

Co. No. 05-31576

**Ambala Cements Limited****Regd. Office: Village Jorian, Delhi Road, Yamuna Nagar-135 001 (Haryana)****Notice: Convening 17<sup>th</sup> Annual General Meeting**

Notice is hereby given that 17<sup>th</sup> Annual General Meeting of the members of the Company "Ambala Cements Limited" will be held on Friday 25<sup>th</sup> day of September 2009 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 31-03-2009 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: 24-08-2009

  
**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. 05-315'6

**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 17<sup>th</sup> Annual Report along with the Audited Annual Statements of Accounts for the financial year ended on 31-03-2009:

1. Financial Highlights:

	(Rs. In Laacs)	
	2008-09	2007-08
Sales/Income from operation	29.36	328.86
Other Income	1.00	3.27
Profit/(Loss) Before exceptional items and depreciation	1.52	21.39
Depreciation	0.52	0.60
Profit/(Loss) Before exceptional items	1.00	20.79
<u>Exceptional Items:</u>		
-Profit/(Loss) on sale of assets	0.00	18.74
-Profit/(Loss) on sale of assets acquired under capital work in progress i.e. new expansion scheme and Technical Development Assistance Scheme	(27.96)	0.00
-Adjustment of unpaid interest waived by the Bank under one time settlement scheme	7.05	0.00
Profit/(Loss) Before Tax	(19.91)	39.53
Provision for Taxation	0.00	2.89
Profit/(Loss) after tax	(19.91)	36.64
Reserves and Surplus	15.00	15.00
Accumulated Profit/(Loss)	(409.12)	(389.21)

2. Operations and Out look for the Current Year:

The company had discontinued its manufacturing activities (i.e. manufacturing of Ordinary Portland Cement) since January'2002 and not in operation since then. However, during the previous financial year the management of the company has undertaken new business activities i.e. Trading of Fabrics, by opening new unit under the name and style of M/s Ambala Fabrics at New Delhi and achieved the turnover of Rs.328.86 Laacs, but the company is not able to continue this activities during the current financial year. During the last quarter of the current financial year the management of the company has started another trading activity i.e. trading of Store and spares/Machinery spares, which is duly covered under the main object of the company and achieved the turnover of Rs.29.36 Laacs. The overall net Loss is Rs. 19.91 Laacs against the net profit after tax of Rs. 36.64 Laacs in the previous year. Due to that and other substantial factors (i.e. wavier of unpaid interest by Bank under one time settlement scheme and loss arisen due to dispose off substantial part of assets acquired under capital work in progress), the accumulated losses of the company have been increased to some extent in current as compared to preceding year. Previously the company had repaid all its dues towards financial institution under one time settlement scheme by disposing off its substantial part of its fixed assets. In the current year the Company has also disposed off substantial part of assets acquired under Capital work in progress new expansion scheme and Technology Development Assistance scheme (Cost/W.D V. is on 31-

03-2008 Rs.4990675.74) for Rs.2195012.00, thereby suffering a loss of Rs.2795663.74. In the view of restructuring process initiated by the management of the company, it has already repaid all the dues towards Financial Institution under one time settlement scheme after disposing off substantial part of the fixed assets and retained one plant (50 TPD capacity). In the current year the Bank has also accepted the compromise proposal of the company for settlement of its dues and the company has executed this compromise proposal by paying necessary upfront amount to the bank. The management has also started new trading activity i.e. trading of Store and spares/Machinery spares and achieved the turnover of Rs.29.36 Lacs. All these above efforts reflect that the Management of the Company is serious for revival of the company from the existing crisis. Hence, the management is hopeful to re-establish 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 for Design and installation of oil fired vertical shaft kiln for manufacture of cement clinker in association with Technology Information forecasting and Assessment Council (TIFAC) under Technical Development Assistance Scheme and invested a sum of Rs.13034609.39 (Previous year Rs.13034609.39) up to 31-03-2008. Initially, the company had successfully completed the trial run of the manufacturing of Quick Lime under this Scheme, the ultimate result of this project couldn't be achieved, which could be commercialized, hence the same has been discontinued/abandoned by the TIFAC. In the current year the company has disposed off all the discarded assets/salvage under this scheme.

4. Dividend & Reserves:

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 and closure of manufacturing activities with uncertainty of its re-establishing commercial activities. In this respect it is already mentioned in the above paras that the Company has already repaid all the dues of the Financial Institutions under one time settlement scheme and also approached the bank for settlement of their dues, which has duly been accepted by the bank and the company has executed this compromise proposal by paying necessary upfront amount to the bank. Though, the Company has disposed off substantial part of fixed assets for repayment of financial institutions/bank dues by retaining one plant (50 TPD capacity) and the management has also started new trading activity i.e. trading of Store and spares/Machinery spares. Hence, all the 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.

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.NO.	NAME OF THE STOCK EXCHANGE	YEAR	AMOUNT DUE (IN RS.)
2.	Ahmedabad Stock Exchange, Ahmedabad	997-98 to 2009-10	135500.00
3.	Jaipur Stock Exchange Limited, Jaipur	997-98 to 2009-10	130000.00
TOTAL			265500.00

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(D)(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 31-03-2009 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 31<sup>st</sup> March 2009 and of the loss of the Company for the period from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009;
- 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.

Place: Ambala Cantt

Dated: 24-03-2009

By Order of the Board of

Sunil Chandra  
(Chairman)

**AMBALA CEMENTS LIMITED**  
**REPORT ON CORPORATE GOVERNANCE (2008-09)**

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

Ambala Cements Limited believes that the code of corporate governance is a necessary discipline and means 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:

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

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

<b><u>Name of the Director</u></b>	<b><u>Board Meeting held</u></b>	<b><u>Board Meeting Attended</u></b>	<b><u>Attendance at Last AGM</u></b>
Sh. Sunil Chandra	9	9	Present
Sh. Krishan Kumar	9	9	Present
Sh. Pardeep Kumar	9	9	Present
Sh. Sanjay Sharma	9	9	Present
Sh. Om Parkash Bhola	9	9	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:**

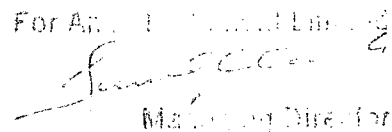
During the year the company has held eight boards of directors meetings. The dates on which the meetings were held are given below:

30-04-2008, 28-06-2008, 29-07-2008, 16-08-2008, 28-08-2008, 30-10-2008, 05-12-2008, 29-01-2009 and 19-03-2009

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)]

For Ambala Cements Limited  
  
 Managing 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 Seven times during the year on 30-04-2008, 28-06-2008, 29-07-2008, 28-08-2008, 30-10-2008, 29-01-2009 and 19-03-2009. 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 complaints from the shareholders nor received any request for Share Transfer from the shareholders of the company.

9. **General Body Meetings:**

Location and time, where last three Annual General Meetings were held:

Year	Type of Meeting	Venue	Date	Time
2005-06	AGM	5204, 1 <sup>st</sup> Floor, D.C. Road, Ambala Cantt	30-09-2006	10.30 A.M.
	EGM	Village Jorian, Delhi Road, Yamunanagar	28-03-2007	3.00 P.M.
2006-07	AGM	Village Jorian, Delhi Road, Yamunanagar	29-09-2007	10.30 A.M.
2007-08	AGM	Village Jorian, Delhi Road, Yamunanagar	30-09-2008	10.30 A.M.

No postal ba lots were used/invited for voting at the last annual general meeting in respect of special resolution passed (if any). There are no special resolutions, which are proposed to be passed through postal ballot for the year under review.

FOR

*[Signature]*



10. Disclosures:

a) **Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large:**

During the year ended 31-03-2009, there were no materially significant related party transactions that may have potential conflict with the interest of the company at large. Other related party transactions have been reported at Sl. No. 17 of Notes to Accounts.

**Transactions with Non-executive Directors:**

During the year, there are no transactions with non-executive directors.

b) **Details of non-compliance by the company:**

There were neither instances of non-compliance by the company nor 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.

11. Means of Communication:

Quarterly and Half-yearly results has been regularly prepared and submitted to the respective authorities well in time. However in respect of publication of the same in the News paper the same has not been done regularly, because the company was not in working since January' 2002 on account of default in the payment of financial institution/bank.

Management discussion and analysis forms part of the Director's Report.

12. General Shareholder Information:

**Annual General Meeting**

Day and Date

Time

Venue

17<sup>th</sup> Annual General Meeting

Friday, 25<sup>th</sup> September 2009

10.30 A.M.

Village Jorian, Delhi Road,

Yamunanagar - 135 001

(Haryana)

**Financial Calendar**

**Un-audited Financial Results**

-First Quarter (30-06-2008)

-Half yearly (30-09-2008)

-Third Quarter (31-12-2008)

**Audited Financial Results**

-Fourth Quarter (31-03-2009)

**Day of book Closure**

-Physical mode

Dividend

Last week of July, 2008

Last week of October, 2008

Last week of January, 2009

Last week of June, 2009

22-09-2009 to 25-09-2009 (Both day inclusive)

Due to losses no dividend has been recommended by the Directors

Listing on Stock Exchange

• Ahmedabad Stock Exchange, Ahmedabad (Listing fee for the period 1997-98 to 2009-10 is pending)

• Jaipur Stock Exchange Limited, Jaipur (Listing fee for the period 1997-98 to 2009-10 is pending)

Registrar and Share Transfer Agents and Share Transfer System

The Company has not appointed any Share Transfer Agent and having in house Share Transfer System.

Market Price date-High/Low during each month of the year 2008-09

There is no trading in the shares of the company at the listing stock exchange since last so many years; hence this information is not available.

*Sanjay*



## Distribution of Shareholding as on 31-03-2009

No. of Shares		No. of Shareholders		Shareholdings	
Form	To	Nos.	% to Total	Nos.	% to Total
1	500	94	35.61	36010	1.25
501	1000	76	28.79	71300	2.48
1001	2000	18	6.82	29900	1.04
2001	3000	9	3.41	23800	0.83
3001	4000	6	2.27	21200	0.74
4001	5000	12	4.54	58400	2.03
5001	10000	17	6.44	138600	4.82
10001	Above	32	12.12	2494090	86.81
		264	100.00	2873300	100.00

Plant Location

Hema Majra Road, Village Sohana  
P.O. Mullana Distt. Ambala  
(Haryana)

Registered Office

Village Joriar, Delhi Road,  
Yamunanagar - 135 001  
(Haryana))

Report

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**AMBALA CEMENTS LIMITED**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**1. INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The company Ambala Cements Limited is in manufacturing and marketing of Ordinary Portland Cement (OPC) through the Vertical Shaft Kiln (VSK) technology. The cement industry is one of the core sector-industry, integral to the construction of infrastructural facilities. The growth in the demand for cement is increasing due to rapid increase in the infrastructure development. However, in the context of the company's product i.e. OPC through VSK could not stand the competition with the big plants manufacturing cement through the Rotary Kiln, where on one hand the quality of the end product was far better than the OPC and the cost of production was lower. Due to this factor, this technology plant had to face marketing difficulties, which ultimately converted into overall recession in this sector and all the plants having this type of technology are facing closure due to heavy losses and non-acceptability of their product in the market.

**2. OPPORTUNITIES, THREATS, RISKS AND CONCERN:**

The company's product i.e. OPC through VSK could not stand the competition with the big plants manufacturing cement through the Rotary Kiln and had to face marketing difficulties and ultimately closure of the company due to heavy losses and non-acceptability of their product in the market. The management of the company has found out new diversification technique to reduce the manufacturing cost and improve the quality of their product, to make it more competitive. For this purpose, the company has undertaken the new diversification project for Design and installation of oil fired vertical shaft kiln for manufacture of cement clinker in association with Technology Information Forecasting and Assessment Council (TIFAC) under Technical Development Assistance Scheme. 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, the ultimate result of this project couldn't be achieved, which could be commercialized, hence the same has been discontinued/abandoned by the TIFAC. The company has disposed off substantial part of fixed assets by retaining one plant (50 TPD Capacity) and has started new business activities i.e. Trading of Fabrics, by opening new unit under the name and style of M/s Ambala Fabrics at New Delhi, but the company is not able to continue this activities during the current financial year. During the last quarter of the current financial year the management of the company has started another trading activity i.e. trading of Store and spares/Machinery spares, which is duly covered under the main object of the company and achieved the turnover of Rs.29.36 Lacs.

**3. SEGMENT WISE OR PRODUCT-WISE PERFORMANCE:**

The company's business mainly comprises of manufacturing of Ordinary Portland Cement. However, the company is not in production since January 2002. Hence no production and sales activities have been made since then. During the previous financial year the management of the company has undertaken new business activities i.e. Trading of Fabrics, by opening new unit under the name and style of M/s Ambala Fabrics at New Delhi and achieved the turnover of Rs.328.86 Lacs, but the company is not able to continue these activities during the current financial year. During the last quarter of the current financial year the management of the company has started another trading activity i.e. trading of Store and spares/Machinery spares, which is duly covered under the main object of the company and achieved the turnover of Rs.29.36 Lacs.

**4. OUTLOOK:**

Previously the company had repaid all its dues towards financial institution under one time settlement scheme by disposing off its substantial part of its fixed assets and retained one plant (50 TPD capacity). In the current year the Bank has also accepted the compromise proposal of the company for settlement of its dues and the company has executed this compromise proposal by paying necessary upfront amount to the bank. The management has also started new trading activity i.e. trading of Store and spares/Machinery spares and achieved the turnover of Rs.29.36 Lacs. All these above efforts reflect that the Management of the Company is serious for revival of the company from the

