

**COMPOSITION OF BOARD**

Mr. Bijay Kumar Garodia	Chairman
Mr. Kamakhya Chamaria	Managing Director
Mr. Santosh Kumar Bajaj	Whole Time Director
Mr. Sushil Kothari	Executive Director Finance
Mr. Prahlad Rai Chamaria	Director
Mr. Mahendra Agarwal	Director
Mr. B. P. Bakshi	Director
Dr. D. R. Agarwal	Director
Mr. U. V. Rao	Director
Mr. Vimal Jain	Director
Mr. B. Lanong	Nominee Director (IDBI)

**COMPANY SECRETARY**

Mr. Sachin Agarwal

**BANKERS**

IDBI Bank Limited

**AUDITOR'S**

**M/s. Surender Harikishan & Co.,**  
Chartered Accountants,  
A-2/ 78, Sector – 3,  
Rohini, New Delhi

**M/s. Kumar Vijay Gupta & Co.,**  
Chartered Accountants,  
408, New Delhi House,  
27, Barakhamba Road,  
Connaught Place, New Delhi

**REGISTERED OFFICE**

265, Shreemanta Market Annex,  
A.T. Road, Guwahati,  
Assam-781001

**CORPORATE OFFICE**

281, Deepali, Pitam Pura,  
Delhi-110034

**WORKS**

Jhoom Basti, Debendra Nagar,  
Badarpurghat, Distt. Karimganj,  
Assam

**BRANCHES**

1. Shayama Prasad Road,  
Silchar, Assam
2. CF-366, Salt Lake City,  
Kolkata, West Bengal.

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## **Chairman's Letter**

*Dear Shareholders,*

*India has become the centripetal force of globalisation. The country is attracting capital and companies at an accelerated pace. In the process, it is rewriting the economics of scores of industries. The macro economic performance of our country, in fact, turned out to be stronger than anticipated.*

*The positive outlook of the Indian economy is also reflected in the growth of Cement Industry. Demand for cement has grown by 10 per cent during the year 2005, as against a growth of 8.7 per cent in the corresponding previous year. During 2005, the Industry has produced and supplied over 136 million tonnes of cement, including export of 9 million tonnes of cement and clinker. The annual capacity of the Indian Cement Industry has risen to 160 million tonnes.*

*The outlook for cement demand in the year 2006 looks encouraging. The country continues to have very large unfulfilled housing demand, both in rural and urban areas. Housing finance sector is maintaining its annual growth of over 30 per cent. The initiatives taken by the Government for creating or strengthening the various infrastructure sectors are expected to generate additional cement demand during 2006.*

*In North East Region the cement market is expected to grow from 2.92 Mio T to 3.5 Mio T in the year 2006. Local supplies are likely to increase from 0.73 Mio T to 2.31 Mio T, so there is a large gap between demand and supply in this region. The Demand in the North East Region is also growing @ 8% (CAGR) in the last 10 years. The demand is likely to grow further considering the fact that Law and Order in the North East Region is taking U Turn and industrialization in this region is increasing.*

*In order to firmly grasp the opportunities offered by the growing Indian economy, and realise the full potential of the company, BVCL is enhancing the capacity of the plant to 600 TPD of Cement at the present location. The total cost involved in the expansion is around 10.50 Crores. Apart from this BVCL is also assisting its another wholly Owned Subsidiary Company "Cement International Limited" to establish a 300 TPD Grinding Unit at Badarpur Ghat with a total investment of around Rs. 8 Crore in this project.*

*Presently BVCL is meeting out its power requirement by purchasing the power from the State Electricity Board and in-house stand by DG Sets. The average cost of the power is Rs. 5.00/- to 5.50/- unit. The other Power related problems are Maximum Demand limitation, Poor Quality of Power and Frequent Failure of supply. Therefore, to cut the cost and overcome the above problem, BVCL is assisting its Wholly Owned subsidiary company*

*"Badarpur Energy Private Limited" to install a 6 MW Power Plant with a total investment of Rs. 24 Crore to cater our needs. For funding of the above expansion programs, we are planning to tap the capital market by bringing an IPO of size of Rs. 40-50 Crores.*

*I am pleased to share with you that BVCL have sold 133565 Metric tonnes of cement during the last year, a growth of 9.03% (YOY). The profit after tax has increased by 8.19% from Rs 11.43 Crore to Rs.12.37 crore despite the fact that the production had slowed down for few months for expansion and other modernizations. This impressive performance was largely due to our people's unfailing commitment and passion to taking the company ever higher. I have no doubt that their spirit and passion will continue to keep us far ahead of the competition. With virtually no new capacities on the anvil and demand set to increase, I'm reasonably confident that a very good year lies ahead of us.*

*I have long believed that cement is one of the best businesses to be in, as it always mirrors a growing economy. Growth is never a challenge, but to keep adding value along with growth is a challenge, and I'm sure our people are more than up to the task. Finally, I would like to offer my sincere thanks to our people and to each one of you.*

With warm regards,

**Bijay Kunar Garodia**  
Chairman

## **Notice**

NOTICE is hereby given that the Seventh Annual General Meeting of **BARAK VALLEY CEMENTS LIMITED** will be held on Monday, the 25th Day of September, 2006 at the Registered Office of the company at **265, Sreemanta Market Annex, 2<sup>nd</sup> Floor, A. T. Road, Guwahati (Assam) – 781001** at **11.30 A.M.** to transact the following business:

### **AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2006 and Profit and Loss A/c for the year ending on that date together with the Report of the Directors and Auditors thereon
2. To declare Dividend for the financial year 2005-06
3. To appoint the Director in place of Sh. Santosh Kumar Bajaj, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint the Director in place of Sh. Sushil Kothari, who retires by rotation and being eligible offer himself for re-appointment.
5. To appoint the Director in place of Sh. Mahendra Agarwal, who retires by rotation and being eligible offer himself for re-appointment.
6. To appoint Auditors of the company to hold the office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

### **AS SPECIAL BUSINESS**

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

“RESOLVED THAT Mr. B. P. Bakshi, who was appointed as Additional Director of the Company, holds office till the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement by rotation.”

**BY ORDER OF THE BOARD**

Place : New Delhi  
Date : 17.08.2006

**(Kamakhya Chamaria)**  
Managing Director

### **NOTE :**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than Forty-Eight hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.

4. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO THE SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

#### **Item No. 7 :**

Mr. B. P. Bakshi is a man of having vast experience in corporate world. He had been the Directors of many companies such as Highway Hotels Limited, Ming & Co., and Steel Worth Limited etc. Shri Bakshi is well known for his significant contributions to promote Industrial growth in Assam as Successful Business Administrator. He has been awarded by Life Time Achievement Award by Assam Chapter of National Institute of Personal Management (NIPM).

Mr. Bakshi was inducted to the board of Directors at its meeting held on 5.12.2005 as Additional Director in pursuance of section 260 of the Companies Act, 1956, Mr. Bakshi shall hold office up to the date of ensuing Annual General Meeting. A notice under section 257 of the Companies Act, 1956 has been received proposing his name for the appointment as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. By keeping in view the experience and achievements, your Directors wish to appoint Mr. Bakshi as the Director of the company. Therefore Your Directors recommended the above resolution for your approval.

None of the Directors is interested or concerned in the above resolution except upto the extent of their shareholding.

**BY ORDER OF THE BOARD**

Place : New Delhi  
Date : 17.08.2006

**(Kamakhya Chamaria)**  
Managing Director

## Directors' Report

To  
The Shareholders,  
**Barak Valley Cements Limited.**

Your Directors have pleasure to present the Seventh Annual Report on the business and operations of the company together with the audited statement of account for the year ended 31st March 2006.

### Working Results

The working results of the company for the year under report are as under.

Particulars	Year Ended 31-03-06	Rs. In Lakhs Year Ended 31-03-05
Sales	<b>5274.21</b>	4896.93
Other Incomes	<b>*92.55</b>	**796.14
<b>Total Sale and Other Incomes</b>	<b>5366.76</b>	5693.07
Profit before Interest, Depreciation & Income Tax	<b>1909.13</b>	2439.53
<b>Less: Depreciation</b>		
a. Current Years	<b>344.69</b>	316.73
b. Earlier years	<b>—</b>	672.16
<b>Profit Before Interest and Income Tax</b>	<b>1564.44</b>	1450.64
<b>Less: Interest</b>	<b>197.61</b>	209.95
Net Profit before Income Tax	<b>1366.83</b>	1240.69
<b>Less: Provision for Taxation</b>		
Current Income Tax	<b>120.67</b>	97.29
Deferred Tax Liability	<b>2.31</b>	—
Fringe Benefit Tax	<b>6.75</b>	97.29
<b>Profit After Income Tax</b>	<b>1237.10</b>	1143.40
<b>Less: Appropriations:</b>		
Transfer to General Reserve	<b>123.71</b>	—
Proposed Equity Dividend	<b>346.50</b>	330.00
Corporate Tax on Dividend	<b>48.60</b>	43.13
<b>Balance Transferred to Reserve &amp; Surplus</b>	<b>718.29</b>	770.27

\* It includes Govt. Incentives/Subsidies of Rs. 85.14 Lakhs related to the earlier years

\*\* It includes Govt. Incentives/Subsidies of Rs. 785 Lakhs related to the earlier years

### Review of Operations

Gross Sales of the company has grown by 7.70 % from Rs. 4896.93 Lakhs to Rs. 5274.21 Lakhs during the financial year. Profit before Depreciation, Interest, and tax (PBDIT) excluding other income also increased by 10.59% from Rs. 16.43 Crore in 2004-05 to Rs. 18.17 Crores in 2005-06. The profit after tax has increased from Rs 11.43 crore in 2004-05 to Rs.12.37 crore in 2005-06.

During the financial year 2005-06, the Company has produced 134351 MT of cement, with a growth of 9.55 % as compare to last year despite the fact that the production had to slow down for few months for expansion and other modernizations activities of the project. The capacity utilisation at your Company's plants was 124 %.

**Expansion**

The company is further expanding its production capacity at the existing location from 460 TPD to 600TPD with a total investment of Rs. 10.40 Crores. The company has appointed M/s. Hallmark Technical & Consultant Private Limited, as its Technical Consultant from concept to commissioning. The expansion project is making satisfactory progress and is scheduled for commissioning in March 2007.

**Dividend**

Your Directors recommend a dividend of Rs. 2.10 per share as against Rs. 2.00 per share for the previous year. This would involve a cash outflow of Rs. 395.10 Lakhs including tax on dividend of Rs. 48.60 Lakhs, against the previous year outflow of Rs. 373.13 Lakhs including tax on dividend of Rs. 43.13 Lakhs.

**Directors**

In accordance with the provision of Section 256 of the Companies Act, 1956 and the Articles of Association, Mr. Santosh Kumar Bajaj, Mr. Sushil Kothari and Sh. Mahendra Agarwal are liable to retire by rotation and are eligible for re-appointment.

Sh. B. P. Bakshi was appointed as the additional Director of the company w.e.f. 5<sup>th</sup> December 2005. Sh. Bakshi has a Master's Degree in Management specialization in PM&IR from prestigious XLRI-Jamshedpur. Mr. Bakshi started his career in TISCO and then worked for planning Commission. He had been Dy. Managing Director of Steel Worth Limited, a reputed tea machinery manufacturer and exporters. He has been awarded Life Time Achievement Award by Assam Chapter of National Institute of Personal Management (NIPM). Your Directors propose to appoint him as the Regular Directors of the company.

Sh. Vimal Jain, a Practicing Chartered Accountant has been appointed as the Director of the company in the Extra Ordinary General Meeting of the Company duly held on 13.03.2006, Mr. Vimal Jain is having an experience of more than 10 years in the field of finance and taxation.

Dr. D. R. Agarwal has been appointed as the Directors of the company in the Extra Ordinary General Meeting of the Company duly held on 13.03.2006. Dr. D. R. Agarwal is a Practicing Chartered Accountant. Apart from this he is working as Director of Institute of International Trade, Kolkata and also special invitee to the Committee of Bharat Chamber of Commerce. He has participated as a delegate in WTO, 6<sup>th</sup> Ministerial Conference, delegate in Annual Symposium on Multilateralism at Cross Roads.

Sh. U. V. Rao has been appointed as the Director of the company in the Extra Ordinary General Meeting of the Company duly held on 13.03.2006. Mr. Rao has Bachelor's Degree in Mechanical Engineering. He is having experience more than 35 years in various reputed cement companies. Presently he is a member of the Board of Director of Hemadri Cement Limited. Apart from this, he is providing consultancy to various reputed companies including Grasim Industries Limited, Andhra Cement Ltd. etc. His presence on the Board can be immensely helpful to his co-Directors and his valuable suggestions can help the company grow by leaps and bounds.

Sh. Santosh Kumar Bajaj has resigned from the Managing Directorship of the company w.e.f. 13.03.2006 and has been re-appointed as the whole Time Director of the company with effect from the same date.

Mr. Manish Bajaj has resigned from the Directorship of the company as on 20.03.2006. The Board accepted and acknowledged the same with the words of thanks to Mr. Manish Bajaj for his devotion and kind support for the growth of the company.

**Audit Committee**

Your company has constituted Audit Committee in terms of section 292A of the Companies Act, 1956. Mr. Prahlad Rai Chamaria and Sh. Mahendra Agarwal wished to discontinue from the membership of the Audit committee. Therefore the Audit Committee has been re-constituted by the Board of Directors in their Board Meeting held on 28<sup>th</sup> April 2006. Mr. B. P. Bakshi. Mr. Vimal Jain and Mr. U. V. Rao were appointed as the members of the audit committee. Mr. B. P. Bakshi has been appointed as the Chairman of the Audit

Committee. Apart from the above mentioned members, Sh. Sushil Kothari is also the member of the Audit Committee.

#### **Auditors**

M/s Surender Harikishan & Co., Chartered Accountants and M/s. Kumar Vijay Gupta & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Your Company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

#### **Auditor's Report**

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

#### **Investment in Subsidiaries**

Power is one of the key requirements in the production of cement. Presently, a large part of company's power requirement is being met from Assam Electricity Board and balance from in house stand by DG Sets. With an increase in the capacity of the cement plant, the requirement of the power has also increased accordingly. Apart from the high cost of Power, there are some other power related problems e.g.. Maximum demand utilization, frequent failure of power supply, etc. To overcome these problems the company has acquired 100% Equity shares of the company "Badarpur Energy Private Limited" by investing a sum of Rs. 559.50 Lakhs as on 31.03.2006. The said company is installing a 6MW Captive Power Plant at Badarpur Ghat, Dist. Karim Ganj, Assam with a total investment of Rs. 24 Crores.

The company has invested a sum of Rs. 356.07 Lakhs for acquiring 100% Shareholding of the company "Cement International Limited". The said company is installing a 300 TPD grinding unit at Badarpur Ghat, Dist. Karin Ganj, Assam with a total investment of Rs.7.75 Crores.

Further the company has also invested a sum of Rs. 75.02 Lakhs for acquiring 100% Shareholding of the company "Meghalaya Minerals & Mines Limited". The said company is having limestone mines at Lumshnong, Meghalaya, and presently indulged in mining and extraction of limestone. This company is further installing 800 TPD Limestone Crusher unit at Lumshnong. It will fulfill the needs of lime stone requirement of your company for the manufacturing of cement. The total investment in this project is around Rs. 4.70 Crores.

#### **Subsidiary Companies**

As required under Section 212 of the Companies Act, 1956 the Audited Statements of Accounts, along with the Report of the Board of Directors relating to the company's subsidiaries i.e. Badarpur Energy Private Limited (BEPL), Cement International Limited (CIL) and Meghalaya Minerals & Mines Limited (MMML) and respective Auditors' Report thereon for the year ended March 31, 2006 are annexed.

#### **Consolidated Financial Statements**

Your company has also prepared the Consolidated Financial Statements in accordance with Accounting Standard AS-21 issued by the Institute of Chartered Accountant of India, which comprises the financial statements of the parent company (BVCL) and its subsidiaries i.e. BEPL, CIL and MMML.

#### **Corporate Guarantee**

Your company has given its corporate guarantee to NEDFi and IDBI Bank Limited on behalf of its wholly Owned Subsidiary Companies i.e. "Badarpur Energy Private Limited" and "Cement International Limited" in respect of the term loan of Rs. 1400 Lakhs taken by Badarpur Energy Private Limited on 29<sup>th</sup> May 2006 and in respect of the term loan of Rs. 500 Lakhs taken by Cement International Limited on 17<sup>th</sup> July 2006 respectively.



**Insurance**

All the properties of the Company, including building, plant and machinery and stocks, where necessary, and to the extent required, have been adequately insured.

**Public Deposits**

The company has neither received nor accepted any deposits described under Section 58A of the Companies Act, 1956 and Rules made there under.

**Particulars of Employees**

None of the employees of the company was in receipt of remuneration in excess of the limits laid down in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

**Directors' Responsibility Statement**

Pursuant to Sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm:

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) That the directors had 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 at the end of the financial year and of the profit of the Company for that period;
- iii) That the directors had 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;
- iv) That the directors had prepared the annual accounts on a going concern basis.

**Employee Relations**

Employees' relations have remained satisfactory throughout the year.

**Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo**

The particulars as prescribed under Section (1) (e) of Section 217 of the Companies Act, 1956, read with the Disclosure of Particulars in the report of Board of Directors Rules, 1988 are set out in Annexure 'A' forming part of the report.

**Appreciation**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, various agencies of the Central Govt. and State Govt. of Assam and Meghalaya, other Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company and look forward for their support in the future as well.

For **Barak Valley Cements Limited**

Place : Delhi  
Dated : 17.08.2006

(**Bijay Kumar Garodia**)  
Chairman

## **Annexure 'A' to Director's Report**

### **Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

#### **(a) Energy Conservation measures taken:**

- i. Monthly Energy checking of individual section and motor are taken and recorded.
- ii. Variable Feed Drives have been provided at the following place in order to save power:
  - Dynamic separator motor of 30 KW provided with V.F.D in Raw Mill.
  - Dynamic separator motor of 30 KW provided with V.F.D in Cement Mills.
  - Crusher Apron conveyor provided with dyno drive.
  - Feed table for clinker in clinker grinding section with V.F.D.
- iii. A new 50 T capacity steel chord belt elevator installed in kiln feed. This has saved 37 KW power was being consumed in Airlift blower.
- iv. Coal mill grinding section changed from open circuit to close circuit.
- v. Raw Mill grinding has been converted from open circuit to close circuit. Thus increased the output to 100 t/day and reduced the power consumption by 2 KW/hr.
- vi. Cement Mills have been converted from open circuit to close circuit.
- vii. Circulating air fan has been provided with variable feed drive.
- viii. Kiln Drive Gear Box changed and output of kiln increased from 350 tpd to 400 tpd.
- ix. Indoor 1500 KVA transformer installed at cooler site to reduce the transformer/transmission losses.
- x. Coal Drier of 5 T capacity erected and commissioned. A part of hot gases utilised in drying the coal. Thus heat energy saved.
- xi. Two stage Gear Box installed in place of single stage Gear Box in Cement Mill No. 1
- xii. Two-stage gearbox installed in place of two single stages in Cement Mill No. 2.

#### **(b) Additional investment and proposal, being implemented for reduction of energy consumption.**

- i. Bigger size vibrating screen being installed in crushing section with new modified layout. This will increase the output and reduce the power.
- ii. To increase the CA fan capacity to increase the flow of air in Raw mill.
- iii. To take hot air through cyclone in Raw mill.
- iv. To modify the blending silo internally to increase the efficiency. Air slides ordered on Enesco. This will reduce the air consumption thus power will be saved.
- v. Screw conveyor with VFD and bigger size air lock for kiln feed.
- vi. Modification of feed pipe, dispersion plates, riser duct, dip tube modification to increase the TPH.
- vii. Modification in down comer duct of Preheated.
- viii. Increase the area of kiln inlet.
- ix. Retro fitting of 1,00,000 m<sup>3</sup>/hr fan in Preheated in place of existing 72,000m<sup>3</sup>/hrs fan.
- x. To provide the seal at outlet of kiln.
- xi. To change the motor of 470 KW to 400 KW to reduce the power consumption in Cement Mill No.1
- xii. To convert Ms Steel lining plates to Hichrome lining plates.

- xiii. To arrange flyash feeding system to Cement Mill No.1 and Cement Mill No.2.
- xiv. Cooler fans will be provided with actuator for flow control.
- (c) **Impact of measure at (a) and (b) above for reduction of energy consumption and consequent impact on the production:**  
After implementation of the above measure power consumption will decrease and production will increase.
- (d) **Total Energy Consumption and Consumption per unit of production as per Form A in respect of Industries specified in the schedule:**

**FORM- A**

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONVERSATION OF ENERGY :**

<b>Power &amp; Fuel Consumption</b>	<b>2005-06</b>	<b>2004-05</b>
a) Purchased Units (KWH)	<b>1,13,04,761 Units</b>	1,17,59,525 Units
Total Amount (Rs. In lakhs)	<b>423.53 lakhs</b>	448.72 lakhs
Rate/Unit (Rs)	<b>3.75 per unit</b>	3.82 per unit
Own Generation (KWH)	<b>31,39,605 Units</b>	16,40,800 Units
Total Amount (Rs. in lakhs)	<b>245.09 lakhs</b>	116.64 lakhs
Rate / Unit (Rs)	<b>7.81 per unit</b>	7.11 per unit
b) Coal Consumption	<b>17,616.78 MT</b>	20139.44 MT
Total Amount (Rs. In lakhs)	<b>413.88 lakhs</b>	470.32 Lakhs
Rate/Unit (Rs)	<b>2350/- per tonne</b>	2335/- per tonne
<b>Consumption per unit of Production (Unit/MT)</b>	<b>Power (Per MT of Cement)</b>	<b>Coal (Per MT of Clinker)</b>
Standard, if any	<b>129 units</b>	0.20 MT
Current Year	<b>107.51 units</b>	0.17 MT
Previous Year	<b>109.27 units</b>	0.19 MT

**FORM- B**

**TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT**

**1. Researches and Development (R & D)**

- a. **Specific Areas in which Research and Development (R&D) is being carried out by the Company**
1. Clay [Cement Additive]
  2. Making clinker from Lime sludge rejects of Hindustan Paper Mill.
  3. Utilization of Hindustan Paper Corporation Thermal power rejects.
  4. Mechanized cleaner for vertical tube of 150 m/m NB X 9M of Heat Exchanger in place of Sony Horns, Soot Blowers which are not found successful.
- b. **Benefits derived as a result of the above efforts**  
Approximately 8% Clinker is replaced by calcined clay. Cost of calcined clay comes around 300/-ton as against the cost of Clinker of around Rs. 2,200/- per tonne.
- c. **Future plan of action**
1. Use of alternative fuel.
  2. Development of masonry cement by Lime Stone, Lime Sludge, Calcined Clay and fly ash.

3. Utilization of Lime Sludge in OPC and PPC as an additive.
4. In house design engineering, manufacturing, erection, commissioning of the Heat Exchanger to cool down hot gases of kiln exhaust.
5. In house Design, engineering, manufacturing, erection, commissioning of 2M X 12M drier to drag the coal from waste heat.

**d. Expenditure on R & D**

1. Capital Expenditure	Nil
2. Recurring Expenditure	4,25,500
3. Total Expenditure	4,25,500
4. Total Expenditure as the percentage of Annual Turnover	0.8%

**2. Technology absorption, adaptation and innovation**

**a. Efforts made towards technology absorption, adaptation and innovation**

During the year 2005-06 the following jobs were taken up.

**Raw Mill:-** Raw material was being ground in single pass ball mill for making raw meal in order to manufacture clinker. There was much variation in residue, resulting variation in quantity of production and quality. A new compact dynamic separator has been installed in place of static separator.

**Kiln:-** Kiln was able to produce about 360 T/day only. The following jobs were taken up:

- i. The diameter of twin cyclones has been increased by 200 mm.
- ii. The kiln revolution has been increased by changing the gear box.
- iii. A new cooler first of its kind in India has been installed in line of kiln replacing the old conventional rotary cooler.

**Environment-**

Pollution control and utilization of waste heat of kiln.

A rotary drier has been designed, manufactured and commissioned to evaporate the moisture of coal. About 9000 m<sup>3</sup>/hr of hot air, which was going out, has been utilised.

**b. Benefits Derived as a result of the above efforts**

1. The mill which was producing 26 T/hr average started producing 29 T/hr.
2. The variation in residue also substantially reduced, increased the quality of clinker.
3. The power consumption is reduced by 2 KWH.
4. The kiln, which was able to produce only 360 T/day, started producing 400 T/day.
5. This has controlled the pollution and helped to reduce the pollution.

**C. FOREIGN EXCHANGE EARNING & OUTGO**

The Company is doing its business activity in the domestic market itself. Since there is a huge gap of demand and Supply in the North East Region and 100% of the production of the company is consumed in the North East Region, therefore the company is not engaged in the import export activities.

Foreign Exchange Earned	NIL
Foreign Exchange Used (Expenditure on Foreign Traveling)	Rs. 5,60,000/-

For **Barak Valley Cements Limited**

Place : New Delhi  
Dated : 17.08.2006

(**Bijay Kumar Garodia**)  
Chairman

## **Auditor's Report**

To  
The Members  
**BARAK VALLEY CEMENTS LTD.**  
Guwahati, Assam

1. We have audited the attached Balance Sheet of **M/S. BARAK VALLEY CEMENTS LIMITED** as at 31st March'2006, 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.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement marked as Annexure 'A' on the matters specified in Paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books ;
  - (iii) The Balance Sheet and Profit & 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 the Cash Flow statement dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956 ;
  - (v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of section 274(1)(g) of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes on Accounts and Accounting Policies, 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
    - (b) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and
    - (c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

For **Surender Harikishan & Co.**  
Chartered Accountants

Place : New Delhi  
Date : 17.08.2006

**(C.A. Mahesh Goel)**  
Partner  
M.No. 88958

**(C.A. Surender Kumar)**  
Partner  
M.No. 93626

## **Annexure ‘A’ to the Auditor’s Report**

### **Re: Barak Valley Cements Ltd.**

Annexure ‘A’ referred to in paragraph 3 of our report of even date:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, no substantial part of fixed assets was disposed off.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and properly dealt with in the books of account.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (f) and (g) are not applicable.
- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations 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 and exceeding the value of rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time,
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) We have broadly reviewed the accounts and records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (ix) (a) According to the records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, service tax, excise duty/cess and any other material statutory dues applicable to it, with the appropriate authorities. There were no arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses as at the end of the financial year under report. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Therefore the provisions of terms and conditions for giving such guarantee does not arise.
- (xvi) According to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the company has not issued Debentures during the period covered by our report. As such, no securities or charge has been created in respect of such issue.
- (xx) According to information and explanations given to us, the Company has not raised money by public issues during the period covered by our report. As such, reporting on the end use of such public issue does not arise.
- (xxi) According to information and explanations given to us, and based upon the audit procedures performed during the year, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

For **Surender Harikishan & Co.**  
Chartered Accountants

Place : New Delhi  
Date : 17.08.2006

**(C.A. Mahesh Goel)**  
Partner  
M.No. 88958

**(C.A. Surender Kumar)**  
Partner  
M.No. 93626

### Balance Sheet As At 31st March, 2006

Particulars	Schedule No.	31.03.2006	31.03.2005
<b>I. SOURCES OF FUNDS :</b>			
<b>1. Shareholder's Fund :</b>			
i) Share Capital	"A"	165,000,000	165,000,000
ii) Reserves and Surplus	"B"	199,293,696	120,448,038
		<u>364,293,696</u>	<u>285,448,038</u>
<b>2. Loan Fund</b>			
Secured Loans	"C"	308,203,662	227,095,421
<b>3. Deferred Tax Liability</b>		5,585,900	—
<b>TOTAL :</b>		<u><u>678,083,257</u></u>	<u><u>512,543,459</u></u>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. Fixed Assets :</b>	"D"		
i) Gross Block		574,699,357	371,312,073
Less :- Depreciation		<u>178,362,862</u>	<u>143,893,751</u>
<b>Net Block</b>		<u>396,336,495</u>	<u>227,418,322</u>
ii) Capital Work-in-Progress		479,109	84,478,432
iii) Capital Goods in transit		<u>1,966,989</u>	<u>—</u>
		<u>398,782,593</u>	<u>311,896,754</u>
<b>2. Investments</b>	"E"	99,063,423	6,248,000
<b>3. Current Assets, Loans &amp; Advances</b>			
i) Inventories	"F"	46,580,348	31,457,596
ii) Sundry Debtors	"G"	33,356,945	64,401,611
iii) Cash & Bank Balance	"H"	10,661,586	25,631,807
iv) Loans & Advances	"I"	<u>165,315,328</u>	<u>137,826,589</u>
		<u>255,914,206</u>	<u>259,317,603</u>
<b>Less : Current Liabilities &amp; Provisions :</b>	"J"		
i) Liabilities		38,659,305	32,050,913
ii) Provisions		<u>41,585,301</u>	<u>39,191,236</u>
<b>Net Current Assets</b>		<u>175,669,600</u>	<u>188,075,454</u>
<b>4. Miscellaneous Expenditure :</b>	"K"	4,567,640	6,323,251
(to the extent not written off or adjusted)			
<b>TOTAL :</b>		<u><u>678,083,257</u></u>	<u><u>512,543,459</u></u>

Significant Accounting Policies & Notes to Accounts "T"

Schedules "A" to "K" and "T" annexed hereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For & on behalf of the Board

**C.A. Surender Kumar**  
(Partner)

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

**Sachin Agarwal**  
(Company Secretary)

New Delhi, 17th August, 2006



### Profit & Loss Account for the Year Ended 31st March, 2006

Particulars	Schedule No.	Year Ended 31.03.2006	Year Ended 31.03.2005
<b>INCOME</b>			
Sales (Including Central Excise Duty amounting to Rs. 3,87,54,942/- (Last Year 3,06,19,936/-) refunded back by Govt. of India	"L"	<b>527,420,800</b>	489,693,193
Other Income	"M"	<b>9,254,870</b>	79,613,850
Increase/(Decrease) in Stock	"N"	<b>7,109,879</b>	109,236
<b>TOTAL :</b>		<b>543,785,550</b>	<b>569,416,278</b>
<b>EXPENDITURE</b>			
Cost of Materials	"O"	<b>130,088,469</b>	112,879,057
Manufacturing and Operating Expenses	"P"	<b>148,716,820</b>	142,571,588
Administrative & Other Expenses	"Q"	<b>21,101,103</b>	18,825,366
Selling & Distribution Expenses	"R"	<b>52,966,153</b>	51,186,887
Interest & Financial Charges	"S"	<b>19,761,135</b>	20,995,408
Depreciation	"D"	<b>34,469,112</b>	98,889,361
<b>TOTAL :</b>		<b>407,102,792</b>	<b>445,347,666</b>
<b>PROFIT BEFORE TAXATION</b>		<b>136,682,758</b>	124,068,612
<b>LESS : PROVISION FOR TAXATION</b>			
– Current Income Tax		<b>12,066,537</b>	9,728,530
– Deferred Tax Liability		<b>231,135</b>	–
– Fringe Benefit Tax		<b>675,000</b>	–
<b>PROFIT AFTER TAXATION</b>		<b>123,710,086</b>	114,340,082
<b>Profit Available for Appropriation :</b>		<b>123,710,086</b>	114,340,082
Less: Equity Dividend		<b>34,650,000</b>	33,000,000
Tax on Dividend		<b>4,859,663</b>	4,312,688
Transfer to General Reserve		<b>12,371,009</b>	–
<b>Profit Carried to Reserve &amp; Surplus (Schedule "B")</b>		<b>71,829,414</b>	<b>77,027,394</b>
<b>Earning Per Share (Face Value of Rs. 10/- each)</b>			
a) Basic & Diluted (Refer to Note 12 of Schedule "T")		<b>7.50</b>	6.93

Significant Accounting Policies & Notes to Accounts "T"

Schedules "D", "L" to "S" and "T" annexed hereto form an integral part of the Profit & Loss Account. This is the Profit & Loss Account referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

**Sachin Agarwal**  
(Company Secretary)

New Delhi, 17th August, 2006

### Schedules Forming Part of Balance Sheet As On 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - "A"</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised Capital</b>		
2,50,00,000 (P.Y. 1,80,00,000) Equity Shares of Rs. 10/- each	<b>250,000,000</b>	180,000,000
<b>Issued, Subscribed &amp; Paid-up Capital</b>		
1,65,00,000 Equity Shares of Rs. 10/- Each, Fully Paid up	<b>165,000,000</b>	165,000,000
	<b>165,000,000</b>	165,000,000
<b>SCHEDULE - "B"</b>		
<b>RESERVES &amp; SURPLUS :</b>		
<b>1. General Reserve</b>		
Transferred out of Current Year Profits : <b>12371009.00</b>		
Add : Transferred out of Earlier Year Profits : <b>8575506.00</b>	<b>20,946,515</b>	—
(Refer Note 15 of Notes on Accounts Schedule-"T")		
<b>2. Profit &amp; Loss Account</b>		
Balance Brought Forward : <b>120448038.00</b>		43,420,644
Less: i) Deferred Tax Liability : <b>(5354765.00)</b>		—
ii) Transferred to General Reserve : <b>(8575506.00)</b>	<b>106,517,767</b>	—
	<b>106,517,767</b>	43,420,644
Add: Current Year Profits	<b>71,829,414</b>	77,027,394
	<b>178,347,181</b>	120,448,038
Total (1+2)	<b>199,293,696</b>	120,448,038
<b>SCHEDULE - "C"</b>		
<b>SECURED LOANS :</b>		
<b>1. Rupee Term Loan from Banks/Financial Institutions</b>	<b>208,708,336</b>	185,131,526
(Secured against first charge on all the movable (save and except inventory and book debts) and immovable assets of the company and personal guarantees of some of the directors of the company.)		
<b>2. Equipment &amp; Vehicle finance from Banks</b>	<b>2,140,650</b>	1,688,235
(Secured against hypothecation of respective assets)		
<b>3. Cash Credit from Banks</b>	<b>97,354,676</b>	18,435,660
(Secured against first charge of inventory, book debts, transport subsidy receivable and charge on the whole of the movable assets of the company and also personal guarantee of some of the directors of the company.)		
<b>4. FCNR Term Loan from Banks</b>	<b>—</b>	21,840,000
(Secured against first charge of inventory & book debts and charge on the whole of the movable assets of the company and also personal guarantee of some of the directors of the company.)		
Note : Out of 1 and 2 above a sum of Rs. 529 Lakhs (Previous Year : 340 Lakhs) would become due for payment within a year		
	<b>308,203,662</b>	227,095,421

SCHEDULE - “D”  
SCHEDULE OF FIXED ASSETS & DEPRECIATION THEREON  
(AS PER W.D.V. METHOD OF COMPANIES ACT) FOR THE YEAR ENDED ON 31.03.2006

NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As On 01.04.2005	Additions during the Year	Deduction/ Adjustments during the Year	As On 31.03.2006	As On 01.04.2005	For the Year	As On 31.03.2006	As On 31.03.2005
Land and Site Devel.	37,802,277	18,444,870	-	56,247,147	-	-	56,247,147	37,802,277
Factory Building	55,164,416	29,012,841	-	84,177,257	16,136,184	4,609,508	63,431,565	39,028,232
Furniture & Fixtures	2,798,766	707,284	-	3,506,050	1,315,481	368,632	1,821,937	1,483,285
Computer & Computer Software	2,399,396	657,426	-	3,056,822	1,784,382	400,184	872,256	615,014
Moter Vehicles	3,177,491	2,353,946	-	5,531,437	1,147,924	897,978	3,485,535	2,029,567
Office Equipment	2,440,678	641,038	-	3,081,716	602,300	364,536	2,114,880	1,838,378
Plant, Machinery & Installations	267,529,049	151,569,880	-	419,098,929	122,907,480	27,828,274	268,363,175	144,621,569
Total	371,312,073	203,387,284	-	574,699,357	143,893,751	34,469,112	178,362,862	227,418,322
Previous year	358,616,399	12,819,382	123,708	371,312,073	45,004,390	98,889,361	227,418,322	-

## Schedules Forming Part of Balance Sheet As On 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - “E”</b>		
<b>INVESTMENTS :</b>		
<b>(A) Long Term :</b>		
i) In Subsidiaries (Other than trade, Unquoted, fully paid up equity shares)		
<b>Name of Subsidiary Company      No. of Shares      Amount</b>		
1. Badarpur Energy (P) Ltd.      1127000      55,950,000		
2. Cement International Ltd.      792700      35,607,000		
3. Meghalaya Minerals & Mines Ltd.      900200 <u>7,502,000</u>	<b>99,059,000</b>	–
ii) Others (Other than trade, Unquoted, fully paid up equity shares)	–	6,248,000
<b>(B) Current Investments :</b>		
Other than trade, Quoted, fully paid up equity shares (50 Shares of Gujarat Ambuja Ltd., Market Value Rs. 5165.00)	<b>4,423</b>	–
	<u><b>99,063,423</b></u>	<u>6,248,000</u>
<b>SCHEDULE - “F”</b>		
<b>INVENTORIES :</b>		
(At lower of cost or net realisable value)		
Raw Material	<b>5,852,594</b>	5,175,140
Semi Finished Goods	<b>9,944,941</b>	5,263,003
Finished Goods	<b>2,982,927</b>	554,986
Stores, Spares and Fuel	<b>23,567,787</b>	20,105,222
Packing Material	<b>4,232,099</b>	279,787
Goods in Transit	–	79,457
	<u><b>46,580,348</b></u>	<u>31,457,596</u>
<b>SCHEDULE - “G”</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured and considered good :		
– Debts exceeding six months	<b>6,073,597</b>	3,228,266
– Other Debts	<b>27,283,348</b>	61,173,345
	<u><b>33,356,945</b></u>	<u>64,401,611</u>
<b>SCHEDULE - “H”</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	<b>1,696,396</b>	8,562,749
Balances with Scheduled Banks :		
– In Current Account	<b>5,574,443</b>	7,955,631
– In Fixed Deposits	<b>2,259,796</b>	1,510,000
Demand Drafts in Hand	<b>1,130,951</b>	7,603,427
	<u><b>10,661,586</b></u>	<u>25,631,807</u>

## Schedules Forming Part of Balance Sheet As On 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - "I"</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good for recovery by the Management)		
1) Subsidy Receivable from Central/State Govt.	129,179,892	75,148,278
2) Excise Duty Refundable	9,899,658	3,362,113
3) Advance to suppliers/Contractors	16,404,471	7,527,602
4) Security Deposits	7,607,293	6,509,179
5) Share Application Money pending for allotment	–	42,390,000
6) Other advances - Recoverable in cash or in kind or for value to be recieved	2,224,014	2,889,417
	<b>165,315,328</b>	<b>137,826,589</b>
<b>SCHEDULE - "J"</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilites</b>		
1) Sundry Creditors	18,143,943	14,335,171
2) Statutory Liabilites	1,407,956	433,418
3) Interest Accrued but not due	150,000	208,333
4) Advance from Customers	6,875,584	5,499,472
5) Security Money received	6,883,980	6,824,541
6) Other Liabilities	5,197,842	4,749,977
	<b>38,659,305</b>	<b>32,050,913</b>
<b>Provisions</b>		
1) Provision for Income Tax	12,066,537	9,728,530
2) Provision for Fringe Benefit Tax	675,000	–
	<b>12,741,537</b>	<b>9,728,530</b>
Less : Advance Income Tax and Tax Deducted at Source	<b>(10,359,626)</b>	<b>(7,849,982)</b>
Less : Advance Fringe Benefit Tax	<b>(675,000)</b>	<b>–</b>
	<b>1,706,911</b>	<b>1,878,548</b>
3) Provision for Gratuity	368,727	–
4) Proposed Dividend	34,650,000	33,000,000
5) Corporate Dividend- Tax	4,859,663	4,312,688
	<b>41,585,301</b>	<b>39,191,236</b>
<b>SCHEDULE - "K"</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
1) Preliminary Expenses	–	107,083
2) Technical Know How	–	735,000
3) Mines Development	4,280,140	5,136,168
4) Lease Rights	287,500	345,000
	<b>4,567,640</b>	<b>6,323,251</b>

## Schedules Forming Part of the Profit & Loss Account for the Year Ended 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - “L”</b>		
<b>SALES</b>		
Gross Sales	526,602,347	484,683,114
Add : Captive Consumption of Cement	872,180	5,457,900
	<u>527,474,527</u>	<u>490,141,014</u>
Less : Cement Damaged	53,727	447,821
Net Sales	<u>527,420,800</u>	<u>489,693,193</u>
<b>SCHEDULE - “M”</b>		
<b>OTHER INCOME</b>		
Insurance Claim Received	511,974	840,510
Hire Charges	150,000	120,000
Misc. Income	78,978	72,424
Insurance Subsidy of earlier years	1,000,000	2,120,082
Interest Subsidy of earlier years	1,513,918	–
Power Subsidy of earlier years	6,000,000	–
Transport Subsidy of earlier years	–	76,460,834
	<u>9,254,870</u>	<u>79,613,850</u>
<b>SCHEDULE - “N”</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
<b>Semi Finished Goods</b>		
Opening Stock	5,263,003	5,400,283
Closing Stock	9,944,941	5,263,003
	<u>4,681,939</u>	<u>(137,280)</u>
<b>Finished Goods</b>		
Opening Stock	554,986	308,471
Closing Stock	2,982,927	554,986
	<u>2,427,941</u>	<u>246,515</u>
Increase/(Decrease) in Stock	<u>7,109,879</u>	<u>109,236</u>
<b>SCHEDULE - “O”</b>		
<b>COST OF MATERIALS</b>		
Raw Material Consumed (Net)	99,136,993	80,448,552
Stores and Spares Consumed	13,930,851	18,514,502
Packing Material	17,020,625	13,916,003
	<u>130,088,469</u>	<u>112,879,057</u>
<b>SCHEDULE - “P”</b>		
<b>MANUFACTURING AND OPERATING EXPENSES</b>		
Power & Fuel Expenses (Net)	112,559,138	106,545,581
Material Handling & Freight Charges	4,389,535	4,717,514
Repair and Maintenance		
– Plant & Machinery	3,404,769	2,276,804
– Building	782,303	2,129,685
Salaries, Wages & Bonus	22,632,359	18,747,817
Contribution to Provident Fund	460,574	317,080
Staff Welfare Expenses	677,314	1,414,511
Other Production Overheads	3,810,828	6,422,595
	<u>148,716,820</u>	<u>142,571,588</u>

## Schedules Forming Part of the Profit & Loss Account for the Year Ended 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - “Q”</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Auditor’s Remuneration	95,000	63,570
Bank Charges	615,713	525,293
Books & Periodicals	87,524	68,125
Donation	118,450	592,058
Director’s Remuneration	790,000	600,000
Electricity Expenses	587,872	595,159
Fees & Subscription	101,487	18,250
ROC Filling Fees & Legal Expenses	387,725	52,386
House/Office Rent & Maint. Expenses	1,032,764	794,410
Insurance	318,892	447,869
Misc. Exps. Written off	1,755,611	1,755,611
Motor Car Running, Maint. & Hire Charges	2,501,712	1,853,549
Office and Other Miscellaneous Expenses	1,472,093	1,335,309
Postage & Telegraph Exps.	203,999	181,918
Printing & Stationery Exp.	751,689	642,650
Provision for Gratuity	368,727	–
Rates & Taxes	745,359	1,071,105
Repair & Maintenance	326,627	343,394
Salary	1,815,010	1,287,706
Professional & consultancy service charges	240,400	–
Staff Fooding & Welfare Expenses	599,815	498,308
Telephone Exps.	2,412,906	2,296,036
Traveling & Conveyance Expenses	3,771,728	3,802,660
	<b>21,101,103</b>	<b>18,825,366</b>
<b>SCHEDULE - “R”</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Transportation Cost (Net)	46,530,804	42,324,959
Sales Promotion Expenses	1,675,519	5,740,978
Advertisement & Publicity	1,942,026	1,065,774
VAT/Sales Tax	2,249,648	1,933,246
Market Survey, Consultancy & Other Charges	476,400	–
Shop/Godown Rent	91,756	121,930
	<b>52,966,153</b>	<b>51,186,887</b>
<b>SCHEDULE - “S”</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Term Loan	14,498,952	16,955,339
Working Capital facility (Net)	3,978,388	3,343,020
Others	1,646,924	697,049
Less : Interest Received (inclusive of TDS- Rs. 6355/-)	(363,129)	–
	<b>19,761,135</b>	<b>20,995,408</b>

**SCHEDULE - "T": SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

**(2) FIXED ASSETS:**

(a) Fixed Assets are stated at their original cost of acquisition or construction less accumulated depreciation including attributable interest and financial costs till such assets are ready for its intended use, less specific grants received.

**(b) CAPITAL WORK IN PROGRESS:**

Capital work in progress is carried at cost comprising direct cost.

**(3) DEPRECIATION:**

Depreciation has been provided on fixed assets on Written down Value (WDV) Method on a pro – rata basis at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

**(4) INVENTORIES:**

Inventories are carried at the lower of cost and net realisable value. Cost for the purpose is worked out on a weighted average basis. In case of finished goods, semi-finished goods and work in progress, appropriate overheads are allocated on full absorption costing basis and includes excise duty wherever applicable.

**(5) INVESTMENTS:**

Investments in unquoted equity shares of subsidiary companies are classified as "Long-term investments" and stated at cost price in the financial statements. Investment in quoted shares are classified as "Current investments" and shown at lower of cost and market / fair value.

**(6) REVENUE:**

Sales are accounted for on dispatch and are stated inclusive of excise duty, VAT/ Sales Tax and are net of trade discounts, sales commission and sales return. Other items of revenue are recognised in Accordance with the Accounting Standard (AS-9)

**(7) GOVERNMENT GRANTS:**

Government grants /subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the financial statements either as income or deducted from related expenses.

**(8) RETIREMENT BENEFITS:**

Contribution to Provident Fund is deposited on actual liability basis.

The Provision for Gratuity has been made in books of accounts on actuarial valuation basis.

Encashment of earned leave has been provided on accrual basis.

**(9) MISCELLANEOUS EXPENDITURE:**

Miscellaneous expenditure having enduring benefit is amortized over a period of five to ten years.



**(10) TAXES ON INCOME:**

**a) Current Tax:**

Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

**b) Deferred Tax :**

Deferred Tax Assets and Liabilities are accounted for in accordance with AS – 22.

**(11) RESEARCH AND DEVELOPMENT EXPENDITURE:**

Revenue expenditure on Research and Development is charged out in the year in which it is incurred and are included under the related head of expenditure.

**(12) EXPENDITURE DURING CONSTRUCTION:**

In respect of substantial capacity enhancement at existing location only direct costs are capitalized together with interest on the funds related to them upto the date of commercial production.

**(13) BORROWING COSTS:**

Borrowing cost that are directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(14) CONTINGENT LIABILITY:**

Contingent Liability not acknowledged as debt are disclosed by way of note.

**B. NOTES ON ACCOUNTS:**

**(1) Change in accounting policy:**

In order to comply with the generally accepted accounting principles, during the year the company has changed its accounting policy for the valuation of closing stock of finished and semi finished goods to include therein the amount of excise duty if any.

The change in accounting policy has resulted in an increase of Rs. 1207507/- in the valuation of closing stock of finished and semi finished goods. However, since the excise duty in respect of finished goods has been charged to Profit & Loss account, the profitability of the Company remains unaffected.

**(2) Capital Commitments:**

The estimated amount of Contracts including investment in equity shares in subsidiaries companies remaining to be executed on Capital Account and not provided for amounts to Rs. 208 Lakhs (Previous year: Rs. 205 Lakhs)

**(3) Contingent liabilities not provided for:**

- (a) Bank Guarantee issued by Banks Rs. 2, 25,000 (Previous Year – Rs. 2,25,000)
- (b) Claims against the company not acknowledged as debts – Nil (Previous year – Nil)
- (c) Contingent Liabilities not provided for in respect of Retirements Benefits to Employees – Nil (Previous year – unascertainable)
- (d) Interest and other liabilities on delayed payment of taxes - Nil (Previous year – unascertainable)

- (4) Additional information in pursuant to the provision or paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 to the extent applicable to the company:

**(a) Licensed Capacity, Installed Capacity and Production (Cement)**

Particulars	2005-2006 (M.T.)	2004-2005 (M.T.)
(1) Licensed Capacity	N.A.	N.A.
(2) Installed Capacity (M.T.)	1,51,800	1,00,000
(3) Production – Cement (M.T.)	1,34,351	1,22,630

**(b) Sales :**

	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
(1) Cement	1,33,564.80**	52,69,17,408	1,22,507.00	48,96,60,042
(2) Clinker	287.93	5,03,392	13.00	33,151
<b>Total</b>	<b>1,33,836.18</b>	<b>52,74,20,800</b>	<b>1,22,424.57</b>	<b>48,96,93,193</b>

\*\* Including damage/ shortage in transit 16.55 MT (Previous Year 95.13 MT)

**(c) Stock of Finished and Semi Finished Goods :**

	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
<b>(i) Cement</b>				
Opening Stock	2,66.50 M.T.	5,54,986	143.45 M.T.	3,08,471
Closing Stock	1,052.70 M.T.	29,82,927	266.50 M.T.	5,54,987
<b>(ii) Clinker</b>				
Opening Stock	3,023.59 M.T.	50,37,301	2,991.88 M.T.	51,46,927
Closing Stock	3,777.33 M.T.	96,51,152	3,023.59 M.T.	50,37,301
<b>(iii) Raw – Mix</b>				
Opening Stock	376.17 M.T.	2,25,702	596.13 M.T.	2,53,355
Closing Stock	489.65 M.T.	2,93,790	376.17 M.T.	2,25,702

**(d) Raw Materials Consumed:**

	2005-2006 Qty. (MT)	Value (Rs.)	2004-2005 Qty.(MT)	Value (Rs.)
(i) Lime Stone	1,36,370.98	3,82,98,950	1,50,637.63	5,36,32,808
(ii) Gypsum	1,128.98	22,42,700	1,510.53	31,68,848
(iii) Fly Ash	4,734.70	67,43,948	5,545.99	71,31,919
(iv) Clinker	16,937.81	4,14,85,527	3,474.84	75,31,571
(v) Other Materials	32,664.53	1,03,65,868	22,099.13	89,83,406
<b>Total</b>		<b>9,91,36,993</b>		<b>8,04,48,552</b>

**(e) Value of Imported and Indigenous Raw Materials, Stores & Spares Consumed & Percentage thereof:**

	2005-2006 Value (Rs.)	%	2004-2005 Value (Rs.)	%
<b>(1) Raw Materials/Packing Material :</b>				
Limestone Gypsum, Fly ash, Clinker, Clay, HDPE Bags.				
: Imported	Nil	Nil	Nil	Nil
: Indigenous	11,61,57,618	100%	9,43,64,555	100%

	2005-2006 Value (Rs.)	%	2004-2005 Value (Rs.)	%
<b>(2) Stores &amp; Spares :</b>				
– Imported	Nil	Nil	Nil	Nil
– Indigenous	1,39,30,851	100%	1,85,14,502	100%
<b>(f) C.I.F. Value of Import :</b>	Nil (Previous Year - Nil)			
<b>(g) Earning in Foreign Exchange :</b>	Nil (Previous Year – Nil)			
<b>(h) Expenditure in Foreign Currency :</b> (Foreign Traveling expenses)	Rs. 5,60,000 (Previous Year - Nil)			
(5) During the year an amount of Rs. 2,66,029 was paid to selling agents of the company as Sales Commission. (Previous Year Rs. 3,01,636)				
(6) During the year, the company has capitalized the borrowing cost amounting to Rs. 77,09,018 for major expansion activities of plant at factory site. (Previous Year Rs.12,53,410)				
(7) Payment made to Auditor’s during the year ended is as under :-				
	<b>Current Year</b>		<b>Previous Year</b>	
a. As Auditors	<b>Rs. 58,570</b>		Rs. 38,570	
b. Taxation Matters	<b>Rs. 6,000</b>		Rs. 6,000	
c. Company Law and other matters	<b>Rs. 19,000</b>		Rs. 19,000	
d. Reimbursement of out of pocket exp.	<b>Rs. 11,430</b>		–	
<b>Total</b>	<b>Rs. 95,000</b>		Rs. 63,570	
(8) Remuneration paid to Director’s during the year: Rs.7,90,000 (Previous Year: Rs. 6,00,000)				
(9) <b>GOVT. SUBSIDIES</b>				
Transport, power, Insurance and interest subsidy has been adjusted from related overheads and shown as receivable forming part of loans and advances.				
Power subsidy amounting to Rs. 60.00 lakhs, Interest subsidy amounting to Rs. 15.14 lakhs and Insurance subsidy amounting to Rs. 10.00 lakhs related to earlier periods has been recognized during the year and shown under the schedule “Other Income”.				
(10) According to the information available with the company, there are no S.S.I. Undertakings in respect of whom the company’s dues are outstanding for more than 30 days. (Previous Year: Nil)				
(11) <b>Disclosure in respect of Related Parties:</b>				
Pursuant to Accounting Standard – 18 “Related Party Disclosures” issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the year in the ordinary course of business:				
<b>Subsidiary Companies</b>	Meghalaya Minerals & Mines Ltd. (w.e.f. 31.03.2006) Badarpur Energy Pvt. Ltd. (w.e.f. 31.03.2006) Cement International Ltd. (w.e.f. 31.03.2006)			
<b>Associates</b>	M/s. Nefa Udyog M/s. Meghalaya Cements Ltd.			
<b>Key Management Personal</b>	Kamakhya Chamaria (Managing Director) Santosh Kumar Bajaj (Whole Time Director) Bijay Kumar Garodia (Chairman and Whole Time Director)			

Details of transactions between the company and related parties for the year ended on 31.03.2006 is given as under:

S.N.	Type of transaction	Subsidiary Co's	Associates	(Rs. in Lakhs) Key Management Personnel
1.	Sale of finished/semi finished goods	—	144.79	—
2.	Hire Charges paid	—	4.34	—
3.	Investment in Shares	990.59	—	—
4.	Purchase of Raw Materials	301.43	—	—
5.	Store, spares and other services rendered	27.90	—	—
6.	Remuneration paid	—	—	7.90

**(12) Earnings per share:**

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the year ended 31<sup>st</sup> March 2006 and the year ended 31<sup>st</sup> March 2005.

	Year Ended 31 <sup>st</sup> March, 2006	Year Ended 31 <sup>st</sup> March, 2005
(a) Profit/(Loss) after tax	<b>12,37,10,086</b>	11,43,40,082
(b) The weighted average number of Ordinary Share for EPS	<b>1,65,00,000</b>	1,65,00,000
(c) The nominal value per Ordinary Share)	<b>10</b>	10
(d) Earnings Per Share Basic & Diluted (Rs.)	<b>7.50</b>	6.93

(13) Balance of Sundry Debtors; Creditors and advances are subject to confirmation from respective parties.

(14) In the opinion of the management the current assets and loans and advances are having value, at least equal to the amount as they are stated in financial statements, if realised in the ordinary course of business.

(15) During the year, an amount Rs. 85,75,506.00 related to the previous year have been transferred to General Reserve out of accumulated profits at the beginning of the year.

(16) During the year, the company has acquired 100% shareholdings of M/s. Cement International Ltd., M/s. Badarpur Energy Pvt. Ltd. and M/s. Meghalaya Minerals & Mines Ltd., consequent to which these companies become subsidiaries of the company.

(17) The company deals in only one Segment i.e. cement only in India. There is no separate reportable segment as required by AS – 17 “Segment Reporting”.

(18) In pursuance of AS -28 “Impairment of Assets” issued by ICAI, the company reviewed its carrying cost of assets and management is of the view that in the current financial year impairment of assets is not considered necessary.

(19) Taxation

**a) Current Tax :**

The company is eligible for 100% income-tax exemption under section 80-IC. The current year's provision for income-tax has been calculated on the profits of the year on the basis of the provisions of Minimum Alternative Tax (MAT) under section 115JB of the Income-Tax Act, 1961 including interest on delayed payment, if any.

**b) Deferred Tax :**

Deferred tax liability has been recognized in respect of only those timing differences which originate during the tax holidays and are not likely to reverse during the tax

holiday period to the extent income is subject to deduction during the tax holiday period as per Income Tax Act, 1961. Deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. The tax liability has been calculated at regular tax rates.

However, in the year of transition the accumulated deferred tax liability at the beginning has been recognised with a corresponding charge to the Revenue Reserve.

Deferred Tax asset/ liability have been calculated as under:

	<b>Amount (Rs.)</b>
<b>(a) Deferred Tax Liabilities</b>	
Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax returns	56,96,520
<b>(b) Deferred Tax Assets</b>	
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax	1,10,620
Net Deferred Tax Liability	<u>55,85,900</u>

The tax impact for the above purpose has been arrived at by applying the prevailing tax rate for Indian companies under the Income Tax Act, 1961.

The Net Deferred Tax Liability as at April 1, 2005 amounting to Rs. 53,54,765 has been charged to Profits carried from earlier years and the remaining Rs. 2,31,135 for the current year has been charged to Profit and Loss Account.

**c) Fringe Benefit Tax**

Provision for Fringe Benefit tax has been separately shown in the profit & loss account in accordance with the guidance note issued by the ICAI.

(20) Previous year figures have been regrouped/ restated wherever necessary.

(21) Figures have been rounded off to the nearest rupee.

For **Surender Harikishan & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

New Delhi, 17th August, 2006

**For & on behalf of the Board**

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

**Sachin Agarwal**  
(Company Secretary)

**Balance Sheet Abstract and Company’s General Business Profile**

**I. REGISTRATION DETAILS**

Registration No.	05741 of 1999-2000	State Code	02
Date of Balance Sheet	31.03.2006		

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)**

Total Liabilities	678,083	Total Assets	678,083
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**SOURCES OF FUNDS**

Paid-up Capital	165,000	Reserves & Surplus	199,294
Secured Loans	308,204	Deferred Tax Liability	5,586

**APPLICATIONS OF FUNDS**

Net Fixed Assets	398,783	Investments	99,063
Net Current Assets	175,670	Misc. Expenditure	4,568
Accumulated Losses	NIL		

**IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)**

Turnover & other income	543,786	Total Expenditure	407,103
Profit/Loss Before Tax	136,683	Profit /Loss After Tax	123,710
Basic & Diluted Earning Per Share (in Rs.)	7.50	Dividend @ %	21%

**V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY  
(As Per Monitory Terms)**

Item Code No. (ITC Code)	252300
Product Description	Various type of Cements
Item Code No. (ITC Code)	252310
Product Description	Cement Clinker

**For & on behalf of the Board**

New Delhi, 17th August, 2006	<b>Sachin Agarwal</b> (Company Secretary)	<b>Kamakhya Chamaria</b> (Managing Director)	<b>Bijay Kumar Garodia</b> (Chairman)
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## Cash Flow Statement for the Year Ended 31st March, 2006

		(Amount in Rupees)	
S.N.	Particulars	31.03.2006	31.03.2005
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
	Net Profit before Tax	136,682,758	124,068,612
	<b>Adjustment for :</b>		
	Add : Depreciation & Misc. expenditure	36,224,722	100,644,972
	Interest & finance charges	19,761,135	20,877,658
		<u>192,668,615</u>	<u>245,591,242</u>
	Less: Profit on sale of assets / investments	—	—
	Operating Profit before working capital charges	192,668,615	245,591,242
	Adjustment for change in :		
	Trade & other receivables	3,555,928	(145,230,601)
	Inventories	(15,122,753)	(408,301)
	Trade and other payables	9,233,592	54,002,797
	<b>Cash generated from Operations</b>	<u>190,335,383</u>	<u>153,955,137</u>
	Direct Taxes Paid	(12,972,672)	(9,728,530)
	<b>Net Cash Flow from operating activities</b>	<u>177,362,711</u>	<u>144,226,607</u>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Acquisition of Fixed Assets	(121,354,951)	(92,845,121)
	Purchase of Investments	(92,815,423)	(6,248,000)
		<u>(214,170,374)</u>	<u>(99,093,121)</u>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
	Increase in Bank borrowings	81,108,241	29,685,257
	Dividend (including CDT)	(39,509,663)	(37,312,688)
	Interest and finance charges paid	(19,761,135)	(20,877,658)
		<u>21,837,443</u>	<u>(28,505,089)</u>
	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>(14,970,221)</u>	<u>16,628,397</u>
	Add:- Cash & Cash Equivalents at the beginning of the year	25,631,807	9,003,410
	Cash & Cash Equivalents at the Closing of the year	<u>10,661,586</u>	<u>25,631,807</u>

**Note :** Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For & on behalf of the Board

**C.A. Surender Kumar**  
(Partner)

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

**Sachin Agarwal**  
(Company Secretary)

New Delhi, 17th August, 2006

## **Auditor's Report on Consolidated Financial Statements**

To  
The Board of Directors,  
**BARAK VALLEY CEMENTS LTD.**  
Guwahati, Assam.

We have examined the attached Consolidated Balance Sheet of **Barak Valley Cements Ltd.** and its subsidiaries as at 31st March 2006, the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. 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.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework generally accepted in India and are free of material misstatements. 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the Separate audited financial statements of Barak Valley Cements Limited and its subsidiaries included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of separate audit reports on individual financial statements of the company and its subsidiaries, we are of the opinion that the said consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March 2006;
- (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the company and its subsidiaries for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the consolidated Cash flows of the company and its subsidiaries for the year ended on that date.

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

For **Surender Harikishan & Co.**  
Chartered Accountants

**(C.A. Mahesh Goel)**  
Partner  
New Delhi, 17<sup>th</sup> August, 2006

**(C.A. Surender Kumar)**  
Partner  
M.No. 88958

**(C.A. Surender Kumar)**  
Partner  
M.No. 93626



### Consolidated Balance Sheet As At 31st March, 2006

Particulars	Schedule No.	Amount (Rs.)
<b>I. SOURCES OF FUNDS :</b>		
<b>1. Shareholder's Fund :</b>		
i) Share Capital	"A"	165,000,000
ii) Reserves & Surplus	"B"	201,367,523
		<b>366,367,523</b>
<b>2. Loan Funds :</b>		
Secured Loans	"C"	308,203,662
<b>3. Deferred Tax Liability</b>		5,900,158
<b>TOTAL :</b>		<b>680,471,343</b>
<b>II. APPLICATION OF FUNDS :</b>		
<b>1. Fixed Assets :</b>	"D"	
i) Gross Block		585,005,968
Less :- Depreciation		180,389,740
<b>Net Block</b>		<b>404,616,228</b>
ii) Capital Work-in-Progress		87,617,509
iii) Capital Goods in transit		1,966,989
		<b>494,200,726</b>
<b>2. Investments</b>	"E"	4,423
<b>3. Current Assets, Loans &amp; Advances</b>		
i) Inventories	"F"	46,795,631
ii) Sundry Debtors	"G"	34,060,555
iii) Cash & Bank Balance	"H"	13,133,110
iv) Loans & Advances	"I"	171,646,459
		<b>265,635,755</b>
<b>Less : Current Liabilities &amp; Provisions :</b>	"J"	
i) Liabilities		43,037,540
ii) Provisions		41,660,288
<b>Net Current Assets</b>		<b>180,937,927</b>
<b>4. Miscellaneous Expenditure</b>	"K"	5,328,267
(to the extent not written off or adjusted)		
<b>TOTAL :</b>		<b>680,471,343</b>

Significant Accounting Policies & Notes to Accounts "T"

Schedules "A" to "K" and "T" annexed hereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For & on behalf of the Board

**C.A. Surender Kumar**  
(Partner)

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

**Sachin Agarwal**  
(Company Secretary)

New Delhi, 17th August, 2006

**Consolidated Profit & Loss Account for the Year Ended 31st March, 2006**

Particulars	Schedule No.	Year Ended 31.03.2006
<b>INCOME</b>		
Sales (Including Central Excise Duty amounting to Rs. 3,87,54,942/- refunded back by Govt. of India)	“L”	527,420,800
Other Income	“M”	10,861,299
Increase/(Decrease) in Stock	“N”	6,971,991
<b>TOTAL :</b>		<b>545,254,091</b>
<b>EXPENDITURE</b>		
Cost of Materials	“O”	100,421,029
Manufacturing and Operating Expenses	“P”	175,260,909
Administrative & Other Expenses	“Q”	22,792,019
Selling & Distribution Expenses	“R”	54,450,749
Interest & Financial Charges	“S”	19,761,135
Depreciation	“D”	35,778,675
<b>TOTAL :</b>		<b>408,464,517</b>
<b>PROFIT BEFORE TAXATION</b>		<b>136,789,574</b>
<b>LESS : PROVISION FOR TAXATION</b>		
– Current Income Tax		12,139,182
– Deferred Tax Liability		198,435
– Fringe Benefit Tax		725,000
<b>PROFIT AFTER TAXATION</b>		<b>123,726,957</b>
<b>Profit Available for Appropriation :</b>		<b>123,726,957</b>
Less: Equity Dividend		34,650,000
Tax on Dividend		4,859,663
Transfer to General Reserve		12,371,009
Transfer to Capital Reserve		16,871
<b>Profit Carried to Reserve &amp; Surplus (Schedule “B)</b>		<b>71,829,414</b>
<b>Earning Per Share (Face Value of Rs. 10/- each)</b>		
a) Basic & Diluted (Refer to Note 11 of Schedule “T”)		7.50

Significant Accounting Policies & Notes to Accounts “T”

Schedules “D”, “L” to “S” and “T” annexed hereto form an integral part of the Profit & Loss Account. This is the Profit & Loss Account referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

**Sachin Agarwal**  
(Company Secretary)

New Delhi, 17th August, 2006

**Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2006**

Particulars	Amount (Rs.)
<b>SCHEDULE - “A”</b>	
<b>SHARE CAPITAL :</b>	
<b>Authorised Capital</b>	
2,50,00,000 Equity Shares of Rs. 10/- Each	<b>250,000,000</b>
<b>Issued, Subscribed &amp; Paid-up Capital</b>	
1,65,00,000 Equity Shares of Rs. 10/- Each, Fully Paid up	<b>165,000,000</b>
	<b>165,000,000</b>
<b>SCHEDULE - “B”</b>	
<b>RESERVES &amp; SURPLUS :</b>	
<b>1. General Reserve</b>	<b>20,946,515</b>
<b>2. Capital Reserve (on consolidation)</b>	<b>2,073,827</b>
<b>3. Profit &amp; Loss Account</b>	
Balance Brought Forward	<b>120,448,038</b>
Less: Deferred Tax Liability	<b>5,354,765</b>
Less: Transferred to General Reserve	<b>8,575,506</b>
	<b>106,517,767</b>
Add: Current Year Profits	<b>71,829,414</b>
	<b>178,347,181</b>
Total (1 + 2 + 3)	<b>201,367,523</b>
<b>SCHEDULE - “C”</b>	
<b>SECURED LOANS :</b>	
<b>1. Rupee Term Loan from Banks/Financial Institutions</b>	<b>208,708,336</b>
(Secured against first charge on all the movable (save and except inventory and book debts) and immovable assets of the company and personal guarantees of some of the directors of the company)	
<b>2. Equipment &amp; Vehicle finance from Banks</b>	<b>2,140,650</b>
(Secured against hypothecation of respective assets)	
<b>3. Cash Credit from Banks</b>	<b>97,354,676</b>
(Secured against first charge of inventory, book debts and transport subsidy receivable and charge on the whole of the movable assets of the company and also personal guarantee of some of the directors of the company.)	
Note : Out of 1 and 2 above a sum of Rs. 529 Lakhs would become due for payment within a year	
	<b>308,203,662</b>

SCHEDULE - "D"  
SCHEDULE OF CONSOLIDATED FIXED ASSETS & DEPRECIATION AS ON 31.03.2006  
(AS PER W.D.V. METHOD OF COMPANIES ACT, 1956)

NAME OF ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As On 01.04.2005	Additions during the Year	Deduction/ Adjustments during the Year	As On 31.03.2006	As On 01.04.2005	For the Year	Adjustments relating to previous Years	As On 31.03.2006	As On 31.03.2006
Land and Site Devel.	39,242,438	21,203,935	-	60,446,373	-	-	-	-	60,446,373
Factory Building	55,575,357	29,798,659	-	85,374,016	16,144,306	4,648,386	16,188	20,808,880	64,565,136
Furniture & Fixtures	2,813,916	763,230	-	3,577,146	1,317,538	371,511	3,113	1,692,162	1,884,984
Computer & Computer Software	2,399,396	657,426	-	3,056,822	1,784,382	400,184	-	2,184,566	872,256
Vehicles	3,177,491	2,353,946	-	5,531,437	1,147,924	897,978	-	2,045,902	3,485,535
Office Equipment	2,440,678	657,888	-	3,098,566	602,300	366,425	-	968,725	2,129,841
Plant, Machinery & Installations	268,144,049	151,569,880	-	419,713,929	122,997,875	27,882,212	136,837	151,016,924	268,697,005
Mining Equipment	2,232,050	-	-	2,232,050	615,667	286,167	662,493	1,564,327	667,723
Temporary Structure	-	1,975,630	-	1,975,630	-	108,254	-	108,254	1,867,376
Total	376,025,375	208,980,593	-	585,005,968	144,609,992	34,961,117	818,631	180,389,740	404,616,228

**Note:** Depreciation on furniture & fixture amounting to Rs. 644.00 and 429.00 related to Susidary Companies has been charged to "Incidental Expenditure during constructin period A/c."

**Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2006**

Particulars	Amount (Rs.)
<b>SCHEDULE - “E”</b>	
<b>INVESTMENTS :</b>	
<b>(A) Current Investments :</b>	
Other than trade, Quoted, fully paid up equity shares (50 Shares of Gujarat Ambuja Ltd., Market Value Rs. 5,165)	4,423
	<hr/> 4,423 <hr/>
<b>SCHEDULE - “F”</b>	
<b>INVENTORIES</b>	
(At lower of cost or net realisable value)	
Raw Material	5,847,585
Semi Finished Goods	9,944,941
Finished Goods	2,997,517
Stores, Spares and Fuel	23,773,488
Packing Material	4,232,099
	<hr/> 46,795,631 <hr/>
<b>SCHEDULE - “G”</b>	
<b>SUNDRY DEBTORS</b>	
Unsecured and considered good :	
– Debts exceeding six months	6,079,723
– Other Debts	27,980,832
	<hr/> 34,060,555 <hr/>
<b>SCHEDULE - “H”</b>	
<b>CASH &amp; BANK BALANCE</b>	
Cash in Hand	3,416,131
Balances with Scheduled Banks :	
– In Current Account	6,326,232
– In Fixed Deposits	2,259,796
Demand Drafts in Hand	1,130,951
	<hr/> 13,133,110 <hr/>

**Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2006**

Particulars	Amount (Rs.)
<b>SCHEDULE - "I"</b>	
<b>LOANS &amp; ADVANCES</b>	
(Unsecured and considered good for recovery by the Management)	
1) Subsidy Receivable from Central/State Govt.	129,179,892
2) Excise Duty Refundable	9,899,658
3) Advance to suppliers/Contractors	16,888,270
4) Security Deposits	7,625,494
5) Other advances - Recoverable in cash or in kind or for value to be recieved	8,053,145
	<u>171,646,459</u>
<b>SCHEDULE - "J"</b>	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
<b>Current Liabilites</b>	
1) Sundry Creditors	21,814,342
2) Statutory Liabilities	1,522,387
3) Interest Accrued but not due	150,000
4) Advance from Customers	6,875,584
5) Security Money received	6,883,980
6) Other Liabilities	5,791,247
	<u>43,037,540</u>
<b>Provisions</b>	
1) Provision for Income-Tax	12,139,182
2) Provision for Fringe Benefit Tax	725,000
	<u>12,864,182</u>
Less : Advance Income Tax and Tax Deducted at Source	(10,409,626)
Less : Advance Fringe Benefit Tax	(725,000)
	<u>1,729,556</u>
3) Provision for Gratuity	421,069
4) Proposed Dividend	34,650,000
5) Corporate Dividend- Tax	4,859,663
	<u>41,660,288</u>
<b>SCHEDULE - "K"</b>	
<b>MISCELLANEOUS EXPENDITURE</b>	
(to the extent not written off or adjusted)	
1) Preliminary Expenses	402,700
2) Mines Development	4,542,967
3) Lease Rights	382,600
	<u>5,328,267</u>

**Schedules Forming Part of Consolidated Profit & Loss Account for the Year Ended 31.03.2006**

Particulars	Amount (Rs.)
<b>SCHEDULE - “L”</b>	
<b>SALES</b>	
Gross Sales	526,602,347
Add : Captive Consumption of Cement	872,180
	527,474,527
Less : Cement Damaged	53,727
Net Sales	527,420,800
<b>SCHEDULE - “M”</b>	
<b>OTHER INCOME</b>	
Insurance Claim Received	511,974
Hire Charges	1,756,429
Misc. Income	78,978
Insurance Subsidy of earlier years	1,000,000
Interest Subsidy of earlier years	1,513,918
Power Subsidy of earlier years	6,000,000
	10,861,299
<b>SCHEDULE - “N”</b>	
<b>INCREASE/(DECREASE) IN STOCK</b>	
<b>Semi Finished Goods</b>	
Opening Stock	5,263,003
Closing Stock	9,944,941
	4,681,939
<b>Finished Goods</b>	
Opening Stock	707,464
Closing Stock	2,997,517
	2,290,053
Increase/(Decrease) in Stock	6,971,991
<b>SCHEDULE - “O”</b>	
<b>COST OF MATERIALS</b>	
Raw Material Consumed (Net)	68,994,259
Stores and Spares Consumed	14,406,145
Packing Material	17,020,625
	100,421,029
<b>SCHEDULE - “P”</b>	
<b>MANUFACTURING AND OPERATING EXPENSES</b>	
Power & Fuel Expenses (Net)	116,494,571
Material Handling & Freight Charges	4,389,535
Repair and Maintenance	
– Plant & Machinery	3,404,769
– Building	782,303
– Equipments	510,632
Salaries, Wages & Bonus	23,882,854
Contribution to Provident Fund	508,874
Job and Labour Charges	13,910,190
Staff Welfare Expenses	897,159
Royalties and other Govt. Levies	6,624,799
Other Production Overheads	3,855,223
	175,260,909

**Schedules Forming Part of Consolidated Profit & Loss Account for the Year  
Ended 31.03.2006**

Particulars	Amount (Rs.)
<b>SCHEDULE - “Q”</b>	
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>	
Auditor’s Remuneration	122,142
Bank Charges	638,762
Books & Periodicals	87,524
Donation	118,450
Director’s Remuneration	790,000
Electricity Expenses	665,905
Fees & Subscription	101,487
ROC Filling Fees & Legal Expenses	387,725
House/Office Rent & Maint. Expenses	1,044,764
Insurance	318,892
Misc. Exps. Written off	2,123,417
Motor Car Running, Maint. & Hire Charges	2,501,712
Office and Other Miscellaneous Expenses	1,517,494
Postage & Telegraph Exps.	208,447
Printing & Stationery Exp.	797,851
Provision for Gratuity	421,069
Rates & Taxes	1,372,915
Repair & Maintenance	326,627
Salary	1,815,010
Professional & consultancy service charges	246,500
Staff Fooding & Welfare Expenses	664,860
Telephone Exps.	2,483,470
Traveling & Conveyance Expenses	4,036,996
	<b>22,792,019</b>
<b>SCHEDULE - “R”</b>	
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>	
Transportation Cost (Net)	46,530,804
Sales Promotion Expenses	1,675,519
Advertisement & Publicity	1,942,026
VAT/Sales Tax	3,408,984
Market Survey, Consultancy & Other Charges	476,400
Shop/Godown Rent	91,756
Weighment and overload Expenses	325,260
	<b>54,450,749</b>
<b>SCHEDULE - “S”</b>	
<b>INTEREST &amp; FINANCIAL CHARGES</b>	
– Term Loan	14,498,952
– Working Capital facility (Net)	3,978,388
– Others	1,646,924
Less : Interest Received (inclusive of TDS- Rs. 6355/-)	(363,129)
	<b>19,761,135</b>



**SCHEDULE - “T”: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS CONSOLIDATED  
FINANCIAL STATEMENT**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**(1) CONSOLIDATION:**

The consolidated financial statements (CFS) comprise the financial statements of Barak Valley Cements Ltd. (BVCL) and its following subsidiary:

<b>S.N.</b>	<b>Name of the Subsidiary (All incorporated in India)</b>	<b>Proportion of Ownership as at 31.03.06</b>
1.	Meghalya Minerals & Mines Ltd.	100%
2.	Badarpur Energy Pvt. Ltd.	100%
3.	Cement International Ltd.	100%

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS)- 21 on consolidated financial statements issued by the Institute of Chartered Accountants of India (ICAI) on the following basis:

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the parent company.

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter Company balances and transactions and unrealised profits or losses have been fully eliminated.

The excess of the company’s portion of the equity of the subsidiaries on the acquisition date over its cost of investment is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves and Surplus’, in the consolidated financial statements.

**(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

**(3) FIXED ASSETS:**

- (a) Fixed Assets are stated at their original cost of acquisition or construction less accumulated depreciation including attributable interest and financial costs till such assets are ready for its intended use, less specific grants received, if any.
- (b) CAPITAL WORK IN PROGRESS:  
Capital work in progress is carried at cost comprising direct cost.
- (c) INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD:  
Expenditure including administrative and other expenses incurred during construction period of the project is carried under the head “Incidental expenditure during construction period account” and will be allocated appropriately to the fixed assets on the completion of construction

**(4) DEPRECIATION:**

Depreciation has been provided on fixed assets on Written down Value (WDV) Method on a pro – rata basis at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

**(5) INVENTORIES:**

Inventories are carried at the lower of cost and net realisable value. Cost for the purpose is worked out on a weighted average basis. In case of finished goods, semi-finished goods and work in progress, appropriate overheads are allocated on full absorption costing basis and include excise duty wherever applicable.

**(6) INVESTMENTS:**

Investment in quoted shares are classified as "Current investments" and shown at lower of cost and market / fair value.

**(7) REVENUE:**

Sales are accounted for on dispatch and are stated inclusive of excise duty, VAT/ Sales Tax and are net of trade discounts, sales commission and sales return. Other items of revenue are recognised in Accordance with the Accounting Standard (AS – 9)

**(8) GOVERNMENT GRANTS:**

Government grants /subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants are recognized in the financial statements either as income or deducted from related expenses.

**(9) RETIREMENT BENEFITS:**

Contribution to Provident Fund is deposited on actual liability basis. The Provision for Gratuity has been made in books of accounts on actuarial valuation basis. Encashment of earned leave has been provided on accrual basis.

**(10) MISCELLANEOUS EXPENDITURE:**

Miscellaneous expenditure having enduring benefit is amortized over a period of five to ten years.

**(11) TAXES ON INCOME:**

**a) Current Tax:**

Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

**b) Deferred Tax:**

Deferred tax assets and liabilities are accounted for in accordance with Accounting Standard – 22.

**(12) RESEARCH AND DEVELOPMENT EXPENDITURE:**

Revenue expenditure on Research and Development is charged out in the year in which it is incurred and are included under the related head of expenditure.

**(13) BORROWING COSTS:**

Borrowing cost that are directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**(14) CONTINGENT LIABILITY:**

Contingent Liability not acknowledged as debt are disclosed by way of note.

**B. NOTES ON ACCOUNTS:**

- (1) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 794.09 Lakhs

- (2) Contingent liabilities not provided for:  
 – Claims against the company not acknowledged as debts – Nil  
 – Bank Guarantees issued by banks Rs. 2,25,000.00
- (3) In view of ASI-15, on Consolidated Financial Statements, additional information pursuant to the provision or paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 are not disclosed herewith.
- (4) During the year an amount of Rs. 2,66,029 was paid to selling agents of the company as Sales Commission.
- (5) During the year, the company has capitalized the borrowing cost amounting to Rs. 77,09,018 for major expansion activities of plant at factory site.
- (6) Payment made to Auditor's during the year ended is as under: -

	<b>Current Year</b>
a. As Auditors	Rs. 1,17,860
b. Taxation Matters	Rs. 13,932
c. Company Law and other Matters	Rs. 19,000
d. Reimbursement of out of pocket exp.	Rs. 21,430
<b>Total</b>	<b>Rs. 1,72,222</b>

- (7) Remuneration paid to Director's during the year: Rs.7,90,000.

(8) **GOVT. SUBSIDIES**

Transport, power, Insurance and interest subsidy has been adjusted from related overheads and shown as receivable forming part of loans and advances.

Power subsidy amounting to Rs. 60.00 Lakhs, Interest subsidy amounting to Rs. 15.14 Lakhs and Insurance subsidy amounting to Rs. 10.00 Lakhs related to earlier periods has been recognized during the year and shown under the schedule "Other Income".

- (9) Over dues to S.S.I. Units exceeding a sum of Rs. 1 lakh and outstanding for more than 30 days (according to the information available with the company) : Nil
- (10) Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the year in the ordinary course of business:

<b>Associates</b>	M/s. Nefa Udyog M/s. Meghalaya Cements Ltd.
<b>Key Management Personal</b>	Kamakhya Chamarla (Managing Director) Santosh Kumar Bajaj (Whole Time Director) Bijay Kumar Garodia (Chairman & Whole Time Director)

Details of transactions between the company and related parties for the year ended on 31.03.2006 is given as under:

<b>S.N.</b>	<b>Type of transaction</b>	<b>Associates</b>	<b>(Rs. in Lakhs) Key Management Personnel</b>
1.	Sale of finished/semi finished goods	144.79	—
2.	Hire Charges paid	4.34	—
3.	Remuneration paid	—	7.90

**(11) Earnings per share:**

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the year ended 31<sup>st</sup> March 2006.

**Year Ended  
31st March, 2006**

(a) Profit/(Loss) after tax	12,37,26,957
(b) The weighted average number of Ordinary Share for EPS	1,65,00,000
(c) The nominal value per Ordinary Share	10
(d) Earnings Per Share Basic & Diluted (Rs.)	7.50

(12) Balance of Sundry Debtors; Creditors and advances are subject to confirmation from respective parties.

(13) In the opinion of the management the current assets and loans and advances are having value, at least equal to the amount as they are stated in financial statements, if realised in the ordinary course of business.

(14) The company deals only in one segment i.e. Cement only in India. There is no separate reportable segment as required by AS – 17 “Segment Reporting”.

(15) In pursuance of AS -28 “Impairment of Assets” issued by ICAI, the company reviewed its carrying cost of assets and management is of the view that in the current financial year impairment of assets is not considered necessary.

(16) Deferred Tax Liability has been calculated as under:

**Deferred tax  
Liability (Asset)  
as at 31.3.2006**

Deferred Tax Liabilities for difference between book and tax depreciation (A)	60,26,481
Less:- Deferred Tax Assets for provision for Gratuity (B)	1,26,323
Deferred Tax Liability (Net) (A) – (B)	59,00,158

(17) Previous year figures have not been given since it is the first consolidated financial statements of the company.

(18) Figures have been rounded off to the nearest rupee.

For **Surender Harikishan & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

New Delhi, 17th day of August, 2006

**For & on behalf of the Board**

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

**Sachin Agarwal**  
(Company Secretary)

**Consolidated Cash Flow Statement for the Year Ended 31st March, 2006**

		(Amount in Rupees)
S.N.	Particulars	31.03.2006
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>	
	Net Profit before Tax	136,772,702
	<b>Adjustment for :</b>	
	Add : Depreciation & Misc. expenditure	37,902,091
	Interest & finance charges	20,952,866
		195,627,659
	Less: Profit on sale of assets / investments	-
	Operating Profit before working capital charges	195,627,659
	<b>Adjustment for change in :</b>	
	Trade & other receivables	(3,458,813)
	Inventories	(15,338,034)
	Trade and other payables	13,956,277
	<b>Cash generated from Operations</b>	190,787,089
	Direct Taxes Paid	(13,062,617)
	<b>Net Cash Flow from operating activities</b>	177,724,472
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
	Acquisition of Fixed Assets	(218,057,852)
	Purchase of Investments	6,243,577
	Capital Reserve	2,073,827
	Increase in Reserve	-
	Misc. Expenses	(1,128,433)
		(210,868,881)
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>	
	Share Capital	-
	Increase in Bank borrowings	81,108,241
	Dividend (including CDT)	(39,509,663)
	Interest and finance charges paid	(20,952,866)
		20,645,712
	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(12,498,697)
	Add:- Cash & Cash Equivalents at the beginning of the year	25,631,807
	Cash & Cash Equivalents at the Closing of the year	13,133,110

**Note :** Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Kamakhya Chamaria**  
(Managing Director)

**Bijay Kumar Garodia**  
(Chairman)

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Mahesh Goel**  
(Partner)

**Sachin Agarwal**  
(Company Secretary)

New Delhi, 17th August, 2006

**Statement Pursuant to Section 212 of the Companies Act, 1956  
Relating to Company’s Interest in Subsidiary Companies**

S.No.	Name of Subsidiary Company	Meghalya Minerals & Mines Ltd.	Badarpur Energy Pvt. Ltd.	Cement International Ltd.
1.	Financial year of the subsidiary company ended on	31st March, 2006	31st March, 2006	31st March, 2006
2.	Date from which they have become subsidiary Company	31st March, 2006	31st March, 2006	31st March, 2006
3.	Number of Shares held by Barak Valley Cements Ltd.	9,00,200	11,27,000	7,92,700
4.	Extent of interest of holding Company at the end of the financial year of the subsidiary Company	100%	100%	100%
5.	Net aggregate amount of Profit/(Loss) of the subsidiary, so far as they concern members of Barak Valley Cements Ltd.	Nil	Nil	Nil
i)	For the financial year of the subsidiary			
a)	Dealt with in the accounts of the Holding Company	Nil	Nil	Nil
b)	Not Dealt with in the accounts of the Holding Company	Nil	Nil	Nil
ii)	For the previous financial year of the subsidiary since it bacame the holding company’s subsidiary			
a)	Dealt with in the accounts of the Holding Company	NA	NA	NA
b)	Not Dealt with in the accounts of the Holding Company	NA	NA	NA

**For & on behalf of the Board**

**Kamakhya Chamaria**      **Bijay Kumar Garodia**  
(Managing Director)      (Chairman)

New Delhi, 17th August, 2006

**Sachin Agarwal**  
(Company Secretary)

## Directors' Report

**To  
The Shareholders,**

Your Directors have pleasure to present the 6<sup>th</sup> Annual Report together with the audited statement of account for the year ended 31<sup>st</sup> March 2006.

### WORKING RESULTS

The working results of the company for the year under report are as under.

Particulars	Year Ended 31-03-06	Year Ended 31-03-05
Sales & Other Income Received	31611274	39509294
Profit before Depreciation & Income Tax	1416379	663957
Less : Depreciation	1309563	290716
Profit Before Income Tax	106816	373241
Less : Current Income Tax	72645	56850
Less : Deferred Tax Liability	(32700)	69822
Less : Fringe Benefit Tax	50000	–
Net Profit after Income Tax	16871	246569

### PROJECT

The company is installing a 800 TPD Limestone crusher at the same location with the assistance of Barak Valley Cements Limited. An initial study has already been conducted and the order for plant & Machinery has been placed. The company is expected to start its commercial production by the end of March 2007.

### DIVIDEND

Your Directors do not recommend any dividend for the financial year 2005-06.

### DIRECTORS

There is no change in the constitution of the Board during the last financial year. However in accordance with the provision of Section 256 of the Companies Act, 1956 and the Articles of Association of the company, Mr. Lamshwa Lyngdoh and Mrs. Biake Paite are liable to retire by rotation and being eligible offers themselves for reappointment.

### CONVERSION OF THE COMPANY INTO PUBLIC LIMITED

The company has converted its status from Private Limited Company into Public Limited Company as on 21<sup>st</sup> July 2006 and has obtained new Certificate of Incorporation with the changed status from the Registrar of Companies, Shillong.

### PUBLIC DEPOSITS

The company has neither received nor accepted any deposits described under Section 58A of the Companies Act, 1956 and Rules made there under.

### AUDITORS

During the financial year 2005-06 M/s. Balwan Jain & Co., Chartered Accountant who was working as the statutory Auditor of the company, has resigned from his office due to their personal reasons and M/s Kumar Vijay Gupta & Co., Chartered Accountants, M/s Surender Harikishan & Co., Chartered Accountants, were appointed as the joint Statutory Auditor of the company during the financial year 2005-2006 in place of M/s. Balwan Jain & Co. These firms hold their office until the conclusion of forthcoming Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the forthcoming Financial Year. M/s Kumar Vijay Gupta & Co. & M/s Surender Harikishan & Co. has, under Section 224(1) of the Companies Act, 1956, furnished certificate of their eligibility for re-appointment.

#### **AUDITOR'S REPORT**

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

#### **PARTICULARS OF EMPLOYEES**

None of the employees of the company was in receipt of remuneration in excess of the limits laid down in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

#### **EMPLOYEE RELATION**

Employee's relations have remained satisfactory throughout the year.

#### **HOLDING COMPANY**

During the financial year 2005-06, Barak Valley Cements Limited has purchased 100% shareholding of the company and consequent to this the company has become Wholly Owned subsidiary Company of Barak Valley Cements Limited.

#### **COMPLIANCE CERTIFICATE**

In terms of section 383A of the Companies Act 1956, and The Companies (Compliance Certificate) Rules, 2001 the certificate issued by Ms. Jyoti Narang, Practicing Company Secretary, having office at H-3/157, 2<sup>nd</sup> Floor, Vikaspuri, New Delhi, certifying that the company has complied all the provisions of the Companies Act, 1956 and, other laws applicable to the company during the financial year is annexed herewith.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Sub section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had 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 at the end of the financial year and of the profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

The disclosures required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are not applicable to the company.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no inflow or outflow of foreign exchange during the year 2005-06.

#### **ACKNOWLEDGMENT**

Your Directors would like to express the appreciation to the customers and employees of the company for their constant co-operation and cordial relations with the company.

**BY ORDER OF THE BOARD**

Place : New Delhi  
Date : 04.08.2006

**CHAIRMAN**



## **Auditor's Report**

To

The Members

**MEGHALAYA MINERALS & MINES LTD.**

**Lumshnong, Meghalaya.**

1. We have audited the attached Balance Sheet of **M/s. Meghalaya Minerals & Mines Ltd.** as at 31<sup>st</sup> March'2006, 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.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement marked as Annexure 'A' on the matters specified in Paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books;
  - (iii) The Balance Sheet and Profit & 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 the Cash Flow statement dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a Director in terms of section 274(1)(g) of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes on Accounts and Accounting Policies, 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 the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006;
    - (b) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and
    - (c) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date

For **Surender Harikishan & Co.**  
Chartered Accountants

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)  
M.No. 93626

**C.A. Tarun Kumar Gupta**  
(Partner)  
M.No. 91151

Place : New Delhi  
Date : 4th August, 2006

**ANNEXURE "A" TO THE AUDITOR'S REPORT**

**Re: Meghalaya Minerals & Mines Ltd.**

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Annexure 'A' referred to in paragraph 3 of our report of even date:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management, during the year, but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, no fixed asset was disposed off.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and properly dealt with in the books of account.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (f) and (g) are not applicable.
- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations 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 and exceeding the value of Rupees Five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) We have broadly reviewed the accounts and records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (ix) (a) According to the records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income tax, service tax, excise duty/cess and any other material statutory dues applicable to it, with the appropriate authorities. There were no arrears as at 31<sup>st</sup> March, 2006 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses as at the end of the financial year under report. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks/financial institutions. So, the question of default in repayment of loan does not arise.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Therefore, the question of provisions of terms and conditions for giving such guarantee does not arise.
- (xvi) According to information and explanations given to us, the company has not taken any term loans or advances during the year.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the company has not issued Debentures during the period covered by our report. As such, no securities or charge has been created in respect of such issue.
- (xx) According to information and explanations given to us, the Company has not raised money by public issues during the period covered by our report. As such, reporting on the end use of such public issue does not arise.
- (xxi) According to information and explanations given to us, and based upon the audit procedures performed during the year, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Surender Harikishan & Co.**  
Chartered Accountants

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)  
M.No. 93626

**C.A. Tarun Kumar Gupta**  
(Partner)  
M.No. 91151

Place : New Delhi  
Date : 4th August, 2006

**Balance Sheet as at 31st March, 2006**

Particulars	Schedule	31.03.2006	31.03.2005
<b>A. SOURCES OF FUNDS</b>			
<b>1. Shareholders Fund</b>			
i) Share Capital	"A"	9,002,000	9,002,000
ii) Share Application Money		–	1,000,000
iii) Reserves and Surplus	"B"	578,836	561,965
<b>2. Deferred Tax Liability</b>		314,258	346,958
<b>TOTAL</b>		<b>9,895,094</b>	<b>10,910,923</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	"C"		
i) Gross Block		6,836,600	4,058,302
Less : Depreciation		2,025,805	716,241
Net Block		4,810,795	3,342,061
<b>2. Current Assets, Loans &amp; Advances</b>			
i) Inventories	"D"	220,290	589,698
ii) Cash & Bank Balance	"E"	588,275	2,872,780
iii) Sundry Debtors	"F"	703,610	6,126
iv) Loans & Advances	"G"	8,368,409	9,579,907
		9,880,584	13,048,511
<b>Less : Current Liabilities &amp; Provisions</b>	"H"		
i) Current Liabilities		5,079,226	6,159,410
ii) Provisions		74,987	45,972
<b>Net Current Assets</b>		4,726,372	6,843,129
<b>3. Miscellaneous Expenditure</b>	"I"	357,927	725,733
(to the extent not written off or adjusted)			
<b>TOTAL</b>		<b>9,895,094</b>	<b>10,910,923</b>

Significant Accounting Policies & Notes to Accounts "N"

Schedules "A" to "I" and "N" annexed hereto form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

**Profit & Loss Account for the year ended 31st March, 2006**

Particulars	Schedule	Year Ended 31.03.2006	Year Ended 31.03.2005
<b>INCOME</b>			
Sales & Other Income	"J"	31,749,163	39,509,295
Increase/(Decrease) in Stock	"K"	(137,889)	(1,056,291)
<b>TOTAL</b>		<b>31,611,274</b>	<b>38,453,004</b>
<b>EXPENDITURE</b>			
Mining and Operating Expenses	"L"	27,019,383	34,887,356
Administrative & Selling Expenses	"M"	3,175,512	2,895,077
Interest		–	6,613
Depreciation	"C"	1,309,563	290,716
<b>TOTAL</b>		<b>31,504,458</b>	<b>38,079,762</b>
<b>PROFIT BEFORE TAXATION</b>		<b>106,816</b>	<b>373,241</b>
<b>LESS : PROVISION FOR TAXATION</b>			
– Current Income Tax		72,645	56,850
– Deferred Tax Liability / (Asset)		(32,700)	69,822
– Fringe Benefit Tax		50,000	–
<b>PROFIT AFTER TAXATION</b>		<b>16,871</b>	<b>246,569</b>
<b>(Carried to General Reserve, Schedule "B")</b>			
<b>Earning Per Share</b> (Face value of Rs. 10/- each)			
a) Basic		0.02	0.27
b) Diluted		0.02	0.25
(Refer to Note 7 of schedule "N")			

Significant Accounting Policies &amp; Notes to Accounts "N"

Schedules "C", "J" to "M" and "N" annexed hereto form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For &amp; on behalf of the Board

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

Schedules Forming Part of the Balance Sheet as on 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b> (10,00,000 Equity Shares of Rs. 10/- each)	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, Subscribed &amp; Paid-up Capital</b> (9,00,200 Eq. Shares of Rs. 10/- each, fully paid up)	<u>9,002,000</u>	<u>9,002,000</u>
	<u>9,002,000</u>	<u>9,002,000</u>
<b>SCHEDULE - B</b>		
<b>RESERVE &amp; SURPLUS</b>		
Profit & Loss Account		
Balance Brought Forward	561,965	315,396
Add : Current Year Profits	16,871	246,569
<b>Total</b>	<u>578,836</u>	<u>561,965</u>

SCHEDULE - C  
FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2006  
(As per WDV Method of the Companies Act, 1956)

NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.05	Additions during the year	Deductions during the year	As on 31.03.06	For the year	Adjustments relating to Previous year	As on 31.03.06	As on 31.03.05
Land & Site development	785,161	-	-	785,161	-	-	-	785,161
Plant & Machinery	615,000	-	-	615,000	53,939	136,837	281,171	333,829
Furniture & Fixture	15,150	-	-	15,150	1,806	3,113	6,976	8,174
Mining Equipments	2,232,050	-	-	2,232,050	286,167	662,493	1,564,327	667,723
Factory Building	410,941	785,818	-	1,196,759	38,878	16,188	63,189	1,133,570
Office Equipment	-	16,850	-	16,850	1,889	-	1,889	14,961
Temporary Structure	-	1,975,630	-	1,975,630	108,254	-	108,254	1,867,376
Total	4,058,302	2,778,298	-	6,836,600	490,933	818,631	2,025,805	4,810,795
Previous Year	3,889,409	168,893	-	4,058,302	290,716	-	716,241	3,342,061

**Schedules Forming Part of the Balance Sheet as on 31.03.2006**

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - D</b>		
<b>INVENTORIES</b>		
Finished Goods	14,590	152,478
Store, Spares and Fuel	205,701	437,220
	<u>220,290</u>	<u>589,698</u>
<b>SCHEDULE - E</b>		
<b>CASH &amp; BANK BALANCE</b>		
Cash in hand	545,186	28,38,593
Balance with Schedules Banks in Current Account	43,089	34,187
	<u>588,275</u>	<u>2,872,780</u>
<b>SCHEDULE - F</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
– Debts due for less than six months	697,484	6,126
– Others	6,126	–
	<u>703,610</u>	<u>6,126</u>
<b>SCHEDULE - G</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good for recovery by the Management)		
(i) Advance Royalty and other Taxes	3,866,612	3,618,162
(ii) Advance to Suppliers & contractors	2,641,759	3,407,806
(iii) Other advances - Recoverable in cash or in kind for value to be received	1,860,038	2,553,939
	<u>8,368,409</u>	<u>9,579,907</u>
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
(i) Sundry Creditors (Other than SSI units)	2,403,634	2,430,262
(ii) Statutory Liabilities	114,431	9,798
(iii) Advance received from customers	2,157,960	3,425,591
(iv) Other Liabilities	403,201	293,759
	<u>5,079,226</u>	<u>6,159,410</u>
<b>Provisions :</b>		
Provision for Income Tax	72,645	56,850
Provision for Fringe Benefit Tax	50,000	–
	<u>122,645</u>	<u>56,850</u>
Less : Advance Income Tax and TDS	(50,000)	(10,878)
Less : Advance Fringe Benefit Tax	(50,000)	–
	<u>22,645</u>	<u>45,972</u>
Provision for Gratuity	52,342	–
	<u>74,987</u>	<u>45,972</u>
<b>SCHEDULE - I</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
(i) Preliminary Exp.	–	9,477
(ii) Mines Development	262,827	526,056
(iii) Lease Rights	95,100	190,200
	<u>357,927</u>	<u>725,733</u>



**Schedules Forming Part of the Profit & Loss A/C  
for the year ended 31.03.2006**

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - J</b>		
<b>SALES &amp; OTHER INCOME</b>		
Sales	30,142,734	38,607,417
Equipment Hire Charges	1,606,429	901,878
	<u>31,749,163</u>	<u>39,509,295</u>
<b>SCHEDULE - K</b>		
<b>INCREASE/(DECREASE) IN STOCK</b>		
Opening Stock of Lime Stone	152,478	1,208,769
Closing Stock of Lime Stone	14,590	152,478
Increase/(Decrease) in Stock	<u>(137,889)</u>	<u>(1,056,291)</u>
<b>SCHEDULE - L</b>		
<b>MINING AND OPERATING EXPENSES</b>		
Royalties and other Govt. Levies	6,624,799	8,777,346
Job & Labour Charges	13,910,190	7,359,409
Power & Fuel Exps.	3,935,433	3,620,802
Lime Stone Purchases	—	10,990,269
Store & Spares consumed	475,294	408,569
Repair and Maintenance of Equipments	510,632	1,230,407
Salary, Wages and Bonus	1,250,495	1,532,191
Contribution to Provident Fund	48,300	60,803
Staff Welfare Expenses	219,845	257,552
Freight, Cartage & Hire Charges	1,450	601,338
Insurance	42,945	48,670
	<u>27,019,383</u>	<u>34,887,356</u>
<b>SCHEDULE - M</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Auditor's Remunerations	27,142	12,122
Bank Charges	23,049	6,334
Electricity Expenses	78,033	74,378
Misc. Expenses written off	367,806	367,806
Miscellaneous Expenses	45,401	84,848
Office/Land Rent	12,000	15,000
Postage & Telegram Expenses	4,448	3,986
Printing & Stationery Expenses	46,162	55,901
Professional & consultancy charges	6,100	3,334
Provision for Gratuity	52,342	—
Rates, Taxes & Filing Fees	627,556	54,277
Sales Tax	1,159,336	1,484,901
Staff & Labour Welfare Expenses	65,045	101,602
Telephone Expenses	70,564	116,652
Travelling & Conveyance Expenses	265,268	261,056
Weighment Expenses	325,260	252,880
	<u>3,175,512</u>	<u>2,895,077</u>

**SCHEDULE - N**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES:**

**(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

**(2) FIXED ASSETS:**

Fixed Assets are stated at their original cost of acquisition or construction less accumulated depreciation including attributable interest and financial costs till such assets are ready for its intended use, less specific grants received, if any.

**(3) DEPRECIATION:**

Depreciation has been provided on fixed assets on Written down Value (WDV) Method on a pro – rata basis at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

**(4) INVENTORIES:**

Inventories are carried at the lower of cost and net realisable value. Cost for the purpose is worked out on weighted average basis. In case of finished goods appropriate overheads are allocated on full absorption costing basis.

**(5) REVENUE:**

Sales are accounted for on dispatch and are stated inclusive of taxes and net of trade discounts and sales return.

Other items of revenue are recognised in Accordance with the Accounting Standard (AS – 9).

**(6) RETIREMENT BENEFITS:**

Contribution to Provident Fund is deposited on actual liability basis.

The Provision for Gratuity has been made in books of accounts on actuarial valuation basis.

Encashment of earned leave, has been provided on accrual basis.

**(7) MISCELLANEOUS EXPENDITURE:**

Miscellaneous expenditure having enduring benefits is amortized over a period of five years.

**(8) TAXES ON INCOME:**

(i) Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

(ii) Deferred tax is accounted for in accordance with AS -22 issued by the ICAI.

**(9) CONTINGENT LIABILITY:**

Contingent Liability not acknowledged as debt are disclosed by way of note.

**(B) CHANGE IN ACCOUNTING POLICIES:**

During the year under consideration, the Management has changed its accounting policy regarding depreciation on fixed assets from Straight Line Method to Written Down Value Method at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956. The same is adopted for better transparency and presentation and in consistence with the accounting policy adopted by the parent company “Barak Valley Cements Limited”.

Due to such change in the accounting policy, a sum of Rs. 8,18,631 in respect of depreciation of earlier years has been charged to Profit & Loss Account, in the current accounting year.

**(C) NOTES TO ACCOUNTS:**

**(1) Capital Commitments**

The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 33.73 Lakhs (Previous year : Rs. Nil)

- (2) Contingent liability not provided for - Nil (Previous year : Nil )
- (3) Additional information in pursuant to the provision or paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 to the extent applicable to the company:

**(a) Licensed Capacity, Installed Capacity and Extraction of Lime Stone from Mines:**

<b>PARTICULARS</b>	<b>2005-2006 (M.T.)</b>	<b>2004-2005 (M.T.)</b>
(1) Licensed Capacity	<b>N.A.</b>	N.A.
(2) Installed Capacity (M.T.)	<b>N.A.</b>	N.A.
(3) Lime Stone Extracted (M.T.)	<b>1,31,013</b>	1,39,268

**(b) Sales:**

	<b>Qty. (MT)</b>	<b>Value (Rs.)</b>	<b>Qty. (MT)</b>	<b>Value (Rs.)</b>
(1) Lime Stone	<b>1,31,743</b>	<b>30142734</b>	1,48,490	38607417

**(c) Stock of Finished Goods:**

(i) <u>Lime Stone:</u>				
Opening Stock	<b>813 M.T.</b>	<b>152478</b>	10035 M.T.	1208769
Closing Stock	<b>83 M.T.</b>	<b>14590</b>	813 M.T.	152478

**(d) Value of Imported and Indigenous Stores & Spares Consumed & Percentage thereof:**

<b>PARTICULARS</b>	<b>2005 – 2006</b>		<b>2004-2005</b>	
	<b>Value (Rs.)</b>	<b>%</b>	<b>Value (Rs.)</b>	<b>%</b>
<u>Store and Spares</u>				
Imported	<b>Nil</b>	<b>Nil</b>	Nil	Nil
Indigenous	<b>4,75,294</b>	<b>100%</b>	4,08,569	100%

(e) C.I.F. Value of Import : Nil (Previous Year : Nil)

(f) Earning / Expenditure in Foreign Exchange : Nil (Previous Year : Nil)

- (4) Payment made to Auditor's during the year ended is as under:-

<b>PARTICULARS</b>	<b>2005-2006 (Rs.)</b>	<b>2004-2005 (Rs.)</b>
a. As Auditors	<b>20720</b>	9700
b. Taxation Matters	<b>2422</b>	2422
c. Reimbursement of out of pocket expenses	<b>4000</b>	—
	<b>27142</b>	<b>12122</b>

- (5) According to the information available with the company, there are no S.S.I. Undertakings in respect of whom the company's dues are outstanding for more than 30 days. (Previous Year : Nil )

**(6) Disclosure in respect of Related Parties:**

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the year in the ordinary course of business:

- Holding Company Barak Valley Cements Ltd. (w.e.f. 31.03.2006)
- Key Management Personal Jagdish Prasad Shah (Director)  
Sushil Kumar Bajaj (Director)  
Nathmal Todi (Director)

Details of transactions between the company and related parties for the year ended 31.03.2006 is given as under:

<b>Sl. No.</b>	<b>Type of transaction</b>	<b>Holding Company</b>	<b>Key Management Personnel</b>
1.	Sale of Finished Goods	301.43	—
2.	Purchase of Store, Spares and other services	6.00	—

(7) Earnings per share:

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the year ended 31st March, 2006 and the year ended 31st March, 2005.

	<b>Year ended 31st March, 2006</b>	<b>Year ended 31st March, 2005</b>
(a) Profit/(Loss) after tax	<b>16,871</b>	2,46,569
(b) The weighted average number of Ordinary Share for Basic EPS	<b>900200</b>	900200
(c) The nominal value per Ordinary Share	<b>10</b>	10
(d) Earnings Per Share (Basic) (Rs.)	<b>0.02</b>	0.27
(e) The weighted average number of Ordinary Share for Basic EPS (Nos.)	<b>900200</b>	900200
(f) Add : Adjustments for Share Application Money	<b>97808</b>	100000
(g) The weighted average number of Ordinary Share for Diluted EPS (Nos.)	<b>998008</b>	1000200
(g) Earning Per Share (Diluted) Rs.	<b>0.02</b>	0.25

(8) Balance of Sundry Debtors, Creditors & Advances are subject to confirmation from respective parties.

(9) In the opinion of the management the current assets and loans and advances are of the value stated as on 31.03.2006, if realised in the ordinary course of business.

(10) During the year under our report, Barak Valley Cements Limited (BVCL) has acquired 100% shareholding in the company, consequent to which the company has become a subsidiary of BVCL.

(11) Deferred Tax Liability has been calculated as under:

	<b>Deferred tax Liability/(Asset) as at 1.4.2005</b>	<b>Current year Charge/ (Credit)</b>	<b>Deferred tax Liability/(Asset) as at 31.3.2006</b>
Deferred Tax Liabilities for difference between book and tax depreciation (A)	346958	(16997)	329961
Less : Deferred ax Assets for provision for Gratuity (B)	—	(15703)	(15703)
Deferred Tax Liability (Net) (A – B)	<u>346958</u>	<u>(32700)</u>	<u>314258</u>

(12) Provision for Fringe Benefit tax has been separately shown in the profit & loss account in accordance with the guidance note issued the ICAI.

(13) In pursuance of AS -28 "Impairment of Assets" issued by ICAI, the company reviewed its carrying cost of assets and management is of the view that in the current financial year impairment of assets is not considered necessary.

(14) The company deals in only one Segment i.e. Mining of Limestone only in India. There is no separate reportable segment as required by AS – 17 "Segment Reporting".

(15) Previous year figures have been regrouped/ restated wherever necessary.

(16) Figures have been rounded off to the nearest rupee.

(17) Schedule "A" to "N" forms an integral parts of the financial statements.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

## Balance Sheet Abstract & Company's General Profile

### I. REGISTRATION DETAILS

Registration No.	: 06057 of 1999-2000	State Code	: 11
Balance Sheet Date	: 31      03      2006		
	Date    Month    Year		

### II. CAPITAL RAISED DURING THE YEAR (AMT. IN THOUSAND)

Public Issue	:	–	Rights Issue	:	–
Bonus Issue	:	–	Private Placement	:	–

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT. IN THOUSANDS)

Total Liabilities	:	9,895.09	Total Assets	:	9,895.09
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#### Sources of Funds:-

Paid Up Capital	:	9,002.00	Reserves & Surplus	:	578.84
Share Application	:	–	Unsecured Loans	:	–
Secured Loans	:	–	Deferred Tax Liability	:	314.26

#### Application of Funds:-

Net Fixed Assets	:	4,810.80	Investments	:	–
Net Current Assets	:	4,726.37	Misc. Expenditure	:	357.93

### IV. PERFORMANCE OF THE COMPANY (AMT. IN THOUSANDS)

Turnover	:	31,611.27	Total Expenditure	:	31,504.46
Profit/(Loss) before Tax	:	106.82	Profit/(Loss) after Tax	:	16.87
Earning per Share in Rs.	:		Dividend @	:	–
– Basic	:	0.02			
– Diluted	:	0.02			

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Codes)	:		
Product Description	:		
Item Code No. (ITC Codes)	:	– NOT APPLICABLE –	
Product Description	:		
Item Code No. (ITC Codes)	:		
Product Description	:		

**For & on behalf of the Board**

**Sushil Kumar Bajaj**  
Director

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

### Cash Flow Statement for the year ended 31st March, 2006

		(Amount in Rs.)
S.N. Particulars	31.03.2006	31.03.2005
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	106,816	373,242
Adjustment for:		
Add : Depreciation & Misc. Expenditure	1,677,369	658,522
Interest & Finance Charges	-	6,613
	<u>1,784,186</u>	<u>1,038,377</u>
Less : Profit on sale of assets/investments	-	-
Operating Profit before working capital charges	<u>1,784,186</u>	<u>1,038,377</u>
Adjustment for change in :		
Trade & other receivables	514,014	(4,168,758)
Inventories	369,408	837,503
Trade and other payables	(1,051,169)	5,023,472
<b>Cash generated from Operations</b>	<u>1,616,438</u>	<u>2,730,594</u>
Direct Taxes Paid	<u>(122,645)</u>	<u>(56,850)</u>
<b>Net Cash Flow from operating activities</b>	<u>1,493,793</u>	<u>2,673,744</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of Fixed Assets	(2,778,298)	(168,893)
Purchase of Investments	-	-
	<u>(2,778,298)</u>	<u>(168,893)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceed from borrowings	-	(339,459)
Repayment of Share Application Money	(1,000,000)	-
Dividend Paid	-	-
Interest and finance charges paid	-	(6,613)
	<u>(1,000,000)</u>	<u>(346,072)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>(2,284,505)</u>	<u>2,158,779</u>
Add : Cash & Cash Equivalents at the beginning of the year	<u>2,872,780</u>	<u>714,001</u>
Cash & Cash Equivalents at the Closing of the year	<u>588,275</u>	<u>2,872,780</u>

**Note :** Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For & on behalf of the Board

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

## **Directors' Report**

**To**  
**The Shareholders,**

Your Directors have pleasure to present the First Annual Report together with the audited statement of account for the period ended 31st March' 2006.

### **WORKING OPERATIONS**

The Company has not done any operating activity during the financial year therefore Profit & Loss Account is not prepared. However, the company is in the process of setup a 6 M.W. Captive Power Plant at Badarpurghat (Assam) and is expected to commence its commercial production by the end of March 2007.

### **DIVIDEND**

Since the company has not started any business activity, so your Directors do not recommend any dividend.

### **DIRECTORS**

Sh. Sushil Kumar Goel was appointed as the Additional Director of the company as on 28.03.2005, and was regularized by the members of the company in their Extra Ordinary General Meeting duly held on 30<sup>th</sup> September 2005. Apart from this Mr. J. P. Shah has also been inducted as the Director of the company in the Extra Ordinary General meeting held on 31.05.2006.

Since the Company has become the subsidiary of Barak Valley Cements Limited therefore in accordance with the provision of Section 256 of the Companies Act, 1956, Sh. Sushil Kumar Bajaj is liable to retire by rotation and being eligible offers himself for reappointment.

Sh. Sandeep Kumar Garodia and Sh. Prahlad Rai Chamaria have resigned from the Directorship of the company w.e.f. 03.09.2005 and 31.05.2006 respectively. The Board recorded with appreciation the contribution made by Shri Sandeep Kumar Garodia and Sh. Prahlad Rai Chamaria during his tenure as Director of the Company.

### **PUBLIC DEPOSITS**

The company has neither received nor accepted any deposits described under Section 58A of the Companies Act, 1956 and Rules made there under.

### **AUDITORS**

M/s Surender Harikishan & Co., Chartered Accountants and M/s Kumar Vijay Gupta & Co., Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of forthcoming Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the forthcoming financial year 2006-07. M/s. Surender Harikishan & Co. and M/s Kumar Vijay Gupta & Co. have, under Section 224(1) of the Companies Act, 1956, furnished certificates of their eligibility for re-appointment.

### **AUDITOR'S REPORT**

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

### **PARTICULARS OF EMPLOYEES**

None of the employees of the company was in receipt of remuneration in excess of the limits laid down in Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

### **EMPLOYEE RELATION**

Employees relations have remained satisfactory throughout the year.

#### **HOLDING COMPANY**

During the financial year 2005-06, Barak Valley Cements Limited has purchased 100% shareholding of the company and consequent to this the company has become Wholly Owned subsidiary Company of Barak Valley Cements Limited.

#### **CORPORATE GUARANTEE OF BARAK VALLEY CEMENTS LIMITED**

Barak Valley Cements Limited, the holding company, has given a corporate guarantee of Rs. 1400 Lakhs to NEDFi on behalf of our company, in respect of the term loan of Rs. 1400 lakhs, for setting up 6 MW power project at Badarpurghat, Assam.

#### **COMPLIANCE CERTIFICATE**

In terms of section 383A of the Companies Act 1956, and The Companies (Compliance Certificate) Rules, 2001 the certificate issued by Ms. Jyoti Narang, Practicing Company Secretary, having office at H-3/157, 2<sup>nd</sup> Floor, Vikaspuri, New Delhi, certifying that the company has complied all the provisions of the companies Act, 1956 and, other laws applicable to the company during the financial year in annexed herewith.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Sub section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had 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 at the end of the financial year;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

The disclosures required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are not applicable to the company.

#### **FOREIGN EXCHANGE EARNING AND OUTGO**

There was no inflow or outflow of foreign exchange during the year 2005-06.

#### **ACKNOWLEDGMENT**

Your Directors would like to express the appreciation to the customers and employees of the company for their constant co-operation and cordial relations with the company.

**BY ORDER OF THE BOARD**

Place : New Delhi  
Date : 03.07.2006

**CHAIRMAN**



## **Auditor's Report**

To  
The Members  
**Badarpur Energy Private Limited,**  
**Guwahati.**

1. We have audited the attached Balance Sheet of **M/s. BADARPUR ENERGY PRIVATE LIMITED** as at 31<sup>st</sup> March'2006 along with "Incidental Expenditure during Construction period Account" and the Cash Flow Statement for the period ended on that date. Since the company has not started its operation, no Profit and Loss Account has been prepared. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement marked as Annexure 'A' on the matters specified in Paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books;
  - (iii) The Balance Sheet, the Incidental Expenditure during Construction period 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, the Incidental Expenditure during Construction period Account and the Cash Flow Statement are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March ,2006 from being appointed in terms of section 274(1)(g) of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with Notes on Accounts and Accounting Policies, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006.
    - (ii) In the case of "Incidental Expenditure during Construction period Account" the expenses incurred for the period ended on the date.
    - (iii) In the case of Cash Flow Statement, of the Cash flows for the period ended on that date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)  
M.No. 93626

**C.A. Tarun Kumar Gupta**  
(Partner)  
M.No. 91151

Place : New Delhi  
Date : 3rd July, 2006

## **ANNEXURE TO AUDITOR'S REPORT**

### **Re: Badarpur Energy Pvt. Ltd.**

Annexure 'A' referred to in paragraph 3 of our report of even date:

- (i) (a) The Company has maintained proper records showing full particulars, including details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year under our report. No material discrepancies were noticed on such verification.
- (c) During the year, no fixed assets were disposed off.
- (ii) The company is not maintaining any inventory during the year under report. Hence physical verification or procedure of control of inventories does not arise.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the acquisition of fixed assets during the year. We have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations 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 and exceeding the value of rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits within the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) The Company has not adopted any internal audit system during the year under report.
- (viii) Though, the Central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the product of the company, but the company is not maintaining the same as the company has not yet commenced its commercial production.
- (ix) (a) According to the records of the Company, the company is regular in depositing undisputed statutory dues applicable to it, with the appropriate authorities. There were no arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at the end of the financial year under report.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks/financial institutions. So, the question of default in repayment of loan does not arise.

- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of terms and conditions for giving such guarantee do not arise.
- (xvi) According to information and explanations given to us, the company has not taken any term loans from any financial institutions or banks etc.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the company has not issued Debentures during the period covered by our report. As such, no securities or charge has been created in respect of such issue.
- (xx) According to information and explanations given to us, the Company has not raised money by public issues during the period covered by our report. As such, reporting on the end use of such public issue does not arise.
- (xxi) According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Surender Harikishan & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)  
M.No. 93626

Place : New Delhi  
Date : 3rd July, 2006

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)  
M.No. 91151

**Balance Sheet as at 31st March, 2006**

Particulars	Schedule	31.03.2006
<b>I. SOURCES OF FUNDS</b>		
<b>1. Shareholders Fund</b>		
i) Share Capital	"A"	11,270,000
iii) Reserve and Surplus	"B"	44,680,000
<b>TOTAL</b>		<b>55,950,000</b>
<b>II. APPLICATION OF FUNDS</b>		
<b>1. Fixed Capital Expenditure</b>		
<b>(a) Complete Assets</b>	"C"	<b>1,386,678</b>
Less : Depreciation		644
Net Complete Assets		<b>1,386,034</b>
<b>(b) Incidental Expenditure During Construction Period</b>		
As per Incidental Expenditure During Construction Period Account		<b>3,406,150</b>
<b>(c) Capital Work in Progress including advances to suppliers/contractors</b>	"D"	<b>50,797,031</b>
		<b>55,589,215</b>
<b>2. Current Assets, Loans &amp; Advances</b>		
(a) Cash and Bank Balances	"E"	977,108
(b) Loans and Advances	"F"	168,243
		<b>1,145,351</b>
<b>Less : Current Liabilities &amp; Provisions</b>	"G"	<b>1,007,266</b>
<b>Net Current Assets</b>		<b>138,085</b>
<b>3. Miscellaneous Expenditure</b>	"H"	<b>222,700</b>
(To the extent not written off, or adjusted)		
<b>TOTAL</b>		<b>55,950,000</b>

Significant Accounting Policies & Notes to Accounts "I"

Schedules "A" to "I" annexed hereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Surender Harikishan & Co.** **For & on behalf of the Board**  
Chartered Accountants

**C.A. Surender Kumar** **Sushil Kumar Bajaj**  
(Partner) Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta** **Jagdish Prasad Shah**  
(Partner) Director

New Delhi, 3rd July, 2006

**Incidental Expenditure during Construction Period Account for  
the period ended on 31.03.2006**

<b>Sl. No.</b>	<b>Particulars of Expenses</b>	<b>Amount (Rs.)</b>
1.	Advertisement & Publicity	<b>21,600</b>
2.	Auditor's Remunerations	<b>25,040</b>
3.	Bank Charges	<b>10,125</b>
4.	Books & Periodicals	<b>20,400</b>
5.	Depreciation on fixed assets	<b>644</b>
6.	Fees & Subscription	<b>205,000</b>
7.	Freight & Cartage	<b>55,081</b>
8.	Fringe Benefit Tax	<b>20,000</b>
9.	Misc. Office Expenses	<b>125,649</b>
10.	Postage & Telegraph	<b>15,376</b>
11.	Printing & stationary	<b>64,420</b>
12.	Rates & Taxes	<b>600</b>
13.	Repair & Maintenance Exp.	<b>85,859</b>
14.	Salary & Wages	<b>416,137</b>
15.	Security charges	<b>18,359</b>
16.	Technical Consultancy fee	<b>1,983,600</b>
17.	Telephone Expenses	<b>10,654</b>
18.	Testing & Inspection Charges	<b>66,392</b>
19.	Travelling Expenses	<b>261,214</b>
	<b>TOTAL</b>	<b>3,406,150</b>

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 3rd July, 2006

Schedules Forming Part of the Balance Sheet as on 31.03.2006

Particulars	31.03.2006
<b>SCHEDULE - A</b>	
<b>SHARE CAPITAL</b>	
<b>Authorised Capital</b> (20,00,000 Equity Shares of Rs. 10/- each)	<u><u>20,000,000</u></u>
<b>Issued, Subscribed &amp; Paid-up Capital</b> (11,27,000 Equity Shares of Rs. 10/- each, called & fully paid up)	<u><u>11,270,000</u></u>
	<u><u>11,270,000</u></u>
<b>SCHEDULE - B</b>	
<b>RESERVE &amp; SURPLUS</b>	
Securities Premium Account	<u><u>44,680,000</u></u>

**SCHEDULE - C**  
**FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2006**

NAME OF ASSET	GROSS BLOCK				DEPRECIATION			NET BLOCK
	As on 01.04.05	Additions during the year	Deductions during the year	As on 31.03.06	As on 01.04.05	For the year	As on 31.03.06	As on 31.03.06
Land	-	1,343,986.00	-	1,343,986.00	-	-	-	1,343,986.00
Furniture & Fixture	-	42,692.00	-	42,692.00	-	644.00	644.00	42,048.00
Total	-	1,386,678.00	-	1,386,678.00	-	644.00	644.00	1,386,034.00

**Schedules Forming Part of the Balance Sheet as on 31.03.2006**

<b>Particulars</b>	<b>31.03.2006</b>
<b>SCHEDULE - D</b>	
<b>CAPITAL WORK IN PROGRESS INCLUDING ADVANCES TO SUPPLIERS/CONTRACTORS</b>	
Capital Work-In-Progress	<b>30,642,317</b>
Advance to Contractors/Suppliers	<b>20,154,714</b>
	<b>50,797,031</b>
<b>SCHEDULE - E</b>	
<b>CASH AND BANK BALANCES</b>	
(a) Cash in Hand	<b>836,743</b>
(b) Balance with scheduled banks, in Current Accounts	<b>140,365</b>
	<b>977,108</b>
<b>SCHEDULE - F</b>	
<b>LOANS AND ADVANCES</b>	
(Unsecured and considered good for recovery)	
Loan & Advances recoverable in cash or kind	<b>168,243</b>
	<b>168,243</b>
<b>SCHEDULE - G</b>	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
Creditors for capital expenditure	<b>871,669</b>
Other Liabilities	<b>135,597</b>
	<b>1,007,266</b>
<b>SCHEDULE - H</b>	
<b>MISCELLANEOUS EXPENDITURE</b>	
Preliminary Exp.	<b>222,700</b>
(to the extent not written off or adjusted)	<b>222,700</b>

**SCHEDULE - I**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES:**

**(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

**(2) FIXED ASSETS:**

(a) Fixed Assets are stated at their original cost of acquisition or construction less accumulated depreciation including attributable interest and financial costs till such assets are ready for its intended use, less specific grants received, if any.

(b) CAPITAL WORK IN PROGRESS:

Capital work in progress is carried at cost comprising direct cost.

(c) INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD:

Expenditure including administrative and other expenses incurred during construction period of the project is carried under the head "Incidental expenditure during construction period account" and will be allocated appropriately to the fixed assets on the completion of construction

**(3) DEPRECIATION:**

Depreciation has been provided on fixed assets on Written down Value (WDV) Method on a pro – rata basis at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

**(4) RETIREMENT BENEFITS:**

Provisions for gratuity and other employee's retirement benefits are not yet applicable to the company.

**(5) MISCELLANEOUS EXPENDITURE:**

The Preliminary Expense will be amortized on the commencement of commercial production.

**(6) CONTINGENT LIABILITY:**

Contingent Liability not acknowledged as debt are disclosed by way of note.

**B. NOTES ON ACCOUNTS:**

(a) Contingent liability not provided for : NIL

(b) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs.541.60 Lakhs

(c) C.I.F. Value of Imports is NIL

(d) Earning / Expenditure incurred in foreign currency is NIL

(e) Profit & Loss Account

The Company has prepared the Incidental Expenditure During Construction Account instead of a Profit & Loss Account. The necessary details as per Part II of Schedule VI to the Companies Act, 1956, have been disclosed in the said Account.



(f) Auditor's Remuneration includes fees as under :

	<b>2005-06</b>
Audit Fees	19285/-
Company Law Matters	2755/-
Reimbursement of out of Pocket Exp.	3000/-
<b>Total</b>	<b>25040/-</b>

(g) During the year under report, Barak Valley Cements Limited (BVCL) has acquired 100% shareholding in the company, consequent to which the company has become a subsidiary of BVCL.

(h) Payment of Fringe Benefit Tax has been shown in the Statement of "Expenditure Incurred During Construction Period A/c" and will be transferred to Profit & Loss Account after the commencement of commercial production.

(i) In the opinion of the Management the loans and advances are of the value stated as on 31.03.2006, if realised in the ordinary course of business.

(j) Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the year in the ordinary course of business:

- |                            |   |
|----------------------------|---|
| 1. Holding Company         | Barak Valley Cements Ltd. (w.e.f. 31.03.2006) |
| 2. Key Management Personal | Prahlad Rai Chamaria (Director)               |
|                            | Sushil Kumar Bajaj (Director)                 |
|                            | Sushil Kumar Goel (Director)                  |

Details of transactions between the company and related parties for the year ended 31.03.2006 is given as under:

Sl. No.	Type of transaction	Holding Company	(Rs. in Lakhs)
			Key Management Personnel
1.	Purchase of Store, Spares and other services	11.15	–

(k) Previous year figures have not been given, as this is the first annual accounts of the company for the period 07.02.2005 to 31.03.2006.

(l) In absence of any commercial activity, during the year under report, other disclosure requirements are not applicable to the company.

(m) The figures have been rounded off to the nearest of Rupees.

(n) Schedule "A" to "I" forms an integral part of the accounts.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 3rd July, 2006

**Balance Sheet Abstract & Company's General Profile**

**I. REGISTRATION DETAILS**

Registration No. : 07654 of 2005 State Code : 2  
Balance Sheet Date : 31 03 2006  
Date Month Year

**II. CAPITAL RAISED DURING THE YEAR (AMT. IN THOUSANDS)**

Public Issue : – Rights Issue : –  
Bonus Issue : – Private Placement : 11,270.00

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT. IN THOUSANDS)**

Total Liabilities : 55,950.00 Total Assets : 55,950.00  
**Sources of Funds:-**  
Paid Up Capital : 11,270.00 Reserves & Surplus : 44,680.00  
Secured Loans : – Unsecured Loans : –  
**Application of Funds:-**  
Net Fixed Assets : 55,589.21 Investments : –  
Net Current Assets : 138.09 Misc. Expenditure : 222.70  
Accumulated Losses : –

**IV. PERFORMANCE OF THE COMPANY (AMT. IN THOUSANDS)**

Turnover : – Total Expenditure : –  
Profit/(Loss) before Tax : – Profit/(Loss) after Tax : –  
Earning per Share in Rs. : – Dividend @ : –

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)**

Item Code No. (ITC Codes) :  
Product Description :  
Item Code No. (ITC Codes) : – NOT APPLICABLE –  
Product Description :  
Item Code No. (ITC Codes) :  
Product Description :

**For & on behalf of the Board**

New Delhi, 3rd July, 2006  
Sushil Kumar Bajaj Jagdish Prasad Shah  
Director Director

## Cash Flow Statement for the period ended 31st March, 2006

		(Amount in Rs.)
S.N. Particulars		31.03.2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax		-
<b>Adjustment for:</b>		
Add : Depreciation & Misc. Expenditure		-
Interest & Finance Charges		-
		-
Less : Profit on sale of assets/investments		-
Operating Profit before working capital charges		-
<b>Adjustment for change in :</b>		
Trade & other receivables		(168,243)
Inventories		-
Trade and other payables		1,007,266
<b>Cash generated from Operations</b>		<b>839,023</b>
Direct Taxes Paid		-
<b>Net Cash Flow from operating activities</b>		<b>839,023</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisition of Fixed Assets/Capital WIP		(55,589,215)
Purchase of Investments		-
Preliminary Exp.		(222,700)
		<b>(55,811,915)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceed from issue of Shares		55,950,000
Proceeds from borrowings		-
Dividend Paid		-
Interest and finance charges paid		-
		<b>55,950,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>977,108</b>
Add: Cash & Cash Equivalents at the beginning of the year		-
Cash & Cash Equivalents at the Closing of the year		<b>977,108</b>

Note : Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Sushil Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 3rd July, 2006

## **Directors' Report**

**To  
The Shareholders,**

Your Directors have pleasure to present the 6th Annual Report together with the audited statement of account for the year ended 31st March 2006.

### **OPERATIONS**

As the company is yet to start commercial production, no profit and loss account has been prepared. The company has prepared the Balance Sheet as at 31st March 2006 with a statement of "incidental expenditure during construction period" till that date which would be capitalized on completion of the project.

### **DIVIDEND**

In the absence of any profits, your directors are unable to recommend any dividend during the Financial Year.

### **PROJECT PROGRESS**

The Company is in the process of setting up a 300 TPD Cement Grinding unit at Badarpurghat and your Directors have a pleasure to inform you that with the sincere effort of all concerned, your company was able to almost complete its civil work, and the mechanical and erection work is going on in its full swing, and we are hopeful of commissioning the project by the end of November 2006.

### **DIRECTORS**

During the financial year 2005-06 Mrs. Lovely Gympd was appointed as the Director of the company by the members in their Extra Ordinary General Meeting duly held on 6th February 2006.

In accordance with the provision of Section 256 of the Companies Act, 1956 and the Articles of Association, Sh. Nathmal Todi is liable to retire by rotation and being eligible offers himself for reappointment.

Sh. Weston Honghloo has resigned from the Directorship of the company w.e.f 10.02.2006, the Board is thankful to Sh. Weston Honghloo for his sincere efforts and continuous devotion for the growth of the company.

### **PUBLIC DEPOSITS**

The Company has neither accepted nor received any Public Deposits during the financial year within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

### **AUDITORS**

M/s Surender Harikishan & Co., Chartered Accountants and M/s Kumar Vijay Gupta & Co., Chartered Accountants, who are the Statutory Auditors of the Company hold office until the conclusion of forthcoming Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the forthcoming financial year 2006-07. M/s. Surender Harikishan & Co. and M/s Kumar Vijay Gupta & Co. have, under Section 224(1) of the Companies Act, 1956, furnished certificates of their eligibility for re-appointment.

### **AUDITOR'S REPORT**

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

### **PARTICULARS OF EMPLOYEES**

None of the employees of the company was in receipt of remuneration in excess of the limits laid down under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

#### **HOLDING COMPANY**

During the financial year 2005-06, Barak Valley Cements Limited has purchased 100% shareholding of the company and consequent to this the company has become Wholly Owned subsidiary Company of Barak Valley Cements Limited.

#### **CORPORATE GUARANTEE OF BARAK VALLEY CEMENTS LIMITED**

Barak Valley Cements Limited, the holding company, has given a corporate guarantee of Rs. 500 Lakhs to IDBI Bank Limited on behalf of our company, in respect of the term loan of Rs. 500 lakhs, for setting up 300 TPD Grinding Unit at Badarpurghat, Assam.

#### **EMPLOYEE RELATION**

Employees relations have remained harmonious and healthy at all levels throughout the year.

#### **COMPLIANCE CERTIFICATE**

In terms of section 383A of the Companies Act 1956, and The Companies (Compliance Certificate) Rules, 2001 the certificate issued by Ms. Jyoti Narang, Practicing Company Secretary, having office at H-3/157, 2nd Floor, Vikaspuri, New Delhi, certifying that the company has complied all the provisions of the companies Act, 1956 and, other laws applicable to the company during the financial year in annexed herewith.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had 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 at the end of the financial year;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION**

The company has entered into a technical consultancy agreement with Hallmark Technical Services Private Limited, Pune, Maharashtra. In respect of consumption of energy, all measures have been taken to switch off electrical equipments suitably to avoid wastage. The company is yet to commence its operations so the question of discharging of effluents causing environmental pollution does not arise.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no inflow or outflow of foreign exchange during the year 2005-06.

#### **ACKNOWLEDGMENT**

Your Directors would like to express the appreciation to the customers and employees of the company for their constant co-operation and cordial relations with the company.

**BY ORDER OF THE BOARD**

Place : New Delhi  
Date : 04.08.2006

**CHAIRMAN**

## **Auditor's Report**

To  
The Members  
**Cement International Ltd.**  
**Guwahati, Assam.**

1. We have audited the attached Balance Sheet of **M/s. CEMENT INTERNATIONAL LTD.** as at 31st March'2006 along with "Incidental Expenditure during Construction Period Account" and the Cash Flow Statement for the year ended on that date. Since the company has not started its operation, no Profit and Loss Account has been prepared. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any 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 management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement marked as Annexure 'A' on the matters specified in Paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of the books;
  - (iii) The Balance Sheet, the Incidental Expenditure during Construction Period 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, the Incidental Expenditure during Construction Period Account and the Cash Flow Statement are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed in terms of section 274(1)(g) of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with Notes on Accounts and Accounting Policies, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006.
    - (ii) In the case of "Incidental Expenditure during Construction Period Account" of the expenses incurred for the year ended on that date.
    - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)  
M.No. 93626

Place : New Delhi  
Date : 4th August, 2006

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)  
M.No. 91151

## **ANNEXURE TO AUDITOR'S REPORT**

### **Re: Cement International Ltd.**

Annexure 'A' referred to in paragraph 3 of our report of even date:

- (i) (a) The Company has maintained proper records showing full particulars, including details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year under our report. No material discrepancies were noticed on such verification.
- (c) During the year, no fixed assets were disposed off.
- (ii) The company is not maintaining any inventory during the year under report. Hence physical verification or procedure of control of inventories does not arise.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the acquisition of fixed assets during the year. We have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations 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 and exceeding the value of rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time,
- (vi) According to the information and explanations given to us, the Company has not accepted deposits within the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) The Company has not adopted any internal audit system during the year under report.
- (viii) The Central Government has not prescribed to maintain cost records under section 209(1) (d) of the Companies Act, 1956.
- (ix) (a) According to the records of the Company, the company is regular in depositing undisputed statutory dues applicable to it, with the appropriate authorities. There were no arrears as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at the end of the financial year under report.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks/financial institutions. So, the question of default in repayment of loan does not arise.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the Company is not a chit fund or a *nidhi* / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of terms and conditions for giving such guarantee does not arise.
- (xvi) According to information and explanations given to us, the company has not taken any term loans from any financial institutions or banks etc.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) According to information and explanations given to us, the company has not issued Debentures during the period covered by our report. As such, no securities or charge has been created in respect of such issue.
- (xx) According to information and explanations given to us, the Company has not raised money by public issues during the period covered by our report. As such, reporting on the end use of such public issue does not arise.
- (xxi) According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Surender Harikishan & Co.**  
Chartered Accountants

**C.A. Surender Kumar**  
(Partner)  
M.No. 93626

Place : New Delhi  
Date : 4th August, 2006

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)  
M.No. 91151



### Balance Sheet as at 31st March, 2006

Particulars	Schedule	31.03.2006	31.03.2005
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders Fund</b>			
i) Share Capital	"A"	7,927,000	1,007,000
iii) Reserves and Surplus	"B"	27,680,000	–
<b>TOTAL</b>		<b>35,607,000</b>	<b>1,007,000</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Capital Expenditure</b>			
(a) <u>Complete Assets</u>	"C"	2,083,333	655,000
Less : Depreciation		429	–
Net Complete Assets		2,082,904	655,000
(b) <u>Incidental Expenditure During Construction Period</u> (As per Incidental Expenditure During Construction Period Account)		480,828	48,389
(c) <u>Capital Work in Progress including advances to suppliers/contractors</u>	"D"	32,454,391	–
		<b>35,018,123</b>	<b>703,389</b>
<b>2. Current Assets, Loans &amp; Advances</b>			
(a) Cash and Bank Balances	"E"	906,141	126,111
(b) Loans and Advances	"F"	42,322	–
		948,463	126,111
<b>Less : Current Liabilities &amp; Provisions</b>	"G"	539,586	2,500
<b>Net Current Assets</b>		<b>408,877</b>	<b>123,611</b>
<b>3. Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	"H"	180,000	180,000
<b>TOTAL</b>		<b>35,607,000</b>	<b>1,007,000</b>

Significant Accounting Policies &amp; Notes to Accounts "I"

Schedules "A" to "I" annexed hereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

For &amp; on behalf of the Board

**C.A. Surender Kumar**  
(Partner)**Santosh Kumar Bajaj**  
DirectorFor **Kumar Vijay Gupta & Co.**  
Chartered Accountants**C.A. Tarun Kumar Gupta**  
(Partner)**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

**Incidental Expenditure during Construction Period Account for  
the year ended on 31st March, 2006**

<b>Sl. No.</b>	<b>Head of Expenditure</b>	<b>31.03.2006</b>	<b>31.03.2005</b>
	<b>Opening Balance Brought Forward</b>	<b>48,389</b>	41,987
1.	Auditor's Remuneration	<b>25,040</b>	2,500
2.	Depreciation	<b>429</b>	—
3.	Electricity & Water Exps.	<b>8,139</b>	—
4.	Filing Fees	<b>1,500</b>	2,500
5.	Freight & Cartage	<b>34,595</b>	—
6.	Fringe Benefit Tax	<b>2,500</b>	—
7.	Legal Expenses	<b>40,001</b>	1,102
8.	Misc. Expenses	<b>105,979</b>	200
9.	Printing, Stationary & Postage expenses	<b>25,550</b>	100
10.	Rates & Taxes	<b>25,000</b>	—
11.	Repairs & Maintenance	<b>42,370</b>	—
12.	Salary & Wages	<b>64,917</b>	—
13.	Security Expenses	<b>21,752</b>	—
14.	Staff Welfare	<b>11,608</b>	—
15.	Telephone Expenses	<b>16,158</b>	—
16.	Tour & Travelling Expenses	<b>6,901</b>	—
	<b>TOTAL</b>	<b>480,828</b>	<b>48,389</b>

**For Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Santosh Kumar Bajaj**  
Director

**For Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

Schedules Forming Part of the Balance Sheet as on 31.03.2006

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b> (10,00,000 Equity Shares of Rs. 10/- each)	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, Subscribed &amp; Paid-up Capital</b> [7,92,700 (Last Year 1,00,700) Equity Shares of Rs. 10/- each, called & fully paid up)	<u>7,927,000</u>	<u>1,007,000</u>
	<u>7,927,000</u>	<u>1,007,000</u>
<b>SCHEDULE - B</b>		
<b>RESERVE &amp; SURPLUS</b>		
Securities Premium Account	<u>27,680,000</u>	<u>—</u>

**SCHEDULE - C**  
**FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2006**

NAME OF ASSET	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.05	Additions during the year	Deductions during the year	As on 31.03.06	As on 01.04.05	For the year	As on 31.03.06	As on 31.03.06	As on 31.03.05
Land	655,000	1,415,079	—	2,070,079	—	—	—	2,070,079	655,000
Furniture & Fixture	—	13,254	—	13,254	—	429	429	12,825	—
Total	655,000	1,428,333	—	2,083,333	—	429	429	2,082,904	655,000
Previous Year	655,000	—	—	655,000	—	—	—	655,000	—

**Schedules Forming Part of the Balance Sheet as on 31.03.2006**

Particulars	31.03.2006	31.03.2005
<b>SCHEDULE - D</b>		
<b>CAPITAL WORK IN PROGRESS INCLUDING ADVANCES TO SUPPLIERS/CONTRACTORS</b>		
Capital Work-In-Progress	19,350,934	–
Advance to Contractors/Suppliers	13,103,457	–
	<u>32,454,391</u>	<u>–</u>
<b>SCHEDULE - E</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	337,806	126,111
Balance with scheduled banks, in Current Accounts	568,335	–
	<u>906,141</u>	<u>126,111</u>
<b>SCHEDULE - F</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good for recovery)		
Security Deposit	18,201	–
Other Loan & Advances recoverable in cash or kind	24,121	–
	<u>42,322</u>	<u>–</u>
<b>SCHEDULE - G</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Creditors for capital expenditure	484,979	–
Other Liabilities	54,607	2,500
	<u>539,586</u>	<u>2,500</u>
<b>SCHEDULE - H</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Exp. (to the extent not written off or adjusted)	180,000	180,000
	<u>180,000</u>	<u>180,000</u>

**SCHEDULE - I**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**(A) SIGNIFICANT ACCOUNTING POLICIES:**

**(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act, 1956 have been adopted by the company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

**(2) FIXED ASSETS:**

(a) Fixed Assets are stated at their original cost of acquisition or construction less accumulated depreciation including attributable interest and financial costs till such assets are ready for its intended use, less specific grants received, if any.

(b) CAPITAL WORK IN PROGRESS:

Capital work in progress is carried at cost comprising direct cost.

(c) INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD:

Expenditure including administrative and other expenses incurred during construction period of the project is carried under the head "Incidental expenditure during construction period account" and will be allocated appropriately to the fixed assets on the completion of construction.

**(3) DEPRECIATION:**

Depreciation has been provided on fixed assets on Written down Value (WDV) Method on a pro-rata basis at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

**(4) RETIREMENT BENEFITS:**

Provisions for gratuity and other employee's retirement benefits are not yet applicable to the company.

**(5) MISCELLANEOUS EXPENDITURE:**

The Preliminary Expense will be amortized on the commencement of commercial production.

**(6) CONTINGENT LIABILITY:**

Contingent Liability not acknowledged as debt are disclosed by way of note.

**B. NOTES ON ACCOUNTS:**

(a) Contingent liability not provided for : Nil (Previous year : Nil)

(b) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs.10.76 Lakhs (Previous year : Nil)

(c) C.I.F. Value of Imports is Nil (Previous year : Nil)

(d) Earning / Expenditure incurred in foreign currency is Nil (Previous year : Nil)

(e) Profit & Loss Account

The Company has prepared the Incidental Expenditure During Construction Account instead of a Profit & Loss Account. The necessary details as per Part II of Schedule VI to the Companies Act, 1956, have been disclosed in the said Account.

(f) Auditor's Remuneration includes fees as under :

	<b>2005-06</b>	<b>2004-05</b>
Audit Fees	19285/-	2500/-
Company Law Matters	2755/-	—
Reimbursement of out of Pocket Exp.	<u>3000/-</u>	<u>—</u>
Total	<u>25040/-</u>	<u>2500/-</u>

(g) During the year under report, Barak Valley Cements Limited (BVCL) has acquired 100% shareholding in the company, consequent to which the company has become a subsidiary of BVCL.

(h) Payment of Fringe Benefit Tax has been shown in the Statement of "Expenditure Incurred During Construction Period A/c" and will be transferred to Profit & Loss Account after the commencement of commercial production.

(i) In the opinion of the Management the loans and advances are of the value stated as on 31.03.2006, if realised in the ordinary course of business.

(j) Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the year in the ordinary course of business:

1. Holding Company	Barak Valley Cements Ltd. (w.e.f. 31.03.2006)
2. Key Management Personal	Santosh Kumar Bajaj (Director) Jagdish Prasad Shah (Director)

Details of transactions between the company and related parties for the year ended 31.03.2006 is given as under:

<b>Sl. No.</b>	<b>Type of transaction</b>	<b>Holding Company</b>	<b>(Rs. in Lakhs) Key Management Personnel</b>
1.	Purchase of Store, Spares and other services	10.75	—

(k) Previous year figures have been regrouped and rearranged wherever considered necessary to make them comparable with the current year figures.

(l) In absence of any commercial activity, during the year under report, other disclosure requirements are not applicable to the company.

(m) The figures have been rounded of to the nearest of Rupees.

(n) Schedule "A" to "I" forms an integral part of the accounts.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Santosh Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006

**Balance Sheet Abstract & Company's General Profile**

**I. REGISTRATION DETAILS**

Registration No.	:	6173 of 2000-01	State Code	:	13
Balance Sheet Date	:	31 03 2006			
		Date Month Year			

**II. CAPITAL RAISED DURING THE YEAR (AMT. IN THOUSANDS)**

Public Issue	:	–	Rights Issue	:	–
Bonus Issue	:	–	Private Placement	:	6,920.00

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT. IN THOUSANDS)**

Total Liabilities	:	35,607.00	Total Assets	:	35,607.00
<b>Sources of Funds:-</b>					
Paid Up Capital	:	7,927.00	Reserves & Surplus	:	27,680.00
Secured Loans	:	–	Unsecured Loans	:	–
<b>Application of Funds:-</b>					
Net Fixed Assets	:	35,018.12	Investments	:	–
Net Current Assets	:	408.88	Misc. Expenditure	:	180.00
Accumulated Losses	:	–			

**IV. PERFORMANCE OF THE COMPANY (AMT. IN THOUSANDS)**

Turnover	:	–	Total Expenditure	:	–
Profit/(Loss) before Tax	:	–	Profit/(Loss) after Tax	:	–
Earning per Share in Rs.	:	–	Dividend @	:	–

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)**

Item Code No. (ITC Codes)	:	
Product Description	:	
Item Code No. (ITC Codes)	:	– NOT APPLICABLE –
Product Description	:	
Item Code No. (ITC Codes)	:	
Product Description	:	

**For & on behalf of the Board**

Place : New Delhi  
Date : 4th August, 2006

**Santosh Kumar Bajaj**  
Director

**Jagdish Prasad Shah**  
Director

**Cash Flow Statement for the year ended 31st March, 2006**

		(Amount in Rs.)	
<b>S.N.</b>	<b>Particulars</b>	<b>31.03.2006</b>	<b>31.03.2005</b>
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Net Profit before Tax	—	—
	<b>Adjustment for:</b>		
	Add : Depreciation & Misc. Expenditure	—	—
	Interest & Finance Charges	—	—
		—	—
	Less : Profit on sale of assets/investments	—	—
	Operating Profit before working capital charges	—	—
	<b>Adjustment for change in :</b>		
	Trade & other receivables	(42,322)	—
	Inventories	—	—
	Trade and other payables	537,086	300
	<b>Cash generated from Operations</b>	<b>494,764</b>	<b>300</b>
	Direct Taxes Paid	—	—
	<b>Net Cash Flow from operating activities</b>	<b>494,764</b>	<b>300</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Acquisition of Fixed Assets/Capital WIP	(34,314,734)	(6,402)
	Purchase of Investments	—	—
		(34,314,734)	(6,402)
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Proceed from issue of Shares	34,600,000	—
	Proceeds from borrowings	—	—
	Dividend/Interest Paid	—	—
		34,600,000	—
	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>780,030</b>	<b>(6,102)</b>
	Add : Cash & Cash Equivalents at the beginning of the year	126,111	132,213
	Cash & Cash Equivalents at the Closing of the year	906,141	126,111

**Note :** Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

For **Surender Harikishan & Co.**  
Chartered Accountants

**For & on behalf of the Board**

**C.A. Surender Kumar**  
(Partner)

**Santosh Kumar Bajaj**  
Director

For **Kumar Vijay Gupta & Co.**  
Chartered Accountants

**C.A. Tarun Kumar Gupta**  
(Partner)

**Jagdish Prasad Shah**  
Director

New Delhi, 4th August, 2006





## Barak Valley Cements Limited

P.O. Badarpurghat, Dist. Karimganj, Assam

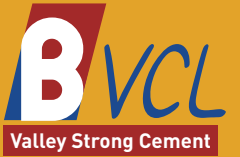
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Website : www.barakcement.com

DESIGNED & PRINTED AT : AJAY PRINTERS : 9818705551, 22111625



# Annual Report 2005 - 2006



*Believe in the dream*

## Barak Valley Cements Limited





## Barak Valley Cements Limited

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E-mail: delhi@barakcement.com

Website: [www.barakcement.com](http://www.barakcement.com)





# Innovative Thinking and the Power of Technology can work wonders

Barak Valley Cements is well known for the manufacture of factory-fresh, consistently high quality Ordinary Portland Cement (43 & 53 grades) and Portland Pozzolona Cement.

Quick and easy access to and timely deliveries of products to wherever there is need for cement – has made Barak Valley a leader in its geographies.

But at the heart of it all is our full-facility, fully-integrated Cement Production Unit at Badarpur, Karimganj, Assam.

- Barak Valley Cement sources its principal raw material from captive Limestone quarries in neighbouring Meghalaya State. These quarries have substantial reserves of high-grade, high carbonate content limestone – a pre-requisite for high strength cement manufacture.
- State-of-the-art Grinding Mills which guarantee uniform particle size and free iron content in the cement, which contributes to superior performance of the cement.
- Quality-grinding with Closed-Circuit-System.
- Highly mechanized Production of Clinker, the all-important intermediary product in cement manufacture, featuring a latest and most advanced "cooler" whose cooling efficiency leads to superior clinker quality, supported by mechanized Handling facilities.
- Automated Packaging & Bagging lines with advanced Sealing and Tamper-proofing facilities.
- Fleet of Bulk Carriers, Portable Silos and covered transport, as well as excellent railway connectivity ensures that Barak Valley products speed-to-market in better condition.

## Never stop dreaming

Dreams are not just wishful thinking. They help expand horizons, enhance the desire to compete, lead on to acquire skills to excel. Above all dreams give the courage to overcome and the strength to believe. To achieve the dream of a lifetime is to believe in the dream.

At Barak Valley Cements, we have a tradition of turning dreams and hopes and wishes into realities, with appropriate products, technologies and commitment to society.



## Barak Valley Cements – Committed to a set of principles

Customer focus. Respect for the individual. Integration with local and national traditions and cultures. Responsible citizenship. Integrity and transparency in all operations.

These principles are the beliefs that define the way Barak Valley Cements conducts its businesses.

It is Barak Valley Cements commitment to the customer, to you, that guides every one of its actions, whether at plant level or out in the marketplace. It is also at the heart of all the services the company provides in the areas that it serves.

Our reputation as a company that lives by its principles is important to us.

Our customers are spread across Silchar, Hailakandi and Karimganj in the Barak Valley region, across the Bramhaputra Valley in Assam, in Tripura, Mizoram, Manipur and Nagaland.

We believe that the Barak Valley Cement principles are what make the difference between us and other manufacturers.

## The name that comes closest to your FIRST is the name you always TRUST

Barak Valley Cements is the 'first' manufacturer of high quality Cement in the Valley region, established in 1999.

Our Brand Valley Strong Cement is the most trusted name in the valley and serves customers large, medium and small with equal attention and commitment. Buyers, sellers, end-users, all have earned the benefits of bonding with the company and the brand.

Over the years Barak Valley has reinforced its reputation as a quality-focused, market-driven, customer-centric company. And its promoters who were born and brought up in the North-East took all possible steps to anticipate needs and aspirations.







## The Barak Philosophy – Share Knowledge. Gain involvement.

Make the Customer confident and comfortable with the Company and the Brand.

Establish Long-term Relationships with Customers and Stakeholders.

Dedicate Qualified, Skilled Company Engineers to participate in ongoing Customer Projects and provide full technical & Marketing support as required.

Ensure that Products, Ideas, Services are delivered before or on Schedule at all times.

Make sure that the Value the Company delivers translates into real-life benefit for the Customer and End-user, wherever they are, whatever they do.

Be prepared to respond to sudden and unforeseen needs, promptly, without delay.

## Quality Knows No Boundaries

What will Barak Valley Dream of Next?

The answer lies in the company's exciting Growth Plans that are already at various stages of implementation.

### Inner Growth

With the pace of national and regional building gaining momentum everyday, Barak Valley Cement decided to anticipate future demand instead of waiting for it.

BVCL began with a modest 300 mtpd capacity, but ongoing de-bottlenecking and expansion quickly raised Production Capacity to almost 460 MT of Cement Per Day. As a part of the sustainable inner growth of the company, expansion and modernization is a continuous process and Capacity will soon reach 600 mtpd.

### High Power Marketing

Barak Valley Cements has laid priority stress on streamlining, modernizing and raising efficiency of its Dealer-Distribution Network. Providing more incentives, more rewards, more involvement, more advertising and marketing support than ever

before. It has also beefed up deliveries and services to Government Departments, major Contractors, Institutional Builders and Project Consultants.

### New Opportunities

Leveraging its success in Cement - the Company is in the process of setting up a state-of-the-art, 6 MW Bio-mass based Power Project in the vicinity of its Cement Plant site. A wholly owned subsidiary of Barak Valley Cement, the new company will be known as Badarpur Energy Pvt. Ltd.

This move is extremely relevant in the national and global thrust on looking for Alternative Fuel-based Power Generation. This multifuel, environment-friendly power plant will be the first of its kind in the North-East and a trend-setter so to speak.

It also fulfils another requirement for power-intensive industries that is to generate captive power and so lower load on major power utilities. Badarpur Energy will meet the entire demand of the Cement Plant and will channel surplus for wider social benefit.



## Barak Valley Cements has a Total Role in Society

Business today is no longer de-linked from life. In fact a company's success and its growth are directly influenced by the quality of its contributions to the betterment of society and the quality of life.

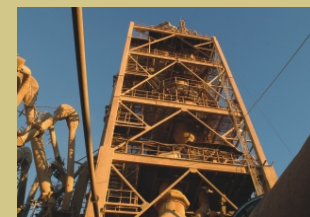
Barak Valley Cements is gearing up to put forward its best efforts to serve the communities in the areas that it serves. The company plans to sponsor major sporting events, not only in the Valley region but across the North-east. BVCL also plans to launch community welfare programs and backward area upliftment proram that will benefit people from all walks of life.

The Company is actively setting up a School at Badarpur in collaboration with Vivekananda Kendra, Kanyakumari and has joined hands with the District Administration to establish a Green Children's Park at Karimganj.

In the years ahead, Barak Valley Cements will strive to be a major social benefactor and will help enhance the 'quality' of life.

It goes with our slogan –

"Long Live Your Building – because you Build for Life".



## End-of-the-line focus for Barak Valley Cements Satisfying Buyers & Sellers And Delighting the End-user

Barak valley Cement was the first to reach the essential bonding power of cement to the far corners of the valley and beyond it. The Company was never frightened of the difficulties in terrain and inaccessibility of place. Instead it overcame such difficulties by maintaining quality levels at all stages of manufacturing, ensuring just-in-time deliveries and providing pro-active support to its Dealer-Distributor Network.

Barak Valley Cement believes that any building project, the humblest or the grandest and most complex, is the culmination of a dream. It requires significant effort on the part of the builders and the supplier to realize that dream at real-life, real-time level. And the Company and its strong and growing Dealer family are committed to deliver products and services that help the process.

It's not just quality Cements that Barak Valley Cements provide, Technical Product and Product-Application Knowledge, astute business management, coordination with builders, even Better Building Tips – are 'extras' that come along.

