



HEMADRI CEMENTS LIMITED

25th ANNUAL REPORT

2006-2007

BOARD OF DIRECTORS :

SRI S.N.KILARU
 SRI K. GOPI PRASAD
 SRI U. VENKATESWARA RAO
 SRI D.B.N RAO
 SRI B. RAMACHANDRA RAO

MANAGING DIRECTOR

DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

AUDIT COMMITTEE

SRI K. GOPI PRASAD
 SRI U. VENKATESWARA RAO
 SRI D.B.N RAO

AUDITORS

M/s. KARVY & COMPANY
 Chartered Accountants
 Road No. 4, Banjara Hills,
 Hyderabad - 500 034.

BANKERS

Bank of Baroda

ADMINISTRATIVE OFFICE

Suit # 509, V Floor, Model House,
 Punjagutta,
 Hyderabad- 500 082.

REGD. OFFICE & FACTORY

Vedadri Village
 Jaggaiahpet Mandal,
 Krishna District.
 Andhra Pradesh.

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NOTICE :

NOTICE is hereby given that the 25th Annual General Meeting of the Company will be held on day the 29th September, 2007 at 3.00 P.M at Registered Office of the Company at Vedadri Village, Jaggaiahpet Mandal, Krishna District to transact the following business:

ORDINARY BUSINESS :

01. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2007, the Balance Sheet as at that date and the Director's and Auditors Report there on.

02. To elect a Director in place of Sri K. Gopi Prasad who retires by rotation and being eligible offers himself for re-appointment.

03. To elect a Director in place of Sri U. Venkateswara Rao who retires by rotation and being eligible offers himself for re-appointment.

04. To appoint auditors for the current year and fix their remuneration and if thought fit to pass the following resolution as a Special Resolution with or without modifications.

"RESOLVED that M/s. KARVY & COMPANY, Chartered Accountants, Hyderabad be and are hereby appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on remuneration as may be determined by the Board of Directors in addition to actual travelling and out of pocket expenses.

SPECIAL BUSINESS :

05 . To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

"RESOLVED THAT Sri DBN Rao who was appointed as an additional director of the company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the company, liable to retire by rotation".

06. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

“RESOLVED THAT Sri B Ramachandra Rao who was appointed as an additional director of the company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the company, liable to retire by rotation”.

07. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 198,310 and Schedule XII of the Companies Act, 1956, the remuneration for the remaining period of the tenure of Sri S.N.Kilaru, Managing Director be and is hereby increased from Rs.35,000/- to Rs.50,000 per month with effect from 01.04.2007 and the term and conditions are remain same”.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

**S.N.KILARU
MANAGING DIRECTOR**

Place: Hyderabad

Date: 31-08-2007

NOTES :

01. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy, need not be a member.
02. The share transfer books of the Company shall remain closed from 25th September, 2007 to 29th September, 2007 both days inclusive.
03. Members/proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
04. The explanatory statement pursuant to section 173(2) of the companies Act, 1956 in respect of the Special Business set in item No.s 5 to 7.

DIRECTORS REPORT :

TO

The Members,

Your Directors have pleasure in presenting the **TWENTY FIFTH ANNUAL REPORT** and the audited accounts for the financial year ended March 31, 2007.

FINANCIAL RESULTS :

	<u>Rs. in lakhs</u>	
	<u>2006-2007</u>	<u>2005-2006</u>
Sales and other income	2775.28	00.00
Profit / (Loss) before Int. and Depreciation	352.52	37.81
Interest	603.46	1428.85
Profit / (loss) before Depn.	250.94	1466.66
Depreciation	73.50	71.73
Net Profit / (Loss)	(324.44)	(1538.39)

CORPORATE GOVERNANCE:

The Securities Exchange Board of India (SEBI) has introduced a code on Corporate Governance for implementation by Company listed of the Stock Exchanges. Accordingly the Stock Exchanges have formulated clause 49 of the listing agreement & stipulated requirement on the said code. The Company has stopped Commercial Production during the month of May 2002 owing to Financial Constraints. The Company is not in a position to comply with the requirement clause 49 of the listing agreement. Due to Financial Constraints the company would not enter into Tripartite agreement with NSDL & CDSL. The Board of Directors are confident to comply with the listing agreement during the Financial Year 2007-2008.

PERFORMANCE :

The Company has incurred a Net loss of Rs. 324.44 lacs during the year, as against Net Loss of Rs. 1538.39 lakhs in the previous year.

FUTURE OUTLOOK :

The Company has commenced commercial production of Cement from the month of June, 2006 and with the upswing in demand from Feb'06 which is expected to last until end of financial year 2008 the future out look of the company looks bright.

INDUSTRIAL RELATIONS AND STAFF WELFARE :

Industrial relations with staff and workmen remained harmonious and cordial.

POLLUTION CONTROL :

The Company has adequate pollution control equipment and also developed various plantations around the factory premises.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS OUT GO :

Statement containing particulars pursuant to section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

DIRECTORS :

Shri K. Gopi Prasad and Shri U. Venkateswara Rao who retire by rotation and are eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT :

Your Directors state that :

1. In the preparation of annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. Such accounting policies were selected and applied consistently and judgements and estimates were made that are reasonable and prudent so to give true and fair view of state of affairs and loss of the company for the period.
3. Proper and sufficient care has been taken to safeguard the assets and for preventing and detecting fraud and other irregularities.
4. The annual accounts are prepared on a going concern basis.

AUDIT COMMITTEE :

The Audit Committee comprises of the following members.

1. Shri K. Gopi Prasad
2. Shri U. Venkateswara Rao
3. Shri D.B.N Rao

During the year under review no meeting of the Audit Committee was held.

PARTICULARS OF EMPLOYEES :

There are no employees falling within the preview of Section 217 (2A) of the Companies Act, 1956 during the year.

AUDITORS :

M/s. KARVY & COMPANY Chartered Accountants, the present auditors retire at this meeting and are eligible for re-appointment.

COST AUDITOR :

The Company did not appoint Cost Auditor for the year 2006-2007.

ACKNOWLEDGEMENT :

Your directors would like to place on record their appreciation for the guidance and support received from I.D.B.I., I.F.C.I., I.C.I.C.I., Bank of Baroda and various departments of State and Central Governments.

Your directors also places on record their appreciation of the services rendered and co-operation extended by all the employees of the Company.

BY ORDER OF THE BOARD OF DIRECTORS

S.N. KILARU
MANAGING DIRECTOR

Place : HYDERABAD
Date : 31-08-2007

**ANNEXURE TO DIRECTORS REPORT
FORM - A**

CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	<u>2006-2007</u>	<u>2005-2006</u>
1. ELECTRICITY :		
a) Purchases		
Units	161,17,963	000
Total amount Rs.	60,499,849	000
Rate / Unit Rs.	3.75	0.00
b) Own Generation		
(i) Through Diesel Generation		
Units	0	0
Units per Ltr. of Diesel Oil	0	0
Cost / Unit Rs.	0	0
2. COAL :		
Quantity (Tonnes)	31,761	000
Total Cost Rs.	62,085,953	000
Average Rate (Rs.)	1954.78	000
3. FURNACE OIL :		
Quantity (K.Ltrs) :		
Total Amount :		
Average Rate :	N.A.	N.A.
4. OTHER / INTERNAL GENERATION :		
Quantity :	N.A.	N.A.
Total Cost :		
Rate / Unit :	N.A.	N.A.

B. CONSUMPTION PER UNIT PRODUCTION :

	Standards (if any)	<u>2006-2007</u>	<u>2005-2006</u>
Electrical Consumption per tonne of cement	140 units	128.46 Units	000 Units
Coal consumption per tonne of cement	0.25 MTs	0.27 MTs	0.00 MTs.

TECHNOLOGY ABSORPTION FROM FOREIGN COUNTRIES :

During the year the Company had no occasion to absorb any foreign technology.

FOREIGN EXCHANGE EARNINGS AND OUT GO :

During the year the company had no foreign exchange earnings and out go.

FORM - B

2006-2007 2005-2006

A. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R& D carried out by the Company :	Nil	Nil
2. Benefits derived as a result of the above R & D :	Nil	Nil
3. Future plan of action :	Nil	Nil
4. Expenditure on R & D		
a) Capital		
b) Recurring		
c) Total		
d) Total R & D expenditures as a percentage of total turnover :	Nil	Nil

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION.

1. Efforts, in brief, made towards technology absorption, adoption and innovation. :	Nil	Nil
2. Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, products development, import substitution etc. :	Nil	Nil
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year). Following information may be furnished.		
a) Technology imported :		
b) Year of import :		
c) Has technology been fully absorbed :		
d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action. :	Nil	Nil

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

S.N. KILARU
MANAGING DIRECTOR

AUDITORS' REPORT

To
The Members of
M/s. HEMADRI CEMENTS LIMITED

1. We have audited the attached Balance sheet of M/s. HEMADRI CEMENTS LIMITED as at 31st March, 2007, the Profit & Loss Account and 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.

2. We have 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'order'), 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 as we considered appropriate, and according to the information and explanations given to us, we given in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order to the extent applicable to the company.

4. Further to our comments in the Annexure referred to in paragraph 3 above;

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 the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

c. The Balance Sheet, Profit and 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 and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e. On the basis of the written representations received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as Director 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 Company's Accounting Policies and Notes hereto, 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.

i. In the case of the Balance Sheet, of the state of affairs of the company as on 31st March, 2007;

ii. In the case of the Profit and Loss Account, of the LOSS of the Company for the year ended on that date.

And

iii. In case of cash flow statement, of the cash flows for the year ended on that date.

for **KARVY & COMPANY**

Chartered Accountants

K. AJAY KUMAR

PARTNER

(M.No.21989)

Place : Hyderabad

Date : 31-08-2007

ANNEXURE TO THE AUDIT REPORT

(Referred to in Paragraph 3 of our Report of even date)

The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.

None of the fixed assets have been disposed off during the year.

The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

In my opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of account.

The company has taken unsecured loans from the parties listed in the register maintained under section 301 of the companies Act, 1956. The maximum amount outstanding during the year and as at 31st March, 2007 is Rs.32.84 lakhs.

The company has not granted any loans to the parties listed in the register maintained under section 301 of the companies Act, 1956.

According to the explanations given to us, the loans were interest free and the rate of interest and other terms and conditions of loans taken by the Company from the parties covered in the Register maintained under section 301 of the Companies Act, 1956 are, in our opinion, prima facie not prejudicial to the interests of the Company.

The said loans are repayable on demand and as such there is no repayment schedule

In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control.

- V) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of the company Act, 1956, have been so entered.
- b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of the contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding to the value of Rupees Five Lacs in respect of any party during the year.
- VI) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- VII) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- VIII) In respect of this company, maintenance of cost records has been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, but the company has not maintained the cost records.
- IX) a) According to the records of the company and information and explanations given to us, the company is not regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, excise duty and other statutory dues. The extent of arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable is as follows: Provident Fund :Rs.68.34 Lacs, Income Tax :Rs.4.63 Lacs, Sales Tax :Rs.327.20 Lacs, Other Statutory Dues : Rs.17.50 Lacs.
- b) According to the information and explanation given to us the following amounts have not been deposited with the appropriate authorities on account of dispute:

Nature of the Statute	Amount Rs. in Lakhs	Period to which the amount relates	Forum where pending
APGST	17.00	1992-93	Sales Tax Appellate Tribunal, Hyderabad
APGST	59.00	1998-99	
APGST	20.00	2001-02	Additional Deputy Commissioner, Vijayawada
APGST	50.00	2002-03	

- X) In our opinion, the accumulated losses of the Company at the end of the year are more than Fifty Percent of Net worth and the Company has incurred cash losses amounting to Rs.2.05 Crores and Rs.14.66 Crores during the current financial year and immediately preceding financial year respectively.

- XI) In our opinion and based on the information available, the company has defaulted in repayment of dues to the financial institutions. The following table shows the details of the dues to the financial institutions with accumulated interests at the end of 31st March, 2007:

Name of the Financial Institution	Principle amount due (In Rs.)	Accumulated interest due (In Rs.)	Loan due from
IDBI Ltd	8,50,00,681	47,77,97,386	1985
IFCI Ltd	1,43,20,387	9,65,71,114	1985
ICICI Bank Ltd	1,69,52,821	18,54,49,428	1985
Total	11,62,73,889	75,98,17,928	

- 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. Accordingly, clause 4(xii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- XIII) In our opinion, the Company is not a Chit fund or a Nidhi/Mutual Benefit fund/ Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- XIV) In our opinion, the Company is not dealing in or trading in Shares, Securities, debentures and other investments, accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- XV) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
- XVI) According to the information and explanations given to us, no term loans were availed by the company during the year.
- XVII) According to the information and explanations given to us and on overall examination of Balance Sheet basis, the company has not raised any funds during the year, as such this clause is not applicable.
- XVIII) The Company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of the Companies Act, 1956, during the year.
- XIX) According to the information and explanations given to us and the records examined by us no debentures were issued by the company
- XX) The Company has not raised any money through public issue during the year.
- XXI) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

for **KARVY & COMPANY**
Chartered Accountants

K. AJAY KUMAR
PARTNER
(M.No.21989)

Place : Hyderabad
Date : 31-08-2007

BALANCE SHEET AS AT 31st March 2007

	Schedule No.	As at 31-03-2007 Rupees.	As at 31-3-2006 Rupees.
SOURCES OF FUNDS			
Share Capital	A	66,700,000	66,700,000
Reserves & Surplus	B	24,451,496	29,131,863
Secured Loans	C	864,310,719	812,362,405
Unsecured Loans	D	26,710,435	47,687,735
TOTAL		982,172,650	955,882,003
APPLICATION OF FUNDS :			
Fixed Assets	E		
Gross Block		336,001,820	329,431,859
Less: Depreciation		250,526,322	238,495,648
Net Block		85,475,498	90,936,211
Capital Works-in-progress	F	--	942,753
Investments	G	6,000,000	6,000,000
CURRENT ASSETS, LOANS & ADVANCES :			
I. Inventories		20,744,877	12,850,697
II. Sundry Debtors		15,691,994	274,512
III. Cash and Bank Balances		8,798,416	1,435,283
IV. Loans & Advances		21,443,799	1,791,698
		66,679,086	16,352,190
Less : Current Liabilities and Provisions	I	142,786,295	92,709,457
Net Current Assets		(76,107,209)	(76,357,268)
Misc. Expenditure (to the extent Capital Issue Expenses not written off)		887,519	887,519
Profit & (Loss) Account b/d		965,916,843	933,472,787
TOTAL		982,172,650	955,882,003
NOTES ON ACCOUNTS :	O		

As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

K. AJAY KUMAR
PARTNER

Place : HYDERABAD
Date : 31-08-2007

for and on behalf of the Board

S.N. KILARU
MANAGING DIRECTOR

K. GOPI PRASAD
DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH 2007

	Schedule No.	Current Year Rs.	Previous Year Rs.
INCOME :			
Sales		276,728,073	0
Other Income	J	693,403	0
Increase/(Decrease)in stock	K	106,664	0
TOTAL		277,528,140	0
EXPENDITURE :			
Materials consumed	L	35,821,754	--
Power & Fuel		122,585,802	0
Excise Duty		32,439,769	0
Mfg. Admn. & Selling exps.	M	51,240,201	562,108
Finance charges	N	60,346,340	146,103,727
Depreciation		12,030,675	11,854,789
Less : Transfer from Revaluation reserves		4,680,367	7,350,308
		4,681,626	7,173,163
Total		309,784,174	153,838,998
Loss for the year		(32,256,034)	(153,838,998)
Provision for FBT		(188,022)	0
Current year Loss		(32,444,056)	(153,838,998)
Add Brought forward Loss			
Loss Carried Forward to Balance Sheet		(933,472,787)	(779,633,789)
		(965,916,843)	(933,472,787)
EPS (Earnings Per Share)		(4.86)	(23.06)
NOTES ON ACCOUNTS :	0		

As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

for and on behalf of the Board

S.N. KILARU
MANAGING DIRECTOR

K. AJAY KUMAR
PARTNER

Place : HYDERABAD
Date : 31-08-2007

K. GOPI PRASAD
DIRECTOR

	As at 31-03-2007	As at 31-3-2006
	Rs.	Rs.
SCHEDULE - A		
SHARE CAPITAL :		
Authorised 1,00,00,000		
Equity Shares of Rs.10/- each.	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed and paid up		
66,70,000 Equity Shares		
of Rs.10/- each fully paid up	66,700,000	66,700,000
TOTAL	<u>66,700,000</u>	<u>66,700,000</u>
SCHEDULE - B		
RESERVES & SURPLUS :		
Capital Reserve	2,012,000	2,012,000
Mining Welfare Subsidy	974,250	974,250
Revaluation Reserve :		
Opening Balance	26,145,613	30,827,240
Less Additional Dep on	<u>4,680,367</u>	<u>4,681,627</u>
Revalued Assets	21,465,246	26,145,613
TOTAL	<u>24,451,496</u>	<u>29,131,863</u>

	As at 31-3-2007 Rs.	As at 31-3-2006 Rs.
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SCHEDULE - C

SECURED LOANS :

A. Term Loans from :

Industrial Development Bank of India - Loan	85,000,681		85,000,681
Less: O T S Paid	<u>24,472,000</u>	60,528,681	<u>18,272,000</u> → 66,728 681
Industrial Finance Corporation of India Ltd, - Loan	14,320,387		14,320,387
Less OT S Paid	<u>3,074,000</u>	11,246,387	<u>3,074,000</u> → 11,246,387
The Industrial Credit & Investment Corpn, of India Ltd	16,952,821		16,952,821
Loan Less OT S Paid	<u>3,654,000</u>	<u>13,298,821</u>	<u>3,654,000</u> → <u>13,298,821</u>
Total		<u>85,073,889</u>	<u>91,273,889</u>

B. Funded Interest

I.D.B.I. Ltd.,	1,881,000		1,881,000
I.C.I.C.I Ltd.,	<u>2,428,598</u>		<u>2,428,598</u>
		4,309,598	4,309,598

C. Cash Credit from BOB		15,109,304	15,109,304
D. Interest accrued and due		759,817,928	701,669,614

TOTAL		<u>864,310,719</u>	<u>812,362,405</u>
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SCHEDULE - D

UNSECURED LOANS :

From Directors	4,468,118		3,854,585
From Shareholders	--		6,209,955
From Others	--	4,468,118	17,045,418
Deferred Sales Tax Loan		<u>22,242,317</u>	<u>30,642,317</u>
TOTAL		<u>26,710,435</u>	<u>47,687,735</u>

SCHEDULE - E**FIXED ASSETS FOR THE YEAR 2006-2007**

Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at 1-4-06 Rs.	Additions Rs.	Deletion	Total Rs.	As at 31-3-2006 Rs.	For the Year Rs.	Deletion	Total Rs.	As at 31-3-2007 Rs.	As at 31-3-2006 Rs.
1 LAND	3,876,027	--		3,876,027		-		-	3,876,027	3,876,027
2 BUILDINGS	39,898,353	190,213		40,088,566	18,706,301	1,023,991		19,730,292	20,358,274	21,192,052
3 PLANT & MACHINERY	246,366,506	4,413,204		250,779,710	184,984,879	9,047,919		194,032,798	56,746,912	61,381,627
4 ELECTRICAL INSTALLATIONS	36,196,381	12,500		36,208,881	31,851,123	1,808,035		33,659,158	2,549,723	4,345,258
5 FURNITURES & FIXTURES	1,292,169	498,541		1,790,710	1,203,574	109,490		1,313,064	477,646	88,595
6 VEHICLES	932,243	1,455,503		2,387,746	906,131	37,547		943,678	1,444,068	26,112
7 CONSTRUCTION MACHINERY	480,450			480,450	467,457	1,808		469,265	11,185	12,993
8 WORK SHOP EQUIPMENT	389,730			389,730	376,182	1,884		378,066	11,664	13,548
	329,431,859	6,569,961		336,001,820	238,495,647	12,030,675		250,526,322	85,475,498	90,936,212
PREVIOUS YEAR	329,431,859	--	--	329,431,859	226,640,859	11,854,789	--	238,495,648	90,936,211	102,791,000

	As at 31-3-2007 Rs.	As at 31-3-2006 Rs.
--	------------------------	------------------------

SCHEDULE - F

CAPITAL WORKS-IN-PROGRESS :

Buildings	--	190,213
Advance for capital works	--	752,540

TOTAL	<u> -- </u>	<u>942,753</u>
--------------	-------------------------------	-----------------------

SCHEDULE - G

INVESTMENTS

NON TRADE : UNQUOTED

Investments in Equity shares in HCLAGRO POWER LTD. (Nos. 600000 equity shares of Rupees 10/- each fully paid up)	6,000,000	6,000,000
	<u>6,000,000</u>	<u>6,000,000</u>

SCHEDULE - H

CURRENT ASSETS, LOANS & ADVANCES :

i) INVENTORIES

As certified by the Management

Stores & Spares	11,747,860	6,962,921
Raw Material	3,013,775	500,358
Packing Material	529,668	572,589
Coal	3,696,138	3,374,606
Raw material in transit	210,548	0
Work-in-progress	706,927	1,440,223

Finished Goods:

Stock at Factory	839,960	0
TOTAL	<u>20,744,877</u>	<u>12,850,697</u>

	As at 31-3-2007 Rs.	As at 31-3-2006 Rs.
ii) SUNDRY DEBTORS : (Unsecured)		
For over six months considered good	--	--
For over six months considered doubtful	1,008,345	11,977,768
Other Debits Considered Good	<u>15,691,994</u>	<u>--</u>
	16,700,339	11,977,768
Less : Provision for doubtful debts	1,008,345	11,703,256
TOTAL	<u>15,691,994</u>	<u>274,512</u>
iii) CASH AND BANK BALANCE :		
Cash in hand	5,015,232	2,285
Balance with scheduled Banks :		
In Current Accounts	3,668,984	1,319,498
In Margin Money Deposit Accounts	114,200	114,200
TOTAL	<u>8,798,416</u>	<u>1,435,283</u>
iv) LOANS & ADVANCES :		
(Unsecured, considered good Recoverable in cash or in kind or for value to be received)		
Advance to suppliers	5,645,534	10,492,899
Advance to Raw material	4,847,365	470,357
Advance for expenses	2,944,201	39,122
Advance to staff	625,524	209,891
Deposits	6,963,691	951,991
Prepaid expenses	247,199	400
T D S Receivable	170,285	119,937
TOTAL	<u>21,443,799</u>	<u>1,791,698</u>

	At at 31-3-2007 Rs.	As at 31-3-2006 Rs.
SCHEDULE - I		
CURRENT LIABILITIES & PROVISIONS :		
Creditors for capital works	700,000	700,000
Creditors for Trade	11,840,721	4,954,165
a) Due to small scale undertaking	1,216,561	1,216,561
b) Due to others	10,624,160	3,737,604
Creditors for Expenses	76,108,870	55,605,799
Creditors for other Finance	20,024,710	16,253,766
Deposits	2,992,844	2,342,844
Advance from Customers	31,119,150	12,852,883
T O T A L	<u>142,786,295</u>	<u>92,709,457</u>

	Current Year Rs.	Previous Year Rs.
SCHEDULE - J		
OTHER INCOME :		
Loading/Unloading	78,114	0
Bad debts received back	379,000	0
Interest Received (TDS amount Rs.50348)	224,369	0
Misc., income	<u>11,920</u>	<u>0</u>
TOTAL	<u>693,403</u>	<u>0</u>
SCHEDULE - K		
INCREASE / (DECREASE) IN STOCK :		
1. Work-in-progress		
Opening Stock	1,440,223	0
Closing Stock	<u>706,927</u>	<u>0</u>
	(1) (733,296)	0
2. Finished Goods		
Opening Stock	0	
Closing Stock	<u>839,960</u>	<u>0</u>
	(2) 839,960	0
INCREASE / (DECREASE) (1+2)	<u>106,664</u>	<u>0</u>
SCHEDULE - L		
MATERIALS CONSUMED		
A) Raw Material		
Opening Stock	500,358	500,358
Add : Purchases	27,516,097	--
TOTAL	<u>28,016,455</u>	<u>500,358</u>
Less : Closing stock	3,650,604	500,358
CONSUMPTION :	(A) <u>24,365,851</u>	<u>-</u>
B) Packing Material		
Opening Stock	572,589	572,589
Add : Purchases	11,412,982	-
TOTAL	<u>11,985,571</u>	<u>572,589</u>
Less : Closing Stock	529,668	572,589
CONSUMPTION	(B) <u>11,455,903</u>	<u>-</u>
TOTAL CONSUMPTION (A+B)	35,821,754	-

	Current Year Rs.	Previous Year Rs.
SCHEDULE - M		
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES :		
Personnel cost :		
Salaries & Wages and bonus	9,146,231	138,205
Contribution to P.F. & other funds	692,067	--
Staff Welfare	<u>5,457,305</u>	<u>32,957</u>
	15,295,603	171,162
	15,295,603	171,162
Consumable Stores	7,895,922	--
REPAIRS & MAINTENANCE :		
Repairs to Buildings	164,657	--
Repairs to Plant & Machinery	1,085,517	--
Repairs to Other Assets	1,515,002	--
Lab Maintenance	<u>309,424</u>	<u>--</u>
	3,074,600	--
Material handling	2,999,730	--
Factory Maintenance	5,441,486	9,581
Carriage Inward	119,916	--
Freight Cooly & Cartage	<u>453,379</u>	<u>--</u>
Balance C/d	35,280,636	180,743

	As at 31-3-2007 Rs.	As at 31-3-2006 Rs.
<u>ADMINISTRATIVE EXPENSES:</u>		
Balance C/d	35,280,636	180,743
Travelling & Conveyance	1,174,016	3,319
Board Meeting Exp	1,127	--
Rates & Taxes	852,352	-
Printing & Stationery	204,100	10,209
Postage & Telephones	450,944	65,261
Computer Maintance	24,850	--
Vehicle Maintanences	529,318	28,419
Electricity Charges	1,068,785	42,868
Office Maintanenance	142,062	--
Security Charges	616,600	--
Service Charge	--	154,139
Legal & Professional Charges	1,381,538	41,000
Directors Sitting Fee	6,000	-
Directors Remuneration	420,000	-
<u>Payment to Auditors:</u>		
1. As Auditors	150,000	-
2. As Auditors for Tax Matters	-	-
3. For Expenses	21,142	20,000
	<u>7,042,834</u>	<u>365,215</u>
	42,323,470	545,958

	As at 31-3-2007 Rs.	As at 31-3-2006 Rs.
<u>SELLING EXPENSES</u>		
Commission on Sales	2,054,739	-
Donations	67,300	-
Sales Promotion Expenses	115,640	
Loading Charges	<u>307,610</u>	-
	2,545,289	-
	<u>44,868,759</u>	<u>545,958</u>
<u>OTHER ITEMS:</u>		
General Expenses	551,813	16,150
Provision for Bad Debts	-	-
Sales Tax on Consignment sales	5,819,629	--
T O T A L	<u>51,240,201</u>	<u>562,108</u>
<u>SCHEDULE- N</u>		
Interest on Fixed Loans	58,148,314	142,885,357
Bank Charges	650,975	760
Interest on Other Loans	1,547,051	3,217,610
T O T A L	<u>60,346,340</u>	<u>146,103,727</u>

SCHEDULE - 0**NOTES ON ACCOUNTS :****01. SIGNIFICANT ACCOUNTING POLICIES :****Basis of Presentation :**

The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost basis, modified by revaluation of certain fixed assets as a going concern, and are consistent with generally accepted accounting principles.

Fixed assets :

Fixed assets are capitalised at cost including freight, installation charges and other incidental expenses. Fixed assets are stated at cost together with resultant write-up due to revaluation as there may be.

- a) Land : At Cost. b) Other Assets : Cost of depreciation.

Investments :

Investments being long term in nature are valued at cost of acquisition. (Adjustment for increase / decrease in the value of investment, if any, will be accounted for on realization of the investment.)

Capital work-in-progress :

The cost incurred for fixed assets under construction / installation are included under capital work-in-progress and the same are classified to the respective assets on the completion.

Depreciation :

- i) Depreciation on buildings, plant & machinery and electrical installations is provided on straight line method and on written down value method on other assets at the rates prescribed in schedule xiv of the Companies Act, 1956.
- ii) Depreciation on assets added during the year is charged on pro-rata basis from the month in which it is acquired and upto the month in which it is discarded as the case may be.
- iii) In the case of revalued assets the difference between the depreciation based on revaluation and the depreciation charged on historical cost is transferred from revaluation reserve to profit and loss account.

Inventories :

- a) Raw materials are valued at lower of costs on weighted average basis and net realisable value.
- b) Stores & Spare parts are valued on FIFO basis.
- c) Work-in-progress and finished goods are valued at lower of costs or net realizable value. The company provides liability for excise duty payable on finished goods held at the year end.

Revenue recognition :

Sale of goods is recognised at the point of dispatch of finished goods to customers. Sales are inclusive of excise duty but exclusive of sales tax.

Retirement Benefits :

Contribution to provident fund is made through the Regional Provident Fund Commissioner. The Company has an arrangement with Life Insurance Corporation of India to administer its scheme. Other benefit are accounted on actual cost to the company.

Income Tax :

The current charge for tax is calculated in accordance with relevant tax regulation applicable to the company.

The deferred tax for the timing difference between the book and tax profits, for the year is accounted for using tax rates and laws that have been substantially enacted as of the Balance Sheet date.

Deferred tax Assets arising from timing difference are recognised and carried forward only if there is reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

Earning Per Share (E P S)

The basic Earning Per Share is computed by dividing Net Profit-Loss after tax for the year by the weighted average number of Equity Shares outstanding during the year.

Impairment of Assets:

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Contingencies and events occurring after the balance sheet :

Accounting for contingencies (gains and losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

Events occurring after the date of Balance Sheet are considered upto the date of approval of the accounts by the board where material.

02. Contingent Liabilities not provided for :

Claims against the Company not acknowledged as debt and not provided for :

- a) The Company has purchased the rights for land measuring 2.2 acres valued at Rs. 17,334/- in the year 1985 and was registered in the name of the company, subsequently it has come to the notice of the company that the land was assigned to the Andhra Pradesh Government and the party cannot relinquish his right. The company has made an application to the revenue authorities to assign the land in favour of the company. As the matter is still pending no provision has been made in the accounts of the company.
- b) On account of bank guarantee Rs.4.91 lakhs (previous year Rs. 4.91 lakhs).
- c) Estimated amount for contracts remaining to be executed on capital account and not provided for nil. (Previous year - Nil)

Secured Loans :

03. a) As per One Time Settlement scheme of B.I.F.R. the Interest on term loan with IDBI, IFCI and ICICI of Rs. 1993.64 lacs and 15% of term loan principal, to the extent of Rs. 174.41 lacs are waived. The Company is required to pay the balance 85% principal on Term loan in 6 quarterly instalments commencing from 1st January, 2002 along with interest @ 12.5% p.a. on the principal amount. As per the order, in the event of default in payment of TWO successive installments and or interest, the financial institutions can restore the original liability as per terms of loan agreement. The Company has not paid any of the installments and interest due as per B.I.F.R. order on date of balance sheet. Hence Interest on Term Loan is provided on the original liability. The Interest waiver will be accounted as and when full payment is made as per the B.I.F.R. Order.
- b) Term loans of Rs. 1205. 83 lakhs (Rupees Twelve crores five lakhs eighty three thousand only) from Industrial Development Bank of India, Industrial Finance Corporation of India and Industrial Credit & Investment corporation of India Limited are secured by a joint equitable mortgage by deposit of the title deeds of all immovable properties with Industrial Development Bank of India in favour of the said financial institutions and hypothecation of all movable properties both present and future subject to prior charge on the said movable properties, in favour of the company's bankers for working capital.

- c) The term loans from all the above said institutions rank pari passu among them selves.
- d) During the year the company's proposal for One time settlement with IDBI Ltd is accepted. As per terms of settlement the company has to settle the total dues before 31st March,2007 however the company is yet to settle the final payment and close the loan outstanding to IDBI Ltd.
- e) Cash credit from B O B amounting to 1.51 Crores hypothecation of raw materials, Work-in-progress finished goods, stocks and book debts and the cash credit is further secured by as a second on the immovable properties and is guaranteed by Sri S.N. Kilaru and Sri K. Gopi Prasad.
- f) Term Loan to the extent of Rs. 464.01 lakhs included in (b) payable to Industrial Development Bank of India, Industrial Finance Corporation of India Limited, and Industrial Credit and Investment Corporation of India Limited is guaranteed by unconditional and irrevocable guarantee of Shri S.N. Kilaru, Managing Director of the Company, Shri G. Mohan Rao and Shri K.V.S. Varma, which is joint and several.
- g) Term loans of Rs. 741.82 lakhs included in (b) payable to Industrial Development Bank of India and the Industrial Credit and Investment Corporation of India Limited are guaranteed by unconditional and irrevocable guarantees of Shri S.N. Kilaru, Managing Director and Shri K. Gopi Prasad, Director of the Company.
- h) Interest on Term loans and Balances shown under "Schedule C" to the Balance Sheet are subject to confirmation.
04. During the year, the company has approached State Govt of Andhra Pradesh and the Commissioner of Commercial Taxes, Hyderabad, for sanctioning of installments with respect of arrears of demand pertaining to year 1991-92 to 2002-03 and waiver of interest on the arrears of demand. The company is expecting a positive response.
05. Balances held with Sundry Debtors are subject to confirmation.
06. Balances held with Banks are subject to confirmation.
07. The Company has not complied with the clause 49 of the listing Agreement entered with the Bombay Stock Exchange and Hyderabad Stock Exchange.
08. Particulars of remuneration to Directors :

	Current Year Rs.	Previous Year Rs.
Sri S.N. Kilaru, Managing Director	420,000	Nil

9. Details of amounts due to small scale industrial undertakings exceeding Rs. 1,00,000/- and outstanding for more than 30 days to the extent such parties have been identified from the available documents. / information.

S.No.	Name of the Party
(1)	M/s. Archon Engineering Company Limited
(2)	M/s. Balaji Industrial Products

The Company has been receiving legal notices w.r.t. amounts due to M/s. Balaji Industrial Products.

10. No provision for Income Tax under the provisions of Income Tax Act 1961 is made since in the opinion of the company there will be no taxable Income in view of the deductions available under the provisions of the said Act.

In accordance with accounting standard 22 on "Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India. Deferred tax Assets and Liabilities should be recognised for all timing differences.

However, deferred tax Asset (after setting off deferred tax liability) to the extent of Rs.28,05,61,368/- not recognised in the accounts considering the fact that there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

11. Information pursuant to the provisions of paragraphs, 3, 4C and 4D of part-II of schedule VI of the companies Act, 1956 (As certified by the management to the extent applicable).

<u>DESCRIPTION</u>	<u>2006 - 2007</u>		<u>2005-2006</u>	
	<u>QTY. IN. MTS.</u>		<u>QTY.IN.MTS.</u>	
a) Installed Capacity Cement	247500 Mts. Per Annum		247500 Mts. Per Annum	
Actual Production	104968.27 Mts.		000 Mts.	Cement
b) Turnover :		Value (Rs.)		Value (Rs.)
Cement (including self consumption)	104508.270 Mts.	Rs. 2476.21	000 Mts.	Rs. 0.00
Clinker Sales	15136.106 Mts.	Rs. 237.01	000 Mts..	Rs. 0.00
		<u>2713.22</u>		<u>0.00</u>

<u>DESCRIPTION</u>	<u>2006 - 2007</u>		<u>2005-2006</u>	
		<u>QTY. IN. MTS.</u>		<u>QTY.IN.MTS.</u>
c) Opening stock of finished goods	00 Mts.	00	00	00
Closing stock of finished goods	460.00	839960.00	00 Mts.	0.000
d) Materials consumed :				
Lime stone	163426.00 Mts.	142.68	000 Mts.	000
Gypsum	5011.00 Mts.	41.23	000 Mts.	000
Bauxite / Laterite	6368.00 Mts.	49.03	000 Mts.	000
Others	3285.00Mts.	10.72	000	000
TOTAL		<u>243.66</u>		<u>0.000</u>
Packing Materials (No. of Bags)	2063008	114.55	0000	000
Stores & Spares		54.19	000	
		<u>% Value (Rs.)</u>	<u>% Value (Rs.)</u>	

Value of imported and indigenous raw materials, components, spare parts and other Materials.

Raw materials :

Imported	NIL	NIL	NIL	NIL
Indigenous	100%	000	100%	000

Spare parts & other materials :

Imported	NIL	NIL	NIL	NIL
Indigenous	100%	00	100%	000

12. Amount of borrowing costs capitalised during the year Rs. Nil.

13. **Related Parties.**

Names of related parties and description of their relationship:

1.Key Managerial Personnel :

Mr. S.N. Kilaru, Managing Director

Mr. K. Gopi Prasad, Director

2.As sociates :

M/s. HCL Agro Power Limited

Transactions with related parties:

(Amount in Rs.)

Particulars	Key Management Personal		Associates	
	2006-07	2005-06	2006-07	2004-05
Remuneration	4,20,000	---	---	---
Outstanding:	---	---	---	---
Amount receivable	---	---	54,33,181	2,74,512

14. Schedule A to O form an integral part of accounts.

15. Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

16. ADDITIONAL INFORMATION REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

A) Registration No.	---	2995
B) State Code	---	01
C) Balance Sheet date	---	31-03-2007

II. CAPITAL RAISED DURING THE YEAR

RUPEES

A) Public issue	NIL
B) Rights issue	NIL
C) Bonus issue	NIL
D) Private placement of non convertible debentures	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	Rs.	
	2006-2007	2005-2006
A. Total liabilities	982,172,650	955,882,003
B. Total Assets	982,172,650	955,882,003
C. Sources of funds :		
1) Paid-up capital	66,700,000	66,700,000
2) Reserves and surplus	24,451,496	29,131,863
3) Secured loans		
a) Debentures		---
b) Term loans and working Capital facilities	864,310,719	812,362,405
c) Short term loans for new projects		
4) Unsecured loans	26,710,435	47,687,735
D. Application of Funds :		
1) Net fixed assets (including capital w.i.p)	85,475,498	91,878,964
2) Investments	6,000,000	6,000,000
3) Net Current assets	(76,107,209)	(76,357,268)
4) Miscellaneous expenditure	(887,519)	887,519
5) Accumulated losses	965,916,843	933,472,787

IV. PERFORMANCE OF COMPANY

A. Turnover	277,528,140	000
B. Total Expenditure	309,784,174	153,838,998
C. Provision for FBT	(188,022)	---
D. Profit / (Loss)	(32,444,056)	(153,838,998)
E. Earning per share	(4.86)	(23.06)
F. Dividend rate	---	---

V. GENERIC NUMBERS OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

A. 1) Item Code	252329-10
2) Product description	CEMENT
B. 1) Item Code	252910-00
2) Product Description	CLINKER

As per our report of even date
for **KARVY & COMPANY**
Chartered Accountants

for and on behalf of the Board

K. AJAY KUMAR
PARTNER

S.N. KILARU
MANAGING DIRECTOR

Place : Hyderabad
Date 31-08-2007

K. GOPI PRASAD
DIRECTOR

CASH FLOW STATEMENT FOR 31-03-2007

	<u>2006-2007</u> Rs.	<u>2005-2006</u> Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		
ADJUSTMENTS FOR :	(32,444,056)	(153,838,998)
Provision for FBT	188,022	--
Depreciation	7,350,308	7,173,163
Interest	<u>59,695,365</u>	<u>146,102,967</u>
Operating profit before working capital changes	34,789,639	(562,868)
ADJUSTMENTS FOR CHANGES IN		
Trade and other receivables	(35,069,582)	290,000
Inventories	(7,894,180)	000
Trade payables	49,938,816	3,491,788
Cash generated from operations	6,975,054	3,218,920
Tax paid	(50,000)	000
Net cash from / (used in) operating activities (A)	<u>41,714,693</u>	<u>3,218,920</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(5,627,211)	----
Sale of investment	----	----
Sale of fixed assets	----	----
Net Cash (used in) investing activities (B)	<u>(5,627,211)</u>	----
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of shares	(1,547,051)	(3,217,610)
Repayment of long term loan	(14,600,000)	----
Proceeds from long term borrowings	---	--
Proceeds from short term borrowings	(12,577,300)	----
Net cash (used in) / generated financing activities (C)	<u>(28,724,351)</u>	<u>(3,217,610)</u>

Net increase / (decrease) in Cash and cash equivalents (A+B+C)	<u>7,363,133</u>	<u>1,310</u>
Cash and cash equivalents (Opening balance)	1,435,283	1,433,973
Cash and cash equivalents (Closing balance)	8,798,416	1,435,283

for and on behalf of the Board

for **KARVY & COMPANY**
Chartered Accountants

S.N. KILARU
MANAGING DIRECTOR

K. AJAY KUMAR
Partner.

K. GOPI PRASAD
DIRECTOR

Place : Hyderabad
Date : 31-08-2007

HEMADRI CEMENTS LIMITED
Regd. Office & Factory : Vedadri Village,
Jaggaihpeta Mandal, Krishna District, Andhra Pradesh.

PROXY FORM

I / We _____ in the district
of _____ being a member(s) of the above named Company, hereby
appoint _____ of _____ in the district
as my / our proxy to attend and vote for me/us on my/our behalf of the Annual
General Meeting of the Company to be held on 29th September, 2007, at 3.00 p.m. and at any
adjournment thereof.

Signed _____

Date _____

Folio No. _____

Affix
1 Rupee
Revenue
Stamp

Note : Proxies must reach the company's Registered Office not _____ less than 48
hours before the time fixed for the meeting.

HEMADRI CEMENTS LIMITED
Regd. Office & Factory : Vedadri Village,
Jaggaihpeta Mandal, Krishna District, Andhra Pradesh.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF
THE MEETING HALL, JOINT SHARE HOLDERS MAY OBTAIN ADDITIONAL ATTENDANCE SLIP
ON REQUEST.

Name & Address of the Share Holder

Folio No.

I hereby record my presence at the ANNUAL GENERAL MEETING of the company held at the
Registered Office of the Company Vedadri Village, Jaggaihpeta Mandal, Krishna District
at 3.00 p.m. on 29th September, 2007.

SIGNATURE OF THE SHAREHOLDER OR PROXY.

BOOK-POST

PRINTED MATTER

37

Printed at : Sri Jyothi, Cell:9848524044

If undelivered, please return to :



HEMADRI CEMENTS LIMITED

Regd. Office & Factory : Vedadri Village,
Jaggaiahpet Mandal,
Krishna District, Andhra Pradesh.

PLEASE NOTE :
No gift/coupons
will be given at the
AGM

HEMADRI CEMENTS LIMITED 