

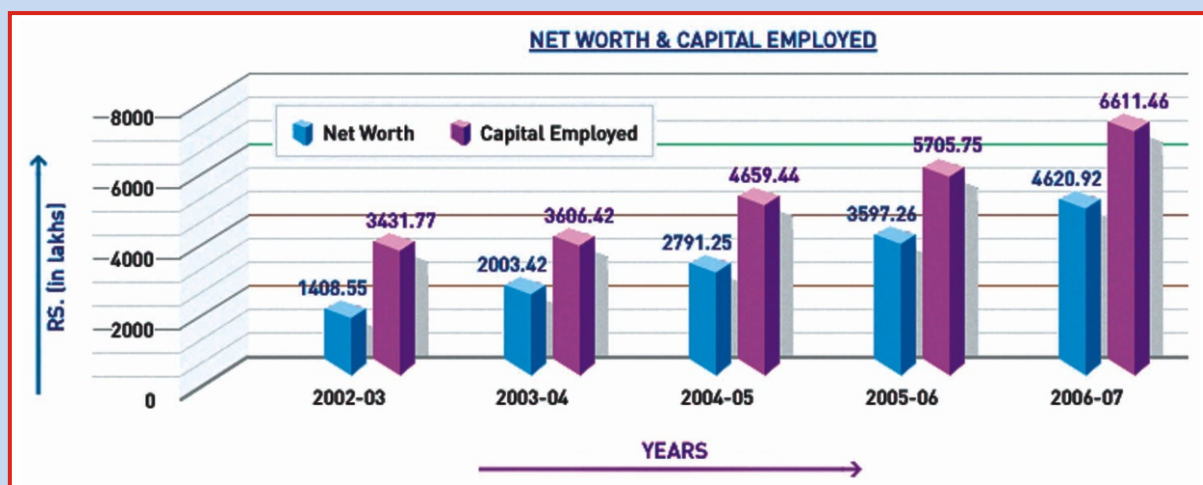
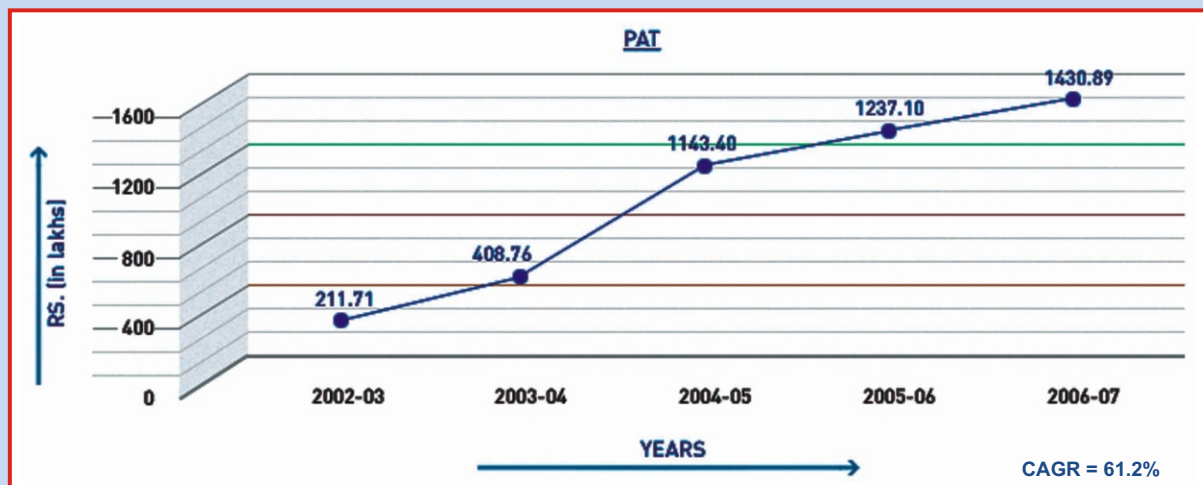
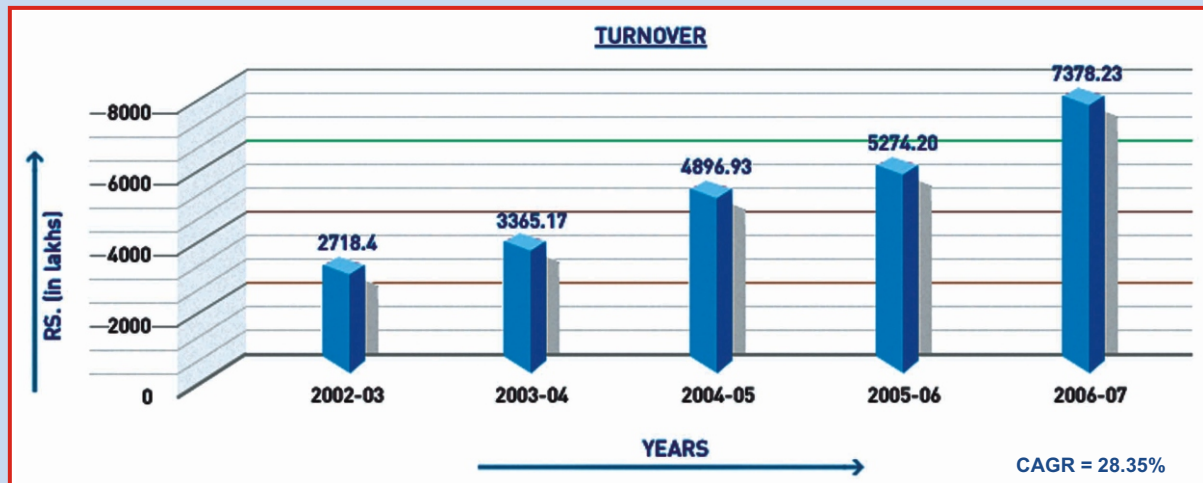


ANNUAL
REPORT
2006-2007

Believe in the dream

BARAK VALLEY
CEMENTS
LIMITED

PERFORMANCE INDICATORS



"Everything big starts little"

Chairman's Letter

Dear Shareholders,

It gives me immense pleasure to present the Eighth Annual Report of the Company for the year ending 31st March, 2007.

Outlook for Cement

The cement industry is experiencing a boom on account of the overall growth of the Indian economy. The demand for cement, being a derived demand, depends primarily on the industrial activity, real estate business, construction activity, and investment in the infrastructure sector. India is presently passing through a positive trend of growth on all these fronts and hence the cement market is flourishing like never before. Indian cement industry is globally competitive because the industry has witnessed healthy trends such as application of cost reduction measures and continuous technology upgradation. As observed by Fitch Ratings, a reputed global rating agency has commented that cement demand in India is expected to grow at 10% annually on account of rapid growth in housing projects, infrastructure activities and corporate capital expenditures. Indian Cement Industry is presently contributing approximately 6% of overall global production. The recent boom in Cement Sector has worked wonders for the cement manufacturing companies with the maximum capacity utilization for the first time in January, 2007. The consumption of cement is also likely to exceed 150 million tonne mark annually for the first time.



Backed by the need for mammoth infrastructure development in the country the outlook of the Cement Industry remains buoyant. The cement industry has outpaced itself attracting top class cement companies in the country ramping up production capacity due to the recent boom in Housing Sector and increased activity in Infrastructure Development by State and National Highways and already underway National Highway Development Project (NHDP) resulting in increased demand of cement. Besides, Government's thrust on developing infrastructure facilities in the country by way of modernizing airports, seaports, railway stations etc. will further boost demand for the cement at national as well as regional levels.

Cement Industry –Salient Trends

The Indian cement industry is the second largest producer of quality cement, which meets global standards. The cement industry at present comprises of 130 large cement plants with an installed capacity of 156.26 million tonnes and more than 300 mini cement plants with an estimated capacity of 11.10 million tonnes making a total installed capacity of 167.36 million tonnes. Due to the on going expansion plans of various companies; the installed capacity is likely to be increased up to 189 million tonnes capacity by the end of September 2007.

The Cement Industry has made tremendous strides in technological up gradation and assimilation of latest technology. Presently, 93% of total capacity in industry is based on modern and environment friendly dry process technology and only 7% is based on old wet and semi-dry process technology.

Outlook for National Economy

The Cement Industry is presently contributing approximately 1.3% of GDP and employs over 0.14 million people apart from being a significant contributor to the Central and State Government revenues through excise and sales tax. Cement production in India has grown significantly over past three decades. It is further expected to witness strong production and consumption growth of 10% during FY 2008 on account of befitting co-relation between GDP and increased activity in construction sector. Future Cement demand is likely to grow up in India due to increased spending on road and housing projects. Fundamentals of demand also look bright and cement demand in medium term is expected to grow by around 9%.

Outlook for Cement Industry vis-a-vis BVCL in North East Region

Your company is one of the major Cement producers in North –East region and India has vast potential for growth and expansion plans in this region. The Central Government has announced several incentives in the North Eastern region more particularly related to special accelerated road development programs

at an estimated cost of Rs 46.18 billion. The Government has also decided to develop 1000 kms of access- controlled expressways. The North East Industrial and Investment Promotion Policy, 2007 (NEIIPP, 2007) announced by the Government of India is also a step further towards developing the North-east areas. Government has declared various exemptions like income-tax exemption, excise duty exemption, capital investment subsidy, and interest subsidy for a further period of ten years. The various incentives offered by the Central and State Government, increasing demand from infrastructure projects and industrial/commercial ventures will prove to be quite in favour and interest of the company in the coming near future.

Cement Production and Sales/ Financial Review

It is indeed a matter of great satisfaction that your Company has been able to keep moving forward and surpass the targets set for itself. Efforts both on improving the efficiency parameters and cost compression on one hand and maximizing the production and sales realization on the other have been the mainstay of the Company's strategy. It is satisfying that the Company has made substantial progress on both the fronts. Reaping full benefits of the Company's strategy of focusing on its business, it has achieved 104.91% capacity utilization during the accounting year 2006-07, with achieving sales target of 1,59,545 tonnes. The turnover of the Company increased by 39.90 % and its Profit before Interest, Depreciation and Tax grew by a whopping 26% to Rs. 2405.79 lakhs as against Rs. 1909.13 lakhs in the previous year.

Future Growth Plans

Progress made by the Company on its on-going projects for expansion of the plant capacity as well as setting up of a grinding unit by its wholly owned subsidiary company (CIL), has been fairly satisfactory. The Grinding unit in CIL has already commenced its production from the month of April 2007 and as far as the expansion project of BVCL is concerned it is expected to commence its production from the month of October 2007 onwards.

The Company's other ambitious project of setting up of a 6 MW Biomass based Captive Power Plant in its wholly owned subsidiary company (BEPL) is also progressing well. It is expected that the Power Plant will be commissioned by September 2007. The commissioning of this project would mark the end of Company's dependence on the power from the State Grid, which besides being very expensive suffers from inconsistent quality. The comparative cheaper cost of the captive power generation would further improve the bottom line of the Company.

Another Project of 800 TPD Crusher unit at Meghalaya, in its subsidiary company i.e. Meghalaya Minerals and Mines Limited is also doing well and this Plant is expected to start its commercial production by the end of July 2007.

Concerns for Cement Industry

Recently, the Government of India has announced the scrapping of the Counter veiling Duty (CVD) of 16% and Special Additional Duty (SAD) of 4% on the imports of Cement to India. However, freight costs and port infrastructure were all factors in deciding imports of this high volume, low value commodity. The lowering of the import duty is unlikely to mount much pressure on the cement companies, as the cement prices are unlikely to soften since lower import duty has no material impact on the domestic industry.

Acknowledgements

I must not forget to take out some time for thanks giving firstly to workers and staff of the company at all levels for their unstinting hard labour and support and secondly to all those who are directly or indirectly have extended their co-operation and support to the company including government agencies, banks, shareholders, dealers etc.

I greatly value the collective efforts of entire BVCL team and the contribution and involvement of my colleagues on Board in achieving the present corporate shape and status of the company.

For **Barak Valley Cements Limited**

Sd/-
Bijay Kumar Garodia
Chairman

COMPOSITION OF BOARD

Sh. Bijay Kumar Garodia	Chairman & Executive Director
Sh. Mahendra Agarwal	Vice-Chairman
Sh. Kamakhya Chamaria	Managing Director
Sh. Santosh Kumar Bajaj	Executive Director
Sh. Prahlad Rai Chamaria	Director
Sh. B. P. Bakshi	Director
Sh. Vimal Kumar Jain	Director
Sh. D. R. Agarwal	Director
Sh. U. V. Rao	Director
Sh. Ramesh Chandra Bajaj	Director
Sh. Vishal More	Director
Sh. B. Lanong	Nominee Director (IDBI)

COMPANY SECRETARY

Sh. Sachin Agarwal

AUDITORS**M/s. Kumar Vijay Gupta & Co.,**

Chartered Accountants,
408, New Delhi House,
27, Barakhamba Road,
Connaught Place, New Delhi-110001

M/s. Surender Harikishan & Co.,

Chartered Accountants,
R-I, Model Town,
Narwana, Haryana

BANKERS AND FIs

Industrial Development Bank of India
Northern Eastern Development Financial Institution

OFFICES**Regd. Office:**

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

Corp. Office:

281, Deepali, Pitam Pura,
Delhi-110034

Works:

Jhoom Basti, Devendranagar,
Badarpurghat, Distt. Karimganj,
Assam-788803

Branches:

1. Shyama Prasad Road,
Silchar, Assam
2. CF-366, Salt Lake City, Kolkata,
West Bengal-700064

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Directors' Report

**To
The Members,**

Your Directors have pleasure to present the Eighth Annual Report together with the audited statement of account for the year ended 31st March 2007.

Financial Results

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

Particulars	Year Ended 31-03-07	Rs. In Lacs Year Ended 31-03-06
Total Sales	7378.23	5274.21
Other Income	59.80	92.55
Total Sales & Other Income	7438.03	5366.76
Profit before Interest, Dep. & Income Tax	2405.79	1909.13
Less: Depreciation	511.83	344.69
Profit Before Interest and Income Tax	1893.96	1564.44
Less: Interest	268.39	197.61
Profit before Income Tax	1625.57	1366.83
Less: Provision for Taxation		
Current Income Tax	181.19	120.67
Deferred Tax Liability	6.89	2.31
Fringe Benefit Tax	6.61	6.75
Profit after Tax	1430.88	1237.10
Add: Balance Brought down from last year	1783.47	1065.18
Profit available for Appropriation	3214.35	2302.28
Less: Appropriations		
Transferred to General Reserve	143.09	123.71
Proposed Dividend on Equity Dividend	363.00	346.50
Corporate Tax on Dividend	53.36	48.60
Balance Transferred to Reserve & Surplus	2654.90	1783.47

OPERATIONS

Your Company has moved forward on almost all the fronts in the year 2006-07, by achieving healthy growth in production, sales and profits. Higher capacity utilization, increased sales volumes and better realizations translated into increased profitability. The Company's Sales and Other Income grew by Rs. 2071.27 lakhs. The Operating Profit (PBITD) of the company amounting to Rs. 2405.79 lakhs higher by 26% as compared to previous year. The Profit after Tax was Rs. 1430.88 lakhs as against Rs. 1237.10 lakhs in the previous year, registering a growth of 16%. The Company's cement production has been at a record high of 1,59,260 MT against 1,34,351 MT in the previous year. The company has achieved a turnover of Rs. 7378.23 lakhs during the FY 2006-07.

FUTURE OUTLOOK

Due to the favourable conditions in North East i.e. Govt. Subsidies and Tax Exemptions and demand supply gap, your company foresees the increase in the demand of cement in the Northeastern region. The North East Industrial and Investment Promotion Policy (NEIIPP) announced by the Government of

Assam is going to prove as a boon for our company. The company has already achieved the sales target of Rs 7378.23 lakhs and net profits of Rs 1430.88 lakhs and has set the sales target of Rs 12000 Lakhs for the current financial year.

Apart from this the company is in the process to complete its ongoing expansion projects. It is expected that the company will expand the plant capacity by the end of October 2007 and will start its production. The project for setting up 6MW Power Plant in its wholly owned subsidiary company is near about the completion stage and it is also expected to commence its commercial production by the end of September 2007. The project of setting up a 800TPD Cement Crusher in the name of Meghalaya Minerals and Mines Limited (wholly owned subsidiary company) is also near about completion stage and expected to commence its commercial production in the month of July 2007. After completion of these expansion plans your company shall have the production capacity to produce 1,80,000 MT of cement per annum.

As the members are aware that the company has also set up a Cement Grinding unit having capacity of 99,000 MT per annum in its wholly owned subsidiary company in the name of Cement International Limited, we are please to inform that this project has been completed successfully and the plant has already started its commercial production from April 2007.

DIVIDEND

Since the company's performance for the financial year 2006-07 has been quite encouraging and the financial statements of the company reflect a desirable profit. Therefore it is proposed to recommend further dividend for the shareholders of the company for the financial year under review. Your company has already paid interim dividend @ 17% for the financial year 2006-07 and your directors further recommend final dividend @ 5% for the financial year 2006-07, which is subject to the approval of the members of the company. The total outgo of the dividend (including interim dividend) will be Rs. 416.36 lakhs (inclusive of Corporate Tax on Dividend) as against Rs. 395.10 lakhs paid in the previous year.

EMPLOYEE RELATION

We believe that our employees, workers and the staff are the assets of our Organisation. Hence, we invest heavily in people, people processes and in skill development. In line with our people vision of being an achievement focused, development oriented and people sensitive organization, your Company endeavours to create an environment of holistic growth. Our company has established peaceful and harmonious industrial relations with the employees of the company, and these relations continue to be maintained through out the year.

CORPORATE GOVERNANCE

Your company is gradually taking steps to comply with the provisions of Clause 49 of the Listing Agreement to ensure the transparency in the operations of the company and also to confirm the standards of corporate world. Since the company has filed its DRHP with SEBI, it shall be obligatory on the part of the company to comply with the provisions of Clause 49 of the Listing Agreement as soon as its proposed Public Issue of Equity shares is completed. A separate report on Corporate Governance has been prepared and forms the part of this Director Report.

DIRECTORS

Mr. R. C. Bajaj was appointed as the Director of the company by the members in their Extra Ordinary General Meeting duly held on 21st November 2006. Moreover Mr. Vishal More was also appointed as the Additional Director of the company by the Board members as on 22.05.2007 and the Board seeks the approval of the members to appoint him as the regular Director of the company.

Mr. Sushil Kothari (Director Finance) resigned from the Directorship of the company due to his personal reasons as on 22.05.2007. The Board expresses its heartiest gratitude for his valuable contribution for the growth of the company.

In accordance with the provision of Section 256 of the Companies Act, 1956, read with the Articles of Association of the company, Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. D. R. Agarwal are liable to retire by rotation and being eligible offers themselves for their re-appointment at the forthcoming Annual General Meeting of the Company.

AUDIT COMMITTEE

Your company has constituted Audit Committee in terms of section 292A of the Companies Act, 1956 as well as pursuant to the provisions of Clause 49 of the Listing Agreement. The Audit Committee has been re-constituted by the Board of Directors in their Board Meeting held on 9th June 2007. Presently, Mr. Vimal Jain is the Chairman of the Audit Committee and the other members of the committees are Mr. B. P. Bakshi, Mr. Vishal More and Mr. Kamakhya Chamaria. Apart from the above-mentioned members, Mr. Sachin Agarwal, Company Secretary, is acting as the Secretary of the Audit Committee.

AUDITORS

M/s Surender Harikishan & Co., and M/s Kumar Vijay Gupta & Co. Chartered Accountants, who are the Statutory Auditors of the Company hold office until the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Financial Year 2007-08. The company has received the letters from M/s Kumar Vijay Gupta & Co. under Section 224(1B) of the Companies Act, 1956, being eligible and seeking their re-appointment. However M/s Surender Harikishan & Co. does not wish to continue as the Statutory Auditor of the Company for the financial year 2007-08 and onwards.

SUBSIDIARY COMPANIES

As per section 212 of the companies Act, 1956 the Audited Statement of Accounts, along with the report of Directors relating to the Company's Subsidiaries i.e. Badarpur Energy Private Limited (BEPL), Meghalaya Minerals and Mines Limited (MMML), Cement International Limited (CIL) and the respective Auditors' Report thereon for the year ended 31.03.2007 is annexed herewith.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors wish to inform you that the Audited Accounts for the year under review are in conformity with the requirements of the Companies Act, 1956 and the Accounting Standards. The financial statements reflect fairly the form and substance of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations.

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 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.

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.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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.

ACKNOWLEDGMENT

Your Directors acknowledge with gratitude the co-operation and support extended by Financial Institutions and various agencies of the Central Govt. and State Govt. of Assam and Meghalaya. Your Directors would also like to express appreciation to Bankers, Customers and Employees of the company for their constant co-operation and cordial relations with the company.

For **Barak Valley Cements Ltd.**

Place : New Delhi
Date : 09.06.2007

Sd/-
(Bijay Kumar Garodia)
Chairman

Annexure 'A' to Directors' Report

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

a) Energy Conservation Measures Taken:

- i. Retrofitting of 100000-m³/hr fan in preheater in place of the existing 72000 m³/hr fan. This has helped in increasing the capacity of clinker production for 400 tpd to 500 tpd.
- ii. Full utilisation of CA fan by increasing the duct dimension from 600 m/m to 800 m/m.
- iii. Blending silo efficiency increased by modifying the aeration system.
- iv. Down comer duct increased by 200 mm in dia.
- v. Utilisation of hot air coal drying.
- vi. Extension and modifying the cooler.
- vii. Kiln feed system provided with VFD.
- viii. Modification in feed pipe, dip tube and dispersion plates to increase the calcinations and thus T.P.H of kiln.
- ix. Close circuit clinker crushing.
- x. Utilisation of fly ash in intermixing.

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

- i. Grinding of calcined clay with pulveriser and intermixing in separator of cement mills.
- ii. To change M S Steel lining plates of grinding mills into high chrome plates.
- iii. To provide precalciner, TA duct and secondary firing in kiln.
- iv. To increase the capacity of clinkerisation to 550 MT.
- v. To change screw conveyor at top of preheater to air slides.
- vi. To change rotary air locks of heat exchanger to high efficiency double flap valves.
- vii. To provide barring system in grinding mills.
- viii. To provide VFD in cooler fans
- ix. To provide multiple reduction gear box in coal drier.
- x. Upgrading the raw mill feeding system in the preheater.
- xi. Coal mill – Stripping off and increasing the drying chamber.
- xii. To change the kiln shell.

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 CONSERVATION OF ENERGY :

Power & Fuel Consumption	2006-07	2005-06
a) Purchased Units (KWH)	1,12,94,100 Units	1,13,04,761 Units
Total Amount (Rs. In lakhs)	436.04 lakhs	423.53 lakhs
Rate/Unit (Rs)	3.86 per unit	3.75 per unit
Own Generation (KWH)	57,47,651 Units	31,39,605 Units
Total Amount (Rs. in lakhs)	577.83 lakhs	245.09 lakhs
Rate / Unit (Rs)	10.05 per unit	7.81 per unit
b) Coal Consumption	19,044.22 MT	17,616.78 MT
Total Amount (Rs. In lakhs)	475.30 lakhs	413.88 Lakhs
Rate/Per MT (Rs)	2496	2350
Consumption per unit of Production (Unit/MT)	Power	Coal
	(Per MT	(Per MT
	of Cement)	of Clinker)
Standard, if any	129.00 Units	0.20 MT
Current Year	104.88 Units	0.1592 MT
Previous Year	107.51 Units	0.17 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

- i. Use of Lime Sludge in clinker manufacture.
- ii. Use of power plant rejects.
- iii. Use of alteration fuel in place of coal.

b) Benefits derived as a result of the above efforts.

Cost of Clinker will be reduced by 3 to 4%.

c) Future plan of action

- i. Setting up a Vertical Roller Regrinding Mill (VRPM).
- ii. Water spray in down comer duct.
- iii. Parallel preheater.
- iv. Use of waste heat of cooler in drying the additives.
- v. Modification and upgrading the preprocessing.

d) Expenditure on R&D

1. Capital Expenditure	NIL
2. Recurring Expenditure	Rs 7,23,360
3. Total Expenditure	Rs 7,23,360

2. Technology absorption, adaptation and innovation

a) Efforts made towards technology absorption, adaptation and innovation

During the year 2006-07 the following jobs were taken up.

Raw Mill :- The inlet drying chamber increased by 500 m/m in order to take more volume of hot air. The outlet duct area is increased by 200 m/m enabling CA fan to handle more volume of air.

Kiln :- Kiln was able to produce 420 MT/Day. The following jobs were taken up.

- i. Dip tube of twin cyclone changed with bigger size.
- ii. The down comer duct changed with 1200 m/m dia.
- iii. Induced draft fan changed with higher capacity.
- iv. A part of shell changed.
- v. Cooler has been modified and capacity increased.
- vi. In house design, engineering, manufacturing, erection and commissioning of close circuit clinker crushing unit.

Environment:-

Bag filter for pollution control in kiln exhaust gas installed with new heat Exchanger.

b) Benefit derived as a result of the above efforts

The kiln which was producing 420 MT/Day is now capable of producing 500 MT/Day.

c) Foreign Exchange earning and outgo.

Due to Demand Supply gap in Northern Eastern areas, the company is able to sell its entire production in the domestic market itself, hence the company is not engaged in any activity relating to import or export. Therefore Foreign Exchange earning and outgo during the financial year 2006-07 was nil.

For **Barak Valley Cements Ltd.**

Place : New Delhi
Date : 09.06.2007

Sd/-
(Bijay Kumar Garodia)
Chairman

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Cement Industry in India is on strong foundation. Cement demand in the country grows at roughly 1.5 times of the GDP growth rate. The demand for the cement is closely related to the growth in the construction sector. Consequently, cement demand has been posting a healthy growth rate of around 8% since 1997-98, propelled by the increased thrust on infrastructure development and higher demand from the housing sector and industrial projects. The trend is likely to continue in the coming years. The Indian Cement Industry is a mixture of mini and large capacity cement plants, ranging in unit capacity per kiln as low as 10 tpd to as high as 7500 tpd. Majority of the production of cement in the country (94%) is by large plants, which are defined as plants having capacity of more than 900 tpd. The Ordinary Portland Cement (OPC) enjoys the major share (56%) of the total cement production in India followed by Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC). There is regional imbalance in cement production in India due to the limitations posed by raw material and fuel sources. Most of the cement plants in India are located in proximity to the raw material sources, exploiting the natural resources to the full extent. The Indian cement industry is about 90 years old and its main sources of energy are thermal and electrical energy.

PERFORMANCE REVIEW

Your company's success story needs no words as the efficiency and ability of your company is reflected in the financials of your company. The endless efforts to make BVCL reach to new heights have been the constant endeavor of your company. Indeed, the company has been able to achieve the targets set for itself from time to time by focusing on efficiency parameters and cost reduction methods and maximizing the production and sales realization. Your company ensures that it has made substantial progress on both the fronts.

The performance of the company for the financial year 2006-07 as compared to the financial year 2005-06 is as under:

	FY 2005-06	FY 2006-07	(Rs in lacs) % Growth
Production (MT)	1,34,351	1,59,260	19
Turnover	5274.21	7378.23	40
Profit after Tax	1237.10	1430.88	16

The above financial highlights of the company indicate that the company has earned the net profit of Rs 1430.88 lakhs for the year under review. Analyzing the financial parameters of the current financial year in comparison with that of previous financial year, it is observed that your company has shown an increase in the net profits by 16% in current financial year. However, the net profits earned have not grown at the same rate as the turnover of the company, and the main reason accounting for this is the discontinuance of transport subsidy, earlier received by the company. Your company was eligible for the transport subsidy upto the financial year 2005-06, and profit for the previous year included the amount of transport subsidy of Rs. 588.95 lakhs. This year the company has maintained its profitability (in figures) without having any transport subsidy. Hence, if we analyse the profitability of the company without considering transport subsidy in the financial year 2006-07, the company has made a tremendous growth of 121% in the profitability as compared to previous year.

SALES & MARKETING

The company has achieved a turnover of Rs 7378.23 lakhs in the financial year 2006-07 in comparison with the previous year sales of Rs 5274.21 lakhs. The sales of your company are mainly in the Northeast region and more particularly in Barak Valley, Mizoram, Tripura, and Agartala Region. Your company also supply cement to the various department of Assam Government and Director General of Supplies & Disposal (DGS&D), accounting for about 13% of the total sales to the Government, thereby, making the company reach the sales target of Rs. 7378.23 lakhs and net profit of Rs. 1430.88 lakhs.

COSTS

Transport

For cement, transport cost both inbound and outbound taken together is the largest spend. Your company was receiving the Transport Subsidy from the Government which has been discontinued from the financial year 2006-07, due to which the input costs of the cement has increased from its earlier per unit cost. However, BVCL is setting up cement grinding unit and crusher unit in its subsidiary companies, and these subsidiary companies will be eligible for transport subsidy and in this way cost of transport shall be reduced in future.

Power

Power is one of the major factors in the manufacturing of the cement as the cement manufacturing process is an energy intensive process. The power requirements of our company are presently catered mainly by ASEB (Assam State Electricity Board) and balance by in house DG Sets during power cuts. The main dependence of the power supply on ASEB has been a major concern for our company as the frequent power cuts is the major problem causing disruption in the production process, for which the company has temporary arrangements through the use of DG sets costing more than twice the average costs of supply by ASEB. Presently the cost of power from ASEB and DG Set is Rs. 3.90 and Rs. 11 respectively and the overall average cost of power is Rs. 6.

However, your company is setting up 6 MW power plant in its wholly owned subsidiary company i.e. Badarpur Energy Private Limited for the captive consumption of the electricity produced by the subsidiary for our company. And in this way the power cost shall be reduced to Rs. 3.75/- per unit.

CEMENT OUTLOOK AND FUTURE

The Cement sector, being one of the booming sectors of our economy is unleashing towards potential for its growth due to the development of Housing Sector and increased activity in Infrastructure Development such as State and National Highways and already underway National Highway Development Project (NHDP). Besides this, the government's thrust on infrastructure like airports and seaports will further boost demand for the cement. The Government has projected growth in Cement demand for the XI Plan at 11.5% CAGR, which seems quite feasible given the huge investment planned in infrastructure by both the government and the private sector.

In North East Region Government is encouraging existing as well as new entrepreneurs to set up cement plants in North East by providing various Govt. Subsidies and Tax Exemptions. Apart from this in Northeast, there is deficit cement market and supply is not enough as per demand of cement. Moreover the Government of India has announced The North East Industrial and Investment Promotion Policy (NEIIPP), which shall further create the demand of cement in North East in future.

Your company is taking the benefit of all these favourable conditions in North East. Your company is the only manufacturer of cement in Barak Valley, Aizwal and Agartala Region, and there is no other project in that area. Therefore your company foresees no problem in its continuous growth trend.

RISKS AND AREAS OF CONCERN

Coal

During the process of manufacture of cement, coal is used as a fuel. The cost of procuring coal nearly accounts for 9-11% of total production costs. Presently BVCL is acquiring the coal from Meghalaya and in Meghalaya there is no organised sector for selling coal. All the coal mines are owned by Local Tribal. Dependence on the Local Tribal for the coal due to unorganized sector in Meghalaya could be a concern for our company.

However, there is no restriction on the mining of coal by the Local Tribes in Meghalaya, since the inception of the company, we have been procuring on an average 20000 MT of Coal from the Local Tribes and have not faced any problem till now.

Transport

Your company was enjoying the benefit of Transport Subsidy from the Government till the accounting year 2005-06. From the year 2005-06 onwards, the company is not eligible for any transport subsidy as the eligibility of the company for transport subsidy was for the period of 5 year only. The discontinuance of transport subsidy has become a matter of concern as it has the effect of increasing the overall cost of the cement, which would have the impact on the overall profitability of our company. However the subsidiary companies of BVCL will be eligible for transport subsidy after coming into production and the cost of transport shall be reduced.

Inflation and Interest Rates

Inflation is a sustained increase in the average price of all goods and services produced in an economy. Money loses purchasing power during inflationary periods since each unit of currency buys progressively fewer goods. The current inflation rate in the Indian Economy is at approx. 5% to 6%. Interest rates were also raised to curb rising inflation. Inflation has been on the rise in the recent months due to rapid demand for credit in a booming economy and also due to constraints on the availability of certain essential commodities like wheat and pulses.

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY**Environment Management**

The company believes in the policy of eco-friendly environment for the purpose of which the company has obtained the necessary approvals from the Pollution Control Board so that the emission of the pollutants in the environment is as per the permissible standards of emission. We have sustained our efforts to protect the environment and control pollution.

CORPORATE SOCIAL RESPONSIBILITY**Health Care**

- Medical camps were conducted in host communities and villagers are medically examined and provided necessary treatment. Treatment for cataract, tuberculosis, pre and post natal care for women were some of the areas covered,
- AIDS awareness camps generated greater awareness,
- Pulse Polio programmes and provision of safe drinking water at N. C. College, Badarpur was some of the other health care initiatives.

Education

- Your Company is regularly taking steps to promote education in nearby areas; Your Company has also built a school for the children of the workers and villagers. In the month of September 2006 your company also organized a quiz programme on state level in Guwahati.
- Donated Computer to Kinder Garden School, Badarpur.

Social Welfare

- Mass marriage programme for scheduled caste couples, exhibition and training on balanced diet and food preservation for women and girl students, awareness drive on knowledge, attitude and practices, were conducted to increase women empowerment. Your company also constructed godown for firewood stock to provide firewood at free cost to poor people and donation of firewood of about 10-15 Ton on monthly basis. Your company has also given donations to different organizations for cultural and sports activity like temple construction and development, different pujas, kirtan, football tournament, various camps, competitions etc. Your company has also provided assistance to NGO by constructing office building at Debendar Nagar, Badarpur.

Training Programmes

- Your company has been an active participant in conducting the training programmes for the workers and supervisors. The company organized training programme from 6th November 2006 to 9th November 2006 for Self-Development and Developing Front Line Managers in co-ordination with Assam Productivity Council.

INTERNAL CONTROL SYSTEMS

Our company has sound internal system operating within the company. The Internal Control system operating within the organization ensures that there has been the efficiency of operations, financial reporting, compliance with applicable laws and regulations. Recognizing the significant role of internal scrutiny, the Internal Audit Department has been active within the organization right from the inception. It is an independent department with objective and assurance functions that is responsible for assessing and improving the effectiveness of risk management, control and governance process. The department prepares a risk based internal audit plan every year. The department reviews the adequacy and effectiveness of internal control systems on an ongoing basis and suggests modifications so that we can respond to the changing needs of cement business.

HUMAN RESOURCES

The mission of our company is to nurture the best talent within the organization and to retain it keeping in view the long term objective of building strong relationships with the employees of the company as the employees are believed to be the most valuable asset for our company, which the company possesses. The foundation for the success of our company lies in our biggest strength that is our people. The company has always followed a policy of taking keen interest in the well being and progress of our people by giving them the best growth opportunities. The human resource practices of our company are focused on building an expert talent base at the company. The company endeavors to offer everyone a fair compensation. All this has led to a strong sense of belonging among our people and is a driving force in the company's growth and performance.

OCCUPATIONAL HEALTH & SAFETY (OH&S)

The company has endeavored to maintain the safety and well being of the workers of our company for which our company has in place necessary approvals for operating the Cement plants at the factory. The company has always been active in creating awareness for the Safety & Health Measures. The company's aim is to avoid unsafe situations and practices by any and all pre-emptive steps required. Precautions are taken to avoid accidents in the production process to ensure the safety of the employees.

CAUTIONARY STATEMENT

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in statement. Important factors that could influence the company's operation include demand and supply conditions, availability of inputs and their prices, both domestic and global, changes in government regulations, tax laws, monsoon, economic developments within the country and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

For Barak Valley Cements Limited

Sd/-
Kamakhya Chamaria
Managing Director

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company believes in the transparent conduct of the business with the objective of ensuring that all the shareholders and stakeholders are benefited by the company's way of managing and conducting the business. The fair and transparent conduct of the business is the key factor in determining the success story of any enterprise. Besides this, the compliance with the Corporate Governance as per Clause 49 of the Listing Agreement is also an initiative for the proper conduct of the business by the entrepreneurs, which the company follows for all its shareholders and stakeholders.

1. BOARD OF DIRECTORS

Composition

The company comprises of 12 directors, with 6 Independent and Non-Executive Directors and 5 Non-Independent Directors and One Director is a Nominee Director on behalf of Industrial Development Bank of India. Out of Non Independent Directors 3 Directors are executive including one Managing Director and rest 2 Directors are Non Executive. All Directors on the Board are experienced, competent and highly renowned persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors. The composition of the Board of Directors is in conformity with the Corporate Governance Code. The composition as on 31st March 2007 and the brief resume of each Director is given below:-

1. Bijay Kumar Garodia (Chairman and Executive Director)

Mr. Bijay Kumar Garodia is a well-known industrialist in North East. He is the Promoter Director of our company. He started his business career in the year 1978 with the establishment of small-scale industry viz. Garodia Industries. He is the award winner for exemplary and innovative role as entrepreneur i.e. "National Citizenship Award."

2. Kamakhya Chamaria (Managing Director)

Mr. Kamakhya Chamaria, a Commerce Graduate is a well-known reputed businessman. He is a man of having vast experience of Cement Industries. He is on the Board of our company since September 2003 and presently acting as the Managing Director of our company.

3. Santosh Kumar Bajaj (Whole Time Director)

Mr. Santosh Kumar Bajaj, an industrialist and businessman of good repute and having expertise knowledge and marketing skills is the promoter director of our company. He is a third generation entrepreneur in the Cement business, which act as a valuable source of vast knowledge for our Company.

4. Prahlad Rai Chamaria (Non-Executive and Non Independent Director)

Mr. Prahlad Rai Chamaria, a Commerce Graduate, Law Graduate and holding the Masters Degree in Economics is the promoter director of our company. He has also promoted other companies like Donypolo Udyog Limited (engaged in the business of manufacturing of Railway Concrete Sleepers), Balaji Udyog Limited (engaged in the business of manufacturing of SGCI Inserts).

5. Mahendra Agarwal (Non-Executive and Non Independent Director)

Mr. Mahendra Agarwal, Science Graduate from Calcutta University, is an experienced, well known personality having the experience of over 5 years' in the cement industry. He is a promoter director of Meghalaya Cements Limited (situated at Meghalaya) and is on the board of our company since 30.11.1999.

6. Brahm Prakash Bakshi (Non Executive and Independent Director)

Mr. Brahm Prakash Bakshi is a Masters Degree holder in Management with specialization in Project Management and holding the Post Graduate Diploma from International Institute of

Social Studies. He is having the experience of more than 32 years. He is working as the Director of our company since 13.03.2006.

7. D. R. Agarwal (Non Executive and Independent Director)

Mr. D. R. Agarwal, a Chartered Accountant, Law Graduate and done Doctorate in Economics. He has also authored and co-authored several books. He is working as the Director of our company since 13.03.2006.

8. Vimal Jain (Non Executive and Independent Director)

Mr. Vimal Jain, a Chartered Accountant and holds Master's Degree in Commerce is practicing as a Chartered Accountant since 1987. He was also the financial controller in Golcha Group of Industries. He is working as the Director of our company since 13.03.2006.

9. U. V. Rao (Non Executive and Independent Director)

Mr. U. V. Rao, a degree holder in Engineering (Mechanical) is having experience of more than 35 years in the cement industry. He has worked for 13 years in different plants of Associated Cements Company Limited. He is working as the Director of our company since 13.03.2006.

10. R. C. Bajaj (Non Executive and Independent Director)

Mr. R. C. Bajaj is an Under-graduate and having a very good experience in sales and Marketing. He is working as the Director of our company since 21.11.2006.

11. Mr. Vishal More (Non Executive and Independent Director)

Mr. Vishal More is a Masters Degree holder in Economics and a Chartered Financial Analyst (CFA). He has also worked as an economist with the corporate research wing of Confederation of Indian Industry (CII). He is presently associated with the CERG Advisory Private Limited, which is a research and consulting firm based out of New Delhi.

12. B. Lanong (Nominee Independent Director)

Mr. Betterful Lanong is a degree holder in Technology (Textiles). He is a Nominee Director of our company acting for IDBI Limited. He is presently working as a Deputy General Manager in IDBI, posted at Guwhati.

Remuneration of Directors

All fees/compensation, (except sitting fees) paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require shareholders' approval. Details of sitting fees paid to the Directors for attending Board meetings and remuneration paid to the executive directors during the year under review are as follows:

Sl.	Director	Salary (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)	No. of shares held
1	Sh. Bijay Kumar Garodia	7,00,000	-	-	21,62,500
2	Sh. Santosh Kumar Bajaj	7,00,000	-	-	20,84,500
3	Sh. Prahlad Rai Chamaria	-	80000	-	19,84,800
4	Sh. Mahendra Agarwal	-	50000	-	18,32,500
5	Sh. Kamakhya Chamaria	7,00,000	-	-	3,40,000
6	Sh. Sushil Kothari	3,92,000	-	-	-
7	Sh. B. P. Bakshi	-	30000	-	-
8	Sh. D. R. Agarwal	-	20000	-	-
9	Sh. Vimal Jain	-	30000	-	-
10	Sh. U. V. Rao	-	10000	-	-
11	Sh. R. C. Bajaj	-	20000	-	-
12	Sh. B. Lanong	-	-	-	-

Meetings and Attendance record of each Director:

During the year ended 2006-07 the Board of Directors had 9 meetings. These were held on 28.04.2006, 28.06.2006, 17.08.2006, 7.09.2006, 24.10.2006, 22.01.2007, 15.02.2007, 25.02.2007 and 23.03.2007.

The last Annual General Meeting was held on 30th September 2006.

Sl.	Director	Category	No. of Board Meeting Attended	Attendance at last AGM	Outside Directorships and Committee Positions		
					Director-ship	Committee Member-ship	Committee Chairman-ship
1	Sh. Bijay Kumar Garodia	ED	9/9	Yes	7	2	-
2	Sh. Santosh Kumar Bajaj	ED	8/9	Yes	3	-	-
3	Sh. Prahlad Rai Chamaria	NED	8/9	Yes	3	-	-
4	Sh. Mahendra Agarwal	NED	5/9	Yes	6	2	-
5	Sh. Kamakhya Chamaria	MD	8/9	Yes	0	-	-
6	Sh. Sushil Kothari	ED	5/9	Yes	0	-	-
7	Sh. B. P. Bakshi	IND	3/9	No	0	-	-
8	Sh. D. R. Agarwal	IND	2/9	No	3	-	-
9	Sh. Vimal Jain	IND	3/9	No	1	-	-
10	Sh. U. V. Rao	IND	2/9	No	1	-	-
11	Sh. R. C. Bajaj	IND	2/9	No	0	-	-
12	Sh. B. Lanong	IND	3/9	No	2	-	-

*MD-Managing Director, ED-Executive Director, NED-Non Executive Director, IND-Independent Director

Note:

1. Independent Director means a director defined as such under Clause 49 of the Listing Agreement.
2. Directorship in other companies has been counted by excluding Directorship in foreign companies and companies under Section 25 of the Companies Act, 1956.
3. Only two Committees viz. the Audit Committee and the Shareholders' / Investor Grievance Committee are considered for the purpose of counting Membership and Chairmanship in other committees.
4. No Director is related to any other Director on the Board, except for Mr. Kamakhya Chamaria and Prahlad Rai Chamaria, who are brothers. Mr. Mahendra Kumar Agarwal and Mr. Bijay Kumar Garodia are also related to each other (Mr. Mahender Kumar Agarwal is brother in law of Mr. Bijay Kumar Garodia)

Other provisions of the Board and Committees

The Board shall meet at least four times a year, with a maximum time gap of four months between any two meetings. The minimum information to be made available to the Board should be as prescribed in Annexure IA of Clause 49 of the Listing Agreement.

Your Company's Board plays a primary role in ensuring good governance and functioning of your Company. The Board consists of professionals from diverse fields and has vast experience in their respective areas. The Board's role, functions, responsibility and accountability are clearly defined. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board guides the management in achieving its goals and creating value for all stakeholders. Apart from the matters statutorily required to be placed before the Board, the working of all Units of your Company are also placed before the Board.

The details of Board meetings held during FY2006-2007 are as outlined below:

Date of Board Meeting	Place of Board Meeting	No. of Directors present in Meeting
28.04.2006	281, Deepali, Pitam Pura, New Delhi	6
28.06.2006	265, Sreemanta Market, Annexe, 2nd Floor, A.T. Road, Guwahati, Assam	5
17.08.2006	281, Deepali, Pitam Pura, New Delhi	5
07.09.2006	281, Deepali, Pitam Pura, New Delhi	7
24.10.2006	281, Deepali, Pitam Pura, New Delhi	7
22.01.2007	281, Deepali, Pitam Pura, New Delhi	7
15.02.2007	281, Deepali, Pitam Pura, New Delhi	5
25.02.2007	Hotel City Park, Pitam Pura, New Delhi	10
23.03.2007	281, Deepali, Pitam Pura, New Delhi	5

Other than Annual General Meeting, 2 Extra-ordinary General Meetings were held during the financial year 2006-07. The details of Extra-ordinary General Meetings held during FY 2006-07 are as outlined below:

Date of Extra Ordinary General Meeting	No. of Directors present in Meeting	Business Transacted at EGM
31.07.2006	7	Alteration of Object Clause and Increase in the remuneration of Directors.
21.11.2006	6	Further Issue of Share Capital, Increase in the remuneration of Directors and relative of Director, Approval to borrow and to create charge on the assets of the company.

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and senior management personnel of the company. The Code of Conduct is posted on the website of the company. All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2007.

Place : New Delhi
Date : 09.06.2007

Sd/-
Kamakhya Chamaria
Managing Director

2. AUDIT COMMITTEE

Your Company has an Audit Committee at the Board level, which acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors. All the Members of the Audit Committee are financially literate and Independent Directors. Details regarding Audit Committee are as follows:

Constitution of Audit Committee

The Board has reconstituted the Audit Committee on 9th June, 2007. At present the Audit Committee comprises of the following members:-

1. Sh Vimal Jain, Chairman
2. Sh. B. P. Bakshi
3. Sh. Vishal More
4. Sh. Kamakhya Chamaria

All the members of the Audit Committee are Non-Executive and Independent Directors except Sh Kamakhya Chamaria, who is the Managing Director of the company. They possess sound knowledge of accounts, audit, finance etc. Sh Sachin Agarwal acts as Secretary to the Committee.

Meetings of Audit Committee

The Audit Committee during the year ended on 2006-07 had 5 meetings duly held on 28.04.2006, 17.08.2006, 24.10.2006, 26.10.2006, and 23.03.2007. The attendance of each Committee member was as under:-

Name of the Member of Audit Committee	No. of Meetings Held	No. of Meetings Attended
Sh. Prahlad Rai Chamaria*	5	1/5
Sh. Vimal Jain	5	4/5
Sh B P Bakshi	5	4/5
Sh Sushil Kothari	5	5/5
Sh U. V. Rao*	5	1/5

* Mr. Prahlad Rai Chamaria and Mr. U. V. Rao have resigned from the Chairmanship of Audit Committee on 28.04.2006 and 25.02.2007 respectively.

Powers of Audit Committee

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference,
2. To seek information from any employee,
3. To obtain outside legal or other professional advice,
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible,
2. Approval of annual internal audit plan,
3. Review of financial reporting systems, internal control systems,
4. Ensuring compliance with regulatory guidelines,
5. Discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal & cost auditors,
6. Recommendation for appointment of statutory and cost auditors and their remuneration.
7. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956,

- b. Changes, if any, in accounting policies and practices and reasons for the same,
 - c. Major accounting entries involving estimates based on the exercise of judgment by management,
 - d. Significant adjustments made in the financial statements arising out of audit findings,
 - e. Compliance with listing and other legal requirements relating to financial statements,
 - f. Disclosure of any related party transactions,
 - g. Qualifications in the draft audit report.
- 8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - 9. Discussion with internal auditors any significant findings and follow up there on.
 - 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.

Review of Information by Audit Committee

The Audit Committee reviews the following information:

- 1. Management Discussion and Analysis of financial condition and results of operations,
- 2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management,
- 3. Management letters / letters of internal control weaknesses issued by the statutory auditors, if any,
- 4. Internal audit reports relating to internal control weaknesses, and
- 5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

3. SUBSIDIARY COMPANIES

At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Your Company is not a listed company neither it has any material non-listed Indian Subsidiary Company. The Audit Committee reviews the financial statements of the unlisted subsidiary companies. The minutes of the Board meetings as well as statement of all significant transactions of the unlisted subsidiary companies are placed before the Board of your Company for their review.

4. DISCLOSURES

(A) Basis of related party transaction

A statement in summary form of transactions with related parties in the ordinary course of business, details of material individual transactions with related parties that are not in the normal course of business and details of material individual transactions with related parties that are not on an arm's length basis is required to be placed before the Audit Committee.

Your Company places all the aforesaid details before the Audit Committee periodically. Particulars of related party transactions are listed out in "Schedule U" to notes on Accounts. However, all these transactions are on normal commercial arm's length basis.

(B) Disclosure of Accounting treatment

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

(C) Risk Management

The company shall lay down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures shall be reviewed to ensure that executive management controls risk through means of a properly defined framework.

Your Company is aware of the risks associated with the business. It regularly analyses the risks and takes corrective action for managing/mitigating the same. Your Company has developed a risk management policy.

(D) Proceeds from public issues, right issues, preferential issues etc.

If any capital is raised through an issue, the company needs to disclose to the Audit Committee, the uses / applications of funds on a quarterly basis. Further, on an annual basis, the company shall prepare a statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and place it before the Audit Committee. This statement shall be certified by the Statutory Auditors of the company.

During the year under review, your Company did not raise any funds by way of public, rights, preferential issues etc.

(E) Remuneration of Directors and details of Directors' shareholding

The company needs to disclose all pecuniary relationship or transactions of the non-executive directors' vis-à-vis the company.

Apart from sitting fees that are paid to the Directors for attending Board / Committee meetings, no significant material transactions have been made with the non-executive Directors vis-à-vis the Company. Remuneration paid to executive Directors and Shareholding of Directors is given under the head "Meeting and Attendance Record of each Director."

(F) Management

As part of the Directors' Report or as an addition thereto, a Management Discussion and Analysis Report should form part of the Annual Report to the shareholders.

The Management Discussion and Analysis Report form part of the Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

– Senior management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

No material transaction has been entered into by your Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc., which may have a potential conflict with interests of your Company.

(G) Shareholders

– In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the details of Directors

Details of the Directors seeking appointment / re-appointment at the ensuing AGM are provided in the Notice convening the AGM.

– Quarterly results and presentations made by the company to analysts shall be put on company's website, or shall be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own website.

Financial results are made available on the website of your Company (www.barakcement.com).

Share Transfer Committee

Your Company has a "Share Transfer Committee" at the Board level, under the Chairmanship of Sh. Prahlad Rai Chamaria and the other members of the Committee are Sh. Santosh Kumar Bajaj and Sh. Sachin Agarwal. The Committee looks into issues relating to shareholders, including transfer/transmission of shares, issue of duplicate share certificates, non-receipt of dividend, Annual Report, shares after transfers and delays in transfer of shares.

Shareholder / Investor Grievance Committee

Your Company has constituted a "Investor Grievance Committee" at the Board level, under the Chairmanship of Sh. B. P. Bakshi and membership of Sh. D. R. Agarwal and Sh. Vimal Jain, Non-Executive and Independent Directors to review the status of investor grievances and to sort out the complaints of Shareholders. This committee was constituted on 7th September 2006 and no meeting of this committee was held in the financial year 2006-07.

Remuneration Committee

Your company has constituted a Remuneration Committee also on 7th September 2006. The committee comprises of following members:-

- I) Sh. B. P. Bakshi, Chairman
- II) Sh. D. R. Agarwal
- III) Sh. Vimal Jain
- IV) Sh. Bijay Kumar Garodia

All the Directors of the committee are Independent and Non executive except Mr. Bijay Kumar Garodia. During the year ended on 2006-07, one meeting of the Remuneration Committee was held on 24.10.2006. All the members were present in the meetings.

5. CEO/CFO CERTIFICATION

Mr. Sushil Kothari, CFO of the company has certified to the Board that:

1. They have reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes to accounts, as well as the cash flow statement;
2. Based on their knowledge, information and belief, these statements do not contain any untrue statement of a material fact or omit to state a material fact that might be misleading with respect to the statements made;
3. Based on their knowledge, information and belief, the financial statements and other financial information included in this Report present a true and fair view of the Company's affairs for the period presented in this Report and are in compliance with the existing accounting standards, applicable laws and regulations;
4. To the best of their knowledge, information and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. They are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
6. They have disclosed, based on their most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps taken or proposed to be taken to rectify the deficiencies;

They have indicated to the Auditors and the Audit Committee:

- a) Significant changes in the Company's internal control over financial reporting during the year;

- b) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
- c) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : 09.06.2007

Sd/-
Sushil Kothari
CFO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of
Barak Valley Cements Limited**

We have examined the compliance of conditions of Corporate Governance by **Barak Valley Cements Limited** for the year ended on March 31, 2007 as stipulated in clause 49 of the Listing Agreement.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

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

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

Sd/-
(CA. Surender Kumar)
Proprietor

Sd/-
(CA. Mahesh Goel)
Partner

Dated : 9.06.2007
Place : New Delhi

Auditors' 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, 2007, 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 the 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, 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, 2007 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, 2007;
 - (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 : 9th June, 2007

Sd/-
(CA. Mahesh Goel)
Partner
M. No. 88958

Sd/-
(CA. Surender Kumar)
Proprietor
M. No. 93626

Annexure "A" to the Auditors' 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, 2007 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) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (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 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 : 9th June, 2007

Sd/-
(CA. Mahesh Goel)
Partner
M. No. 88958

Sd/-
(CA. Surender Kumar)
Proprietor
M. No. 93626

Balance Sheet As At 31st March, 2007

Particulars	Schedule No.	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Fund :			
i) Share Capital	"A"	165,000,000	165,000,000
ii) Reserves & Surplus	"B"	300,746,099	199,293,696
		<u>465,746,099</u>	<u>364,293,696</u>
2. Loan Funds :			
i) Secured Loans	"C"	322,553,265	308,203,662
ii) Unsecured Loans	"D"	35,000,000	—
3. Deferred Tax Liability		6,275,226	5,585,900
TOTAL :		<u>829,574,591</u>	<u>678,083,257</u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
i) Gross Block	"E"	589,689,361	574,699,357
Less :- Depreciation		229,546,112	178,362,862
Net Block		<u>360,143,249</u>	<u>396,336,495</u>
ii) Capital Work-in-Progress		79,045,709	479,109
iii) Pre-operative Expenditure during construction period		4,387,320	—
iv) Capital Goods in transit		—	1,966,989
		<u>443,576,278</u>	<u>398,782,593</u>
2. Investments	"F"	<u>170,870,423</u>	<u>99,063,423</u>
3. Current Assets, Loans & Advances			
i) Inventories	"G"	61,325,038	46,580,348
ii) Sundry Debtors	"H"	31,942,291	33,356,945
iii) Cash & Bank Balance	"I"	16,700,876	10,661,586
iv) Loans & Advances	"J"	163,500,934	165,315,328
		<u>273,469,138</u>	<u>255,914,206</u>
Less : Current Liabilities & Provisions :	"K"		
i) Liabilities		36,431,660	38,659,305
ii) Provisions		25,563,700	41,585,301
Net Current Assets		<u>211,473,778</u>	<u>175,669,600</u>
4. Miscellaneous Expenditure :	"L"	3,654,112	4,567,640
(to the extent not written off or adjusted)			
TOTAL :		<u>829,574,591</u>	<u>678,083,257</u>

Significant Accounting Policies & Notes to Accounts "U"

Schedule "A" to "L" and "U" 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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

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

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 09th June, 2007

Profit & Loss Account for the Year Ended 31st March, 2007

Particulars	Schedule No.	Year Ended 31.03.2007 (Amt. in Rs.)	Year Ended 31.03.2006 (Amt. in Rs.)
INCOME			
Sales (Including Central Excise Duty amounting to Rs. 4,46,78,320/- (Last Year Rs. 3,87,54,942/-) refunded back by Govt. of India	"M"	737,822,579	527,420,800
Other Income	"N"	5,980,158	9,254,870
Increase/(Decrease) in Stock	"O"	(481,258)	7,109,879
TOTAL :		743,321,478	543,785,550
EXPENDITURE			
Cost of Materials	"P"	179,471,271	129,662,969
Manufacturing and Operating Expenses	"Q"	198,990,079	149,142,320
Administrative & Other Expenses	"R"	27,174,383	21,101,103
Selling & Distribution Expenses	"S"	97,106,367	52,966,153
Interest & Financial Charges	"T"	26,838,932	19,761,135
Depreciation	"E"	51,183,250	34,469,112
TOTAL :		580,764,281	407,102,792
PROFIT BEFORE TAXATION		162,557,197	136,682,758
LESS : PROVISION FOR TAXATION			
– Current Income Tax		18,118,812	12,066,537
– Deferred Tax Liability		689,326	231,135
– Fringe Benefit Tax		660,555	675,000
PROFIT AFTER TAXATION		143,088,504	123,710,086
Balance Brought Forward from last year		178,347,181	106,517,767
Profit Available for Appropriation :		321,435,685	230,227,853
Less: Equity Dividend		36,300,000	34,650,000
Tax on Dividend		5,336,101	4,859,663
Transfer to General Reserve		14,308,850	12,371,009
Balance Carried to Balance Sheet		265,490,734	178,347,181
Earning Per Share (Face Value of Rs. 10/- each)			
a) Basic & Diluted (Refer to Note 11 of Schedule "U")		8.67	7.50

Significant Accounting Policies & Notes to Accounts "U"

Schedule "E", "M" to "U" annexed hereto form an integral part of the Profit & Loss A/c.
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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

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

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 09th June, 2007

Schedules Forming Part of Balance Sheet As On 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "A"		
SHARE CAPITAL :		
Authorised Capital		
2,50,00,000 Equity Shares of Rs. 10/- each	250,000,000	250,000,000
Issued, Subscribed & Paid-up Capital		
1,65,00,000 Equity Shares of Rs. 10/- each, fully paid up	165,000,000	165,000,000
	165,000,000	165,000,000
SCHEDULE - "B"		
RESERVES & SURPLUS :		
1. General Reserve		
Balance Brought forward	20,946,515	—
Additions during the year	14,308,850	20,946,515
	35,255,365	20,946,515
2. Profit & Loss Account	265,490,734	178,347,181
Total (1+2)	300,746,099	199,293,696
SCHEDULE - "C"		
SECURED LOANS :		
1. Rupee Term Loan from Banks/Financial Institutions	195,600,000	208,708,336
(Secured against first charge on all the movable (save and except current assets) and immovable assets of the company, second charge on the current assets of the company and personal guarantees of promoter directors of the company.)		
2. Equipment & Vehicle finance from Banks	3,453,777	2,140,650
(Secured against hypothecation of respective assets)		
3. Cash Credit from Banks	123,499,489	97,354,676
(Secured against first charge on current assets, second charge on the fixed assets and personal guarantee of promoter directors of the company.)		
	322,553,265	308,203,662
Note : Out of 1 and 2 above a sum of Rs. 680 Lakhs (Previous Year : Rs. 529 Lakhs) would become due for payment within a year.		
SCHEDULE - "D"		
UNSECURED LOANS :		
1. Short Term Loan from Banks/Financial Institutions	35,000,000	—
(Against personal guarantees of promoter directors of the company.)		
	35,000,000	—

SCHEDULE - "E" SCHEDULE OF FIXED ASSETS & DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2007 (AS PER W.D.V. METHOD UNDER THE COMPANIES ACT, 1956)									
NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As On 01.04.2006	Additions during the Year	Deduction/ Adjustments during the Year	As On 01.04.2006	For the Year	As On 31.03.2007	As On 31.03.2007	As On 31.03.2006	(Amt. in Rs.)
(A) Tangible Assets:									
Land and Site Devel.	56,247,147	369,903	-	-	-	-	56,617,050	56,247,147	
Factory Building	84,177,257	-	-	20,745,692	6,343,156	27,088,848	57,088,409	63,431,565	
Furniture & Fixtures	3,506,050	573,599	-	1,684,112	396,763	2,080,875	1,998,774	1,821,937	
Computer	3,056,822	1,096,799	-	2,184,566	675,784	2,860,350	1,293,271	872,256	
Motor Vehicles	5,531,437	91,472	-	2,045,902	917,603	2,963,505	2,659,404	3,485,535	
Office Equipment	3,081,716	693,029	-	966,836	411,816	1,378,652	2,396,093	2,114,880	
Plant, Machinery & Installations	419,098,929	10,720,841	-	150,735,754	41,956,674	192,692,428	237,127,342	268,363,175	
Total (A)	574,699,358	13,545,643	-	178,362,862	50,701,796	229,064,658	359,180,343	396,336,495	
(B) Intangible Assets:									
Computer Software	-	1,444,361	-	-	481,454	481,454	962,907	-	
Total (B)	-	1,444,361	-	-	481,454	481,454	962,907	-	
Total (A+B)	574,699,357	14,990,004	-	178,362,862	51,183,250	229,546,112	360,143,249	396,336,495	
Previous year	371,312,073	203,387,284	-	143,893,751	34,469,112	178,362,862	396,336,495	-	

Schedules Forming Part of Balance Sheet As On 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)															
SCHEDULE - "F"																	
INVESTMENTS :																	
(A) Long Term Investments (at Cost) :																	
i) In Subsidiaries (Other than trade, Unquoted, fullypaid up equity shares)																	
<table border="0" style="width: 100%;"> <tr> <th style="text-align: left;">Name of Subsidiary Company</th><th style="text-align: right;">No. of Shares</th><th style="text-align: right;">Amount</th></tr> <tr> <td>1. Badarpur Energy (P) Ltd.</td><td style="text-align: right;">1,863,340</td><td style="text-align: right;">92,767,000</td></tr> <tr> <td>2. Cement International Ltd.</td><td style="text-align: right;">992,700</td><td style="text-align: right;">45,607,000</td></tr> <tr> <td>3. Meghalaya Minerals & Mines Ltd.</td><td style="text-align: right;">1,400,000</td><td style="text-align: right;">32,492,000</td></tr> <tr> <td></td><td></td><td style="text-align: right;">170,866,000</td></tr> </table>	Name of Subsidiary Company	No. of Shares	Amount	1. Badarpur Energy (P) Ltd.	1,863,340	92,767,000	2. Cement International Ltd.	992,700	45,607,000	3. Meghalaya Minerals & Mines Ltd.	1,400,000	32,492,000			170,866,000	99,059,000	
Name of Subsidiary Company	No. of Shares	Amount															
1. Badarpur Energy (P) Ltd.	1,863,340	92,767,000															
2. Cement International Ltd.	992,700	45,607,000															
3. Meghalaya Minerals & Mines Ltd.	1,400,000	32,492,000															
		170,866,000															
(B) Current Investments :																	
Other than trade, Quoted, fully paid up equity shares (50 Shares of Gujarat Ambuja Ltd., Market Value Rs. 5,335.00)	4,423	4,423															
	170,870,423	99,063,423															
SCHEDULE - "G"																	
INVENTORIES :																	
(At lower of cost or net realisable value)																	
Store, Spares and fuel	26,515,069	23,567,787															
Raw Material	18,866,255	5,852,594															
Packing Material	3,497,104	4,232,099															
Semi Finished Goods	9,869,674	9,944,941															
Finished Goods	2,576,935	2,982,927															
	61,325,038	46,580,348															
SCHEDULE - "H"																	
SUNDRY DEBTORS																	
(i) Secured and considered good :																	
– Debts outstanding for a period exceeding six months	–	24,863															
– Other Debts	1,654,701	1,534,937															
	1,654,701	1,559,800															
(i) Unsecured and considered good :																	
– Debts outstanding for a period exceeding six months	4,325,101	6,048,734															
– Other Debts	25,962,489	25,748,412															
	30,287,590	31,797,146															
	31,942,291	33,356,945															
SCHEDULE - "I"																	
CASH & BANK BALANCES																	
Cash in Hand	2,533,329	1,696,396															
Balances with Scheduled Banks :																	
– In Current Account	5,727,669	5,574,443															
– In Fixed Deposits	3,426,747	2,259,796															
Cheques/Demand Drafts in Hand	5,013,130	1,130,951															
	16,700,876	10,661,586															

Schedules Forming Part of Balance Sheet As On 31.03.2006

Particulars	31.03.2006 (Amt. in Rs.)	31.03.2005 (Amt. in Rs.)
SCHEDULE - "J"		
LOANS & ADVANCES		
(Unsecured and considered good for recovery by the Management)		
1) Subsidy Receivable from Central/State Govt.	128,589,473	129,179,892
2) Excise Duty Refundable	9,460,236	9,899,658
3) Advance to Suppliers/Contractors	10,203,548	16,404,471
4) Security Deposits	6,130,338	7,607,293
5) Other advances - Recoverable in cash or in kind or for value to be recieved	9,117,339	2,224,014
	163,500,934	165,315,328
SCHEDULE - "K"		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilites		
1) Sundry Creditors	15,873,914	18,143,943
2) Statutory Liabilities	2,396,785	1,407,956
3) Interest Accrued but not due	85,500	150,000
4) Advance from Customers	4,699,843	6,875,584
5) Security Money received	5,736,690	6,883,980
6) Other Liabilities	7,638,928	5,197,842
	36,431,660	38,659,305
Provisions		
1) Provision for Income Tax	18,262,467	12,066,537
2) Provision for Fringe Benefit Tax	660,555	675,000
	18,923,022	12,741,537
Less : Advance Income Tax and Tax Deducted at Source	(6,799,036)	(10,359,626)
Less : Advance Fringe Benefit Tax	(725,000)	(675,000)
	11,398,986	1,706,911
3) Provision for Gratuity	578,613	368,727
4) Proposed Dividend	8,250,000	34,650,000
5) Corporate Dividend - Tax	5,336,101	4,859,663
	25,563,700	41,585,301
SCHEDULE - "L"		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
1) Mines Development	3,424,112	4,280,140
2) Lease Rights	230,000	287,500
	3,654,112	4,567,640

Schedules Forming Part of the Profit & Loss Account for the Year Ended 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "M"		
SALES		
Gross Sales	735,819,498	526,602,347
Add : Captive Consumption of Cement	2,032,559	872,180
	737,852,057	527,474,527
Less : Cement Damaged	29,478	53,727
Net Sales	737,822,579	527,420,800
SCHEDULE - "N"		
OTHER INCOME		
Equipment Hire charges	3,781,968	150,000
Sale of Scrap	1,973,199	—
Misc. Income	223,386	78,978
Insurance Claim Received	1,605	511,974
Insurance Subsidy of earlier years	—	1,000,000
Interest Subsidy of earlier years	—	1,513,918
Power Subsidy of earlier years	—	6,000,000
	5,980,158	9,254,870
SCHEDULE - "O"		
INCREASE/(DECREASE) IN STOCK		
Semi Finished Goods		
Opening Stock	9,944,941	5,263,003
Closing Stock	9,869,674	9,944,941
	(75,267)	4,681,938
Finished Goods		
Opening Stock	2,982,927	554,986
Closing Stock	2,576,935	2,982,927
	(405,992)	2,427,941
Increase/(Decrease) in Stock	(481,258)	7,109,879
SCHEDULE - "P"		
COST OF MATERIALS		
Raw Material Consumed	139,052,718	99,136,993
Stores and Spares consumed	21,242,282	13,505,351
Packing Material consumed	19,176,270	17,020,625
	179,471,271	129,662,969
SCHEDULE - "Q"		
MANUFACTURING AND OPERATING EXPENSES		
Power & Fuel Expenses	149,865,975	112,559,138
Material Handling & Freight Charges	5,145,158	4,389,535
Repair and Maintenance		
– Plant & Machinery	5,956,217	3,404,769
– Building	498,539	782,303
Salaries, Wages & Bonus	30,506,299	22,632,359
Contribution to Provident Fund	652,684	460,574
Staff Welfare Expenses	1,198,348	677,314
Research and Development Expenditure	723,360	425,500
Other Production Overheads	4,443,499	3,810,828
	198,990,079	149,142,320

Schedules Forming Part of the Profit & Loss Account for the Year Ended 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "R"		
ADMINISTRATIVE & OTHER EXPENSES		
Auditors' Remuneration	163,770	95,000
Bank Charges	812,320	615,713
Books & Periodicals	92,111	87,524
Charity & Donation	1,521,795	118,450
Bad Debts	978,003	-
Directors' Remuneration	2,492,000	790,000
Electricity Expenses	743,642	587,872
Fees & Subscription	419,974	101,487
ROC Filing Fees & Legal Expenses	104,389	387,725
House/Office Rent & Maint. Expenses	1,160,681	1,032,764
Insurance	697,597	318,892
Misc. Exps. Written off	913,528	1,755,611
Motor Car Running, Maint. & Hire Charges	2,288,763	2,501,712
Office and Other Miscellaneous Expenses	1,398,652	1,472,093
Postage & Telegraph Exps.	256,725	203,999
Printing, Stationery and computer Expenses	992,457	751,689
Provision for Gratuity	209,886	368,727
Rates & Taxes	695,869	745,359
Repair & Maintenance	460,913	326,627
Salary and other benefits to staff	2,954,680	1,815,010
Professional & consultancy service charges	298,550	240,400
Staff Fooding & Welfare Expenses	1,360,434	599,815
Sundry Balances written - off	45,399	-
Telephone Exps.	2,437,127	2,412,906
Travelling & Conveyance Expenses	3,534,357	3,771,728
Processing Charges	140,760	-
	27,174,383	21,101,103
SCHEDULE - "S"		
SELLING & DISTRIBUTION EXPENSES		
Transportation Cost	68,146,418	46,530,804
Sales Promotion Expenses	4,887,015	1,675,519
Advertisement & Publicity	2,896,107	1,942,026
VAT/Sales Tax	19,746,010	2,249,648
Market Survey, Consultancy & Other Charges	1,015,808	476,400
Shop/Godown Rent	415,008	91,756
	97,106,367	52,966,153
SCHEDULE - "T"		
INTEREST & FINANCIAL CHARGES		
Term Loan	19,246,594	14,498,952
Working Capital facility (Net)	7,253,721	3,978,388
Others	794,808	1,646,924
Less : Interest Received, including TDS of Rs. 2,875/- (Previous Year TDS Rs. 6,355/-)	(456,191)	(363,129)
	26,838,932	19,761,135

SCHEDULE - "U": 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 direct costs along with part of indirect expenses 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.

(15) INTANGIBLE ASSET :

Intangible asset is recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The depreciable amount of an intangible asset is allocated over its estimated useful life.

(16) PROVISIONS AND CONTINGENCIES:

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. A contingent liability of an outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:**(1) 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.36.67 Lakhs (Previous year: Rs. 208 Lakhs)

(2) Contingent liabilities not provided for:

- (a)** Bank Guarantee issued by Banks Rs.2,25,000 (Previous Year – Rs. 2,25,000)
- (b)** Corporate Guarantee's given to Financial Institutions/ Banks on behalf of wholly owned subsidiaries: Rs. 2200 Lakhs (Previous year – Nil)
- (c)** Claims against the company not acknowledged as debts – 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 Production (Cement)

Particulars	2006-2007 (M.T.)	2005-2006 (M.T.)
(1) Licensed Capacity	N.A.	N.A.
(2) Installed Capacity (M.T.)	1,51,800	1,51,800
(3) Production – Cement (M.T.)	1,59,260	1,34,351

(b) Sales :

	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
(1) Cement	1,59,545.60**	73,49,14,419	1,33,564.80**	52,69,17,408
(2) Clinker	908.80	29,08,160	287.93	5,03,392
Total	1,60,454.40	73,78,22,579	1,33,836.18	52,74,20,800

** Including damage/ shortage in transit 8.20 MT (Previous Year 16.55 MT)

(c) Stock of Finished and Semi Finished Goods :

	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
(i) Cement				
Opening Stock	1,052.70 M.T.	29,82,927	2,66.50 M.T.	5,54,986
Closing Stock	767.60 M.T.	25,76,935	1,052.70 M.T.	29,82,927
(ii) Clinker				
Opening Stock	3,777.33 M.T.	96,51,152	3,023.59 M.T.	50,37,301
Closing Stock	3,264.41 M.T.	96,17,524	3,777.33 M.T.	96,51,152
(iii) Raw – Mix				
Opening Stock	489.65 M.T.	2,93,790	376.17 M.T.	2,25,702
Closing Stock	420.25 M.T.	2,52,150	489.65 M.T.	2,93,790

(d) Raw Materials Consumed:

Particulars	2006-2007 Qty. (MT)	Value (Rs.)	2005-2006 Qty.(MT)	Value (Rs.)
(i) Lime Stone	1,55,727.15	6,97,10,672	1,36,370.98	3,82,98,950
(ii) Gypsum	947.63	22,68,806	1,128.98	22,42,700
(iii) Fly Ash	20,123.67	3,15,94,904	4,734.70	67,43,948
(iv) Clinker	7,734.66	2,07,94,844	16,937.81	4,14,85,527
(v) Other Materials	43,597.91	1,46,83,492	32,664.53	1,03,65,868
Total		13,90,52,718		9,91,36,993

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

	2006-2007 Value (Rs.)	%	2005-2006 Value (Rs.)	%
(1) Raw Materials/Packing Material :				
Limestone Gypsum, Fly ash, Clinker, Clay, HDPE Bags.				
: Imported	Nil	Nil	Nil	Nil
: Indigenous	15,82,28,988	100%	11,61,57,618	100%

	2006-2007		2005-2006	
	Value (Rs.)	%	Value (Rs.)	%
(2) Stores & Spares :				
– Imported	Nil	Nil	Nil	Nil
– Indigenous	2,12,42,282	100%	1,35,05,351	100%
(f) C.I.F. Value of Import :	Nil (Previous Year - Nil)			
(g) Earning in Foreign Exchange :	Nil (Previous Year – Nil)			
(h) Expenditure in Foreign Currency : (Foreign Travelling expenses)	Nil (Previous Year - 5,60,000)			
(4) During the year, an amount of Rs. 8,75,007 was paid to selling agents of the company as Sales Commission. (Previous Year Rs. 2,66,029)				
(5) During the year, the company has capitalized the borrowing cost amounting to Rs. 8,56,213 for major expansion activities of plant at factory site. (Previous Year Rs.77,09,018)				
(6) Payment made to Auditors during the year ended is as under :-				
	Current Year		Previous Year	
a. As Auditors	Rs. 94,180		Rs. 58,570	
b. Taxation Matters	Rs. 35,000		Rs. 6,000	
c. Company Law and other matters	Rs. 30,000		Rs. 19,000	
d. Reimbursement of expenses	Rs. 4,590		Rs. 11,430	
Total	Rs. 1,63,770		Rs. 95,000	
(7) Remuneration paid to Directors during the year: Rs. 24,92,000 (Previous Year: Rs. 7,90,000)				
(8) GOVT. SUBSIDIES				
Insurance and interest subsidy has been adjusted from related overheads and shown as receivable forming part of loans and advances.				
(9) 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)				
(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:				
Subsidiary Companies (with effect from 31.03.06)	Meghalaya Minerals & Mines Ltd. Badarpur Energy Pvt. Ltd. Cement International Ltd.			
Associates	M/s. Nefa Udyog M/s. Meghalaya Cements Ltd. M/s. Balaji Udyog Ltd.			
Key Management Personal and their relatives	Kamakhya Chamaria (Managing Director) Bijay Kumar Garodia (Chairman & Whole Time Director) Santosh Kumar Bajaj (Whole Time Director) Sushil Kumar Kothari (Executive Director-Finance) Jagdish Prasad Shah (G.M.-Administrator) Pralhad Rai Chamaria (Non-Ex. Director) Mahendra Kumar Agarwal (Non-Ex. Director)			

Details of transactions between the company and related parties for the year ended on 31.03.2007 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 : Cement International Ltd.	77.74	—	—	
	: Badarpur Energy Pvt. Ltd.	57.35			
2.	Hire Charges paid to Nefa Udyog	—	17.75	—	
3.	Sale of Scrap to Balaji Udyog Ltd.	—	0.97	—	
4.	Investment in Shares	718.07	—	—	
5.	Purchase of Raw Materials/ semi finished goods : Meghalaya Minerals & Mines Limited	331.95	—	—	
	: Meghalaya Cements Limited	—	120.54	—	
6.	Stores, spares and other services rendered : Badarpur Energy Private Ltd.	29.80			
	: Cement International Ltd.	57.95			
	: Meghalaya Minerals & Mines Limited	16.24	103.99	—	—
7.	Remuneration paid	—	—	28.52	
8.	Sitting Fee paid to Non-Executive Directors	—	—	1.30	

(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 31st March 2007 and the year ended 31st March 2006.

	(Amount in Rs.)	
	Year Ended 31st March, 2007	Year Ended 31st March, 2006
(a) Profit/(Loss) after tax	14,30,88,504	12,37,10,086
(b) The weighted average number of Ordinary Share for EPS	1,65,00,000	1,65,00,000
(c) The nominal value per Ordinary Share	10	10
(d) Earnings Per Share Basic & Diluted (Rs.)	8.67	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) Expenditure on purchased software (ERP) and IT related expenses are written off over a period of three years.
- (15) Sundry debtors include due from following subsidiary companies:
 (a) Badarpur Energy Pvt. Ltd. Rs. 7,52,315.00 (Previous Year : Nil)
 (b) Cement International Ltd. Rs. 6,33,860.00 (Previous Year : Nil)
- (16) Sundry Creditors include due to following subsidiary company :
 (a) Badarpur Energy Pvt. Ltd. Rs. 7,19,918.00 (Previous Year : Nil)
- (17) Other advances include due from following subsidiary companies:
 (a) Badarpur Energy Pvt. Ltd. Rs. Nil (Previous Year : Rs. 14,642)
 (b) Cement International Ltd. Rs. 9,18,870. (Previous Year : Rs. 75,241)
- (18) Advance to customers include Rs. 23,54,206 due from Meghalaya Minerals & Mines Ltd. (subsidiary company) (Previous Year : Rs. 21,57,960)

- (19) The company operates in only one Segment i.e. cement manufacturing. There is no separate reportable segment as required by AS – 17 “Segment Reporting”.
- (20) 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.

(21) 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.

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 enacted future tax rates.

Deferred Tax asset/ liability have been calculated as under:

(Amount in Rs.)

S. No.	Particulars	Balance As on 01.04.2006	Additions/ (deductions) during the year	Balance As on 31.03.2007
1.	(a) Deferred Tax Liabilities			
	Tax impact of difference between carrying amount of fixed assets in the financial statement and income tax returns	56,96,520	7,75,377	64,71,897
2.	(b) Deferred Tax Assets			
	Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax (provision for gratuity)	1,10,620	86,051	1,96,671
	Deferred Tax Liability (a – b)	55,85,900	6,89,326	62,75,226

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

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.

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

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

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

Sd/-
CA. Surender Kumar
(Proprietor)

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

Sd/-
CA. Mahesh Goel
(Partner)

New Delhi, 09th June, 2007

For & on behalf of the Board

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
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	31.03.2007		

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	829,575	Total Assets	829,575
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SOURCES OF FUNDS

Paid-up Capital	165,000	Reserves & Surplus	300,746
Secured Loans	322,553	Deferred Tax Liability	6,275
Un-Secured Loans	35,000		

APPLICATIONS OF FUNDS

Net Fixed Assets	443,576	Investments	170,870
Net Current Assets	211,474	Misc. Expenditure	3,654
Accumulated Losses	NIL		

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

Turnover & other income	743,321	Total Expenditure	580,764
Profit/Loss Before Tax	162,557	Profit /Loss After Tax	143,089
Basic & Diluted Earning Per Share (in Rs.)	8.67	Dividend @ %	22%

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, 09th June, 2007

Sd/-
Kamakhya Chamarla
Managing Director

Sd/-
Bijay Kumar Garodia
Chairman

Sd/-
Santosh Kumar Bajaj
Whole Time Director

Sd/-
Sachin Agarwal
Company Secretary

Cash Flow Statement for the Year Ended 31st March, 2007

S.N.	Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before Tax	162,557,197	136,682,758
	Adjustment for :		
	Add : Depreciation & Misc. expenditure	52,096,778	36,224,722
	Interest & finance charges	26,838,932	19,761,135
		241,492,907	192,668,616
	Less: Profit on sale of assets / investments	—	—
	Operating Profit before working capital changes	241,492,907	192,668,616
	Adjustment for change in :		
	Trade & other receivables	3,229,048	3,555,928
	Inventories	(14,744,690)	(15,122,753)
	Trade and other payables	(17,559,921)	9,233,592
	Cash generated from Operations	212,417,345	190,335,383
	Direct Taxes Paid	(19,468,693)	(12,972,672)
	Net Cash Flow from Operating Activities	192,948,653	177,362,711
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Acquisition of Fixed Assets	(95,976,935)	(121,354,951)
	Purchase of Investments	(71,807,000)	(92,815,423)
		(167,783,934)	(214,170,374)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Increase in Bank borrowings	49,349,604	81,108,241
	Dividend (including CDT)	(41,636,101)	(39,509,663)
	Interest and finance charges paid	(26,838,932)	(19,761,135)
		(19,125,428)	21,837,443
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	6,039,291	(14,970,221)
	Add:- Cash & Cash Equivalents at the beginning of the year	10,661,586	25,631,807
	Cash & Cash Equivalents at the Closing of the year	16,700,876	10,661,586

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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

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

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 09th June, 2007

Auditors' 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 2007, 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 have 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 2007;
- (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

Sd/-
(CA. Mahesh Goel)
Partner
M.No. 88958

New Delhi, 9th June, 2007

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

Sd/-
(CA. Surender Kumar)
Proprietor
M.No. 93626

Consolidated Balance Sheet As At 31st March, 2007

Particulars	Schedule No.	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Fund :			
i) Share Capital	"A"	165,000,000	165,000,000
ii) Reserves & Surplus	"B"	302,426,330	201,367,523
		467,426,330	366,367,523
2. Loan Funds :			
i) Secured Loans	"C"	521,476,171	308,203,662
ii) Unsecured Loans	"D"	35,000,000	–
3. Deferred Tax Liability		6,277,977	5,900,158
TOTAL :		1,030,180,478	680,471,343
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
i) Gross Block	"E"	609,293,786	585,005,968
Less :- Depreciation		234,336,845	180,389,740
Net Block		374,956,941	404,616,228
ii) Capital Work-in-Progress		385,632,221	87,617,509
iii) Pre-operative expenditure during construction period		32,661,268	–
iv) Capital Goods in transit		–	1,966,989
		793,250,430	494,200,726
2. Investments	"F"	4,423	4,423
3. Current Assets, Loans & Advances			
i) Inventories	"G"	83,983,978	46,795,631
ii) Sundry Debtors	"H"	30,608,209	34,060,555
iii) Cash & Bank Balance	"I"	20,434,911	13,133,110
iv) Loans & Advances	"J"	177,271,660	171,646,459
		312,298,757	265,635,755
Less : Current Liabilities & Provisions :	"K"		
i) Liabilities		53,540,285	43,037,540
ii) Provisions		25,889,659	41,660,288
Net Current Assets		232,868,813	180,937,927
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L"	4,056,812	5,328,267
TOTAL :		1,030,180,478	680,471,343

Significant Accounting Policies & Notes to Accounts "U"

Schedules "A" to "L" and "U" 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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

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

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 09th June, 2007

Consolidated Profit & Loss Account for the Year Ended 31st March, 2007

Particulars	Schedule No.	Year Ended 31.03.2007 (Amt. in Rs.)	Year Ended 31.03.2006 (Amt. in Rs.)
INCOME			
Sales (Including Central Excise Duty amounting to Rs. 4,46,78,320/- (Last Year Rs. 3,87,54,942/-) refunded back by Govt. of India)	"M"	736,994,419	527,420,800
Other Income	"N"	6,066,810	10,861,299
Increase/(Decrease) in Stock	"O"	1,963,648	6,971,991
TOTAL :		745,024,877	545,254,091
EXPENDITURE			
Cost of Materials	"P"	146,618,574	99,995,529
Manufacturing and Operating Expenses	"Q"	227,593,997	175,686,409
Administrative & Other Expenses	"R"	28,856,857	22,792,019
Selling & Distribution Expenses	"S"	99,296,629	54,450,749
Interest & Financial Charges	"T"	26,838,932	19,761,135
Depreciation	"E"	53,592,935	35,778,675
TOTAL :		582,797,924	408,464,517
PROFIT BEFORE TAXATION		162,226,953	136,789,574
LESS : PROVISION FOR TAXATION			
– Current Income Tax		18,473,913	12,139,182
– Deferred Tax Liability		377,819	198,435
– Fringe Benefit Tax		685,322	725,000
PROFIT AFTER TAXATION		142,689,899	123,726,957
Balance Brought forward from last year		178,347,181	106,517,767
Profit Available for Appropriation :		321,037,080	230,244,724
Less: Equity Dividend		36,300,000	34,650,000
Tax on Dividend		5,336,101	4,859,663
Transfer to General Reserve		14,308,850	12,371,009
Transfer to Capital Reserve		–	16,871
Profit Carried to Balance Sheet		265,092,129	178,347,181
Earning Per Share (Face Value of Rs. 10/- each)			
a) Basic & Diluted (Refer to Note 11 of Schedule "U")		8.65	7.50

Significant Accounting Policies & Notes to Accounts "U"

Schedules "E", "M" to "U" 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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

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

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 09th June, 2007

Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "A"		
SHARE CAPITAL :		
Authorised Capital		
2,50,00,000 Equity Shares of Rs. 10/- Each	250,000,000	250,000,000
Issued, Subscribed & Paid-up Capital		
1,65,00,000 Equity Shares of Rs. 10/- Each, Fully Paid up	165,000,000	165,000,000
	<u>165,000,000</u>	<u>165,000,000</u>
SCHEDULE - "B"		
RESERVES & SURPLUS :		
1. General Reserve		
Balance Brought forward	20,946,515	—
Add: Amount transferred during the year	14,308,850	20,946,515
	<u>35,255,365</u>	<u>20,946,515</u>
2. Capital Reserve (on consolidation)	2,078,836	2,073,827
3. Profit & Loss Account	265,092,129	178,347,181
Total (1+2+3)	<u>302,426,330</u>	<u>201,367,523</u>
SCHEDULE - "C"		
SECURED LOANS :		
1. Rupee Term Loan from Banks/Financial Institutions	375,866,961	208,708,336
(Secured against first charge on all the movable (save and except current assets) and immovable assets of the company, second charge on the current assets of the company and personal guarantees of promoter directors of the company)		
2. Equipment & Vehicle finance from Banks	3,453,777	2,140,650
(Secured against hypothecation of respective assets)		
3. Cash Credit from Banks	142,155,434	97,354,676
(Secured against first charge on current assets, second charge on the fixed assets and personal guarantee of promoter directors of the company.)		
	<u>521,476,171</u>	<u>308,203,662</u>
Note : Out of 1 and 2 above a sum of Rs. 680 Lakhs (Previous Year : Rs. 529 Lakhs) would become due for payment within a year.		
SCHEDULE - "D"		
UNSECURED LOANS :		
1. Short Term Loan from Banks/Financial Institutions	35,000,000	—
(Against personal guarantees of promoter directors of the company)		
	<u>35,000,000</u>	<u>—</u>

SCHEDULE - "E"
SCHEDULE OF CONSOLIDATED FIXED ASSETS & DEPRECIATION THEREON FOR THE YEAR ENDED 31ST MARCH, 2007
(AS PER W.D.V. METHOD UNDER THE COMPANIES ACT, 1956)

Amt. in Rs.

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As On 01.04.2006	Additions during the Year	Deduction/ Adjustments during the Year	As On 31.03.2007	For the Year	Adjustment relating to previous year	As On 31.03.2007	As On 31.03.2006
(A) Tangible Assets:								
Land and Site Devel.	60,446,373	2,313,743	-	62,760,116	-	-	62,760,116	60,446,373
Factory Building	85,374,016	1,213,478	-	86,587,494	6,499,659	-	59,278,955	64,565,136
Furniture & Fixtures	3,577,146	834,207	-	4,411,353	458,456	-	2,260,735	1,884,984
Computer	3,056,822	1,225,079	-	4,281,901	707,138	-	1,390,197	872,256
Motor Vehicles	5,531,437	839,699	-	6,371,136	1,065,278	-	3,259,956	3,485,535
Office Equipment	3,098,566	786,529	-	3,885,095	427,991	-	2,488,379	2,129,841
Plant, Machinery & Installations	419,713,929	14,261,376	-	433,975,305	42,210,394	-	240,747,987	268,697,005
Mining Equipments	2,232,050	-	-	2,232,050	200,317	-	467,406	667,723
Temporary Structure	1,975,630	33,205	-	2,008,835	1,886,753	-	13,828	1,867,376
Motor Tractor	-	1,336,140	-	1,336,140	9,665	-	1,326,475	-
Total (A)	585,005,969	22,843,456	-	607,849,425	53,465,651	-	373,994,034	404,616,228
(B) Intangible Assets:								
Computer Software	-	1,444,361	-	1,444,361	481,454	-	962,907	-
Total (B)	-	1,444,361	-	1,444,361	481,454	-	962,907	-
Total (A+B)	585,005,969	24,287,817	-	609,293,786	53,947,105	-	374,956,941	404,616,228
Previous year	376,025,375	208,980,593	-	585,005,968	34,961,117	818,631	404,616,228	-

Note : Depreciation of Subsidiary Companies i.e. Badarpur Energy Private Limited amounting to Rs. 2,40,953/- and Cement International Limited amounting to Rs. 1,13,217/- has been charged to Pre-operative expenditure during construction period.

Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "F"		
INVESTMENTS :		
(A) Current Investments :		
Other than trade, Quoted, fully paid up equity shares (50 Shares of Gujarat Ambuja Ltd., Market Value Rs. 5,535.00)	4,423	4,423
	4,423	4,423
SCHEDULE - "G"		
INVENTORIES (At lower of cost or net realisable value)		
Stores, Spares and Fuel	27,404,578	23,773,488
Raw Material	38,176,190	5,847,585
Packing Material	3,497,104	4,232,099
Semi Finished Goods	12,323,434	9,944,941
Finished Goods	2,582,672	2,997,517
	83,983,978	46,795,631
SCHEDULE - "H"		
SUNDRY DEBTORS		
(i) Secured and considered good :		
– Debts outstanding for a period exceeding six months	–	24,863
– Other Debts	1,654,701	1,534,937
	1,654,701	1,559,800
(ii) Unsecured and considered good :		
– Debts outstanding for a period exceeding six months	4,329,419	6,054,860
– Other Debts	24,624,089	26,445,895
	28,953,508	32,500,755
Total	30,608,209	34,060,555
SCHEDULE - "I"		
CASH & BANK BALANCE		
Cash in Hand	3,339,201	3,416,131
Balances with Scheduled Banks :		
– In Current Account	8,655,833	6,326,232
– In Fixed Deposits	3,426,747	2,259,796
Cheques/Demand Drafts in Hand	5,013,130	1,130,951
	20,434,911	13,133,110

Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "J"		
LOANS & ADVANCES		
(Unsecured and considered good for recovery by the Management)		
1) Subsidy Receivable from Central/State Govt.	128,589,473	129,179,892
2) Excise Duty Refundable	9,460,236	9,899,658
3) Advance to Suppliers/Contractors	12,381,526	16,888,270
4) Security Deposits	7,872,220	7,625,494
5) Other advances - Recoverable in cash or in kind or for value to be recieved	18,968,205	8,053,145
	177,271,660	171,646,459
SCHEDULE - "K"		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilites		
1) Sundry Creditors (Other than SSI Units)	30,886,359	21,814,342
2) Statutory Liabilties	2,682,550	1,522,387
3) Interest Accrued but not due	85,500	150,000
4) Advance from Customers	4,699,843	6,875,584
5) Security Money received	5,736,690	6,883,980
6) Other Liabilties	9,449,343	5,791,247
	53,540,285	43,037,540
Provisions		
1) Provision for Income-Tax	18,617,568	12,139,182
2) Provision for Fringe Benefit Tax	685,322	725,000
	19,302,890	12,864,182
Less : Advance Income Tax and Tax Deducted at Source	(6,879,036)	(10,409,626)
Less : Advance Fringe Benefit Tax	(770,000)	(725,000)
	11,653,854	1,729,556
3) Provision for Gratuity	649,704	421,069
4) Proposed Dividend	8,250,000	34,650,000
5) Corporate Dividend-Tax	5,336,101	4,859,663
	25,889,659	41,660,288
SCHEDULE - "L"		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
1) Preliminary Expenses	402,700	402,700
2) Mines Development	3,424,112	4,542,967
3) Lease Rights	230,000	382,600
	4,056,812	5,328,267

Schedules Forming Part of Consolidated Profit & Loss Account for the Year Ended 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "M"		
SALES		
Gross Sales	734,991,338	526,602,347
Add : Captive Consumption of Cement	2,032,559	872,180
	737,023,897	527,474,527
Less : Cement Damaged	29,478	53,727
Net Sales	736,994,419	527,420,800
SCHEDULE - "N"		
OTHER INCOME		
Equipment Hire Charges	3,868,620	1,756,429
Sale of Scrap	1,973,199	-
Misc. Income	223,386	78,978
Insurance Claim Received	1,605	511,974
Insurance Subsidy of earlier years	-	1,000,000
Interest Subsidy of earlier years	-	1,513,918
Power Subsidy of earlier years	-	6,000,000
	6,066,810	10,861,299
SCHEDULE - "O"		
INCREASE/(DECREASE) IN STOCK		
Semi Finished Goods		
Opening Stock	9,944,941	5,263,003
Closing Stock	12,323,434	9,944,941
	2,378,493	4,681,938
Finished Goods		
Opening Stock	2,997,517	707,464
Closing Stock	2,582,672	2,997,517
	(414,845)	2,290,053
Increase/(Decrease) in Stock	1,963,648	6,971,991
SCHEDULE - "P"		
COST OF MATERIALS		
Raw Material Consumed	105,872,612	68,994,259
Stores and Spares Consumed	21,569,693	13,980,645
Packing Material Consumed	19,176,270	17,020,625
	146,618,574	99,995,529
SCHEDULE - "Q"		
MANUFACTURING AND OPERATING EXPENSES		
Power & Fuel Expenses	153,628,814	116,494,571
Material Handling & Freight Charges	5,491,172	4,389,535
Repair and Maintenance		
– Plant & Machinery	5,956,217	3,404,769
– Building	498,539	782,303
– Equipments	1,255,725	510,632
Salaries, Wages & Bonus	31,718,364	23,882,854
Contribution to Provident Fund	723,475	508,874
Job and Labour Charges	13,871,421	13,910,190
Staff Welfare Expenses	1,541,130	897,159
Royalties and other Govt. Levies	7,653,703	6,624,799
Research and Development Expenditure	723,360	425,500
Other Production Overheads	4,532,077	3,855,223
	227,593,997	175,686,409

Schedules Forming Part of Consolidated Profit & Loss Account for the Year Ended 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - "R"		
ADMINISTRATIVE & OTHER EXPENSES		
Auditors' Remuneration	216,830	122,142
Bank Charges	828,144	638,762
Books & Periodicals	92,111	87,524
Charity & Donation	1,521,795	118,450
Bad Debts	978,003	-
Directors' Remuneration	2,492,000	790,000
Electricity Expenses	833,938	665,905
Fees & Subscription	419,974	101,487
ROC Filing Fees & Legal Expenses	104,389	387,725
House/Office Rent & Maint. Expenses	1,172,681	1,044,764
Insurance	697,597	318,892
Misc. Exps. Written off	1,271,455	2,123,417
Motor Car/Vehicles Running, Maint. & Hire Charges	2,472,238	2,501,712
Office and Other Miscellaneous Expenses	1,935,283	1,517,494
Postage & Telegraph Exps.	259,923	208,447
Printing, Stationery and computer Expenses	1,052,479	797,851
Provision for Gratuity	228,635	421,069
Rates & Taxes	784,853	1,372,915
Repair & Maintenance	480,146	326,627
Salary and other benefits to staff	2,954,680	1,815,010
Professional & consultancy service charges	312,196	246,500
Staff Fooding & Welfare Expenses	1,366,932	664,860
Sundry Balances written-off	45,399	-
Telephone Exps.	2,553,465	2,483,470
Travelling & Conveyance Expenses	3,640,950	4,036,996
Processing Charges	140,760	-
	28,856,857	22,792,019
SCHEDULE - "S"		
SELLING & DISTRIBUTION EXPENSES		
Transportation Cost	68,146,418	46,530,804
Sales Promotion Expenses	4,887,015	1,675,519
Advertisement & Publicity	2,896,107	1,942,026
VAT/Sales Tax	21,101,948	3,408,984
Market Survey, Consultancy & Other Charges	1,015,808	476,400
Shop/Godown Rent	415,008	91,756
Testing, Inspection & Weighment Expenses	834,324	325,260
	99,296,629	54,450,749
SCHEDULE - "T"		
INTEREST & FINANCIAL CHARGES		
Term Loan	19,246,594	14,498,952
Working Capital facility (Net)	7,253,721	3,978,388
Others	794,808	1,646,924
Less : Interest Received, including TDS of Rs. 2,875/- (Previous Year TDS Rs. 6,355/-)	(456,191)	(363,129)
	26,838,932	19,761,135

SCHEDULE - "U": SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS ON 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:

S.N.	Name of the Subsidiary (All incorporated in India)	Proportion of Ownership as at 31.03.07
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.

(b) CAPITAL WORK IN PROGRESS:

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

(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 includes excise duty wherever applicable.

(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 Accounting Standard – 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 direct costs along with part of indirect expenses 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.

(15) INTANGIBLE ASSETS :

Intangible asset is recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. The depreciable amount of an intangible asset is allocated over its estimated useful life.

(16) PROVISIONS AND CONTINGENCIES:

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. A contingent liability of an outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS:

(1) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 242.84 Lakhs (Previous Year Rs. 794.09 Lakhs)

(2) Contingent liabilities not provided for:

- Claims against the company not acknowledged as debts – Nil (Previous Year : Nil)

- Bank Guarantees issued by banks Rs. 2,25,000.00 (Previous Year : 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. 8,75,007 (Previous Year : 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. 8,56,213 (Previous Year : Rs. 77,09,018) for major expansion activities of plant at factory site.
- (6) Payment made to Auditors during the year ended is as under :-

	Current Year	Previous Year
a. As Auditors	Rs. 2,38,360	Rs. 1,17,860
b. Taxation Matters	Rs. 40,000	Rs. 13,932
c. Company Law and other matters	Rs. 40,000	Rs. 19,000
d. Reimbursement of expenses	Rs. 4,590	Rs. 21,430
Total	Rs. 3,22,950	Rs. 1,72,222

- (7) Remuneration paid to Directors during the year: Rs. 24,92,000 (Previous Year : Rs.7,90,000).

(8) **GOVT. SUBSIDIES**

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

- (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 (Previous Year : 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:

Associates

M/s. Nefa Udyog
M/s. Meghalaya Cements Limited
M/s. Balaji Udyog Limited
M/s. Prithvi Energy Limited

Key Management Personal and their relatives

Kamakhya Chamaria (Managing Director)
Santosh Kumar Bajaj (Whole Time Director)
Bijay Kumar Garodia (Chairman & Whole Time Director)
Sushil Kumar Kothari
Jagdish Prasad Shah
Pralhad Rai Chamaria
Mahendra Kumar Agarwal

Details of transactions between the company and related parties for the year ended on 31.03.2007 is given as under:

(Rs. in Lakhs)			
Sl.No.	Type of transaction	Associates	Key Management Personnel
1.	Sale of finished/semi finished goods	21.77	—
2.	Purchase of Raw Material/semi finished goods	229.53	—
3.	Hire Charges paid	36.72	—
4.	Consultancy Fee Paid	17.96	—
5.	Remuneration and sitting paid to directors	—	29.82

(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 31st March 2007 and 31st March 2006.

	(Amount in Rs.)	
	Year Ended 31st March, 2007	Year Ended 31st March, 2006
(a) Profit/(Loss) after tax	14,26,89,899	12,37,26,957
(b) The weighted average number of Ordinary Share for EPS	1,65,00,000	1,65,00,000
(c) The nominal value per Ordinary Share	10	10
(d) Earnings Per Share Basic & Diluted (Rs.)	8.65	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 operates only in one segment i.e. Cement manufacturing. 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) Expenditure on purchased software (ERP) and IT related expenses are written off over a period of three years.		
(17) Deferred Tax Liability has been calculated as under:		

(Amount in Rs.)			
S. No.	Particulars	Balance As on 01.04.2006	Balance As on 31.03.2007
1.	(a) Deferred Tax Liabilities		
	Tax impact of difference between carrying amount of fixed assets in the financial statement and income tax returns	60,26,481	64,96,615
2.	(b) Deferred Tax Assets		
	Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax (provision for gratuity)	1,26,323	2,18,638
	Deferred Tax Liability (a – b)	59,00,158	62,77,977

- (18) Previous year figures have been regrouped/ restated wherever necessary.
- (19) Figures have been rounded off to the nearest rupee.

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

Sd/-
CA. Surender Kumar
(Proprietor)

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

Sd/-
CA. Mahesh Goel
(Partner)

New Delhi, 09th June, 2007

For & on behalf of the Board

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

Consolidated Cash Flow Statement for the Year Ended 31st March, 2007

S.N.	Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before Tax	162,226,953	136,772,702
	Adjustment for :		
	Add : Depreciation & Misc. expenditure	55,218,560	37,902,091
	Interest & finance charges	26,838,932	20,952,866
		244,284,445	195,627,659
	Less: Profit on sale of assets / investments	—	—
	Operating Profit before working capital changes	244,284,445	195,627,659
	Adjustment for change in :		
	Trade & other receivables	(2,172,856)	(3,458,813)
	Inventories	(37,188,347)	(15,338,034)
	Trade and other payables	(5,267,884)	13,956,277
	Cash generated from Operations	199,655,358	190,787,089
	Direct Taxes Paid	(19,159,235)	(13,062,617)
	Net Cash Flow from Operating Activities	180,496,123	177,724,472
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Acquisition of Fixed Assets	(352,996,809)	(218,057,852)
	Purchase of Investments	—	6,243,577
	Capital Reserve	5,009	2,073,827
	Misc. Expenses	—	(1,128,433)
		352,991,799	(210,868,881)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Increase in Bank borrowings	248,272,510	81,108,241
	Dividend (including CDT)	(41,636,101)	(39,509,663)
	Interest and finance charges paid	(26,838,932)	(20,952,866)
		179,797,477	20,645,712
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	7,301,801	(12,498,697)
	Add:- Cash & Cash Equivalents at the beginning of the year	13,133,110	25,631,807
	Cash & Cash Equivalents at the Closing of the year	20,434,911	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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

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

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 09th June, 2007

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, 2007	31st March, 2007	31st March, 2007
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.	14,00,000	18,63,340	9,92,700
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.			
	i) For the financial year of the subsidiary			
	a) Dealt with in the accounts of the Holding Company	Rs. 70,437.00	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 became 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

<p>New Delhi, 09th June, 2007</p>	<p>Sd/- Kamakhya Chamaria Managing Director</p>	<p>Sd/- Bijay Kumar Garodia Chairman</p>	<p>Sd/- Santosh Kumar Bajaj Whole Time Director</p>
		<p>Sd/- Sachin Agarwal Company Secretary</p>	

Directors' Report

**To
The Shareholders,**

Your Directors have pleasure to present the 7th Annual Report together with the audited statement of account for the year ended 31st March 2007.

WORKING RESULTS

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

(Amount in Rs.)		
Particulars	Year Ended 31-03-07	Year Ended 31-03-06
Sales & Other Income Received	35352546	31611274
Profit before Depreciation & Income Tax	2548483	1416379
Less : Depreciation	2409685	1309563
Profit Before Income Tax	138798	106816
Less : Current Income Tax	355101	72645
Less : Deferred Tax Liability	(311507)	(32700)
Less : Fringe Benefit Tax	24767	50000
Net Profit after Income Tax	70437	16871

PROJECT

The members of the company are aware that the company is in the process of installing a 200 TPH Limestone crusher at Village Lumshnong, Distt. Jaintia Hills, Meghalaya with the assistance of Barak Valley Cements Limited. The company is expected to start its commercial production by the end of July 2007.

DIVIDEND

Your Directors do not recommend any dividend for the financial year 2006-07.

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. Jagdish Prasad Shah is liable to retire by rotation and being eligible offers himself for reappointment.

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 and are eligible for re-appointment. M/s Kumar Vijay Gupta & Co. has already furnished certificate of its eligibility for re-appointment, under Section 224(1) of the Companies Act, 1956. However, M/s Surender Harikishan & Co. does not wish to continue as the Statutory Auditor of the company for the financial year 2007-08 and onwards.

It is proposed to re-appoint M/s Kumar Vijay Gupta & Co., Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2007-08.

AUDITORS' REPORT

The observations made in the Auditors' 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

The company has maintained peaceful, harmonious and cordial relationship with the employees 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 Geeta Solanki & Associates, Practicing Company Secretary, having office at 2/263, Subhash Nagar, New Delhi-110027, 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 2006-07.

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 : 06.06.2007

Sd/-
CHAIRMAN

Auditors' 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 31st March 2007, 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, 2007 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, 2007;
 - (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

Sd/-
CA. Surender Kumar
(Proprietor)
M.No. 93626

Place : New Delhi
Date : 06.06.2007

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)
M.No. 91151

ANNEXURE "A" TO THE AUDITORS' REPORT

Re: Meghalaya Minerals & Mines 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 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 31st March, 2007 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 no funds have been raised on short-term basis.
- (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.
- (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

Sd/-
CA. Surender Kumar
(Proprietor)
M.No. 93626

Place : New Delhi
Date : 06.06.2007

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)
M.No. 91151

Balance Sheet as at 31st March, 2007

Particulars	Schedule	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
A. SOURCES OF FUNDS			
1. Shareholders' Fund			
i) Share Capital	"A"	14,000,000	9,002,000
ii) Reserves and Surplus	"B"	20,641,273	578,836
2. Deferred Tax Liability		2,751	314,258
TOTAL		34,644,024	9,895,094
B. APPLICATION OF FUNDS			
1. Fixed Assets	"C"		
i) Gross Block		10,912,774	6,836,600
Less : Depreciation		4,435,490	2,025,805
Net Block		6,477,284	4,810,795
Capital Work In Progress, Pre-operative expenditure, including advances to suppliers	"D"	23,582,881	—
		30,060,165	4,810,795
2. Current Assets, Loans & Advances			
i) Inventories	"E"	895,245	220,290
ii) Cash & Bank Balance	"F"	912,932	588,275
iii) Sundry Debtors	"G"	52,093	703,610
iv) Loans & Advances	"H"	7,880,764	8,368,409
		9,741,035	9,880,584
Less : Current Liabilities & Provisions	"I"		
i) Current Liabilities		4,831,216	5,079,226
ii) Provisions		325,959	74,987
Net Current Assets		4,583,860	4,726,372
3. Miscellaneous Expenditure	"J"	—	357,927
(to the extent not written off or adjusted)			
TOTAL		34,644,024	9,895,094

Significant Accounting Policies & Notes to Accounts "O"

Schedules "A" to "J" and "O" 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

Sd/-
CA. Surender Kumar
(Proprietor)

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

New Delhi, 6th June, 2007

For & on behalf of the Board

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Profit & Loss Account for the year ended 31st March, 2007

Particulars	Schedule	Year Ended 31.03.2007 (Amt. in Rs.)	Year Ended 31.03.2006 (Amt. in Rs.)
INCOME			
Sales & Other Income	"K"	35,361,400	31,749,163
Increase/(Decrease) in Stock	"L"	(8,853)	(137,889)
TOTAL		35,352,546	31,611,274
EXPENDITURE			
Mining and Operating Expenses	"M"	28,931,329	26,705,375
Administrative & Selling Expenses	"N"	3,872,735	3,489,520
Depreciation	"C"	2,409,685	1,309,563
TOTAL		35,213,748	31,504,458
PROFIT BEFORE TAXATION		138,798	106,816
LESS : PROVISION FOR TAXATION			
– Current Income Tax		355,101	72,645
– Deferred Tax Liability / (Asset)		(311,507)	(32,700)
– Fringe Benefit Tax		24,767	50,000
PROFIT AFTER TAXATION		70,437	16,871
Add : Balance Brought Forward from last year		578,836	561,965
Balance Carried to Balance Sheet		649,273	578,836
Earning Per Share (Face value of Rs. 10/- each)			
Basic / Diluted		0.08	0.02
(Refer to Note 7 of schedule "O")			

Significant Accounting Policies & Notes to Accounts "O"

Schedules "C" and "K" to "O" 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 & on behalf of the Board

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Sushil Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 6th June, 2007

Schedules Forming Part of the Balance Sheet as on 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
-------------	-----------------------------	-----------------------------

SCHEDULE - A

SHARE CAPITAL

Authorised Capital

{15,00,000 (Previous Year 10,00,000)

Equity Shares of Rs. 10/- each}

15,000,000

10,000,000

Issued, Subscribed & Paid-up Capital

{14,00,000 (Previous Year 9,00,200)

Equity Shares of Rs. 10/- each, fully paid up}

14,000,000

9,002,000

14,000,000

9,002,000

Note : 14,00,000 (9,00,200 as at 31.03.2006)

Equity Shares are held by Barak Valley Cements Ltd. (Holding Company)

SCHEDULE - B

RESERVE & SURPLUS

(a) Profit & Loss Account

649,273

578,836

(b) Securities Premium :

Additions during the year

19,992,000

—

Total (a+b)

20,641,273

578,836

SCHEDULE - C
FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2007
(As per WDV Method under the Companies Act, 1956)

(As per WDV Method under the Companies Act, 1956)									Amt. in Rs.	
NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.06	Additions during the year	Deductions during the year	As on 31.03.07	For the year	Adjustments relating to Previous year	As on 31.03.07	As on 31.03.06		
Land	785,161	-	-	785,161	-	-	785,161	785,161		
Plant & Machinery	615,000	2,187,119	-	2,802,119	281,171	133,301	2,387,647	333,829		
Furniture & Fixture	15,150	39,222	-	54,372	6,976	10,162	37,234	8,174		
Mining Equipments	2,232,050	-	-	2,232,050	1,564,327	200,317	467,406	667,723		
Factory Building	1,196,759	1,213,478	-	2,410,237	63,189	156,503	2,190,545	1,133,570		
Office Equipment	16,850	53,250	-	70,100	1,889	12,302	55,909	14,961		
Temporary Structure	1,975,630	33,205	-	2,008,835	108,254	1,886,753	13,828	1,867,376		
Vehicles	-	39,900	-	39,900	-	9,509	30,391	-		
Motor Tractor	-	510,000	-	510,000	-	838	509,162	-		
Total	6,836,600	4,076,174	-	10,912,774	2,025,805	2,409,685	6,477,283	4,810,795		
Previous Year	4,058,302	2,778,298	-	6,836,600	716,241	490,933	818,631	4,810,795		

Schedules Forming Part of the Balance Sheet as on 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - D		
CAPITAL WORK-IN-PROGRESS INCLUDING ADVANCES TO SUPPLIERS		
(a) Capital Work-In-Progress	21,972,833	—
(b) Pre-operative Expenses	726,540	—
(c) Advance to suppliers & contractors	883,508	—
	<u>23,582,881</u>	<u>—</u>
SCHEDULE - E		
INVENTORIES		
Finished Goods	5,737	14,590
Stores, Spares, Fuel and other misc. store	889,509	205,701
	<u>895,245</u>	<u>220,290</u>
SCHEDULE - F		
CASH & BANK BALANCE		
Cash in hand	636,752	545,186
Balance with Schedules Banks in Current Account	276,181	43,089
	<u>912,932</u>	<u>588,275</u>
SCHEDULE - G		
SUNDRY DEBTORS		
(Unsecured and considered good)		
– Debts outstanding for a period exceeding six months	4,318	6,126
– Others Debts	47,775	697,484
	<u>52,093</u>	<u>703,610</u>
SCHEDULE - H		
LOANS & ADVANCES		
(Unsecured and considered good for recovery by the Management)		
(i) Advance Sales-Tax and other taxes	3,209,500	3,866,612
(ii) Advance to Suppliers & contractors	99,324	2,641,759
(iii) Security Deposits	213,131	208,731
(iv) Other advances - Recoverable in cash or in kind for value to be received	4,358,809	1,651,307
	<u>7,880,764</u>	<u>8,368,409</u>
SCHEDULE - I		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities:		
(i) Sundry Creditors (Other than SSI units)	1,858,445	2,403,634
(ii) Statutory Liabilities	94,135	114,431
(iii) Advance received from customers	2,354,207	2,157,960
(iv) Other Liabilities	524,430	403,201
	<u>4,831,216</u>	<u>5,079,226</u>
Provisions :		
Provision for Income Tax	355,101	72,645
Provision for Fringe Benefit Tax	24,767	50,000
	<u>379,868</u>	<u>122,645</u>
Less : Advance Income Tax paid	(80,000)	(50,000)
Less : Advance Fringe Benefit Tax paid	(45,000)	(50,000)
	<u>254,868</u>	<u>22,645</u>
Provision for Gratuity	71,091	52,342
	<u>325,959</u>	<u>74,987</u>

Schedules Forming Part of the Profit & Loss A/C for the year ended 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
(i) Mines Development	-	262,827
(ii) Lease Rights	-	95,100
	-	357,927
SCHEDULE - K		
SALES & OTHER INCOME		
Sales	35,274,748	30,142,734
Equipment Hire Charges	86,652	1,606,429
	35,361,400	31,749,163
SCHEDULE - L		
INCREASE/(DECREASE) IN STOCK		
Opening Stock of Lime Stone	14,590	152,478
Closing Stock of Lime Stone	5,737	14,590
Increase/(Decrease) in Stock	(8,853)	(137,889)
SCHEDULE - M		
MINING AND OPERATING EXPENSES		
Royalty and other Govt. Levies	7,653,703	6,624,799
Job & Labour Charges	13,871,421	13,910,190
Power, Fuel and mining expenses	3,762,839	3,935,433
Stores & Spares consumed	327,411	475,294
Repair and Maintenance of Equipments	1,255,725	510,632
Salary, Wages and Bonus	1,212,065	936,487
Contribution to Provident Fund	70,791	48,300
Staff Welfare Expenses	342,782	219,845
Freight, Cartage & Equipment Hire Charges	346,014	1,450
Insurance	88,578	42,945
	28,931,329	26,705,375
SCHEDULE - N		
ADMINISTRATIVE & SELLING EXPENSES		
Auditors' Remunerations	53,060	27,142
Bank Charges	15,824	23,049
Electricity Expenses	90,296	78,033
Misc. Expenses written off	357,927	367,806
Miscellaneous Office Expenses	44,030	45,401
Office/Land Rent	12,000	12,000
Postage & Telegram Expenses	3,198	4,448
Printing & Stationery Expenses	60,022	46,162
Professional & Consultancy Charges	13,646	6,100
Provision for Gratuity	18,749	52,342
Rates, Taxes & Filing Fees	88,984	627,556
Repairs & Maintenance	19,233	-
Sales Tax/VAT	1,355,938	1,159,336
Staff & Labour Welfare Expenses	6,498	65,045
Security Service Charges	492,601	314,008
Telephone Expenses	116,338	70,564
Travelling & Conveyance Expenses	106,593	265,268
Vehicle Running & Maintenance Expenses	183,475	-
Testing Inspection & Weighment Expenses	834,324	325,260
	3,872,735	3,489,520

SCHEDULE - O
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:

(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.

(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.) 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. 19.18 Lakhs (Previous year : Rs. 33.73 Lakhs)

(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:

PARTICULARS	2006-2007 (M.T.)	2005-2006 (M.T.)
(1) Licensed Capacity	N.A.	N.A.
(2) Installed Capacity (M.T.)	N.A.	N.A.
(3) Lime Stone Extracted (M.T.)	1,57,390	1,31,013

(b) Sales:		Qty. (MT)	Value (Rs.)	Qty. (MT)	Value (Rs.)
(1)	Lime Stone	1,57,441	3,52,74,748	1,31,743	3,01,42,734
(c) Stock of Finished Goods:					
(i)	Lime Stone:				
	Opening Stock	83 M.T.	14,590	813 M.T.	1,52,478
	Closing Stock	32 M.T.	5,737	83 M.T.	14,590
(d) Value of Imported and Indigenous Stores & Spares Consumed & Percentage thereof:					
PARTICULARS		2006 – 2007		2005-2006	
		Value (Rs.)	%	Value (Rs.)	%
Stores and Spares					
: Imported		Nil	Nil	Nil	Nil
: Indigenous		3,27,411	100%	4,75,294	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 Auditors during the year ended is as under:-				
PARTICULARS		2006-2007		2005-2006	
		(Rs.)		(Rs.)	
a.	As Auditors	48060		20720	
b.	Taxation Matters	5000		2422	
c.	Reimbursement of expenses	–		4000	
	Total	53060		27142	
(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:					
1.	Holding Company	Barak Valley Cements Ltd. (w.e.f. 31.03.2006)			
2.	Fellow Subsidiaries	Badarpur Energy Pvt. Ltd., Cement International Ltd.			
3.	Associates	Meghalaya Cement Ltd. , Nefa Udyog			
4.	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 31.03.2007 is given as under:

S. No.	Type of transaction	Holding Company	Fellow Subsidiaries	Associates	(Rs. in Lakhs)	
					Key Management Personnel	
1.	Sale of Finished Goods : Barak Valley Cements Ltd. : Meghalaya Cements Ltd.	331.95	–	20.80	–	
2.	Purchase of Store, spare and other services. : Badarpur Energy Pvt. Ltd. : Barak Valley Cements Ltd.	16.24	0.82	–	–	
3.	Sale of Store and other Services to Badarpur Energy Pvt. Ltd.	–	0.42	–	–	
4.	Equipment Hire & other charges paid to Nefa Udyog	–	–	8.86	–	

(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, 2007 and the year ended 31st March, 2006.

	(Amount in Rs.)	
	Year ended 31st March, 2007	Year ended 31st March, 2006
(a) Profit/(Loss) after tax	70,437	16,871
(b) The weighted average number of Ordinary Share for Basic EPS	926451	900200
(c) The nominal value per Ordinary Share	10	10
(d) Earnings Per Share (Basic) (Rs.)	0.08	0.02
(e) The weighted average number of Ordinary Share for Basic EPS (Nos.)	926451	900200
(f) Add : Adjustments for Share Application Money	-	97808
(g) The weighted average number of Ordinary Share for Diluted EPS (Nos.)	926451	998008
(h) Earning Per Share (Diluted) Rs.	0.08	0.02

(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 31.03.2007, if realised in the ordinary course of business.

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

	Deferred tax Liability/(Asset) as at 1.4.2006 (Rs.)	Current year Charge/ (Credit) (Rs.)	Deferred tax Liability/(Asset) as at 31.3.2007 (Rs.)
Deferred Tax Liabilities for difference between book and tax depreciation (A)	3,29,961	(3,05,243)	24,718
Less : Deferred Tax Assets for provision for Gratuity (B)	(15,703)	(6,264)	(21,967)
Deferred Tax Liability (Net) (A – B)	3,14,258	(3,11,507)	2,751

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

(12) 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.

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

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

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

(16) Schedule "A" to "O" forms an integral parts of the financial statements.

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

For & on behalf of the Board

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Sushil Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 6th June, 2007

Balance Sheet Abstract & Company's General Profile

I. REGISTRATION DETAILS

Registration No.	: 06057 of 1999-2000	State Code	: 13
Balance Sheet Date	: 31 03 2007		
	Date Month Year		

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

Public Issue	: –	Rights Issue	: –
Bonus Issue	: –	Private Placement	: 4,998.00

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

Total Liabilities	: 34,644.02	Total Assets	: 34,644.02
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Sources of Funds:-

Paid Up Capital	: 14,000.00	Reserves & Surplus	: 20,641.27
Share Application	: –	Unsecured Loans	: –
Secured Loans	: –	Deferred Tax Liability	: 2.75

Application of Funds:-

Net Fixed Assets	: 30,060.16	Investments	: –
Net Current Assets	: 4,583.86	Misc. Expenditure	: –

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

Turnover	: 35,352.55	Total Expenditure	: 35,213.75
Profit/(Loss) before Tax	: 138.80	Profit/Loss after Tax	: 70.44
Earning per Share in Rs.	: –	Dividend @	: –
– Basic/Diluted	: 0.08		

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

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 6th June, 2007

Cash Flow Statement for the year ended 31st March, 2007

S.N. Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	138,798	106,816
Adjustment for:		
Add : Depreciation & Misc. Expenditure	2,767,612	1,677,369
Interest & Finance Charges	—	—
Operating Profit before working capital changes	2,906,410	1,784,185
Adjustment for change in :		
Trade & other receivables	1,139,162	514,014
Inventories	(674,955)	369,408
Trade and other payables	2,962	(1,051,169)
Cash generated from Operations	3,373,579	1,616,438
Direct Taxes Paid	(379,868)	(122,645)
Net Cash Flow from Operating Activities	2,993,712	1,493,793
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets/WIP	(27,659,055)	(2,778,298)
Purchase of Investments	—	—
	(27,659,054)	(2,778,298)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceed from issue of shares	24,990,000	—
Repayment of Share Application Money	—	(1,000,000)
Interest and finance charges paid	—	—
	24,990,000	(1,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	324,657	(2,284,505)
Add : Cash & Cash Equivalents at the beginning of the year	588,275	2,872,780
Cash & Cash Equivalents at the Closing of the year	912,932	588,275

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

Sd/-
CA. Surender Kumar
(Proprietor)

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

New Delhi, 6th June, 2007

For & on behalf of the Board

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Directors' Report

**To
The Shareholders,**

Your Directors have pleasure to present the Second Annual Report together with the audited statement of account for the period ended 31st March' 2007.

WORKING OPERATIONS

As the members of the company are aware that the company is in the process of setting up 6 MW Captive Power Plant at Badarpurghat and is presently in the construction period. As the progress of its on-going project for the commencement of the commercial production is going well, therefore, the commercial production of the company is expected to commence by the end of September 2007. Since no commercial activity has been carried out in the financial year 2006-07, therefore, the company has prepared the Statement of Incidental Expenditure Incurred instead of preparing the Profit & Loss Account for the Financial Year 2006-07.

DIVIDEND

Your directors do not recommend any dividend for the current financial year since the company has not started any business activity.

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956, Sh. Sushil Kumar Goel is liable to retire by rotation and being eligible offers him for re-appointment.

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 and are eligible for re-appointment. M/s Kumar Vijay Gupta & Co. has already furnished certificates of their eligibility for re-appointment, under Section 224(1) of the Companies Act, 1956. However, M/s Surender Harikishan & Co. does not wish to continue as the Statutory Auditor of the company for the financial year 2007-08 and onwards.

It is proposed to reappoint M/s Kumar Vijay Gupta & Co. to examine and audit the accounts of the Company for the financial year 2007-2008.

AUDITORS' REPORT

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

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

The relationship of the company with the employees has remained cordial and peaceful 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 Geeta Solanki & Associates, Practicing Company Secretary, having office at 2/263, Subhash Nagar, New Delhi-110027, 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 and forms the part of this Directors' Report.

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 2006-07.

ACKNOWLEDGMENT

Your Directors would like to express the appreciation to Bankers, Financial Institutions 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 : 07.06.2007

Sd/-
CHAIRMAN

Auditors' 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 31st March' 2007 along with "Incidental Expenditure during Construction period Account" and the Cash Flow Statement for the year ended on 31st March' 2007. 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' 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March' 2007 from being appointed 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' 2007.
 - (ii) In the case of "Incidental Expenditure during Construction period Account" the expenses incurred for the year ended on 31st March' 2007.
 - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on 31st March' 2007.

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

Sd/-
CA. Surender Kumar
(Proprietor)
M.No. 93626

Place : New Delhi
Date : 07.06.2007

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)
M.No. 91151

ANNEXURE TO AUDITORS' REPORT

Re: Badarpur Energy Pvt. Ltd.

Annexure 'A' referred to in paragraph 3 of our report of even date for the year ended on 31st March' 2007:

- (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 period under our report. No material discrepancies were noticed on such verification.
- (c) During the year ended 31st March' 2007, no fixed assets were 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 and 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.
- (b) 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) 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 under report. 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 period 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' 2007 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 defaulted in repayment of dues to financial institutions or banks.
- (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 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 no funds have been raised on short-term basis.
- (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

Sd/-
CA. Surender Kumar
(Proprietor)
M.No. 93626

Place : New Delhi
Date : 07.06.2007

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)
M.No. 91151

Balance Sheet as at 31st March, 2007

Particulars	Schedule	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Fund :			
i) Share Capital	"A"	18,633,400	11,270,000
iii) Reserve & Surplus	"B"	74,133,600	44,680,000
2. Secured Loans :	"C"	135,266,961	–
TOTAL		228,033,961	55,950,000
II. APPLICATION OF FUNDS			
1. Fixed Capital Expenditure			
(a) Complete Assets	"D"	4,374,290	1,386,678
Less : Depreciation		241,597	644
Net Complete Assets		4,132,693	1,386,034
(b) Incidental Expenditure During Construction Period			
As per Incidental Expenditure During Construction Period Account		19,194,486	3,406,150
(c) Capital Work in Progress including advances to suppliers/contractors	"E"	211,532,452	50,797,031
		234,859,631	55,589,215
2. Current Assets, Loans & Advances			
(a) Cash and Bank Balances	"F"	129,071	977,108
(b) Loans and Advances	"G"	1,074,315	168,243
(c) Inventories of Raw Materials		303,171	–
		1,506,557	1,145,351
Less : Current Liabilities & Provisions	"H"	8,554,927	1,007,266
Net Current Assets		(7,048,370)	138,085
3. Miscellaneous Expenditure	"I"	222,700	222,700
(To the extent not written off, or adjusted)			
TOTAL		228,033,961	55,950,000

Significant Accounting Policies & Notes to Accounts "J"

Schedules "A" to "J" 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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Sushil Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 7th June, 2007

Incidental Expenditure during Construction Period Account for the year ended on 31.03.2007

Sl.No.	Particulars of Expenses	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
	Opening Balance Brought forward	3,406,150	–
1	Advertisement & Publicity	40,000	21,600
2	Auditors' Remunerations	53,060	25,040
3	Bank Charges	131,898	10,125
4	Books & Periodicals	2,445	20,400
5	Depreciation on fixed assets	240,953	644
6	Fees & Subscription	15,000	205,000
7	Freight & Cartage	349,624	55,081
8	Fringe Benefit Tax	46,135	20,000
9	Misc. Office Expenses	76,521	125,649
10	Postage & Telegraph	9,615	15,376
11	Printing, Stationery and Computer Expenses	132,704	64,420
12	Rates & Taxes	140,120	600
13	Repair & Maintenance Exp.	112,746	85,859
14	Salary & Wages	3,409,557	416,137
15	Security charges	413,367	18,359
16	Technical Consultancy & Legal fee	1,970,413	1,983,600
17	Telephone Expenses	104,032	10,654
18	Testing & Inspection Charges	45,403	66,392
19	Travelling and Conveyance Expenses	935,104	261,214
20	Guest Entertainment Expenses	60,522	–
21	Rent	71,185	–
22	Insurance	545,871	–
23	Staff fooding & welfare Expenses	299,650	–
24	Staff Recruitment Expenses	47,632	–
25	Power & Fuel Expenses	1,861,622	–
26	Water Charges	14,500	–
27	Interest on Term Loan (Net)	4,658,657	–
	TOTAL	19,194,486	3,406,150

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

For & on behalf of the Board

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Sushil Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 7th June, 2007

Schedules Forming Part of the Balance Sheet as on 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital (20,00,000 Equity Shares of Rs. 10/- each)	20,000,000	20,000,000
Issued, Subscribed & Paid-up Capital {18,63,340 (Last Year : 11,27,000) Equity Shares of Rs. 10/- each, called & fully paid up}	18,633,400	11,270,000
	18,633,400	11,270,000

Note: 18,63,340 (11,27,000 as at 31.03.2006)
Equity Shares are held by Barak Valley Cements
Limited (Holding Company)

SCHEDULE - B RESERVE & SURPLUS

Securities Premium Account :

Balance Brought forward	44,680,000	–
Additions during the year	29,453,600	44,680,000
Total	74,133,600	44,680,000

SCHEDULE - C

SECURED LOANS :

1. Rupee Term Loan from Financial Institutions (Secured against first charge on all the movable (save and except inventory and book debts) and immovable assets of the of the company, Corporate Guarantee of holding Company Barak Valley Cements Ltd. and personal Guarantee of some of the director's of the company)	135,266,961	–
Total	135,266,961	–

SCHEDULE - D

FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2007

(Amt. in Rs.)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.06	Additions during the year	Deductions during the year	As on 31.03.07	As on 01.04.06	For the year	As on 31.03.07	As on 31.03.2007	As on 31.03.06
Land	1,343,986	1,712,952	–	3,056,938	–	–	–	3,056,938	1,343,986
Furniture & Fixture	42,692	202,223	–	244,915	644	42,610	43,254	201,661	42,048
Air Conditioner	–	13,700	–	13,700	–	1,830	1,830	11,870	–
Computer	–	95,680	–	95,680	–	27,396	27,396	68,284	–
Mixture Machine	–	228,180	–	228,180	–	28,908	28,908	199,272	–
Mobile Sets	–	26,550	–	26,550	–	2,043	2,043	24,507	–
Motor Car - Baleno	–	708,327	–	708,327	–	138,166	138,166	570,161	–
Total	1,386,678	2,987,612	–	4,374,290	644	240,953	241,597	4,132,693	1,386,034
Previous Year	–	1,386,678	–	1,386,678	–	644	644	1,386,034	

Schedules Forming Part of the Balance Sheet as on 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - E		
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES TO SUPPLIERS/CONTRACTORS		
Capital Work-In-Progress	187,521,544	30,642,317
Advance to Contractors/Suppliers	24,010,908	20,154,714
	<u>211,532,452</u>	<u>50,797,031</u>
SCHEDULE - F		
CASH AND BANK BALANCES		
(a) Cash in Hand	87,466	836,743
(b) Balance with scheduled banks, in Current Accounts	41,605	140,365
	<u>129,071</u>	<u>977,108</u>
SCHEDULE - G		
LOANS AND ADVANCES		
(Unsecured and considered good for recovery)		
Security Deposits	167,616	–
Other Loan & Advances, recoverable in cash or kind	906,699	168,243
	<u>1,074,315</u>	<u>168,243</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
(i) Current Liabilities :		
1. Sundry Creditors	7,943,453	871,669
2. Statutory Liabilities	93,705	–
3. Other Liabilities	517,769	135,597
	<u>8,554,927</u>	<u>1,007,266</u>
SCHEDULE - I		
MISCELLANEOUS EXPENDITURE		
Preliminary Exp. (to the extent not written off or adjusted)	222,700	222,700
	<u>222,700</u>	<u>222,700</u>

SCHEDULE - J**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 prorata 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. 159.64 Lakhs (Previous Year : Rs.541.60 Lakhs)

(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) Auditors Remuneration includes fees as under :

	2006-07	2005-06
	(Rs.)	(Rs.)
Audit Fees	48060/-	19285/-
Company Law Matters	5000/-	2755/-
Reimbursement of Expenses	-	3000/-
Total	53060/-	25040/-

(g) 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.

(h) In the opinion of the Management, the loans and advances are of the value stated as on 31.03.2007, if realized in the ordinary course of business.

(i) 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 ended on 31.03.2007 in the ordinary course of business:

1. Holding Company	Barak Valley Cements Ltd. (w.e.f. 31.03.2006)
2. Fellow Subsidiaries	Cement International Limited, Meghalaya Minerals & Mines Limited.
3. Associates	M/s. Prithvi Energy Limited, M/s. Nefa Udyog
4. Key Management Personal	Jagdish Prasad Shah (Director) Sushil Kumar Bajaj (Director) Sushil Kumar Goel (Director)

Details of transactions between the company and related parties for the year ended 31.03.2007 is given as under:

Sl. No.	Type of transaction	Holding Company	Fellow Subsidiaries	Associates	(Rs. in Lakhs) Key Management Personnel
1.	Purchase of Store & spares, goods and other services	–	–	–	–
	(a) Barak Valley Cements Ltd.	87.15	–	–	–
	(b) Cement International Ltd.	–	9.57	–	–
	(c) Meghalaya Minerals & Mines Limited	–	0.42	–	–
2.	Sale of Stores and services	–	–	–	–
	(a) Cement International Ltd.	–	6.54	–	–
	(b) Meghalaya Minerals & Mines Ltd.	–	0.82	–	–
3.	Equipment Hire Charges paid to M/s. Nefa Udyog	–	–	8.43	–
4.	Technical Consultancy fee paid to M/s. Prithvi Energy Limited	–	–	17.96	–

(i) Sundry creditors include Rs. 32,396.00 (as at 31.03.06 – Rs. 14,642) due to holding Company Barak Valley Cements Limited.

(k) Interest on Term Loan has been shown net after deducting interest received on fixed deposit made, against cash margin for opening of Letter of Credit Limit.

(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 “J” forms an integral part of the accounts.

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

For & on behalf of the Board

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Sushil Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 7th June, 2007

Balance Sheet Abstract & Company's General Profile

I. REGISTRATION DETAILS

Registration No.	: 07654 of 2005	State Code	: 2
Balance Sheet Date	: 31 03 2007		
	Date Month Year		

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

Public Issue	:	–	Rights Issue	:	–
Bonus Issue	:	–	Private Placement	:	7,363.40

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

Total Liabilities	:	228,033.96	Total Assets	:	228,033.96
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Sources of Funds:-

Paid Up Capital	:	18,633.40	Reserves & Surplus	:	74,133.60
Secured Loans	:	135,266.96	Unsecured Loans	:	–

Application of Funds:-

Net Fixed Assets	:	234,859.63	Investments	:	–
Net Current Assets	:	(7,048.37)	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, 7th June, 2007

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Cash Flow Statement for the Year ended 31st March, 2007

S.N. Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	-	-
Adjustment for:		
Add : Depreciation & Misc. Expenditure	-	-
Interest & Finance Charges	-	-
Operating Profit before working capital changes	-	-
Adjustment for change in :		
Trade & other receivables	(906,072)	(168,243)
Inventories	(303,171)	-
Trade and other payables	7,547,661	1,007,266
Cash generated from Operations	6,338,418	839,023
Direct Taxes Paid	-	-
Net Cash Flow from Operating Activities	6,338,418	839,023
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets/Capital WIP	(179,270,416)	(55,589,215)
Purchase of Investments	-	-
Preliminary Exp.	-	(222,700)
	(179,270,416)	(55,811,915)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceed from issue of Shares	36,817,000	55,950,000
Proceeds from borrowings	135,266,961	-
	172,083,961	55,950,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(848,037)	977,108
Add: Cash & Cash Equivalents at the beginning of the year	977,108	-
Cash & Cash Equivalents at the Closing of 31.03.2007	129,071	977,108

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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Sushil Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 7th June, 2007

Directors' Report

**To
The Shareholders,**

Your Directors have pleasure to present the 7th Annual Report together with the audited statement of account for the year ended 31st March 2007.

OPERATIONS

The members of the company are aware that the company was in the process of setting up a 300 TPD Cement Grinding unit at Badarpurghat and your Directors have extreme pleasure to inform you that with the sincere efforts of all concerned, your company has started the commercial production in the month of April, 2007.

Since the company has not done any commercial activity till the end of financial year 2006-07, therefore, the company has not prepared profit and loss account for the financial year 2006-07. However, the company has prepared the Balance Sheet as at 31st March 2007 with a statement of "Incidental Expenditure during construction period" till that date.

DIVIDEND

The Directors of your company do not recommend any dividend for the financial year 2006-07, as the company has not earned any profits.

DIRECTORS

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

PUBLIC DEPOSITS

The Company has neither accepted nor received any Public Deposits during the financial year 2006-07 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 and are eligible for re-appointment. M/s Kumar Vijay Gupta & Co. has already furnished certificates of their eligibility for re-appointment, under Section 224(1) of the Companies Act, 1956. However, M/s Surender Harikishan & Co. does not wish to continue as the Statutory Auditor of the company for the financial year 2007-08 and onwards.

It is proposed to re-appoint M/s Kumar Vijay Gupta & Co., Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2007-08.

AUDITORS' REPORT

The observations made in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956. The Auditors' Report issued by the auditors of the company does not contain any adverse remarks or any qualification.

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.

EMPLOYEE RELATION

The company has been able to maintain peaceful and cordial relationship with the employees of the company 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 Geeta Solanki & Associates, Practicing Company Secretary, having office at 2/263, Subhash Nagar, New Delhi-110027, 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;
- 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

Since the company was in construction period till the end of financial year 2006-07, therefore no steps were taken for energy conservation and technology absorption.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange during the year 2006-07.

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 : 06.06.2007

Sd/-
CHAIRMAN

Auditors' Report

To
The Members
Cement International Ltd.
Lumshnong, Meghalaya.

1. We have audited the attached Balance Sheet of **M/s. CEMENT INTERNATIONAL LTD.** as at 31st March 2007 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, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed 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, 2007.
 - (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

Sd/-
CA. Surender Kumar
(Proprietor)
M.No. 93626

Place : New Delhi
Date : 06.06.2007

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)
M.No. 91151

ANNEXURE TO AUDITORS' 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) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and 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.
- (b) 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) 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, 2007 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 defaulted in repayment of dues to financial institutions or banks.
- (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 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 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.
- (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

Sd/-

CA. Surender Kumar
(Proprietor)
M.No. 93626

Place : New Delhi
Date : 06.06.2007

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

Sd/-

CA. Tarun Kumar Gupta
(Partner)
M.No. 91151

Balance Sheet as at 31st March, 2007

Particulars	Schedule	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Fund :			
a) Share Capital	"A"	9,927,000	7,927,000
b) Reserves and Surplus	"B"	35,680,000	27,680,000
2. Secured Loans :	"C"	63,655,945	–
TOTAL		109,262,945	35,607,000
II. APPLICATION OF FUNDS			
1. Fixed Capital Expenditure			
(a) Complete Assets	"D"	4,317,360	2,083,333
Less : Depreciation		113,646	429
Net Complete Assets		4,203,714	2,082,904
(b) Incidental Expenditure During Construction Period (As per Incidental Expenditure During Construction Period Account)		8,352,923	480,828
(c) Capital Work in Progress including advances to suppliers/contractors	"E"	72,197,719	32,454,391
		84,754,356	35,018,123
2. Current Assets, Loans & Advances			
(a) Cash and Bank Balances	"F"	2,692,032	906,141
(b) Loans and Advances	"G"	8,542,798	42,322
(c) Inventories of Raw Materials		21,929,566	–
		33,164,395	948,463
Less : Current Liabilities & Provisions	"H"	8,835,806	539,586
Net Current Assets		24,328,589	408,877
3. Miscellaneous Expenditure (To the extent not written off or adjusted)	"I"	180,000	180,000
TOTAL		109,262,945	35,607,000

Significant Accounting Policies & Notes to Accounts "J"
Schedules "A" to "J" 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

Sd/-
CA. Surender Kumar
(Proprietor)

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

New Delhi, 6th June, 2007

For & on behalf of the Board

Sd/-
Santosh Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Incidental Expenditure During Construction Period Account for the year ended on 31st March, 2007

Sl. No.	Head of Expenditure	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
	Opening Balance Brought Forward	480,828	48,389.00
1	Auditors' Remuneration	53,060	25,040.00
2	Depreciation	113,217	429.00
3	Electricity & Water Exps.	17,984	8,139.00
4	Filing Fees	9,000	1,500.00
5	Freight & Cartage	307,698	34,595.00
6	Fringe Benefit Tax	8,460	2,500.00
7	Legal & Consultancy Expenses	17,585	40,001.00
8	Misc. Expenses	36,247	105,979.00
9	Printing, Stationery & Postage expenses	60,057	25,550.00
10	Power & Fuel Expenses	1,618,136	–
11	Rates & Taxes	354,606	25,000.00
12	Repairs & Maintenance	26,586	42,370.00
13	Salary & Wages	1,500,208	64,917.00
14	Security Expenses	183,631	21,752.00
15	Staff Welfare	56,174	11,608.00
16	Telephone Expenses	16,130	16,158.00
17	Tour & Travelling Expenses	37,879	6,901.00
18	Bank Charges	12,569	–
19	Insurance	173,130	–
20	Equipment Running/ Hire Charges	179,782	–
21	Testing & Inspection Charges	95,803	–
22	Stores & Spares consumed	50,472	–
23	Interest on Term Loan/ Working Capital	2,693,682	–
24	Processing fee	250,000	–
	TOTAL	8,352,923	480,828.00

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

For & on behalf of the Board

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Santosh Kumar Bajaj
Director

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 6th June, 2007

Schedules Forming Part of the Balance Sheet as on 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - A		
SHARE CAPITAL		
Authorised Capital (10,00,000 Equity Shares of Rs. 10/- each)	10,000,000	10,000,000
Issued, Subscribed & Paid-up Capital {9,92,700 Equity Shares (Last Year 7,92,700 Equity Shares) of Rs. 10/- each, called & fully paid up}	9,927,000	7,927,000
	9,927,000	7,927,000

Note : 9,92,700 (7,92,700 as at 31.03.06) Equity Shares are held by Barak Valley Cements Limited (Holding Company).

SCHEDULE - B

RESERVE & SURPLUS

Securities Premium Account		
Balance Brought Forward	27,680,000	—
Additions during the year	8,000,000	27,680,000
Total	35,680,000	27,680,000

SCHEDULE - C

SECURED LOANS

1. Rupee Term Loan from IDBI Bank Ltd., Guwahati (Secured against first charge on all present and future immovable and movable assets of the company and Corporate Guarantee of holding company i.e. Barak Valley Cements Ltd.)	45,000,000	—
2. Cash Credit from IDBI Bank Ltd., Guwahati (Secured against first charge on the current assets, second charge on fixed assets and Corporate Guarantee of holding Company i.e. Barak Valley Cements Ltd.)	18,655,945	—
	63,655,945	—

SCHEDULE - D

FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2007

(Amt. in Rs.)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.06	Additions during the year	Deductions during the year	As on 31.03.07	As on 01.04.06	For the year	As on 31.03.07	As on 31.03.07	As on 31.03.06
Land	2,070,079	230,888	—	2,300,967	—	—	—	2,300,967	2,070,079
Furniture & Fixture	13,254	19,163	—	32,417	429	8,921	9,350	23,067	12,825
Computer	—	32,600	—	32,600	—	3,958	3,958	28,642	—
Weigh Machine	—	11,200	—	11,200	—	607	607	10,593	—
Laboratory Equipments	—	1,114,036	—	1,114,036	—	90,904	90,904	1,023,132	—
Tractor	—	826,140	—	826,140	—	8,827	8,827	817,313	—
Total	2,083,333	2,234,027	—	4,317,360	429	113,217	113,646	4,203,714	2,082,904
Previous Year	655,000	1,428,333	—	2,083,333	—	429	429	2,082,904	

Schedules Forming Part of the Balance Sheet as on 31.03.2007

Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
SCHEDULE - E		
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES TO SUPPLIERS/CONTRACTORS		
Capital Work-In-Progress	68,262,481	19,350,934
Advance to Contractors/Suppliers	3,935,238	13,103,457
	<u>72,197,719</u>	<u>32,454,391</u>
SCHEDULE - F		
CASH AND BANK BALANCES		
Cash in Hand	81,654	337,806
Balance with scheduled banks, in Current Accounts	2,610,378	568,335
	<u>2,692,032</u>	<u>906,141</u>
SCHEDULE - G		
LOANS AND ADVANCES (Unsecured and considered good for recovery)		
Security Deposit	1,361,135	18,201
Advances to Supplier/transporters against raw material	4,432,861	–
Other Loan & Advances recoverable in cash or kind	2,748,802	24,121
	<u>8,542,798</u>	<u>42,322</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
1. Sundry Creditors	7,969,666	484,979
2. Sundry Liabilities	97,925	–
3. Other Liabilities	768,215	54,607
	<u>8,835,806</u>	<u>539,586</u>
SCHEDULE - I		
MISCELLANEOUS EXPENDITURE		
Preliminary Exp. (to the extent not written off or adjusted)	180,000	180,000
	<u>180,000</u>	<u>180,000</u>

SCHEDULE - J
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. 27.35 Lakhs (Previous year : Rs. 10.76 Lakhs)

(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) Auditors Remuneration includes fees as under :

	2006-07	2005-06
	(Rs.)	(Rs.)
Audit Fees	48060/-	19285/-
Company Law Matters	5000/-	2755/-
Reimbursement of out of Pocket Exp.	-	3000/-
Total	53060/-	25040/-

(g) 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.

(h) In the opinion of the Management the loans and advances are of the value stated as on 31.03.2007, if realised in the ordinary course of business.

(i) 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. Fellow Subsidiaries	Badarpur Energy Pvt. Ltd., Meghalaya Minerals & Mines Limited.
3. Associates	Meghalaya Cement Limited, Nefa Udyog
4. Key Management Personal	Santosh Kumar Bajaj (Director), Jagdish Prasad Shah (Director)

Details of transactions between the company and related parties for the year ended 31.03.2007 is given as under:

Sl. No.	Type of transaction	Holding Company	Fellow Subsidiaries	Associates	(Rs. in Lakhs) Key Management Personnel
1.	Purchase of Store, Spares and other services	–	–	–	–
	: Barak Valley Cements Ltd.	135.69	–	–	–
	: Badarpur Energy Pvt. Ltd.	–	6.54	–	–
2.	Sale of Stores and other services	–	9.57	–	–
	: Badarpur Energy Pvt. Ltd.	–	9.57	–	–
3.	Raw material purchased from Meghalaya Cement Ltd.	–	–	108.99	–
4.	Equipment hire charges paid to Nefa Udyog	–	–	1.68	–

(j) Sundry creditors include Rs. 15,52,730 (as at 31.03.06 – Rs. 75,241) due to holding Company Barak Valley Cements Limited.

(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 Company has started its commercial activity with effect from 09th April' 2007.

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

(o) Schedule "A" to "J" forms an integral part of the accounts.

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

Sd/-
CA. Surender Kumar
(Proprietor)

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

New Delhi, 6th June, 2007

For & on behalf of the Board

Sd/-
Santosh Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Balance Sheet Abstract & Company's General Profile

I. REGISTRATION DETAILS

Registration No.	: 6173 of 2000-01	State Code	: 13
Balance Sheet Date	: 31 03 2007		
	Date Month Year		

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

Public Issue	: –	Rights Issue	: –
Bonus Issue	: –	Private Placement	: 2,000.00

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

Total Liabilities	: 109,262.95	Total Assets	: 109,262.95
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Sources of Funds:-

Paid Up Capital	: 9,927.00	Reserves & Surplus	: 35,680.00
Secured Loans	: 63,655.945	Unsecured Loans	: –

Application of Funds:-

Net Fixed Assets	: 84,754.36	Investments	: –
Net Current Assets	: 24,328.59	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 : 6th June, 2007

Sd/-
Santosh Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Cash Flow Statement for the year ended on 31st March, 2007

S.N. Particulars	31.03.2007 (Amt. in Rs.)	31.03.2006 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	-	-
Adjustment for:		
Add : Depreciation & Misc. Expenditure	-	-
Interest & Finance Charges	-	-
	-	-
Less : Profit on sale of assets/investments	-	-
Operating Profit before working capital changes	-	-
Adjustment for change in :		
Trade & other receivables	(8,500,476)	(42,322)
Inventories	(21,929,566)	-
Trade and other payables	8,296,220	537,086
Cash generated from Operations	(22,133,821)	494,764
Direct Taxes Paid	-	-
Net Cash Flow from Operating Activities	(22,133,821)	494,764
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets/Capital WIP	(49,736,233)	(34,314,734)
Purchase of Investments	-	-
	(49,736,233)	(34,314,734)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceed from issue of Shares	10,000,000	34,600,000
Proceeds from borrowings	63,655,945	-
	73,655,945	34,600,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	1,785,891	780,030
Add : Cash & Cash Equivalents at the beginning of the year	906,141	126,111
Cash & Cash Equivalents at the Closing of 31.03.2007	2,692,032	906,141

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

Sd/-
CA. Surender Kumar
(Proprietor)

Sd/-
Santosh Kumar Bajaj
Director

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

Sd/-
Jagdish Prasad Shah
Director

Sd/-
CA. Tarun Kumar Gupta
(Partner)

New Delhi, 6th June, 2007

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal black lines across the entire width of the page, providing a guide for handwriting or typing. The background is a solid off-white color.



Barak Valley Cements Limited

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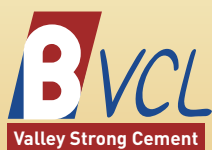
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Barak Valley Cements Limited

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