

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	Year Ended 31-03-08	Rs. In Lacs 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
	194.45	194.68
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
	601.04	559.45
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 Chamaria. 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		2007-08	2006-07
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

- 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 magnesite. This would be the latest version on V.S.K. The shortcoming of V.S.K will be overcome.
- Coal drying system using heat decipated through kiln burning zone system will be installed over the kiln.
- 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

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

d) Expenditure on R&D

- Capital Expenditure NIL
- Recurring Expenditure Rs 2,26,500
- 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:

- The Riser duct area increased by removing hysel block and insulating from outside.
- The Inlet spillage recycled.
- 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.
- The Location of the entire feed pipe changed for better heat transfer.
- 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.