

Co. No. 05-31576

Ambala Cements Limited

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

Notice: Convening 17th Annual General Meeting

Notice is hereby given that 17th Annual General Meeting of the members of the Company "Ambala Cements Limited" will be held on Friday 25th 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 17th 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. as 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 are 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 31st March 2009 and of the loss of the Company for the period from 1st April 2008 to 31st 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.

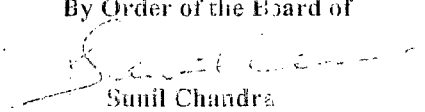
16. Acknowledgements:

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:

| <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) |
| 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:**

| <u>Name of the Director</u> | <u>Board Meeting held</u> | <u>Board Meeting Attended</u> | <u>Attendance at Last AGM</u> |
|------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| 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 And. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

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 Bhole (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 st 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

[Handwritten 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

17th Annual General Meeting

Friday, 25th 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.

Shri ...

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))

Per Ambala

[Handwritten Signature]
Manager

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:**

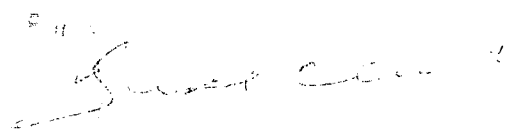
The company's product i.e. OPC through VSK could not stand the competition with the big plants manufacturing cement through the Rotary Kiln and had to face marketing difficulties and ultimately closure of the company due to heavy losses and non-acceptability of their product in the market. The management 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



existing crisis. Hence, the management is hopeful to re-establish the business activities in the ensuing years.

5. **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

There are adequate internal control procedures commensurate with the size of the company and the nature of its business. However, due to discontinuance of commercial production since January 2002 and in view of low volume of its transactions, the company does not have a formal system of internal audit. However, there is an audit committee which interacts with the statutory auditors at regular intervals of time. The management also regularly reviews the utilization of fiscal resource, compliance with law, efficiencies, so as to ensure optimum utilization of resources and achieve better efficiencies.

6. **MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

Due to discontinuance of commercial production since January 2002 and in view of low volume of its transactions, the company is not having regular workforce.

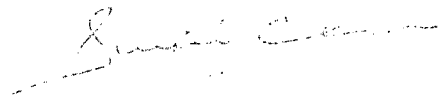
7. **CAUTIONARY STATEMENT:**

Statements in the management discussion and analysis may be "forward looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

Place: Ambala Cantt

Dated: 24-08-2009

By Order of the Board of



Sunil Chandra
(Chairman)

j. p. jagdev
m.a., ll.b., f.c.s., c.q.m.

j. p. jagdev & co.
Company Secretaries

CERTIFICATE

To

The Member of
Ambala Cements Limited,

We have examined the compliance of conditions of corporate governance by **AMBALA CEMENTS LIMITED**, for the year ended on 31st March, 2009, as stipulated in clause 49 the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009 no investor grievances are pending against the Company for a period exceeding one month as per the records maintained by the company which are presented to the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ambala City

Date: 26-06-2009

for J. P. Jagdev & Co.,
Company Secretaries,



(J. P. Jagdev)
Prop.
C. P. No. 1056

22-A, Kanshi Nagar, Model Town, Ambala City - 134003 (Haryana)
Ph. : 2520660, (M) 94160-20660, 99960-20660, E-mail : jprak@sanchamnet.in

Services : Corporate Laws, Economic Laws, ISO 9001-2000 &
IPRs: Patents, Trade Marks, Copyrights & Designs.

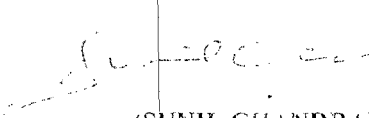
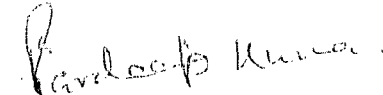
CERTIFICATE

We, Sunil Chandra (Managing Director) and Pardeep Kumar Gupta (Chief Executive Director) of the company Ambala Cements Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief: -
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee: -
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

Place: Ambala Cantt

Date: 26-06-2009

 
(SUNIL CHANDRA) (PARDEEP KUMAR)

JAYANT BANSAL & CO.
Chartered Accountants

To,

The Members of,
Ambala Cements Limited,
Village Jorian, Delhi Road,
Yamuna Nagar-135 001
(Haryana)

Ref.: Audit of accounts for the year ended 31st March 2009.

Gentlemen,

We have audited the attached Balance Sheet of AMBALA CEMENTS LIMITED, YAMUNANAGAR as at 31st March, 2009 and also the Profit and 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.

1. We conducted the 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 a 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure I a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to above, we report that: -
 - (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of accounts as required by the law, has been kept by the company so far as appears from our examination of those books of the company.



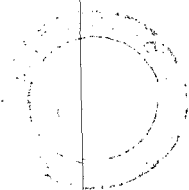
Off.: 320, Mahesh Nagar, Ambala Cantt.- 133 001

Ph.: 0171-2642401 (Off.), 2661320 (Resi.)

- (iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (iv) 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 3(C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956;
- (vi) We draw attention to note No. 11 in the financial statement. The company has disposed off substantial part of the assets for repayment of dues towards financial institution/Bank. Moreover, the accumulated losses of the company have just equivalent to its entire net worth. The accounts have, however, been prepared by the management as a going concern, as explained in the abovementioned notes of Schedule "L". However, in view of uncertainty for re-establishing the commercial activities along with other matters as set forth in the above mentioned notes, we are unable to comment as to whether the company will continue as a going concern in the foreseeable future. Consequently, adjustments may be required to the recorded amounts of assets and classification of liabilities. The financial statements (and notes thereto) do not disclose this fact.
- (vii) In our opinion and to the best of our information and according to the explanation given to us, subject to the omission of the information dealt within the preceding paragraph, the said financial statements read together with the notes thereon, 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;
- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2009 and
- (b) In the case of Profit and Loss Account, of the Loss for the year ended on that date.
- (c) In the cash flow statement, of the cash flow for the year ended on that date.

Place: Ambala Cantt

Date: 26-06-2009



For Jayant Bansal & Co.,
Chartered Accountants

JAYANT BANSAL
(PARTNER)

ANNEXURE I REFERRED TO IN PARAGRAPH 2 OF AUDITOR'S REPORT OF EVEN DATE ON THE
ACCOUNTS OF AMBALA CEMENTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2009

1.
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
 - (b) As explained to us that, due to closure of plant since January 2002, disposal of substantial part of plant and inadequate manpower, no physical verification has been conducted during the year. However, the necessary verification regarding wear and tear of the remaining assets has been conducted by the responsible staff during the year at regular intervals of time. No material discrepancies were noticed on such verification.
 - (c) The company had previously disposed off substantial part of fixed assets and it also has disposed off substantial part of assets acquired under Capital work in progress new expansion scheme and Technology Development Assistance scheme during the year. However, as explained by the management that the account has been prepared on the basis of going concern concept, because one plant (50 TPD capacity) is still with the company and the management has also started new business activities i.e. Trading of store and spares/Fabrics. Hence, the management is hopeful to re-establish its business activities in the ensuing years.
2.
 - (a) As explained to us that, due to discontinuance of commercial production since January 2002, the management could not conduct the physical verification of the stock, i.e. raw material, stores & spares and finished/semi-finished goods of the company during the year. So, we do not offer any comments on it and rely on the management's certificate in this regard.
 - (b) The management has valued the closing stock as per stock records maintained by the company and no physical verification was carried out during the year under consideration to work out damaged stock. The company has taken book value as value of the closing stock of raw material, work-in-progress, finished goods and stores & spares. So, we do not offer any comments on the value of the stock as shown in the Balance Sheet, as we have relied on the management's certificate regarding the value and quality.
3.
 - (a) The company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the rate of interest and other terms and conditions are, prima facie, prejudicial to the interest of the company. However, the company has given advance to related firm towards supply of goods/equipments which was adjustable against supplies. The term and condition of such advance is not prima facie, prejudicial to the interest of the company
 - (b) The company has not taken loans, secured or unsecured, from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the rate of interest and terms and conditions are, prima facie, prejudicial to the interest of the company.
4. In our opinion and according to the information and explanation 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 purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to purchase of inventories, fixed assets and for sale of goods and services.
5.
 - (a) According to the information and explanation given to us and as confirmed by the Managing Director of the company, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

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6 In our opinion and according to the information and explanation given to us, the company has complied with the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public. We are also informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or Any Court or any other Tribunal

7 In our opinion and according to the information and explanation given to us, that due to discontinuation of commercial production since January 2002 and in view of low volume of its transactions, the company does not have a formal system of internal audit commensurate with the size and nature of its business. However, as pointed in clause above, the company has an adequate internal control system.

8 According to the information and explanations given to us, in respect of the company the Central Government has prescribed rules for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. But, the company has not maintained such cost records due to discontinuance of the productions activities since January 2002.

9 (a) According to the records of the company and as per information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, investor education and protection fund, Employee's State Insurance Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with appropriate authorities.

(b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess applicable to it were in arrears, as at 31-03-2009 for a period more than six months from the date they became payable except Central Excise Duty amounting to Rs. 357489.19 (for the year 2002-03) against which the company has paid Rs. 200000.00 and the balance is yet to be paid, because the case is pending before the appellate authority for settlement. The details of the other cases are given below:

| PARTICULARS | PERIOD | AMOUNT DUE | STATUS AS ON 31/03/2009 |
|---|---------|------------|-------------------------|
| -Stock exchange listing fee: | | | |
| The Stock Exchange Ahmedabad | 1997-09 | 126000.00 | Yet to be paid |
| Jaipur Stock Exchange | 1997-09 | 120000.00 | -do- |
| The Delhi Stock Exchange Association Ltd. | 2000-09 | 155000.00 | -do- |

(C) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess applicable to it, which have not been deposited on account of any dispute as on 31-03-2009 except excise duty. The details of which are given below: -

| PARTICULARS | NATURES OF DUES | YEAR TO WHICH IT RELATES | AMOUNT | FORUM WHERE DISPUTE IS PENDING |
|---------------------|-----------------------------------|---|---|---|
| Central Excise Duty | Difference in rate of excise duty | 1991-1993 (arising in the year 2002-03) | 357489.19 (against that Rs. 200000/- has been paid) | Central Excise and Service Tax Appellate Tribunal |

10 As per the information and explanation given to us and on an overall examination of the financial statements of the company for the current and immediately preceding financial year, we report that the total accumulated losses of the company as on 31-03-2009 is Rs.40911588.79, which is just equivalent to the entire net worth of the company. While the company has incurred cash loss of Rs.1938930.67 in the current year and cash profits of Rs.3724094.00 in the immediately preceding financial.

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11. As per the information and explanation given to us, that the company has repaid all the dues of the financial institutions under one time settlement scheme. In respect of loan availed from the Central Bank of India, Ambala Cantt, the bank has recalled its whole amount Rs.11004919.70 and filed the recovery suit against the company in Debt Recovery Tribunal, Chandigarh. The company has already approached the bank for settlement of dues under one time settlement scheme, which has duly been accepted by the bank on dated 31/03/2009 and the company has paid the necessary upfront fee to the bank for execution of the said compromise proposal. In other loan availed from Lloyd Finance Ltd., Chandigarh against equipment, the total overdue amount is Rs. 1293600.98 as on 31-03-2009, as per revised reschedulement. The said company has also filed the recovery suit against the company in the Honorable Punjab and Haryana High Court for recovery. However, the company does not have any borrowings in the form of debentures.
12. As per the information and explanation 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 to any body during the year.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund /society. Therefore, the provisions of clause 4(iii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
14. According to the information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(iv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. According to the records of the company, the company has not raised any term loan during the year.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis has been used for long term investments.
18. According to the information and explanations given to us, during the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year which requires the creation of security. Therefore, paragraph 4(ix) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
20. The company has not raised any money by way of public issues during the year for which the management has to disclose the end use of money raised through the public issue. Therefore, paragraph 4(xx) of the Companies (Auditors' Report) Order, 2003, is not applicable to the company.
21. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Ambala Cantt

Date: 26-06-2009

For Jayant Bansal & Co.,
Chartered Accountants

JAYANT BANSAL
(PARTNER)

M/S AMBALA CEMENTS LIMITED, AMBALA
BALANCE SHEET AS ON 31ST MARCH 2009

| PARTICULARS | SCHEDULE | AS AT 31/03/2009 (RS.) | AS AT 31/03/2008 (RS.) |
|--|------------------|------------------------------|------------------------------|
| SOURCES OF FUNDS | | | |
| <u>Shareholders' fund</u> | | | |
| -Share Capital | A | 39990500.00 | 39990500 |
| -Reserves and Surplus | B | 1500000.00 | 1500000 |
| | | 41490500.00 | 41490500 |
| <u>Loan Funds</u> | | | |
| -Secured Loans | C | 6848432.98 | 21403521 |
| | | 6848432.98 | 21403521 |
| | TOTAL RS. | 48338932.98 | 62894021 |
| APPLICATION OF FUNDS | | | |
| <u>Fixed Assets</u> | | | |
| Gross Block | D | 20906598.37 | 20906598 |
| Less: Depreciation | | 14308830.16 | 14257113 |
| -Net Block | | 6597768.24 | 6649485 |
| -Capital work in progress and advance against capital expenditure for public issue project | | 893395.11 | 2541769 |
| Technical Development Assistance Scheme | | 0.00 | 13034609 |
| | | 7491163.35 | 21225864 |
| <u>Current Assets, Loans and Advances</u> | | | |
| -Inventories | E | 3401386.50 | 3401387 |
| -Cash and Bank Balances | | 492321.50 | 510732 |
| -Sundry Debtors | | 1055138.00 | 28189718 |
| -Loans and Advances | | 2201231.70 | 552721 |
| | | 7150077.70 | 37354557 |
| <u>Less: Current Liabilities and Provisions</u> | | | |
| -Liabilities | F | 6356407.87 | 30160783 |
| -Provisions | | 357489.19 | 246558 |
| | | 7213896.86 | 30407341 |
| Net Current Assets | | (63819.16) | 1747216 |
| Balance as per Profit and Loss Account | | 40911588.79 | 58020941 |
| | TOTAL RS. | 48338932.98 | 62894021 |
| Notes on Accounts | L | 0.00 | 0 |

As per our report on even dated attached

For Jayant Bansal & Co.,
Chartered Accountants

(JAYANT BANSAI)
PARTNER

Place: Ambala Cantt

Dated: 26-6-2009

For and on behalf of the Board

SUNIL CHANDRA
(MANAGING DIRECTOR)

KRISHAN KUMAR
(DIRECTOR)

M/S AMBALA CEMENTS LIMITED, AMBALA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

| PARTICULARS | SCHEDULE | FOR THE YEAR ENDED 31/03/2009 (RS.) | FOR THE YEAR ENDED 31/03/2008 (RS.) |
|---|----------|--|--|
| INCOME | | | |
| -Sales (Traded goods) | | 2935619.75 | 32886641 |
| -Other Income | K | 100000.00 | 327788 |
| -Increase/(Decrease) in stocks (i.e. finished/semi-finished goods) | G | 0.00 | 0 |
| TOTAL RS... | | 3035619.75 | 33215729 |
| EXPENDITURE | | | |
| -Raw Material Consumed | H | 2447327.13 | 30676634 |
| -Administrative, Selling and other exp. | I | 388777.63 | 396014 |
| -Interest and other financial charges | J | 47369.53 | 1794 |
| -Depreciation | | 51717.00 | 60073 |
| TOTAL RS... | | 2935691.39 | 31134715 |
| NET PROFIT BEFORE TAX | | 99928.37 | 2079014 |
| Add/(Less) : Exceptional Items | | | |
| - Profit/(Loss) on sale of assets | | 0.00 | 1874076 |
| - Profit/(Loss) on sales of assets under capital work in progress i.e. new expansion scheme [Refer Note No. 8] | | (52954.35) | 0 |
| - Profit/(Loss) on disposal of Technical Development Project under Technical Development Assistance Scheme [Refer Note No. 9] | | (2742709.39) | 0 |
| - Adjustment of unpaid interest waived by the Central Bank of India under one time settlement scheme [Refer Note No. 13] | | 705087.70 | 0 |
| | | (2090576.04) | |
| NET PROFIT FOR THE YEAR BEFORE TAX | | (1990647.67) | 3953090 |
| LESS : PROVISION FOR CURRENT TAXATION | | 0.00 | 288061 |
| PROVISION FOR FRINGE BENEFIT TAX | | 0.00 | 1008 |
| NET PROFIT FOR THE YEAR AFTER TAX | | (1990647.67) | 3664021 |
| BALANCE CARRIED FORWARD FROM LAST YR. BALANCE SHEET | | (38920941.12) | (42584032) |
| BALANCE AVAILABLE FOR APPROPRIATIONS | | (40911588.79) | (38920011) |
| APPROPRIATIONS (if any) | | 0.00 | 0 |
| BALANCE CARRIED OVER TO BALANCE SHEET | | (40911588.79) | (38920011) |
| NOTES ON ACCOUNTS | L | | |

As per our report on even dated attached

For Jyant Bansal & Co.,

Chartered Accountants

(JAYANT BANSAL)

PARTNER

Place: Ambala Cantt

Date: 26-06-2009

For and on behalf of the Board

SUNIL CHANDRA

(MANAGING DIRECTOR)

KRISHAN KUMAR

(DIRECTOR)

M/S AMBALA CEMENTS LIMITED, AMBALA

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

| PARTICULARS | SCHEDULE | AS AT | AS AT |
|--|------------------|--------------------|-----------------|
| | | 31/03/2009 | 31/03/2008 |
| | | (RS.) | (RS.) |
| SCHEDULE "A" SHARE CAPITAL | | | |
| <u>Authorised</u> | | | |
| 6000000 Equity Shares of Rs. 10/- each | | 6000000.00 | 6000000 |
| <u>Issued, Subscribed and paid up</u> | | | |
| 2173300 Equity Shares of Rs. 10/- each | | | |
| fully paid up | | 21733000.00 | 21733000 |
| And: Forfeited 2138400 Equity shares | | | |
| (Amount originally paid up) | | 11257500.00 | 11157500 |
| | TOTAL RS. | 35990500.00 | 39190500 |

Note: The Company has forfeited 2138400 Equity Shares (against which the call money amounting to Rs.10126500.00 were in arrears) in the Board of Directors meeting held on 24/03/2001 in the terms of Articles of Association of the company, in consequence of having failed to pay the call money due thereon on 12/03/2001.

SCHEDULE "B" RESERVES & SURPLUS

Capital Reserves:-

| | | | |
|--------------------------------------|------------------|-------------------|----------------|
| -Capital Investment Subsidy received | | 1500000.00 | 1500000 |
| | TOTAL RS. | 1500000.00 | 1500000 |

SCHEDULE "C" SECURED LOANS

HIRE PURCHASE LOAN FROM

| | | | |
|---------------------------------|--|------------|----------|
| -Lloyd Finance Ltd., Chandigarh | | 1298600.98 | 12913601 |
|---------------------------------|--|------------|----------|

TECHNOLOGY DEVELOPMENT FINANCIAL ASSISTANCE FROM

| | | | |
|---|--|------|---------|
| Technology Information, Forecasting & Assessment Council, New Delhi | | 0.00 | 9100000 |
|---|--|------|---------|

CASH CREDIT FACILITY FROM

| | | | |
|--------------------------------------|------------------|-------------------|-----------------|
| -Central Bank of India, Ambala Cantt | | 5549832.00 | 11004920 |
| | TOTAL RS. | 6348432.98 | 21401521 |

Note: 1) Cash Credit facility from Central Bank of India, Ambala Cantt, are secured against hypothecation of stocks and book debts and further secured by way of first charge on immovable properties and movable assets of the company, along with the personal guarantee of the directors of the company. However, the balance of the same is not confirmed.

2) The Hire Purchase Loan from M/s Lloyd Finance Ltd., Chandigarh has been secured by hypothecation of Equipments (Plant and machinery) against which the finance has been provided.

3) The Hire Purchase Loan from M/s Lloyd Finance Ltd., Chandigarh amounts to Rs. 1298600.98 and on 31-03-09 It includes provision for interest due for the period 01-08-98 to 31-03-04 Rs. 364310.00, the balance of the same is however not confirmed.

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M/S AMBALA CEMENTS LIMITED, AMBALA

SCHEDULE "D" OF FIXED ASSETS

| PARTICULARS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|--|-----------------------|---------------------------------|----------------------------------|------------------------------|---------------------|-----------------|----------------------------------|------------------------------|-------------------------------|-------------------------------|
| | AS ON 01/04/2008 | ADDITIONS DURING THE YEAR | DEDUC- TIONS/AD- JUSTMENTS | TOTAL AS ON 31/03/2008 | UP TO 31/03/2008 | FOR THE YEAR | DEDUC- TIONS/AD- JUSTMENTS | TOTAL UP TO 31/03/2008 | W.D.V. AS ON 31/03/2008 | W.D.V. AS ON 31/03/2008 |
| Land & Site development | 324587.96 | 0.00 | 0.00 | 324587.96 | 0.00 | 0.00 | 0.00 | 0.00 | 324587.96 | 324588 |
| Factory Building | 10.00% 6102880.91 | 0.00 | 0.00 | 6102880.91 | 3651558.91 | 0.00 | 0.00 | 3651558.91 | 2451322.00 | 2451322 |
| Furniture & Fixtures | 18.10% 115452.14 | 0.00 | 0.00 | 115452.14 | 97747.14 | 0.00 | 0.00 | 97747.14 | 17705.00 | 17705 |
| Electric Wires & Installations | 10.91% 115350.14 | 0.00 | 0.00 | 115350.14 | 77315.14 | 0.00 | 0.00 | 77315.14 | 38035.00 | 38035 |
| Plant, Machinery & Equip or 13.91% | 27.82% 9652766.98 | 0.00 | 0.00 | 9652766.98 | 7991454.98 | 0.00 | 0.00 | 7991454.98 | 1661312.00 | 1661312 |
| Electric Feeder Line (11 KV) * | 730535.28 | 0.00 | 0.00 | 730535.28 | 0.00 | 0.00 | 0.00 | 0.00 | 730535.28 | 730535 |
| Electric equip. & accessories | 13.91% 1411224.49 | 0.00 | 0.00 | 1411224.49 | 749199.49 | 0.00 | 0.00 | 749199.49 | 662025.00 | 662025 |
| Workshop Equip. & Tools | 10.91% 43605.62 | 0.00 | 0.00 | 43605.62 | 30052.62 | 0.00 | 0.00 | 30052.62 | 13553.00 | 13553 |
| Pollution Control Equip. | 13.91% 571449.52 | 0.00 | 0.00 | 571449.52 | 413497.52 | 0.00 | 0.00 | 413497.52 | 157952.00 | 157952 |
| Generator Set | 13.91% 1144403.00 | 0.00 | 0.00 | 1144403.00 | 772606.00 | 51717.00 | 0.00 | 824323.00 | 320080.00 | 371797 |
| Automatic Voltage Stabilizer | 13.91% 216273.00 | 0.00 | 0.00 | 216273.00 | 114529.00 | 0.00 | 0.00 | 114529.00 | 101744.00 | 101744 |
| Laboratory Equip. | 13.91% 307030.33 | 0.00 | 0.00 | 307030.33 | 230024.33 | 0.00 | 0.00 | 230024.33 | 77006.00 | 77006 |
| Scooter/Moped | 25.69% 52126.30 | 0.00 | 0.00 | 52126.30 | 48413.30 | 0.00 | 0.00 | 48413.30 | 3713.00 | 3713 |
| Office Equipments | 13.91% 113832.00 | 0.00 | 0.00 | 113832.00 | 76397.00 | 0.00 | 0.00 | 76397.00 | 37435.00 | 37435 |
| Cycle | 20.00% 5080.70 | 0.00 | 0.00 | 5080.70 | 4317.70 | 0.00 | 0.00 | 4317.70 | 763.00 | 763 |
| Total Rs. | 20906598.37 | 0.00 | 0.00 | 20906598.37 | 14257113.13 | 54717.00 | 0.00 | 14308830.13 | 6597768.24 | 6597768 |
| Previous year figures | 24110711 | 543 | 3204656 | 20906598 | 15295772 | 60073 | 1098732 | 14257113 | 6649485 | |

Capital Work in progress and advances against capital expenditure

883385.11 15576378

A. Capital work in progress and advances against capital expenditure for public issue project includes :

| | | | |
|--|-----------|-----------|---------|
| -Building under construction (including cost of material and labour) | | 0.00 | 311742 |
| -Plant and Machinery under erection (including cost of machinery) | 821796.68 | | |
| Less : MODVAT credit availed | 55355.06 | | |
| | | 765443.68 | 1509768 |
| -Electrical Equipments and accessories | 135097.43 | | |
| Less : MODVAT credit availed | 7146.00 | | |
| | | 127951.43 | 127951 |
| -Capital Advances (i.e. for Machinery and Building Material) | 492307.50 | | |
| Less : Provision for bad and doubtful capital advances | 492307.50 | | |
| | | 0.00 | 592308 |
| SUB TOTAL "A" | | 883385.11 | 2541769 |

B. Capital Work in progress and advances against Technical Development Assistance Scheme includes:

| | | | |
|---|------|------|----------|
| -Building under construction (including cost of building material, labour charges and expenses of foundation of machines of silo) | | 0.00 | 2021494 |
| -Plant and machinery under erection (including cost of machinery, erection/commissioning charges, freight, loading/loading charges) | 0.00 | | |
| Less : MODVAT credit availed | 0.00 | 0.00 | 6272230 |
| -Research and Development contribution towards National Council of Cement and Building Material, Ballabgarh | | 0.00 | 500000 |
| -Pre-operative expenses incurred pending capitalisation:- | | | |
| Consultancy charges | 0.00 | | |
| Salary | 0.00 | | |
| Travelling and telephone expenses | 0.00 | | |
| Entertainment expenses | 0.00 | | |
| Photostate charges | 0.00 | | |
| Testing charges | 0.00 | 0.00 | 427945 |
| -Electric equipment and accessories | 0.00 | | |
| LESS : MODVAT credit availed | 0.00 | 0.00 | 469394 |
| -Start up expenses (As per list) | | 0.00 | 3343546 |
| SUB TOTAL "B" | | 0.00 | 13834609 |

Notes : 1. The company has incurred expenditure on independent electric line which is not represented by any specific or tangible assets. The said expenditure would remain the property of the relevant state authority i.e. U.H.B.V.N.

2. No depreciation has been provided on the assets of the company during the year except Generator Set (i.e. given on Lease), because the same was not commercially utilized due to discontinuation of the business operation since Jan'02. Hence, no manufacturing activities have been conducted in the company during the year.

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M/S. AMBALA CEMENTS LIMITED, AMBALA

| PARTICULARS | SCHEDULE | AS AT 31/03/2009 (RS.) | AS AT 31/03/2008 (RS.) |
|--|------------|------------------------------|------------------------------|
| SCHEDULE "E" CURRENT ASSETS, LOANS AND ADVANCES | | | |
| CURRENT ASSETS | | | |
| Inventories (as taken, valued and certified by the Directors) | | | |
| Raw Material & Packing Material | 759457.00 | | 751457 |
| Stock in process (Semi finished goods) | 2541019.50 | | 2541020 |
| Finished goods | 37500.00 | | 37500 |
| Stores and spares etc. | 63410.00 | | 63410 |
| | | 3461386.50 | 3401387 |
| Sundry Debtors (unsecured but considered good) | | | |
| Debits outstanding for a period exceeding six months | 1473247.50 | | 1481099 |
| Other Debts | 1055138.00 | | 28080718 |
| | 2528385.50 | | 29571317 |
| Less: Provision for bad and doubtful debts | 1473247.50 | | 1481099 |
| | | 1055138.00 | 28080718 |
| Cash and Bank Balances | | | |
| Cash in hand | 162431.67 | | 149366 |
| Balances with scheduled Banks in current accounts | 9839.83 | | 40366 |
| Fixed deposit with Lloyd Finance Ltd., Chandigarh (Interest free) | 320000.00 | | 320000 |
| | | 492321.50 | 510732 |
| Loans and Advances (Unsecured but considered good) | | | |
| Security Deposits | 15126.00 | | 15126 |
| Advance recoverable in cash or kind or for value to be received | 1969125.70 | | 297304 |
| MODVAT on capital goods receivable | 16980.00 | | 16980 |
| Central Excise Duty recoverable (i.e. against disputed liability for year 2002-03) | 200000.00 | | 200000 |
| Income tax deducted at source | 0.00 | | 25411 |
| | | 2201231.70 | 552721 |
| TOTAL RS. | | 7150077.70 | 32554857 |
| SCHEDULE "F" OF CURRENT LIABILITIES AND PROVISIONS | | | |
| CURRENT LIABILITIES | | | |
| Sundry Creditors for Raw Material and stores | 1685414.70 | | 23854003 |
| Sundry Creditors for Capital Goods and expenses | 0.00 | | 66660 |
| Other Creditors | 317874.00 | | 3785399 |
| Expenses Payable | 519040.51 | | 454721 |
| Credit balance with HDFC Bank Ltd., Yamuna Nagar | 4334078.46 | | 0 |
| | | 6856407.67 | 30160783 |
| PROVISIONS | | | |
| Provision for disputed excise duty for the yr. 2002-03) | 357489.19 | | 357489 |
| Provision for Current Taxation | 0.00 | | 288761 |
| Provision for Fringe Benefit Tax | 0.00 | | 106 |
| | | 357489.19 | 646356 |
| TOTAL RS | | 7213896.86 | 30807341 |

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M/S AMBALA CEMENTS LIMITED, AMBALA

| PARTICULARS | SCHEDULE | FOR THE YR. ENDED 31/03/2009 (RS.) | FOR THE YR. ENDED 31/03/2008 (RS.) |
|--|----------|---|---|
| <u>SCHEDULE "G" INCREASE/(DECREASE) IN STOCKS</u> | | | |
| <u>FINISHED GOODS</u> | | | |
| -Opening Stock (as on 01-04-08) | | 37500.00 | 37500 |
| Less : Closing Stock | | 37500.00 | 37500 |
| | | 0.00 | 0 |
| <u>SEMI-FINISHED GOODS</u> | | | |
| -Opening Stock (as on 01-04-08) | | 2257132.50 | 2257133 |
| Less : Closing Stock | | 2257132.50 | 2257133 |
| | | 0.00 | 0 |
| TOTAL RS. | | 0.00 | 0 |
| <u>SCHEDULE "H" RAW MATERIAL CONSUMED</u> | | | |
| <u>RAW MATERIAL CONSUMED</u> | | | |
| -Opening Stock (as on 01-04-08) | | 759457.00 | 759457 |
| Add : Purchases during the year | | 0.00 | 0 |
| | | 759457.00 | 759457 |
| Less : Closing Stock | | 759457.00 | 759457 |
| | | 0.00 | 0 |
| <u>SEMI-FINISHED GOODS CONSUMED (CLINKER)</u> | | | |
| -Opening Stock (as on 01-04-08) | | 283887.00 | 283887 |
| Add : Purchases during the year | | 0.00 | 0 |
| | | 283887.00 | 283887 |
| Less : Closing Stock | | 283887.00 | 283887 |
| | | 0.00 | 0 |
| <u>CONSUMABLE STORE AND SPARES CONSUMED</u> | | | |
| -Opening Stock (as on 01-04-08) | | 63410.00 | 63410 |
| Add : Purchases during the year | | 0.00 | 0 |
| | | 63410.00 | 63410 |
| Less : Closing Stock | | 63410.00 | 63410 |
| | | 0.00 | 0 |
| <u>TRADED GOODS</u> | | | |
| -Opening Stock (as on 01-04-08) | | 0.00 | 0 |
| Add : Purchases during the year | | 2447327.18 | 30676834 |
| | | 2447327.18 | 30676834 |
| Less : Closing Stock | | 0.00 | 0 |
| TOTAL RS. | | 2447327.18 | 30676834 |



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M/S AMBALA CEMENTS LIMITED, AMBALA

| PARTICULARS | SCHEDULE | FOR THE YR. ENDED 31/03/2009 (RS.) | FOR THE YR. ENDED 31/03/2008 (RS.) |
|--|----------|---|---|
| SCHEDULE "I" ADMINISTRATIVE, SELLING AND OTHER EXPENSES | | | |
| -Salary to Staff | | 44000.00 | 71100 |
| -Conveyance to Staff | | 0.00 | 14840 |
| -Printing and Stationery | | 475.00 | 1380 |
| -Postage and courier charges | | 0.00 | 890 |
| -Legal and Professional charges | | 24000.00 | 30050 |
| -Audit fee | | 19500.00 | 19500 |
| -Stock Exchange Listing Fee | | 57275.00 | 32600 |
| -National Securities Depository Ltd. Fee | | 11236.00 | 42911 |
| -Miscellaneous expenses | | 0.00 | 1000 |
| -Subscription and Membership fee | | 0.00 | 1124 |
| -Advertisement and Publicity | | 2933.00 | 11400 |
| -Additional Sales Tax paid | | 0.00 | 122219 |
| -Cartage and Freight outwards | | 0.00 | 27000 |
| -Provision for bad and doubtful debts for capital advances | | 492307.50 | 0 |
| | | 651726.50 | 396014 |
| Less: | | | |
| -Provision for bad and doubtful reserves adjusted | | 10851.00 | 0 |
| -Unrecoverable balances written back | | 252097.87 | 0 |
| TOTAL RS. | | 388777.63 | 396014 |

SCHEDULE "J" INTEREST AND OTHER FINANCIAL CHARGES

| | | |
|---|-----------------|-------------|
| -Interest paid on late payment of tax collected at source | 261.00 | 0 |
| -Bank Charges | 47608.58 | 1194.00 |
| TOTAL RS. | 47869.58 | 1194 |

SCHEDULE "K" OTHER INCOME

| | | |
|------------------------------------|------------------|---------------|
| -Generator Set Lease Rent received | 100000.00 | 100000 |
| -Consultancy charges received | 0.00 | 327288 |
| TOTAL RS. | 100000.00 | 327288 |

As per our report on even dated attached

For Jayant Bansal & Co.,

Chartered Accountants

(JAYANT BANSAL)

PARTNER

Place: Ambala Cantt

Dated: 26-06-2009

For and on behalf of the Board

SUNIL CHANDRA

(MANAGING DIRECTOR)

KRISHAN KUMAR

(DIRECTOR)

AMBALA CEMENTS LIMITED, AMBALA
SCHEDULE "L" NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH 2009 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) FIXED ASSETS:

- i) Fixed Assets have been stated at historical cost less depreciation. Expenses directly related to the construction or acquisition of the fixed assets have been capitalized and added to the particular assets. Pre-operative expenses incurred till the date of capitalization have been apportioned on pro-rata basis. Items of fixed assets not capitalized and other pre-operative expenses to the extent not apportioned are shown under the head "Capital work in progress".
- ii) The depreciation has been provided on fixed assets on W.D.V. basis at the rates specified in Schedule XIV of the Companies Act, 1956 as revised vide notification no. GSR No. 756 (E) dated 16-12-1993 issued by the Department of Company Affairs. Depreciation in respect of addition/deduction to fixed assets during the year has been charged on pro-rata basis.
- iii) No depreciation has been provided on the assets of the company during the year except Generator Set (i.e. given on lease), because the same was not commercially utilized due to discontinuation of the business operations since January' 2002. Hence no manufacturing activities have been conducted in the company during the year.

B) GENERAL

- i) The accounts of the company are prepared on historical cost basis and on the accounting principles of going concern concept.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

C) REVENUE RECOGNITION

The expenses and income considered payable and receivable respectively are accounted for on accrual basis.

D) VALUATION OF INVENTORIES

Inventories are valued as under: -

| | |
|--|--|
| -Raw Material and packing material | At cost |
| -Stock-in-process i.e. Semi-finished goods (clinker) | At cost or net realizable value whichever is less |
| -Stores and spares | At cost |
| -Finished goods | At cost or net realizable value whichever is less. |

Note: Cost for the purpose of valuation of finished goods and stock in process is determined by considering material, labour and other related overheads.

E) MISCELLANEOUS EXPENDITURE

- i) Preliminary expenses are being written off over a period of 10 years.
- ii) Share issue expenditure is being amortized from the year of commercial production over a period of 10 years

F) EXCISE AND OTHER DUTIES

Excise duty is accounted on finished goods on clearance thereof. CENVAT benefit is accounted for by reducing the purchase cost of material/fixed assets.

G) SALES

- a) The company recognizes sales of goods at the point of removal from factory/warehouses for delivery to the customers.



l) Sales comprises amount invoiced for goods sold inclusive of Excise duty but net of Sales Tax and returns/rejections (if any).

H) **GOVERNMENT GRANTS/SUBSIDY**

The grants relating to particular fixed assets are shown as deduction from the gross value of fixed assets and those of the nature of Project Subsidy (capital investment state subsidy) are credited to capital reserves.

I) **ACCOUNTING STANDARDS**

The Accounts for the year ended 31-03-2009 have been prepared in compliance with the applicable accounting standards referred to in section 211(3C) of the Companies Act, 1956.

J) **CONTINGENT LIABILITIES**

Un-provided contingent liabilities are disclosed in the accounts by way of notes, giving nature and quantum of such liability.

K) **RETIREMENT BENEFIT**

(i) Retirement benefits in the form of Provident Fund and Family Pension Fund schemes whether in pursuance of any law or otherwise is accounted on accrual basis and charged to the Profit and Loss Account of the year.

(ii) Presently, no employee falls under the category in which the gratuity liability is applicable.

L) **PROJECT DEVELOPMENT EXPENSES PENDING ADJUSTMENT**

Expenditure incurred during the developmental and preliminary stages of the Company's new expansion/diversification project are carried forward. However, if any project is abandoned, the expenditure relevant to such project is written off through the natural heads of expenses in which it is so abandoned.

M) **TAXATION**

(i) Provision is made for current income tax liability, which is likely to arise as the results for the period at the current rate of tax in accordance with the provisions of the Income Tax Act, 1961.

(ii) Provisions is made for taxation deferred as a result of material timing difference between the incidence of income and expenditure for taxation and accounts purposes, using the liability/assets method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability/asset will crystallize in the near future.

2. Contingent liabilities not provided as on 31-03-2009 is NIL.

3. Previous year figures have been regrouped and rearranged to make their classification comparable with that of the current year.

4. In the opinion of the Board, the current assets, loans and advances are approximately of the value as stated, if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount considered necessary.

5. The balance appearing under the head Sundry Creditors, other creditors, advances recoverable and sundry debtors are not confirmed.

6. As explained to us, the company has no confirmed information with respect to all of its suppliers, whether they constitute small scale industrial undertakings and therefore the amount due to the suppliers cannot be ascertained.

7. Capital work in progress includes amount of capital advances made by company towards acquiring of capital assets to the following companies in which the directors of the company are interested:-

| No. | Name of the party | Current year | Previous year |
|-----|---------------------------------------|--------------|---------------|
| 1. | M/s Kaysons Exporter and Manufacturer | 0.00 | 100000.00 |



8. As per the terms of the prospectus of the company, the expansion scheme has been partially implemented. It could not be fully implemented as per the terms of the prospectus due to non-receipt of call money from the share holders. The total capital expenditure incurred till date pending for capitalization are shown under the head Capital work-in-progress amounting to Rs.895395.13 (Previous year Rs.2541768.96). During the current year the company has disposed off part of Plant & Machinery and demolished/destroyed factory building structure material (Cost as on 31/03/2008 Rs.1056066.35) for Rs.1003112.00, thereby suffering a loss of Rs.52954.35.
9. 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 and invested a sum of 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 vide letter dated 12/10/2006 and assessed the salvage value of the project Rs 9.00 Lacs, which would be deposited to the TIFAC in single installment. The same has been deposited on dated 17/11/2006, but the no due/objection letter regarding acceptance of the same by the Competent Authority of the TIFAC has not been received up to 31/03/2008. However, the same has duly been accepted by the Competent Authority in the current financial year and we have disposed off all the salvage of the project in the last two quarters of the financial year 2008-09 by adjusting the contribution of the TIFAC Rs.9100000.00 in the total investment under this scheme and the balance has been shown as loss Rs.2742709.39 by adjusted the sale proceeds of the salvage value of the assets Rs.1191900.00 in the current year.
10. In respect of the loan availed from Lloyd Finance Ltd., Chandigarh, against equipments, the total overdue amount is Rs. 1298600.98 (including interest and principal as on 31-03-2009) as per revised reschedulement. For recovery of their dues, the Lloyd Finance Ltd., has filed the litigation case against the company in the Honorable Punjab and Haryana High Court and the hearing is still pending.
11. Previously the company had repaid all its dues towards financial institution under one time settlement scheme by disposing off 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. as on 31-03-2008 Rs.4990575.74) for Rs.2195012.00, thereby suffering a loss of Rs.2795663.74. Due to that and other substantial factors (i.e. Waiver of unpaid interest by Bank under one time settlement scheme and Loss arisen due to disposal of 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, which is just equivalent to the entire net worth of the company. The accounts have, however, been prepared by the management, as a going concern basis in view of restructuring process initiated by the management of the company. Because the company 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.
12. The company's stock outstanding in the stock records has been valued and shown in the Profit and Loss Account and the Balance Sheet as certified by the management as on 31-03-2009. As explained to us that, the management could not conduct the physical verification of the stock, i.e. raw material, stores & spares and finished/semi-finished goods of the company during the year, in view of plant being closed since January 2002, disposal of substantial part of plant and inadequate manpower to

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work out the damaged stock. The company has taken book value as value of the closing stock of raw material, work-in-progress, finished goods and stores & spares.

13. In respect of loan availed from the Central Bank of India, Ambala Cantt, the bank has recalled its whole amount Rs.11004919.70 (as on 31/03/2008) and filed the recovery suit against the company in Debt Recovery Tribunal, Chandigarh. The company has already approached the bank for settlement of dues under one time settlement scheme, which has duly been accepted by the bank vide letter dated 31/03/2009 and the company has paid the necessary upfront fee to the bank for execution of the said compromise proposal. In the said compromise proposal the amount of unpaid interest wavier considered by the bank Rs.705087.70 has been written back by the company by crediting to profit and loss account as exceptional items during the current year.

14. **Deferred Tax Liability (Net)**

- a) In accordance with the Accounting Standard 22 "Accounting for taxes on income" due to earlier year book loss the company has not recognized any accumulated deferred tax liability (net) as on 31st March 2009 due to uncertainty of future taxable income. Hence, no provision for deferred tax liability has been created in the books of accounts.
- b) Provision for taxation on current profits: No provision for taxation has been made in the books in the view of losses during the year. Moreover, the provision for taxation under MAT as per Income Tax Act, 1961 under Section 115 JB is also not required due to book losses during the year.

15. Schedule "A" to "M" are the integral part of the accounts of the company and the same have been duly authenticated by us.

16. Additional information pursuant to the provisions of paragraph 3,4C and 4D of the part II of the Schedule VI of the Companies Act, 1956 is given below: -

A. **Licensed Capacity**

| | UNIT | CURRENT YEAR | PREVIOUS YEAR |
|--------------------------|------|--------------|---------------|
| Ordinary Portland Cement | MT | 16500 | 16500 |

B. **Installed Capacity**

| | | | |
|--------------------------|----|-------|-------|
| Ordinary Portland Cement | MT | 16500 | 16500 |
|--------------------------|----|-------|-------|

Note:

-The installed capacity has been stated on triple shift basis [i.e. for 330 working days] and is as certified by the management and accepted by the auditors, being a technical matter.

-The company has disposed off substantial part of the plant and machinery in the earlier year by retaining one plant (50 TPD Capacity), so the capacity has been amended accordingly.

C. **Actual Production**

| | <u>CURRENT YR.</u> | | <u>PREVIOUS YR.</u> | |
|----------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | <u>QTY.</u> | <u>VALUE (RS.)</u> | <u>QTY.</u> | <u>VALUE (RS.)</u> |
| -Opening Stock | 50.000 | 37500.00 | 50.000 | 37500 |
| -Purchases | - | - | - | - |
| -Sales | - | - | - | - |
| -Closing stock | 50.000 | 37500.00 | 50.000 | 37500 |

D. **Semi-finished goods (clinker)**

| | | | | |
|-------------------------------|----------|------------|----------|---------|
| -Opening Stock | 1943.846 | 2541019.15 | 1943.846 | 2541019 |
| -Purchases | - | - | - | - |
| -Manufactured during the year | - | - | - | - |
| -Consumed during the year | - | - | - | - |
| -Sales | - | - | - | - |
| -Closing stock *** | 1943.846 | 2541019.15 | 1943.846 | 2541019 |

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D Quantitative information in respect of opening stock, purchases, sales, consumption and closing stock of raw material and chemicals

| | CURRENT YR. | | PREVIOUS YR. | |
|-------------------------------------|------------------------|------------------|------------------------|----------------|
| | QUANTITY (QTLS-GMS) | VALUE (RS.) | QUANTITY (QTLS-GMS) | VALUE (RS.) |
| A RAW MATERIAL AND CHEMICALS | | | | |
| a) OPENING STOCK | | | | |
| -Lime Stone | 145.000 | 46400.00 | 145.000 | 46400 |
| -Breeze Coke | 133.000 | 352450.00 | 133.000 | 352450 |
| -Gypsum | 186.800 | 95268.00 | 186.800 | 95268 |
| -Iron Dust | 201.000 | 55275.00 | 201.000 | 55275 |
| -Clay | 1111.000 | 125543.00 | 1111.000 | 125543 |
| -Fly Ash | 63.565 | 30829.00 | 63.565 | 30829 |
| -Bauxite | 31.000 | 28692.00 | 31.000 | 28692 |
| -Carbon Slurry | 25.000 | 24800.00 | 25.000 | 24800 |
| | 1896.365 | 759457.00 | 1896.365 | 759457 |
| b) PURCHASES | | | | |
| -Lime Stone | - | - | - | - |
| -Breeze Coke | - | - | - | - |
| -Gypsum | - | - | - | - |
| -Iron Dust | - | - | - | - |
| -Clay | - | - | - | - |
| -Fly Ash | - | - | - | - |
| -Bauxite | - | - | - | - |
| -Carbon Slurry | - | - | - | - |
| | 0.000 | 0.00 | 0.000 | 0 |
| c) CLOSING STOCK | | | | |
| -Lime Stone | 145.000 | 46400.00 | 145.000 | 46400 |
| -Breeze Coke | 133.000 | 352450.00 | 133.000 | 352450 |
| -Gypsum | 186.800 | 95268.00 | 186.800 | 95268 |
| -Iron Dust | 201.000 | 55275.00 | 201.000 | 55275 |
| -Clay | 1111.000 | 125543.00 | 1111.000 | 125543 |
| -Fly Ash | 63.565 | 30829.00 | 63.565 | 30829 |
| -Bauxite | 31.000 | 28692.00 | 31.000 | 28692 |
| -Carbon Slurry | 25.000 | 24800.00 | 25.000 | 24800 |
| | 1896.365 | 759457.00 | 1896.365 | 759457 |
| d) CONSUMPTION | | | | |
| -Lime Stone | 0.000 | 0.00 | 0.000 | 0 |
| -Breeze Coke | 0.000 | 0.00 | 0.000 | 0 |
| -Gypsum | 0.000 | 0.00 | 0.000 | 0 |
| -Iron Dust | 0.000 | 0.00 | 0.000 | 0 |
| -Clay | 0.000 | 0.00 | 0.000 | 0 |
| -Fly Ash | 0.000 | 0.00 | 0.000 | 0 |
| -Bauxite | 0.000 | 0.00 | 0.000 | 0 |
| -Carbon Slurry | 0.000 | 0.00 | 0.000 | 0 |
| -Chemicals | 0.000 | 0.00 | 0.000 | 0 |
| | 0.000 | 0.00 | 0.000 | 0 |

TRADED GOODS (FABRICS): (Unit Mtrs.)

| | | | | |
|---------------------------|---|------|--------|----------|
| Opening Stock | 0 | 0.00 | 0 | 0 |
| Purchases during the year | 0 | 0.00 | 335690 | 30376634 |
| Sales during the year | 0 | 0.00 | 335690 | 32385841 |
| Closing Stock | 0 | 0.00 | 0 | 0 |

TRADED GOODS (STORE AND SPARES):

| | | | | |
|--|---|------------|---|------|
| Opening Stock | 0 | 0.00 | 0 | 0.00 |
| Purchases during the year ^{***} | 0 | 2447327.18 | 0 | 0.00 |
| Sales during the year ^{***} | 0 | 2935619.76 | 0 | 0.00 |
| Closing Stock | 0 | 0.00 | 0 | 0.00 |

Note ^{***} Quantitative details of Purchase, Sales of traded goods i.e. store and spares couldnot be mentioned due to items being numerous and of different size and nature.

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E. Value of imported and indigenous raw material and consumable stores and spares consumed: -

| | <u>CURRENT YEAR</u> | | <u>PREVIOUS YEAR</u> | |
|---------------------------------|---------------------|-------------|----------------------|-------------|
| | <u>Value (Rs.)</u> | <u>%age</u> | <u>Value (Rs.)</u> | <u>%age</u> |
| a) Raw Material | Nil | Nil | Nil | Nil |
| b) Consumable stores and spares | Nil | Nil | Nil | Nil |

F. Value of import of C.I.F. basis in respect of

| | | | | |
|--------------------|-----|-----|-----|-----|
| i) Raw Material | Nil | Nil | Nil | Nil |
| ii) Components | Nil | Nil | Nil | Nil |
| iii) Capital goods | Nil | Nil | Nil | Nil |

G. Break up of expenditure incurred on employees who were in receipt of remuneration aggregating to Rs. 2400000.00 per annum or more employed throughout the year or Rs. 200000.00 per month if employed for part of the year.

| | <u>CURRENT YEAR</u> | <u>PREVIOUS YEAR</u> |
|----------------------------------|---------------------|----------------------|
| a) Employed throughout the year | NIL | NIL |
| b) Employed for part of the year | | |
| -No. of employees | NIL | NIL |
| -Salary and perquisites | NIL | NIL |

H. Expenditure incurred in foreign exchange on:

| | | |
|---|-----|-----|
| i) Royalty, know how and professional consultation fee. | NIL | NIL |
| ii) Interest and other matters | NIL | NIL |
| iii) Foreign traveling | NIL | NIL |
| iv) Dividends | NIL | NIL |

Earning in foreign exchange on account of:

| | | |
|--|-----|-----|
| i) Export of goods on F.O B. basis | NIL | NIL |
| ii) Royalty, know how and professional consultation fee. | NIL | NIL |
| iii) Interest and dividend etc. | NIL | NIL |

I. The Auditors remuneration includes payment and provision as follows: -

| | | |
|----------------------|----------|----------|
| -Statutory Audit fee | 19500.00 | 19500.00 |
|----------------------|----------|----------|

7. RELATED PARTY DISCLOSURES: .

During the year, the company has carried out some transactions with the following persons, firms (in which the directors of the company are interested) related to expenditure and other transactions. The details of the same are as under: -

A. Related parties and their relationship

Key Management Personnel

- Sh. Sunil Chandra (Managing Director)
- Sh. Krishan Kumar (Director)
- Sh. Pardeep Kumar (Director)

2. Relatives of Key Personnel

- Smt. Kavita Chandra w/o Sh. Sunil Chandra
- Sh. Sudhir Chandra brother of Sh. Sunil Chandra

3. Enterprises owned or significantly influenced by key management personnel or their relatives

- M/s Kaysons Exporters & Manufacturers, Yamuna Nagar
- M/s Chanderpur Works, Yamuna Nagar
- M/s Chanderpur Renewal Power Company Private Limited, Yamunanagar

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B. Transactions with related parties for the year ended 31st March 2009

| Particulars | Key Management Personnel | Relative of Key Management Personnel | Enterprises owned or significantly influenced by key management personnel or their relatives | (Rs. In Lacs) |
|---------------------------|--------------------------|--------------------------------------|--|---------------|
| | | | | Total |
| A. <u>Sales</u> | | | | |
| - Trading Sales | - | - | 29.36 | 29.36 |
| | (-) | (-) | (-) | (-) |
| - Fixed Assets | - | - | - | - |
| | (-) | (-) | (36.60) | (36.60) |
| - Lease Rent | - | - | 1.00 | 1.00 |
| | (-) | (-) | (1.00) | (1.00) |
| B. <u>Other Creditors</u> | 1.00 | 0.00 | 0.00 | 1.00 |
| (Concerns) | (9.20) | (5.00) | (21.34) | (35.54) |
| C. <u>Capital</u> | - | - | 0.00 | 0.00 |
| Advances | (-) | (-) | (1.00) | (1.00) |
| D. <u>Other Advances</u> | - | - | 16.77 | 16.77 |
| | (-) | (-) | (-) | (-) |

Note: Figures given in the bracket pertains to previous year

18. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956

I. REGISTRATION DETAILS

| | |
|---------------------|------------|
| -Registration No. | 31576 |
| -State Code | 05 |
| -Balance Sheet Date | 31-03-2009 |

II. CAPITAL RAISED DURING THE YEAR

| | |
|--------------------|---------------|
| | (Rs. In Lacs) |
| -Public Issue | Nil |
| -Right Issue | Nil |
| -Bonus Issue | Nil |
| -Private Placement | Nil |

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

| | |
|--------------------|--------|
| -Total Liabilities | 483.39 |
| -Total Assets | 483.39 |

Sources of Funds:-

| | |
|-------------------------|---------------|
| -Paid up capital | 399.90 |
| -Reserves and Surplus | 15.00 |
| -Secured Loans | 68.49 |
| -Unsecured Loans | 0.00 |
| -Deferred Tax Liability | 0.00 |
| | <u>483.39</u> |

Application of Funds:

| | |
|----------------------------|---------------|
| -Net Fixed Assets | 74.91 |
| -Investments | 0.00 |
| -Net Current Assets | (0.64) |
| -Miscellaneous Expenditure | 0.00 |
| -Accumulated losses | 409.12 |
| | <u>483.39</u> |

Note: Net fixed assets include capital work-in-progress & advances against capital expenditure amounting to Rs. 8.93 Lacs.

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IV **PERFORMANCE OF THE COMPANY**

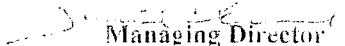
| | |
|---------------------------|---------|
| -Turnover | 29.36 |
| -Total Expenditure | 29.36 |
| -Other Income/(Loss) | (19.91) |
| -Profit/(Loss) before tax | (19.91) |
| -Profit/(Loss) after tax | (19.91) |
| -Earning per share in Rs. | 0.00 |
| -Dividend Rate% | - |

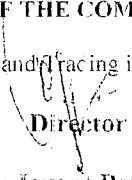
V. **GENERIC NAME OF THREE PRINCIPAL PRODUCTS /SERVICES OF THE COMPANY**

-Item Code No.

-Product Description

Ordinary Portland Cement and Trading in Fabrics

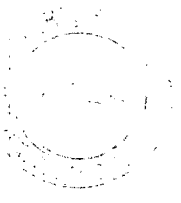
 Managing Director

 Director

Place: Ambala Cantt

For Jayant Bansal & Co.,
Chartered Accountants

Date: 26-06-2009


JAYANT BANSAL
(PARTNER)

M. S. AMBALA CEMENTS LIMITED, AMBALA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

| | YEAR ENDED 31-03-2009 | YEAR ENDED 31-03-2008 |
|---|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| -Net Profit/(Loss) before tax | (1990343) | 3913090 |
| -Adjustment for:- | | |
| Depreciation | 51717 | 60073 |
| Provision for bad and doubtful advances | 481457 | 0 |
| Interest paid | 47870 | 1194 |
| Profit/(Loss) on Sale of Assets | 2795664 | (1674076) |
| | 3376707 | (1812809) |
| Operating profit before working capital changes | 1386089 | 2110281 |
| Adjustment for changes in working capital:- | | |
| -(Increase)/Decrease in Sundry Debtors | 27045431 | (28089718) |
| -(Increase)/Decrease in Inventories | 0 | 0 |
| -(Increase)/Decrease in Loans & Advances | (1671922) | 543 |
| -Increase/(Decrease) in Current Liabilities | (27636453) | 22120693 |
| | (2264944) | (5968482) |
| Cash generated from operation | (878885) | (3528201) |
| i) Interest paid | (47870) | (1194) |
| ii) Direct taxes paid | (265658) | (2341100) |
| | (313528) | (24605) |
| NET CASH FROM OPERATING ACTIVITIES | (1192413) | (3812806) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| -Sale of fixed assets, refund of capital advances received | 2195012 | 3960000 |
| -Sale of investments | 0 | 0 |
| -Purchase of Fixed Assets | 0 | (543) |
| -Recovery of Capital advance under Capital work in progress | 100000 | 0 |
| | 2295012 | 3979457 |
| NET CASH FROM INVESTING ACTIVITIES | 2295012 | 3979457 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| -Proceeds from long term borrowings | 0 | 0 |
| -Repayment of long term borrowings | 0 | 0 |
| -Amount of unpaid interest waived by the Central Bank of India under one time settlement scheme | (705088) | 0 |
| -Increase/(Decrease) in other long term funds (i.e. deposit to firm and others) | 0 | 0 |
| -Increase in Bank Borrowings | 0 | 0 |
| | (705088) | 0 |
| NET CASH FROM FINANCING ACTIVITIES | (705088) | 0 |

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| | | |
|--|-----------|--------|
| NET CASH FLOW DURING THE YEAR (A+B+C) | 397511.42 | 126651 |
| Cash and Cash Equivalent (Opening Balance) | 510733 | 334082 |
| Cash and Cash Equivalent (Closing Balance) | 903244 | 510733 |

As per our report on even dated attached
For Jayant Bansal & Co.,
Chartered Accountants

(JAYANT BANSAL)
PARTNER

Place: Ambala Cantt
Date: 26-06-2009

For and on behalf of the Board

SUNIL CHANDRA
(MANAGING DIRECTOR)

KRISHAN KUMAR
(DIRECTOR)