

**NIRMAN CEMENT& LIMITED**  
**501 ASHIANA CHAMBERS**  
**EXHIBITION ROAD, PATNA**

**Directors' Report**

We hereby present the ninth Annual Report of the company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2006

**FINANCIAL HIGHLIGHT :**

The Financial and Operational result of the company for the year under review as compared to the previous year are furnished hereunder:-

|  | Rs in lacs<br>For the year ended<br>31.03.2006 | Rs in lacs<br>For the year ended<br>31.03.2005 |
|--|--|--|
| Turnover                                   | 73.31  | 96.44  |
| Other Income                               | 40.00  | 111.35   |
| Profit before Interest ,Depreciation & Tax | (-)41.41                                       | 11.06  |
| Less: Interest                             | 11.75  | 11.20  |
| Depreciation                               | 21.10  | 21.02  |
| Income Tax                                 | 0.03   | ---  |
| Profit for the year                        | (-)19.79                                       | (-)17.78                                       |
| Add: Balance Brought Forward               | (-) 63.25                                      | (-) 45.46                                      |
| From previous year                         |  |  |
| Balance Carried to Balance Sheet           | (-)137.55                                      | (-) 63.25                                      |

**DIVIDEND:**

Considering the overall performance of the company and the market outlook for the coming year, your directors express their inability to recommend any dividend.

**REVIEW OF PERFORMANCE:**

The result of the current year has not been satisfactory due to the factors details given below:-

1. Over supply cement position and weak sentiment in cement market.
2. Increase in cost of clinker and electricity.
3. Cut throat competition by large scale company.

**PROSPECTS:**

The coming year may be emerging to be the bright as the Central Government as well as State Government is focusing on the development of the infrastructure that will in turn boost up the cement market.

**DIRECTORS:**

Shri Gopal Prasad Agarwal, Director whose office expires on the date of ensuing Annual General Meeting but has offered himself for reappointment.

**PUBLIC DEPOSITS:**

The company has not accepted any deposits from the public during the year under review.

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**DIRECTORS RESPONSIBILITY STATEMENT:**

Your directors would like to inform members that the audited accounts containing the financial statements for the year 2005-2006 are in conformity with requirements of the Companies Act and they believe that the financial statement reflect fairly, the form and substance carried out during the year, and reasonably present company's financial condition and result of the operations. These financial statements have been audited by the statutory auditors, M/s Alok Jain & Co., Chartered Accountants, Patna.

Based on the same, and as per section 217 (2AA) of the Companies Act, 1956 your Directors State:-

1. That in the preparation of Annual Accounts, the applicable Accounting standards have been followed and no material departure has been made from the same.
2. That the Directors had selected such accountings policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the company for that period.
3. That the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE REPORT:**

A separate Report on " Corporate Governance " is annexed herewith forming a part of Annual Report of the Company in terms of compliance of requirement of clause 49 of the Listing Agreement of Stock Exchange

**AUDITORS:**

M/s Alok Jain & Co, Chartered Accountants retires at the forthcoming Annual General Meeting and being eligible, offers themselves for reappointment for the year 2005-2006 which we recommend.

**CASH FLOW STATEMENT:**

A Cash Flow Statement for the period ended 31.03.2006 is annexed herewith forming a part of Annual Report in compliance with the requirement of Clause 32 of the Listing Agreement of Stock Exchanges.

**PARTICULARS OF EMPLOYEES:**

Pursuant to section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975 as amended, particulars of employees have not been given as no employees was in receipt of remuneration exceeding the limits specified there under.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information required under section 217 (1) (e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Reports of the Board of Directors) Rules, 1988 with respect to energy consumption is appended hereto and forms part of this report. The company has neither earned nor spends foreign exchange during the year. No new technology has been imported. Company has not undertaken any research and development activities.

**ANNEXURE TO DIRECTORS REPORT****Power & Fuel Consumption**

|                          | <u>2004-05</u> | <u>2005-06</u> |
|--------------------------|----------------|----------------|
| Electricity (Purchased): |                |                |
| Units (KWH)              | 909452         | 503175 (Units) |
| Amount (Rs.)             | 7769933        | 4502950.00     |
| Rate per Unit (Rs.)      | Rs.8.54        | Rs. 8.95       |
| Production (M.T)         | 3807           | 1969(M.T)      |
| Consumption Unit/M.T.    | 238.89         | 255.55         |

(3)

**LISTING**

Equity shares of the company are listed with Magadh and Mumbai Stock Exchange and listing fees have been paid to above stock exchange and trading of shares has not been suspended anytime during the year under review.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the assistance and co-operation extended to the company by Commercial Banks, Government of India, Shareholders and all other whose continued support has been a source of strength to the company. Your Directors also wish to place on records their appreciation for sincere contribution and high level commitment of employees of all levels.

For and on behalf of the Board of Directors

  
Gopal Prasad Agrawal  
Sushil Kumar Khemka  
Director

Patna  
28.06.2006

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**ALOK JAIN & CO.**  
**Chartered Accountants**

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**Mobile : 9334656020**  
**Gr. Floor, Chandrakanta**  
**Apartment, Pandui Kothi**  
**Opp-Batashop, Boring Rd.**  
**Patna - 800001**

**ANNEXURE TO THE REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2006**

Auditor's Certificate on Compliance with the Conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

To The Members of NIRMAN CEMENTS LIMITED

1. We have reviewed the implementation of Corporate Governance procedure by NIRMAN CEMENT LTD, for the year ended on 31<sup>st</sup> March 2006, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of condition of Corporate Governance is the responsibility, of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the condition of Corporate Governance. It is neither an audit nor an expression of 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 of effectiveness with which the management has conducted the affairs of the company.

3. On the basis of our review and according to the information and explanation given to us the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchange have been complied with in all material respects by the Company and that no investor grievance are pending for a period exceeding one month against the Company as on 28<sup>th</sup> June 2006 as per the records maintained by Shareholders/ Investors Grievance Committee.

Place : Patna  
Date : 28.06.2006

**For ALOK JAIN & CO.**  
**Chartered Accountants**

  
**(A. K. JAIN)**  
**Partner**

**ALOK JAIN & CO.**  
Chartered Accountants

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**AUDITOR REPORT**

**To the Members**  
**Nirman Cements Limited**

We have audited the Balance Sheet of Nirman Cements Limited as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date annexed thereto and the Cash flow Statement for the year ended on that date. 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.

1. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in paragraph 17 & 18 in Notes to Accounts and in the Annexure referred to in paragraph 2 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 purpose of our audit.
  - b) In our opinion, proper books of accounts, as required by law have been kept by the company so far as appears from our examination of such books
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
  - e) In our opinion, and based on information and explanation given to us, none of the directors are disqualified as on 31<sup>st</sup> March 2006 from being appointed as a directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India:

# **ALOK JAIN & CO.**

**Chartered Accountants**

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(2)

- i) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2006.
- ii) In so far as it relates to the Profit & Loss Account, of the profit of the year ended on that date.
- iii) In so far as it relates to the cash flow statement, of the cash for the year ended on that date.

**Place : Patna**

**Date :28.06.2006**

**For ALOK JAIN & CO.  
Chartered Accountants**



  
**(Alok Jain)  
Partner**

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