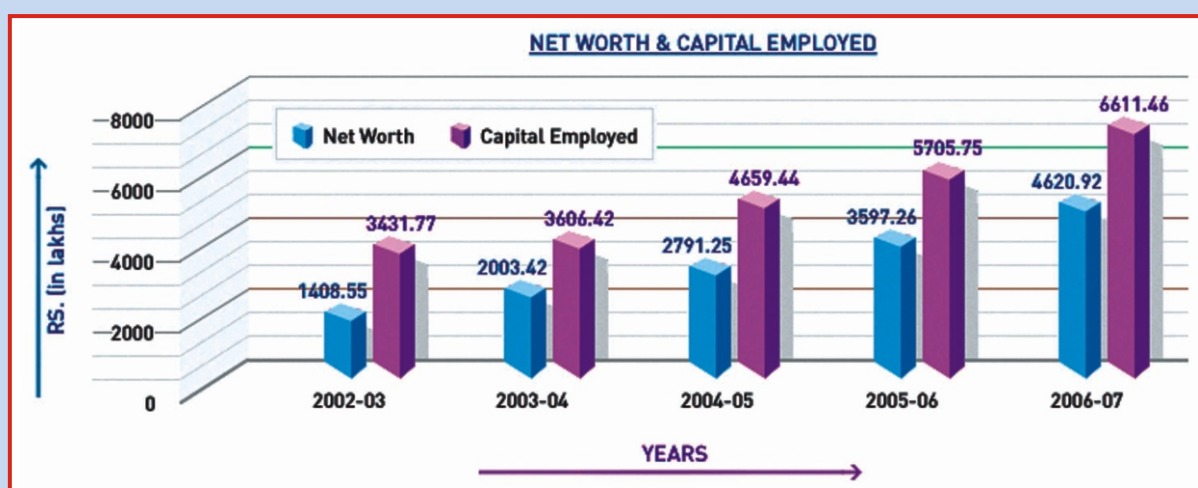
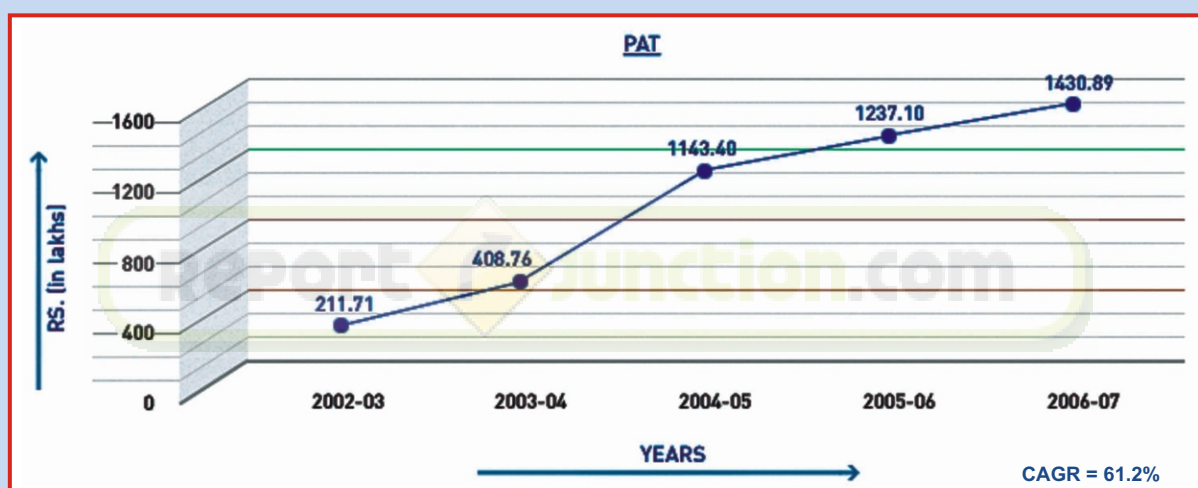
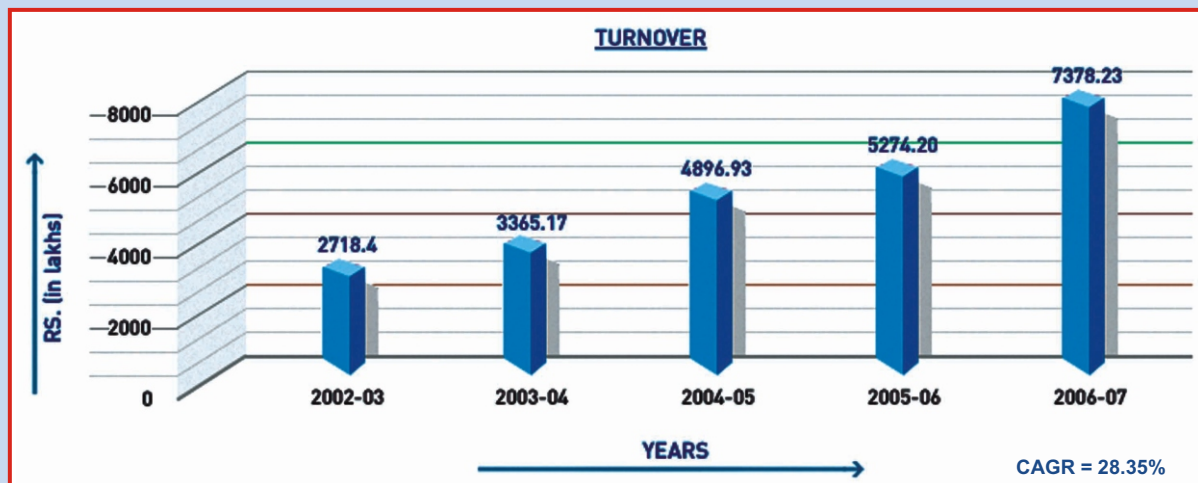


ANNUAL
REPORT
2006-2007

Believe in the dream

BARAK VALLEY
CEMENTS
LIMITED

PERFORMANCE INDICATORS



"Everything big starts little"

Chairman's Letter

Dear Shareholders,

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

Outlook for Cement

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



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

Cement Industry –Salient Trends

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

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

Outlook for National Economy

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

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

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

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

Cement Production and Sales/ Financial Review

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

Future Growth Plans

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

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

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

Concerns for Cement Industry

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

Acknowledgements

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

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

For **Barak Valley Cements Limited**

Sd/-
Bijay Kumar Garodia
Chairman

COMPOSITION OF BOARD

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

COMPANY SECRETARY

Sh. Sachin Agarwal

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

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

M/s. Surender Harikishan & Co.,

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

BANKERS AND FIS

Industrial Development Bank of India
Northern Eastern Development Financial Institution

OFFICES**Regd. Office:**

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

Corp. Office:

281, Deepali, Pitam Pura,
Delhi-110034

Works:

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

Branches:

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

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Directors' Report

**To
The Members,**

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

Financial Results

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

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

OPERATIONS

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

FUTURE OUTLOOK

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

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

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

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

DIVIDEND

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

EMPLOYEE RELATION

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

CORPORATE GOVERNANCE

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

DIRECTORS

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

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

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

AUDIT COMMITTEE

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

AUDITORS

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

SUBSIDIARY COMPANIES

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

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

INSURANCE

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

PUBLIC DEPOSITS

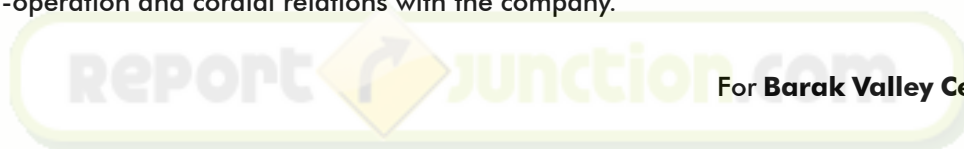
The company has neither received nor accepted any deposits described under Section 58A of the Companies Act, 1956 and Rules made there under.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

ACKNOWLEDGMENT

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



For **Barak Valley Cements Ltd.**

Place : New Delhi
Date : 09.06.2007

Sd/-
(Bijay Kumar Garodia)
Chairman

Annexure 'A' to Directors' Report

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

a) Energy Conservation Measures Taken:

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

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

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

c) Impact of measure at (a) and (b) above for reduction of energy consumption and consequent impact on the production.

After implementation of the above measure power consumption will decrease and production will increase.

d) Total Energy Consumption and Consumption per unit of production as per Form A in respect of Industries specified in the schedule: