435214			13435214					9411974	4023240	4023240
Weigh Bridge	905778			905778					646424	259354	259354
TOTAL	1678960282			1678960282					1238774106	440186176	440186176
Previous Year	1678960282			1678960282					1238774106	72252439	440186176

Note: Refer Note No. 3 of Schedule 13 regarding non-provision of depreciation for the period.

	(Amount in Rs.)	
	31st Mar.2010 (15 Months)	31st Dec.2008 (12 Months)
SCHEDULE 5		
INVENTORIES		
(As certified by the Management)		
Stores & Spares	65,963,949	65,963,949
Raw Materials	7,825,878	7,825,878
Stock-in-Process	8,893,496	8,893,496
Finished Goods	1,415,781	1,415,781
Scrap	224,000	224,000
	<u>84,323,104</u>	<u>84,323,104</u>
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured)		
Exceeding Six Months		
- Considered Good	36,779,578	37,870,578
- Considered Doubtful	12,671,667	12,671,667
Less:- Provision for Doubtful debts	12,671,667	12,671,667
(See Note No. 13 - Notes on Accounts)		
	<u>36,779,578</u>	<u>37,870,578</u>
SCHEDULE 7		
CASH AND BANK BALANCES		
Cash on hand	11,969	37,188
Balance with Scheduled Banks :		
On Current Accounts	773,590	647,550
On Deposit Accounts (Including Employees' Security	5,476,768	5,476,768
Deposit Rs. 75000 - Previous Period Rs.75000)		
(F/D Pledged with Banks Rs. 4514700 Lacs (Previous Period 4514700))		
	<u>6,262,327</u>	<u>6,161,506</u>
SCHEDULE 8		
LOANS AND ADVANCES		
(Unsecured / Considered good)		
Unsecured Loans		
Bengal & Assam Company Ltd.	100,000,000	100,000,000
(Refer Note No. 16 - Notes on Accounts)		
Advances recoverable in cash or in kind or for value to be received	29,264,985	29,206,970
Deposits with Government Authorities and Others	17,763,160	18,063,160
	<u>147,028,145</u>	<u>147,270,130</u>
SCHEDULE 9		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Dues of Micro, Medium and Small Enterprises (Refer Note No. 13)	2,211,239	2,211,239
Others Sundry Creditors	462,625,319	445,174,168
Sub-total - Sundry Creditors	464,836,558	447,385,407
Advance from Body Corporate	14,449,000	
Other Liabilities	32,883,281	32,883,281
Investor Education and Protection fund Shall be credited by the following amounts namely- *#+	150,379	150,379
- Unpaid Interest on 13.5% Secured Partly Convertible debentures		
* There is no amount due and outstanding as at balance sheet date to be credited to investor Education and Protection Fund		
# Refer Notes to Schedule 3		
+ Refer Note No. 4(b) of Schedule 13		
	<u>512,319,218</u>	<u>480,419,067</u>

UDAIPUR CEMENT WORKS LIMITED

	(Amount in Rs.)	
	31st Mar.2010 (15 Months)	31st Dec.2008 (12 Months)
SCHEDULE 10		
OTHER INCOME		
Rent	375	300
Credit Balances written off	-	225,276
	375	225,576
SCHEDULE 11		
EMPLOYEES		
Salaries,Wages, Bonus, Gratuity etc.	17,978,065	1,335,745
Contribution to Provident and Other Funds	45,000	36,000
	18,023,065	1,371,745
SCHEDULE 12		
OTHER EXPENSES		
Insurance	-	1,149
Rent	30,250	41,500
Bank Charges	10,984	6,559
Repairs to Others	-	2,053
Postage, Telegrams, Telephones & Telex	66,888	65,307
Legal and Professional Fee & Expenses	222,958	243,500
Prior Period Expenses	-	110,588
Debit Balances written off	-	17,992
Administrative Expenses on Provident Fund	105	84
Electricity, Gas & Water Charges	232,450	221,475
Fees & Subscription (Stock Exchange/Trustee fees)	9,644	411,616
Printing & Stationery	24,804	28,589
Licence Fee & Expenses	2,960	-
Office & General Expenses	59,583	125,282
	660,626	1,275,694

SCHEDULE 13
NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. The financial statements are prepared on going concern basis and the accounts are maintained on accrual basis except the claims / refunds / fuel surcharges not ascertainable with reasonable certainty are accounted for on settlement / receipt basis.
 2. Fixed Assets are stated at cost of acquisition/purchase.
 3. Expenditure during construction/erection period is allocated to the respective fixed assets on completion of construction/ erection. Interest on borrowings as allocated by the Management for new/ expansion project is capitalised/included in Capital Work in Progress.
 4. Assets and liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the period or at contracted rate. Exchange difference in respect of fixed assets are adjusted to the carrying cost of fixed assets and in respect of other is charged to Profit & Loss Account.
 5. Long Term investments are stated at cost.
 6. Inventories (except scrap/waste which is valued at net realisable value) are valued at lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process stock include cost of conversion and other charges incurred in bringing the Inventories to their present location and condition.
 7. Borrowing cost is charged to Profit and Loss Account except cost of borrowing for acquisition of qualifying assets, which is capitalised till the date of commercial use of the assets.
 8. Revenue expenditure on research and development is charged to profit and loss account and capital expenditure is added to the fixed assets.
 9. (a) Depreciation on Fixed Assets upto 31st December 2008 is provided as per straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Continuous process plants as defined in Schedule XIV have been considered on technical evaluation. No depreciation is provided w.e.f. 01.01.2009 during the period the plant & machinery remain unutilized.
(b) Leasehold land is being amortised over the lease period.
 10. Provision for taxation is made based on the current tax rates in force. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and may be reversed in one or more subsequent periods. Deferred tax assets arising on account of brought forward losses, unabsorbed depreciation and other temporary timing differences are recognised only if there is virtual certainty of realisation.
 11. Miscellaneous expenditure are amortised as follows : (Expenses incurred upto 30.09.2003)
 - (i) Preliminary expenses charged to Revenue Account over a period of ten years.
 - (ii) Expenses on issue of shares/debentures over ten years and such amortisation is adjusted against Share Premium Account.
 - (iii) Expenditure incurred upto 30.09.2003 against which benefit was expected to flow into future periods, had been treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefit.
 12. Retirement benefits are accounted on accrual basis.
-

B. NOTES ON ACCOUNTS

1. The company is registered as a sick company with BIFR. Due to nonviability, operations of the plant are under suspension since 26th March, 2002. The company has submitted a Draft Rehabilitation Scheme (DRS) and BIFR is taking necessary steps in accordance with the law. Accordingly, these accounts have been prepared on "going concern" basis.
2. Dispute regarding salaries, wages, allowances and other benefits etc., to the employees for the period 18th June 2002 onward is pending for adjudication before the Labour Tribunal and therefore the same has not been provided in the books of Accounts (Amount Unascertained). However, the provision in respect of above expenses (except contribution to Superannuation fund for the year period 01.10.2004 to 31.12.2005 and conveyance allowance and leave encashment w.e.f. 01.10.2004 onwards) has been made for those employees who were engaged in essential services including whole time director during this period.
3. For the reasons stated in Note no.1 above physical verification of the Fixed Assets and Inventories of raw materials, process stocks, stores & spares, scrap and finished goods could not be carried out during the year. Fixed assets and inventories have been taken same as in the previous year and inventories have been valued on the same value as in the previous year. Adjustment, if any for lower of net realisable value over cost of inventories and provision for non-moving, obsolete and damaged inventories and fixed assets and for impairment of assets could not be ascertained, hence not provided for. Further, in view of the non-utilization of plant & machinery, depreciation of Rs. 8,99,08,531/- has not been provided for the period of 15 months ended as on 31st March 2010.
4. (a) Interest on secured loans, bank borrowings, trade deposits, royalty and dues to Ajmer Vidyut Vitran Nigam Limited, Excise duty demand, other deposits and penal interest, liquidated damages etc thereon, if any, has not been provided since the matter relating to rehabilitation is pending with BIFR (Amount Unascertained).
 (b) Matured Debentures amounting to Rs.40,48,09,400/- (Previous year Rs. 31, 48,65,974) have not been shown under current liabilities since the matter relating to rehabilitation is pending with BIFR.
 (c) Interest earned on certain deposits will be accounted for on receipt basis (Amount Unascertained).
5. Deferred interest of Rs. 10,82,29,116/- represents amount payable to Term Lenders and Debenture holders commencing from June,2005 and ending on March,2008 (read with note no. B-3 of Schedule 3), pursuant to the Sanctioned Restructuring Scheme and has fallen due for payment as on 31st March 2008, but could not be paid due to suspension of operation.
6. Claims made against the Company, to the extent could be identified from available information, at Rs. 3,45,44,938 (Previous year Rs. 3,20,96,064) disputed/not accepted by the company, hence not provided (excluding Stamp Duty as stated in Note No. 11 below).

	(Amounting in Rs.)	
	31st Mar'10	31st Dec'08
a) Excise duty in respect of matters in appeal	4,40,017	4,40,017
b) Sales Tax in respect of matters in appeal	42,29,900	17,25,000
c) Service tax in respect of matters with Asstt. Commissioner	66,05,892	66,05,892
d) Other matters	2,32,69,129	2,33,25,155

-
7. The liabilities pertaining to the statutory levies and pending legal cases prior to the date of take over of the cement undertaking i.e. 01.12.1993 will be borne by Bajaj Hindustan Limited.
 8. In the absence of profit, the required Debenture Redemption Reserve has not been created.
 9. The company has only one business segment, i.e. manufacturing and selling of cement.
 10. In view of uncertainty to have taxable profits in near future, Deferred Tax Assets in accordance with the Accounting Standard- 22 issued by the Institute of Chartered Accountants of India has not been recognised.
 11. In respect of the pending Stamp duty matter the Collector (Stamps), Udaipur vide order dated 29.01.2004 had determined stamp duty liability at Rs. 8,04,28,911 along with equal amount of penalty. The company filed a revision petition against the said order dated 29.01.2004 before the Revenue Board, Ajmer, which was subsequently transferred to Rajasthan Tax Board, Ajmer who vacated the stay order earlier granted by the Revenue Board. Consequently the Collector (Stamps) initiated recovery proceedings by attaching the properties of the company. There upon the company filed a writ petition in the Hon'ble High Court of Judicature for Rajasthan at Jodhpur against the said attachment. The Hon'ble High Court vide order dated 08.05.2006 allowed our writ petition. In the meantime Rajasthan Tax Board dismissed our revision petition on 06.10.2006. The Collector (Stamps) again initiated recovery proceedings by auctioning/ threatening to auction property of the company inspite of the fact that such proceeding cannot be taken in view of Section 22 of SICA and order of Hon'ble High Court dated 08.05.2006. The Company has filed writ petitions intere-alia challenging the impugned order dated 06.10.2006 and action of the Collector (Stamps). The Hon'ble High Court has stayed further action by the Collector (Stamps), Udaipur and petitions are pending disposal.
 12. Contingent liability for non-use of Jute bags for Cement packing upto 30th June, 1997, as per Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 is not ascertained. The Government has excluded Cement Industry from application of the said Order from 1st July, 1997.
 13. Disclosure of Sundry Creditors under Current Liabilities & Provisions is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Principal amount overdue as on 31st March 2010, to "Micro, Small and Medium Enterprises aggregate to Rs. 22,11,239/- (Previous year Rs. 22,11,239/-). No interest has been paid or provided on overdue liability of Micro, Small and Medium Enterprises, since the operations of the plant are under suspension since 26th March, 2002 and matter relating to rehabilitation is pending with BIFR (Amount Unascertained).
 14. Debts over six months and Loans and Advances includes Rs.3,67,79,578/- (Previous year Rs. 3,78,70,578) and Rs. 4,70,28,145/- (Previous year Rs. 4,72,70,130) respectively, for which legal and other necessary action has been taken for recovery. Provision, if any, will be considered on completion of the reconciliation/confirmation.
 15. Interest free demand Loans and Advances include loan to employees of Rs. 7,65,868 (Previous year Rs. 7,65,868) and interest free advances to employees of Rs. 1,41,60,915 (Previous year Rs. 1,41,60,915). Maximum balance outstanding during the year Rs. 765,868 and Rs. 1,41,60,915 respectively.
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UDAIPUR CEMENT WORKS LIMITED

16. The repayment of zero coupon unsecured loan of Rs. 10 crores payable by Bengal & Assam Company Ltd. on 15.02.2010 has been extended by a period of 18 months on the existing terms.
17. Internal audit has not been conducted during the year since operations of the plant continue to remain suspended as stated in note no. 1 above.
18. Payment to Auditors: -

(Amount in Rs.)		
	2010 (15 Months)	2008 (12 Months)
a) Statutory Auditors :		
i) Audit Fee	28,090	28,090
b) Cost Auditors		
i) Cost Audit Fee	14,000	14,000

19. Remuneration to Whole Time Director

(Amount in Rs.)		
	2010 (15 Months)	2008 (12 Months)
Salary (Including Allowances)	3,00,000	2,40,000
Contribution to Provident & Superannuation Fund	45,000	36,000
Gratuity	14,423	11,538
Value of Perquisites	-	-
	3,59,423	2,87,538

This is to be read with note no. 2 herein above.

20. Prior Period Expenses include fees & subscription Rs. Nil (1,00,440/-) and Bank charges Rs. Nil (10,148/-).
21. The balances of Secured loans, Unsecured loans, Deferred interest, Creditors, Other Current liabilities and bank & other deposits are pending for confirmation / reconciliation (Impact unascertainable).
22. Particulars of Capacity (Per annum), Production, Sales and Stocks:

Description	Unit	Installed Capacity (P.A.) Qty. (a)	Production Qty.	Sales		Opening Stocks		Closing Stocks	
				Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Cement	MT	900000	Nil	Nil	Nil	909	1415781	909	1415781
		(900000)	Nil	Nil	Nil	(909)	(1415781)	(909)	(1415781)

Note :-

- a) As certified by the Management.
b) Figures in brackets represent previous year.
23 Particulars of raw materials consumed, stores and spares consumed, Earning/expenditure on foreign currency Nil. (Previous year Nil).
24 Related Party Disclosure :

List of Related Parties

- a) Key Management Personnel:

Shri R. K. Gupta Whole Time Director

- b) The following transactions were carried out with related parties in the ordinary course of business:

Nature of transaction	Key Management
	Personnel
I) Remuneration	3,59,423 (2,87,538)
ii) Outstanding as at year end	
- Payable (Net)	11,675 (11,675)
- Remuneration Payable	19,800 (19,900)

25. Basic and Diluted Earning Per Share (Pursuant to Accounting Standard – 20) :

	2010	2008
	(15 Months)	(12 Months)
a) Net (Loss) for the year (Rs.)	(1,86,83,316)	(7,46,74,302)
b) Weighted Number of Equity Shares of Rs. 10		
Each outstanding during the year (Nos.)	6,31,03,243	6,31,03,243
c) Basic / Diluted Earning per share (a/b)	(0.30)	(1.18)

- 26 The Company has changed accounting year from December ending to March ending. Consequently, accounts for current period have been prepared for 15 months ended 31st March, 2010. In view of this, previous period figures have been regrouped and recast wherever necessary and are not strictly comparable with current period.

As per our report of even date
for OM PRAKASH S CHAPLOT & CO.
Chartered Accountants

Onkar Nath Rai

O.P.CHAPLOT
Partner

R.K.GUPTA
Whole Time Director

Vinit Marwaha

Directors

UDAIPUR
Date: 05.07.2010

UDAIPUR CEMENT WORKS LIMITED

CASH FLOW STATEMENT For the year ended 31st March, 2010

PARTICULARS	(Amount in Rs.)	
	2010 (15 Months)	2008 (12 Months)
A. CASH FLOW FROM OPEARTING ACTIVITIES:		
Net Profit /(Loss) Before Tax And Extraordinary Items	(18,683,316)	(74,674,302)
Adjustments for :		
Depreciation	-	(72,252,439)
Depreciation written Back	-	-
Interest/Dividend	-	-
(Profit) /Loss on Sale of Assets (Net)	-	-
Preliminary & Deferred Revenue expenditure written off	-	-
Operating Profit Before Working Capital Changes	<u>(18,683,316)</u>	<u>(2,421,863)</u>
Adjustments for :		
Trade and Other Receivables	1,332,985	84,730,495
Trade Payables	17,451,152	(82,396,604)
Net Cash from Operating Activities	<u>100,821</u>	<u>(87,972)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Investments (Now treated as unsecured loans)	-	100,000,000
Unsecured loans (Transferred from investments as above)	-	(100,000,000)
Net Cash Used In Investing Activities	<u>-</u>	<u>-</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Advance from Body Corporate	14,449,000	-
Payment of Secured Loan	(14,449,000)	-
Net Cash Used In Financing Activities	<u>-</u>	<u>-</u>
D. Net Increase/(Decrease) in Cash And Cash Equivalents(A+B+C)	<u>100,821</u>	<u>(87,972)</u>
E. Cash And Cash Equivalents at the beginning of the year	<u>6,161,506</u>	<u>6,249,478</u>
F. Cash And Cash Equivalents at the Closing of the period (D+E)	<u>6,262,327</u>	<u>6,161,506</u>

Note :

1. Cash and Cash Equivalents includes

	As at 31.03.2010 (15 Months)	As at 31.12.2008 (12 Months)
- Cash in hand	11,969	37,188
- Bank balances with Schedule Banks	6,250,358	6,124,318
	<u>6,262,327</u>	<u>6,161,506</u>

2. Figures shown in bracket shows Cash outflow.

As per our report of even date
for OM PRAKASH S CHAPLOT & CO.
Chartered Accountants

O.P.CHAPLOT
Partner

R.K.GUPTA
Whole Time Director

Onkar Nath Rai

Vinit Marwaha

Directors

UDAIPUR
Date: 05.07.2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS
PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT 1956.**

I. Registration Details :

Registration No.	17-07267
State Code	17
Balance Sheet Date	31.03.2010

**II. Capital Raised During the Year :
(Amount in Rs. Thousands)**

Public Issue	NIL
Rights Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds :
(Amount in Rs. Thousands)**

Total Liabilities	3,106,916
Total Assets	3,106,916

SOURCES OF FUNDS

Paid-up Capital	1,143,223
Reserves & Surplus	608,993
Secured Loans	1,310,797
Unsecured Loans	43,903

APPLICATION OF FUNDS

Net Fixed Assets	440,186
Investments	-
Net Current Assets	(237,926)
Misc. Expenditure	-
Accumulated Losses	2,904,656

**IV. Performance of the Company :
(Amount in Rs. Thousands)**

Turnover including Other Incomes	0
Total Expenditure	18,683
Profit / (Loss) Before Tax	-18,683
Earnings Per Share (Rs.)	(0.30)
Dividend Rate (%)	NIL

**V. Generic Names of Principal Products/Services of the Company
(As per Monetary terms)**

Item Code No. (ITC Code)	252329-01
Product Description	Grey Portland Cement

(R.K.Gupta)
Whole Time Director

Onkar Nath Rai		Directors
Vinit Marwaha		

New Delhi
Date : 05.07.2010