



ANNUAL REPORT 2007-2008



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BARAK VALLEY CEMENTS LIMITED

COMPOSITION OF BOARD

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

COMPANY SECRETARY

Ms. Dimpy Choudhary

AUDITOR

M/s. Kumar Vijay Gupta & Co.,
Chartered Accountants,
408, New Delhi House,
27, Barakhamba Road,
Connaught Place, New Delhi-110001

BANKERS AND FIs

Industrial Development Bank of India (IDBI)
Northern Eastern Development Financial Institution (NeDFI)

OFFICES**Regd. Office:**

202, Royal View,
B. K. Kakoti Road,
Ulubari, Guwahati,
Assam-781007

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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Notice

NOTICE is hereby given that the 9th Annual General Meeting of the members of **BARAK VALLEY CEMENTS LIMITED** will be held on Friday, the 25th day of July, 2008, at Hotel Nandan, G. S. Road, Guwahati, Assam-781007 at 1.30 P.M. to transact the following business:

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at 31st March, 2008 and Profit and Loss A/c for the year ending on that date together with the Report of the Directors and Auditors thereon.
2. To declare the dividend on equity shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Kumar Vijay Gupta & Co., Chartered Accountants, the Retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

Special Business

5. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 314 (1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and all other provisions, if any, of the Companies Act, 1956, ("the Act") and subject to the consent of the Company at General Meeting and such other approvals as may be required, Sh. Mahendra Kumar Agarwal, Director of the Company, be and is hereby appointed under the Company as Technical Advisor with effect from 1.08.2008 at a monthly remuneration of Rs. 50, 000/-."
FURTHER RESOLVED THAT Mr. Kamakhya Chamaria, Managing Director of the Company be and is hereby authorised to file Form 23 and other relevant forms with the Registrar of Companies in this connection."
6. To consider, and if thought fit, to pass, with or without modification(s) the following resolution as Ordinary Resolution:
"RESOLVED THAT Mr. Dinesh Chandra Agrawal, who was appointed as Additional Director of the Company, holds office till the date of this Annual General Meeting pursuant to Section 260 and other applicable provisions, if any, of the Companies Act, 1956 and in respect of whom a notice under Section 257 of the Companies Act has been received, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement by rotation."
7. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 198, Section 269, Section 309 read with any other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII to the act, or any amendment or modification or re-enactment thereof and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded for increase in the remuneration of Sh. Bijay Kumar Garodia from Rs. 75,000/- per month to Rs. 1,00,000/- per month w. e. f. 1.08.2008 on the terms and conditions mentioned within the ceiling prescribed in Section II of part II of Schedule XIII of the Companies Act, 1956 corresponding to the effective capital of the company.
"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to raise, amend, alter or otherwise vary the terms and conditions of his appointment from time to time as they deem fit in accordance with the provisions of the Companies Act, 1956 and Schedule XIII to the Act as existing or as may be amended."
8. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 198, Section 269, Section 309 read with any other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII to the act, or any amendment or modification or re-enactment thereof and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded for increase in the remuneration of Sh. Santosh Kumar Bajaj from Rs. 75,000/- per month to Rs. 1,25,000/- per month w. e. f. 1.08.2008 on the terms and conditions mentioned within the ceiling prescribed in Section II of part II of Schedule XIII of the Companies Act, 1956 corresponding to the effective capital of the company.
"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to raise, amend, alter or otherwise vary the terms and conditions of his appointment from time to time as they deem fit in accordance with the provisions of the Companies Act, 1956 and Schedule XIII to the Act as existing or as may be amended."
9. To consider, and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 198, Section 269, Section 309 read with any other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII to the act, or any amendment or modification or re-enactment thereof and subject to such approvals as may be necessary, the consent of the company be and is hereby accorded for increase in the remuneration of Sh. Kamakhya Chamaria from Rs. 75,000/- per month to Rs. 1,25,000/- per month w. e. f. 1.08.2008 on the terms and conditions mentioned within the ceiling prescribed in Section II of part II of Schedule XIII of the Companies Act, 1956 corresponding to the effective capital of the company.
"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to raise, amend, alter or otherwise vary the terms and conditions of his appointment from time to time as they deem fit in accordance with the provisions of the Companies Act, 1956 and Schedule XIII to the Act as existing or as may be amended."

BY ORDER OF THE BOARD

Place : Delhi
Date : 20.06.2008

Sd/-
(Kamakhya Chamaria)
Managing Director

NOTE:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing a proxy, to be effective, must be duly filled, stamped and must reach the company's registered office not later than 48 hours before the commencement of the meeting.
3. The Explanatory Statements as per Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Members/Proxies are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 21st July, 2008 to 25th July, 2008 (both days inclusive) for the purpose of ascertaining the eligibility for payment of dividend.
6. The dividend payable on equity shares, if approved by the members, will be paid to those members whose names appear on the Company's Register of Members and as per beneficial owners position received from NSDL & CDSL as at the close of 18th July, 2008.
7. Members holding shares in physical form are requested to notify change in their address, if any, quoting folio number to Share Transfer Agents M/s Intime Spectrum Registry Limited, C-13, Panna Lal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai.
8. Members are required to advise about any change of Address/ Bank Account Number:
 - a) To the Company's Registrar in respect of their physical share folios; and
 - b) To their Depository Participants (DPs) in respect of their Electronic Demat Accounts as the Company is obliged to print the Bank details on the dividend warrant as furnished by NSDL/ CDSL.
9. Members are requested to send their queries, if any, at least 10 days in advance of the meeting so that the information can be made available at the meeting.
10. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

Mr. Mahendra Kumar Agarwal is an energetic young man aged 42 years holding Bachelor of Science degree from renowned college of Shillong. Mr. Mahendra Kumar Agarwal is the Promoter Director of Meghalaya Cements Limited. Mr. Agarwal is having technical experience of more than 10 years in the Cement Industry. Your Company proposes to appoint him as the Technical Advisor of the Company by way of entering into an Agreement with Mr. Agarwal to render his technical services to the Company. The copy of the Agreement is available for inspection by the shareholders during business hours on all the working days at the registered office of the Company. The appointment of Mr. Agarwal can be made with the approval of its members by passing the Special Resolution.

The resolution as set out in Item No. 5 of this Notice is accordingly commended for your acceptance.

None of the Directors except Sh. Bijay Kumar Garodia and Sh. Mahendra Kumar Agarwal are interested in the above said resolution.

ITEM NO. 6.

Mr. Dinesh Chandra Agarwal was appointed as the Additional Director of the Company on 8th August, 2007 and holds office up to the date of forthcoming Annual General Meeting of the Company. Mr. Dinesh Chandra Agarwal is having vast experience in marketing and sales. He has been associated with various companies in past i.e. Alloy Steel Foundry of Ashoka Cement Ltd, R.G. Foundry Forge Ltd in various capacities. Presently, Mr. Agarwal is involved in consultancy for the products e.g. Alloy Steel Casting, Grinding Media Balls and Cylpebs required by Cement Factories, Thermal Power Stations, Iron Ore Dressing Units, Fertilizer Plants, Stone Crusher Machines etc. The Company has received the notice from the member of the Company proposing him to appoint him as the regular Director of the Company.

The resolution as set out in Item No. 6 of this Notice is accordingly commended for your acceptance.

None of the Directors except Mr. Dinesh Chandra Agarwal is interested in the resolution.

ITEM NO. 7, 8 & 9

The Shareholders are informed that the Remuneration Committee in their meeting held on 5th May, 2008 discussed that the Company has enlarged the area of its operations by way of the expansion of the existing Cement Capacity from 460 TPD to 750 TPD and Clinkerisation Capacity from 420 TPD to 600 TPD. The Company has also by way of the first Public Offer of the Company enlarged the family of its shareholders. Owing to the robust growth of the Company and also the demand of senior experienced people in the Industry, it is proposed to increase the remuneration of the Whole-time Director (s) and Managing Director in line with the market trends. The Board of Directors at its meeting held on 7th May, 2008 discussed the recommendation of the Remuneration Committee and decided unanimously to increase the remuneration of Sh. Bijay Kumar Garodia and Sh. Santosh Kumar Bajaj, Whole-time Director (s) and Sh. Kamakhya Chamaria, Managing Director subject to the approval of the members at the Annual General Meeting of the Company.

Therefore, the resolution at Item No. 7, 8 & 9 is commendable for your acceptance.

None of the Directors except Sh. Bijay Kumar Garodia, Sh. Santosh Kumar Bajaj, Sh. Mahendra Kumar Agarwal (Relative of Sh. Bijay Kumar Garodia), Sh. Kamakhya Chamaria and Sh. Prahlad Rai Chamaria (Relative of Sh. Kamakhya Chamaria) are interested in the above said resolution.

BY ORDER OF THE BOARD

Place : Delhi
Date : 20.06.2008

Sd/-
(Kamakhya Chamaria)
Managing Director

Directors' Report

**To
The Members,**

Your Directors have pleasure to present the Ninth Annual Report together with the audited statement of accounts for the year ended 31st March, 2008.

Financial Results

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

Particulars	Rs. In Lacs	
	Year Ended 31-03-08	Year Ended 31-03-07
Total Sales	7031.42	7378.23
Other Income	46.38	59.80
Total Sales & Other Income	7077.80	7438.03
Profit before Interest, Dep. & Income Tax	2009.23	2405.79
Less: Depreciation	468.80	511.83
Profit Before Interest and Income Tax	1540.43	1893.96
Less: Interest	245.69	268.39
Profit before Income Tax	1294.74	1625.57
Less: Provision for Income Tax		
Current Income Tax	146.97	181.19
Deferred Tax Liability	39.43	6.89
Fringe Benefit Tax	8.05	6.60
Profit after Tax	1100.29	1430.89
Add: Balance Brought down from last year	2654.91	1783.47
Profit available for Appropriation	3755.20	3214.36
Less: Appropriations		
Transferred to General Reserve	82.52	143.09
Proposed Dividend on Equity Shares	443.20	363.00
Corporate Tax on Dividend	75.32	53.36
Balance Transferred to Reserve & Surplus	3154.16	2654.91

OPERATIONS

During the financial year 2007-08, the Company has achieved a turnover of Rs. 7031.42 lakhs as compared to the turnover of Rs. 7378.23 lakhs in the financial year 2006-07 and a net profit of Rs. 1100.29 lakhs as against Rs. 1430.89 lakhs in the previous financial year. The performance of the Company during the year under review has as such been more or less constant to that of its performance in the last year. However, the production and sales of cement were partially affected due to the reason that the plant of the Company had to be remained closed for about 36 days to facilitate maintenance and renovation work for carrying out the activities related to expansion of the production capacity. Your Directors are confident that barring unforeseen circumstances, the performance of the Company during the current financial year must be much improved one and promising in all respects.

EXPANSION

As envisaged and stated in the prospectus issued at the time of public issue of shares, the Company has successfully completed the expansion of its Cement Capacity from 460 TPD to 750 TPD and Clinkerisation Capacity from 420 TPD to 600 TPD and the plant is presently running at its expanded capacity. This would certainly increase in future the quantum of production, turnover and profitability of the Company.

PUBLIC ISSUE OF EQUITY SHARES

The maiden Public Issue of 56.60 lacs equity shares of Rs. 10/- each for cash at a premium of Rs. 32/- per share which opened for subscription on October, 29 and closed on November 1, 2007 proved to be one of the major events in the history of the Company as the said Public Issue was heavily over-subscribed by 27.95 times boosting the confidence of the management in enlarging the scope and areas of Company's business activities. The shares of the Company have been listed on 23rd November, 2007 with both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

DIVIDEND

Considering the legitimate financial performance of the Company during the financial year 2007-08, the Board of Directors has decided to recommend a dividend @ 20% (Rs 2/- per share) on the enhanced issued and subscribed equity share capital of the Company

subject to the approval of members at the ensuing Annual General Meeting of the Company. The total outgo of Dividend will be Rs. 518.52 lacs (inclusive of Corporate Dividend Tax).

FUTURE PROSPECTS AND OUTLOOK

The Cement-Industry is presently passing through a path which is full of promises and prosperity. However, in order to avail the fruits of the said prosperity it would always be necessary to have determination of a sustained growth by systematically organizing the movement of the product, its quality and acceptability in the market. With the present scenario of fast growing mass housing together with commercial and infrastructure activities in big cities and strong increasing demand of cement in small towns, the demand as well as consumption of quality cement in India is likely to record sustained and regular growth in the coming near future. Infrastructure has undoubtedly tremendous growth potential to contribute to the national economy which the Central Government has realized and accordingly thrust is being continued in several sectors such as roads, railways, housing construction, ports, airports, urban utility and other infrastructure related activities which would ultimately result in a bright and prosperous future for the cement industry. Your Directors believe in the rapid and sustained growth of the Company by having a close watch on all such developments which are directly or indirectly related to cement industry or have any impact on the fundamental growth potentials of the Company.

EMPLOYEE RELATIONSHIP

As the tradition being continuously followed by the Company in respect of providing a congenial atmosphere for work to all the categories of the employees, the management's relation with them remained cordial and harmonious throughout the year. There were no disputes of whatsoever nature or any unpleasant event which took place during the year arising out of any matter concerning the management's industrial relations with its employees.

CORPORATE GOVERNANCE

The Company has duly complied with the Corporate Governance Code as prescribed under the Listing Agreement with the Stock Exchanges. A separate report on the Corporate Governance along with a certificate from the auditors confirming the compliance is annexed and forms part of the Annual Report.

DIRECTORS

Mr. Dinesh Chandra Agarwal was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 on 8th August, 2007 and holds office up to the date of the forthcoming Annual General Meeting. A notice has been received from a member of the company proposing to appoint him as a regular Director. Mr. Agarwal had remained associated with various reputed companies in various capacities in past. He is possessing to his credit vast experience in marketing and sales. Presently, Mr. Agarwal is engaged in consultancy for the products like Alloy Steel Casting, Grinding Media Balls and Cylpebs required by Cement Factories, Thermal Power Stations, Iron Ore Dressing Units, Fertilizer Plants, Stone Crusher Machines etc.

Mr. Venkateswara Rao Usulumarthy resigned from the Directorship of the Company due to his personal reasons on 8th August, 2007. The Board expresses and records 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. Santosh Kumar Bajaj, Mr. B. P. Bakshi, Mr. Mahendra Kumar Agarwal and Mr. Vimal Jain are directors liable to retire by rotation and being eligible offer themselves for their re-appointment at the forthcoming Annual General Meeting of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company was constituted by the Board and presently conducts its meeting under the chairmanship of Sh. Vimal Jain and the other members of the Committee are Mr. B.P. Bakshi, Mr. Vishal More and Mr. Kamakhya Chamarla. Four meetings of the said committee were held during the year under review i. e. on 21.05.2007, 8.08.2007, 6.11.2007 and 25.01.2008.

AUDITORS

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 2008-09. The company has received the letter from M/s Kumar Vijay Gupta & Co. under Section 224(1B) of the Companies Act, 1956, being eligible and seeking their re-appointment.

SUBSIDIARY COMPANIES

All the subsidiaries of the Company have completed their respective projects as per the schedule and have started their operations.

Badarpur Energy Private Limited (BEPL): BEPL has set up 6 MW Bio mass based Power Plant at Badarpurghat, Distt. Karimganj, Assam for the generation of electricity. The Company has started the commercial production in the month of February, 2008. The electricity generated by BEPL is being supplied to BVCL and helps BVCL to overcome the problem of power shortage and frequent power cuts. BEPL has not earned any profit during the current financial year as the commercial production in the Company has started in the month of February, 2008 only.

Cement International Limited (CIL): CIL has 300 TPD Cement Grinding Capacity plant at Debendra Nagar, Jhoom Basti, P.O. Badarpurghat, Distt. Karimganj, Assam. CIL uses the clinker as raw material supplied by BVCL and other clinker producers and after grinding, sells the same under the brand name "Valley Strong" cement. During the current financial year, CIL has earned net profit of Rs. 170.32 lakhs and has achieved the turnover of Rs. 2478.86 lakhs.

Meghalaya Minerals and Mines Limited (MMML): MMML has set up 800 TPD Limestone Crushing plant at Lumshnong, Meghalaya. The entire requirement of limestone of BVCL is met from MMML. The Company has earned Net Profit of Rs. 71.18 lakhs in the current financial year as compared to Rs. 0.70 lakhs in the previous year. The Company has achieved the Turnover of Rs. 663.29 lakhs as compared to Rs. 352.75 lakhs in the previous financial year.

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. The Statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the Company's subsidiaries, Audited Statement of Accounts, along with the report of Directors relating to the Company's Subsidiaries for the year ended 31.03.2008 form part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors wish to inform 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 presents 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 the applicable accounting standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- ii. that reasonable and prudent accounting policies have been used in preparation of the financial statements, that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31-Mar-08 and of the profit for the year ended 31-Mar-08;
- iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the financial statements have been prepared on a going concern basis.

UTILIZATION OF IPO PROCEEDS

The entire proceeds from IPO have been utilized fully as per the objects mentioned in the Prospectus. The Company has also received a certificate from the Auditors of the company regarding utilization of the IPO proceeds in the manner as stated in the said Prospectus.

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 against major risks.

PUBLIC DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The particulars as prescribed 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 set out in Annexure 'A' forming part of the report.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the timely support provided by Company's bankers and other financial institutions. We deeply acknowledge the dedication and commitment of the employees at all levels. We also take this opportunity to thank all the valued customers who have appreciated and patronized the products. The Directors convey their grateful thanks to the Government Authorities, Shareholders, Distributors and Dealers for their continued assistance, cooperation and patronage.

For **Barak Valley Cements Limited**

Place : Delhi
Date : 20.06.2008

Sd/-
Bijay Kumar Garodia
Chairman

Annexure 'A' to Director's Report

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

a) Energy Conservation Measures Taken:

- i. Crushing Section modified with larger size of vibrating screen. The production is increased from 45T/hr to 60 T/hr, thereby, saving power by 1 Unit/ton of Limestone Crushing.
- ii. A Grinding Mill installed for regrinding the reject of existing grinding mill. Thus, the production increased by 30%, reducing the power consumption by 1.5 Unit/ton of raw meal grinding.
- iii. Grate Cooler has been modified to run with less number of hydraulic jacks, thus reducing power by 1 Unit/ton of Clinker.
- iv. Kiln production increased to 600 MT/day by modifying riser duct, feed pipes & raw mill feeding system.
- v. 2 Kiln Feeding Screw Conveyors removed. The raw meal feeding to pre heater taken directly through Rotary Air Lock controlled by V.F.D.

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

- i. Pre heater fan drive conversion from L.T. to H.T.
- ii. Installation of 4 Nos. of V.F.D. in Cooler Fan.
- iii. Installation of new mill with high sufficiency separator.
- iv. P.L.C. in kiln feeding system.
- v. To change higher capacity to required capacity motor.
- vi. To change belt conveyor at the discharge of cooler in deep bucket conveyors.
- vii. To install 4 nos. of bag filter and 1 No. of wet scrubber to control pollution and save wastage out of dust pollution.
- viii. To install a new coal mill using cooler waste heat to dry the coal.
- ix. To install a system over the kiln to dry the coal.
- x. To make arrangement for "Twin drive of kiln".
- xi. To put fly ash dryer.
- xii. Preservation of raw material.

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 measures, the 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 and Fuel Consumption	<u>2007-08</u>	<u>2006-07</u>
a) Purchase Units (KWH)	1,65,37,101 Units	1,12,94,100 Units
Total Amount (Rs. In Lakhs)	615.49	436.04
Rate/Unit (Rs.)	3.72	3.86
Own Generation (KWH)	13,88, 208 Units	57,47,651Units
Total Amount (Rs. in Lakhs)	121.41	577.83
Rate/Unit (Rs)	8.75	10.05
b) Coal Consumption	22,590.55 MT	19,044.22 MT
Total Amount (Rs. in Lakhs)	583.09	475.30
Rate/per MT (Rs)	2581	2496
Consumption per unit of production (Unit/MT)	Power (Per MT of Cement)	Coal (Per MT of Clinker)
Standard, if any	129.00 Units	0.20 MT
Current Year	140.63 Units	0.17 MT
Previous Year	104.88 Units	0.16 MT

Note : Due to higher ash contents, coal consumption in current financial year is higher than previous year.

FORM-B
TECHNOLOGY ABSORPTION AND RESEARCH AND 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. A short vertical kiln is being lined in combination of air quenching grate cooler to manufacture clinker. The quenching effect of the cooler reduced the detrimental effect of cement expansion caused by re crystallization of magnesia. This would be the latest version on V.S.K. The shortcoming of V.S.K will be overcome.
- ii. Coal drying system using heat decipated through kiln burning zone system will be installed over the kiln.
- iii. Replacing twin cyclone of kiln by one aero clone to reduce the pressure drop and to increase the I.D fan efficiency.

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. DCS system in pyro processing – To reduce the manpower and better feedback. This would reduce the power consumption.
- ii. Modification and upgrading the preprocessing - To reduce the pressure loss and to increase the percentage of calcination.

d) Expenditure on R&D

1. Capital Expenditure NIL
2. Recurring Expenditure Rs 2,26,500
3. Total Expenditure Rs 2,26,500

2. Technology absorption, adaptation and innovation
a) Efforts made towards technology absorption, adaptation and innovation

During the year 2007-08, the following jobs were taken up.

Raw Mill: - To avoid recycling of raw mill reject/ coarse material one small mill has been installed to regrind the reject. Thus, the mill output increased by 30% both put together.

Kiln:- The following modification were done:

- i. The Riser duct area increased by removing hysel block and insulating from outside.
- ii. The Inlet spillage recycled.
- iii. The Feed Pipe area increased by removing castable from inside. The heat resistant plats used in place of mild steel and castable has been done from outside.
- iv. The Location of the entire feed pipe changed for better heat transfer.
- v. Hood Area enlarged.

Environment:-3 Nos. of Bag Filters at different places like raw meal, clinker crushing unit, cement mill and one no. of wet scrubber installed in coal drier.

b) Benefit derived as a result of the above efforts

The installed capacity of the kiln has increased to 600 TPD.

c) Foreign Exchange earning and outgo.

Due to demand supply gap in North 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.

- | | |
|-------------------------|-------------------|
| Foreign Exchange Earned | NIL |
| Foreign Exchange Used | Rs. 14, 54, 889/- |

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

As has been noticed in general, the trend in the Cement Industry is positive and this trend is likely to be continued in the future as well. In India, the Cement Market has been showing impressive growth potentials due to rapidly increasing volume of construction and infrastructure activities through out the country and especially in the Northeast region. The sizeable public infrastructure investment like investment in roads, national highways, airports, bridges contributes to the increased overall demand for cement. The government thrust for the infrastructure development is evident from the incentives being provided by the Government and especially in the Northeast region. Government has allocated the investment of Rs. 16,447 crores in 2008-09 as compared to Rs. 14,365 crores in 2007-08 in the Union Budget 2008 with special allocation of Rs. 500 crores for the border areas which will immediately generate growing demand for cement. The Government is also facilitating industrialization in Northeast India with new fiscal incentive packages.

OVERVIEW OF 2007-08

The Financial Year 2007-08 happened to be a great and significant year for the Company. In this year, the Company received the well deserved **"EXCELLENCE AWARD"** for excellence in Productivity, Innovation, Quality and Management from the Institute of Economic Studies. Not only this, Mr. Kamakhya Chamaria, Managing Director and Vice-Chairman of the Company was also awarded with **"UDYOG RATTAN AWARD"** from the same Institute on 16.10.2007. BVCL has now enlarged its family of the shareholders by way of the first **Initial Public Offer** of 56, 60, 000 Equity Shares on the 29th day of October, 2007. The Company has made the net offer to the public of 55, 47,000 equity shares in the Price Band of Rs. 37-42/- per equity share raising an aggregate sum of Rs. 23.77 Crore in the IPO. The Company did receive the overwhelming response from the investors and the issue was oversubscribed by 27.95 times. The response of the institutional investors to the issue, with an over subscription of 24.17 times and that of the retail investors by 36.97 times was evidence that the investing public has keenly reposed their confidence in the Company and its Promoters. The Shares of your Company got listed on both the Stock Exchanges viz. National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on the 23rd day of November, 2007. Business Week in its **"BW BEST MIDSIZE COMPANIES"** has also ranked your Company **"15"** in terms of **Profitability** and **"74"** for an **overall performance** under Top 200 companies under size of 100 Crores.

PERFORMANCE REVIEW

The performance of the Company for the year has been more or less constant compared to its performance in the last year. The Company has achieved turnover of Rs. 7031.42 lakhs and Profit of Rs. 1100.29 lakhs in the financial year 2007-08 as compared to the turnover of Rs. 7378.23 lakhs and Profit of Rs. 1430.89 lakhs in the financial year 2006-07. The major reason accounting for the reduced profitability is that the plant of the Company was shut down for a period of 36 days for the purpose of the expansion of the Cement Capacity from 460 TPD to 750 TPD and Clinkerisation Capacity from 420 TPD to 600 TPD and the extra-ordinary long rainy season in the Northeast region. However, the Company has expanded the plant capacity as stated in the Objects of the Issue and is now running the plant at its expanded capacity.

The performance of the Company for the financial year 2007-08 as compared to the financial year 2006-07 is as under:

	FY 2007-08	(Rs in lacs) FY 2006-07
Production (MT)	1, 15, 306	1, 59, 260
Turnover	7031.42	7378.23
Profit after Tax	1100.29	1430.88

SALES & MARKETING

BVCL has dispatched 1,41,832 MT of cement and clinker in the financial year 2007-08 as compared to 1,60,454 MT of cement and clinker in the previous financial year. BVCL has diversified customer base consisting of Individuals, Contractors, Builders, Institutions and the Government Agencies. The key customers of BVCL include Government of India, Government of Tripura and Government of Mizoram and trade sales in South Assam, Tripura and Mizoram. Due to the huge demand-supply gap in the Northeast Region, the Company is able to sell its entire production in the domestic area itself.

COSTS

Transport

The Company has dispatched 1,41,832 MT of cement and clinker including 25,601 MT of clinker dispatch to its wholly-owned subsidiary CIL situated at Badarpurghat, Assam in the financial year 2007-08 as compared to dispatch of 1,60,454 MT of cement in the previous financial year resulting in coming down of the transportation cost by around 20%. However, transportation cost per MT cement has increased by 10.70 % over the previous year due to higher fuel price and freight cost. Higher prices of petroleum products like diesel, petrol etc. continued their rising trends and has adversely affected the transportation cost. However, due to better price realization, it has not significantly affected the overall profitability of the Company.

Power

Power is the key cost component in the manufacturing of cement. During the year, Badarpur Energy Private Limited, wholly owned subsidiary has started the commercial production of 6 MW Biomass based Power Plant. Company was earlier fulfilling its power requirement from ASEB and in house DG sets. However, with the generation of power in its wholly-owned subsidiary, dependency on ASEB has ended and the Company is getting the un-interrupted power supply.

During current financial year 2007 -08, the Company has purchased 138.85 lakhs units from ASEB against 112.94 Lakhs unit in earlier year. Similarly, Company has produced 13.88 lakhs unit from DG set at an average cost of Rs. 8.75 per unit against 57.48 lakhs unit @ Rs.10.05 in earlier year. The Company has purchased 26.52 lakhs units from its wholly-owned subsidiary Badarpur Energy Private Limited (BEPL).

CEMENT OUTLOOK AND FUTURE

The Indian Cement Industry, presently the 2nd largest producer of Cement in the world, is passing through a period of buoyant demand. The drivers of cement namely housing, infrastructure and industrial projects are poised to continue their growth trends and this augurs well for the cement industry. The Industry dynamics and regional structure indicates Eastern India as favorable destination for cement manufacturers. BVCL is a unique and an attractive player in the Cement Space in the Northeast region. The Company has been deriving significant benefits from its presence in North East India, mainly Demand-supply scenario and several sops, being the only manufacturer of cement in Barak Valley, Aizwal and Agartala Region.

RISKS AND AREAS OF CONCERN

Transport

The increased cost of transportation due to rise in fuel and freight cost 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, due to better realization of finished product, we would be able to offset the same against the increased cost.

Inflation and Interest Rates

Central Statistical Organization has reported that India's GDP grows grew at 8.8% in the quarter ended March 31, 2008 and 9% for the full year. However, the inflation has soared to 45-month high of 8.25% having doubled in the last four months. As the inflationary pressures across commodity segments have gripped the economy, cement seems to be one of the worst hit sectors as the seven prominent industry players have reported 42 percent jump in the raw material cost against 25 percent increase in sales in the last quarter of fiscal '08, the ASSOCHAM Eco Pulse (AEP) study noted. The power and fuel cost, which constitute 60 per cent of the total operating expenditure of the cement companies have increased by 24 percent in the fourth quarter.

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

Environment Consciousness

The Company has taken utmost care that it adheres to the compliance of all the applicable laws and obtaining the necessary approvals from the regulatory bodies from time to time. There has been a constant endeavor on the part of the Company to protect the environment. The wholly owned subsidiary, Badarpur Energy Private Limited (BEPL) has obtained the Host Country Approval for its 6 MW Bio-mass based Power Project in Assam for **Clean Development Mechanism (CDM)** from the Ministry of Environment and Forests.

CORPORATE SOCIAL RESPONSIBILITY

Health Care

The Company has organized Health Campaign in Debendra Nagar, Badarpur for the complete Health Check-up of the people near by the village followed by free distribution of different medicine to the attending patients. Besides this, the Company has also the medical care facilities to take care of the employees and the workers at site. Comprehensive Health Check-ups are conducted for the workers so that the workers employed are fit in all respects.

Social Welfare

The Flood affected the Barak Valley region in the Year 2007 resulting in Natural Calamity, which affected the towns, villages and the nearby areas of Barak Valley Region. BVCL management formed a team for giving relief and help to the flood affected areas. BVCL donated to the relief campaign at various locations at Badarpur, Thandapur, Alakulipur, Katigorah, Railway H.S. School, Railway Guest House, Jhoombosti, Dharmanagar Basti (Rly.) Kalibari, Vivekananda English Medium School, Sahid Club, Badarpur Rly Colony and to the various Clubs and also donated to remote areas where Govt. authorities were unable to provide relief's to the affected people, BVCL team has went to such locations by boats and distributed relief materials like rice, dal, candle, salt, mustard oil etc. to more than 1000 to 1500 nos. affected families and for their dependents. BVCL also supplied drinking water by water tank where and when required for affected People. The Company also distributed 300 kg bleaching powder in Silchar and Badarpur Area. The Company also donated ordinary soil since the entire road was washed at Khadiman, Badarpur.

The Company has 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. The Company give donations to different organizations for cultural and sports activity like temple development, different pujas, kirtan, temple, mosque, schools & college construction, football tournament, various camps, competitions etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

BVCL has adequate Internal Control Procedures commensurate with its size and nature of its business. The Company has extensive system of internal controls to ensure optimal utilization of resources and accurate reporting of financial transactions and strict compliance with applicable laws and regulations. The Company has appointed M/s Mahesh Goel & Co. as the Internal Auditors to review the adequacy and the effectiveness of internal control systems operating within the organization. Audits are carried out at regular intervals and audit reports presented to the Audit Committee for review. The Internal Audit Department is also responsible for reviewing the risk management process and ensuring compliance with the same.

HUMAN RESOURCES

The Company realizes that the challenges of the future can best be met with competent and motivated human resource. Retention of the talent is another issue confronting the employers in this era of globalization. BVCL believes in the policy of continuous value addition to its pool of human talent and integration of individual goals with that of the Company. Training the employees forms an integral part of company's policy towards achieving its objective. The Company recognizes and appreciates the contribution of all its employees in its growth path. BVCL strives to retain talent by facilitating career growth through job enrichment and empowerment, as it believes that the pool of the human resource is the biggest asset of the organization. Your Company maintains a cordial relationship with its employees through a constructive work environment in support of productive gains.

RISK MANAGEMENT

BVCL risk management system ensures the compliance with the provisions of Clause 49 of the Listing Agreement. The Company periodically reviews the risk assessment and minimization procedures to control risk through properly defined framework.

OCCUPATIONAL HEALTH & SAFETY (OH&S)

The Occupational Health & Safety (OH&S) focuses on **"NO HARM"** to the health and safety of our employees, contract personnel, third party contractors on site and the visitors. There has been a continuous effort to measure and improve the safety management systems to avoid accidents. The OH&S Policy of the Company aims to increase worker productivity by reducing absenteeism and equipment downtime and to design programs to control, eliminate and prevent disease or injury. The Company also provides safety training on continuous basis to management, supervisors and workers.

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.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy on Code of Corporate Governance is to ensure transparency, accountability, high degree of disclosure and full commitment of the management to maximize shareholders' value. BVCL is committed to the adoption of best governance practices and its adherence in the true spirit, and continuously strives for excellence through adoption of best disclosure practices at all times. Our governance practices stems from an inherent desire to improve and innovate and it reflects the culture of trusteeship that is deeply ingrained in our value system and forms part of the strategic thought process. The objective of our Corporate Governance philosophy is protection of minority interests and their rights, equitable treatment for all shareholders, Board accountability towards the Company and its shareholders, as well as transparency in the operation of the Company and timely disclosure of all the financial and other information. The details of compliance are as follows:

2. BOARD OF DIRECTORS

Composition of Board

Your Company's Board plays a primary role in ensuring good governance and functioning of your Company. All Directors on the Board are experienced, competent and highly renowned persons from their respective fields. The Board of Directors of the Company ("the Board") consists of 12 Directors, out of which 6 are Independent Directors, 5 Non-Independent Directors and One Director is Nominee Director on behalf of IDBI Bank Limited. The composition of the Board and the category of directors are as under:

Name of Directors	Category
Mr. Bijay Kumar Garodia	Chairman (Executive and Non Independent Director)
Mr. Kamakhya Chamaria	Vice-Chairman-cum-Managing Director (Executive and Non Independent Director)
Mr. Santosh Kumar Bajaj	Executive and Non Independent Director
Mr. Mahendra Kumar Agarwal	Vice Chairman (Non-Executive and Non Independent Director)
Mr. Prahlad Rai Chamaria	Non-Executive and Non Independent Director
Mr. Brahm Prakash Bakshi	Non-Executive and Independent Director
Mr. Dhanpat Ram Agarwal	Non-Executive and Independent Director
Mr. Vimal Jain	Non-Executive and Independent Director
Mr. Ramesh Chandra Bajaj	Non-Executive and Independent Director
Mr. Vishal More	Non-Executive and Independent Director
Mr. Dinesh Chandra Agarwal***	Non-Executive and Independent Director
Mr. B. Lanong	Nominee Director (IDBI Bank)

* Mr. Sushil Kothari resigned as Director of the Company and was appointed as Chief Financial Officer of the Company on May 22, 2007.

** Mr. U.V. Rao resigned as Director of the Company on August 8, 2007.

*** Mr. Dinesh Chandra Agarwal has been appointed as an Additional Director on the Board on August 8, 2007.

Meetings and Attendance record of each Director

During the year ended 2007-08, the Board of Directors had 9 meetings. These were held on 22.05.2007, 09.06.2007, 08.08.2007, 10.08.2007, 11.10.2007, 15.10.2007, 06.11.2007, 15.11.2007 and 25.01.2008.

The last Annual General Meeting was held on 6th August 2007.

Sr. No.	Director	*Category	No. of Board Meetings Attended	Attendance at last AGM	Outside Directorships and Committee Positions		
					Director-ship	Committee Membership	Committee Chairmanship
1	Sh. Bijay Kumar Garodia	ED	9/9	Yes	5	1	-
2	Sh. Kamakhya Chamaria	MD	9/9	Yes	-	-	-
3	Sh. Santosh Kumar Bajaj	ED	9/9	Yes	1	-	-
4	Sh. Prahlad Rai Chamaria	NED	8/9	Yes	2	-	-
5	Sh. Mahendra Agarwal	NED	5/9	Yes	5	1	-
6	Sh. B. P. Bakshi	IND	0/9	No	3	-	-
7	Sh. D. R. Agarwal	IND	1/9	No	2	-	-
8	Sh. Vimal Jain	IND	3/9	No	-	-	-
9	Sh. R. C. Bajaj	IND	5/9	Yes	-	-	-
10	Sh. Vishal More	IND	3/9	Yes	1	-	-
11	Sh. D. C. Agarwal	IND	0/9	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 Private Limited companies, 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 Mr. Prahlad Rai Chamaria, who are brothers and Mr. Mahendra Kumar Agarwal and Mr. Bijay Kumar Garodia are also related to each other (Mr. Bijay Kumar Garodia is brother in law of Mr. Mahendra Kumar Agarwal).

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. The Independent Directors take active part at the Board Meetings which add value in the decision making process of the Board of Directors. Apart from the matters statutorily required to be placed before the Board, the working of all subsidiaries of your Company are also placed before the Board.

Other provisions of the Board and Committees

Minimum four Board Meetings are held in each year with a maximum time gap of four months between two meetings. The Board meetings are usually held at New Delhi. The information placed before the Board includes:

- Business Plans, Capital Budgets and Updates.
- Brief Statement of the utilization of the IPO proceeds raised by the Company on quarterly basis.
- Quarterly Financial Statements.
- Minutes of the meetings of Audit Committee and other Committees of the Board and the Minutes of the Subsidiary Companies.
- Status of the ongoing projects of the Company and its Subsidiaries.
- Other important matters concerning the business activities of the company and matters related to policy-decision.
- General notices of Interest of Directors.

The details of Board meetings held during FY 2007-2008 are as outlined below:

Date of Board Meeting	Place of Board Meeting	No. of Directors present in Meeting
22.05.2007	281, Deepali, Pitam Pura, Delhi-110034	6
09.06.2007	Hotel City Park, Pitam Pura, Delhi-110034	9
08.08.2007	281, Deepali, Pitam Pura, Delhi-110034	7
10.08.2007	281, Deepali, Pitam Pura, Delhi-110034	5
11.10.2007	281, Deepali, Pitam Pura, Delhi-110034	5
15.10.2007	Circle Club, Kolkata	7
06.11.2007	281, Deepali, Pitam Pura, Delhi-110034	5
15.11.2007	281, Deepali, Pitam Pura, Delhi-110034	4
25.01.2008	Hotel City Park, Pitam Pura, Delhi-110034	8

No Extra-ordinary General Meeting was held during the financial year 2007-08.

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. Your Company has obtained the declaration from the Managing Director to this effect.

3. AUDIT COMMITTEE

The constitution of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the Members of the Audit Committee are financially literate and have the accounting and financial management expertise. All the members of the Audit Committee are Independent Directors except Sh. Kamakhya Chamaria who is the Managing Director of the Company. Sh. Sachin Agarwal acted as Secretary to the Committee. Sh. Sachin Agarwal, Company Secretary has resigned as the Company Secretary of the Company with effect from May 12, 2008. Therefore, the Board of Directors has in their meeting held on June 20, 2008 appointed Ms. Dimpy Choudhary to act as the Secretary to the Committee w. e. f. June 20, 2008.

Details regarding Audit Committee are as follows:

Constitution of Audit Committee

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
5. Ms. Dimpy Choudhary, Secretary

Meetings and attendance record of Audit Committee

The Audit Committee during the year ended on 2007-08 had 4 meetings duly held on 21.05.2007, 08.08.2007, 06.11.2007 and 25.01.2008. The attendance of each Committee member is as under:-

Name of the Member of Audit Committee	No. of Meetings Held	No. of Meetings Attended
Sh. Vimal Jain	4	4/4
Sh. B. P. Bakshi	4	1/4
Sh. Vishal More	4	3/4
Sh. Kamakhya Chamaria	4	3/4

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 terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act. The role of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing 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 judgement 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.
- Reviewing the quarterly financial statements before submission to the Board for approval.
- Reviewing the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
- Discussion with internal auditors regarding any significant findings and follow up thereon.
- Discussion with statutory auditors before audit commences, about the nature and scope of the audit as well as post audit discussion to ascertain any area of concern.
- Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committee (s) of Directors of the Company.

In addition to the above, the Committee also reviews the following:

1. Management's Discussion and Analysis of financial condition and results of operations,
2. Statement of significant related party transactions,
3. Letters of Statutory Auditors to management on internal control weakness, if any,
4. Periodical Internal Audit Reports,
5. Appointment, removal and terms of remuneration of the Chief Internal Auditor,
6. Review of the financial statements of the unlisted subsidiary Company (ies), in particular, the investments made by them, if any.
7. 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.

4. SUBSIDIARY COMPANIES

Your Company is having its three wholly owned subsidiaries viz. Badarpur Energy Private Limited (BEPL), Meghalaya Minerals & Mines Limited (MMML) and Cement International Limited (CIL). All the three subsidiaries of the Company are non-listed Indian Subsidiary companies. Cement International Limited (CIL) is a material non-listed Indian Subsidiary Company*. In accordance with the provisions of Clause 49 of the Listing Agreement, the Company has appointed Mr. Vishal More as Independent Director on the Board of Cement International Limited on 4th February, 2008.

The Audit Committee of your Company also reviews the financial statements of all the subsidiary companies.

The minutes of the Board meetings of all the subsidiaries are also placed before the Board of your Company with particular reference to all the significant transactions and arrangements entered into by the subsidiary Companies.

* "Material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth of the listed holding company and its subsidiaries in the immediately preceding accounting year.

5. DISCLOSURES
A) Basis of related party transactions.

Your Company places all the details of the 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 before the Audit Committee periodically. The particulars of the related party transactions are detailed in Schedule 21 under "Significant Accounting Policies and Notes on Accounts. However, all these transactions are in the course of normal business transactions.

B) Disclosure of Accounting Treatment.

All the applicable accounting standards have been followed while preparing the financial statements.

C) Board Disclosures –Risk Management.

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, Rights Issue, Preferential Issues etc.

Your Company has raised the funds to the tune of Rs. 23.77 Crores from the Public by way of Initial Public Offer during the financial year under review. Your Company has disclosed to the Audit Committee, the uses and applications of funds from IPO proceeds on a quarterly basis. The Company has not utilized any fund from IPO proceeds for purposes other than those stated in the prospectus. The Company has already received a certificate from the Statutory Auditor in respect of utilization of the IPO proceeds.

E) Remuneration of Directors

The Company does not pay any thing to the Non-executive Directors except the sitting fees paid for attending Board/Committee meetings. The details of the Remuneration and Sitting Fees paid to the Directors are detailed as under.

Apart from the above, no significant material transactions have been made with the non-executive Directors vis-à-vis the Company and neither the company does have any pecuniary relationship or transactions of the non-executive directors' vis-à-vis the company.

Details of all fees, compensation, sitting fees paid to the Directors (Executive and Non Executive) during the year under review are as follows:

Sr. No.	Director	Salary (Rs.)	Sitting Fees (Rs.)	No. of shares held
1	Sh. Bijay Kumar Garodia	9,00,000	-	21,62,500
2	Sh. Kamakhya Chamarla	9,00,000	-	3,40,000
3	Sh. Santosh Kumar Bajaj	9,00,000	-	20,84,500
4	Sh. Prahlad Rai Chamarla	-	10,000	19,84,800
5	Sh. Mahendra Agarwal	-	10,000	18,32,500
6	Sh. B. P. Bakshi	-	-	-
7	Sh. D. R. Agarwal	-	-	-
8	Sh. Vimal Jain	-	25,000	-
9	Sh. R. C. Bajaj	-	10,000	-
10	Sh. Vishal More	-	25,000	-
11	Sh. D. C. Agarwal	-	-	-
12	Sh. B. Lanong	-	-	-
13	Sh. Sushil Kothari	50,000	-	-
14	Sh. U. V. Rao	-	-	-

F) Management

The Management Discussion and Analysis form part of the annual report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement. The Company has entered into no material transaction with the Directors, Promoters, Relatives, Management or its subsidiaries that may have a significant conflict with the interests of the Company. The Company obtains declarations from all senior Management and the same are placed before the Board Meeting.

G) Shareholders

- a. The Company has given all the details of the Directors seeking appointment / re appointment at the ensuing AGM in the Notice convening the AGM.
- b. Quarterly and Annual Financial results of the Company have been put on the website of your Company (www.barakcement.com).

Your company has formed Investor Grievance Committee for the purpose of redressal of the Investor Grievances and for the purpose of complying Clause 49 of the Listing Agreement.

6. SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE:

The Share Transfer Committee consisted of Sh. Prahlad Rai Chamararia, Sh. Santosh Kumar Bajaj and Sh. Sachin Agarwal as the members of the Committee. Due to the resignation of Sh. Sachin Agarwal, Share Transfer Committee has been reconstituted on 20th June, 2008 and Sh. Prahlad Rai Chamararia, Sh. Santosh Kumar Bajaj and Ms. Dimpy Choudhary are the members of the Committee to review the matters connected with the transfer of shares, sub-division and consolidation of share certificates, overseeing the performance of the Registrar and Share Transfer Agents of the Company and recommending measures for overall improvement in the quality of investor services.

The Shareholders'/ Investors' Grievance Committee constituted under the Chairmanship of Sh. B.P. Bakshi. The other members of the Committee are Sh. D.R. Agarwal and Sh. Vimal Jain. The terms of reference of the Committee includes oversee and review of all matters connected with the investor services in connection with applications received and shares allotted in the Initial Public Offer, status of Refund Account, Rematerialisation and Dematerialisation of shares and also ensures that no complaint from any shareholder remain unattended for a longer period.

* Mr. B. P. Bakshi, Mr. D. R. Agarwal and Mr. Vimal Jain are Independent and Non-executive Directors of the Company.

The Shareholders'/Investors' Grievance Committee met three times during the year, details of which are as under:

Name of the Member of the Committee	No. of Meetings Held	No. of Meetings Attended
Sh. B. P. Bakshi	3	2/3
Sh. D. R. Agarwal	3	1/3
Sh. Vimal Jain	3	3/3

Compliance Officer

Sh. Sachin Agarwal has resigned as the Company Secretary and Compliance Officer of the Company on May 12, 2008.

In compliance with the provisions of the Listing Agreement, the Board has at its meeting held on June 20, 2008 appointed Ms. Dimpy Choudhary as the Company Secretary and Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges, SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Substantial Acquisition of Shares and Takeover) Code, 1997.

7. IPO COMMITTEE

The IPO Committee of the Company constituted under the chairmanship of Sh. Bijay Kumar Garodia, Sh. Kamakhya Chamararia, Sh. Mahendra Kumar Agarwal as the members and Sh. Sachin Agarwal as the Secretary to the Committee. The Board of Directors have in their meeting held on June 20, 2008 appointed Ms. Dimpy Choudhary to act as the Secretary to the Committee in place of Sh. Sachin Agarwal.

8. GENERAL BODY MEETINGS

The location and time of the last three Annual General Meetings are as under:

Meeting	Date	Time	Venue
6th AGM	20.09.2005	11.30 A.M.	265, Sreemanta Market, A.T. Road, Guwahati, Assam -781001
7th AGM	25.09.2006	11.30 A.M.	265, Sreemanta Market, A.T. Road, Guwahati, Assam -781001
8th AGM	6.08.2007	11.30 A.M.	265, Sreemanta Market, A.T. Road, Guwahati, Assam -781001

The Company has not passed any Special Resolution in any of the previous AGMs. During the year ended 31st March, 2008, there have been no resolutions passed by the Company's shareholders through postal ballot.

9. MEANS OF COMMUNICATION

- **Quarterly Results:** The quarterly and half-yearly results are forthwith communicated to the Bombay Stock Exchange of India Limited, Mumbai and the National Stock Exchange of India, with whom the Company has listing arrangements, as soon as these are approved and taken on record by the Board of Directors of the Company.
- **Newspapers:** Quarterly Disclosures are published in "**Business Standard**" (English Newspaper) and "**Jansadharan**" (Regional Newspaper).
- **Website:** The Company's website www.barakcement.com contains all the information related to the shareholders. The Quarterly and the Annual Results are readily available for the sake of shareholders.

10. GENERAL SHAREHOLDER INFORMATION:
(a) Annual General Meeting: -

The 9th Annual General Meeting of the Company is scheduled to be held on: -

Date and Time : 25th July, 2008, 1.30 P.M.

Venue : Hotel Nandan, G. S. Road, Guwahati, Assam-781007

(b) Financial Calendar (Tentative): -

The Quarterly results taken / will be taken on record by the Board of Directors as per the following schedule:

Quarter ending June 30, 2008 : On or before 31.07.2008

Quarter ending September 30, 2008 : On or before 31.10.2008

Quarter ending December 31, 2008 : On or before 31.01.2009

Quarter ending March 31, 2009 : On or before 30.04.2009

(c) Date of Book Closure for Dividend : 21.07.2008 to 25.07.2008 (both days inclusive)
(d) Dividend Payment Date : On or after 25th July, 2008
(e) Listing on Stock Exchanges: -

Name of Stock Exchanges	Stock Code
Bombay Stock Exchange	532916
National Stock Exchange	BVCL

(f) ISIN Number : INE139I01011
(g) Market Price Data & Share Price performance: -

Subsequent to the initial public offer, equity shares of the Company were listed on Bombay Stock Exchange of India Limited and the National Stock Exchange of India Limited on 23rd November, 2007.

	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
November, 2007	72.00	45.05	67.00	45.05
December, 2007	62.85	45.00	62.90	45.25
January, 2008	75.00	40.50	67.80	40.50
February, 2008	55.00	41.00	54.00	37.20
March, 2008	44.40	27.05	42.90	27.00

(h) Registrar and Share Transfer Agent: -

The Company has appointed M/s Intime Spectrum Registry Limited, Mumbai as its Registrar and Share Transfer Agent, to whom communications regarding change of address, transfer of shares, change of mandate etc. can be addressed. The address of the Registrar and Share Transfer Agents is as under: -

**Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai -400 078**

Tel. No's : 022-25963838

Fax No's : 022-25946969

E-Mail Address : isrl@intimespectrum.com

Website : www.intimespectrum.com

(i) Share Transfer System: -

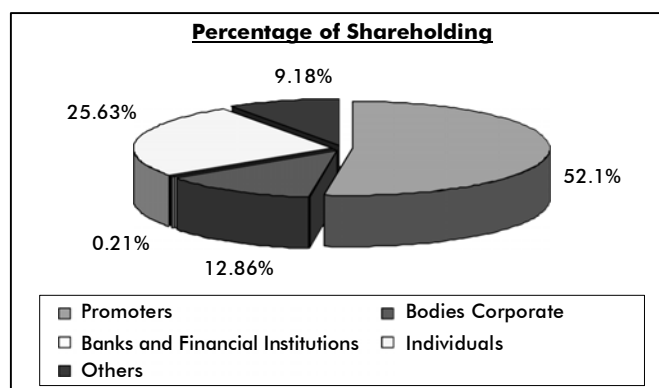
The shares of the Company are compulsorily traded in dematerialized form. Shares received in physical form are transferred within a period of 30 days from the date of receipt of request subject to documents being found valid and complete in all respects. In order to expedite the process of share transfer in line with the Corporate Governance requirements, the Company has delegated the power of share transfer to R & T Agent 'M/s Intime Spectrum Registry Limited'.

(i) Distribution of Shareholding as on March 31, 2008: -

Sr. No.	Category Amount		No. of Share Holders	% of Shareholders	Amount (Rs.)	% of Amount
	From	To				
1	1	2500	6644	82.24	8,54,9710	3.86
2	2501	5000	655	8.11	27,09,940	1.22
3	5001	10000	365	4.52	31,33,200	1.41
4	10001	20000	144	1.78	22,90,130	1.03
5	20001	30000	55	0.68	14,24,920	0.64
6	30001	40000	24	0.30	8,37,620	0.38
7	40001	50000	35	0.43	16,34,000	0.74
8	50001	100000	48	0.59	34,69,910	1.57
9	100001	and above	109	1.35	1,97,55,0570	89.15
Total			8079	100	22,16,00,000	100

(k) Shareholding Pattern as on March 31, 2008: -

Sr. No.	CATEGORY	NO. OF SHARES HELD	% OF SHARE HOLDING
A	PROMOTERS HOLDING		
1	Promoters		
	– Indian Promoters	62,31,800	28.12
	– Foreign Promoters	-	-
2	Persons acting in Concert	53,19,000	24.00
	Sub-Total	1,15,50,800	52.12
B	NON- PROMOTER HOLDINGS		
3	Institutional Investors		
a	Mutual Funds and UTI	-	-
b	Banks, Financial Institution, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)	37,884	0.17
c	FIs	7,875	0.04
	Sub-Total	45,759	0.21
4	Non Institutional Investors		
a	Bodies Corporate	28,49,942	12.86
b	Individuals	56,78,503	25.63
c	NRIs	12,977	0.06
d	Any other :		
	(i) Directors	18,32,600	8.27
	(ii) HUF	1,57,756	0.71
	(iii) Clearing Members (NSDL & CDSL)	31,663	0.14
	Sub-Total	1,05,63,441	47.67
	GRAND TOTAL	2,21,60,000	100.00



(l) Dematerialisation of Shares and Liquidity: -

The shares of the Company are compulsorily traded in dematerialized form. 81.42 % of equity shares have been dematerialized as on March 31, 2008.

The equity shares of the Company are actively traded at BSE & NSE.

(m) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity: -

The Company had not issued any GDRs/ADRs/Warrants etc.

(n) Address for Correspondence: -

The Company Secretary
Barak Valley Cements Limited
Regd. Office Address:
202, Royal View, B.K. Kakoti Road,
Ulubari, Guwahati, Assam -781007

Tel No's : 0361-2464670-71
Fax No : 0361-2464672
E-Mail ID : guwahati@barakcement.com

Corp. Office Address:

281, Deepali, Pitampura,
Delhi -110 034

Tel No's : 011-27033828-29
Fax No : 011-27033830
E-Mail ID : ipo@barakcement.com

(o) Plant Locations: -

The Plant of the Company is located at Debendra Nagar, Jhoom Basti, P.O. Badarpur Ghat, District Karimganj, Assam - 788803

Adoption of Non-Mandatory Requirements of Clause 49

1. Remuneration Committee

The Remuneration Committee of the Company is working under the Chairmanship of Sh. B.P. Bakshi, Non Executive and Independent Director and the membership of Sh. D. R. Agarwal, Sh. Vimal Jain and Sh. Bijay Kumar Garodia. The terms of reference of the Committee includes the policy making on the remuneration packages for executive directors including pension rights and any compensation payment.

2. Shareholders' Right

Since the Company has been listed in the month of November, 2007 and therefore, the quarterly and the half yearly results of the Company are published in English newspaper having circulation all over India and in a Regional newspaper circulating in Guwahati.

Quarterly/Half yearly financial performance of the Company is displayed on the website of the Company at www.barakcement.com.

3. Whistle Blower Policy

The Company has a Whistle Blower Policy for employees to report irregularities/suspicious of fraud and unethical behavior to the Chairman of Audit Committee.

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 2008.

For **Barak Valley Cements Limited**

Place : Delhi
Date : 20.06.2008

Sd/-
Kamakhya Chamarla
Managing Director

CEO/CFO CERTIFICATION

Mr. Kamakhya Chamaria, Vice Chairman and Managing Director and Mr. Sushil Kothari, CFO of the company have 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 also 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.

For **Barak Valley Cements Limited**

Place : Delhi
Date : 20.06.2008

Sd/-
Sushil Kothari
CFO

Sd/-
Kamakhya Chamaria
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
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, 2008 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

Sd/-
(CA. Mahesh Goel)
Partner

Dated : 20.06.2008
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 '2008, 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, 2008 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, 2008;
 - (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

Place : New Delhi
Date : 07th May, 2008

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

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, 2008 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of disputed statutory dues, which have not been deposited with the appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	I. Tax Demand	561.69	Financial Year 2004-05	CIT (Appeals), Guwahati

- (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 the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the company has not issued Debentures during the period covered by our report. As such, no securities or charge has been created in respect of such issue.
- (xx) We have verified the end use of money raised by initial public issue as disclosed in the financial statements.
- (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

Place : New Delhi
Date : 07th May, 2008

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

Balance Sheet As At 31st March, 2008

Particulars	Schedule No.	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Fund :			
i) Share Capital	1	221600,000	165,000,000
ii) Reserves & Surplus	2	510,362,323	300,746,099
		731,962,323	465,746,099
2. Loan Funds :			
i) Secured Loans	3	311,459,053	322,553,266
ii) Unsecured Loans	4	-	35,000,000
3. Deferred Tax Liability		10,217,956	6,275,226
TOTAL :		1,053,639,332	829,574,591
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
i) Gross Block	5	755,583,708	589,689,361
Less :- Depreciation		274,654,261	229,546,112
Net Block		480,929,447	360,143,249
ii) Capital Work-in-Progress		-	79,045,709
iii) Pre-operative Expenditure during construction period		-	4,387,320
		480,929,447	443,576,278
2. Investments	6	263,970,423	170,870,423
3. Current Assets, Loans & Advances			
i) Inventories	7	94,649,021	61,325,038
ii) Sundry Debtors	8	46,387,701	31,942,291
iii) Cash & Bank Balance	9	14,395,602	16,700,876
iv) Loans & Advances	10	266,663,261	163,500,934
		422,095,585	273,469,138
Less : Current Liabilities & Provisions :			
i) Liabilities	11	62,228,606	35,034,942
ii) Provisions		53,868,101	26,960,418
Net Current Assets		305,998,878	211,473,778
4. Miscellaneous Expenditure : (to the extent not written off or adjusted)	12	2,740,584	3,654,112
TOTAL :		1,053,639,332	829,574,591

Significant Accounting Policies & Notes on Accounts 21

 Schedule "1" to "12" and "21" annexed hereto form an integral part of the Balance Sheet.
 This is the Balance Sheet referred to in our report of even date.

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

 Sd/-
CA. Mahesh Goel
 (Partner)

For & on behalf of the Board

 Sd/-
Kamakhya Chamaria
 (Managing Director)

 Sd/-
Bijay Kumar Garodia
 (Chairman)

 Sd/-
Santosh Kumar Bajaj
 (Whole Time Director)

 Sd/-
Sushil Kothari
 (Chief Financial Officer)

 Sd/-
Sachin Agarwal
 (Company Secretary)

New Delhi, 07th May, 2008

Profit & Loss Account for the Year Ended 31st March, 2008

Particulars	Schedule No.	Year Ended 31.03.2008 (Amt. in Rs.)	Year Ended 31.03.2007 (Amt. in Rs.)
INCOME			
Gross Sales	13	711,915,296	745,422,542
Less : Excise Duty paid (net)		<u>8,773,561</u>	<u>7,599,963</u>
		703,141,735	737,822,579
Other Income	14	4,637,545	5,980,158
Increase/(Decrease) in Stock	15	<u>19,568,723</u>	<u>(481,258)</u>
TOTAL :		<u>727,348,003</u>	<u>743,321,478</u>
EXPENDITURE			
Cost of Materials	16	208,385,305	179,471,270
Manufacturing and Operating Expenses	17	198,069,662	198,990,079
Administrative & Other Expenses	18	36,573,878	27,174,383
Selling & Distribution Expenses	19	83,396,324	97,106,367
Interest & Financial Charges	20	24,569,461	26,838,932
Depreciation	5	<u>46,879,786</u>	<u>51,183,250</u>
TOTAL :		<u>597,874,416</u>	<u>580,764,281</u>
PROFIT BEFORE TAXATION		129,473,587	162,557,197
LESS : PROVISION FOR TAXATION			
– Current Income Tax		14,696,539	18,118,812
– Deferred Tax Liability		3,942,730	689,326
– Fringe Benefit Tax		<u>805,491</u>	<u>660,555</u>
PROFIT AFTER TAXATION		110,028,827	143,088,504
Balance Brought Forward from last year		<u>265,490,734</u>	<u>178,347,181</u>
Profit Available for Appropriation :		375,519,561	321,435,685
Less: Equity Dividend		44,320,000	36,300,000
Tax on Dividend		7,532,184	5,336,101
Transfer to General Reserve		<u>8,252,162</u>	<u>14,308,850</u>
Balance Carried to Balance Sheet		<u>315,415,215</u>	<u>265,490,734</u>
Earning Per Share (Face Value of Rs. 10/- each)			
a) Basic & Diluted (Refer to Note 14 of Schedule “21”)		5.90	8.67

Significant Accounting Policies & Notes on Accounts

21

Schedule “5”, “13” to “21” 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

For & on behalf of the Board

 Sd/-
CA. Mahesh Goel
(Partner)

 Sd/-
Kamakhya Chamarla
(Managing Director)

 Sd/-
Bijay Kumar Garodia
(Chairman)

 Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

 Sd/-
Sushil Kothari
(Chief Financial Officer)

 Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 07th May, 2008

Schedules Forming Part of Balance Sheet As On 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised Capital (2,50,00,000 Equity Shares of Rs. 10/- each)	250,00,000	250,00,000
Issued, Subscribed, Called up & Paid-up Capital (2,21,60,000 (Previous Year 1,65,00,000) Equity Shares of Rs. 10/- each, fully paid up)	221,60,000	165,00,000
	221,60,000	165,00,000
SCHEDULE - 2		
RESERVES & SURPLUS :		
1. General Reserve		
Balance Brought forward	35,255,365	20,946,515
Additions during the year	8,252,162	14,308,850
	43,507,527	35,255,365
2. Profit & Loss Account	315,415,215	265,490,734
3. Securities Premium Account		
Amount Received on Issue of Equity Shares	181,120,000	-
Less: Miscellaneous Expenses adjusted (Refer Note 2 in Schedule 21- Notes on Accounts)	29,680,419	-
	151,439,581	-
Total (1+2+3)	510,362,323	300,746,099
SCHEDULE - 3		
SECURED LOANS :		
1. Rupee Term Loan from Banks/Financial Institutions (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.)	122,082,000	195,600,000
2. Interest accrued and due on Term Loans	1,305,729	-
3. (a) Equipment finance from Banks	613,701	1,236,925
(b) Equipment & Vehicle finance from others/private parties (Secured against hypothecation of respective assets)	8,302,646	2,216,852
4. Cash Credit from Banks (Secured against first charge on current assets, second charge on the fixed assets and personal guarantee of promoter directors of the company.)	179,154,977	123,499,489
	311,459,053	322,553,266
Note : Out of 1 and 3 above a sum of Rs. 675.73 Lakhs (Previous Year : Rs. 680 Lakhs) would become due for payment within a year.		
SCHEDULE - 4		
UNSECURED LOANS :		
1. Short Term Loan from Banks/Financial Institutions (Against personal guarantees of promoter directors of the company.)	-	35,000,000
	-	35,000,000

SCHEDULE - 5
SCHEDULE OF FIXED ASSETS & DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2008
(AS PER W.D.V. METHOD OF THE COMPANIES ACT, 1956)

(Amt. in Rs.)

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As On 01.04.2007	Additions during the Year	Deduction/ Adjustments during the Year	Subsidy	As On 31.03.2008	For the Year	Deduction/ Adjustment	As On 31.03.2008	As On 31.03.2007
(A) Tangible Assets:									
Land and Site Devel.	56,617,050	18,109,486	-	-	74,726,536	-	-	74,726,536	56,617,050
Factory Building	84,177,257	14,683,336	-	-	98,860,593	5,853,935	-	65,917,810	57,088,409
Furniture & Fixtures	4,079,649	846,121	-	-	4,925,770	804,389	-	2,040,506	1,998,774
Computer	4,153,621	614,113	-	-	4,767,734	652,587	-	1,254,797	1,293,271
Motor Vehicles	5,622,909	4,075,733	886,884	-	8,811,758	1,108,421	498,859	5,238,691	2,659,404
Office Equipment	3,774,745	1,186,426	-	-	4,961,171	581,704	-	3,000,815	2,396,093
Plant, Machinery & Installations	429,819,770	179,367,338	2,524,931	49,955,982	556,706,195	37,270,767	1,272,778	328,015,778	237,127,342
Total (A)	588,245,001	218,882,553	3,411,815	49,955,982	753,759,758	46,271,803	1,771,637	480,194,934	359,180,343
(B) Intangible Assets:									
Computer Software	1,444,361	379,588	-	-	1,823,949	607,983	-	734,512	962,907
Total (B)	1,444,361	379,588	-	-	1,823,949	607,983	-	734,512	962,907
Total (A+B)	589,689,362	219,262,141	3,411,815	49,955,982	755,583,708	46,879,786	1,771,637	480,929,447	360,143,249
Previous year	574,699,357	14,990,004	-	-	589,689,361	51,183,250	-	360,143,249	

Schedules Forming Part of Balance Sheet As On 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
SCHEDULE - 6		
INVESTMENTS :		
(A) Long Term Investments (at Cost) :		
i) In Subsidiaries (Other than trade, Unquoted, fullypaid up equity shares)		
Name of Subsidiary Company	No. of Shares (Current Year)	No. of Shares (Previous Year)
1. Badarpur Energy (P) Ltd.	3,563,340	1,863,340
2. Cement International Ltd.	992,700	992,700
3. Meghalaya Minerals & Mines Ltd.	1,490,000	1,400,000
	263,966,000	170,866,000
(B) Current Investments :		
Other than trade, Quoted, fully paid up equity shares {50 Shares (previous year: 50 shares) of Gujarat Ambuja Ltd., Market Value Rs. 6,052.50}		
	4,423	4,423
	263,970,423	170,870,423
SCHEDULE - 7		
INVENTORIES :		
(At lower of cost or net realisable value)		
Store, Spares and fuel	35,274,205	26,515,069
Raw Material	20,490,941	18,866,255
Packing Material	6,857,213	3,497,104
Semi Finished Goods	29,646,459	9,869,674
Finished Goods	2,368,873	2,576,935
Goods in transit	11,330	-
	94,649,021	61,325,038
SCHEDULE - 8		
SUNDRY DEBTORS		
(i) (Secured and considered good :)		
- Debts outstanding for a period exceeding six months	-	-
- Other Debts	178,839	1,654,701
	178,839	1,654,701
(ii) (Unsecured and considered good :)		
- Debts outstanding for a period exceeding six months	944,014	4,325,101
- Other Debts	45,264,848	25,962,489
	46,208,862	30,287,590
Total	46,387,701	31,942,291
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash in Hand	1,218,697	2,533,329
Balances with Scheduled Banks :		
- In Current Account	6,591,872	5,727,669
- In Fixed Deposits	3,874,481	3,426,747
Cheques/Demand Drafts in Hand	2,710,552	5,013,130
	14,395,602	16,700,876

Schedules Forming Part of Balance Sheet As On 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
SCHEDULE - 10		
LOANS & ADVANCES		
(Unsecured and considered good for recovery by the Management)		
1) Subsidy Receivable from Central/State Govt.	144,492,483	128,589,473
2) Excise Duty Refundable	6,785,558	9,460,236
3) Advance to Suppliers/Contractors	100,441,005	10,203,548
4) Security Deposits	7,640,681	6,130,338
5) Other advances - Recoverable in cash or in kind or for value to be recieved	7,303,534	9,117,339
	266,663,261	163,500,934
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
1) Sundry Creditors for Capital Expenditure	4,345,640	213,510
2) Sundry Creditors (Trade)	21,339,384	15,660,404
3) Statutory Liabilities	1,702,669	1,000,067
4) Interest Accrued but not due	42,708	85,500
5) Advance from Customers	22,858,301	4,699,843
6) Security Money received	5,912,502	5,736,690
7) Other Liabilities	6,027,402	7,638,928
	62,228,606	35,034,942
Provisions		
1) Provision for Income-Tax	14,696,539	18,262,467
2) Provision for Fringe Benefit Tax	805,491	660,555
	15,502,030	18,923,022
Less : Advance Income Tax and Tax Deducted at Source	(14,580,963)	(6,799,036)
Less : Advance Fringe Benefit Tax	(700,000)	(725,000)
	221,067	11,398,986
3) Provision for Gratuity	818,521	578,613
4) Provision for Leave Encashment	976,329	1,396,718
5) Proposed Dividend	44,320,000	8,250,000
6) Corporate Dividend - Tax	7,532,184	5,336,101
	53,868,101	26,960,418
SCHEDULE - 12		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
1) Mines Development	2,568,084	3,424,112
2) Lease Rights	172,500	230,000
	2,740,584	3,654,112

Schedules Forming Part of the Profit & Loss Account for the Year Ended 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 13</u>		
<u>SALES</u>		
Gross Sales	710,684,119	743,419,461
Add : Captive Consumption of Cement	1,377,243	2,032,559
	712,061,362	745,452,020
Less : Cement Damaged	146,066	29,478
	711,915,296	745,422,542
<u>SCHEDULE - 14</u>		
<u>OTHER INCOME</u>		
Equipment Hire charges	2,697,418	3,781,968
Sale of Scrap	1,395,504	1,973,199
Misc. Income	250,741	223,386
Insurance Claim Received	293,882	1,605
	4,637,545	5,980,158
<u>SCHEDULE - 15</u>		
<u>INCREASE/(DECREASE) IN STOCK</u>		
<u>Semi Finished Goods</u>		
Opening Stock	9,869,674	9,944,941
Closing Stock	29,646,459	9,869,674
	19,776,785	(75,267)
<u>Finished Goods</u>		
Opening Stock	2,576,935	2,982,927
Closing Stock	2,368,873	2,576,935
	(208,062)	(405,992)
Increase/(Decrease) in Stock	19,568,723	(481,258)
<u>SCHEDULE - 16</u>		
<u>COST OF MATERIALS</u>		
Raw Material Consumed	122,783,453	139,052,718
Finished Goods Purchase	53,721,268	-
Stores and Spares consumed	17,580,513	21,242,282
Packing Material consumed	14,300,071	19,176,270
	208,385,305	179,471,270
<u>SCHEDULE - 17</u>		
<u>MANUFACTURING AND OPERATING EXPENSES</u>		
Power & Fuel Expenses	132,138,417	149,865,975
Material Handling & Freight Charges	6,025,655	5,145,158
Repair and Maintenance		
– Plant & Machinery	8,016,986	5,956,217
– Building	1,173,201	498,539
Salaries, Wages & Bonus	38,792,422	30,506,299
Contribution to Provident Fund	767,494	652,684
Staff Welfare Expenses	2,133,080	1,198,348
Research and Development Expenditure	226,500	723,360
Other Production Overheads	8,795,907	4,443,499
	198,069,662	198,990,079

Schedules Forming Part of the Profit & Loss Account for the Year Ended 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 18</u>		
<u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Auditors' Remuneration	168,540	163,770
Bank Charges	586,705	812,320
Books & Periodicals	84,062	92,111
Charity & Donation	2,053,907	1,521,795
Bad Debts	3,280,919	978,003
Directors' Remuneration	2,750,000	2,492,000
Staff Recruitment Expenses	927,240	-
Electricity Expenses	989,417	743,642
Fees & Subscription	344,906	419,974
ROC Filing Fees & Legal Expenses	207,471	104,389
House/Office Rent & Maint. Expenses	1,284,389	1,160,681
Insurance	738,440	697,597
Loss on sale of assets	823,183	-
Misc. Exps. Written off	913,528	913,528
Motor Car Running, Maint. & Hire Charges	2,063,524	2,288,763
Office and Other Miscellaneous Expenses	1,823,326	1,398,652
Postage & Telegraph Exps.	270,393	256,725
Printing, Stationery and computer Expenses	1,712,753	992,457
Provision for Gratuity	239,908	209,886
Rates & Taxes	297,022	695,869
Repair & Maintenance	535,636	460,913
Salary and other benefits to staff	3,697,497	2,954,680
Professional & consultancy service charges	593,777	298,550
Staff Fooding & Welfare Expenses	1,624,573	1,360,434
Sundry Balances written - off	(2,370)	45,399
Telephone Exps.	2,351,986	2,437,127
Travelling & Conveyance Expenses	5,963,146	3,534,357
Processing Charges	250,000	140,760
	36,573,878	27,174,383
<u>SCHEDULE - 19</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
Transportation Cost	54,573,330	68,146,418
Sales Promotion Expenses	4,080,816	4,887,015
Advertisement & Publicity	3,596,723	2,896,107
VAT/Sales Tax	19,275,080	19,746,010
Market Survey, Consultancy & Other Charges	1,418,796	1,015,808
Shop/Godown Rent	451,579	415,008
	83,396,324	97,106,367
<u>SCHEDULE - 20</u>		
<u>INTEREST & FINANCIAL CHARGES</u>		
Term Loan	13,268,372	19,246,594
Working Capital facility (Net)	10,615,121	7,253,721
Others	1,253,489	794,808
Less : Interest Received, including TDS of Rs. 8,075/- (Previous Year TDS Rs. 2,875/-)	(567,521)	(456,191)
	24,569,461	26,838,932

SCHEDULE - 21 : 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/ SUBSIDIES:

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. Capital grants/ subsidies are credited to respective fixed assets where it relates to specific fixed assets.

(8) RETIREMENT BENEFITS:**(i) Defined Contribution Plan**

Employees benefits in the form of provident fund and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other Long-term benefits

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Profit & Loss Account.

(9) MISCELLANEOUS EXPENDITURE:

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

(10) IMPAIRMENT OF ASSETS:

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances

(11) TAXES ON INCOME:**a) Current Tax:**

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

b) Deferred Tax:

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

(12) RESEARCH AND DEVELOPMENT EXPENDITURE:

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

(13) 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.

(14) 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. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(15) CONTINGENT LIABILITY:

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

(16) 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.

(17) 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) During the year the company had raised Rs. 23,77,20,000 through Initial Public Offering (IPO) and the same has been utilized for the purpose, for which it has been raised.
- (2) Miscellaneous Initial Public Issue expenses amounting to Rs.2,96,80,419 is adjusted against the Securities Premium Account.
- (3) Capital Commitments
The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 209.86 Lakhs (Previous year: Rs.36.67 Lakhs)
- (4) 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. 2,200 Lakhs (Previous year -2,200 Lakhs)
 - (c) Claims against the company not acknowledged as debts -Nil (Previous year -Nil)
- (5) 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	2007-2008	2006-2007
	(M.T.)	(M.T.)
(1) Licensed Capacity	N.A.	N.A.
(2) Installed Capacity (M.T.)*	2,47,500	1,51,800
(3) Production – Cement (M.T.)	1,15,306	1,59,260

(*Enhanced from 151800 to 247500 w.e.f. 27.03.2008)

(b) Sales :

	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
(1) Cement	1,15,415.85**	63,24,27,136	1,59,545.60**	73,49,14,419
(2) Clinker	26,416.44	7,07,14,599	908.80	29,08,160
Total	1,41,832.29	70,31,41,735	1,60,454.40	73,78,22,579

** Including damage/ shortage 40.60 MT (Previous Year 8.20 MT)

(c) Stock of Finished and Semi Finished Goods :

	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
(i) Cement				
Opening Stock	767.60 M.T.	25,76,935	1,052.70 M.T.	29,82,927
Closing Stock	657.75 M.T.	23,68,872	767.60 M.T.	25,76,935
(ii) Clinker				
Opening Stock	3,264.41 M.T.	96,17,524	3,777.33 M.T.	96,51,152
Closing Stock	9,238.70 M.T.	2,94,62,217	3,264.41 M.T.	96,17,524
(iii) Raw-Mix				
Opening Stock	420.25 M.T.	2,52,150	489.65 M.T.	2,93,790
Closing Stock	307.07 M.T.	1,84,242	420.25 M.T.	2,52,150

(d) Raw Materials Consumed:

Particulars	2007-2008		2006-2007	
	Qty. (MT)	Value (Rs.)	Qty.(MT)	Value (Rs.)
(i) Lime Stone	1,64,413.50	8,01,97,317	1,55,727.15	6,97,10,672
(ii) Gypsum	567.89	15,20,038	947.63	22,68,806
(iii) Fly Ash	11,242.48	2,11,78,902	20,123.67	3,15,94,904
(iv) Clinker	1,988.48	62,42,833	7,734.66	2,07,94,844
(v) Other Materials	40,432.36	1,36,44,362	43,597.91	1,46,83,492
Total		12,27,83,452		13,90,52,718

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

	2007-2008		2006-2007	
	Value (Rs.)	%	Value (Rs.)	%
(1) Raw Materials/Packing Material :				
Limestone Gypsum, Fly ash, Clinker, Clay, HDPE Bags.				
: Imported	Nil	Nil	Nil	Nil
: Indigenous	13,70,83,523	100%	15,82,28,988	100%
(2) Stores & Spares :				
- Imported	Nil	Nil	Nil	Nil
- Indigenous	1,75,80,513	100%	2,12,42,282	100%

(f) Sales and purchases includes following amount of trading activities:

: Purchase of finished goods (Cement) from Cement International Ltd. (wholly owned subsidiary) : Rs.5,37,21,268 (12,209.35 MT) -(Previous Year: Nil)

: Sales of purchased finished goods: Rs. 5,69,58,948 (12,209.35 MT) -- (Previous Year: Nil)

(g) C.I.F. Value of Import :

Nil (Previous Year - Nil)

(h) Earning in Foreign Exchange :

Nil (Previous Year - Nil)

(i) Expenditure in Foreign Currency :

Rs. 14,54,889 (Previous Year - Nil)

(Foreign Travelling expenses)

(6) During the year an amount of Rs. 9,80,174 was paid to selling agents of the company as Sales Commission. (Previous Year Rs. 8,75,007)

(7) During the year, the company has capitalized the borrowing cost amounting to Rs. 79,86,911 for major expansion activities of plant at factory site. (Previous Year Rs. 8,56,213)

(8) Payment made to Auditors during the year ended is as under :-

	Current Year	Previous Year
a. Statutory audit fees	Rs. 95,506	Rs. 94,180
b. Tax Audit fees	Rs. 35,000	Rs. 35,000
c. Company Law and other matters	Rs. 30,000	Rs. 30,000
d. Reimbursement of expenses (including service tax)	Rs. 8,034	Rs. 4,590
Total	Rs. 1,68,540	Rs. 1,63,770

(9) Remuneration paid to Director's during the year: Rs. 27,50,000 (Previous Year: Rs. 24,92,000)

(10) GOVT. SUBSIDIES

Insurance and interest subsidy amounting to Rs. 14,66,077 (as at 31.03.2007 Rs. 18,65,658) and 42,15,844 (as at 31.03.2007 Rs. 32,89,944) respectively has been adjusted from related overheads and shown as receivable forming part of loans and advances. Capital Investment subsidy amounting to Rs. 4,99,55,982 (previous year: nil) has been adjusted from cost of related fixed asset capitalised during the year. During the year Excise Duty amounting to Rs.4,62,79,856 (previous year: 4,46,78,320) has been refunded back by Govt. of India.

(11) According to the information available with the company, there are no outstanding dues in respect of principal amount or interest due in respect of micro enterprises and small enterprises or any S.S.I. Undertakings. (Previous Year: Nil)

(12) Employee Defined Benefits:
(a) Defined Contribution Plans

The Company has recognized an expense of Rs.7,67,494 (Previous year Rs 6,52,684) towards the defined contribution plans.

(b) Defined Benefit Plans -As per Actuarial Valuation as at 31st March'2008

	Gratuity Others	Leave Encashment
I. Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March' 2008		
1. Current Service Cost	1,96,114	3,13,921
2. Interest Cost	46,289	-
3. Past Service Cost	-	-
4. Expected Return on Plan Assets	-	-
5. Curtailment cost/(Credit)	-	-
6. Settlement cost/(Credit)	-	-
7. Net actuarial (gain)/loss recognized	(2495)	9,92,306
8. Total Expense	2,39,908	13,06,227
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March' 2008		
1. Present Value of obligation as at the end of the period	8,18,521	9,76,329
2. Fair Value of Plan Assets	-	-
3. Funded Status [Surplus/(Deficit)]	8,18,521	9,76,329
4. Net Asset/(Liability) as at 31st March' 2008	8,18,521	9,76,329
III. Change in present value of obligation during the Year ended 31st March' 2008		
1. Present value of Defined Benefit Obligation at the beginning of the year	5,78,613	-
2. Acquisition adjustment	-	-
3. Interest Cost	46,289	-
4. Past Service Cost	-	-
5. Current Service Cost	1,96,114	3,13,921
6. Curtailment cost/(Credit)	-	-
7. Settlement cost/(Credit)	-	-
8. Benefits Payments	-	(3,29,898)
9. Actuarial (gain)/loss on obligation	(2495)	9,92,306
10. Present Value of Defined Benefit Obligation at the end of the year	8,18,521	9,76,329
IV. Change in fair value of plan assets		
1. Fair value of plan assets at the beginning of the year	-	-
2. Acquisition adjustment	-	-
3. Expected return on plan assets	-	-
4. Contributions	-	-
5. Benefit Paid	-	-
6. Actuarial Gains/(Losses)	-	-
7. Fair value of plan assets at the end of the year	-	-

(13) 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 Personnel
and their relatives**

Kamakhya Chamaria (Vice Chairman & Managing Director)
Bijay Kumar Garodia (Chairman & Whole Time Director)
Santosh Kumar Bajaj (Whole Time Director)
Sushil Kumar Kothari (Chief Financial Officer)
Jagdish Prasad Shah (G.M.-Administrator)
Pahlad Rai Chamaria (Non-Ex. Director)
Mahendra Kumar Agarwal (Vice Chairman)

Details of transactions between the company and related parties for the year ended on 31.03.2008 are given as under:

S.N.	Type of transaction	(Rs. in Lakhs)		
		Subsidiary Co's	Associates	Key Management Personnel/Relatives
1.	Sale of finished/semi finished goods : Cement International Ltd. : Badarpur Energy Pvt. Ltd.	879.57 (77.74) 30.54 (57.35)	— (—)	— (—)
2.	Hire Charges paid to Nefa Udyog	—	11.34 (17.75)	—
3.	Sale of goods/services to Balaji Udyog Ltd.	—	14.52 (0.97)	—
4.	Investment in Shares	931.00 (718.07)	—	—
5.	Purchase of Raw Materials/semi finished goods/finished goods/services : Cement International Ltd. : Meghalaya Minerals & Mines Limited : Meghalaya Cements Limited : Badarpur Energy Pvt. Ltd.	537.22 (—) 663.29 (331.95) — 99.44 (—)	— — 64.63 (120.54)	— — —
6.	Stores, spares and other services rendered : Badarpur Energy Private Ltd. : Cement International Ltd. : Meghalaya Minerals & Mines Limited	43.72 (29.80) 26.65 (57.95) 9.59 (16.24)	— — —	— — —
7.	Remuneration paid	—	—	38.24 (28.52)
8.	Sitting Fee paid to Non-Executive Directors	—	—	0.80 (1.30)

Figures in the bracket represent transactions in the previous year.

(14) 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 2008 and the year ended 31st March 2007.

	Year Ended <u>31st March, 2008</u>	Year Ended <u>31st March, 2007</u>
(a) Profit/(Loss) attributable to Equity Shareholders	11,00,28,828	14,30,88,504
(b) The weighted average number of Ordinary Share outstanding for Basic/Diluted EPS	1,86,34,098	1,65,00,000
(c) Face value per Ordinary Share (Rs.)	10	10
(d) Earnings Per Share – Basic & Diluted (Rs.)	5.90	8.67

- (15) Balance of Sundry Debtors; Creditors and advances are subject to confirmation from respective parties.
- (16) 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.
- (17) Expenditure on purchased software (ERP) and IT related expenses are written off over a period of three years.
- (18) Sundry debtors includes due from following subsidiary companies/ companies in which directors are interested:
- Badarpur Energy Pvt. Ltd. Rs. Nil (as at 31.03.2007: 7,52,315).
 - Cement International Ltd. Nil (as at 31.03.2007: 6,33,860)
 - Balaji Udyog Limited: Rs. 13,15,453 (as at 31.03.2007: 1,01,840). Maximum balance outstanding: Rs. 13,15,453
- (19) Sundry Creditors includes due to following subsidiary company/ firm in which directors are interested:
- Badarpur Energy Pvt. Ltd. Nil (as at 31.03.2007: 7,19,918).
 - Nefa Udyog : Rs. 1,79,727 (as at 31.03.2007 : 63,659.00 credit balance) Maximum balance outstanding: Rs. 1,79,727.

- (20) Advance to Suppliers/other advances includes due from following subsidiary companies:
- Badarpur Energy Pvt. Ltd. Rs. 5,73,59,585 (Previous Year: Nil)
 - Cement International Ltd. Rs. Nil (Previous Year: 9,18,870)
 - Meghalaya Minerals & Mines Ltd. 2,76,05,791 (Previous Year: 23,54,206)
- (21) Advance from customers includes Rs. 1,58,46,064 (Previous year : Nil) due to Cement International Limited. (Subsidiary company).
- (22) The company deals in only one Segment i.e. cement manufacturing. There is no separate reportable segment as required by AS -17 "Segment Reporting".
- (23) In pursuance of AS -28 "Impairment of Assets" issued by ICAI, the company reviewed its carrying cost of assets with value in use on the basis of future earnings and on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

(24) 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 I 15JB 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 01.04.2007	Balance As on 31.03.2008
1. (a)	Deferred Tax Liabilities		
	Tax impact of difference between carrying amount of fixed assets in the financial statement and income tax returns	64,71,897	1,08,28,026
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 & Leave Encashment)	1,96,671	6,10,070
	Deferred Tax Liability (a – b)	62,75,226	1,02,17,956

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.

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

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

Sd/-
CA. Mahesh Goel
(Partner)

For & on behalf of the Board

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sushil Kothari
(Chief Financial Officer)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 07th May, 2008

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	31.03.2008		

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

Public Issue	56,600.00	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	1,053,639	Total Assets	1,053,639
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SOURCES OF FUNDS

Paid-up Capital	221,600	Reserves & Surplus	510,362
Secured Loans	311,459	Deferred Tax Liability	10,218
Un-Secured Loans	-		

APPLICATIONS OF FUNDS

Net Fixed Assets	480,929	Investments	263,970
Net Current Assets	305,999	Misc. Expenditure	2,741
Accumulated Losses	NIL		

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

Turnover & other income	727,348	Total Expenditure	597,874
Profit/Loss Before Tax	129,474	Profit /Loss After Tax	110,029
Basic & Diluted Earning Per Share (in Rs.)	5.90	Dividend @ %	20%

V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As Per Monetary 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

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sushil Kothari
(Chief Financial Officer)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 07th May, 2008

Cash Flow Statement for the Year Ended 31st March, 2008

S.N.	Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :			
	Net Profit before Tax	129,473,587	162,557,197
	Adjustment for :		
	Add : Depreciation & Misc. expenditure	46,021,677	52,096,778
	Interest & finance charges	24,569,461	26,838,932
	Operating Profit before working capital changes	200,064,725	241,492,907
	Adjustment for change in :		
	Trade & other receivables	(117,607,737)	3,229,048
	Inventories	(33,323,983)	(14,744,690)
	Trade and other payables	58,044,077	(17,559,921)
	Cash generated from Operations	107,177,082	212,417,345
	Direct Taxes Paid	(19,444,760)	(19,468,693)
	Net Cash Flow from Operating Activities	87,732,322	192,948,653
B. CASH FLOW FROM INVESTING ACTIVITIES:			
	Acquisition of Fixed Assets	(82,461,318)	(95,976,935)
	Purchase of Investments	(93,100,000)	(71,807,000)
		(175,561,318)	(167,783,934)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
	Net proceeds from issue of Equity Shares	208,039,581	-
	Increase in Bank borrowings	(46,094,213)	49,349,604
	Dividend (including CDT)	(51,852,184)	(41,636,101)
	Interest and finance charges paid	(24,569,461)	(26,838,932)
		85,523,723	(19,125,428)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,305,274)	6,039,291
	Add:- Cash & Cash Equivalents at the beginning of the year	16,700,876	10,661,586
	Cash & Cash Equivalents at the Closing of the year	14,395,602	16,700,876

Note : Figures in brackets indicate cash outflow.
This is the Cash Flow Statement referred to in our report of even date.

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

For & on behalf of the Board

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sushil Kothari
(Chief Financial Officer)

New Delhi, 07th May, 2008

Sd/-
Sachin Agarwal
(Company Secretary)

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, 2008	31st March, 2008	31st March, 2008
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.	14,90,000	35,63,340	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. 71,17,569	(33,79,798)	1,70,32,044
	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

Sd/-
Kamakhya Chamarla
(Managing Director)

Sd/-
Bijay Kumar Garodia
(Chairman)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sushil Kothari
(Chief Financial Officer)

Sd/-
Sachin Agarwal
(Company Secretary)

New Delhi, 07th May, 2008

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 31 st March 2008, 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 2008;
- (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, 07th May, 2008

Consolidated Balance Sheet As At 31st March, 2008

Particulars	Schedule No.	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
I. SOURCES OF FUNDS :			
1. Shareholders' Fund :			
i) Share Capital	1	221,600,000	165,000,000
ii) Reserves & Surplus	2	532,267,382	302,426,330
		<u>753,867,382</u>	<u>467,426,330</u>
2. Loan Funds :			
i) Secured Loans	3	550,254,721	521,476,171
ii) Unsecured Loans	4	-	35,000,000
3. Deferred Tax Liability			
		11,245,423	6,277,977
TOTAL :		<u><u>1,315,367,526</u></u>	<u><u>1,030,180,478</u></u>
II. APPLICATION OF FUNDS :			
1. Fixed Assets :			
i) Gross Block	5	1,095,173,858	609,293,786
Less :- Depreciation		289,708,254	234,336,845
Net Block		<u>805,465,604</u>	<u>374,956,941</u>
ii) Capital Work-in-Progress		89,856,933	385,632,221
iii) Pre-operative expenditure during construction period		-	32,661,268
		<u>895,322,537</u>	<u>793,250,430</u>
2. Investments			
	6	4,423	4,423
3. Current Assets, Loans & Advances			
i) Inventories	7	119,602,968	83,983,978
ii) Sundry Debtors	8	54,379,700	30,608,209
iii) Cash & Bank Balance	9	39,753,906	20,434,911
iv) Loans & Advances	10	332,382,439	177,271,660
		<u>546,119,013</u>	<u>312,298,757</u>
Less : Current Liabilities & Provisions :			
i) Liabilities	11	73,590,017	53,540,285
ii) Provisions		55,551,174	25,889,659
Net Current Assets		<u>416,977,822</u>	<u>232,868,813</u>
4. Miscellaneous Expenditure			
(to the extent not written off or adjusted)	12	3,062,744	4,056,812
TOTAL :		<u><u>1,315,367,526</u></u>	<u><u>1,030,180,478</u></u>

Significant Accounting Policies & Notes on Accounts

"21"

Schedules "1" to "12" and "21" annexed hereto form an integral part of the Balance Sheet.

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

 For **Kumar Vijay Gupta & Co.**

For & on behalf of the Board

Chartered Accountants

 Sd/-
CA. Mahesh Goel
 (Partner)

 Sd/-
Kamakhya Chamaria
 (Managing Director)

 Sd/-
Santosh Kumar Bajaj
 (Whole Time Director)

New Delhi, 07th May, 2008

 Sd/-
Sushil Kothari
 (Chief Financial Officer)

 Sd/-
Sachin Agarwal
 (Company Secretary)

Consolidated Profit & Loss Account for the Year Ended 31st March, 2008

Particulars	Schedule No.	Year Ended 31.03.2008 (Amt. in Rs.)	Year Ended 31.03.2007 (Amt. in Rs.)
INCOME			
Gross Sales	13	835,713,808	744,594,382
Less: Excise Duty paid (net)		<u>26,365,112</u>	<u>7,599,963</u>
		809,348,696	736,994,419
Other Income	14	5,050,870	6,066,810
Increase/(Decrease) in Stock	15	<u>23,071,129</u>	<u>1,963,648</u>
TOTAL :		<u><u>837,470,695</u></u>	<u><u>745,024,877</u></u>
EXPENDITURE			
Cost of Materials	16	165,407,616	146,618,574
Manufacturing and Operating Expenses	17	241,640,983	227,593,997
Administrative & Other Expenses	18	40,886,647	28,856,857
Selling & Distribution Expenses	19	143,754,783	99,296,629
Interest & Financial Charges	20	33,219,612	26,838,932
Depreciation	5	<u>58,520,988</u>	<u>53,592,935</u>
TOTAL :		<u><u>683,430,629</u></u>	<u><u>582,797,924</u></u>
PROFIT BEFORE TAXATION		154,040,066	162,226,953
LESS : PROVISION FOR TAXATION			
– Current Income Tax		17,807,196	18,473,913
– Deferred Tax Liability		4,967,446	377,819
– Fringe Benefit Tax		<u>1,011,769</u>	<u>685,322</u>
PROFIT AFTER TAXATION		130,253,655	142,689,899
Balance Brought forward from last year		<u>265,092,129</u>	<u>178,347,181</u>
Profit Available for Appropriation :		395,345,784	321,037,080
Less: Equity Dividend		44,320,000	36,300,000
Tax on Dividend		7,532,184	5,336,101
Transfer to General Reserve		<u>11,824,761</u>	<u>14,308,850</u>
Balance Carried to Reserve & Surplus		<u><u>331,668,839</u></u>	<u><u>265,092,129</u></u>
Earning Per Share (Face Value of Rs. 10/- each)			
a) Basic & Diluted		6.99	8.65
(Refer to Note 14 of Schedule “21”)			

Significant Accounting Policies & Notes on Accounts

“21”

Schedules “5”, “13” to “21” 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 **Kumar Vijay Gupta & Co.**

For & on behalf of the Board

Chartered Accountants

 Sd/-
CA. Mahesh Goel
 (Partner)

 Sd/-
Kamakhya Chamaria
 (Managing Director)

 Sd/-
Santosh Kumar Bajaj
 (Whole Time Director)

New Delhi, 07th May, 2008

 Sd/-
Sushil Kothari
 (Chief Financial Officer)

 Sd/-
Sachin Agarwal
 (Company Secretary)

Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 1</u>		
<u>SHARE CAPITAL:</u>		
Authorised Capital (2,50,00,000 Equity Shares of Rs. 10/- Each)	250,000,000	250,000,000
Issued, Subscribed, Called up & Paid-up Capital (2,21,60,000 (Previous Year 1,65,00,000) Equity Shares of Rs. 10/- each, fully paid up)	221,600,000	165,000,000
	221,600,000	165,000,000
<u>SCHEDULE - 2</u>		
<u>RESERVES & SURPLUS :</u>		
1. General Reserve		
Balance Brought forward	35,255,365	20,946,515
Additions during the year	11,824,761	14,308,850
	47,080,126	35,255,365
2. Capital Reserve on consolidation	2,078,836	2,078,836
3. Profit & Loss Account	331,668,839	265,092,129
4. Securities Premium Account		
Amount Received on Issue of Equity Shares	181,120,000	-
Less : Miscellaneous Expenses adjusted	(29,680,419)	-
(Refer Note 2 in Schedule 21- Notes on Accounts)	151,439,581	-
Total (1+2+3+4)	532,267,382	302,426,330
<u>SCHEDULE - 3</u>		
<u>SECURED LOANS :</u>		
1. Rupee Term Loan from Banks/Financial Institutions (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.)	311,671,264	375,866,961
2. Interest accrued and due on Term Loans	1,305,729	-
3. (a) Equipment finance from Banks	1,620,971	1,236,925
(b) Equipment & Vehicle finance from others/private parties (Secured against hypothecation of respective assets)	8,302,646	2,216,852
4. Cash Credit from Banks (Secured against first charge on current assets, second charge on the fixed assets and personal guarantee of promoter directors of the company.)	227,354,111	142,155,434
	550,254,721	521,476,171
Note : Out of 1 and 3 above a sum of Rs. 848.87 Lakhs (Previous Year : Rs. 680 Lakhs) would become due for payment within a year.		
<u>SCHEDULE - 4</u>		
<u>UNSECURED LOANS :</u>		
1. Short Term Loan from Banks/Financial Institutions (Against personal guarantees of promoter directors of the company)	-	35,000,000
	-	35,000,000

SCHEDULE - 5
SCHEDULE OF CONSOLIDATED FIXED ASSETS & DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2008
(AS PER W.D.V. METHOD OF THE COMPANIES ACT, 1956)

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As On 01.04.2007	Additions during the Year	Deduction/ Adjustments during the Year	Subsidiy	As On 31.03.2008	As On 01.04.2007	For the Year* Deduction/ Adjustment	As On 31.03.2008	As On 31.03.2007
(A) Tangible Assets:									
Land and Site Devel.	62,760,116	55,516,302	-	-	118,276,418	-	-	118,276,418	62,760,116
Office Building	-	699,282	-	-	699,282	-	23,439	675,843	-
Factory Building	86,587,494	76,297,125	-	-	162,884,619	27,308,540	7,563,056	128,013,023	59,278,955
Furniture & Fixtures	4,411,353	1,127,945	-	-	5,539,298	2,150,617	1,069,621	2,265,233	2,260,735
Computer	4,281,901	825,033	-	-	5,106,934	2,891,704	709,702	1,521,822	1,390,197
Motor Vehicles	6,371,136	6,158,412	886,884	-	11,642,664	3,111,180	1,265,151	7,852,659	3,259,956
Office Equipment	3,885,095	1,643,532	-	-	5,528,627	1,396,716	612,789	3,521,795	2,488,379
Temporary Structure	2,008,835	-	-	-	2,008,835	1,995,007	13,828	-	13,828
Plant, Machinery & Installations	436,207,355	485,054,138	4,374,931	136,610,857	780,275,705	194,991,963	46,517,103	541,628,656	241,215,393
Motor Tractor	1,336,140	17,815	-	-	1,353,955	9,665	402,219	942,071	1,326,745
Live Stock	-	33,570	-	-	33,570	-	-	33,570	-
Total (A)	607,849,425	627,373,154	5,261,815	136,610,857	1,093,349,908	233,855,391	58,176,908	804,731,092	373,994,034
(B) Intangible Assets:									
Computer Software	1,444,361	379,588	-	-	1,823,949	481,454	607,983	734,512	962,907
Total (B)	1,444,361	379,588	-	-	1,823,949	481,454	607,983	734,512	962,907
Total (A+B)	609,293,786	627,752,742	5,261,815	136,610,857	1,095,173,858	234,336,845	58,784,891	805,465,604	374,956,941
Previous year	585,005,969	24,287,817	-	-	609,293,786	180,389,740	53,947,105	374,956,941	-

Note : Depreciation amounting to Rs. 2,63,903/- upto 30th January, 2008 of Badarpur Energy Pvt. Ltd. (Subsidiary Company) has been transferred to pre-operative expenses during construction period account (Previous year : Rs. 3,54,170/-).

Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
SCHEDULE - 6		
INVESTMENTS :		
Current Investments :		
Other than trade, Quoted, fully paid up equity shares {50 Shares (previous year: 50 shares) of Gujarat Ambuja Ltd., Market Value Rs. 6,052.50}	4,423	4,423
	4,423	4,423
SCHEDULE - 7		
INVENTORIES		
(At lower of cost or net realisable value)		
Stores, Spares and Fuel	49,080,432	27,404,578
Raw Material	27,241,906	38,176,190
Packing Material	8,214,867	3,497,104
Semi Finished Goods	29,177,417	12,323,434
Finished Goods	5,877,016	2,582,672
Goods in transit	11,330	-
	119,602,968	83,983,978
SCHEDULE - 8		
SUNDRY DEBTORS		
(i) (Secured and considered good)		
- Debts outstanding for a period exceeding six months	-	-
- Other Debts	178,839	1,654,701
	178,839	1,654,701
(ii) (Unsecured and considered good)		
- Debts outstanding for a period exceeding six months	1,121,789	4,329,419
- Other Debts	53,079,072	24,624,089
	54,200,861	28,953,508
Total	54,379,700	30,608,209
SCHEDULE - 9		
CASH & BANK BALANCE		
Cash in Hand	9,701,336	3,339,201
Balances with Scheduled Banks :		
- In Current Account	23,467,537	8,655,833
- In Fixed Deposits	3,874,481	3,426,747
Cheques/Demand Drafts in Hand	2,710,552	5,013,130
	39,753,906	20,434,911

Schedules Forming Part of Consolidated Balance Sheet As On 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 10</u>		
<u>LOANS & ADVANCES</u>		
(Unsecured and considered good for recovery by the Management)		
1) Subsidy Receivable from Central/State Govt.	270,678,588	128,589,473
2) Excise Duty Refundable	10,451,322	9,460,236
3) Advance to Suppliers/Contractors	19,141,321	12,381,526
4) Security Deposits	9,463,378	7,872,220
5) Other advances - Recoverable in cash or in kind or for value to be received	22,647,830	18,968,205
	332,382,439	177,271,660
<u>SCHEDULE - 11</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
(a) Current Liabilities		
1) Sundry Creditors for Capital Expenditure	7,408,421	2,181,356
2) Sundry Creditors (Trade)	38,758,820	28,705,003
3) Statutory Liabilities	4,219,414	2,682,550
4) Interest Accrued but not due	42,708	85,500
5) Advance from Customers	7,200,710	4,699,843
6) Security Money received	5,912,502	5,736,690
7) Other Liabilities	10,047,442	9,449,343
	73,590,017	53,540,285
(b) Provisions		
1) Provision for Income-Tax	17,807,196	18,617,568
2) Provision for Fringe Benefit Tax	934,674	685,322
	18,741,870	19,302,890
Less : Advance Income Tax and Tax Deducted at Source	15,474,784	(6,879,036)
Less : Advance Fringe Benefit Tax	1,592,000	(700,000)
	1,675,086	11,653,854
3) Provision for Gratuity	920,344	649,704
4) Provision for Leave Encashment	1,103,560	-
5) Proposed Dividend	44,320,000	8,250,000
6) Corporate Dividend-Tax	7,532,184	5,336,101
	55,551,174	25,889,659
<u>SCHEDULE - 12</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(to the extent not written off or adjusted)		
1) Preliminary Expenses	-	402,700
2) Mines Development	2,890,244	3,424,112
3) Lease Rights	172,500	230,000
	3,062,744	4056,812

**Schedules Forming Part of Consolidated Profit & Loss Account
for the Year Ended 31.03.2008**

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 13</u>		
<u>SALES</u>		
Gross Sales	809,348,696	736,994,419
	809,348,696	736,994,419
<u>SCHEDULE - 14</u>		
<u>OTHER INCOME</u>		
Equipment Hire Charges	2,697,418	3,868,620
Sale of Scrap	1,395,504	1,973,199
Misc. other Income	664,066	223,386
Insurance Claim Received	293,882	1,605
	5,050,870	6,066,810
<u>SCHEDULE - 15</u>		
<u>INCREASE/(DECREASE) IN STOCK</u>		
Semi Finished Goods		
Opening Stock	9,869,674	9,944,941
Closing Stock	29,646,459	12,323,434
	19,776,785	2,378,493
Finished Goods		
Opening Stock	2,582,672	2,997,517
Closing Stock	5,877,016	2,582,672
	3,294,344	(414,845)
Increase/(Decrease) in Stock	23,071,129	1,963,648
<u>SCHEDULE - 16</u>		
<u>COST OF MATERIALS</u>		
Raw Material Consumed	118,484,751	105,872,612
Stores and Spares Consumed	25,160,368	21,569,693
Packing Material Consumed	21,762,497	19,176,270
	165,407,616	146,618,574
<u>SCHEDULE - 17</u>		
<u>MANUFACTURING AND OPERATING EXPENSES</u>		
Power & Fuel Expenses (Net)	145,189,064	153,628,814
Material Handling, Equipment & Freight Charges	13,175,912	5,491,172
Repair and Maintenance		
– Plant & Machinery	8,016,986	5,956,217
– Building	1,173,201	498,539
– Equipments/others	2,678,899	1,255,725
Salaries, Wages & Bonus	44,693,821	31,718,364
Contribution to Provident Fund	899,853	723,475
Job & Labour Charges	1,042,283	13,871,421
Staff Welfare Expenses	2,840,575	1,541,130
Royalties & other Govt. Levies	7,663,545	7,653,703
Research and Development Expenditure	226,500	723,360
Other Production Overheads	14,040,344	4,532,077
	241,640,983	227,593,997

Schedules Forming Part of Consolidated Profit & Loss Account for the Year Ended 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 18</u>		
<u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Auditors' Remuneration	325,844	216,830
Bank Charges	740,005	828,144
Books & Periodicals	84,062	92,111
Charity & Donation	2,321,797	1,521,795
Bad Debts	3,280,919	978,003
Directors' Remuneration	2,750,000	2,492,000
Staff Recruitment Expenses	927,240	-
Electricity Expenses	1,125,638	833,938
Fees & Subscription	381,906	419,974
ROC Filing Fees & Legal Expenses	309,117	104,389
House/Office Rent & Maint. Expenses	2,660,439	1,172,681
Insurance	817,121	697,597
Loss on sale of assets	823,183	-
Misc. Exps. Written off	994,068	1,271,455
Motor Car Running, Maint. & Hire Charges	2,437,346	2,472,238
Office and Other Miscellaneous Expenses	1,945,372	1,935,283
Postage & Telegraph Exps.	284,292	259,923
Printing, Stationery and computer Expenses	1,923,230	1,052,479
Provision for Gratuity	270,640	228,635
Rates & Taxes	448,729	784,853
Repair & Maintenance	648,402	480,146
Salary and other benefits to staff	3,739,323	2,954,680
Professional & consultancy service charges	775,857	312,196
Staff Fooding & Welfare Expenses	1,734,453	1,366,932
Sundry Balances written-off	(19,221)	45,399
Telephone Exps.	2,610,779	2,553,465
Travelling & Conveyance Expenses	6,296,106	3,640,950
Processing Charges	250,000	140,760
	40,886,647	28,856,857
<u>SCHEDULE - 19</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
Transportation Cost (net)	105,981,820	68,146,418
Sales Promotion Expenses	4,464,000	4,887,015
Advertisement & Publicity	3,596,723	2,896,107
VAT/Sales Tax	26,287,665	21,101,948
Market Survey, Consultancy & Other Charges	1,790,846	1,015,808
Shop/Godown Rent	451,579	415,008
Testing, Inspection & Weighment Expenses	1,182,150	834,324
	143,754,783	99,296,629
<u>SCHEDULE - 20</u>		
<u>INTEREST & FINANCIAL CHARGES</u>		
Term Loan	19,999,162	19,246,594
Working Capital facility (Net)	12,547,820	7,253,721
Others	1,273,531	794,808
Less : Interest Received, including TDS of Rs. 8,075/- (Previous Year TDS Rs. 2,875/-)	(600,901)	(456,191)
	33,219,612	26,838,932

SCHEDULE - 21 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS

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 31.03.2008
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. However, in respect of Badarpur Energy Pvt. Ltd., a wholly owned subsidiary, depreciation on assets has been charged at the Straight Line Method 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 reliable 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). In case of power, revenue is booked on the basis of actual billing to customers.

(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. Capital grants/ subsidies are credited to respective fixed assets where it relates to specific fixed assets.

(8) RETIREMENT BENEFITS:

(i) Defined Contribution Plan

Employees benefits in the form of provident fund and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other Long-term benefits

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Profit & Loss Account.

(9) INVESTMENTS :

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

(10) MISCELLANEOUS EXPENDITURE:

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

(11) TAXES ON INCOME:**a) Current Tax:**

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

b) Deferred Tax :

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

(12) RESEARCH AND DEVELOPMENT EXPENDITURE:

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

(13) EXPENDITURE DURING CONSTRUCTION:

In respect of substantial capacity enhancement/new commissioning of projects, 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.

(14) 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.

(15) CONTINGENT LIABILITY:

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

(16) 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.

(17) 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) During the year the company had raised Rs. 23,77,20,000/- through Initial Public Offering (IPO) and the same has been utilized for the purpose, for which it has been raised.
- (2) Miscellaneous Initial Public Issue expenses amounting to Rs.2,96,80,419/-is adjusted against the Securities Premium Account.
- (3) Change in Accounting Policy: During the year, the management of Badarpur Energy Pvt. Ltd., a wholly owned subsidiary company has changed the method of charging depreciation on fixed assets of the company, from Written Down Value Method to Straight Line Method from the date of asset acquired/ put to use, and on a pro rata basis at the rates prescribed in Schedule XIV to the Companies Act, 1956. Due to this change of method, depreciation amounting to Rs. 71,559.00 has been credited to "Incidental Expenditure during construction period Account" which has been debited earlier.
- (4) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs.288.41 Lakhs (Previous Year Rs. 242.84 Lakhs)
- (5) 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)
- (6) 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.
- (7) During the year an amount of Rs.18,20,267 (Previous Year: Rs. 8,75,007) was paid to selling agents of the company as Sales Commission.

(8) During the year, the company has capitalized the borrowing cost amounting to Rs. 2,29,01,464/- (Previous Year : Rs. 8,56,213) for major expansion activities/new commissioning of plant at factory site.

(9) Payment made to Auditors during the year ended is as under :-

	<u>Current Year</u>	<u>Previous Year</u>
a. Statutory Audit Fee	Rs. 2,47,192	Rs. 2,38,360
b. Tax Audit Fee	Rs. 45,000	Rs. 40,000
c. Company Law and other matters	Rs. 34,000	Rs. 40,000
d. Reimbursement of out of pocket expenses	Rs. 10,888	Rs. 4,590
Total	Rs. 3,37,080	Rs. 3,22,950

(10) Remuneration paid to Directors during the year: Rs. 27,50,000 (Previous Year : Rs. 24,92,000).

(11) **GOVT. SUBSIDIES**

During the year Insurance subsidy amounting to Rs.15,44,009/- (previous year: 18,65,658/-), working capital interest subsidy amounting to Rs.49,70,961/-(previous year: 32,89,944/-), Power Subsidy amounting to Rs. 10,00,000/-(previous year : nil) and Transport subsidy amounting to Rs.3,76,98,181/- (previous year: nil) has been adjusted from related overheads. Capital Investment Subsidy amounting to Rs. 13,66, 10,857/-(previous year: nil) has been adjusted out of cost of the related fixed assets. During the year Excise Duty amounting to Rs. 6,15,10,615 (previous year : 4,46,78,320) has been refunded back by Govt. of India

(12) According to the information available with the company, there are no outstanding dues in respect of principal amount or interest due in respect of micro enterprises and small enterprises or any S.S.I. Undertakings. (Previous Year: Nil)

(13) **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 Personnel and their relatives

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

Details of transactions between the company and related parties for the year ended on 31.03.2008 is given as under:

(Rs. in Lakhs)			
Sl.No.	Type of transaction	Associates	Key Management Personnel/relatives
1.	Sale of finished/semi finished goods/services	25.01 (21.77)	—
2.	Purchase of Raw Material/semi/finished goods	503.13 (229.53)	—
3.	Hire Charges paid	37.14 (36.72)	—
4.	Consultancy Fee Paid	— (17.96)	—
5.	Remuneration and sitting fee paid to directors	—	39.04 (29.82)

Note : Figures in bracket represent transactions of previous year.

(14) **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 2008 and 31st March 2007.

	(Amount in Rs.)	
	Year Ended 31st March, 2008	Year Ended 31st March, 2007
(a) Profit/(Loss) attributable to Equity Shareholders	13,02,53,655	14,26,89,899
(b) The weighted average number of Ordinary Share outstanding for Basic/Diluted EPS	1,86,34,098	1,65,00,000
(c) The nominal value per Ordinary Share	10	10
(d) Earnings Per Share Basic & Diluted (Rs.)	6.99	8.65

- (15) Balance of Sundry Debtors; Creditors and advances are subject to confirmation from respective parties.
- (16) 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.
- (17) During the year, the company has commissioned its 6.00 MW bio mass based power plant under its wholly owned subsidiary "Badarpur Energy Pvt. Ltd." and 300 TPD cement grinding project in its wholly owned subsidiary "Cement International Limited". Company has also started its limestone crushing activities in "Meghalaya Minerals & Mines Limited".
- (18) In pursuance of AS -28 "Impairment of Assets" issued by ICAI, the company reviewed its carrying cost of assets and management is of the view that in the current financial year impairment of assets is not considered necessary.
- (19) Expenditure on purchased software (ERP) and IT related expenses are written off over a period of three years.
- (20) Deferred Tax Liability has been calculated as under:

(Amount in Rs.)			
S. No.	Particulars	Balance As on 01.04.2007	Balance As on 31.03.2008
			Additions/ (deductions) during the year
1. (a)	Deferred Tax Liabilities		
	Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax returns	64,96,615	54,36,734
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)	2,18,638	4,69,288
	Deferred Tax Liability (a – b)	62,77,977	49,67,446
			1,12,45,423

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

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

Sd/-
CA. Mahesh Goel
(Partner)

New Delhi, 07th May, 2008

For & on behalf of the Board

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Sushil Kothari
(Chief Financial Officer)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

Sd/-
Sachin Agarwal
(Company Secretary)

Consolidated Cash Flow Statement for the Year Ended 31st March, 2008

S.N.	Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before Tax	154,040,066	162,226,953
	Adjustment for :		
	Add : Depreciation & Misc. expenditure	56,365,477	55,218,560
	Interest & finance charges	33,219,612	26,838,932
	Operating Profit before working capital changes	243,625,155	244,284,445
	Adjustment for change in :		
	Trade & other receivables	(178,882,270)	(2,172,856)
	Inventories	(35,618,990)	(37,188,347)
	Trade and other payables	54,678,693	(5,267,884)
	Cash generated from Operations	83,802,588	199,655,358
	Direct Taxes Paid	(23,786,411)	(19,159,235)
	Net Cash Flow from Operating Activities	60,016,177	180,496,123
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Acquisition of Fixed Assets	(157,443,516)	(352,996,809)
	Capital Reserve	-	5,009
	Purchase of Investments	-	-
		(157,443,516)	(352,991,799)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Net proceeds from issue of Equity Shares	208,039,581	-
	Increase in Bank & Other borrowings	(6,221,450)	248,272,510
	Dividend (including CDT)	(51,852,184)	(41,636,101)
	Interest and finance charges paid	(33,219,612)	(26,838,932)
		116,746,335	179,797,477
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	19,318,995	7,301,801
	Add:- Cash & Cash Equivalents at the beginning of the year	20,434,911	13,133,110
	Cash & Cash Equivalents at the Closing of the year	39,753,906	20,434,911

Note : Figures in brackets indicate cash outflow.
This is the Cash Flow Statement referred to in our report of even date.

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

For & on behalf of the Board

Sd/-
CA. Mahesh Goel
(Partner)

Sd/-
Kamakhya Chamaria
(Managing Director)

Sd/-
Santosh Kumar Bajaj
(Whole Time Director)

New Delhi, 07th May, 2008

Sd/-
Sushil Kothari
(Chief Financial Officer)

Sd/-
Sachin Agarwal
(Company Secretary)

Directors' Report

To
The Shareholders,

Your Directors have pleasure to present the 8th Annual Report together with the audited statement of account for the year ended 31st March, 2008.

WORKING RESULTS

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

Particulars	(Amount in Rs.)	
	Year Ended 31-03-08	Year Ended 31-03-07
Sales & Other Income Received	66529278	35361400
Profit before Depreciation & Income Tax	11440304	2548483
Less : Depreciation	3134938	2409685
Profit Before Tax	8305366	138798
Less : Provision for Taxation	1187797	68361
Net Profit after Tax	7117569	70437

DIVIDEND

Your Directors do not recommend any dividend for the financial year 2007-08.

DIRECTORS

There is no change in the constitution of the Board during the last financial year. In accordance with the provision of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Nathmal Todi and Mr. Sushil Kumar Bajaj are liable to retire by rotation and being eligible offer themselves for their 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 Kumar Vijay Gupta & Co., Chartered Accountants, who are the Statutory Auditor 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., Chartered Accountants has already furnished certificate of their eligibility for re-appointment, under Section 224(1) of the Companies Act, 1956.

It is proposed to re-appoint M/s Kumar Vijay Gupta & Co., Chartered Accountants in the forthcoming Annual General Meeting to examine and audit the accounts of the Company for the Financial Year 2008-09.

AUDITOR'S REPORT

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

PARTICULARS OF EMPLOYEES

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

EMPLOYEE RELATION

The Company has been able to maintain peace and cordial relationship with its 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 Ms Jyoti Narang, Practising Company Secretary, having office at H-3/157, 2nd Floor, Vikaspuri, New Delhi-110018 certifying that the Company has complied with 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 2007-08.

ACKNOWLEDGEMENT

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 : Delhi
Date : 02.05.2008

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' 2008, the Profit and Loss Account and 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, 2008 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, 2008;
 - (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

Sd/-

CA. Tarun Kumar Gupta
(Partner)

M. No. 91151

Place : New Delhi
Date : 02.05.2008

Annexure "A" to the Auditor's Report

Re : Meghalaya Minerals & Mines Ltd.

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

- (i)
 - (a) The Company has generally 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 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, 2008 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses as at the end of the financial year under report. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks/ financial institutions. So, the question of default in repayment of loan does not arise.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a *nidhi*/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Therefore, the question of provisions of terms and conditions for giving such guarantee does not arise.
- (xvi) According to information and explanations given to us, the company has not taken any term loans or advances during the year.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

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

Place : New Delhi
Date : 02.05.2008

Balance Sheet as at 31st March, 2008

Particulars	Schedule	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
A. SOURCES OF FUNDS			
1. Shareholders' Fund			
i) Share Capital	1	14,900,000	14,000,000
ii) Reserves and Surplus	2	34,958,842	20,641,273
2. Loans Fund			
Secured Loans	3	414,854	-
3. Deferred Tax Liability			
		285,757	2,751
TOTAL		50,559,453	34,644,024
B. APPLICATION OF FUNDS			
1. Fixed Assets			
i) Gross Block	4	37,445,251	10,912,774
Less : Depreciation		6,000,142	4,435,490
Net Block		31,445,109	6,477,284
Capital Work In Progress, Pre-operative expenditure, including advances to suppliers	5	-	23,582,881
		31,445,109	30,060,165
2. Current Assets, Loans & Advances			
i) Inventories	6	3,437,165	895,245
ii) Cash & Bank Balance	7	6,026,453	912,932
iii) Sundry Debtors	8	47,775	52,093
iv) Loans & Advances	9	42,521,611	7,880,764
		52,033,004	9,741,035
Less : Current Liabilities & Provisions			
i) Current Liabilities	10	32,774,879	4,785,220
ii) Provisions		143,781	371,955
Net Current Assets		19,114,344	4,583,860
TOTAL		50,559,453	34,644,024

Significant Accounting Policies & Notes on Accounts 17

Schedules "1" to "10" and "17" annexed hereto form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date.

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

For & on behalf of the Board

Sd/-
Sushil Kumar Bajaj
Director

New Delhi, 02nd May, 2008

Sd/-
Jagdish Prasad Shah
Director

Profit & Loss Account for the year ended 31st March, 2008

Particulars	Schedule	Year Ended 31.03.2008 (Amt. in Rs.)	Year Ended 31.03.2007 (Amt. in Rs.)
INCOME			
Sales & Other Income	11	66,529,278	35,361,400
Increase/(Decrease) in Stock	12	2,107,312	(8,853)
TOTAL		68,636,590	35,352,546
EXPENDITURE			
Mining and Operating Expenses	13	29,386,025	28,931,329
Administrative Expenses	14	3,472,455	2,516,797
Selling & Distribution Expenses	15	24,330,094	1,355,938
Interest & Financial Charges	16	7,712	-
Depreciation	4	3,134,938	2,409,685
TOTAL		60,331,224	35,213,748
PROFIT BEFORE TAXATION		8,305,366	138,798
LESS : PROVISION FOR TAXATION			
– Current Income Tax		857,397	355,101
– Deferred Tax Liability / (Asset)		283,006	(311,507)
– Fringe Benefit Tax		47,394	24,767
PROFIT AFTER TAXATION		7,117,569	70,437
Add : Balance Brought Forward from last year		649,273	578,836
Balance Carried to Balance Sheet		7,766,842	649,273
Earning Per Share (Face value of Rs. 10/- each)			
Basic / Diluted		4.85	0.08
(Refer to Note 8 of schedule 17)			

Significant Accounting Policies & Notes on Accounts 17

Schedules "4" and "11" to "17" 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Sushil Kumar Bajaj
Director

New Delhi, 02nd May, 2008

Sd/-
Jagdish Prasad Shah
Director

Schedules Forming Part of the Balance Sheet as on 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 1</u>		
<u>SHARE CAPITAL</u>		
Authorised Capital		
{15,00,000 (Previous Year 15,00,000) Equity Shares of Rs. 10/- each}	<u>15,000,000</u>	<u>15,000,000</u>
Issued, Subscribed & Paid-up Capital		
{14,90,000 (Previous Year 14,00,000) Equity Shares of Rs. 10/- each, fully paid up}	<u>14,900,000</u>	<u>14,000,000</u>
	<u>14,900,000</u>	<u>14,000,000</u>

Note : 14,90,000 (14,00,000 as at 31.03.2007) Equity Shares are held by Barak Valley Cements Ltd. (Holding Company).

SCHEDULE - 2

RESERVE & SURPLUS

(a) Profit & Loss Account	7,766,842	649,273
(b) Securities Premium :		
Balance Brought Forward	19,992,000	-
Additions during the year	7,200,000	19,992,000
	<u>34,958,842</u>	<u>20,641,273</u>

SCHEDULE - 3

SECURED LOANS

Vehicle finance from Axis Bank Ltd. (Secured against hypothecation of Motor vehicle)	414,854	-
	<u>414,854</u>	<u>-</u>

Note : Out of above a sum of Rs. 1.70 Lakhs (previous year : Nil) would become due for payment within a year.

SCHEDULE - 4
FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2008
 (As per WDV Method of the Companies Act, 1956)

NAME OF ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.07	Additions during the year	Deductions during the year	Subsidy Adjusted	As on 31.03.08	As on 01.04.07	For the year	Depreciation on assets Sold	As on 31.03.08	As on 31.03.07
Land & Site Development	785,161	8,084,043	-	-	8,869,204	-	-	-	8,869,204	785,161
Plant & Machinery	2,802,119	23,745,872	-	6,862,390	19,685,601	414,472	2,061,853	-	17,209,276	2,387,647
Furniture & Fixture	54,372	35,685	-	-	90,057	17,138	26,396	-	46,523	37,234
Mining Equipments	2,232,050	2,832,991	1,850,000	805,938	2,409,103	1,764,644	586,210	1,570,287	1,628,536	467,406
Factory Building	2,410,237	360,268	-	-	2,770,505	219,692	228,559	-	2,322,254	2,190,545
Office Building	-	279,250	-	-	279,250	-	2,839	-	276,411	-
Office Equipment	70,100	102,978	-	-	173,078	14,191	16,681	-	142,206	55,909
Computer	-	36,700	-	-	36,700	-	2,848	-	33,852	-
Temporary Structure	2,008,835	-	-	-	2,008,835	1,995,007	13,828	-	-	13,828
Vehides	39,900	539,448	-	-	579,348	9,509	42,975	-	526,864	30,391
Motor Tractor	510,000	-	-	-	510,000	888	152,749	-	356,413	509,162
Live Stock	-	33,570	-	-	33,570	-	-	-	33,570	-
Total	10,912,774	36,050,805	1,850,000	7,668,328	37,445,251	4,435,490	3,134,938	1,570,287	31,445,109	6,477,284
Previous Year	6,836,600	4,076,174	-	-	10,912,774	2,025,805	2,409,685	-	6,477,284	-

Schedules Forming Part of the Balance Sheet as on 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
SCHEDULE - 5		
ADVANCES TO SUPPLIERS		
(a) Capital Work-In-Progress	-	21,972,833
(b) Pre-operative Expenses	-	726,540
(c) Advance to suppliers & contractors	-	883,508
	-	23,582,881
SCHEDULE - 6		
INVENTORIES		
Finished Goods	2,113,049	5,737
Stores, Spares, Fuel and other misc. items	1,324,116	889,509
	3,437,165	895,245
SCHEDULE - 7		
CASH & BANK BALANCE		
Cash in hand	5,552,067	636,752
Balance with Scheduled Banks in Current Account	474,386	276,181
	6,026,453	912,932
SCHEDULE - 8		
SUNDRY DEBTORS		
(Secured and considered good)		
- Debts outstanding for a period exceeding six months	-	-
- Other Debts	-	-
(Unsecured and considered good)		
- Debts outstanding for a period exceeding six months	47,775	4,318
- Other Debts	-	47,775
	47,775	52,093
SCHEDULE - 9		
LOANS & ADVANCES		
(Unsecured and considered good for recovery by the Management)		
(i) Subsidy Receivable	27,953,408	-
(ii) Advance Sales-Tax and other taxes	3,234,778	3,209,500
(iii) Advance to Suppliers & contractors	1,172,770	99,324
(iv) Security Deposits	219,431	213,131
(v) Other advances - Recoverable in cash or in kind for value to be received	9,941,224	4,358,809
	42,521,611	7,880,764
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities:		
(i) Sundry Creditors (Other than Capital goods)	1,822,920	1,858,445
(ii) Statutory Liabilities	2,317,674	94,135
(iii) Advance received from customers	27,605,791	2,354,207
(iv) Other Liabilities	1,028,494	478,434
	32,774,879	4,785,220
Provisions :		
Provision for Income Tax	857,397	355,101
Provision for Fringe Benefit Tax	47,394	24,767
	904,791	379,868
Less : Advance Income Tax paid	866,821	(80,000)
Less : Advance Fringe Benefit Tax paid	30,000	(45,000)
	7,970	254,868
Provision for Gratuity	89,971	71,091
Provision for Earned Leave	45,840	45,996
	143,781	371,955

Schedules Forming Part of the Profit & Loss Account for the year ended 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 11</u>		
<u>SALES & OTHER INCOME</u>		
Sales of Lime stone	66,328,783	35,274,748
Equipment Hire Charges	-	86,652
Interest Received	9,208	-
Profit on sale of assets	191,287	-
	<u>66,529,278</u>	<u>35,361,400</u>
<u>SCHEDULE - 12</u>		
<u>INCREASE/(DECREASE) IN STOCK</u>		
Opening Stock of Lime Stone	5,737	14,590
Closing Stock of Lime Stone	2,113,049	5,737
Increase/(Decrease) in Stock	<u>2,107,312</u>	<u>(8,853)</u>
<u>SCHEDULE - 13</u>		
<u>MINING AND OPERATING EXPENSES</u>		
Royalty and other Govt. Levies	7,663,545	7,653,703
Job & Labour Charges	1,042,283	13,871,421
Power, Fuel and mining expenses	9,375,010	3,762,839
Stores & Spares consumed	2,892,985	327,411
Repair and Maintenance of Equipments	2,353,058	1,255,725
Salary, Wages and Bonus	3,231,092	1,212,065
Contribution to Provident Fund	128,793	70,791
Staff Welfare Expenses	689,329	342,782
Freight, Cartage & Equipment Hire Charges	1,968,059	346,014
Insurance	41,871	88,578
	<u>29,386,025</u>	<u>28,931,329</u>
<u>SCHEDULE - 14</u>		
<u>ADMINISTRATIVE EXPENSES</u>		
Auditors' Remunerations	56,180	53,060
Bank Charges	57,731	15,824
Electricity Expenses	132,869	90,296
Misc. Expenses written off	-	357,927
Miscellaneous Office Expenses	111,914	44,030
Office/Land Rent	12,000	12,000
Postage & Telegram Expenses	6,090	3,198
Printing & Stationery Expenses	64,389	60,022
Professional & Consultancy Charges	179,000	13,646
Provision for Gratuity	18,880	18,749
Rates, Taxes & Filing Fees	95,307	88,984
Repairs & Maintenance	88,883	19,233
Staff & Labour Welfare Expenses	11,446	6,498
Security Service Charges	768,419	492,601
Telephone Expenses	148,488	116,338
Travelling & Conveyance Expenses	254,118	106,593
Vehicle Running & Maintenance Expenses	284,591	183,475
Testing Inspection & Weighment Expenses	1,182,150	834,324
	<u>3,472,455</u>	<u>2,516,797</u>
<u>SCHEDULE - 15</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
Transportation Cost	21,818,170	-
Sales Commission	383,184	-
Village welfare expenses	306,547	-
Sales Tax/VAT	504,661	1,355,938
Service Tax on Transportation	1,317,532	-
	<u>24,330,094</u>	<u>1,355,938</u>
<u>SCHEDULE - 16</u>		
<u>INTEREST & FINANCIAL CHARGES</u>		
Paid on Motor vehicle finance	7,712	-
	<u>7,712</u>	<u>-</u>

SCHEDULE - 17**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) GOVERNMENT GRANTS/SUBSIDIES:

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. Capital grants/subsidies are credited to respective fixed assets where it relates to specific fixed assets.

(7) RETIREMENT BENEFITS:**(i) Defined Contribution Plan:**

Employees benefits in the form of provident fund and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan:

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other Long-term benefits:

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Profit & Loss Account.

(8) MISCELLANEOUS EXPENDITURE:

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

(9) IMPAIRMENT OF ASSETS:

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

(10) 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 up to the date of commercial production.

(11) 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.

(12) CONTINGENT LIABILITY

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

(13) 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.

(14) 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 TO ACCOUNTS:
(1) Capital Commitments

The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 0.52 Lakhs (Previous year : Rs. 19.18 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	2007-2008		2006-2007	
		(M.T.)		(M.T.)
(1) Licensed Capacity		N.A.		N.A.
(2) Installed Capacity (M.T.)		N.A.		N.A.
(3) Lime Stone Extracted (M.T.)		1,63,773		1,57,390

(b) Sales:	Qty.	Value	Qty.	Value
	(MT)	(Rs.)	(MT)	(Rs.)
(1) Lime Stone	1,53,273	6,63,28,783	1,57,441	3,52,74,748

(c) Stock of Finished Goods:	Qty.	Value	Qty.	Value
	(MT)	(Rs.)	(MT)	(Rs.)
(i) Lime Stone:				
Opening Stock	32	5,737	83	14,590
Closing Stock	10,532	21,13,049	32	5,737

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

PARTICULARS	2007 - 2008		2006-2007	
	Value	%	Value	%
	(Rs.)		(Rs.)	
Stores and Spares				
: Imported	Nil	Nil	Nil	Nil
: Indigenous	28,92,985	100%	3,27,411	100%

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

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

(4) During the year an amount of Rs. 3,83,184 was paid to selling agents of the company as Sales Commission. (Previous Year Rs. Nil).

(5) Payment made to Auditors during the year ended is as under:-

PARTICULARS	2007-2008	2006-2007
	(Rs.)	(Rs.)
a. Statutory Audit fees	50562	48060
b. Tax Audit fees	5000	5000
c. Reimbursement of expenses	618	-
Total	56180	53060

(6) According to the information available with the company, there are no outstanding dues in respect of principal amount or interest due in respect of micro enterprises and small enterprises or any S.S.I. Undertakings. (Previous Year : Nil)

(7) 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, Balaji Udyog Ltd.
4. Key Management Personnel	Jagdish Prasad Shah (Director) Sushil Kumar Bajaj (Director) Nathmal Todi (Director)

MEGHALAYA MINERALS & MINES LIMITED Annual Report 2007-2008

Details of transactions between the company and related parties for the year ended 31.03.2008 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.	663.29 (331.95)	-	- (20.80)	-
2.	Purchase of Store, spare and other services. : Badarpur Energy Pvt. Ltd. : Barak Valley Cements Ltd. : Meghalaya Cements Ltd.	9.59 (16.24)	4.11 (0.82) 1.83 (-)	-	-
3.	Sale of Store and other Services to Badarpur Energy Pvt. Ltd.	-	- (0.42)	-	-
4.	Equipment Hire & other charges paid to Nefa Udyog	-	-	9.95 (8.86)	-

(8) **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, 2008 and the year ended 31st March, 2007.

	(Amount in Rs.)	
	Year ended 31st March, 2008	Year ended 31st March, 2007
(a) Profit/(Loss) after tax	71,17,569	70,437
(b) The weighted average number of Ordinary Share for Basic EPS (Nos.)	14,67,869	9,26,451
(c) The nominal value per Ordinary Share	10	10
(d) Earning per Share Basic/Diluted (in Rs.)	4.85	0.08

(9) **Government Subsidies**

Transport Subsidy amounting to Rs. 2,02,85,080 (previous year : nil) has been adjusted from related overheads and shown as receivable forming part of loans and advances. Capital Investment subsidy amounting to Rs. 76,68,328 (previous year : nil) has been adjusted from cost of related fixed asset capitalised during the year.

(10) **Employee Defined Benefits:**

(a) **Defined Contribution Plans:**

The Company has recognized an expense of Rs. 1,28,793 (Previous year Rs. 70,791) towards the defined contribution plans.

(b) **Defined Benefit Plans:**

As per Actuarial Valuation as at 31st March' 2008

	Gratuity Others	Leave Encashment
I. Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March' 2008		
1. Current Service Cost	45,680	43,738
2. Interest Cost	10,256	-
3. Past Service Cost	-	-
4. Expected Return on Plan Assets	-	-
5. Curtailment cost/(Credit)	-	-
6. Settlement cost/(Credit)	-	-
7. Net actuarial (gain)/loss recognized	(37,056)	2,110
8. Total Expense	18,880	45,840
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March' 2008		
1. Present Value of obligation as at the end of the period	89,971	45,840
2. Fair Value of Plan Assets	-	-
3. Funded Status [Surplus/(Deficit)]	(89,971)	(45,840)
4. Net Asset/(Liability) as at 31st March' 2008	(89,971)	(45,840)
III. Change in present value of obligation during the Year ended 31st March' 2008		
1. Present value of Defined Benefit Obligation at the beginning of the year	71,091	-
2. Acquisition adjustment	-	-
3. Interest Cost	8,260	-

4.	Past Service Cost	-	-
5.	Current Service Cost	22,650	43,738
6.	Curtailment cost/(Credit)	-	-
7.	Settlement cost/(Credit)	-	-
8.	Benefits Payments	-	-
9.	Actuarial (gain)/loss on obligation	(12,030)	2,110
10.	Present Value of Defined Benefit Obligation at the end of the year	89,971	45,840
IV.	Change in fair value of plan assets		
1.	Fair value of plan assets at the beginning of the year	-	-
2.	Acquisition adjustment	-	-
3.	Expected return on plan assets	-	-
4.	Contributions	-	-
5.	Benefit Paid	-	-
6.	Actuarial Gains/(Losses)	-	-
7.	Fair value of plan assets at the end of the year	-	-

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

(12) 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.

(13) **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:

S. No.	Particulars	Balance As on 01.04.2007	Additions/ (deductions) during the year	Balance As on 31.03.2008
1.	(a) Deferred Tax Liabilities			
	Tax impact of difference between carrying amount of fixed assets in the financial statement and income tax returns	24,718	3,07,201	3,31,919
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 & Leave Encashment)	21,967	24,195	46,162
	Deferred Tax Liability (a - b)	2,751	2,83,006	2,85,757

(14) Advance received from customer amounting to Rs. 2,76,05,791 (Previous year : Rs. 23,54,207) is of Barak Valley Cements Ltd. (Holding Company)

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

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

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

(19) Schedule "1" to "17" forms an integral parts of the financial statements.

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

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Sushil Kumar Bajaj
Director

New Delhi, 02nd May, 2008

Sd/-
Jagdish Prasad Shah
Director

Balance Sheet Abstract & Company's General Profile

I. REGISTRATION DETAILS

Registration No.	:	06057 of 1999-2000	State Code	:	13
Balance Sheet Date	:	31 03 2008			
		Date Month Year			

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

Public Issue	:	–	Rights Issue	:	–
Bonus Issue	:	–	Private Placement	:	900.00

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

Total Liabilities	:	50,559.45	Total Assets	:	50,559.45
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Sources of Funds:-

Paid Up Capital	:	14,900.00	Reserves & Surplus	:	34,958.84
Secured Loans	:	414.85	Deferred Tax Liability	:	285.76

Application of Funds:-

Net Fixed Assets	:	31,445.11	Investments	:	–
Net Current Assets	:	19,114.34	Misc. Expenditure	:	–

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

Turnover	:	68,636.59	Total Expenditure	:	60,331.22
Profit/(Loss) before Tax	:	8,305.37	Profit/Loss after Tax	:	7,117.57
Earning per Share in Rs.	:		Dividend @	:	–
– Basic/Diluted	:	4.85			

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, 2nd May, 2008

Cash Flow Statement for the year ended 31st March, 2008

S.N. Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	8,305,366	138,798
Adjustment for:		
Add : Depreciation & Misc. Expenditure	1,564,652	2,767,612
Interest & Finance Charges	7,712	-
Operating Profit before working capital changes	<u>9,877,730</u>	<u>2,906,410</u>
Adjustment for change in :		
Trade & other receivables	(34,636,529)	1,139,162
Inventories	(2,541,920)	(674,955)
Trade and other payables	27,761,485	2,962
Cash generated from Operations	<u>460,766</u>	<u>3,373,579</u>
Direct Taxes Paid	(904,791)	(379,868)
Net Cash Flow from Operating Activities	<u>(444,025)</u>	<u>2,993,712</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets/WIP	(2,949,596)	(27,659,055)
	<u>(2,949,596)</u>	<u>(27,659,054)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceed from issue of shares	8,100,000	24,990,000
Increase in Bank borrowings	414,854	-
Interest and finance charges paid	(7,712)	-
	<u>8,507,142</u>	<u>24,990,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>5,113,521</u>	<u>324,657</u>
Add : Cash & Cash Equivalents at the beginning of the year	912,932	588,275
Cash & Cash Equivalents at the Closing of the year	<u>6,026,453</u>	<u>912,932</u>

Note : Figures in brackets indicate cash outflow.
This is the Cash Flow Statement referred to in our report of even date.

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

Sd/-
CA. Tarun Kumar Gupta
(Partner)

For & on behalf of the Board

Sd/-
Sushil Kumar Bajaj
Director

New Delhi, 02nd May, 2008

Sd/-
Jagdish Prasad Shah
Director

Directors' Report

To
The Shareholders,

Your Directors have pleasure to present the Third Annual Report together with the audited statement of account for the period ended 31st March' 2008.

WORKING OPERATIONS

Your Directors have the pleasure in informing that the Company has successfully completed the construction of 6 MW Biomass based Power Plant at Badarpurghat, Distt. Karimganj, Assam and has started the commercial production in the month of February, 2008. It will generate electricity by using rice husk and degradable waste as its raw material. The Company has not earned any profit during the current financial year since the commercial production has been started in the month of February only.

DIVIDEND

Your directors do not recommend any dividend for the current financial year since the Company has not earned any profit during the year.

DIRECTORS

There has been no change in the composition of the Board of Directors of the Company. In accordance with the provisions of Section 256 of the Companies Act, 1956. Sh. Jagdish Prasad Shah 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. Kumar Vijay Gupta & Co., Chartered Accountants, who are the Statutory Auditor of the Company, holds office until the conclusion of forthcoming Annual General Meeting of the Company and is eligible for re-appointment. M/s. Kumar Vijay Gupta & Co., Chartered Accountants has already furnished certificates of their eligibility for re-appointment, under Section 224(1) of the Companies Act, 1956.

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

There has been continuous effort on the part of the Company to maintain the cordial relation with the employees and the Company has succeeded in maintaining peaceful relation throughout the year. There have been no strikes, lockouts and labour unrest during the financial year.

COMPANY SECRETARY

Since the paid-up capital of the Company has increased beyond Rs. 2 crore, therefore, in accordance with the provisions of Section 383A of the Companies Act, 1956, the Board of Directors in their meeting held on 25th April, 2008 has appointed Ms. Dimpay Choudhary as the Company Secretary of the Company.

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 2007-08.

ACKNOWLEDGEMENT

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 : Guwahati
Date : 02.05.2008

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' 2008, the Profit & Loss Account for the period ended 31st March' 2008 and the Cash Flow Statement for the year ended on 31st March' 2008. 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, 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, the Profit & Loss 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' 2008 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31 st March' 2008 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' 2008.
 - (ii) In the case of the Profit & Loss Account, of the Loss for the period ended on 31st March' 2008.
 - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on 31st March' 2008.

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

Place : New Delhi
Date : 02.05.2008

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

Annexure to Auditor's 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' 2008:

- (i) (a) The Company has generally maintained proper records showing full particulars, including details and situation of fixed assets.
- (b) All the 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 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 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 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) 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 applicable to it, with the appropriate authorities. There were no arrears as at 31st March' 2008 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) As the company has been registered for a period less than five years, the reporting in respect of accumulated losses at the end of financial year and cash losses in the financial year covered under audit and in the immediately preceding financial year is not required.
- (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 the 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

Place : New Delhi
Date : 02.05.2008

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

Balance Sheet as at 31st March, 2008

Particulars	Schedule	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Fund :			
i) Share Capital	1	35,633,400	18,633,400
iii) Reserve & Surplus	2	142,133,600	74,133,600
2. Secured Loans :	3	140,181,680	135,266,961
3. Deferred Tax Liability		186,575	-
	TOTAL	318,135,255	228,033,961
II. APPLICATION OF FUNDS			
1. Fixed Assets :			
(a) Gross Block	4	223,331,589	4,374,290
Less : Depreciation		2,119,203	241,597
Net Block		221,212,386	4,132,693
(b) Capital Work in Progress including advances to suppliers	5	87,320,444	211,532,452
(c) Incidental Expenditure During Construction Period		-	19,194,486
		308,532,830	234,859,631
2. Current Assets, Loans & Advances			
(a) Inventories	6	8,185,805	303,171
(b) Cash and Bank Balances	7	802,974	129,071
(c) Loans and Advances	8	66,752,453	1,074,315
		75,741,232	1,506,557
Less : Current Liabilities and Provisions			
(a) Current Liabilities	9	69,619,889	8,554,927
(b) Provisions	10	76,876	-
Net Current Assets		6,044,467	(7,048,370)
3. Miscellaneous Expenditure (To the extent not written off, or adjusted)			
Preliminary Expenses	11	178,160	222,700
Profit & Loss Account		3,379,798	-
	TOTAL	318,135,255	228,033,961

Significant Accounting Policies & Notes on Accounts 15

 Schedules "1" to "11" and 15 annexed hereto form an integral part of the Balance Sheet.
 This is the Balance Sheet referred to in our report of even date.

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

For & on behalf of the Board

 Sd/-
CA. Tarun Kumar Gupta
 (Partner)

 Sd/-
Sushil Kumar Bajaj
 Director

 Sd/-
Jagdish Prasad Shah
 Director

New Delhi, 02nd May, 2008

 Sd/-
Dimpy Choudhary
 Company Secretary

Profit & Loss Account for the period ended on 31st March, 2008

Particulars	Schedule	Period Ended 31.03.2008 (Amt. in Rs.)	Year Ended 31.03.2007 (Amt. in Rs.)
INCOME			
Sales of Electrical Energy		9,157,620	-
		<u>9,157,620</u>	<u>-</u>
EXPENDITURE			
Fuel Consumed		4,191,296	-
Operating Expenses	12	3,463,047	-
Administrative & Other Expenses	13	938,058	-
Interest & Financial Cost	14	1,936,470	-
Depreciation	4	1,685,262	-
		<u>12,214,133</u>	<u>-</u>
Profit (Loss) Before Tax		(3,056,513)	-
Less: Provision for Taxation			
Current Tax		-	-
Deferred Tax		186,575	-
Fringe Benefit Tax- Earlier years		66,135	-
Fringe Benefit Tax		70,575	-
Profit (Loss) after Taxation		(3,379,798)	-
Balance Carried to Balance Sheet		(3,379,798)	-
Earning Per Share (Face Value of Rs. 10/- each)			
a) Basic		(1.81)	-
b) Diluted		(1.81)	-
(Refer to note 14 of Schedule "15")			

Significant Accounting Policies & Notes on Accounts as per schedule 15

Schedules "4" and "12" to "15", 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Sd/-
Dimpy Choudhary
Company Secretary

New Delhi, 02nd May, 2008

Schedules Forming Part of the Balance Sheet as on 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
-------------	-----------------------------	-----------------------------

SCHEDULE - 1
SHARE CAPITAL

Authorised Capital (40,00,000 (Last Year 20,00,000) Equity Shares of Rs. 10/- each)	<u>40,000,000</u>	<u>20,000,000</u>
Issued, Subscribed & Paid-up Capital {35,63,340 (Last Year: 18,63,340) Equity Shares of Rs. 10/- each, called & fully paid up}	<u>35,633,400</u>	<u>18,633,400</u>
	<u>35,633,400</u>	<u>18,633,400</u>

Note: 35,63,340 (18,63,340 as at 31.03.2007) Equity Shares are held by Barak Valley Cements Limited (Holding Company)

SCHEDULE - 2
RESERVE & SURPLUS

Securities Premium Account :		
Balance Brought forward	74,133,600	44,680,000
Additions during the year	68,000,000	29,453,600
Total	<u>142,133,600</u>	<u>74,133,600</u>

SCHEDULE - 3
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 promoter directors of the company)	139,589,264	135,266,961
2. Vehicle Loan (Secured against hypothecation of respective assets)	592,416	-
Total	<u>140,181,680</u>	<u>135,266,961</u>

(Note: Out of 1 and 2 above a sum of Rs. 71.44 Lakhs (previous year: Nil) would become due for payment within a year

SCHEDULE - 4
FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2008
(As per SLM Method of the Companies Act, 1956)
(Amt. in Rs.)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.07	Additions during the year	Adjustment/ Subsidy related to assets	As on 31.03.08	As on 01.04.07	For the year *	Adjustments	As on 31.03.08	As on 31.03.08	As on 31.03.07
Land	3,056,938	19,163,021	-	22,219,959	-	-	-	-	22,219,959	3,056,938
Factory Building	-	44,109,449	-	44,109,449	-	245,543	-	245,543	43,863,906	-
Furniture & Fixture	244,915	215,280	-	460,195	43,254	194,584	53,827	291,665	168,530	201,661
Office Equipments	40,250	264,896	-	305,146	3,873	7,424	(2,673)	8,624	296,522	36,377
Computer	95,680	110,400	-	206,080	27,396	19,768	(16,294)	30,870	175,210	68,284
Plant & Machinery	228,180	218,375,137	64,824,115	153,779,202	28,908	1,368,091	(18,952)	1,378,047	152,401,155	199,272
Motor Vehicle	708,327	1,543,231	-	2,251,558	138,166	113,755	(87,467)	164,454	2,087,104	570,161
Total	4,374,290	283,781,414	64,824,115	223,331,589	241,597	1,949,165	(71,559)	2,119,203	221,212,386	4,132,693
Previous Year	1,386,678	2,987,612	-	4,374,290	644	240,953	-	241,597	4,132,693	

Note : *Depreciation amount of Rs. 2,63,903/- upto 30th January, 2008 has been transferred to pre-operative expenses.

Schedules Forming Part of the Balance Sheet as on 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 5</u>		
<u>CAPITAL WORK IN PROGRESS INCLUDING ADVANCES TO SUPPLIERS/CONTRACTORS</u>		
Capital Work-In-Progress	83,667,418	187,521,544
Advance against orders/to suppliers	3,653,026	24,010,908
	87,320,444	211,532,452
<u>SCHEDULE - 6</u>		
<u>INVENTORIES</u>		
Stores, Spares & fuel	8,185,805	303,171
	8,185,805	303,171
<u>SCHEDULE - 7</u>		
<u>CASH AND BANK BALANCES</u>		
(a) Cash in Hand	194,526	87,466
(b) Balance with scheduled banks, in Current Accounts	608,448	41,605
	802,974	129,071
<u>SCHEDULE - 8</u>		
<u>LOANS AND ADVANCES</u>		
(Unsecured and considered good for recovery by the management)		
Capital Investment Subsidy Receivable	64,824,115	-
Security Deposits	230,146	167,616
Other Loan & Advances, recoverable in cash or kind	1,698,192	906,699
	66,752,453	1,074,315
<u>SCHEDULE - 9</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
Current Liabilities :		
1. Sundry Creditors (trade)	9,843,824	7,499,009
2. Sundry Creditors for capital expenses	1,512,506	444,444
3. Advance from Customers (from holding company)	57,359,585	-
4. Statutory Liabilities	139,531	93,705
5. Other Liabilities	764,443	517,769
	69,619,889	8,554,927
<u>SCHEDULE - 10</u>		
<u>PROVISIONS</u>		
1) Provision for Income-Tax	-	-
2) Provision for Fringe Benefit Tax	70,575	-
	70,575	-
Less : Advance Fringe Benefit Tax	62,000	-
	8,575	-
3) Provision for Gratuity	6,264	-
4) Provision for Leave Encashment	62,037	-
	76,876	-
<u>SCHEDULE - 11</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
Preliminary Exp. (to the extent not written off or adjusted)	178,160	222,700
	178,160	222,700

**Schedules Forming Part of the Profit & Loss Account
for the period ended 31.03.2008**

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 12</u>		
<u>OPERATING EXPENSES</u>		
Operation & Maintenance Exp.	2,471,920	-
Electricity Expense	86,505	-
Material handling charges	543,063	-
Salaries, Wages & Bonus	341,391	-
Other operating expenses	20,168	-
	3,463,047	-
<u>SCHEDULE - 13</u>		
<u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Auditor's Remuneration	44,944	-
Bank Charges	1,418	-
ROC filling fees	101,646	-
House/Office Rent & Maint. Expenses	102,592	-
Insurance	15,881	-
Misc. Exps. Written off	44,540	-
Motor Car Running, Maint. & Hire Charges	89,231	-
Office and Other Miscellaneous Expenses	10,132	-
Postage & Telegraph Exps.	5,494	-
Provision for Gratuity	6,264	-
Printing, Stationery and computer Expenses	61,051	-
Repair & Maintenance	23,883	-
Salary and other benefits to staff	41,826	-
Staff Fooding & Welfare Expenses	98,434	-
Sundry Balances written- off	(16,851)	-
Telephone Exps.	82,876	-
Travelling & Conveyance Expenses	51,909	-
Security Charges	172,788	-
	938,058	-
<u>SCHEDULE - 14</u>		
<u>INTEREST & FINANCIAL CHARGES</u>		
Term Loan	1,924,140	-
Others	12,330	-
	1,936,470	-

SCHEDULE - 15**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 Straight Line 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.

(5) REVENUE :

Revenue from the sale of electrical energy is accounted for on the basis of actual billing to customers in accordance with the Agreement. Other items of revenue are recognised in Accordance with the Accounting Standard (AS -9)

(6) GOVERNMENT GRANTS/SUBSIDIES :

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. Capital grants/ subsidies are credited to respective fixed assets where it relates to specific fixed assets.

(7) RETIREMENT BENEFITS:**(i) Defined Contribution Plan**

Employees benefits in the form of labour welfare fund are considered as defined contribution plan and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other Long-term benefits

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Profit & Loss Account.

(8) MISCELLANEOUS EXPENDITURE:

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

(9) IMPAIRMENT OF ASSETS:

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances

(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:

All the expenses incurred during construction period are capitalized together with interest on the funds raised for the project up to 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. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. 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 remaining to be executed on Capital Account and not provided for amounts to Rs. 69.61 Lakhs (Previous year: Rs.159.64 Lakhs)

(2) Contingent liabilities not provided for: Nil (Previous Year: Nil)

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

(4) Earning / Expenditure incurred in Foreign currency: Nil (Previous Year -Nil)

(5) Company is in business activities of generating and distributing power on the basis of bio-mass. It has started its commercial activities in the current financial year only. Other additional information pursuant to the provision or paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 are not applicable.

(6) **Change in Accounting Policy :** During the year, the management of the company has changed the method of charging depreciation on fixed assets of the company, from Written Down Value Method to Straight Line Method from the date of asset acquired/ put to use, and on a pro rata basis at the rates prescribed in Schedule XIV to the Companies Act, 1956. Due to this change of method, depreciation amounting to Rs. 71,559 has been credited to "Incidental Expenditure during construction period Account" which has been debited earlier.

(7) GOVT. SUBSIDIES

Capital Investment subsidy amounting to Rs. 6,48,24,115 has been adjusted from cost of related fixed asset capitalised during the year.

(8) According to the information available with the company, there are no outstanding dues in respect of principal amount or interest due in respect of micro enterprises and small enterprises or any S.S.I. Undertakings. (Previous Year: Nil)

(9) Employee Defined Benefits:

(a) Defined Benefit Plans -As per Actuarial Valuation as at 31st March' 2008

	Gratuity Others	Leave Encashment
I. Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March' 2008		
1. Current Service Cost	5,280	59,792
2. Interest Cost	-	-
3. Past Service Cost	-	-
4. Expected Return on Plan Assets	-	-
5. Curtailment cost/(Credit)	-	-
6. Settlement cost/(Credit)	-	-
7. Net actuarial (gain)/loss recognized	984	2,245
8. Total Expense	6,264	62,037
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March' 2008		
1. Present Value of obligation as at the end of the period	6,264	62,037
2. Fair Value of Plan Assets	-	-
3. Funded Status [Surplus/(Deficit)]	(6,264)	(62,037)
4. Net Asset/(Liability) as at 31st March' 2008	(6,264)	(62,037)
III. Change in present value of obligation during the Year ended 31st March' 2008		
1. Present value of Defined Benefit Obligation at the beginning of the year	-	-
2. Acquisition adjustment	-	-
3. Interest Cost	-	-
4. Past Service Cost	-	-
5. Current Service Cost	5,280	59,792
6. Curtailment cost/(Credit)	-	-
7. Settlement cost/(Credit)	-	-
8. Benefits Payments	-	-
9. Actuarial (gain)/loss on obligation	984	2,245
10. Present Value of Defined Benefit Obligation at the end of the year	6,264	62,037

IV.	Change in fair value of plan assets		
1.	Fair value of plan assets at the beginning of the year	-	-
2.	Acquisition adjustment	-	-
3.	Expected return on plan assets	-	-
4.	Contributions	-	-
5.	Benefit Paid	-	-
6.	Actuarial Gains/(Losses)	-	-
7.	Fair value of plan assets at the end of the year	-	-

(10) Sales Commission paid to selling agents: Nil (Previous Year Rs. Nil)

(11) During the year, the company has capitalized the borrowing cost amounting to Rs. 1,48,15,738. (Previous Year Rs. Nil)

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

	<u>Current Year</u>	<u>Previous Year</u>
a. Statutory audit fees	Rs. 50,562	Rs. 48,060
b. Company Law and other matters	Rs. 4,000	Rs. 5,000
c. Reimbursement of Expenses (including service tax)	Rs. 1,618	Rs. -
Total	Rs. 56,180	Rs. 53,060

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

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

Holding Company	Barak Valley Cements Ltd. (w.e.f. 31.03.2006)
Fellow Subsidiaries	Cement International Limited, Meghalaya Minerals & Mines Limited.
Associates	Nefa Udyog, Balaji Udyog Ltd.
Key Management Personnel	Sushil Kumar Bajaj (Director) Jagdish Prasad Shah (Director) Sushil Kumar Goel (Director)

Details of transactions between the company and related parties for the year ended 31.03.2008 are given as under:

Sl. No.	Type of transaction	(Rs. in Lakhs)			
		Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel
1.	Purchase of Store, spares and other services				
	: Barak Valley Cements Ltd.	74.26 (87.15)	-	-	-
	: Cement International Ltd.		10.10 (9.57)	-	-
	: Meghalaya Minerals & Mines Limited		-	0.42	-
2.	Sale of Finished goods/services:				
	Barak Valley Cements Ltd.	99.44 (-)			-
	Cement International Ltd.		0.91 (6.54)		-
	Balaji Udyog Ltd.			8.28 (-)	-
	Meghalaya Minerals & Mines Limited		4.11 (0.82)		-
3.	Hire Charges paid to Nefa Udyog	-	-	9.66 (8.43)	-

Note: Figure in bracket represent transaction in the previous year.

(14) **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 2008 .

	Year ended 31st March, 2008
(a) Profit/(Loss) attributable to Equity Shareholders	(33,79,798)
(b) The weighted average number of Ordinary Share outstanding for Basic/Diluted EPS	18,67,985
(c) Face value per Ordinary Share (Rs.)	10
(d) Earnings Per Share- Basic & Diluted (Rs.)	(1.81)

(15) Balance of Sundry creditors and advances are subject to confirmation from respective parties.

- (16) 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.
- (17) Advances from customer includes Rs. 5,73,59,585 (Previous Year: 32,396 creditors) due to Barak Valley Cements Ltd. (Holding company).
- (18) Other Advances includes Rs. 1,607 (previous year : Nil) from Cement International Limited (fellow subsidiary)
- (19) The company deals in only one Segment i.e. Power manufacturing & distributing. 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 with value in use on the basis of future earnings and on such review, 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-IA of the Income -tax Act, 1961, subject to MAT provisions. Due to unavailability of profits for the year ended 31st March'2008, no income tax provision has been required to be made.

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:

S. No.	Particulars	Balance As on 01.04.2007	Additions/ (deductions) during the year	Balance As on 31.03.2008
1.	(a) Deferred Tax Liabilities			
	Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax returns	Nil	2,09,791	2,09,791
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 & Leave Encashment)	Nil	23,216	23,216
	Deferred Tax Liability (a - b)	Nil	1,86,575	1,86,575

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.

- (22) Since, the company has started its commercial activities during the current financial year only, previous year figure related to Profit & Loss Account are not applicable.
- (23) Previous year figures have been regrouped/ restated wherever necessary.
- (24) Figures have been rounded off to the nearest rupee.

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

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 02nd May, 2008

Sd/-
Dimpy Choudhary
Company Secretary

Balance Sheet Abstract & Company's General Profile

I. REGISTRATION DETAILS

Registration No. : 07654 of 2005 State Code : 2
 Balance Sheet Date : 31 03 2008
 Date Month Year

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

Public Issue : - Rights Issue : -
 Bonus Issue : - Private Placement : 17,000.00

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

Total Liabilities : 318,135.26 Total Assets : 318,135.26

Sources of Funds:-

Paid Up Capital : 35,633.40 Reserves & Surplus : 142,133.60
 Secured Loans : 140,181.68 Deferred Tax Liability : 186.58

Application of Funds:-

Net Fixed Assets : 308,532.83 Investments : -
 Net Current Assets : 6,044.47 Misc. Expenditure : 178.16
 Accumulated Losses : 3,379.80

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

Turnover : 9,157.62 Total Expenditure : 12,214.13
 (+/-) Profit/Loss before Tax : (3,056.51) Profit/Loss after Tax : (3,379.80)
 Earning per Share in Rs. : (1.81) 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

Sd/-
Sushil Kumar Bajaj
 Director

Sd/-
Jagdish Prasad Shah
 Director

Sd/-
Dimpy Choudhary
 Company Secretary

New Delhi, 02nd May, 2008

Cash Flow Statement for the Year ended 31st March, 2008

S.N. Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	(3,056,513)	-
Adjustment for:		
Add : Depreciation & Misc. Expenditure	1,922,146	-
Interest & Finance Charges	1,936,470	-
Operating Profit before working capital changes	<u>802,103</u>	<u>-</u>
Adjustment for change in :		
Trade & other receivables	(65,678,138)	(906,072)
Inventories	(7,882,634)	(303,171)
Trade and other payables	61,141,838	7,547,661
Cash generated from Operations	<u>(11,616,831)</u>	<u>6,338,418</u>
Direct Taxes Paid	(136,710)	-
Net Cash Flow from Operating Activities	<u>(11,753,541)</u>	<u>6,338,418</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets/Capital WIP	(75,550,805)	(179,270,416)
Preliminary Exp.	-	-
	<u>(75,550,805)</u>	<u>(179,270,416)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Shares	85,000,000	36,817,000
Interest & finance charges	(1,936,470)	-
Proceeds from borrowings	4,914,719	135,266,961
	<u>87,978,249</u>	<u>172,083,961</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>673,903</u>	<u>(848,037)</u>
Add: Cash & Cash Equivalents at the beginning of the year	129,071	977,108
Cash & Cash Equivalents at the Closing of 31.03.2008	<u><u>802,974</u></u>	<u><u>129,071</u></u>

Note : Figures in brackets indicate cash outflow.
This is the Cash Flow Statement referred to in our report of even date.

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

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Sushil Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 02nd May, 2008

Sd/-
Dimpy Choudhary
Company Secretary

Directors' Report

To
The Shareholders,

Your Directors have pleasure to present the 8th Annual Report together with the audited statement of account for the year ended 31st March, 2008.

WORKING RESULTS

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

Particulars	(Amount in Rs.)
	Year Ended 31-03-08
Sales & Other Income Received	24,80,98,519
Profit before Depreciation & Income Tax	2,66,83,614
Less : Depreciation	68,21,002
Profit Before Tax	1,98,62,612
Less : Tax	28,30,569
Net Profit after Tax	1,70,32,043

Your Directors have the pleasure in informing that the commercial production of 300 TPD Cement Grinding unit at Badarpurghat had commenced on 10th day of April, 2007 and the Company has earned net profit of Rs. 170.32 lakhs for the first time after the commencement of commercial production.

DIVIDEND

The Directors of your Company do not recommend any dividend for the Financial Year 2007-08.

DIRECTORS

The Board of Directors in their meeting held on 4th February, 2008 had appointed Mr. Vishal More as the Additional Director in accordance with the requirement of Clause 49 of the Listing Agreement applicable to our holding company Barak Valley Cements Limited. Mr. Vishal More is a Masters Degree Holder in Economics and a Chartered Financial Analyst (CFA). He is presently associated with CERG Advisory Private Limited.

Since Mr. More has been appointed as Additional Director of the Company and holds office until the conclusion of the forthcoming Annual General Meeting, therefore, it is proposed to appoint him as the Director of the Company in the Annual General Meeting of the Company in respect of whom the notice has been received from the member appointing him as the regular Director of the Company. Apart from this, there has been no change in the composition of the Board of Directors of the Company. In accordance with the provisions of Section 256 of the Companies Act, 1956, Sh. Santosh Kumar Bajaj and Smt. Lovely Gympad are liable to retire by rotation and being eligible offer them for their re-appointment.

PUBLIC DEPOSITS

The Company has neither accepted nor received any Public Deposits during the financial year 2007-08 within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

AUDITORS

M/s Kumar Vijay Gupta & Co., Chartered Accountants, Statutory Auditor 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., Chartered Accountants have already furnished certificate of their eligibility for re-appointment, under Section 224(1) of the Companies Act, 1956.

AUDITOR'S REPORT

The observations made in the Auditor's Report are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956. The Auditor's 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 in Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

EMPLOYEE RELATION

There has been constant endeavour on the part of the Company to maintain peaceful and cordial relations with the employees of the Company. The Company has maintained peaceful relationship with its 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 Ms Jyoti Narang, Practicing Company Secretary, having office at H-3/157, 2nd Floor, Vikaspuri, New Delhi-110018 certifying that the Company has complied with 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

The particulars as prescribed 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 set out in Annexure 'A' forming part of the report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no inflow or outflow of foreign exchange during the year 2007-08.

ACKNOWLEDGEMENT

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 : Delhi
Date : 02.05.2008

Sd/-
CHAIRMAN

Annexure 'A' to Director's Report

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

a) Energy Conservation Measures Taken:

- (i) Mill has been equipped with auxiliary drive to reduce the starting torque.
- (ii) Mill has been put into close circuit providing high efficiency separator.
- (iii) Arrangement has been made for inter Grinding Clinker with 35% of Fly Ash.

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

- (i) To avoid recycling of Separator rejects/Coarse material one small mill of size 1.34 in diameter × 8 m long will be installed. This would increase the T.P.H. by 30% both put together.
- (ii) Clinker Crushing and feeding system will be installed to increase the T.P.H. of the Mill.
- (iii) A Cement silo of 450 MT with loading system will be made to increase the Cement storing capacity.
- (iv) To increase the infrastructure - like Security Gate, Stores, Bag Godown, Shed to prevent materials from rain etc.
- (v) Hyper steel liner and Hyper Steel Grinding Media will be replaced by Hi-chrome to reduce the down time and wear and tear.

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 measures, the 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 and Fuel Consumption		<u>2007-08</u>
a)	Purchase Units (KWH)	25,35,270 Units
	Total Amount (Rs. in Lakhs)	96.81
	Rate/Unit (Rs.)	3.82
	Own Generation (KWH)	Nil
	Total Amount (Rs. in Lakhs)	Nil
	Rate/Unit (Rs)	Nil
b)	Coal Consumption	Nil
	Total Amount (Rs. in Lakhs)	Nil
	Rate/per MT (Rs)	Nil

Consumption per unit of production (Unit/MT)	<u>Power (KWH Per ton of Cement)</u>
Standard, if any	50
Current Year	46
Previous Year	Nil

FORM-B

TECHNOLOGY ABSORPTION AND RESEARCH AND DEVELOPMENT

1. Research and Development (R&D)

a) Specific Areas in which Research and Development (R&D) is being carried out by the Company

No Research & Development work has been taken since the mill has been commissioned.

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

N.A.

c) Future plan of action

(i) Mill main drive which is in L.T. shall be converted to H.T.

(ii) Total Mill operation will be hooked up with P.L.C.

d) Expenditure on R&D

1. Capital Expenditure	Nil
2. Recurring Expenditure	Nil
3. Total Expenditure	Nil

2. Technology absorption, adaptation and innovation

a) Efforts made towards technology absorption, adaptation and innovation

During the year 2007-08, the following jobs were taken up:

Cement coming out of this mill is being taken into a blender where Fly Ash is being mixed with hot cement and is being fed to dynamic separator. This is for avoiding condensation of moisture in the duct and bag filter.

Environment : A bigger size of Bag Filter installed at the outlet of the mill.

b) Benefit derived as a result of the above efforts

The production of the mill has increased by 10%.

c) Foreign Exchange earning and outgo.

There was no inflow or outflow of foreign exchange during the year 2007-08.

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' 2008, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. 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 appear from our examination of the books;
 - (iii) The Balance Sheet, the 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, the Profit & Loss 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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, 2008.
 - (ii) In the case of Profit & Loss Account, of the profits of the company 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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

Place : New Delhi
Date : 02.05.2008

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 quantitative 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 substantial fixed assets were disposed off.
- (ii) (a) The inventory has 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 procedures commensurate with the size of the company and the nature of its business with regard to purchase 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 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) 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 applicable to it, with the appropriate authorities. There were no arrears as at 31st March, 2008 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 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) 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 the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us, the company has not issued Debentures during the period covered by our report.
- (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 **Kumar Vijay Gupta & Co.**
Chartered Accountants

Place : New Delhi
Date : 02.05.2008

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

Balance Sheet as at 31st March, 2008

Particulars	Schedule	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Fund :			
a) Share Capital	1	9,927,000	9,927,000
b) Reserves & Surplus	2	52,712,043	35,680,000
2. Secured Loans :	3	98,199,134	63,655,945
3. Deferred Tax Liability		555,135	-
TOTAL		161,393,312	109,262,945
II. APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	4	78,813,310	4,317,360
Less : Depreciation		6,934,648	113,646
Net Block		71,878,662	4,203,714
(b) Incidental Expenditure During Construction Period		-	8,352,923
(c) Capital Work in Progress including advances to suppliers/contractors	5	2,536,489	72,197,719
		74,415,151	84,754,356
2. Current Assets, Loans & Advances			
(a) Inventories	6	14,345,006	21,929,566
(b) Sundry Debtors	7	7,944,224	-
(c) Cash and Bank Balances	8	18,528,877	2,692,032
(d) Loans and Advances	9	57,258,161	8,542,798
		98,076,268	33,164,395
Less : Current Liabilities & Provisions	10		
Current Liabilities		9,779,691	8,835,806
Provisions		1,462,416	-
Net Current Assets		86,834,161	24,328,589
3. Miscellaneous Expenditure (To the extent not written off, or adjusted)	11	144,000	180,000
TOTAL		161,393,312	109,262,945

Significant Accounting Policies and Notes on Accounts "18"
Schedules "1" to "11" and "18" annexed hereto form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

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

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Santosh Kumar Bajaj
Director

New Delhi, 02nd May, 2008

Sd/-
Jagdish Prasad Shah
Director

Profit & Loss Account for the period ended on 31st March, 2008

Particulars	Schedule	Year Ended 31.03.2008 (Amt. in Rs.)	Year Ended 31.03.2007 (Amt. in Rs.)
INCOME			
Gross Sales of Cement		265,477,240	-
Less : Excise Duty (Net)		17,591,551	-
		<u>247,885,689</u>	-
Misc. other Income		212,830	-
Increase/(Decrease) in Stock	12	1,395,095	-
		<u>249,493,614</u>	-
EXPENDITURE			
Cost of Material	13	161,591,852	-
Manufacturing and Operating Expenses	14	18,581,558	-
Administrative & Office Expenses	15	1,084,406	-
Selling & Distribution Expenses	16	34,846,215	-
Depreciation	4	6,821,002	-
Interest	17	6,705,969	-
		<u>229,631,002</u>	-
Profit Before Taxation		19,862,612	-
Less: Provision for Taxation			
Current Tax		2,253,260	-
Deferred Tax Liability		555,135	-
Fringe Benefit Tax- Earlier years		10,960	-
Fringe Benefit Tax		11,214	-
		<u>17,032,043</u>	-
Profit After Taxation		17,032,043	-
Balance Carried Forward		17,032,043	-
Earning Per Share (Face Value of Rs. 10/- each)			
a) Basic		17.16	-
b) Diluted		17.16	-
(Refer to note 14 of Schedule "18")			

Significant Accounting Policies & Notes on Accounts as per schedule "18"

Schedules 4, and "12" to "18", 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 **Kumar Vijay Gupta & Co.**

Chartered Accountants

Sd/-
CA. Tarun Kumar Gupta
(Partner)

For & on behalf of the Board

Sd/-
Santosh Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 02nd May, 2008

Schedules Forming Part of the Balance Sheet as on 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised Capital (10,00,000 Equity Shares of Rs. 10/- each)	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed & Paid-up Capital {9,92,700 Equity Shares (Last Year 9,92,700 Equity Shares) of Rs. 10/- each, called & fully paid up}	<u>9,927,000</u>	<u>9,927,000</u>
	<u>9,927,000</u>	<u>9,927,000</u>

Note : 9,92,700 (9,92,700 as at 31.03.07) Equity Shares are held by Barak Valley Cements Limited (Holding Company).

SCHEDULE - 2
RESERVE & SURPLUS

(a) Profit & Loss Account	17,032,043	-
(b) Securities Premium Account:		
Balance Brought Forward	35,680,000	27,680,000
Additions during the year	-	8,000,000
Total (a+b)	<u>52,712,043</u>	<u>35,680,000</u>

SCHEDULE - 3
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.)	50,000,000	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.)	48,199,134	18,655,945
	<u>98,199,134</u>	<u>63,655,945</u>

(Note: Out of above, a sum of Rs. 100.00 Lakhs (Previous Year- Nil) would become due for payment within a year

SCHEDULE - 4
FIXED ASSETS AND DEPRECIATION THEREON FOR THE YEAR ENDED ON 31.03.2008
(As per WDV Method of the Companies Act, 1956)
(Amt. in Rs.)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.07	Additions during the year	Adjustment/ Subsidy related to assets	As on 31.03.08	As on 01.04.07	For the year	As on 31.03.08	As on 31.03.08	As on 31.03.07
Land & Site Devel.	2,300,967	10,159,752	-	12,460,719	-	-	-	12,460,719	2,300,967
Factory Building	-	17,144,072	-	17,144,072	-	1,235,019	1,235,019	15,909,053	-
Office Building	-	420,032	-	420,032	-	20,600	20,600	399,432	-
Furniture & Fixture	32,417	30,859	-	63,276	9,350	44,252	53,602	9,674	23,067
Computer	32,600	63,820	-	96,420	3,958	34,499	38,457	57,963	28,642
Plant & Machinery	1,125,236	60,732,800	14,162,432	47,695,604	91,511	5,230,182	5,321,693	42,373,911	1,033,725
Office Equipments	-	89,232	-	89,232	-	6,980	6,980	82,252	-
Tractor	826,140	17,815	-	843,955	8,827	249,470	258,297	585,658	817,313
Total	4,317,360	88,658,382	14,162,432	78,813,310	113,646	6,821,002	6,934,648	71,878,662	4,203,714
Previous Year	2,083,333	2,234,027	-	4,317,360	429	113,217	113,646	4,203,714	-

Schedules Forming Part of the Balance Sheet as on 31.03.2008

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 5</u>		
<u>CAPITAL WORK IN PROGRESS</u>		
a. Capital Work-In-Progress	1,146,608	68,262,481
b. Advance to Contractors/Suppliers	1,389,881	3,935,238
	<u>2,536,489</u>	<u>72,197,719</u>
<u>SCHEDULE - 6</u>		
<u>INVENTORIES</u>		
(At lower of cost or net realisable value)		
Store, Spares and fuel	4,515,095	-
Raw Material	7,077,162	21,006,113
Packing Material	1,357,654	923,453
Finished Goods	1,395,095	-
	<u>14,345,006</u>	<u>21,929,566</u>
<u>SCHEDULE - 7</u>		
<u>SUNDRY DEBTORS</u>		
(Unsecured and considered good)		
- Debts outstanding for a period exceeding six months	130,000	-
- Other Debts	7,814,224	-
	<u>7,944,224</u>	<u>-</u>
<u>SCHEDULE - 8</u>		
<u>CASH AND BANK BALANCES</u>		
Cash in Hand	2,736,046	81,654
Balance with scheduled banks, in Current Account	15,792,831	2,610,378
	<u>18,528,877</u>	<u>2,692,032</u>
<u>SCHEDULE - 9</u>		
<u>LOANS AND ADVANCES</u>		
(Unsecured and considered good for recovery)		
Subsidy Receivable	33,408,582	-
Central Excise	3,665,764	-
Security Deposit	1,373,120	1,361,135
Advances to Supplier/transporters against raw material	18,338,986	4,432,861
Other Loan & Advances recoverable in cash or kind	471,709	2,748,802
	<u>57,258,161</u>	<u>8,542,798</u>
<u>SCHEDULE - 10</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
Current Liabilities :		
1. Sundry Creditors for Capital Expenditure	1,550,275	1,523,402
2. Sundry Creditors (Trade)	5,754,299	6,446,264
3. Statutory Liabilities	59,540	97,925
4. Advances from Customer	188,474	-
5. Other Liabilities	2,227,103	768,215
	<u>9,779,691</u>	<u>8,835,806</u>
Provisions :		
1) Provision for Income-Tax	2,253,260	-
2) Provision for Fringe Benefit Tax	11,214	-
	<u>2,264,474</u>	<u>-</u>
Less : Advance Fringe Benefit Tax Paid	27,000	-
Less : Advance Income Tax	800,000	-
	<u>1,437,474</u>	<u>-</u>
3) Provision for Gratuity	5,588	-
4) Provision for Earned Leave	19,354	-
	<u>1,462,416</u>	<u>-</u>
<u>SCHEDULE - 11</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
Preliminary Exp. (to the extent not written off or adjusted)	144,000	180,000
	<u>144,000</u>	<u>180,000</u>

**Schedules Forming Part of the Profit & Loss Account
for the Period Ended 31.03.2008**

Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
<u>SCHEDULE - 12</u>		
<u>INCREASE/(DECREASE) IN STOCK</u>		
Finished Goods		
Opening Stock	-	-
Closing Stock	1,395,095	-
Increase/(Decrease) in stock	<u>1,395,095</u>	<u>-</u>
<u>SCHEDULE - 13</u>		
<u>COST OF MATERIALS</u>		
Raw Material Consumed	149,442,556	-
Stores and Spare consumed	4,686,870	-
Packing Material consumed	7,462,426	-
	<u>161,591,852</u>	<u>-</u>
<u>SCHEDULE - 14</u>		
<u>MANUFACTURING AND OPERATING EXPENSES</u>		
Equipment Running & Maintenance	3,303,341	-
Material Handling and Freight Charges	1,335,794	-
Salaries, Wages & Bonus	2,328,916	-
Contribution to Provident Fund	3,566	-
Power & Fuel (Net)	8,555,456	-
Staff Welfare	18,166	-
Repairs & Maintenance	325,841	-
Other Factory Overhead	2,710,478	-
	<u>18,581,558</u>	<u>-</u>
<u>SCHEDULE - 15</u>		
<u>ADMINISTRATIVE & OFFICE EXPENSES</u>		
Auditor's Remuneration	56,180	-
Bank Charges	94,151	-
Charity & Donation	267,890	-
Fees & Subscription	37,000	-
Electrical Expenses	3,352	-
Insurance	62,800	-
Legal & Consultancy Charges	3,080	-
Misc. Expenses Written-Off	36,000	-
Security Charges	244,091	-
Office & Other Misc. Expenses	76,160	-
Postage & Telegram	2,315	-
Provision for Gratuity	5,588	-
Printing & Stationery	85,037	-
Rates & Taxes	56,400	-
Telephone Expenses	27,429	-
Travelling & Conveyance Expenses	26,933	-
	<u>1,084,406</u>	<u>-</u>
<u>SCHEDULE - 16</u>		
<u>SELLING & DISTRIBUTION EXPENSES</u>		
Transportation Cost	29,590,320	-
VAT/Sales Tax	5,190,392	-
Selling Expenses	15,503	-
Trade Mark Fees	50,000	-
	<u>34,846,215</u>	<u>-</u>
<u>SCHEDULE - 17</u>		
<u>INTEREST & FINANCIAL CHARGES</u>		
Term Loan	4,806,650	-
Working Capital facility (Net)	1,932,699	-
Interest Received (Gross)	(33,380)	-
	<u>6,705,969</u>	<u>-</u>

SCHEDULE - 18**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 and work in progress, appropriate overheads are allocated on full absorption costing basis and include excise duty wherever applicable.

(5) 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)

(6) GOVERNMENT GRANTS/SUBSIDIES:

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. Capital grants/subsidies are credited to respective fixed assets where it relates to specific fixed assets.

(7) RETIREMENT BENEFITS:**(i) Defined Contribution Plan**

Employees benefits in the form of labour welfare fund are considered as defined contribution plan and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(iii) Other Long-term benefits

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Profit & Loss Account.

(8) MISCELLANEOUS EXPENDITURE:

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

(9) IMPAIRMENT OF ASSETS:

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognized impairment loss is further provided or reversed depending on changes in circumstances

(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 up to 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. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. 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 remaining to be executed on Capital Account and not provided for amounts to Rs. 8.42 Lakhs (Previous year: Rs.27.35 Lakhs)

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

(3) C.I.F. Value of Import: Nil (Previous year : Nil)

(4) Earning / Expenditure incurred in Foreign currency : Nil (Previous year : Nil)

(5) 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)

<u>Particulars</u>	<u>2007-2008</u>
	<u>(M.T.)</u>
(1) Licensed Capacity	N.A.
(2) Installed Capacity (M.T.)	99,000
(3) Production- Cement (M.T.)	54,737

(b) Sales :	<u>Qty. (MT)</u>	<u>Value (Rs.)</u>
Cement	54,350.55	24,78,85,689

(c) Stock of Finished Goods :	<u>Qty. (MT)</u>	<u>Value (Rs.)</u>
<u>Cement</u>		
Opening Stock	Nil	-
Closing Stock	386.45 M.T.	13,95,095

(d) Raw Materials Consumed :	<u>2007-08</u>	
<u>Particulars</u>	<u>Qty. (MT)</u>	<u>Value (Rs.)</u>
(i) Clinker	42,796.71	13,03,15,187
(ii) Gypsum	265.01	7,05,058
(iii) Fly Ash	11,563.75	1,67,71,961
(iv) Black Carbon	1,21.53	16,50,349
Total	<u>54,747.00</u>	<u>14,94,42,555</u>

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

	<u>2007-2008</u>	
	<u>Value (Rs.)</u>	<u>%</u>
(1) Raw Materials/Packing Material :		
Clinker, Gypsum, Fly ash, Black Carbon, HDPE Bags		
: Imported	Nil	Nil
: Indigenous	15,69,04,982	100%
(2) Stores & Spares :		
: Imported	Nil	Nil
: Indigenous	46,86,870	100%

(7) GOVT. SUBSIDIES

Insurance subsidy amounting to Rs. 77,932/- (as at 31.03.07 : nil), working capital interest subsidy amounting Rs. 7,55,117/- (as at 31.03.07 : nil), power subsidy amounting to Rs. 10,00,000/- (as at 31.03.07 : nil) and Transport subsidy amounting to Rs. 1,74,13,101/- (as at 31.03.07 : nil) has been adjusted from related overheads and shown as receivable forming part of loans and advances. However, capital Investment subsidy of Rs. 1,41,62,432/- (as at 31.03.07: nil) has been adjusted from cost of related fixed asset capitalised during the year. During the year Excise Duty amounting to Rs. 1,52,30,759/- (previous year: nil) has been refunded back by Govt. of India.

(8) According to the information available with the company, there are no outstanding dues in respect of principal amount or interest due in respect of micro enterprises and small enterprises or any S.S.I. Undertakings. (Previous Year: Nil)

(9) Employee Defined Benefits:
(a) Defined Contribution Plans

The Company has recognized an expense of Rs. 3,566 (Previous year Rs Nil) towards the defined contribution plans.

(b) Defined Benefit Plans -As per Actuarial Valuation as at 31 st March '2008

	Gratuity Others	Leave Encashment
I. Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March' 2008		
1. Current Service Cost	4,002	18,572
2. Interest Cost	-	-
3. Past Service Cost	-	-
4. Expected Return on Plan Assets	-	-
5. Curtailment cost/(Credit)	-	-
6. Settlement cost/(Credit)	-	-
7. Net actuarial (gain)/loss recognized	1,586	782
8. Total Expense	5,588	19,354
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March' 2008		
1. Present Value of obligation as at the end of the period	5,588	19,354
2. Fair Value of Plan Assets	-	-
3. Funded Status [Surplus/(Deficit)]	(5,588)	(19,354)
4. Net Asset/(Liability) as at 31st March' 2008	(5,588)	(19,354)
III. Change in present value of obligation during the Year ended 31st March' 2008		
1. Present value of Defined Benefit Obligation at the beginning of the year	-	-
2. Acquisition adjustment	-	-
3. Interest Cost	-	-
4. Past Service Cost	-	-
5. Current Service Cost	4,002	18,572
6. Curtailment cost/(Credit)	-	-
7. Settlement cost/(Credit)	-	-
8. Benefits Payments	-	-
9. Actuarial (gain)/loss on obligation	1,586	782
10. Present Value of Defined Benefit Obligation at the end of the year	5,588	19,354
IV. Change in fair value of plan assets		
1. Fair value of plan assets at the beginning of the year	-	-
2. Acquisition adjustment	-	-
3. Expected return on plan assets	-	-
4. Contributions	-	-
5. Benefit Paid	-	-
6. Actuarial Gains/(Losses)	-	-
7. Fair value of plan assets at the end of the year	-	-

(10) During the year an amount of Rs. 4,56,909 was paid to selling agents of the company as Sales Commission. (Previous Year Rs. Nil)

(11) During the year, the company has capitalized the borrowing cost amounting to Rs. 98,815 for major expansion activities of plant at factory site. (Previous Year Rs. Nil)

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

	<u>Current Year</u>	<u>Previous Year</u>
a. Statutory audit fees	Rs. 50,562	Rs. 48,060
b. Tax Audit fees	Rs. 5,000	Rs. -
c. Company Law and other matters	Rs. -	Rs. 5,000
d. Reimbursement of Expenses (including service tax)	Rs. 618	Rs. -
Total	<u>Rs. 56,180</u>	<u>Rs. 53,060</u>

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

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

Holding Company	Barak Valley Cements Ltd. (w.e.f. 31.03.2006)
Fellow Subsidiaries	Badarpur Energy Private Limited Meghalaya Minerals & Mines Limited.
Associates	Meghalaya Cement Limited, Nefa Udyog, Balaji Udyog Ltd.
Key Management Personnel	Santosh Kumar Bajaj (Director) Jagdish Prasad Shah (Director)

Details of transactions between the company and related parties for the year ended 31.03.2008 are 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.	26.65 (135.69)	-	-	-
	: Badarpur Energy Pvt. Ltd.		0.91 (6.54)	(-)	(-)
2.	Sale of Finished goods/services:				
	Barak Valley Cements Ltd.	537.22 (-)			-
	Badarpur Energy Pvt. Ltd.		10.10 (9.57)		(-)
	Balaji Udyog Ltd.			2.21 (-)	
			(6.54)		
3.	Raw Material purchased from :				
	Barak Valley Cements Ltd.	879.57 (-)			-
	Meghalaya Cement Ltd.			436.67 (108.99)	(-)
4.	Hire Charges paid to Nefa Udyog	-	-	6.19 (1.68)	-
				(1.68)	(-)

Note: Figure in bracket represent transaction in the previous year.

(14) **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 2008 .

	<u>Year ended 31st March, 2008</u>
(a) Profit/(Loss) attributable to Equity Shareholders	1,70,32,043
(b) The weighted average number of Ordinary Share outstanding for Basic/Diluted EPS	9,92,700
(c) Face value per Ordinary Share (Rs.)	10
(d) Earnings Per Share- Basic & Diluted (Rs.)	17.16

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

(16) 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.

(17) Sundry Creditors includes due to the Badarpur Energy Pvt. Ltd. (a fellow subsidiary company) Rs. 1,607 (Previous Year: Nil). Maximum amount outstanding during the year: Rs. 1,607.

(18) Advances to suppliers against raw material, includes Rs. 1,58,46,064 (Previous Year: 15,52,730 Credit) due from Barak Valley Cements Ltd. (Holding company).

- (19) The company deals 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 with value in use on the basis of future earnings and on such review, 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 :-

S. No.	Particulars	Balance As on 01.04.2007	Additions/ (deductions) during the year	Balance As on 31.03.2008
1. (a)	Deferred Tax Liabilities			
	Tax impact of difference between carrying amount of fixed assets in the financial statement and income tax returns	Nil	5,63,613	5,63,613
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 & Leave Encashment)	Nil	8,478	8,478
	Deferred Tax Liability (a - b)	Nil	5,55,135	5,55,135

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) Since, the company has started its commercial activities during the current financial year only, previous year figure related to Profit & Loss Account are not applicable.
- (23) Previous year figures have been regrouped/restated wherever necessary.
- (24) Figures have been rounded off to the nearest rupee.

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

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Santosh Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

New Delhi, 02nd May, 2008

Balance Sheet Abstract & Company's General Profile

I. REGISTRATION DETAILS

Registration No.	: 6173 of 2000-01	State Code	: 13
Balance Sheet Date	: 31 03 2008		
	Date Month Year		

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

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

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

Total Liabilities	:	161,393.31	Total Assets	:	161,393.31
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Sources of Funds:-

Paid Up Capital	:	9,927.00	Reserves & Surplus	:	52,712.04
Secured Loans	:	98,199.13	Deferred Tax Liability	:	555.14

Application of Funds:-

Net Fixed Assets	:	74,415.15	Investments	:	–
Net Current Assets	:	86,834.16	Misc. Expenditure	:	144.00
Accumulated Losses	:	–			

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

Turnover	:	249,493.61	Total Expenditure	:	229,631.00
(+/-) Profit/Loss before Tax	:	19,862.61	Profit/Loss after Tax	:	17,032.04
Earning per Share in Rs.	:	17.16	Dividend @	:	–

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

Item Code No. (ITC Codes)	:	252329
Product Description	:	Various type of Cement
Item Code No. (ITC Codes)	:	
Product Description	:	
Item Code No. (ITC Codes)	:	
Product Description	:	

For & on behalf of the Board

Place : New Delhi
Date : 02nd May, 2008

Sd/-
Santosh Kumar Bajaj
Director

Sd/-
Jagdish Prasad Shah
Director

Cash Flow Statement for the year ended on 31st March, 2008

S.N. Particulars	31.03.2008 (Amt. in Rs.)	31.03.2007 (Amt. in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	19,862,612	-
Adjustment for:		
Add : Depreciation & Misc. Expenditure	6,857,002	-
Interest & Finance Charges	6,705,969	-
	<u>33,425,583</u>	-
Less : Profit on sale of assets/investments	-	-
Operating Profit before working capital changes	<u>33,425,583</u>	-
Adjustment for change in :		
Trade & other receivables	(56,659,587)	(8,500,476)
Inventories	7,584,560	(21,929,566)
Trade and other payables	2,406,301	8,296,220
Cash generated from Operations	<u>(13,243,143)</u>	(22,133,821)
Direct Taxes Paid	(2,275,434)	-
Net Cash Flow from Operating Activities	<u>(15,518,577)</u>	(22,133,821)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets/Capital WIP	3,518,203	(49,736,233)
Purchase of Investments	-	-
	<u>3,518,203</u>	(49,736,233)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Shares	-	10,000,000
Intt. & Financing charges paid	(6,705,969)	-
Proceed from borrowings	34,543,189	63,655,945
	<u>27,837,220</u>	73,655,945
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>15,836,845</u>	1,785,891
Add : Cash & Cash Equivalents at the beginning of the year	<u>2,692,032</u>	906,141
Cash & Cash Equivalents at the Closing of 31.03.2008	<u>18,528,877</u>	2,692,032

Note : Figures in brackets indicate cash outflow.
This is the Cash Flow Statement referred to in our report of even date.

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

For & on behalf of the Board

Sd/-
CA. Tarun Kumar Gupta
(Partner)

Sd/-
Santosh Kumar Bajaj
Director

New Delhi, 02nd May, 2008

Sd/-
Jagdish Prasad Shah
Director



BARAK VALLEY CEMENTS LIMITED

Regd. Office : 202, Royal View, B.K. Kakoti Road, Ulubari, Guwahati, Assam-781007

ATTENDANCE FORM

Member(s) or his/her/their proxy(ies) is requested to present this form for admission, duly signed in accordance with his/her/their specimen signature(s) registered with the Company.

Name: _____ Folio No./DP ID _____ No. of Shares _____

I hereby record my presence at the 9th ANNUAL GENERAL MEETING of Barak Valley Cements Limited to be held on Friday, the 25th July, 2008, at 1.30 P.M. at Hotel Nandan, G. S. Road, Guwahati, Assam-781007 or any adjournment thereof.

Please ✓ in the box.

Member

Proxy

Name of the Proxy in Block Letters

Member's Signature

Proxy's Signature



BARAK VALLEY CEMENTS LIMITED

Regd. Office : 202, Royal View, B.K. Kakoti Road, Ulubari, Guwahati, Assam-781007

PROXY FORM

I/We.....of.....in the district of.....being a member(s) of BARAK VALLEY CEMENTS LIMITED hereby appoint.....of.....in the district of.....or failing him.....of.....in the district of.....as my/our proxy to attend and vote for me/us on my/our behalf at the 9th Annual General Meeting of the Company to be held on 25.07.2008 and any adjournment thereof.

Signed on.....at.....

Name.....

Signature (s).....

Folio No./Client ID*.....D.P. ID*.....

Address.....



*Applicable for Shareholders holding shares in electronic form.

Notes:

1. The Proxy need NOT be a member.
2. The Proxy Form duly signed across a Revenue Stamp of Rs. 1/- should reach Company's Registered Office at least 48 hours before the meeting.

BOOK-POST

If undelivered please return to :

BARAK VALLEY CEMENTS LIMITED
281, Deepali, Pitampura,
Delhi-110034