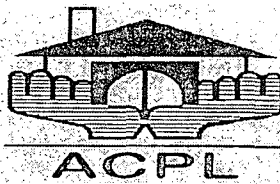


15th	ANNUAL REPORT 2006-2007
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AMBALA CEMENTS LIMITED

VILLAGE SOHANA ,HEMA MAJRA ROAD, P.O. MULLANA ,133203 DISTT. AMBALA HARYANA

AMBALA CEMENTS LIMITED

BOARD OF DIRECTORS

Sh. Sunil Chandra ,Director
Sh. Kishan Kumar ,Director
Sh. Pardeep Kumar ,Director

AUDITORS

Jayant Bansal & Co.
Chartered Accountants,
320-Mahesh Nagar,
Ambala Cantt.-133 001
Phones (o) 2642401,(R)2661320

BANKERS

Central Bank Of India
Nicholson Road
Ambala Cantt.-133 001

REGISTERED OFFICE

Vill Jorian
Delhi Road
Yammuna Nagar -135001

WORKS

Village Sohana,
Hema Majra Road
P.O. Mullana -133203
Distt. Ambala ,Haryana

CONTENTS

Notice	1
Director's Report	2
Auditors Report	4
Balance sheet	21
Profit&Loss Account	23
Schedules	25
Notes on Account	29
Cash Flow Statement	35

Co. No. 05-31576

Ambala Cements Limited

Regd. Office: Village Jorian, Delhi Road, Yamuna Nagar-135 001 (Haryana)

Notice: Convening 15th Annual General Meeting

Notice is hereby given that 15th Annual General Meeting of the members of the Company "Ambala Cements Limited" will be held on Saturday the 29th day of September 2007 at 10:30 A.M. at the registered office of the Company, address, given above to transact the following ordinary business with or without modification.

Ordinary Business: Ordinary Resolutions:

1. To receive, consider and adopt the Audited Balance Sheet as at 31-03-2007 and the Profit and Loss Account ended on that date along with the Auditors' and Directors' Report thereon.
2. To re-appoint Sh. Krishan Kumar, Director who retires by rotation at this meeting and being eligible has offered himself for re-election.
3. To appoint Auditors and fix their remuneration.

By Order of the Board of

Place: Ambala Cantt

Dated: 30-08-2007

**Sunil Chandra
(Chairman)**

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote at the meeting in his/her stead. A proxy need not be a member of the Company. A proxy in order to be valid must be deposited at the registered office of the company at least 48 hours before the time fixed for the commencement of the meeting. A proxy form is enclosed.
2. All documents referred to in this meeting, notice and the accompanying statements are open for inspection at the Registered Office of the company on all working days (except Saturdays and holidays) between 10.30 A.M. and 12.30 P.M. up to the date of Annual General Meeting.
3. Members are requested to notify to the company immediately the changes in their registered address, if any.
4. Members having any queries relating to the Annual Report are requested to write to the company at least 7 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
5. Members are requested to bring their copies of Annual report to the meeting.
6. The members/proxies should bring attendance slip sent herewith duly filled and stamped for attending the meeting.
7. Members may please note that no gifts or coupon will be distributed at the Annual General Meeting.

Co. No. 05-31576

Ambala Cements Limited**Regd. Office: Village Jorian, Delhi Road, Yamuna Nagar-135 001 (Haryana)****Directors' Report****To The Members,**

The Directors have pleasure in presenting their 15th Annual Report along with the Audited Annual Statements of Accounts for the financial year ended on 31-03-2007:

1. Financial Highlights:

	(Rs. In Lacs)	
	2006-07	2005-06
Sales	9.00	0.00
Other Income	6.18	0.00
Profit/(Loss) Before exceptional items and depreciation	(19.02)	(0.26)
Depreciation	-	-
<u>Exceptional Items:</u>		
-Profit/(loss) on sale of assets	24.94	-
-Adjustment of unpaid interest waived by the Financial Institutions under one time settlement scheme	174.99	-
Profit/(Loss) Before Tax	180.92	(0.26)
Provision for Taxation	-	-
Profit/(Loss) after tax	180.92	(0.26)
Reserves and Surplus	15.00	15.00
Accumulated Profit/(Loss)	(425.85)	(606.77)
)	

2. Operations and Out Look for the Current Year:

During the current year, the company has shown net profit after tax of Rs.180.92 Lacs against the loss of Rs.0.26 Lacs in the previous year which has reduced the accumulated losses to Rs.425.85 Lacs from Rs.606.77 Lacs in the previous year. The main reason of such profits is that, the company has repaid all the dues of the Financial Institutions (i.e. Haryana Financial Corporation and Haryana State Industrial Development Corporation Ltd.) under one time settlement scheme. Out of the total outstanding amount of Rs.30019642.00 (i.e. overdue interest amounting to Rs.19338458/- and principal Rs.10681184/-) towards both the Financial Corporations, the company has repaid Rs.12520400.00 (i.e. Principal Rs.10681184/- and overdue interest Rs.1839216/-) under one time settlement scheme. The balance unpaid interest of Rs.17499242/- has been waived off by both the Financial Corporation. So, the amount of unpaid interest waived off by both the Financial Corporation has been written back by the Company by crediting to profit & loss account as exceptional items during the current year. Moreover, during the year the Company has also disposed off substantial part of fixed assets i.e. part of plant and machinery, electrical equipments, generator set and dismantled portion of

building structure (W.D.V. as on 31-03-2006 Rs.5514132.00) for Rs.8008075.00, thereby earning a profit of Rs.2493943.00. The company has disposed off substantial part of the fixed assets by retaining one plant (50 TPD capacity) and the management has also taken a decision to take some another business activity by making necessary amendments in the object clause of the company in the Extra-ordinary General Meeting held on 28th March 2007. Hence, the management is hopeful to restart the business activities in the ensuing years and so the management has prepared the accounts of the company on the going concern concept.

3. Research and Development:

The company had taken up new expansion/diversification project to diversify its manufacturing activities under the Technical Development Assistance scheme and invested a sum of Rs.13034609.39 (Previous year Rs.13034609.39) up to 31-03-2007. All the capital expenditure including pre-operative and start-up expenses are shown under the head capital work-in-progress and the same may be capitalized as and when the project will be completed. Under this scheme the company has trying to develop out the new technology for converting coal base kiln system to furnace oil base kiln system, which would reduce the cost of production on one hand and improve the quality of product on the other. Initially, the company had successfully completed the trial run of the manufacturing of Quick Lime under this scheme, but the company could not achieve the ultimate results of this research, which could be commercialized, hence the same has been discontinued during the year 2007-08.

4. Dividend & Reserves:

Due to losses no dividend has been recommended by the Directors and consequently no amounts have been transferred to general reserves.

5. Deposits:

The company did not accept or renewed deposits from any one during the year under review.

6. Directors:

Sh. Krishan Kumar, Director retires by rotation at the forthcoming meeting and being eligible has offered himself for re-election. The Board recommends his re-appointment.

7. Auditors' Report:

The Auditors' Report is self-explanatory and the notes contained therein are mutually inclusive.

-Further, qualification contained in the Auditors' Report regarding substantial doubt that the Company will be able to continue as a going concern due to heavy losses, non-fulfillment of financial commitments towards banks and closure of commercial activities with uncertainty of its restarting. In this respect it is already mentioned in the above paras that the Company has already repaid all the dues of the Financial Institutions (i.e. Haryana Financial Corporation and Haryana State Industrial Development Corporation Ltd.) under one time settlement scheme and also approached the bank for settlement of their dues. Though, the Company has disposed off substantial part of fixed assets during the year for repayment of financial institutions dues by retaining one plant (50 TPD capacity) and the management has also taken a decision to take some another business activity by making necessary amendments in the object clause of the company in the Extra-ordinary General Meeting held on 28th March 2007. Hence, the management is hopeful to restart the business activities in the ensuing years. All these above efforts reflect that the Management of the Company is serious for revival of the company from the existing crisis. Therefore the management has prepared the financial statement on going concern basis.

-In respect of non-provision of sales tax liability of Rs. 2,04,00,000/-, the company was granted sales tax exemption benefit for the period 28/06/93 to 27/06/02 and the same has been fully availed by the company up to 31/03/2002. The company has discontinued its production since January'02 due to default in payment towards the Financial Corporation/Bank. The Central Excise and Taxation Deptt. has withdrawn all the above mentioned benefits, against which the company has filed the petition before the Tribunal and the same is pending for hearing.

8. Auditors:

M/s Jayant Bansal & Co., Chartered Accountants, Ambala Cantt, presents Auditors of the company; vacate their office at the conclusion of the forthcoming Annual General Meeting. They being eligible have offered themselves for re-appointment for another term. The Directors recommend their re-appointment.

9. Listing:

The stocks of the Company are listed on Delhi Stock Exchange (RSE), Stock Exchange Mumbai, Stock Exchange, Ahmedabad and Jaipur Stock Exchange.

10. **Listing Fees:**

The details of fees outstanding to be paid by the Company to the different Stock Exchanges are as below: -

S.N	NAME OF THE STOCK YEAR	AMOUNT DUE (IN RS.)
O.	EXCHANGE	
1.	The Delhi Stock Exchange Association Limited, Delhi 2000-01 to 2007-08	160000.00
2.	Ahmedabad Stock Exchange, Ahmedabad 1997-98 to 2007-08	115500.00
3.	Jaipur Stock Exchange Limited, Jaipur 1997-98 to 2007-08	110000.00
4.	Mumbai Stock Exchange, Mumbai 2007-08	15000.00
	TOTAL	400500.00

11. **Corporate Governance:**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, the company has implemented the code of Corporate Governance during the year. The reports on Corporate Governance and Management Discussion and Analysis together with Compliance Certificate on the same are attached to this report.

Audit Committee, Remuneration committee and Shareholder's / Investor's grievances committee have been reconstituted / formed as per the SEBI / Stock Exchange Regulations.

12. **Particulars Pursuant to Section 217(I)(e) of the Companies Act, 1956:**

(A) Conservation of Energy: The Company has not conducted any commercial activities since the date of take over of its all assets by the corporations; hence this information is not applicable on the company during the year under review.

(B) Technology Absorption: The Company has Research and Development facilities with it and carries out its research. The details are given in paragraph No. 2. No technology has been imported by the Company during the year under review.

(C.) Foreign Exchange Earnings and Outgo: The Company did not spend any foreign exchange and also, did not earn any foreign exchange during the year under review.

13. **Particulars of Employees:**

There was no employee on the rolls of the company who drew remuneration in excess of the limits prescribed by the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under and hence, the particulars and NIL.

14. **Employer-Employee Relations:**

The employer-employee relations remained cordial during the year under review.

15. **Directors' Responsibility Statement:**

In compliance with the provisions of Section 217(2AA) of the Companies Act, 1956, the directors hereby confirm that:

- i) in preparing the Annual accounts of the year ending 31-03-2007, the applicable accounting standard have been followed and that no material departure have been made from the same;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2007 and of the profit of the Company for the period from 1st April 2006 to 31st March 2007;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- iv) that the Directors have prepared the annual accounts on the going concern basis.

16. **Acknowledgements:**

The Directors wish to place on record their sincere thanks to the Bankers of the Company for their kind co-operation and the assistance extended to them. The Directors, also, wish to appreciate the dedicated work done by the Executives, Officers and Employees of all levels.

By Order of the Board of

Place: Ambala Cantt

Dated: 30-08-2007

Sunil Chandra

(Chairman)

AMBALA CEMENTS LIMITED
REPORT ON CORPORATE GOVERNANCE (2006-07)

1. **Company's Philosophy on code of Corporate Governance:**

Ambala Cements Limited believes that the code of corporate governance is a necessary discipline and a mean of achieving and attaining the goals and objectives of the company and only proper governance implemented in the true spirit would lead to effectiveness and transparency in the functioning of a corporate. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

2. **Board of Directors:**

The Company has a Non-executive Chairman. The Board of the company has a combination of Executive and Non-executive directors with a minimum of 50% of the board comprising of the non-executive directors. The Independent directors constitutes minimum one-third of the board's strength.

Composition and category of directors is as follows:

<u>Category</u>	<u>Name of the Director</u>
1. Executive directors	
• Promoters	Sh. Sunil Chandra (Managing Director) Sh. Pardeep Kumar Gupta (Director)
2. Non-Executive director	Sh. Krishan Kumar Gupta (Chairman) Sh. Sanjay Sharma
3. Non-Executive Independent directors	Sh. Om Parkash Bhola

3. **Attendance of each director at the board of directors meetings and the last annual general meeting and extraordinary general meeting:**

<u>Name of the Director</u>	<u>Board Meeting held</u>	<u>Board Meeting Attended</u>	<u>Attendance at Last AGM/EGM</u>
Sh. Sunil Chandra	8	8	Present
Sh. Krishan Kumar	8	8	Present
Sh. Pardeep Kumar	8	8	Present
Sh. Sanjay Sharma	8	8	Present
Sh. Om Parkash Bhola	8	8	Present

4. **Number of other board of directorships, board committees he is a member or chairperson of:**

None of the directors on the Board are members or chairman of the committee of other companies in which they are directors.

5. **Number of Board Meetings held and the dates on which held:**

During the year the company has held Eleven boards of directors meetings. The dates on which the meetings were held are given below:

17-05-2006, 28-06-2006, 28-07-2006, 03-09-2006, 26-10-2006, 30-10-2006 (Adjourned meeting on 26/10/2006), 29-01-2007, 20-02-2007, 20-03-2007

6. **Audit Committee:**

The company has an Audit Committee of the Board comprising of 3 Directors including 2 independent Directors. The member of the committee are as given below:

1. Sh. Sanjay Sharma [Chairman (independent)]
2. Sh. Om Parkash Bhola [Member (independent)]
3. Sh. Krishan Kumar Gupta [Member (Non-Executive Director)]

Sh. Sanjay Sharma is the chairman of the committee. The audit committee meets the requirements of both section 292 A of the Companies Act, 1956 and clause 49 of the listing Agreement. The committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 292A of the Companies Act, 1956 as amended from time to time and also such additional powers, functions/features, duties, obligations and discretions as is contained in Clause 49 of the listing agreement from time to time and as entered into by the company are listed and /or any other powers, duties and obligations that may be assigned from time to time by the Board of Directors and the said committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Audit Committee met Six times during the year on 28-06-2006, 28-07-2006, 03-09-2006, 30-10-2006, 29-01-2007 and 20-03-2007. All the members of the committee were present at all the meetings held during the year.

7. **Remuneration Policy:**

The production activities of the company has been discontinued since January' 2002, hence the management of the company has decided not to give any remuneration to the Executive or non-executive directors of the company. The remuneration policy are decided and approved by the Board of directors, hence a Remuneration Committee has not been constituted.

8. **Shareholder's/Investor's Grievance Committee:**

The Board has constituted a Share Transfer & Shareholders/Investors Grievance Committee to approve the Share Transfer, Transmission, Transposition of Name, Issue of Split/Duplicate Certificate and to review the status report on redressal of Shareholder and Investor complaints received by the company/Share Transfer Agent.

Composition, Name of Members and Chairman:

1. Sh Om Parkash Bhola (Non-Executive Independent Director) : Chairman
2. Sh. Pardeep Kumar Gupta (Director) : Member
3. Sh. Krishan Kumar Gupta (Non-Executive Director) : Member

Name & Designation of Compliance Officer: Sh. Sunil Chandra (Managing Director)

During the year the company has neither received any complained from the shareholders nor received any request for Share Transfer from the shareholders of the company.