

**ALOK JAIN & CO.**  
Chartered Accountants

Phone : 2524736 (O)  
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Gr. Floor, Chandrakanta  
Apartment, Pandui Kothi  
Opp-Batashop, Boring Rd.  
Patna - 800001

**AUDITORS CERTIFICATE**

To,  
The Board of Directors  
Nirman Cements Limited  
Patna

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We have examined the attached cash flow statement of Nirman Cements Limited for the year ended 31<sup>st</sup> March, 2007. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement with Magadh Stock Exchange is based on and in agreement with the corresponding Balance Sheet of the company covered by our report of 18<sup>th</sup> day of June 2007 to the members of the company.

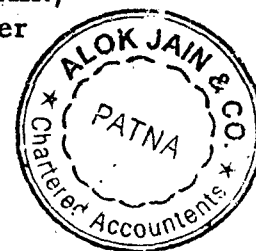
For NIRMAN CEMENTS LTD.

  
(DIRECTOR)

For ALOK JAIN & CO.  
Chartered Accountants

  
(A. K. JAIN)  
Partner

Place : Patna  
Date : 18.06.07



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**NIRMAN CEMENTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007**

	<b>CURRENT YEAR (Rs. in lacs)</b>	<b>PREVIOUS YEAR (Rs. in lacs)</b>
<b>A. Cash Flow from operating Activities</b>		
Net Profit/ (Loss) before tax and extraordinary items	(32.72)	(74.26)
Adjustment for:-		
Interest Paid	15.01	11.75
Interest Received	-	(2.41)
Depreciation	25.55	21.10
Preliminary Expenses W/O	-	0.25
Share Issue Expenses W/O	-	1.56
Provisional for Income Tax	--	--
Operating profit before working Capital Charges	<u>7.84</u>	<u>(42.01)</u>
<b>Adjustment for :</b>		
Increase/ Decrease in Inventories	(15.99)	(23.90)
Increase / Decrease in sundry Debtors	(63.39)	(30.84)
Increase / Decrease in Loans & Advances	(30.56)	1.29
Increase in Current Liabilities	37.44	53.10
	<u>(72.50)</u>	<u>(0.35)</u>
(a)		
<b>Net Cash flow from operating Activities</b>	<u>(64.66)</u>	<u>(42.36)</u>
<b>B. Cash flow From Investing activities</b>		
Proceeds from sale of Fixed Assets	18.20	--
Purchase of Fixed Assets/ Capital WIP	(245.02)	(69.90)
Investment in Shares	--	--
(b)	<u>(226.82)</u>	<u>(69.90)</u>
<b>C. Cash flow from financing activities</b>		
Increase/ Increase in Long Term Borrowing	199.46	4.92
Increase in Unsecured Loan	19.21	3.00
Interest Paid	(15.01)	(11.75)
Interest Received	-	2.41
(C)	<u>203.66</u>	<u>(1.42)</u>
Net Increase in cash & cash Equivalent	(5.04)	(8.87)
Cash & cash equivalent (Opening Balance)	<u>15.62</u>	<u>24.50</u>
Cash & cash equivalent (Closing Balance)	<u>(a+b+c) 10.58</u>	<u>15.63</u>

FOR NIRMAN CEMENTS LIMITED




(DIRECTOR)

(DIRECTOR)

Place : Patna

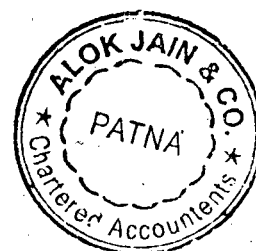
Date :18.06.2007

For ALOK JAIN &amp; CO.

Chartered Accountants

(A.K. JAIN)

Partner



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## NOTICE

Notice is hereby given that 12<sup>th</sup> Annual General Meeting of Members of the company will be held at the Registered office of the company at 501- B, Ashiana Chambers, Exhibition Road, Patna – 800001 at 3 P.M. on Tuesday the 29<sup>th</sup> September, 2007 to transact the following business.

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2007 and the Profit & Loss Account for the year ended on that Date and Reports of the Directors and Auditors thereon.
2. To appoint Director in place of **Sri Gopal Prasad Agarwal** who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

By Order of the Board  
For Nirman Cements Ltd.

Place : Patna  
Date : 15.05.2007

  
S. K. Khemka  
Director

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT PROXY INSTEAD OF HIMSELF/ HERSELF TO ATTEND AND TO VOTE AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and the Share Transfer Books of the company will remain closed from 24.09.2007 to 28.09.2007.
3. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting and also their copies of the Annual Report.

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**NIRMAN CEMENTS 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 2007

**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 For the year ended 31.03.2007	Rs in lacs For the year ended 31.03.2006
Turnover	191.75	73.31
Other Income	53.42	40.00
Profit before Interest ,Depreciation & Tax	7.83	(-)41.41
Less: Interest	15.01	11.75
Depreciation	25.55	21.10
Income Tax	0.07	0.03
Profit for the year	(-)32.80	(-)19.79
Add: Balance Brought Forward	(-) 137.55	(-) 63.25
From previous year		
Balance Carried to Balance Sheet	(-)170.34	(-)137.55

**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 2006-2007 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, offer themselves for reappointment for the year 2006-2007 which we recommend.

**APPOINTMENT OF COMPANY SECRETARY**

During the year under review the part time company secretary, Mr. Sachin Jaiswal had resigned. The company has since advertised for appointment of anew company secretary. However no application has been received for the same till date. However with the view to comply with the provisions of Sec 383A of Companies Act 1956, the company has obtained a compliance certificate from practicing company secretary.

**CASH FLOW STATEMENT:**

A Cash Flow Statement for the period ended 31.03.2007 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.

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

	<u>2006-07</u>	<u>2005-06</u>
Electricity (Purchased):		
Units (KWH)	199697 (Units)	503175 (Units)
Amount (Rs.)	4073328.00	4502950.00
Rate per Unit (Rs.)	20.39	8.95
Production (Bags)	4768	1969
Consumption Unit/Bag	41.88	255.55

**LISTING**

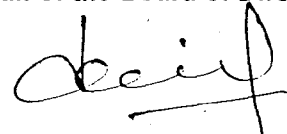
Equity shares of the company are listed with Magadh and Mumbai Stock Exchange and listing fees have been paid to above stock exchange and trading of shares has not been suspended anytime during the year under review.

**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.

Report  junction.com

For and on behalf of the Board of Directors

  
S. K. Khemka  
Director

Place : Patna  
Date : 18.06.2007

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Gr. Floor, Chandrakanta  
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Patna - 800001**ANNEXURE TO THE REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2007**

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

To The Members of NIRMAL CEMENTS LIMITED

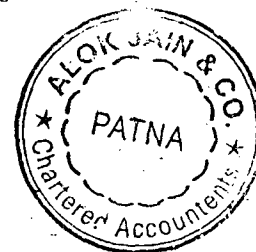
1. We have reviewed the implementation of Corporate Governance procedure by NIRMAL CEMENT LTD, for the year ended on 31<sup>st</sup> March 2007, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the 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 18<sup>th</sup> June 2007 as per the records maintained by Shareholders/ Investors Grievance Committee.

Place : Patna

Date : 18.06.2007

For ALOK JAIN & CO.  
Chartered Accountants
  
(A. K. JAIN)  
Partner


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## **CORPORATE GOVERNANCE**

### **1. INTRODUCTION**

Company's Philosophy on Corporate Governance

Nirman's Philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interaction with its stakeholders, including shareholders, employees, the government and bankers. Nirman is committed to achieving the standards of corporate governance.

### **2. BOARD OF DIRECTORS**

#### a) Composition of the Board of Directors

The Board of Directors comprises of five Directors. The composition is as under: -

Name of the Director	Category
Mr. Gopal Prasad Agarwal	Non Executive chairman
Mr. Sunil Kumar Khemka	Managing Director
Mr. Sushil Kumar Khemka	Non Executive Director
Mr. Banarsi Prasad Jhunjunwala	Independent Director
Mr. Ramawatar Poddar	Independent Director

#### b) Directors Attendance

The Attendance of each of the Directors at the Board of Directors Meeting and the last Annual General Meeting is as under: -

Name of the Director	Number of board Meeting (s) Attended out of 8 held	Attendance at the last Annual general Meeting
Mr. Gopal Prasad Agarwal	8	Present
Mr. Sunil Kumar Khemka	8	Present
Mr. Sushil Kumar khemka	8	Present
Mr. Kashi Nath khemka	7	Present
Mr. Banarsi Prasad Jhunjunwala	8	Present
Mr. Ramawatar Poddar	8	Present

During the year, eight meeting were held on 15<sup>th</sup> May 2006, 19<sup>th</sup> June 2006, 16<sup>th</sup> August 2006, 19<sup>th</sup> September 2006, 21<sup>st</sup> September 2006, 28<sup>th</sup> December 2006, 16<sup>th</sup> February 2007 and 30<sup>th</sup> March 2007 respectively.

#### c) BOARD PROCEDURE

The meeting of the Board of Directors is generally held at the company's registered office in Patna. The meetings are generally scheduled well in advance. The Board meets at least once in a quarter to review the quarterly performance and the financial results. The agenda of the meeting is prepared in consultation of the Managing Director and the board papers are circulated in advance. The members of the board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the board meeting and provide clarification as and when required.

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### 3. AUDIT COMMITTEE

- a) The members of the Audit committee are Mr. Gopal Prasad Agarwal, Banarsi Prasad Jhunjhunwala and Mr. Ramawatar Poddar. The audit committee consists mainly independent non-executive directors who have knowledge of finance accounts and company law.
- b) The audit committee during the year ended on 31<sup>st</sup> March 2007 had five meeting on 15<sup>th</sup> May 2006, 16<sup>th</sup> August 2006, 21<sup>st</sup> October 2006 and 16<sup>th</sup> February 2007 and all the members attended the same.
- c) The broad function of the Audit committee includes approving and implementing the Audit procedures reviewing financial reporting system internal control systems and control procedures and ensuring compliance with the regulatory guidelines. The audit committee also invited senior executive as it considers appropriate to be present to be present at the meeting of the committees

### 4. REMUNERATION COMMITTEES

The Managing Director was reappointed by Board of Director on 7<sup>th</sup> August 2005 for a term of 5 years and is being paid remuneration as per the terms of their appointment. The company therefore has not constituted a Remuneration committee to decide on the Director's remuneration policy. The details of remuneration paid to the Directors during fiscal 2006-2007 are as under: -

Directors Remuneration

Rs. 3.00 Lakhs

### 5. SHAREHOLDERS COMMITTEES

The company has constituted a committee of the Board under the chairmanship of the non-executive director to specifically look in to the redressing of shareholders and investor complaints such as transfer of shares, non-receipt of balance sheets, non-receipt of notices etc. The members of this committee are Sri Gopal Prasad Agarwal, Chairmain, Sri Banarasi Lal Jhunjhunwala and Sri Ramawatar Poddar.

As of 31<sup>st</sup> March 2007 there is no complaint pending. There was also no share transfer pending for registration as on the said date.

### 6. GENERAL BODY MEETING

Details of Annual General Meeting held in last 3 years are as under: -

Annual General Meeting	Day, Date & Time	Venue
9 <sup>th</sup> Annual General Meeting	Tuesday 28 <sup>th</sup> September 2004 at 3.00 P.M	Registered Office
10 <sup>th</sup> Annual General Meeting	Tuesday 30 <sup>th</sup> September 2005 at 3.00 P.M	Registered Office
11 <sup>th</sup> Annual General Meeting	Tuesday 29 <sup>th</sup> September 2006 at 3.00 P.M	Registered Office

### 7. DISCLOSURES

- a) There are no materially significant Transactions with the related parties viz. promoters, Directors or the Management their Subsidiaries of relatives conflicting with company 's interest.
- b) No penalties of strictures have been imposed on the company by stock Exchange or SEBI or any statutory on any matter related to capital markets.
- c) The company has duly appointed two (2) independent director as per the requirement of Clause 49 (I) (A) (iii) of the Listing Agreement of SEBI.

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**8. MEANS OF COMMUNICATION**

The company communicates with its shareholders on an annual basis through the Annual Report. The quarterly half yearly financial and yearly financial results of the company are sent to the exchanges immediately after the Board approves them. The quarterly and half yearly results are released in leading English and vernacular language newspapers.

**9. GENERAL SHAREHOLDERS INFORMATION****a) Registered office**

501 B Ashiana chambers Exhibition Road Patna – 800001

**b) Annual General Meeting**

Date :- 29<sup>th</sup> September 2007

Time :- 3.00 P.M.

Place :- 501 B Ashiana chambers Exhibition Road Patna.

**c) Book Closure Date: - 24 to 28 September 2007****d) Dividends pay out Date: - NA****e) Listing of Shares: -**

The Stock Exchange of Mumbai

Stock Code

Magadh Stock Exchange Association

531954

**f) Market Price Data: -**

There was no trading of the shares of the company during the last financial year.

**g) Distribution of Shareholding: -**

Nominal Value (Rs.)	No. Of Shareholders	No. Of Shares	Percentage of Shareholding
Up to - 5000	325	159200	3.82
5001- 10000	78	7800	1.87
10001 – 20000	210	38200	9.17
20001 - 30000	332	88020	21.13
30001 - 40000	224	84910	20.38
40001 - 50000	7	3340	0.80
50001 - 100000	26	24900	5.98
100000 and above	27	153500	36.85
	<b>1229</b>	<b>416590</b>	<b>100.00</b>

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