



BARAK VALLEY CEMENTS LIMITED

Our Company was incorporated as 'Barak Valley Cements Limited' on 28th April 1999, under the Companies Act, 1956 with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and received certificate for commencement of business as on 28th April 1999. For details in change of the registered office of our Company please refer page [●] of the Draft Red Herring Prospectus.

Registered Office: 265, Sreemanta Market Annexe, A.T. Road, Guwahati, Assam-781001

Tel No: (0361) 2637351/2600262, 0995470347; **Fax No:** (0361) 2591844

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PUBLIC ISSUE OF 56,60,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] LACS BY BARAK VALLEY CEMENTS LIMITED ('BVCL' OR 'THE COMPANY' OR 'THE ISSUER'). THE ISSUE COMPRISES OF RESERVATION OF 1,13,000 EQUITY SHARES AGGREGATING RS. [●] LACS FOR PERMANENT EMPLOYEES (EMPLOYEES RESERVATION PORTION) ON A COMPETITIVE BASIS AND THE "NET ISSUE TO THE PUBLIC" OF 55,47,000 EQUITY SHARES AGGREGATING RS. [●] LACS. THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 25.03% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

Price Band: Rs. [●] To Rs. [●] Per Equity Share of Face Value of Rs. 10 Each
The Issue Price is [●] times of the Face Value at the Lower End of the Price Band and [●] times of the Face Value at the Higher End of the Price Band

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), whose online IPO system will be available for bidding, by issuing a press release and by indicating the change on the website of the Book Running Lead Manager ("BRLM") and the terminals of the members of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to the Public will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

OUR COMPANY HAS NOT OPTED FOR IPO GRADING

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of Barak Valley Cements Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. **The face value of shares is Rs.10/- and the Issue Price of Rs. [●]/- per share is [●] times of the face value.** The Issue Price (has been determined and justified by the Book Running Lead Manager and Barak Valley Cements Limited as stated herein under the paragraph titled "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page [●] of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Barak Valley Cements Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue; that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 UTI Securities Limited (Subsidiary of Securities Trading Corporation of India Limited) AMBI Registration No: AMBI/0831st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051. Tel: (022) 6751 5825 • Fax: (022) 6702 3194 Website: www.utisel.com • Email: barakvalley@utisel.com Contact Person: Mr. V.S. Narayanan / Mr. Rajesh Ranjan	 Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Tel No: (022) 2596 0320 • Fax No: (022) 2596 0329 Website: www.intimespectrum.com Email: ipo_barak@intimespectrum.com Contact Person: Mr. Vishwas Attawar

ISSUE PROGRAMME

BID / ISSUE OPENS ON:	[●]	BID / ISSUE CLOSES ON:	[●]
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LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and on the National Stock Exchange of India Limited (NSE). The in-principle approval has been received from BSE and NSE for the listing of the Equity Shares vide their letter dated [●] and [●] respectively. For the purpose of this issue, [●] is the Designated Stock Exchange.

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SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
“The Issuer” or “The Company” or “BVCL” or “Barak Valley Cements Limited ”	Barak Valley Cements Limited, a public limited company incorporated under the Companies Act, 1956
“We” or “us” or “our”	Unless otherwise specified, these references mean Barak Valley Cements Limited

CONVENTIONAL / GENERAL TERMS

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
Articles / Articles of Association / AoA	Articles of Association of Barak Valley Cements Limited Valley Cements Limited
DP / Depository Participant	A depository participant as defined under the Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depository Act	Depositories Act, 1996 as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under
FII	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
F.Y. / FY / Fiscal / Financial Year	Period Of twelve months ending on 31 st March of the respective year
FIPB	Foreign Investment Promotion Board
Government / GOI	Government of India
Indian GAAP	Generally Accepted Accounting Policies in India
IT Act / Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of Barak Valley Cements Limited
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Non Resident	A person who is not an NRI, an FII and is not a person resident in India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time
Stock Exchanges	BSE and NSE, referred to as collectively

ISSUE RELATED TERMS

Term	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being/have been issued
Banker(s) to this Issue / Escrow collection bank	[•]
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount/Bid Price	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper and a Assamese regional newspaper in the same place where the registered office of our Company is situated
Bid / Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper and a Assamese regional newspaper in the same place where the registered office of our Company is situated
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of our Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Guidelines on book building as explained under Chapter XI of the SEBI Guidelines
BRLM	Book Running Lead Manager to this Issue, in this case being UTI Securities Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The highest end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off / Cut-off price	This refers to any price within the price band. A bid submitted at cut-off is a valid bid at all price levels within the price band
Designated Stock Exchange	[•]
Designated Date	The date on which the funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Eligible Employees	Eligible Employees means permanent employees/executive (working) directors of our Company and our Subsidiaries, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favor

Term	Description
	the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Bank(s), and the BRLM for collection of the Bid amounts and refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lowest end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/Public Issue/IPO/Offer	Issue of 56,60,000 Equity shares of Rs. 10/- each for cash at a price of Rs. [•] per Equity Share, including share premium of Rs. [•] per Equity Share aggregating Rs. [•] lacs by Barak Valley Cements Limited ("BVCL" or "our Company" or "the issuer"). The issue comprises of reservation of 1,13,000 Equity Shares aggregating Rs. [•] lacs for permanent employees on a competitive basis and the "Net Issue to Public" of 55,47,000 Equity Shares aggregating Rs. [•] lacs. The Issue would constitute 25.03% of the fully diluted Post Issue Paid up capital of our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Red Herring Prospectus, as determined by our Company in consultation with the BRLM, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 10% to 100% of the Bid Amount
Minimum Bid / allotment lot	[•] Equity Shares and in multiples of [•] Equity Shares thereof
Net Issue to public	55,47,000 Equity Shares of Rs. 10/- each, aggregating Rs. [•] lacs
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1, 00,000
Non Institutional Portion	The portion of the Issue being not less than 15% of this Net Issue i.e. 8,32,050 Equity Shares of Rs.10/- each available for allocation to Non Institutional Bidders
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [•] and the maximum price (Cap Price) of Rs. [•] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Promoters	Following mentioned below are the Promoters for our Company § Mr. Prahlad Rai Chamaria § Mr. Bijay Kumar Garodia § Mr. Santosh Kumar Bajaj
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity shares being issued through this Issue and certain other information.
Public Issue Account	In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to this Issue to receive monies from the Escrow account for this Issue on the Designated Date
Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial banks, Mutual

Term	Description
or QIBs	Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Indian Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 25 crores and Pension Funds with minimum corpus of Rs. 25 crores
QIB Portion	The portion of this Issue being up to 50% of the Net Issue, i.e. 27,73,500 Equity Shares of Rs. 10 each available for allocation on proportionate basis to QIB's of which 5% shall be proportionately allocated to Mutual Funds registered with SEBI
Draft Red Herring Prospectus/Draft Offer Document	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are being issued and number of Equity shares being issued through this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of this Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Registrar / Registrar to the issue	Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for an amount in excess of Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of this Net Issue i.e. 19,41,450 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Syndicate / Members of the Syndicate	BRLM and the Syndicate Members collectively
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member is appointed by the BRLM
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as a proof of registration of the Bid on the online system of BSE / NSE
Underwriters	Members of the Syndicate who are signatories to the Underwriting agreement
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

COMPANY / INDUSTRY RELATED TERMS

Term	Description
Auditors	The Statutory Auditors of our Company namely, M/s Surender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants
Articles/ Articles of Association	The Articles of Association of Barak Valley Cements Limited
Board / Board of Directors	Board of Directors of Barak Valley Cements Limited unless otherwise specified
Project	Project is the creation of infrastructure for expansion and growth of our Company's existing business. The present Issue of Equity Shares is being made by our Company for the following purposes: 1. To expand clinkerisation capacity of our company from present 420 TPD to 550 TPD and Cement Grinding Capacity from 460 TPD to 600 TPD; 2. Investment in subsidiary companies a. For setting up a biomass based power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited; b. For installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam; c. For installing a Limestone Crushing and galvanized crushing plant at Lumshnong, Meghalaya by our wholly owned subsidiary Meghalaya Minerals & Mines Limited; 3. General Corporate purposes; 4. To meet the expenses of the public issue; 5. To list the shares offered through this issue on BSE and NSE; The details of the Project including the cost of the Project are provided in the section 'Objects of the Issue' on page [●] of this Draft Red Herring Prospectus
Registrar of Companies/ ROC	Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong.
Registered Office	Registered office of our Company located at, 265, Sreemanta Market Annexe, A.T. Road, Guwahati, Assam-781001.
Subsidiary Company	Following are our 3 Subsidiaries: § Meghalaya Minerals & Mines Limited § Cement International Limited § Badarpur Energy Private Limited

ABBREVIATIONS

Term	Description
A.Y./ AY	Assessment Year
A / c	Account
AGM	Annual General Meeting
Amt	Amount
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASEB	Assam State Electricity Board
BIS	Bureau of Indian Standards
BG	Bank Guarantee
BRLM	Book Running Lead Manager

BSE	Bombay Stock Exchange Limited
BEPL	Badarpur Energy Private Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIL	Cement International Limited
CLB	Company Law Board
Cu. M	Cubic Meter
DCA	Department of Company Affairs
DP	Depository Participant
EBDIT	Earning before depreciation, interest and tax
EGM	Extra-ordinary General Meeting of our Company
EPS	Earnings Per Share
ESOS/ESPS	Employee Stock Option Scheme / Employee Stock Purchase Scheme
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FI	Financial Institution
FII's	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
GDP	Gross Domestic Product
GOI	Government of India
HR	Human Resources
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
IIT	Indian Institute of Technology
INR/ Rs	Indian National Rupee
IPO	Initial Public Offer
ISO	International Standards Organization
Kcal.	Kilo Calories
KVA	Kilo Volt Ampere
kWh	Kilowatt hours
L/C	Letter of Credit
MAP	Measurement of Unconfined Compression Strength
MD	Managing Director
MF	Mutual Fund
MMML	Meghalaya Minerals and Mines Limited
MNC	Multi National Company
MoU	Memorandum of Understanding
Mn	Million
MnT	Mn Tons

MPA	Mega Pascal
MT	Metric tonne
MTPA	Mn tons per annum
MW	Mega Watt
MSO	Multi Service Operator's
N.A.	Not Applicable
NAV	Net Asset Value
NEDFi	North Eastern Development Finance Corporation Limited
NOC	No Objection Certificate
NRIs	Non Resident Indians as defined under FEMA
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
OPC	Ordinary Portland Cement
OTC	Over-the-counter
P.A. / pa	Per Annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PE Ratio	Price earning Ratio
Petcoke	Petroleum Coke
PPC	Portland Pozzolana Cement
PSC	Portland Blast Furnace Slag Cement
QA	Quality Assurance
QC	Quality Check
QIB	Qualified Institutional Buyers
R&D	Research and Development
RBI	Reserve Bank of India
RONW	Return on Net Wealth
Rs.	Indian Rupees
SEBI	The Securities and Exchange Board of India
Sec.	Section
SGCI	Speroidal Graphite Cast Iron
Sq. M.	Square Meter
TPD	Tons per day
TPH	Tons per hour
TPA	Tons per annum
USD or \$ or US\$	United States Dollar
UTI	UTI Securities Limited
w.e.f	With Effect From

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Barak Valley Cements Limited”, unless the context otherwise indicates or implies, refers to Barak Valley Cements Limited. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac/Lakh” means “one hundred thousand”, the word “million (million)” means “ten lac/lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Draft Red Herring Prospectus, all figures have been expressed in lacs.

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Unless indicated otherwise, the operational data in this Draft Red Herring Prospectus is presented on an unconsolidated basis and refers to the operations of our Company. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Red Herring Prospectus, see the section Definitions and Abbreviations on page [•] of this Draft Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market Data

Unless stated otherwise, market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the pharmaceutical industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and our overseas markets which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION III - RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, profitability and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Materiality

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- § Some events may not be material individually but may be found material collectively.
- § Some events may have material impact qualitatively instead of quantitatively.
- § Some events may not be material at present but may be having immaterial impact in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

A) Risks Internal to our Company

1. Risk relating to litigation

There are no criminal charges under IPC and violations of securities law against our promoters, directors and our Company. However, Our Company, its promoters/directors and group concerns are party to litigation in respect of certain civil and tax matters. For details on these litigation cases please refer to the section "Legal and other regulatory information" on page [●] of this Draft Red Herring Prospectus.

2. Non-availability/gradual elimination of incentives available for our plant, from financial year 2006-07 onwards will increase our future tax liabilities and decrease profits that we might have in future.

Our Company currently enjoys various exemptions and deductions (details of which have been given under the heading "Our Business" on page no. [●]) relating to Income Tax, Sales Tax/Vat, Excise Duty and other subsidies which are applicable for companies located in specific areas. Except for the transport subsidy and power subsidy, all other benefits and exemption will continue to be available to our Company for another 4-5 years. Non-availability and gradual elimination of these subsidies can have a material adverse effect on our profits and cash flow in future. The above mentioned benefits will, however, be available to our wholly owned Subsidiaries viz. Meghalaya Minerals & Mines Limited and Cement International Limited upon completion of their respective projects.

3. Dependence upon limestone reserves

Limestone is the main raw-material used in production of Cement. Our total limestone requirement is met from purchases made from Meghalaya Minerals & Mines Limited, a wholly owned subsidiary of ours. In case government does not renew this agreement after 20 years or the reserves get exhausted before 20 years, our production could be hampered if we are not able to make suitable alternate arrangements. The mining rights are subject to certain compliances and other terms and conditions, any violation of which may results in the Central and State Government deciding to take appropriate action, with respect to mining rights by way of fines, restrictive orders, changing amount of royalty payable and revocation of mining rights. Our Company cannot provide any assurance in this respect.

Our subsidiary has mining agreement with State Government of Meghalaya for tenure of 20 years starting from 3rd April 2002. The lease agreement may be renewed there after at the discretion of State Government of Meghalaya. Our consumption of limestone as on date is about 1.35 Lacs MT per annum. As per the estimations of our Company 16 Lacs MT of Limestone reserve is available in Lumshnong, of which our Subsidiary has mining rights, Our Subsidiary MMML has acquired additional land and is in the process of obtaining mining rights for the same.

4. Dependence on Power Supply

The Cement manufacturing is an energy intensive process. Power cost accounts for 13-18% of total cost of cement manufacturing. Presently power requirement is met by ASEB (Assam State Electricity Board) and balance by in house DG Sets during power cuts. Our Power consumption for the year has been 144.44 lakh Kwh. The current cost of power per unit for industrial usage is Rs. 3.75/unit and production cost through DG set is Rs. 9.00/unit. Reliance on ASEB exposes us to frequent power cuts which are met through production through DG set which costs us more than twice the average cost of supply by ASEB. Any shortage of power supply in the State of Assam will adversely affect our Company through either higher cost of production and/or through disruption of production and supply schedule.

Our Company is setting up 6 MW bio mass based power plant through its wholly owned subsidiary Badarpur Energy Private Limited to eliminate its dependence on ASEB for power supply. Our estimated power requirement of the financial year 2006-07 is 3.00 MW/Hr. The cost of production through this plant is estimated to be about Rs. 2.20 per unit (As per appraisal report of NEDFi) which will be transmitted to us at Rs. 3.75/unit as per the MOU signed between BEPL and our Company. This power plant will help us in not only eliminating the dependence on ASEB but also enhancing cost saving. In addition standby 3 DG Sets (1250, 1563, 1000 KVA capacity) have been kept in the vicinity to meet any kind of power failure or emergency.

5. Dependence upon supply of coal

Cement manufacturing process requires coal to be used as fuel for providing heat. Cost of procuring coal can constitute as much as 9-11% of total production costs for our cement facility. Coal mines in Meghalaya are owned by local tribes and there is no organized sector as such in Meghalaya. Our Company procures its coal requirements from local tribes. The non-availability or increase in cost of coal can hamper our business and results of operation.

Coal is available through out the year. There are no restrictions on mining of coal by the local tribes in Meghalaya. Since the inception of our Company, we have been procuring on an average 20000 MT of coal from the tribes and have not faced any problem till now. However, no assurance can be given that we will receive uninterrupted supply of coal, as per our requirements from time to time.

6. Dependence upon supply of Gypsum

Cement manufacturing process requires gypsum as an additive. Our Company uses 0.5 – 1.0% of total cement produced as gypsum, in production of cement. The same is procured by our Company from Bhutan. The non-availability or increase in cost of gypsum can hamper our business and results of operation.

The total cost of Gypsum utilized by our Company in production of cement was Rs. 22.42 lacs during FY 2005-6. This constitutes 0.71% of our total manufacturing cost. Any increase in its cost will not have major impact on our profits. Further, gypsum is available in abundance in Bhutan. Hence, our Management does not foresee any difficulty in obtaining the same.

7. Risk associated with implementing the projects on time

Our Company along with its subsidiaries is setting up four projects which are at different stages of implementation. Inability to complete the projects as per their stated Schedule of Implementation may lead to cost/time overruns and may impact future profitability of Our Company and its Subsidiaries.

The promoters/directors of our Company have established the current cement manufacturing facilities within the time and cost parameters as set for implementation. Further, for the power project, BEPL has engaged Prithvi Energy Limited as consultants to ensure successful and timely completion of setting up power project. Hence, we do not envisage any difficulty in meeting the implementation schedule.

8. Risk in relation to transport

Transport cost of cement and our raw material (after taking into consideration transport subsidy) accounts for around 17-23% of the total cost. Any disruption in the same on account of reasons such as strike by transport operators, shortage of fuel, adverse weather conditions etc, and any increase in price of fuel, which are beyond our control can impact our profitability.

Our Company is situated in Karimganj District, Assam. This region is linked with several modes of access. National Highway 44 and 55 connect it with Shillong in Meghalaya and Silchar, respectively. Further, Karimganj district is the major railway junction in the whole of South Assam. Air and river transportation means are also available. These alternative means of transport enhance our reach in North Eastern Region and provide us with several economical and feasible options of transport.

9. Failure to adequately protect our intellectual property right may adversely affect our revenues

Registration, under relevant intellectual property laws, of our brand "Valley Strong Cement", through which we carry on our business, is pending. While we do not envisage any difficulty in obtaining the registration, in the event such registration is not obtained by us, inability to continue to use the brand on account of any reason may affect our business.

Our Company has been using the brand name for the last 5 years. To the best of our knowledge the same is not being used by any other cement manufacturer in markets, where we have our presence. Hence, we do not envisage any difficulty in obtaining the same.

10. Plant and Machinery orders not placed

The total cost of Plant and Machinery in our project is Rs. 776.58 lacs, of which our Company has not yet placed orders for the Plant & machinery aggregating Rs. 573.56 lacs, which constitutes 73.86% of the total plant and machinery required.

Our Company has already received quotations from the proposed/short-listed suppliers and the orders shall be placed in due course of time. The commissioning of the projects is by April 2007 and most of the equipments have a delivery period of about 6 months. The placement of orders for machinery has been planned accordingly. In this regard we have already deployed Rs. 203.02 lacs in plant & machinery.

11. One of the projects of our Subsidiary viz, Meghalaya Minerals and Mines Limited has not been appraised by any Bank/Financial Institution.

We intend to use part of the issue proceeds for meeting the funds required by our Subsidiary Meghalaya Minerals and Mines Limited for setting up crusher unit. The funds requirement and funding plans are as per our own estimates, and have not been appraised by any bank/financial institution.

Our promoters and directors have adequate experience in this line of business and are supported by team of professionals. We do not envisage any difficulty in meeting the implementation schedule and do not envisage any material cost overruns. Further, in case of any cost overruns, we can meet the same through our internal accruals.

12. Revisions in the Project Cost after the Appraisal Reports

The cost of projects as mentioned in their respective appraisal reports has been revised from time to time. Further revision can lead to an increase in overall cost of the projects.

The revision in the project cost has been necessitated due to the time lag between the appraisal and the receipt of quotations from the vendors. Our Company will deploy internal accruals in case the amount raised through public issue shorts fall of the projected cost.

13. Weakness and Threats related to projects appraised

As per the appraisal report of NEDFI, with respect to, the biomass based power plant being set up by our wholly owned subsidiary Badarpur Energy Private Limited, following are the weaknesses and threats:

Weakness:

The cement plant is dependent on power and power tariff plays a critical factor in the viability of the plant. With the proposed power plant, the company will not be dependent on the power supply from ASEB.

Threats:

The Industry may suffer due to any deterioration in the law and order situation in the North East in general. The existing unit is having peaceful operation from last 3 years and law and order situation in the North Eastern has improved.

14. Insufficient returns from Investment in Subsidiaries

Our Company will be investing part of the Issue Proceeds in equity shares of its wholly owned subsidiaries. Our Company is not assured of any dividends pursuant to such investment in equity shares of these subsidiaries.

15. Risks in relation to manpower

Our sustained growth depends on our ability to attract and retain skilled manpower. Failure to attract and retain skilled manpower could adversely affect our growth strategy. Any significant changes in the key managerial personnel, may affect the performance of our Company. Further, we could face disruption in our work on account of any exigencies including by way of hiring contract labour.

Our management supports and is committed to the overall development and retention of human resources. We conduct training on need basis to our technical staff to update and hone their skills. We further provide our employees with a conducive working environment, which has helped in building a good teamwork. Our Company is regularly hiring contract labour and till date we have not experienced any strike, disruption or employee unrest in respect thereof or otherwise.

16. Loss making group concerns

The following group concerns have incurred losses in the past 3 financial years:

(Rs lacs)

Sr. No	Name of the Company	Profit/Loss for the year ended 31 st March 2004	Profit/Loss for the year ended 31 st March 2005	Profit/Loss for the year ended 31 st March 2006
1.	Aristo Building Materials Private Limited	0.07	(0.23)	1.82
2.	Bajaj & Company Private Limited**	0.98	(1.24)	27.73
3.	Bengal Wood & Allied Products Private Limited	(0.04)	(0.19)	0.81
4.	Borduria Timber Products Private Limited	(4.09)	(3.45)	(3.06)

5.	Garkot (India) Private Limited**	0.14	0.11	(7.18)
6.	H.P Cement & Industries Private Limited**	(14.11)	(37.14)	(2.36)
7.	Jaintia Hills Mines & Minerals Private Limited*	N.A.	(13.52)	(103.29)
8.	Mukund Marble Private Limited*	N.A.	N.A.	(19.58)
9.	Nefa Udyog (Partnership)	(4.71)	25.29	15.35
10	Om North East Agencies Private Limited*	N.A.	(0.29)	20.03

* Newly incorporated

**Ceased Operations

***Commenced operations recently

For details of our group concerns, please refer to page no. [●] containing Section “Financial Information of Group Companies”.

17. Contingent Liabilities

The Contingent liabilities of our Company not provided for, as certified by our statutory auditors are as under:

Particular	As on 30 th September 2006
Bank Guarantee issued by Banks	2.25
Corporate Guarantee's given to Financial Institutions/ Banks on behalf of wholly owned subsidiaries	1900.00

In the event that any of these contingent liabilities get crystallized our financial conditions may be adversely affected. For more details refer please see Section titled “Financial Information” on page no. [●].

18. Our failure to obtain and renew regulatory approvals required for our business may affect our business operations

Certain registrations, approvals and permits are required by us, in the ordinary course, for carrying on our business operations. Though we do not envisage any difficulty in obtaining these registrations, approvals and permits, if we are unable to obtain the same it may impact our business operations. For the details of the approvals required for our business, which are currently pending, please refer to Page [●] of this Draft Red Herring Prospectus

19. Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations

There are certain restrictive covenants in the agreements we have entered into with certain banks and financial institutions for short term and long term borrowings and secured and unsecured loans. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above, our financing arrangements also include restrictive covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions. Some of these restrictive covenants require the prior consent of the said banks/financial institutions and include, for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entrance into any merger/amalgamation, expenditure in new projects, change in key personnel and change in the constitutional documents. Although we have received consent from our lenders for this Issue, these restrictive covenants may also affect some of the rights of our shareholders.

Failure to obtain such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and operations.

20. Risks associated with Companies/firms in the similar line of business.

Following are our Group Concerns which are in similar line of business, which may create conflict of business interest:

S.no	Name of Entity	Nature of Business
1.	H.P Cement & Industries Private Limited	To deal, manufacture and trade in cement and cement products
2.	Meghalaya Cement Limited	The company is engaged in the manufacturing and trading of Cement
3.	M/s Sushil Kumar Santosh Kumar (Partnership)	Trading in cement & commission agent
4.	M/s Bajaj Engineering Co. (Partnership)	Trading in cement
5.	M/s Global Trades (Partnership)	C & F Agent for cement
6.	Cement Internation Limited	The company is engaged in the manufacturing and trading of Cement

Although the objects of the above mentioned group concerns are similar, this will not affect business/profitability of our Company. This is since H P Cement & Industries Private Limited is no more in production of cement and has sold chunk of its plant and Machinery. The main market of Meghalaya Cement Limited caters to market where we do not have a presence. In the event that Meghalaya Cement Limited enters in markets where we have our presence, they may be subject to cost competitive restrictions. All the other three partnership firms are based in Guwahati, where we don't market our products. Further, our wholly owned subsidiary Cement International Limited is in same line of business. Being subsidiary, it shall not affect business/Profitability of our Company and there is no scope for any conflict of interest.

21. Dependence upon key distributors/dealers

Majority of Our Company's sale is through our key dealers. Our top 10 dealers contribute to about 50% of our sales during FY 2005-06. In case of any dispute with dealers, our sales may be hampered.

Our Company has more than 150 dealers and sub dealers. In order to retain our dealers we offer them sales related incentives besides normal margins. We have maintained excellent relations with our distributors and dealers. However we cannot assure that about our future business relations with our distributors and dealers. In case of any dispute with the existing distributors and dealers, we shall appoint new dealers and do not envisage any difficulty on this front.

22. Dependence upon a single production unit

Our sole manufacturing facility is located within the confines of our premises at Badarpur Ghat. We currently have no other manufacturing unit. In the event that our unit is subject to unforeseeable damage beyond our control, our business may be adversely affected.

Our Company has covered itself against majority of the foreseeable risks by way of insurance, safety measures and equipments. Further, in addition a periodical review of the plant is conducted to for maintenance and upkeep of the facility.

B) Risks External to our Company

23. Risk of cyclical industry

Cement Industry is cyclical in nature. Excess production capacity in the industry can lead to low capacity utilization till such time that the demand picks up to meet the supply levels. Such situation of excess of supply over demand can depress the market price of cement.

24. Seasonality of business

Seasonal cycles are typical in the cement industry. During monsoon season demand for Cement falls due to which profits during such periods may be low. However, due to boom in infrastructure and housing this demand has remained constant throughout the year.

25. Any change in regulatory environment in relation to manufacturing within the country or for marketing our products within the country will significantly impact our business. If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.

We keep ourselves abreast of the various developments in relation to the regulatory environment and gear ourselves in order to comply with such regulatory changes.

26. Deterioration in the law and order situation in the North East Region in general may have an affect on the operations of Our Company.

Consequent to various peace initiatives and other steps taken by government to contain insurgency, the law and order situation has improved in North East Region. Further, our existing unit falls within a region which is not impacted by insurgency and has had peaceful operations since inception of our Company.

27. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Our Company makes continuous efforts to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases in general may have a material adverse effect on our business, results of operation and financial condition.

28. Risk due to increasing competition

Our Company may face growing/new competition from existing players and new entrants. The cement business is highly competitive within geographical regions. This competition is further enhanced by the fact that there are virtually no product differentiating factors. Growing competition may force us to reduce the prices of our products and services, which may reduce revenues and margins and/or decrease market share, either of which could have a materially adverse effect on our business, financial condition and results of operations.

Our Company is situated in North Eastern Region with its work unit located in Jhumbasti, Badarpur Ghat, Karimganj, Assam. Within the 70 km radius of our unit, there is no other cement manufacturing unit. The company seeks to maintain its competitiveness through responsive customer care and competitive pricing and is confident of facing the competition.

29. Government Policies- Cement Industry

Cement Industries growth prospects are highly dependent on Government Policies specially those relating to investment in infrastructure and industrial sectors. Any change in the same may have an adverse impact on the demand for cement and consequently will have a negative impact on the sales & profitability of our Company. Further, Government if required can monitor and regulate price of cement from time to time.

Government of India has been framing policies in favor of Infrastructure and Industrial sector as both are required to maintain the high GDP growth rate. The recent establishment of various SEZs and an increased importance on having world class infrastructure has provided impetus to the Cement Industry.

30. Terrorist attacks and other acts of violence or war involving India, more specifically the insurgency prone North East region, could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.

Terrorist attacks and other acts of violence or war, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

31. Volatility of share prices on listing

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- § Volatility in the Indian and global securities market;
- § Our results of operations and performance, in terms of market share;
- § Performance of the Indian economy;
- § Changes in Government policies; etc.

32. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section 'Basis of Issue Price' on page [●]) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- a) Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- b) Changes in revenue or earnings estimates or publication of research reports by analysts;
- c) Speculation in the press or investment community;
- d) General market conditions; and
- e) Domestic and international economic, legal and regulatory factors unrelated to our performance.

Notes to Risk Factors:

1. Pre-Issue Net worth of the Company as per the financial accounts of our company for the period ending on 30th September 2006 and 31st March 2006 is Rs. 4205.52 lacs and Rs. 3597.26 lacs respectively.
2. Size of the Present Issue – Issue of 56,60,000 Equity Shares of Rs. 10/- each issued at a premium of Rs. [●] for cash, aggregating Rs. [●] lacs. The face value of the Equity Shares is Rs. 10/- and the issue price is [●] times the face value. The issue would constitute 25.03% of the fully diluted post issue paid up capital of our Company.
3. The average cost of acquisition of Equity Shares of the promoters is given below

Sr. No	Name of our Promoters	Average cost of acquisition of shares (Rs.)
1.	Mr. Prahlad Rai Chamaria	10/-
2.	Mr. Bijay Kumar Garodia	10/-
3.	Mr. Santosh Kumar Bajaj	10/-

4. Book value of the Equity Shares of our Company as on 30th September 2006 and 31st March 2006 is Rs. 25.49 and Rs. 21.80 per share, respectively.
5. Trading in equity shares of the Company for all the Investors shall be in Dematerialised form only.
6. Our Company has not issued any bonus shares till date.
7. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with [●], the Designated Stock Exchange.
8. Investors may contact the BRLM or the Compliance officer for any compliant/clarification/information pertaining to the issue. For contact details of the BRLM please refer to the front cover page.
9. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
10. There are no contingent liabilities as on 30th September 2006, except as mentioned on page no [●] of in the Auditor's report.
11. Investors are advised to refer to the paragraph 'Basis for issue price' on page [●] before making an investment in this issue.
12. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
13. For details of liens and hypothecation on the properties and assets of our Company please see Section on 'Financial Statements' on page [●].
14. For details of related party transactions, please refer to the Auditors Report on page [●].
15. Other than as disclosed in the 'Related Party Information' in this Draft Red Herring Prospectus, the Promoters / directors / key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
16. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.
17. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
18. The details regarding transactions in our Equity Shares during the past six months undertaken / financed directly or indirectly by our promoter, his relatives and associates and our directors are mentioned under notes to the Section "Capital Structure" beginning on page [●] of this Draft Red Herring Prospectus.

SECTION IV - INTRODUCTION

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in this Draft Red Herring Prospectus.

Note: Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see “Forward Looking Statements and Market Data” on page no. [●] in this DRHP.

Industry and Business of our Company

CEMENT INDUSTRY

Introduction

Cement Industry is a key infrastructure industry. Since cement is used in almost all construction activities, the cement industry is an important part of nation's economic and industrial base. Figures characterizing the cement industry, such as production capacity and consumption statistics, change as a result of fluctuations in domestic construction activities, economic conditions, and the level of cement imports.

Global Overview

During 2005, global cement production was 2220 million tones, with China accounting for nearly 45% of the total output followed by India accounting for 6% of the share and the US for 4.5% in world cement production. India is not only a large producer but also one of the fastest growing markets in the world. Cement production in the country during 1994-2003 grew at a CAGR of 8.2 percent as compared to 7.2 percent in China and the world average of 3.5 percent. (Source: www.usgs.gov)

Indian Cement Industry

In India, Cement Industry was decontrolled from price and distribution on 1st March, 1989 and delicensed on 25th July, 1991. However, the performance of industry and cement prices are still monitored regularly. The cement industry comprises of about 128 large cement plants with an installed capacity of 151.69 million tones per annum and more than 300 mini cement plants with an estimated capacity of 11.10 million tones per annum resulting in a total estimated capacity of 163 million tones per annum. Actual cement production in 2003-04 was 123.50 million tones as against a production of 106.90 million tones in 2001-02, registering a growth of 8.84%. (Source: www.dipp.nic.in)

Trends in cement industry

Production of Cement

The Cement Industry has shown impressive growth rate during the year 2005-06. Cement production has logged an impressive growth of 13.3 per cent in 2005-06 compared to only 3.6 per cent in the previous year 2004-05. (Source: Indian Brand Equity Foundation, www.ibef.org). Similarly, Cement production registered a double digit growth of 11.7% in April 2006 compared to 9.9% in April 2005 showing the remarkable growth potential in this sector. (Source: Ministry of commerce, www.commerce.nic.in).

Export of Cement

There has also been a marginal increase in the export of cement which was 9 million tons and 10.6 million tons in 2003-04 and 2004-05, respectively. (Source: www.indiabudget.nic.in)

Cement and clinker exports are poised to touch the 10 million tone mark by the end of 2006-07, further boosted by a 12 per cent rise in consumption in Gulf countries and massive redevelopment efforts in Iraq and Afghanistan.

Import of Cement

During the recent Budget 2006-07 government has reduced the customs duty on cement import from 15% to 12.5% (Source: indianbudget.nic.in).

Trend of FDI flow in Cement Sector

Opening up the FDI Channel

At present, 100 per cent foreign direct investment (FDI) is permitted in the cement industry. To set up a cement plant in India, with an investment of over US\$ 22 million entrepreneurs are required to obtain environmental clearance from the Ministry of Environment. 100 per cent FDI is also allowed for private cement companies to set up power projects as well as coal or lignite mines for captive consumption.

Consolidation in Cement Industry

The industry has undergone rapid technological upgradation and growth, and now, some of the cement plants in India are comparable to the world's best operating plants in all respects. In recent years, the process of consolidation has occurred in cement industry,

Regional Consumption

Cement is a bulk commodity and transportation of cement over long distances is uneconomical. This has resulted in regional distribution of cement along with the industry being divided into five major regions viz. north, south, west, east and the central region. Owing to the location advantages of India, there is a significant potential to cater to the cement requirements of the Middle East and the South East Asian nations.

Demand Drivers

The Government has identified the following thrust areas for increasing demand:

- A spurt in housing construction and expansion incorporate production facilities: Cement is the main material for construction of housing which is the basic need of human being. Its role in construction and development of infrastructure is crucial for the growth and development of any economy;
- Infrastructure spending (particularly on roads, ports and airports); and
- Construction of concrete roads in rural areas under Prime Minister's Gram Sadak Yojana. (Source: www.ibef.org)

Future Outlook

There was no major announcement for the cement sector in the Union Budget 2006-07. Thus, the industry may continue to grow at 8% to 9% in the medium to long term. Government's initiatives on the infrastructure and housing sector fronts would continue to remain the key drivers. With no major capacity expansion in the pipeline in the country, the demand supply equation is expected to continue to remain favorable for cement manufacturers and this will help in the improvement of prices.

During the Tenth Five Year Plan, the industry is expected to add capacity of 40-52 million tones, mainly through expansion of existing plants and use of more fly ash in the production of cement. (Source: www.ibef.org)

Our Business

Overview

Our Company was incorporated as a public limited company as on 28th April 1999, under the Companies Act, 1956 with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and received certificate for commencement of business as on 28th April 1999. The promoters of our Company are Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj.

Our Company is in the business of manufacturing of cement and is marketing the same under the brand name “Valley Strong Cement”. Our sales are concentrated in the North Eastern region. Our operations include raw material procurement, crushing, blending, grinding and packaging of cement. Our product portfolio includes both Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). We manufacture our product using Dry Process Rotary Kiln Technology with 4 stage Suspension Pre Heater. Our current capacity of cement manufacturing is 460 TPD.

Our plant is situated at Joom Basti, Devendranagar, Badarpurghat, District Karimganj, Assam. Our Corporate office is situated at 281, Deepali, Pitam Pura, New Delhi – 110034.

Being located in Assam, we are entitled to get various benefits like 100% Excise duty exemption, Central Sales tax/VAT exemption, Income-tax exemption, Working capital interest subsidy and Insurance subsidy. Our Company is ISO 9001: 2000 certified company and our products confirm to BIS (Bureau of Indian Standards) specifications. We have currently 223 employees on our payroll and 171 employees on contractual basis.

Our income for fiscal 2004, 2005 and 2006 and for Six month ended 30th September 2006 were, Rs.3842.03 Lacs, Rs.4916.59 Lacs, Rs. 5351.71Lacs, Rs. 3446.81 Lacs respectively. Our PAT for fiscal 2004, 2005 and 2006 and for Six month ended 30th September 2006 were Rs. 604.01 Lacs, Rs. 1111.54 Lacs, Rs. 1151.96 Lacs and Rs.603.69 Lacs respectively. We have sold approximately 1.04 lacs tons, 1.22 lacs ton, 1.34 lacs ton, and 0.75 lacs tons of cement for fiscal 2004, 2005 and 2006 and for Six month ended 30th September 2006 respectively.

Our Company has the following companies as its wholly owned subsidiaries:

1. Badarpur Energy Private Limited
2. Cement International Limited
3. Meghalaya Minerals & Mines Limited

Our Strengths

We believe that the following are our primary competitive strengths:

§ Access to Quality raw material & fuel

Two critical materials for the cement production are Limestone as raw material and coal as fuel. Limestone deposits of good quality having CaO (calcium Oxide) of more than 47% are spread over a large area just 75 KM away from our plant site. Coal having Calorific value of 6000-7000 Kcal / Kg. and ash content as low as 8% is available in plenty in Bapung and Surupi, areas of Meghalaya, which are 80-90 Kms from the factory site. Access to quality limestone and coal used in production of cement at near by locations, help us in producing BIS quality cement at competitive prices. Further, there are no administrative restrictions on the mining of coal and limestone, ensuring ease in procurement of the same.

§ Government Incentives

Enjoyed by our Company BVCL

Several state and central government incentives are available to our Company such as:

- a) 100% Central Excise duty exemption up to FY 2011;

- b) 100% Central Sales tax / 99% VAT exemption up to FY 2010;
- c) 100% Income-tax exemption under section 80 IC up to FY 2011 subject to Minimum Alternate Tax U/s 115JB of Income Tax Act, 1961.
- d) Insurance subsidy, being 100% premium payable under Comprehensive Insurance Scheme, 1997 by the Government up to FY 2011.
- e) 3% Working Capital Interest Subsidy payable by the Government upto FY 2011.

Enjoyed by our wholly owned subsidiaries viz., Meghalaya Minerals & Mines Limited and Cement International Limited from the date of commencement of production

- a) 100% Central Excise duty exemption for a period of 10 years.
- b) 100% Central Sales tax / 99% VAT exemption up for a period of 9 years
- c) 100% Income-tax exemption under section 80 IC for a period of 10 years subject to Minimum Alternate Tax U/s 115JB of Income Tax Act, 1961.
- d) Insurance subsidy, being 100% premium payable under Comprehensive Insurance Scheme, 1997 by the Government for a period of 10 years.
- e) 3% Working Capital Interest Subsidy payable by the Government for a period of 10 years.

These incentives ensure our competitiveness with national players as well as help us in pricing our product competitively with these players.

§ Locational Advantage

Our manufacturing unit is located in Barak Valley region, Assam. This entire area is surrounded by the other states of North-East such as Mizoram, Tripura, and Southern part of Meghalaya, which are our markets. Barak Valley is the foot land of all the three states and Badarpur Ghat is the junction point. Our manufacturing unit is well connected with national – highways and railway. Location of our manufacturing unit helps us in reaching our customers economically. Our location also helps us in meeting the demand of dealers/subdealers/ distributors in shortest possible time.

§ Our focus on quality

Our products are approved and accredited with Quality Standards viz BIS License for 53 Grade OPC Cement IS 12269: 1987, BIS License for 43 Grade OPC Cement IS 8112: 1989, BIS License for PPC Part 1 Fly Ash Based Cement IS 1489: Part 1: 1991, BIS License for PPC Part 2 Calcined Clay Based Cement IS 1489: Part 2: 1991. These quality standards ensure that the quality of cement manufactured by us is as per Industry norms.

§ Our Distribution

Our company's sales team is supported by more than 150 dealers which are supported by sub dealers and distributors. Our Distribution network is helping us in reaching to our customers. We have an efficient distribution network through our stockiest and dealers in every district of the region which reaches out easily at the door step of the consumers.

§ Our Team and management

Our Board of Directors consisting of experienced and qualified professionals, overview all the strategic decisions and overall growth of our Company. Top management of Our Company consists of experienced promoters who are ably supported by qualified professionals heading key functions. The Philosophy of our Management involves building relationship with our employees as well as business associates.

Our Customer Base

We have a diversified customer base consisting of individuals, contractors, builders, institutions and government agencies. Our top 10 customers amounted for 49.77% of our total sales during the FY 2005-06.

Our Products

Presently, our Company operates from its plant at Karimganj, Assam. We are mainly into manufacturing various Grades of OPC (Ordinary Portland Cement) and PPC (Portland Pozzolana Cement). The details about our products and their uses are as under:

§ Ordinary Portland Cement

OPC is produced by inter-grinding clinker, performance improver and gypsum in a cement mill. OPC is further classified, as relevant in our case as, 43 Grade and 53 Grade OPC.

§ Portland Pozzolana Cement

PPC is blended cement produced by adding pozzolanic materials, such as fly ash, volcanic ash and calcined clay to clinker. Our Company has encouraged customer awareness and acceptance of PPC (through training programs designed by us for engineers and masons) as it has lower production costs and offers higher margins than OPC. PPC can be used for the majority of construction projects, such as in the building of houses, high-rise buildings and bridges. The production process for PPC is similar to that for OPC, but fly ash, the pozzolanic material which is generally used, is mixed with clinker in the cement mill stage of manufacturing. The fly ash content of PPC produced by us is normally between 20% and 25%. The use of fly ash enables cement to be produced using less clinker. This helps to reduce production costs as fly ash, being a waste product from the operation of coal fired power stations, is readily available and is a cheaper commodity than clinker. Our Company generally obtains fly ash from nearest thermal power stations located in West Bengal region.

THE ISSUE

Equity Shares offered: Fresh Issue by our Company	56,60,000 Equity Shares
Issue Price	Rs. [●] per Equity Share
Less: Reservation for Employees	1,13,000 Equity Shares
Net Issue to the Public	55,47,000 Equity Shares
Of which: (A) Qualified Institutional Buyers portion (QIBs)	27,73,500 Equity Shares (Allocation on a proportionate basis) Of the above 27,73,500 Equity Shares, 1,38,675 shall be available for allocation to Mutual Funds The balance 26,34,825 Equity Shares shall be available to all QIBs, including Mutual Funds
(B) Non-Institutional Portion	8,32,050 Equity Shares (Allocation on a proportionate basis)
(C) Retail Portion	19,41,450 Equity Shares (Allocation on a proportionate basis)
Note: Under-subscription, if any, in any of the categories would be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLM.	
Equity Shares outstanding prior to the Issue	1,65,00,000 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	2,21,60,000 Equity Shares of face value of Rs.10/- each
Use of Issue proceeds	Please see section titled “Objects of the Issue” on page no. [●] of this Draft Red Herring Prospectus for additional information.

* Means Permanent Employees of our Company and our subsidiary companies, i.e. Meghalaya Minerals & Mines Limited, Badarpur Energy Private Limited and Cement International Limited, who are Indian Nationals, based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

However, our Promoters Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj are not eligible to bid through the Employee Reservation Portion.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of our statutory auditor's, M/s Surender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants dated 24th October 2006 in the section titled "Financial Information". You should read this financial data in conjunction with our financial statements for each of Fiscal 2002, 2003, 2004, 2005 and 2006 and the 6 month period ending 30th September 2006, including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this Draft Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements" on page [•].

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED (ON A STANDALONE BASIS)

(Rupees in Lakhs)

Particulars	As at					
	March 31,	March 31,	March 31,	March 31,	March 31,	Sept. 30,
	2002	2003	2004	2005	2006	2006
A Fixed Assets						
Gross Block	3132.23	3470.39	3586.16	3713.12	5746.99	5858.15
Less: Depreciation	412.22	768.76	1122.21	1438.94	1783.63	2034.84
Net Block	2720.01	2701.63	2463.95	2274.18	3963.36	3823.31
Capital Work in Progress	128.09	-	43.29	844.78	24.46	101.15
Total fixed assets (A)	2848.10	2701.63	2507.24	3118.96	3987.82	3924.46
B Investments (B)	-	-	-	62.48	990.63	990.63
C Current assets, loans and advances						
Inventories	95.28	235.20	318.33	322.81	465.80	575.99
Sundry debtors	244.74	353.09	439.68	644.01	333.57	579.76
Cash and bank balances	48.74	21.86	90.03	256.32	106.62	95.76
Loans and advances	246.79	528.98	1006.31	1455.18	1653.15	1968.48
Total (C)	635.55	1139.13	1854.35	2678.32	2559.14	3219.99
D Liabilities and provisions						
Secured loans	2269.67	2186.01	1974.10	2270.95	3082.03	3201.30
Deferred tax liability	92.05	103.16	108.26	53.55	55.86	63.09
Current liabilities	184.97	259.27	205.73	320.51	386.59	530.87
Provisions for Taxation / MAT	-	10.56	6.63	18.78	17.06	79.99
Provisions Others	4.36	-	-	373.13	398.79	54.31
Total (D)	2551.05	2559	2294.72	3036.92	3940.33	3929.56
E Net Worth (A+B+C-D)	932.60	1,281.76	2,066.87	2,822.84	3,597.26	4,205.52
F Represented by:						
1 Share Capital						
---Equity Share Capital	1444.45	1481.45	1650.00	1650.00	1650.00	1650.00
2 Share application money	-	5.00	-	-	-	-
3 Reserves and Surplus	-	-	497.66	1,236.07	1,992.94	2,596.63

4	Miscellaneous expenditure	115.90	98.34	80.79	63.23	45.68	41.11
5	Debit balance in Profit & Loss Account	395.95	106.35	-	-	-	-
	Net Worth (1+2+3-4-5)	932.60	1,281.76	2,066.87	2,822.84	3,597.26	4,205.52

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED (ON A
STANDALONE BASIS)

(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
Income :						
Sales of products manufactured	1890.58	3098.24	3780.44	4896.93	5274.20	3394.07
Other Income	5.12	7.31	9.55	10.34	7.41	26.23
Increase/ (Decrease) in stock	(65.93)	(27.58)	52.04	9.32	71.10	26.51
Total	1829.77	3077.97	3842.03	4916.59	5352.71	3446.81
Expenditure :						
Cost of Materials	374.42	641.00	823.60	1128.79	1300.88	849.64
Manufacturing & Operating Exps.	646.40	956.25	1207.45	1408.95	1487.17	985.17
Administration & Other Exps.	145.62	160.33	186.96	188.25	211.01	126.01
Selling & Distribution Exps.	202.04	289.63	315.21	511.87	529.66	407.06
Total	1368.48	2047.21	2533.22	3237.86	3528.72	2367.88
Profit/(loss) before interest, depreciation And Tax.	461.29	1030.76	1308.81	1678.73	1823.99	1078.93
Depreciation	412.23	356.53	353.46	316.72	344.69	251.21
Profit/(loss) before interest and tax	49.06	674.23	955.35	1362.01	1479.3	827.72
Interest	352.96	359.24	312.21	207.89	197.61	135.64
Profit/(loss) before tax	(303.90)	314.99	643.14	1154.12	1281.69	692.08
Provision for taxes on income :						
--Current tax	-	14.28	34.04	97.29	120.67	77.65
--Fringe benefit tax	-	-	-	-	6.75	3.50
--Deferred tax	92.05	11.11	5.09	(54.71)	2.31	7.24
Profit/(Loss) after tax as restated	(395.95)	289.60	604.01	1,111.54	1,151.96	603.69
Profit/ (loss) brought forward from previous year, as restated	-	(395.95)	(106.35)	497.66	1,236.07	1,992.94
Amount available for Appropriation Appropriations:	(395.95)	(106.35)	497.66	1,609.20	2,388.03	2,596.63

: Dividends including CDT	-	-	-	373.13	395.09	-
: General Reserve	-	-	-	85.76	123.71	-
Balance carried to Balance Sheet, as restated	(395.95)	(106.35)	497.66	1,150.31	1,869.23	2,596.63

GENERAL INFORMATION



BARAK VALLEY CEMENTS LIMITED

Our Company was incorporated as 'Barak Valley Cements Limited' on 28th April 1999, under the Companies Act, 1956 with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and received certificate for commencement of business as on 28th April 1999.

Registered Office: 265, Sreemanta Market Annexe, A.T. Road, Guwahati, Assam-781001

Tel No: (0361) 2637351 / 2600262, 0995470347; Fax No: (0361) 2591844

Corporate Office: '281, Deepali, Pitam Pura, New Delhi- 110034

Tel No: (011) 27033828, 27033829; Fax No: (011) 27033830

Website: www.barakcement.com; Email: ipo@barakcement.com

Contact Person: Mr. Sachin Agarwal, Company Secretary

Company Registration No: 02-05741

Our Company is registered with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong at: Morello Building, Ground Floor, Kachari Road, Shillong- 793001

Our Board of Directors

Name of Director	Designation	Nature of Directorship
Mr. Bijay Kumar Garodia	Chairman and Whole Time Director	Promoter and Executive Director
Mr. Prahlad Rai Chamaria	Director	Promoter and Non executive Director
Mr. Santosh Kumar Bajaj	Whole Time Director	Promoter Executive Director
Mr. Kamakhya Chamaria	Managing Director	Executive Director
Mr. Mahendra Kumar Agarwal	Director	Non executive Director
Mr. Sushil Kothari	Director (Finance)	Executive Director
Mr. Brahm Prakash Bakshi	Director	Non executive and Independent Director
Mr. Dhanpat Ram Agarwal	Director	Non executive and Independent Director
Mr. Vimal Jain	Director	Non executive and Independent Director
Mr. Usulumarthy Venkateshwara Rao	Director	Non executive and Independent Director
Mr. Ramesh Chandra Bajaj	Director	Non executive and Independent Director
Mr. Betterful Lanong	Nominee Director (IDBI)	Non executive, independent and Nominee Director (IDBI)

For detailed profile of our Directors, please refer to the section titled 'Our Management' on page [●] of this Draft Red Herring Prospectus.

Issue Management Team

Book Running Lead Manager

UTI Securities Limited

1st Floor, Dheeraj Arma,

Anant Kanekar Marg, Station Road,

Bandra (East), Mumbai – 400 051.

Tel No: (022) 6751 5812 / 5815

Fax No: (022) 6702 3194
Website: www.utisel.com
Email: barakvalley@utisel.com
Contact Person: Mr. V.S. Narayanan / Mr. Rajesh Ranjan

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel No: (022) 2596 0320
Fax No: (022) 2596 0329
Website: www.intimespectrum.com
Email: ipo_barak@intimespectrum.com
Contact Person: Mr. Vishwas Attawar

Statutory Auditors to our Company

M/s. Surender Harikishan & Co.
Chartered Accountants
A-2/78, Sector - 3
Rohini, Delhi – 110 085
Tel No: (011) 27518096
Fax No: (011) 27518096
Email: surenharikisan@rediffmail.com
Contact person: Mr. Surender Goel

M/s. Kumar Vijay Gupta & Co.
Chartered Accountants
408, New Delhi House
27, Barakhamba Road
Connaught Place
New Delhi – 110 001
Tel No: (011) 23314525
Fax No: (011) 23314526
Email: mareshgoel@vsnl.net
Contact person: Mr. Mahesh Goel

Legal Advisor to the Issue

J Sagar Associates
Advocates
84E, C-6 Lane (Off Central Avenue)
Sainik Farms, New Delhi – 110062
Tel : (011) 29552714 / 15 / 16
Fax : (011) 29552717 / 2952980
Email: lalit@jsalaw.com
Contact person: Mr. Lalit Kumar

Bankers to our Company
IDBI Bank
North-Eastern Zonal Office
G.S. Road
Guwahati - 781005
Tel : (0361) 2529520 / 21 / 22
Fax : (0361) 22529853, 2452136
Email: pk.pegu@idbi.co.in
Contact person: Mr. P K Pegu

Bankers to the Issue and Escrow Collection Banks

[•] The Bankers to the Issue and Escrow Collection Banks shall be finalized before filing the RHP with RoC.

Syndicate Member(s)

[•] The Syndicate member(s) other than the BRLMs shall be finalized before filing the RHP with RoC.

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Company Secretary and Compliance Officer

Mr. Sachin Agarwal
Barak Valley Cements Limited
281, Deepali
Pitam Pura
New Delhi- 110034
Tel No: (011) 27033828, 27033829
Fax No: (011) 27033830
Website: www.barakcement.com
Email: ipo@barakcement.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders etc.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Trustees

This being an issue of Equity Shares, appointment of trustees is not required.

Project Appraisal and Monitoring Agency

Please refer Section "Objects of the Issue" on page no. [•] of this Draft Red Herring Prospectus.

Details of the Monitoring Agency

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI Guidelines. The Audit Committee of our Board will monitor the use of the proceeds of the Issue.

Grading of Issue

We have not opted for grading of our securities and therefore no credit rating agency has graded the issue.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid / Issue Opening Date without assigning any reason therefore.

In the event of withdrawal of the Issue anytime after the Bid / Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members.

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

The process of book building, under SEBI DIP Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid / Issue Closing Date. Please refer to the section entitled "Terms of the Issue" on page [•] of this Draft Red Herring Prospectus for more details.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for bidding (see the section titled "Issue Procedure - Who Can Bid" on page [•] of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.

Bid/Issue Program

Bid/Issue opens on: _____	Bid/Issue closes on: _____
---------------------------	----------------------------

Bids and any revision in Bids shall be accepted only between 1000 hrs and 1500 hrs (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted only between 1000 hrs and 1300 hrs (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid / Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

The Price Band will be decided by us in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20%.

In case of revision in the Price Band, the Bidding / Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding / Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
UTI Securities Limited 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051. Tel: (022) 6751 5812 / 5815 Fax: (022) 6702 3194 Contact person: Mr. Rajesh Ranjan Email: barakvalley@utisel.com	[•]	[•]
[•]	[•]	[•]

[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

No. of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED CAPITAL 2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000	
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 1,65,00,000 Equity shares of Rs. 10/- each	16,50,00,000	
C. PRESENT ISSUE 56,60,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	5,66,00,000	[●]
D. RESERVATION FOR EMPLOYEES 1,13,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	11,30,000	[●]
E. NET ISSUE TO THE PUBLIC 55,47,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	5,54,70,000	[●]
F. PAID UP CAPITAL AFTER THE PRESENT ISSUE 2,21,60,000 Equity shares of Rs. 10/- each	22,16,00,000	[●]
G. SHARE PREMIUM ACCOUNT Before the issue After the issue	Nil [●]	

Notes to Capital Structure

1. Details of Increase in Authorized Capital

SR. NO.	PARTICULARS OF INCREASE	DATE OF MEETING	AGM/EGM
1.	RS. 5,00,00,000	INCORPORATION	-
2.	RS. 5,00,00,000 to RS. 7,50,00,000	12-08-1999	EGM
3.	RS. 7,50,00,000 to RS. 13,50,00,000	25-10-2000	EGM
4.	RS. 13,50,00,000 to RS. 18,00,00,000	11-02-2002	EGM
5.	RS. 18,00,00,000 to RS. 25,00,00,000	13-03-2006	EGM

2. Capital Build-up: Our existing Equity Share capital has been subscribed and allotted as under:

Date on which Equity Shares were allotted/ made fully paid-up	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of payment of consideration	Nature of Allotment	Cumulative Paid-up Capital (Rs.)	Share premium (In Rs.)	Cumulative Share Premium
28-04-99	7000	10	10	Cash	Subscribers to MOA and others	70000	NIL	NIL
10-09-99	1000000	10	10	Cash	Further allotment	10070000	NIL	NIL
15-09-99	2000000	10	10	Cash	Further allotment	30070000	NIL	NIL
31-12-99	3398500	10	10	Cash	Further allotment	64055000	NIL	NIL
31-01-00	1094500	10	10	Cash	Further allotment	75000000	NIL	NIL
31-10-00	2268000	10	10	Cash	Further allotment	97680000	NIL	NIL
15-12-00	1905000	10	10	Cash	Further allotment	116730000	NIL	NIL
03-02-01	850000	10	10	Cash	Further allotment	125230000	NIL	NIL
24-03-01	647000	10	10	Cash	Further allotment	131700000	NIL	NIL
30-03-02	1274500	10	10	Cash	Further allotment	144445000	NIL	NIL
17-01-03	150000	10	10	Cash	Further allotment	145945000	NIL	NIL
31-03-03	220000	10	10	Cash	Further allotment	148145000	NIL	NIL
15-12-03	990000	10	10	Cash	Further allotment	158045000	NIL	NIL
07-01-04	695500	10	10	Cash	Further allotment	165000000	NIL	NIL
Total	16500000	10						

3. Shares issued for consideration other than cash

We have never issued any shares for consideration, other than cash.

4. **Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in the Draft Red Herring Prospectus as Promoters in the paragraph on "Promoters and their Background" is as under:

Capital built up of the promoters is detailed below:

Sr. No	Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital
1.	Mr. Prahlad Rai Chamaria	28.04.1999	Cash	1000	10	10	
		15.09.1999	Cash	1000000	10	10	
		31.12.1999	Cash	300	10	10	
		10.02.2000	Transfer*	207500	10	10	
		31.10.2000	Cash	756000	10	10	
		24.03.2001	Cash	20000	10	10	
		Total (A)		1984800			8.96%
2.	Mr. Bijay Kumar Garodia	28.04.1999	Cash	1000	10	10	
		15.09.1999	Cash	1000000	10	10	
		31.12.1999	Cash	5000	10	10	
		31.01.2000	Cash	40000	10	10	
		10.02.2000	Transfer*	207000	10	10	
		31.10.2000	Cash	756000	10	10	
		14.02.2006	Transfer	(11500)	10	10	
		28.04.2006	Transfer	165000	10	10	
		Total (B)		2162500			9.76%
3.	Mr. Santosh Kumar Bajaj	28.04.1999	Cash	1000	10	10	
		10.09.1999	Cash	1000000	10	10	
		31.12.1999	Cash	45000	10	10	
		31.01.2000	Cash	60000	10	10	
		10.02.2000	Transfer*	207500	10	10	
		31.10.2000	Cash	756000	10	10	
		24.03.2001	Cash	10500	10	10	
		30.03.2002	Cash	74500	10	10	
		31.03.2003	Transfer	(70000)	10	10	
		Total (C)		2084500			9.41%
	Grand Total (A+B+C)			6231800			28.12%

* On 5th February 2000, Our Company and Promoters had signed an MOU with Lafarge India Holding Limited with a view to enter into a Joint Venture for setting up a Cement Factory in Assam. As per this MOU, Lafarge India Holding Limited was to acquire 70% of equity shares of Our Company in distinct phases. In the initial stage, physical share certificates representing 2.07 lacs shares from each of the promoter aggregating 6.22 Lac shares were delivered to Lafarge against a consideration of Rs.62.20 Lacs. However, the Joint Venture did not materialize. Under the terms of the MOU, the Promoters undertook to purchase the shares from Lafarge. However, till date the aforesaid share certificates remain with Lafarge though their ownership as per our records continues to be in the names of the Promoters. The Promoters are in the process of obtaining these share certificates from Lafarge.

- a. The following shares of the promoters (eligible for lock-in) shall be locked-in for a period of 3 years from the date of allotment in the public issue:

As per clause 4.1.1 of the SEBI DIP guidelines, the promoters, Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj will ensure at least 20% of the post issue capital is held by them. The below mentioned shares (eligible for lock-in), held by them shall be locked in on LIFO basis (i.e. shares which have been issued last shall be locked-in first) for a period of 3 years from the date of allotment.

Sr. No	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Consideration (Cash, Bonus, Kind)	No. of Equity Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital	Lock in period
1.	Mr. Prahlad Rai Chamaria	15.09.1999	Cash	636000	10	10		
		31.10.2000	Cash	756000	10	10		
		24.03.2001	Cash	20000	10	10		
		Total		1412000				3 Yrs
2.	Mr. Bijay Kumar Garodia	15.09.1999	Cash	750500	10	10		
		31.12.1999	Cash	5000	10	10		
		31.01.2000	Cash	40000	10	10		
		31.10.2000	Cash	744500	10	10		
		Total		1540000				3 Yrs
3.	Mr. Santosh Kumar Bajaj	10.09.1999	Cash	604000	10	10		
		31.12.1999	Cash	45000	10	10		
		31.01.2000	Cash	60000	10	10		
		31.10.2000	Cash	756000	10	10		
		24.03.2001	Cash	10500	10	10		
		30.03.2002	Cash	4500	10	10		
		Total		1480000				3 Yrs

Note: For the purpose of computation of lock-in, physical share certificates representing 2.07 lacs shares from each of the promoter aggregating 6.22 Lac shares which were delivered to Lafarge India Holding Limited have not been considered.

Post Issue number of Equity Shares 2,21,60,000

20% of the post issue number of Equity Shares 44,32,000

Contributed by:

1. Mr. Prahlad Rai Chamaria 14,12,000
2. Mr. Bijay Kumar Garodia 15,40,000
3. Mr. Santosh Kumar Bajaj 14,80,000

The lock-in period shall commence from the date of allotment of Equity Shares in the public issue.

Note: All the equity shares, which are being locked in for three years, are not ineligible for computation of promoters' contribution and lock in as per SEBI (DIP) Guidelines

b. Other than the above lock-in shares, the entire pre-issue capital of our Company comprising of 1,20,68,000 shares constituting 73.14% of pre-issue capital shall be locked in for a period of 1 year from the date of allotment of Equity Shares in the public issue as given below

S.no	Name of Share holder	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue Capital
1	Mr. Prahlad Rai Chamaria	5728000	572800	10	10	2.58
2	Mr. Bijay Kumar Garodia	6225000	622500	10	10	2.81
3	Mr. Santosh Kumar Bajaj	6045000	604500	10	10	2.73
4	Arnika Todi	100000	10000	10	10	0.05
5	Baby Softy Garodia	300000	30000	10	10	0.14
6	Mahendra Kumar Agarwal	18325000	1832500	10	10	8.27
7	Harsh Garodia	600000	60000	10	10	0.27
8	Manju Goel	1490000	149000	10	10	0.67
9	Nathmal Todi	1200000	120000	10	10	0.54
10	Priyam Goyal	600000	60000	10	10	0.27
11	Rohit Todi	850000	85000	10	10	0.38
12	Rashmi Garodia	510000	51000	10	10	0.23
13	Rishav Goyal	700000	70000	10	10	0.32
14	S.K. Garodia & Sons	630000	63000	10	10	0.28
15	S.K. Goel & Sons	610000	61000	10	10	0.28
16	Sandeep Garodia	1260000	126000	10	10	0.57
17	Sudha Todi	650000	65000	10	10	0.29
18	Sushil Kumar Goel	1550000	155000	10	10	0.70
19	Kiran Agarwal	3400000	340000	10	10	1.53
20	Nishant Garodia	100000	10000	10	10	0.05
21	N.M. Todi & Sons	500000	50000	10	10	0.23
22	Amit Agarwal	1914000	191400	10	10	0.86
23	Amritansh Chamaria	2432000	243200	10	10	1.10

24	G.S. Chamaria & Sons	1000000	100000	10	10	0.45
25	Gauri Shankar Kailash Pd.	2345000	234500	10	10	1.06
26	Gayatri Devi Chamaria	2479000	247900	10	10	1.12
27	Hardeo Das Kamakhya Pd.	2890000	289000	10	10	1.30
28	Kamakhya Chamaria	3400000	340000	10	10	1.53
29	Komal Chamaria	200000	20000	10	10	0.09
30	Laxmi Chamaria	2917000	291700	10	10	1.32
31	Prahlad Rai Vinay Kumar	390000	39000	10	10	0.18
32	Rahul Chamaria	1490000	149000	10	10	0.67
33	Rajendra Chamaria	2770000	277000	10	10	1.25
34	Rajendra Udyog	2590000	259000	10	10	1.17
35	Ratna Chamaria	2400000	240000	10	10	1.08
36	Renu Chamaria	2122000	212200	10	10	0.96
37	Sachin Chamaria	893000	89300	10	10	0.40
38	Sarika Chamaria	15000	1500	10	10	0.01
39	Snigdha Chamaria	106000	10600	10	10	0.05
40	Tanuj Chamaria	299000	29900	10	10	0.13
41	Kailash Prasad Chamaria	2500000	250000	10	10	1.13
42	Aristo Building Material Pvt. Ltd.	1000000	100000	10	10	0.45
43	Aruna Devi Bajaj	1690000	169000	10	10	0.76
44	Ashish Bajaj	1415000	141500	10	10	0.64
45	Bhagwati Devi Bajaj	900000	90000	10	10	0.41
46	Bijay Kumar Bajaj	150000	15000	10	10	0.07
47	Debashish Bajaj	4050000	405000	10	10	1.83
48	Ila Das	2135000	213500	10	10	0.96

49	Manish Bajaj	1950000	195000	10	10	0.88
50	Nikhil Bajaj	2400000	240000	10	10	1.08
51	Purshottam Lal Bajaj	560000	56000	10	10	0.25
52	Purshottam Lal Bajaj HUF	965000	96500	10	10	0.44
53	Ramendra Kumar Choudhary	500000	50000	10	10	0.23
54	Rashmi Bajaj	390000	39000	10	10	0.18
55	S.K. Bajaj & others (HUF)	640000	64000	10	10	0.29
56	Sushil Kumar Bajaj	5935000	593500	10	10	2.67
57	Sushil Kumar Bajaj (HUF)	125000	12500	10	10	0.06
58	Om North East Agency Pvt. Ltd.	9350000	935000	10	10	4.21
	Total	120680000	12068000			54.46

5. The specific written consent has been obtained from the promoters for inclusion of such number of their existing shares to ensure minimum Promoters' contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital.
6. For the purpose of calculating Promoters' contribution, the same has been brought in the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
7. The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
8. The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter / Promoter Group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions, provided pledge of securities is one of the conditions for the grant of loan.

9. The details of sale/ purchase/ financing of shares by Promoters/Directors/Promoters' Group:

The Promoters/Directors/Promoters' Group have not purchased and/or sold/financed any securities of our Company during the past 6 months except as listed below:

Sr. No.	Name	Date of Transaction	Buy / Sell	Number of Shares	Face Value per Share (In Rs.)	Price per Share (In Rs.)
a)	Mrs. Rekha Shah	05-10-2006	Sell	18,000	10/-	10/-

10. Shareholding Pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post-Issue*	
	No. of Shares	% holding and corresponding voting rights	No. of Shares	% holding and corresponding voting rights
Promoters	6231800	37.77	6231800	28.12
Promoter Group	5003000	30.32	5003000	22.58
Employees	-	-	113000	0.51
Others	5265200	31.91	5265200	23.76
Public	-	-	5547000	25.03
Total	16500000	100.00	22160000	100.00

* The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post Issue Shareholding pattern will be determined after the Book-Building Process.

11. Particulars of top 10 shareholders:

a. On the date of filing of DRHP with SEBI (will be updated before filing with RoC)

Sr. No	Name of shareholder	No. of Shares
1.	Bijay Kumar Garodia	2162500
2.	Santosh Kumar Bajaj	2084500
3.	P R Chamaria	1984800
4.	Mahendra Kumar Agarwal	1832500
5.	Om North East Agency Pvt Ltd	935000
6.	Sushil Kumar Bajaj	593500
7.	Debashish Bajaj	405000
8.	Kamakhya Chamaria	340000
9.	Kiran Agarwal	340000
10.	Laxmi Chamaria	291700

b. 10 days prior and as on the date of filing this Draft Red Herring Prospectus with SEBI (will be updated before filing with RoC)

Sr. No	Name of shareholder	No. of Shares
1.	Bijay Kumar Garodia	2162500
2.	Santosh Kumar Bajaj	2084500
3.	P R Chamaria	1984800
4.	Mahendra Kumar Agarwal	1832500

5.	Om North East Agency Pvt Ltd	935000
6.	Sushil Kumar Bajaj	593500
7.	Debashish Bajaj	405000
8.	Kamakhya Chamaria	340000
9.	Kiran Agarwal	340000
10.	Laxmi Chamaria	291700

- c. 2 years prior to the date of filing this Draft Red Herring Prospectus with SEBI (will be updated before filing with RoC)

Sr. No	Name of shareholder	No. of Shares
1	Santosh Kumar Bajaj	2084500
2	Bijay Kumar Garodia	2009000
3	P R Chamaria	1984800
4	Balaji Udyog Ltd	856050
5	Sushil Kumar Bajaj	513500
6	Nefa Udyog Co Ltd	373400
7	Karbi Trade & Ind.P.Ltd	360000
8	Peacock Overseas (P) Ltd	349600
9	M/s Adarsh Agrotech Pvt.Ltd	244200
10	Ratna Chamaria	240000
	Total	9015050

12. Shareholding Pattern of Promoter and Promoter Group:

S.no	Particular	Before the Issue		After the Issue	
		No. of Equity Shares	% of Pre-Paid Capital	No. of Equity Shares	% of Post Issue Capital
	Promoter				
1	Prahlad Rai Chamaria	1984800	12.03	1984800	8.96
2	Bijay Kumar Garodia	2162500	13.11	2162500	9.76
3	Santosh Kumar Bajaj	2084500	12.63	2084500	9.41
	Sub Total (a)	6231800	37.77	6231800	28.12
	Promoter Group				
1	Ratna Chamaria	240000	1.45	240000	1.08
2	K P Chamaria	250000	1.52	250000	1.13
3	Rajendra Chamaria	277000	1.68	277000	1.25
4	Kamakhya Chamaria	340000	2.06	340000	1.53
5	Sarika Jalan	1500	0.01	1500	0.01
6	G S Chamaria & Sons (HUF)	100000	0.61	100000	0.45
7	Prahlad Rai Vinay Kumar (HUF)	39000	0.24	39000	0.18
8	Gauri Shankar Kailash Pd.(HUF)	234500	1.42	234500	1.06
9	Hardev Das Kamakhya Prasad (HUF)	289000	1.75	289000	1.30
10	Rajindra Udyog (HUF)	259000	1.57	259000	1.17

11	Rashmi Bajaj	39000	0.24	39000	0.18
12	Bhagwati Devi Bajaj	90000	0.55	90000	0.41
13	Purushottam Lal Bajaj	56000	0.34	56000	0.25
14	Sushil Kumar Bajaj	593500	3.60	593500	2.68
15	Manish Bajaj	195000	1.18	195000	0.88
16	Debashish Bajaj	90000	0.55	90000	0.41
17	Ashish Bajaj	141500	0.86	141500	0.64
18	Om Northeast Agencies Private Limited	935000	5.67	935000	4.22
19	Aristo Building Materials Private Limited	100000	0.61	100000	0.45
20	Purshottam Lal Bajaj (HUF)	96500	0.58	96500	0.44
21	Sushil Kumar Bajaj (HUF)	12500	0.08	12500	0.06
22	Santosh Kumar Bajaj & Others (HUF)	64000	0.39	64000	0.29
23	Kiran Agarwal	340000	2.06	340000	1.53
24	Nishant Garodia	10000	0.06	10000	0.05
25	Manju Goel	149000	0.90	149000	0.67
26	S K Goel & Sons (HUF)	61000	0.37	61000	0.28
	Sub Total (b)	5003000	30.32	5003000	22.58
	Total (a+b)	11234800	68.09	11234800	50.70

13. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
14. Details of capitalization of reserves by our Company in the past

Our Company has not capitalized any of its free reserves from the date of its inception.
15. Our Company, our Promoters, Directors and the Book Running Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
16. Our Company has not raised any bridge loan against the proceeds of this Issue.
17. A bidder cannot make a bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
18. An over-subscription to the extent of 10% of the Net Issue to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum application size in this issue.
19. Only Eligible Employees of our Company (including working Directors) who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employees Reservation Portion on competitive basis. Bid /

Application by Eligible Employees can also be made in the “Net Issue to the Public” and such Bids shall not be treated as multiple Bids.

20. Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.
21. In case of over-subscription in all categories, up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
22. Except as disclosed in this Draft Red Herring Prospectus, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.
23. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
24. At any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure norms as specified by SEBI from time to time.
25. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The Promoters may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/Financial Institutions, provided the pledge of shares is one of the terms of sanction of loan. The shares locked in by the Promoters are pledged as follows:

S.no	Date of Agreement	Name of Promoters	No. of shares pledged	Name of Pledgor	Remark
1.	13 th September 1999	Mr. Santosh Kumar Bajaj	10,00,000	IDBI	Shares pledged against Term Loan of Rs.1200 Lacs for setting up Cement Plant
2.	15 th September 1999	Mr. Bijay Kumar Garodia	10,00,000	IDBI	Shares pledged against Term Loan of Rs.1200 Lacs for setting up Cement Plant
3	15 th September 1999	Mr. Prahlad Rai Chamaria	10,00,000	IDBI	Shares pledged against Term Loan of Rs.1200 Lacs for setting up Cement Plant

4	10 th November 2000	Mr. Santosh Kumar Bajaj	17,56,000*	IDBI	Shares pledged against Term Loan of Rs. 300 Lacs for setting up Cement Plant
5	7 th November 2000	Mr. Bijay Kumar Garodia	17,56,000*	IDBI	Shares pledged against Term Loan of Rs. 300 Lacs for setting up Cement Plant
6	6 th November 2000	Mr. Prahlad Rai Chamaria	17,56,000*	IDBI	Shares pledged against Term Loan of Rs. 300 Lacs for setting up Cement Plant

*These shares include 10,00,000 shares pledged against Term Loan of Rs. 1200 Lacs for setting up of Cement Plant.

26. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares. The securities offered through this public issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of securities, if not made fully paid-up, in the manner specified in clause 8.6.2 of the SEBI DIP guidelines.
27. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
28. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this Issue.
29. We have not revalued our assets since inception.
30. The securities which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.
31. Our Company has 58 members as on the date of filing this Draft Red Herring Prospectus.

SECTION V - OBJECTS OF THE ISSUE

The issue is being made to raise the funds for the following purposes:

1. To expand clinkerisation capacity of our company from present 420 TPD to 550 TPD and Cement Grinding Capacity from 460 TPD to 600 TPD;
2. Investment in subsidiary companies
 - a. For setting up a biomass based power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited;
 - b. For installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam;
 - c. For installing a Limestone Crushing and galvanized plant at Lumshnong, Meghalaya by our wholly owned subsidiary Meghalaya Minerals & Mines Limited;
3. To meet working capital requirement;
4. General corporate purpose;
5. To meet the expenses of the public issue;
6. To list the shares offered through this issue on BSE and NSE

The objects clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Public Issue.

Cost of Project and Means of Finance

The cost of the project and means of finance as estimated by our management are given below:

Cost of Project

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Expansion project at our company	1015.44
2	Investment in its subsidiary companies	
a	Setting up a biomass based captive power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited	1025.65
b	Installing a Limestone Crushing and galvanized plant at Lumshnong, Meghalaya by our wholly owned subsidiary Meghalaya Minerals & Mines Limited	416.55
c	Installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam	843.75
	Sub Total	3301.39
3	Working capital requirement	[•]
4	General Corporate Purpose	[•]
5	Public Issue Expenses	[•]
	Total	[•]

Means of Finance

(Rs. In Lacs)	
Particulars	Amount
Proceeds from Initial Public Offer	[•]

Term Loan from IDBI Bank#	400.00
Internal Accruals	[•]
Total	[•]

[•] – The relevant figure will be updated on finalization of the issue price.

#This term loan is for the proposed expansion of clinkerisation capacity of our Company from present 420 TPD to 550 TPD and Cement Grinding Capacity from 460 TPD to 600 TPD

It is hereby confirmed that firm arrangements have been made for the stated means of finance, excluding the amount proposed to be raised by way of this public issue details of which are stated as under:

Details of the Bank Loan agreements for the Projects

Sl. No.	Name of Bank	Date	Amount (Rs. in Lacs)	Project
1	Industrial Development Bank of India Limited	October 14, 2006	400	Expansion project at our company

The company has already availed Rs. 100 Lacs out of the above mentioned term loan.

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process. Any shortfall in the cost of the project would be met out of internal accruals and /or debt.

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and /or utilizing internal accruals.

Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction / development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in the other areas and/or our Company's internal accrual, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions.

Project Appraisal

A. Expansion of present capacity of our company to 550 TPD of clinker and 600 TPD of cement (OPC & PPC)

The expansion of clinkerisation capacity of our company from present 420 TPD to 550 TPD and Cement Grinding Capacity from 460 TPD to 600 TPD has been appraised by IDBI Limited, G. S. Road, Guwahati for sanctioning term loan in tune of Rs. 400 Lacs in August, 2006.

Scope and Purpose of Appraisal:

The appraisal had been carried out to sanction rupee term loan for expansion scheme and enhancing working capital limit.

Cost of project and Means of finance as per the appraisal report

The cost of the project as per appraisal report is estimated at Rs. 921 lacs and is proposed to be financed by internal accrual of Rs. 521 lacs and term loan of Rs. 400 lacs from IDBI.

B. Setting up a biomass based captive power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited:

Setting up a biomass based captive power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited has been appraised in November, 2005 by North Eastern Development Finance Corporation Ltd (NEDFI).

Scope & Purpose of Appraisal:

The appraisal had been carried out to sanction rupee term loan for captive power project at Badarpurghat, Assam by Badarpur Energy Private Limited.

Cost of project and Means of finance as per the appraisal report

The cost of the project as per appraisal report is estimated at Rs. 2100 lacs and is proposed to be financed by promoter's contribution of Rs. 700 lacs and term loan of Rs. 1400 lacs from IDBI.

C. Installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam

Installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam has been appraised by IDBI Limited, G. S. Road, Guwahati for sanctioning term loan in tune of Rs. 500 Lacs in June, 2006.

Scope and Purpose of Appraisal:

The appraisal had been carried out to sanction rupee term loan for installation of a Cement Grinding Unit by Cement International Limited.

Cost of project and Means of finance as per the appraisal report

The cost of the project as per appraisal report is estimated at Rs.780 lacs and is proposed to be financed by Equity from BVCL of Rs. 280 lacs and term loan of Rs. 500 lacs from IDBI.

Disclaimer Clause inserted by IDBI in the appraisal note for sanction of financial assistance to BVCL and CIL

The appraisal note has been prepared for internal and confidential use of IDBI in respect of financial assistance sanctioned to the company. The appraisal note has been prepared based on information made available to IDBI by the company/promoters, technical consultants, publicly available sources and internal sources/information available with IDBI. The appraisal note is being furnished to the company at its request.

IDBI accepts no responsibility with respect to the accuracy, completeness or reasonableness of the facts, opinions, estimate, forecasts, projections or other information set forth in this appraisal note or the underlying assumptions on which they are based or the accuracy of any computer models used and nothing contained herein is, or shall be relied upon as a promise or representation regarding historic or current position or performance of the company or any future events or performance of the company.

Weakness and threats given in appraisal report

Weakness:

The cement plant is dependent on power and power tariff plays a critical factor in the viability of the plant. With the proposed power plant, the company will not be dependent on the power supply from ASEB.

Threats:

The Industry may suffer due to any deterioration in the law and order situation in the North East in general. The existing unit is having peaceful operation from last 3 years and law and order situation in the North East has improved.

About the Projects

1. Expansion of present capacity of our company to 550 TPD of clinker and 600 TPD of cement (OPC & PPC)

Encouraged by the good demand for our products in North Eastern Region and with a view to get maximum benefit from the existing plant, our Company intends to increase its present capacity to 550 TPD of clinker and 600 TPD of Cement. Our Company has appointed Hallmark Technical Services Private Limited, a technical consultancy firm based at Pune with experience in cement industry to provide consultancy in this respect. The scheme envisages modification of the raw mill, installation of new raw mill with capacity of 9 TPH, extension and optimization of blending silo, installation of new silo with storage of 1000 tones, modification of kiln feed system, modification and strengthening of cooler, modification of clinker feed system, provision of additional clinker storage, upgradation of the fly ash handling system, installation of pre grinder, etc.

The detailed cost wise break up is as under:

Sr. No.	Description	Amount (Rs. in Lacs)	
		As per our estimate	As per appraisal report
1	Site Development	30.00	25.00
2	Building & Civil Work	101.09	65.00
3	Plant & Machinery	776.58	644.00
4	Other Miscellaneous Expenses	70.89	105.00
5	Contingency	36.88	82.00
	Total	1015.44	921.00

Revisions in the Project Cost after the Appraisal Reports:

The revision in the project cost has been necessitated due to the time lag between the appraisal and the receipt of quotations from the vendors. In addition to the aforesaid factor, there are some other specific factors leading to increase in project cost. These factors include increase in cost of building and civil work on account of inclusion of foundation cost which was earlier included in cost of plant & machinery. Further the increase in cost of plant & machinery on account of additional DG Sets and pollution control equipment acquired which were excluded in appraisal report.

Site Development

The site development cost for the entire land estimated by M/s S. L. Tusnial (Civil Contractor & Material Supplier) would be around Rs. 30.00 lacs the detailed break-up of which is as under:

Sr. No	Particulars	Volume (Cu.M)	Amount (Rs. in Lacs)
	Site Development		
a.	Cost of cutting of hard rock by using excavator, jack hammers & dozers etc. including framing, leveling, removing excess earth by side of the yard and leveling the Hillock to required height etc.@ 140 per cubic meter	12000	16.80
b.	Cost of cutting of soft rock by dozer including framing, consolidating & leveling of earth, removing excess soil form site etc. @70/- per cubic meter.	6000	4.20
c.	Loading of soil/ rock into trucks by excavator cum loader & transportation up to lead of 2 Km by engaging tippers / trucks to location @ 50/- per Cubic meter.	18000	9.00
	Total		30.00

Building and Civil work

Cost of construction of building and civil works as per the estimate dated 25.09.2006 from civil engineer Gouri Pada Chakroborty is Rs. 101.09 lacs the detailed breakup of which is as under:

Sr. No	Particulars	Amount (Rs. in Lacs)
1	Main Factory Building	
	Optimization of blending silo & extraction system	5.31
	Optimization of kiln feed feeding system	2.82
	Heat Exchanger	5.96
	Pre heater building Strengthening	1.05
	Modification of cooler	22.56
	Clinker crushing & feeding	6.28
	Flash feeding system	12.98
	Calcined Clay Bhatta	7.26
	Shed over kiln/Spread Over	17.37
	Laboratory Bid	14.15
	Sub-total (A)	95.74
2	Auxilliary Services	
	Cable tunnel/ Trenches	3.74

	Conveyor Galleries / Trestles	0.85
	Compressed air / water pipelines	0.76
	Sub-total (B)	5.35
	Total (A+B)	101.09

Plant & Machinery

Cost of plant and machinery includes impact of taxes and duties. Freight, initial spares, installation and commissioning charges have been considered @ 20% of cost of machinery and is based on the cost figures available from orders placed for similar items in the recent past.

All the plant and machinery would be procured indigenously the details of which is as follows:

a) Details of Plant and machinery received

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Invoice Date	Invoice Number	Amount (Rs. In Lacs)
1	Spares for Cooler	SVS Hydraulics	Various	05.10.06	20	14.5
2	Design, Engineering & Supply of Preheater Vent Fan along with Inlet Butterfly Damper	Reitz India Limited	2	25.09.06	1146	2.87
3	Tip Casting	Martoparl Alloys Pvt. Ltd.,	16	27.07.06	329/06-07	1.85
4	1250 KVA DG Set	Cummins Diesel Sales & Service (I) Ltd.	1	14.09.06	613244	32.4
5	Extension and optimization of blending silo (Part)	Nexco Technologies India Limited	1	13.5.06	80	5.44
6	Workshop Equipment	Sher-E-Punjab Engineering works	1	08.07.06	01/017	3.56
7	Pollution Control Equipment	Pioneer Electrical Works	2	7.09.06	PEW / 63/06-07	4.46
8	Cement mill modification(Part)	Areva T&D India Limited	1	28.06.06	317500317	13.64
9	1000 KVA DG Set	Various	Various	Various	Various	9.49
			Sub Total			88.21
	Add: Freight, initial spares, installation & commissioning					17.64
			Total			105.85

b) Details of plant and machinery for which orders have been placed but not yet delivered.

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Purchase Order Number	Date of Placement of Orders	Amount (Rs. In Lacs)
1	Shell Liner Plates	Multimelt Steels Pvt. Ltd.	1	BVCL/PO/004/06-07/DEL	05.04.06.	12.59
2	315KW, 6 Pole, TEFC-SR, IMB-3, KSE450LA motor suitable for PH Fan	Areva T & D India Limited	1	BVCL/PO/016/06-07/DEL	12.05.06.	9.31
6	Cooler ID Fan	Reitz India Limited	1	BVCL/PO/RIL/051/06-07/DEL	24.08.06.	7.26
8	Extraction System	Enexco Teknologies India Ltd.	1	BVCL/PO/ETIL/056/06-07/DEL	15.09.06.	20.20
					Sub Total	49.37
Add: Freight, initial spares, installation & commissioning						9.87
Total						59.24

c) Details of Plant and Machinery for which orders have not been placed: As per the estimate made by our consultant Hallmark Technical Services Private Limited dated November 14, 2006 following Plant & Machinery is yet to be ordered by the company:

Sr. No.	Machine Details	Qty (Nos.)	Estimated Amount (Rs. In Lacs)
1	Screening System /conversion of mill/extension of drying chamber of Raw mill	various	27.82
2	Extension and optimization of blending silo	various	24.80
3	Screw Conveyor with variable frequency drive	various	21.78
4	Modification of preheater fan	various	54.44
5	Kiln inlet Modification	various	18.15
6	Kiln strengthening	various	.47
7	Striping of Coal Mill	various	3.63
8	Crushing unit conveying system of cooler /strengthening of cooler	various	89.52

9	Clinker transporting system	various	81.05
10	Fly Ash handling system	various	70.16
11	Cement mill modification	various	58.94
12	Electrical equipments	various	50.81
		Sub Total	509.57
	Add: Freight, initial spares, installation & commissioning		101.91
		Total	611.49

We do not intend to purchase any second hand machinery for this project.

Other Miscellaneous Expenses

Other miscellaneous expenses required for this project includes Engineering/technical know how fees payable to our consultant Hallmark Technical Services Private Limited and certain electrical equipments to be installed in the plant at a total cost of Rs.70.89 lacs. The detailed break up of miscellaneous expenses is as follows:

Sr. No.	Description	Amount (Rs. in Lacs)
A	Detailed Engineering Fees	15.00
B	Electrical equipments for the following:	
1	Raw mill capacity increasing	3.00
2	Up gradation the extraction system	2.00
3	Kiln feed optimization cabling	5.00
4	Retrofitting of preheater fan with modification	9.00
5	Strengthening of kiln	2.00
6	Cooler modification, electrical installation & motor	5.00
7	Clinker crushing and feeding system	6.00
8	Flash feeding & drying system	3.00
9	Augmentation of instrumentation	7.00
	Sub Total	42.00
	Excise duty @ 16.32%	6.85
	Sates tax @ 4%	1.95
	Sub Total	50.81
	Freight, handling, insurance and Installation	5.08
	Total	70.89

Contingency

Our management does not expect any material change in the cost of project as detailed above. In the event of any cost overruns due to any adverse change in asset prices for which agreements have not yet been entered, time variation, unexpected price rise due to factors beyond our control, we have made a contingency provision in tune of Rs. 36.88 lacs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

Sr. No.	Description	Amount (Rs. in Lacs)
1	Site Development	30.00
2	Building & Civil Work	101.09
3	Plant & Machinery	755.56
4	Other Miscellaneous Expenses	70.89
	Sub Total	957.54
	Less: Funds Deployed	219.94
	Total (A)	737.60
	Provision (5% of A)	36.88

2. Investment in its subsidiary companies

a. Biomass based Power Plant by Badarpur Energy Private Limited at Badarpurghat, Assam

Our Company proposes to invest Rs. 1025.65 lacs of the Net Proceeds in its subsidiary, Badarpur Energy Private Limited, by way of subscription to the Equity share capital of Badarpur Energy Private Limited, for setting up a biomass based Power Plant near our work site, at Badarpurghat. The plant is designed for power generation of 6 MW. This unit will be using husk, major by-product of rice industry as a fuel for generating power and average cost of power is estimated about Rs 2.20* per unit. A Memorandum of understanding has already been signed between our Company & BEPL in connection with the transmission of power. Power generated in the plant will be transmitted through a dedicated transmission line to our operating plant and one of our subsidiary's plant Cement International Limited at rate of Rs 3.75 per unit as against ASEB cost of Rs.3.75 per unit and DG sets cost of Rs. 9 per unit. The project has been appraised by NEDFI. The total project cost as per appraisal report is Rs. 2100 Lacs and revised cost of project is Rs.2368.07 Lacs. BEPL has engaged M/s Prithvi Energy Private Limited, as their technical consultants for setting up the proposed power plant

Other Advantages:

- The proposed project will help our Company to meet the problems faced on account of maximum demand limitation, frequent power cuts, variations in voltage etc.
- Our access to quality power at cheaper rates would also put our company at an advantageous position vis-à-vis other contenders.
- Locational Advantages: The project is located on national highway connecting Guwahati and Silchar due to which it has following locational advantages:
 - Ø Well-developed paddy growing area will provide rice straw /husk which can support 6 MW power generation capacity.
 - Ø Railway station is 2.5 Km away. Hence rail transport can be used for transport of Rice Husk.
 - Ø River Barak, 1.5 Kms from the project site will act as source of water throughout the year.

Our Company is not assured of any dividends pursuant to such investment in equity shares of Badarpur Energy Private Limited.

The detailed cost wise break up is as under:

Sr. No.	Description	Amount (Rs. In Lacs)	
		As per our estimate	As per appraisal report
1	Land & Site Development	203.18	151.00
2	Building and Civil Work	367.84	339.21

3	Plant and Machinery	1566.28	1351.51
4	Engineering & Consultancy fees	38.33	-
5	Preliminary and pre operative expenses	134.15	159.00
6	Provisions for contingency	58.29	41.70
7	Margin money for working capital	57.58	57.58
	Total	2425.65	2100.00
	Less: Term Loan sanctioned by IDBI Bank	1400.00	
	Funds to be financed through Equity	1025.65	

Revisions in the Project Cost after the Appraisal Reports:

The revision in the project cost has been necessitated due to the time lag between the appraisal and the receipt of quotations from the vendors. The increase has been mostly in cost of Boiler package, fuel and ash handling equipments and plant electricals. Further, there were certain equipments which were not envisaged earlier such as chippers and drag chain.

- b. For installing a Limestone Crushing and galvanized plant at Lumshnong, Meghalaya by our wholly owned subsidiary Meghalaya Minerals & Mines Limited;

Meghalaya Minerals & Mines Limited, our wholly owned subsidiary is proposing to establish a project for the crushing, segregation and homogenization of Lime Stone at Lumshnong, Distt. Jaintia Hills, Meghalaya. The Project envisages to produce 4,80,000 MT of Crushed Lime Stone per annum by installing one 200 TPH Impact Crusher and other allied plant & machineries. For this abovementioned project our company proposes to invest Rs.416.55 lacs of the Net Proceeds of this public issue in Meghalaya minerals & mines Limited, by way of subscription to their Equity share capital.

We are procuring our entire requirement of limestone from Mines held by Meghalaya minerals & mines Limited. The crushing unit at our company breaks and reduces the size of limestone boulder from 300 m/m to 75 m/m, and thereafter it is further reduced to 15 m/m through close circuit secondary crushing unit. Pieces above the size of 300 m/m are hand broken at Meghalaya Minerals & Mines Limited which is costly and time consuming process. The proposed crushing unit at MMML will take care of this problem. Further, we are also expanding our capacity from 460 TPD to 600 TPD of cement and we will be requiring 800 TPD of crushed limestone. This unit we will be ensuring our future raw material requirement. This unit will enjoy several Central/State Government incentives and exemptions. For details please refer to section "Our Business" on Page [●] of this Draft Red Herring Prospectus.

Our Company is not assured of any dividends pursuant to such investment in equity shares of Meghalaya Minerals and Mines Limited.

The detailed cost wise break up is as under:

Sr. No.	Description	Amount (Rs. in Lacs)
1	Site Development	19.50
2	Building & Civil Works	82.29
3	Plant & Machinery	227.45
4	Technical Know How fees	5.00
5	Miscellaneous fixed assets	25.00

6	Preliminary & Pre operative expenses	43.00
7	Provision for contingency	14.31
	Total	416.55

- c. For installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam;
In order to take the advantage of the increasing demand for cement in the region and capitalize on the strong brand image of our product 'Valley Strong Cement" our wholly owned subsidiary, Cement International Limited, is setting up a cement grinding unit (the final stage in cement manufacturing process) with an installed capacity of 300 TPD at JhumBasti, Badarpur Ghat, Dist. Karimganj, Assam. The entire production of Cement International Limited will be marketed under the same brand and same dealership arrangement. The project will be implemented in-house with technical support from Hallmark Technical Services Private Limited a Pune based technical consultancy firm with experience in cement industry. Our Company proposes to invest Rs.843.75 lacs of the Net Proceeds of public issue in the equity share capital of Cement International Limited, for the purpose of above mentioned project and pre payment of certain term loans availed by CIL. The project has been appraised by IDBI. The total project cost as per appraisal report is Rs. 780 Lacs and revised cost of project is Rs.843.75 Lacs.

The project is being implemented in our subsidiary in order to take advantage of various incentives available for new units. For details please refer to section "Our Business" on Page [●] of this Draft Red Herring Prospectus.

Locational Advantage: The production site is strategically located near the work site of our company and close to the NH-44, which is the main supply line for the Tripura, Mizoram and Barak Valley of Assam. The site is well connected by Road and close to the Badarpur Railway station which can be utilized for carrying of raw materials and finished goods.

Our Company is not assured of any dividends pursuant to such investment in equity shares of Cement International Limited.

The detailed cost wise break up is as under:

Sr. No.	Description	Amount (Rs. in Lacs)	
		As per our estimate	As per appraisal report
1	Land & Site Development	69.74	50.00
2	Building & Civil work	150.62	140
3	Plant & Machinery	423.96	325.00
4	Preliminary and pre-operative expenses	39.50	65.00
5	Other Miscellaneous Expenses	25.00	40.00
6	Provision for Contingency	4.94	30.00
7	Margin Money for working capital	130.00	130.00
	Total	843.75	780.00

Revisions in the Project Cost after the Appraisal Reports:

The revision in the project cost has been necessitated due to the time lag between the appraisal and the receipt of quotations from the vendors.

3. Working capital requirement of Our Company

Particulars	Holding period (in Months)	March 31, 2007	March 31, 2008
Current assets			
-Inventory			
Raw materials	2.00	189.29	233.31
Consumables Store	3.00	30.06	33.66
Other Store & Spares	Estimated	300.00	375.00
Utilities (Coal only)	0.50	19.82	22.66
Packing Material	2.00	31.31	35.06
Work -in –process	0.50	15.78	122.56
Finished Goods	0.50	154.37	163.42
-Sundry Debtors	1.50	879.53	1,038.49
Sub Total		1,720.16	2,024.16
Less: Sundry Creditors	0.50	62.30	74.92
Working capital Gap		1,657.86	1,949.25

Our company has been sanctioned Rs. 1250 lacs working capital limit by IDBI Bank. The limit has been sanctioned by IDBI Bank vide its letter dated 6th September 2006 as short term facilities.

4. General Corporate purpose

Our management in accordance with the policies set up by the Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes including pre payment of certain term loans availed by the company and its subsidiaries, corporate offices, advertising and brand building etc.

5. Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount
1	Book Running Lead Manager's fees	[●]
2	Registrar's fees	[●]
3	Underwriting commission and selling expenses	[●]
4	Legal Advisor's fees	[●]
5	Advertisement and Marketing expenses	[●]
6	Fees payable to SEBI and Stock Exchanges	[●]
7	Printing and distribution of issue stationery; postage etc.	[●]
8	Other Miscellaneous expenses	[●]
	Total	[●]

Schedule of Implementation

Sr. No.	Activities	Month of Commencement	Month of Completion
1	Expansion project at our company		
	Site Development	July, 2006(Already commenced)	January, 2007
	Building and civil work	July, 2006(Already commenced)	February, 2007
	Placement of order for machineries	May, 2006(Already commenced)	February, 2007
	Arrival of machineries	July, 2006(Already commenced)	March, 2007
	Fabrication of machineries	December, 2006(Already commenced)	March, 2007
	Erection and commissioning of machineries	January, 2007	March, 2007
	Commencement of Trial production	April, 2007	
	Commencement of Actual production	May, 2007	
2	Investment in subsidiary companies		
	Badarpur Energy Private Limited	July, 2005	April, 2007
	Cement International Limited	March, 2006	April, 2007
	Meghalaya Minerals & Mines Limited	March, 2006	April, 2007

Deployment of Funds in the Project

We have incurred the following expenditure on the project till 15th November 2006. The same has been certified by M/s Surender Harikishan & Co, Chartered Accountants Kumar Vijay Gupta & Co., Chartered Accountants vide their certificate dated 1st December, 2006

(A) For Expansion of Capacity of Rotary Kiln Cement Plant from 460 tpd to 600 tpd at the existing location at Badarpurghat, Distt. Karimganj, Assam:

S.No.	Head of Expenditure	Rs. (In Lakhs)	Grand Total
1.	Land & Site Development	14.10	
2.	Building & Civil Work	2.82	
3.	Plant & Machinery	203.02	219.94

(B) For Investment in wholly owned subsidiary companies:

S.No.	Head of Expenditure	Rs. (In Lakhs)	
1.	Investment in Equity Share Capital : - Meghalaya Minerals & Mines Ltd. - Badarpur Energy Private Ltd. - Cement International Ltd.	75.02 559.50 <u>356.07</u>	990.59

(C) For Public Issue Related Expenditure:

S.No.	Head of Expenditure	Rs. (In Lakhs)	
1.	Book Running Lead Manager fees	16.31	
2	Legal Advisor's Fees	4.24	
3.	Other expenses	<u>0.60</u>	<u>21.15</u>
	GRAND TOTAL		<u>1231.68</u>

The source of above deployment of funds is as under:

S.No.	Source of funds	Rs. (In Lakhs)
1.	From Internal Accruals of the company	1131.68
2.	Term Loan from IDBI Bank Ltd., Guwahati.	100.00
	TOTAL	<u>1231.68</u>

Details of Balance Fund Deployment

The overall cost of the proposed project and the proposed year wise break up of deployment of funds are as under:

(Rs. in Lacs)					
Sr. No.	Particulars	Already incurred	2006-07	2007-08	Total
1	Expansion project at our company				
	Site Development	14.10	15.9	-	30.00
	Building & Civil Work	2.82	98.27	-	101.09
	Plant & Machinery	203.02	430.17	143.39	776.58
	Other Miscellaneous Expenses	-	35.00	35.89	70.89
	Contingency	-	[•]	[•]	36.88
2	Investment in its subsidiary companies				
A	Setting up a biomass based captive power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited	559.50	350.00	116.15	1025.65
B	Installing a Limestone Crushing and galvanized plant at Lumshnong, Meghalaya by our wholly owned subsidiary Meghalaya Minerals & Mines Limited	75.02	255.00	86.53	416.55
C	Installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam	356.07	365.00	122.68	843.75
	Sub Total	1210.53	1549.34	504.64	3301.39
3	Margin Money for working capital requirement	-	[•]	[•]	[•]
4	General Corporate Purpose	-	[•]	[•]	[•]

5	Public Issue Expenses	21.15	[•]	[•]	[•]
	Total	1231.68	[•]	[•]	[•]

Interim Use of Funds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. GILT edged securities and other 'AAA+' rated interest bearing securities as may be approved by the Board of Directors or a Committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. We also intend to apply part of the proceeds of the Issue, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions. Should we utilise the funds towards temporary reduction in utilization of short-term working capital facilities, we undertake that we would ensure consistent and timely availability of the issue proceeds so temporarily deposited in the working capital facilities to timely meet the fund requirement of the project.

BASIC TERMS OF THE ISSUE

Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and /or other authorities, as in force on the date of the Issue and to the extent applicable.

Terms of Payment:

Applications should be for a minimum of [●] equity shares and in multiples of [●] equity shares thereafter. The entire price of the equity shares of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

Pursuant to Section 81 (1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a Special Resolution passed at the Extra Ordinary General Meeting of our Company held on 21st November 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue to the Public including devolvment of the members of the Syndicate, in any within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building.

Investors should read the following summary with the Risk Factors included starting from page number [●] and the details about our Company and its financial statements included in the Draft Red Herring Prospectus on page [●]. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors:

1. We are an existing profit making Company in operations for more than 5 years in the Indian Cement industry. Our restated Profit after Tax for last 2 years and for the six months period ended 31st March 2006 is given below:

Particulars	March 31, 2005	March 31, 2006	(Rs. in Lacs) September 30, 2006
	(12 Months)	(12 Months)	(6 Months)
Net Profit after tax	1,111.54	1,151.96	603.69

2. Our Company has approved and accredited Quality System in place for our manufacturing facility. The accreditation has been granted by Bureau of Indian Standards, Guwahati and by International Industrial Certification Co. Ltd (ISO 9001:2000).
3. We have a technically qualified management team, led by promoters having more than decade's experience in the industry.
4. Our manufacturing facilities are located at Barak Valley, Assam. The facility has a natural proximity to Domestic Airport, railway station and road ways leading to ease of Logistics and material handling.
5. The proposed expansion would enable us to increase our capacity, which will cater to the existing gap between Demand and Supply, resulting in increase in our sales. Further, the projects to be set up by our wholly owned subsidiary BEPL will enable us to high quality, uninterrupted and cost effective supply of power.
6. We believe that with our good technical base, lower overheads, and effective marketing network we have shown consistent growth in revenues and profits.
7. Our Company is in receipt of several State and Central Government incentives details of which are given under the heading "Our Business" on page [●] of this Draft Red Herring Prospectus .

Quantitative Factors

1. Adjusted Earnings Per Share

Particulars	EPS (Rs)	Weights
2003-2004	3.96	1
2004-2005	6.74	2
2005-2006	6.98	3
6 months ended 30 th September 2006*	7.32	4
Weighted Average EPS	6.77	

* Annualized

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share

§	Based on 2005-06 EPS of Rs. 6.98	[●]
§	Based on 30-06-06 EPS of Rs. 14.64*	[●]
§	Based on weighted average EPS of Rs. 9.69	[●]

* Annualized

Industry P/E: Cement Industry	
i. Highest – Mysore Cement Limited	50.7
ii. Lowest – Vinay Cement Limited	4.1
iii. Average	18.85

Source: Capital Market, Dec 04-17, 2006

3. Return on Net Worth

Particulars	RONW	Weights
2003-2004	29.22	1
2004-2005	39.38	2
2005-2006	32.02	3
6 months ended 30 th September 2006*	28.71	4
Weighted Average RONW	31.89	

* Annualized

4. Minimum Return on Total Net Worth needed after the Issue to maintain pre-Issue EPS of Rs. 9.69* is [●]%

* Annualized

5. Net Asset Value (Rs.)

a)	As on 31 st March 2006 (12 months)	21.80
b)	As on 30 th September 2006 (6 months)	25.49
c)	After Issue	[●]
d)	Issue Price	[●]

Comparison of Accounting Ratios with Peer Group Companies in the Cement Sector

Particulars	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
<u>Sector – Cement</u>				
Chettinad Cement Corporation	12.9	19.5	24.9	59.1
Dalmia Cement	8.9	15.5	12.8	107.4
Madras Cement	63.7	17.2	21.7	325.5
Mangalam Cement	24.4	8.50	-	37.9
<u>Barak Valley Cements Limited</u>				
2005 – 2006	6.98	N.A.	32.02	21.80
*6 months ended 30-09-2006	6.77	N.A.	28.71	25.49

* Annualised

Source: Capital Market, Dec 04-17, 2006

6. The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.
7. The Book Running Lead Manager believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors
Barak Valley Cements Limited
281, Deepali,
Pitam Pura, New Delhi- 110034

We hereby report that the enclosed "Annexure I" states the tax benefits available to Barak Valley Cements Limited (the "Company") and its Shareholders under the provisions of the Income-tax Act, 1961 and other direct tax laws presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

The Company or its shareholders will continue to obtain these benefits in future; or the conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

While all reasonable care has been taken in the preparation of this opinion, M/s. Surender Harikishan & Co. accepts no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For M/s. Surender Harikishan & Co.
Chartered Accountants

(Surender Kumar)
Partner
Membership No: 093626

New Delhi
Date: 08.11.2006

Annexure-I

Statement of possible benefits available to the Company and its shareholders

I. Under the Income Tax Act, 1961

A. 1 Benefits available to the Company

- A.1.1 The Company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one-fifth of certain specified expenditure, including specified preliminary expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and conditions specified under the said section.
- A.1.2 The Company would be eligible for depreciation @ 15% on the cost of Plant & Machinery as per the provisions of Income Tax Act, 1961. Further the company would be entitled to depreciation @ 80% of the cost of Plant & Machinery in the nature of boilers, Air and water pollution equipment and energy saving devices and would also be entitled to depreciation on its other assets as per Rule 5 of the Income Tax Rules, 1962.
- A.1.3 As per provisions of section 32 (1) (ia) of the Income Tax Act, 1961 the company would be entitled to additional depreciation @ 20% of the actual cost of new Plant & Machinery during previous year ending on or after 31.3.2005 subject to the fulfillment of other conditions specified under the said section.
- A.1.4 Note on Section 80 IC: Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

The company is eligible to claim deduction in respect of income earned by the industrial undertaking from manufacturing activity carried out by it in accordance of the provisions of Section 80 IC as the industrial unit is engaged in the manufacture of goods specified in the Fourteenth Schedule and is set up in North Eastern States. The amount eligible for deduction is the profits and gains derived from the sale of various types and grade of cement.

The company is eligible to claim deduction of hundred per cent of the profits & gains for 10 assessment years beginning with the initial assessment year 2002-03.

However, the company is liable to pay MAT @ 10% of the book profits under Section 115JB of the Income Tax Act, 1961. From the assessment year 2007-08 MAT credit in respect of excess tax paid under section 115JB will be available for 7 years.

A.1.5 Unabsorbed depreciation and business losses

As per the provisions of section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years. Further, as per the provisions of section 72 (2) of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment years. However, the carry forward and set off of the unabsorbed depreciation and business losses are subject to restrictions specified in section 10A, section 79 and section 80.

A.2. Computation of Capital gains

- A.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero coupon Bonds) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units or zero coupon bonds held for more than 12 months would be considered as "long term capital gains".

- A.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

- A.2.3 As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at the rate of 10 percent (plus applicable surcharge and education cess), if:

- § The transaction of sale is entered into after 1st October 2004, through a recognized stock exchange and;
- § Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

A.2.4 Exemption of long term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- § The transaction of sale is entered into on or after 1st October 2004, through a recognized stock exchange and;
- § Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

A.2.5. As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

A.2.6. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital" within six months from the date of transfer of the said long term capital assets.

Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions –

the issue is made by a public company formed and registered in India; and the shares forming part of the issue are offered for subscription to the public.

A.2.7 Dividends exempt under section 10(34) of the Act

Dividends (whether interim or final) declared, distributed or paid by a domestic company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of the Company, in its capacity as shareholder, as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

A.2.8. Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long- term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains.

A.2.9 Long – term capital loss suffered during the year is allowed to be set-off against long- term capital gains. Balance Loss, if any, could be carried forward for eight years for claiming set-off against subsequent years long-term capital gains.

A.2.10 As per section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

B. The Shareholders

B.1. Benefits available to resident shareholders

B.1.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

B.1.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the

provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

B.1.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero coupon Bonds) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units or zero coupon bonds held for more than 12 months would be considered as “long term capital gains”.

B.1.4 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

B.1.5 As per the provisions of Section 112(1)(b) of the Act, long-term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

B.1.6 Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at the rate of 10 percent (plus applicable surcharge and education cess), if:

§ The transaction of sale is entered into on or after 1st October 2004 through a recognized stock exchange and;

§ Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.1.7 Exemption of long term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

§ The transaction of sale is entered into on or after 1st October 2004 and transactions are entered through a recognized stock exchange and ;

§ Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.1.8 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

B.1.9 As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital" within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions

§ The issue is made by a public company formed and registered in India; and

§ The shares forming part of the issue are offered for subscription to the public.

B.1.10 As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

B.1.11 As per provisions of U/s 88E of the Income Tax Act, 1961, the securities transactions tax paid by the shareholders in respect of taxable securities transaction entered into the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head profits and gains of business or profession arising from taxable securities transactions subject to the fulfillment of other conditions specified under the said section.

B. 2. BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS

B.2.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

B.2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

B.2.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero coupon Bonds) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units or Zero Coupon bonds held for more than 12 months would be considered as "long term capital gains".

B.2.4 Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange as per rules 115 and 115A. Benefit of Indexation of cost is not available in above case.

Gains arising on transfer of short-term capital assets are normally chargeable at the tax rates as applicable to the status of the shareholder. However, as per section 111A, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- § The transaction of sale is entered into on or after the 1st October 2004 through a recognized stock exchange and;
- § Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.2.5 Capital gains tax - Options available under the Act

Where shares have been subscribed in convertible foreign exchange –

Option available under Chapter XII-A of the Act Non-Resident Indians [as defined in Section 115C (e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- § As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

B.2.6 As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising from the transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within a period of six months from the date of transfer in any specified asset or in any saving certificate as specified. If

only part of such net consideration is so invested, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

B.2.7 As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

B.2.8 Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

B.2.9 As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

B.2.10 Exemption of long-term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- § the transaction of sale is entered into on or after 1st October 2004 through recognized stock exchange and;
- § Such transaction is chargeable to securities transaction tax under that Chapter.

B.2.11 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the shareholder on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Shareholder transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

B.2.12 As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of capital" within six months from the date of transfer of the said long term capital assets.

Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions:

- § The issue is made by a public company formed and registered in India; and
- § The shares forming part of the issue are offered for subscription to the public.

B.2.13 As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

B.2.14 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

B.3 Benefits available to Foreign Institutional Investors ("FIIs")

B.3.1. As per provisions of section 10 (34) of the Act, any income by way of dividend referred to in section 115 O (i.e. dividend declared, distributed or paid on and after April 1, 2003 by the company) is exempt from tax.

B.3.2 Taxability of capital gains

As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains income at the following rates:

Nature of income	Rate of tax
Long term capital gains	10 percent
Short term capital gains	30 percent / 10 percent (Reduced rate of 10% if transaction of sales is entered into on or after 1 st October 2004 through recognized stock exchange and securities transaction tax charged. The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to FIIs.

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

B.3.3 Exemption of capital gain from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- § The transaction of sale is entered into on or after 1st October 2004 through a recognized stock exchange and;
- § Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.3.4 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain specified asset within six months from the date of transfer. However, if the Company transfers or converts the specified asset into money within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of original asset exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset are transferred or converted into money.

B.3.5 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or of the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of share capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- § the issue is made by a public company formed and registered in India; and
- § the shares forming part of the issue are offered for subscription to the public

B.3.6 Tax Treaty Benefits:

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions the tax treaty to extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provision of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of section 115AD. Investors are advised to consult their tax advisors in this regard.

B. 4 Benefits available to Mutual Funds

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as may be prescribed in this behalf.

B.5 Benefits available to Venture Capital Companies/Funds

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the income distributed by the Venture Capital Companies / Funds to its investors would be taxable in the hands of the recipients.

II. Benefits available under the Wealth Tax Act, 1957

All assesses are entitled to exemption from wealth tax in respect of the shares of the company as shares or securities are not included in the definition of asset U/s 2 (ea) of the Wealth Tax Act, 1957.

III. Benefits available under the Gift-Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 would not be liable to Gift tax under the erstwhile Gift Tax Act. However, under section 56 (2) (vi) of the Income Tax Act, 1961, where any sum of money (which could include gift of shares also) exceeding fifty thousand rupees is received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of April, 2006, the whole of such sum, would be taxed as income in the hand of the recipient, provided that this clause shall not apply to any sum of money received:

- a) from any relative; or
- b) on the occasion of the marriage of the individual; or
- c) under a will or by way of inheritance; or
- d) in contemplation of death of the payer.

For the purposes of this clause, "relative" means:

- a) spouse of the individual;
- b) brother or sister of the individual;
- c) brother or sister of the spouse of the individual;
- d) brother or sister of either of the parents of the individual;
- e) any lineal ascendant or descendant of the individual;

IV. Benefits available under Export Import Policy

Import of Capital Goods under Export Promotion Capital Goods scheme (EPCG Scheme) at concessional rate of duty subject to fulfillment of obligations.

Notes:

- § All the above benefits are as per the current tax laws and will be available only to the sole/ first named holder in case the Equity Shares are held by joint holders.
- § In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

SECTION IV - ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of our Company in this Draft Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Draft Red Herring Prospectus could be trademarks, brand names and / or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Draft Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and / or research publications and from information available from the World Wide Web.

CEMENT INDUSTRY

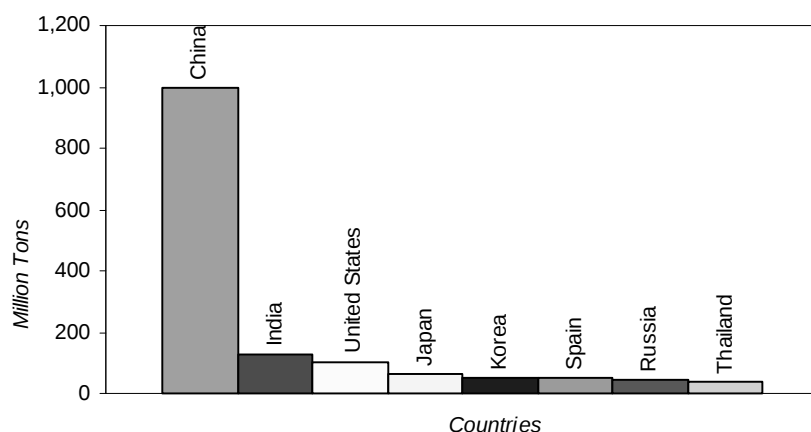
Introduction

Cement Industry is a key infrastructure industry. Since cement is used in almost all construction activities, the cement industry is an important part of nation's economic and industrial base. Figures characterizing the cement industry, such as production capacity and consumption statistics, change as a result of fluctuations in domestic construction activities, economic conditions, and the level of cement imports.

Global Overview

During 2005, global cement production was 2220 million tones, with China accounting for nearly 45% of the total output followed by India accounting for 6% of the share and the US for 4.5% in world cement production. India is not only a large producer but also one of the fastest growing markets in the world. Cement production in the country during 1994-2003 grew at a CAGR of 8.2 percent as compared to 7.2 percent in China and the world average of 3.5 percent. (Source: www.usgs.gov)

World Cement Production (2005)



(Source: United States Geological Survey, www.usgs.gov)

Indian Cement Industry

In India, Cement Industry was decontrolled from price and distribution on 1st March, 1989 and delicensed on 25th July, 1991. However, the performance of industry and cement prices are still monitored regularly. The cement industry comprises of about 128 large cement plants with an installed capacity of 151.69 million tones per annum and more than 300 mini cement plants with an estimated capacity of 11.10 million tones per annum resulting in a total estimated capacity of 163 million tones per annum. Actual cement production in 2003-04 was 123.50 million tones as against a production of 106.90 million tones in 2001-02, registering a growth of 8.84%. (Source: www.dipp.nic.in)

The Indian cement industry with a total capacity of 151.69 million tones (including mini plants) in March 2003 has emerged as the second largest market after China, surpassing developed nations like the USA and Japan. Per capita consumption has increased from 28 kg in 1980-81 to 110 kg in 2003-04. In relative terms, India's average consumption is still low and the process of catching up with international averages will drive future growth. (Source: www.ibef.org)

Trends in cement industry

Production of Cement

The Cement Industry has shown impressive growth rate during the year 2005-06. Cement production has logged an impressive growth of 13.3 per cent in 2005-06 compared to only 3.6 per cent in the previous year 2004-05. (Source: Indian Brand Equity Foundation, www.ibef.org). Similarly, Cement production registered a double digit growth of 11.7% in April 2006 compared to 9.9% in April 2005 showing the remarkable growth potential in this sector. (Source: Ministry of commerce, www.commerce.nic.in). This improvement in growth rate is on account of increase in capacity, which in turn is fuelled by various demand drivers such as infrastructure development, growth in housing sector etc. The trend of growth rate of production of cement is depicted in the table given below:

Trend in production of Cement

Year	Production (in Lacs Tone)	Growth Rate (in percent)
2001-02	1069.00	9.52
2002-03	1163.50	8.84
2003-04	1235.00	6.15
2004-05	1335.70	8.15

(Source: *Department of Industrial Policy and Promotion*)

Export of Cement

There has also been a marginal increase in the export of cement which was 9 million tons and 10.6 million tons in 2003-04 and 2004-05, respectively. (Source: www.indiabudget.nic.in)

Cement and clinker exports are poised to touch the 10 million tone mark by the end of 2006-07, further boosted by a 12 per cent rise in consumption in Gulf countries and massive redevelopment efforts in Iraq and Afghanistan.

Trends in export of cement

Year	Cement (in Lacs Tone)
2001-02	33.8
2002-03	34.7
2003-04	33.6
2004-05 (Apr-Jan)	33.1

(Source: *Department of Industrial Policy and Promotion*)

Import of Cement

During the recent Budget 2006-07 government has reduced the customs duty on cement import from 15% to 12.5% (Source: indianbudget.nic.in). However, this reduction in import duties on cement and clinkers is unlikely to affect the industry as the cement produced is at par with the international standards and the prices are lower than those prevailing in other international markets. Further, the Indian ports are not well equipped for cement imports.

Trend of FDI flow in Cement Sector

Opening up the FDI Channel

At present, 100 per cent foreign direct investment (FDI) is permitted in the cement industry. To set up a cement plant in India, with an investment of over US\$ 22 million entrepreneurs are required to obtain environmental clearance from the Ministry of Environment. 100 per cent FDI is also allowed for private cement companies to set up power projects as well as coal or lignite mines for captive consumption.

Cement sector has been among the top ten sectors, in the list of sectors attracting highest FDI in recent times. While the FDI inflow in this sector during 2004-05 was meager Rs.100 Lacs, it grew to Rs.196700 Lacs showing growth of interest of foreign investors in this sector second after Electrical Equipment Sector. During April 2005 to January 2006, Cement & Gypsum Sector has received approximately 10% of the total FDI inflow.

(Source: www.commerce.nic.in)

Sectors attracting highest FDI inflows

(Rs. In Lacs)			
Rank	Sector	2004-05	2005-06 (April-Nov)
1	Electrical Equipments	328100	368700
2	Transportation Industry	81500	74100
3	Services Sector	210600	174200
4	Telecommunications	58800	76300
5	Fuels (Power +Oil refinery)	75900	8100
6	Chemicals (other than fertilizers)	90900	84300
7	Food Processing Industries	17400	15800
8	Drugs and Pharmaceuticals	134300	48500
9	Cement and Gypsum Products	100	196700
10	Metallurgical Industries	88100	54400

(Source: FDI Data Cell, Ministry of Commerce)

Consolidation in Cement Industry

The industry has undergone rapid technological upgradation and growth, and now, some of the cement plants in India are comparable to the world's best operating plants in all respects. In recent years, the process of consolidation has occurred in cement industry,

Regional Consumption

Cement is a bulk commodity and transportation of cement over long distances is uneconomical. This has resulted in regional distribution of cement along with the industry being divided into five major regions viz. north, south, west, east and the central region. Owing to the location advantages of India, there is a significant potential to cater to the cement requirements of the Middle East and the South East Asian nations.

Demand Drivers

The Government has identified the following thrust areas for increasing demand:

- A spurt in housing construction and expansion incorporate production facilities: Cement is the main material for construction of housing which is the basic need of human being. Its role in construction and development of infrastructure is crucial for the growth and development of any economy;
- Infrastructure spending (particularly on roads, ports and airports); and
- Construction of concrete roads in rural areas under Prime Minister's Gram Sadak Yojana. (Source: www.ibef.org)

Demand Position

The region-wise projected demand as per IDBI study is given below.

(In million tonnes)

	Region wise estimated demand (Million tonnes)				
Region	2004-05	2005-06	2006-07	2007-08	2008-09
North	39	42	45	48	51
South	33	36	40	45	50
East (incl. NER)	19	21	22	23	24
West India	31	33	35	37	39
Total	122	132	142	153	164

(Source: IDBI Appraisal Report)

Cement Industry growth in North Eastern Indian Region (Source: www.northeast.nic.in)

The North Eastern Region (NER) comprises of eight states viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

Incentives in North Eastern Indian Region

In view of the continuing backwardness of the North Eastern Region and the need for stimulating the development of industries in this Region, Government of India's Department of Industrial Policy and Promotion have extended a number of incentives/ concessions which are summarized as follows :-

1. *Transport Subsidy Scheme* is applicable for a period of 7 years, upto 31st March, 2007, subsidy ranging from 50% to 90% is admissible on transportation cost incurred by an entrepreneur on the movement of raw materials and finished goods from the designated rail-head / ports upto the location of industrial units and vice-versa for a period of five years from the date of commencement of industrial production.

2. Fiscal Incentives to new industrial units and their substantial expansion

i. Government has approved converting the Growth Centres and Integrated Infrastructure Development Centres into a total Tax Free Zone for the next 10 years. All industrial activity in these zones would be free from Income Tax, Excise for a period of 10 years from the commencement of production. State Government would be requested to grant exemptions in respect of Sales Tax and Municipal Tax.

ii. Industries located in the Growth Centres as also new industrial units and / or their substantial expansion in other identified areas in the North Eastern Region are eligible for *Capital Investment Subsidy* at the rate of 15% of their investment in plant and machinery, subject to a maximum ceiling of Rs. 30 lakhs. The scheme is effective from 24.12.1997 to 31.3.2007

iii. An *interest subsidy* of 3% on the working capital loan is provided for a period of 10 years to the new units in North Eastern Region, after commercial production. The scheme is effective from 24.12.97 to 31.3.2007.

iv. Similar benefits are available to the new industrial units or their substantial expansion in other Growth Centres or industrial Estates/ Parks / Export Processing Zones set up by the States in the North Eastern Region.

(Source: www.northeast.nic.in)

Trends of Cement Consumption in NRE Region (Source: IDBI Appraisal Report)

Consumption of cement

The consumption of cement in the NER during the year 2004-05 was 2.78 million tones with Assam accounting for 64% of the total consumption as given below:

Area	Consumption (million tones)	% age
Assam	1.78	64
Meghalaya and other 6 NE States	0.94	36
Total	2.72	100

Demand of Cement

Demand in the NE region is reported to have grown with a CAGR of over 8% in the last ten years from 0.12 million tones in 1993-94 to 2.72 million tones during 2004-05. Based on past trends, the demand of cement in NER is expected to grow to about 3.7 million tones by 2008-09.

Export Potential

There is good export potential for cement from North Eastern region to neighboring countries like Bangladesh and Myanmar.

Demand Supply Gap

The estimated all-India demand and required supply till 2008-09 as per market study report of IDBI, is shown in the table below:

Scope for creation of additional Cement manufacturing capacity (million tone)			
Year	Aggregate demand	Capacity required at Capacity utilization of 85%	Surplus/(Deficit) capacity required
2004-05	131.43	154.62	(1.46)
2005-06	142.02	167.08	11.00
2006-07	153.30	180.35	24.27
2007-08	165.32	194.49	38.41

2008-09	178.15	209.59	53.51
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The above estimates indicate that by the end of FY-09, the gap in a capacity vis-a-vis the requirement at average capacity utilization of 85% may go up to 54 Million ton.

Future Outlook

There was no major announcement for the cement sector in the Union Budget 2006-07. Thus, the industry may continue to grow at 8% to 9% in the medium to long term. Government's initiatives on the infrastructure and housing sector fronts would continue to remain the key drivers. With no major capacity expansion in the pipeline in the country, the demand supply equation is expected to continue to remain favorable for cement manufacturers and this will help in the improvement of prices.

During the Tenth Five Year Plan, the industry is expected to add capacity of 40-52 million tones, mainly through expansion of existing plants and use of more fly ash in the production of cement. (Source: www.ibef.org)

OUR BUSINESS

Overview

Our Company was incorporated as a public limited company as on 28th April 1999, under the Companies Act, 1956 with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and received certificate for commencement of business as on 28th April 1999. The promoters of our Company are Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj.

Our Company is in the business of manufacturing of cement and is marketing the same under the brand name “Valley Strong Cement”. Our sales are concentrated in the North Eastern region. Our operations include raw material procurement, crushing, blending, grinding and packaging of cement. Our product portfolio includes both Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). We manufacture our product using Dry Process Rotary Kiln Technology with 4 stage Suspension Pre Heater. Our current capacity of cement manufacturing is 460 TPD.

Our plant is situated at Joom Basti, Devendranagar, Badarpurghat, District Karimganj, Assam. Our Corporate office is situated at 281, Deepali, Pitam Pura, New Delhi – 110034.

Being located in Assam, we are entitled to get various benefits like Excise duty exemption, Central Sales tax/VAT exemption, Income-tax exemption, Working capital interest subsidy and Insurance subsidy. Our Company is ISO 9001: 2000 certified company and our products confirm to BIS (Bureau of Indian Standards) specifications. We have currently 223 employees on our payroll and 171 employees on contractual basis.

Our income for fiscal 2004, 2005 and 2006 and for Six month ended 30th September 2006 were, Rs.3842.03 Lacs, Rs.4916.59 Lacs, Rs. 5351.71Lacs, Rs. 3446.81 Lacs respectively. Our PAT for fiscal 2004, 2005 and 2006 and for Six month ended 30th September 2006 were Rs. 604.01 Lacs, Rs. 1111.54 Lacs, Rs. 1151.96 Lacs and Rs.603.69 Lacs respectively. We have sold approximately 1.04 lacs tons, 1.22 lacs ton, 1.34 lacs ton, and 0.75 lacs tons of cement for fiscal 2004, 2005 and 2006 and for Six month ended 30th September 2006 respectively.

Our Company has the following companies as its wholly owned subsidiaries:

1. Badarpur Energy Private Limited
2. Cement International Limited
3. Meghalaya Minerals & Mines Limited

About the Project

For details about the Project, please refer section titled “Objects of the issue” beginning from page [•] of this Draft red Herring Prospectus.

Our Strengths

We believe that the following are our primary competitive strengths:

§ Access to Quality raw material & fuel

Two critical materials for the cement production are Limestone as raw material and coal as fuel. Limestone deposits of good quality having CaO (calcium Oxide) of more than 47% are spread over a large area just 75 KM away from our plant site. Coal having Calorific value of 6000-7000 Kcal /Kg. and ash content as low as 8% is available in plenty in Bapung and Surupi, areas of Meghalaya, which are 80-90 Kms from the factory site. Access to quality limestone and coal used in production of cement at near by locations, help us in producing BIS quality cement at competitive prices. Further, there are no administrative restrictions on the mining of coal and limestone, ensuring ease in procurement of the same.

§ Government Incentives

Enjoyed by our Company BVCL

Several state and central government incentives are available to our Company such as:

- a) 100% Central Excise duty exemption up to FY 2011;
- b) 100% Central Sales tax / 99% VAT exemption up to FY 2010;
- c) 100% Income-tax exemption under section 80 IC up to FY 2011 subject to Minimum Alternate Tax U/s 115JB of Income Tax Act, 1961.
- d) Insurance subsidy, being 100% premium payable under Comprehensive Insurance Scheme, 1997 by the Government up to FY 2011.
- e) 3% Working Capital Interest Subsidy payable by the Government upto FY 2011.

Enjoyed by our wholly owned subsidiaries viz., Meghalaya Minerals & Mines Limited and Cement International Limited from the date of commencement of production

- a) 100% Central Excise duty exemption for a period of 10 years.
- b) 100% Central Sales tax / 99% VAT exemption up for a period of 9 years
- c) 100% Income-tax exemption under section 80 IC for a period of 10 years subject to Minimum Alternate Tax U/s 115JB of Income Tax Act, 1961.
- d) Insurance subsidy, being 100% premium payable under Comprehensive Insurance Scheme, 1997 by the Government for a period of 10 years.
- e) 3% Working Capital Interest Subsidy payable by the Government for a period of 10 years.

These incentives ensure our competitiveness with national players as well as help us in pricing our product competitively with these players.

§ Locational Advantage

Our manufacturing unit is located in Barak Valley region, Assam. This entire area is surrounded by the other states of North-East such as Mizoram, Tripura, and Southern part of Meghalaya, which are our markets. Barak Valley is the foot land of all the three states and Badarpur Ghat is the junction point. Location. Our manufacturing unit is well connected with national – highways and railway. Location of our manufacturing unit helps us in reaching our customers economically. Our location also helps us in meeting the demand of dealers/subdealers/ distributors in shortest possible time.

§ Our focus on quality

Our products are approved and accredited with Quality Standards viz BIS License for 53 Grade OPC Cement IS 12269: 1987, BIS License for 43 Grade OPC Cement IS 8112: 1989, BIS License for PPC Part 1 Fly Ash Based Cement IS 1489: Part 1: 1991, BIS License for PPC Part 2 Calcined Clay Based Cement IS 1489: Part 2: 1991. These quality standards ensure our customers that the quality of cement manufactured by us is as per Industry norms.

§ Our Distribution

Our company's sales team is supported by more than 150 dealers which are supported by sub dealers and distributors. Our Distribution network is helping us in reaching to our customers. We have an efficient distribution network through our stockiest and dealers in every district of the region which reaches out easily at the door step of the consumers.

§ Our Team and management

Our Board of Directors consisting of experienced and qualified professionals, overview all the strategic decisions and overall growth of our Company. Top management of Our Company consists of experienced promoters who are ably supported by qualified professionals heading key functions. The Philosophy of our Management involves building relationship with our employees as well as business associates.

Our Business Strategy

Our Corporate vision is “To be a leading cement manufacturer in the North Eastern Region by ensuring the highest quality standards of our products”.

The following are our strategies to achieve this vision:

§ Enhancement of Market Share

Our Company's market share in FY 2004-05 was approximately 4.5% of the sale of cement in the entire North Eastern Region (As per IDBI Appraisal Report). At present we are utilizing 100% of our installed capacity. In order to increase our market share we are undertaking the expansion project from 460 TPD to 600 TPD. We intend to increase our capacity continuously in a phased manner to increase our market share.

§ Reducing our manufacturing cost.

We believe that in order to be more competitive we need to keep a tab on our cost and make our manufacturing processes cost effective. One of our major costs relate to power. By setting up a biomass based power plant through our wholly owned subsidiary, viz. BEPL, we will be able to reduce the cost and ensure uninterrupted power supply, leading to higher production at lower cost. We intend to keep on taking measures for reducing our manufacturing cost in future as well.

§ Availment of tax benefits

Some of the units located in North Eastern Region enjoy special incentives and subsidies. Our Company is presently availing several such Central and State Government incentives. In order to ensure continuous benefits of similar nature, we are setting up projects through our wholly owned subsidiaries which will be able to avail such incentives.

§ Quality commitment

Quality of cement plays an important role in generating a continuous patronage of customers. Our Company strives to ensure that the quality of cement provided by us is as per the industry standards. For ensuring the quality of cement we ensure that the raw material procured is of the desired quality. Awareness of this quality commitment is widespread among all the employees.

§ Relationship with employees

Our management supports and is committed to the overall development and retention of human resources. Since inception we have not had any strike, disruption or employee unrest in respect thereof or otherwise. We conduct training on need basis to our technical staff to update and hone their skills. We further provide our employees with a conducive working environment, which has helped in building a good teamwork. We intend to ensure continuous development of our human resources to keep our attrition rate to the minimum.

§ Compliance Management

Our Company has already constituted audit committee, remuneration committee and investor grievance committee, in accordance with Clause 49 of Listing agreement.

§ Management of facilities

Strategies and standards are defined for all facilities, covering site, construction, guarding, personnel safety, etc. Facilities are regularly monitored with clear tolerances and audit logs, as well as thorough physical inspections and audits. There is strict adherence to preventive maintenance schedules and strict discipline in the housekeeping of facilities.

Our Customer Base

We have a diversified customer base consisting of individual, contractors, builders, institutions and government agencies. Our top 10 customers amounted for 49.77% of our total sales during the FY 2005-06.

Our Products

Presently, our Company operates from its plant at Karimganj, Assam. We are mainly into manufacturing various Grades of OPC (Ordinary Portland Cement) and PPC (Portland Pozzolana Cement). The details about our products and their uses are as under:

Ordinary Portland Cement

OPC is produced by inter-grinding clinker, performance improver and gypsum in a cement mill. OPC is further classified, as relevant in our case as, 43 Grade and 53 Grade OPC. The range of applications, the physical and chemical requirements of BIS and strength of OPC are discussed below:

53 Grade OPC

53 Grade OPC is high strength cement. According to BIS requirements, 53 Grade OPC should have a 28 day compressive strength of not less than 53 MPA. For certain specialized products, such as pre-stressed concrete and certain pre-cast concrete items requiring consistent high strength, the use of 53 grade OPC is considered very useful, as 53 grade OPC can produce high-grade concrete at very economical cement content levels. 53 Grade OPC can be used for the following applications:

- Resource conservation challenge work.
- Pre-cast concrete items such as paving blocks, tiles and building blocks.
- Pre-stressed concrete components.
- Runways, concrete roads, bridges.

43 Grade OPC

43 Grade OPC is the most popular general-purpose cement in India and constitutes a significant portion of total production of cement in India. 43 Grade OPC can be used for the following applications:

- General civil engineering construction work;
- Resource conservation challenge works (preferably where grade of concrete is up to M-30;
- Pre-cast items such as blocks, tiles and pipes;
- Asbestos products such as sheets and pipes

Portland Pozzolana Cement

PPC is blended cement produced by adding pozzolanic materials, such as fly ash, volcanic ash and calcined clay to clinker. Our Company has encouraged customer awareness and acceptance of PPC (through training programs designed by us for engineers and masons) as it has lower production costs and offers higher margins than OPC. PPC can be used for the majority of construction projects, such as in the building of houses, high-rise buildings and bridges. The production process for PPC is similar to that for OPC, but fly ash, the pozzolanic

material which is generally used, is mixed with clinker in the cement mill stage of manufacturing. The fly ash content of PPC produced by us is normally between 20% and 25%. The use of fly ash enables cement to be produced using less clinker. This helps to reduce production costs as fly ash, being a waste product from the operation of coal fired power stations, is readily available and is a cheaper commodity than clinker. Our Company generally obtains fly ash from nearest thermal power stations located in West Bengal region.

Our Competitors

Our Company competes with the regional players having manufacturing bases in and around North Eastern states as well as national players having presence in the North Eastern region. Our ability to compete with national players is productively increased on account of the freight charges which such competitors have to bear to bring their products to North East Region and is further increased by the various subsidies, and benefits given to us by the government.

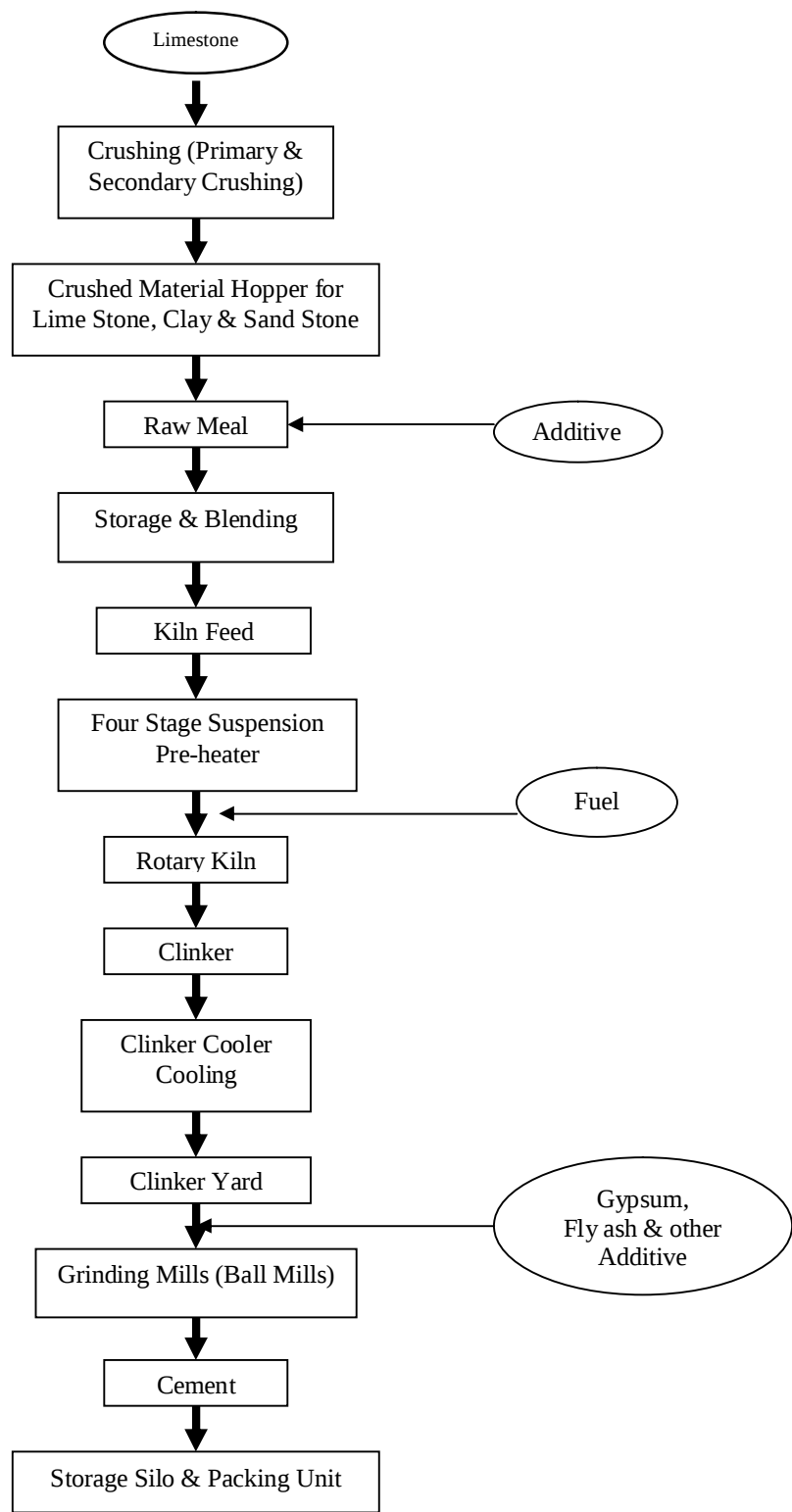
Our brand recognition aided with the absence of regional competitors in the near plant vicinity helps us in competing with regional players.

Manufacturing Process

Our Company manufactures two standard types of cement viz., OPC and PPC. All the cement manufactured by us complies with relevant Indian standards and are marketed under the brand name "Valley Strong Cement".

The general process flowchart for cement production is as follows:

Flow Chart for Manufacturing Cement



Explanation of the manufacturing process/terminologies

Cement production Process

The cement manufacturing process involves four distinct stages. The major stages involved in manufacturing cement by the dry process are described as follows:

1. Raw materials preparation

In this stage, the different raw materials are crushed and ground in grinding mills. Limestone is mined from the quarries by open cast blasting. A secondary blasting (in addition to the primary blasting) is required if the rock size is very large

Dozer is used for collecting the scattered rocks at one place and a shovel is subsequently used for transferring the rock pieces from the ground to a dumper. Our Company has 30 dumpers which are used for dumping the rock pieces in the crusher hopper. The limestone crusher is used for crushing the limestone boulder into smaller pieces.

The crushing is a high power consumption operation which is done in compression type crushers. Crushing is done either in closed circuit where the ground material is filtered as it emerges from the grinding mill and the coarser material is sent back into the mill for grinding. The crusher system is selected after analyzing the raw material characteristics, requirement of particle distribution by downstream equipment and financial considerations. This process is carried out at our wholly owned subsidiary Meghalaya Minerals & Mines Limited

2. Raw Meal Preparation

This is a blending stage in which the various ground raw materials are mixed in the desired proportion to obtain raw meal.

Raw Meal: It is the reclaimed limestone along with additives such as silica, sand and iron ore which is fed to the same conveyor belt. The raw material is then dried and ground in Ball Mill with high efficiency dynamic separators.

Storage Silo: The ground raw meal is transported to the storage silo by a bucket elevator. The next step is that of homogenizing the raw meal. This is necessary to counteract the fluctuations in the chemical composition of the raw mix. Such fluctuations have an adverse influence on the efficiency of kiln operation and also results in undesirable coating and ring formation within the kiln.

Thus minimizing fluctuations in the composition of the kiln feed directly results in efficiency gains, both through superior energy regimes and higher effective capacity by virtue of longer working life of the refractory lining of the kiln. The raw meal from the bottom of the storage silo is mixed vigorously in a bin which works essentially like a batch mix reactor. The raw meal is then transported on conveyors to the cyclone pre-heater. Mechanical form of transportation is preferably used for saving on the power consumption.

Coal Grinding: Coal is used as a feed to the Kiln. Not only does it react with the raw meal to form clinker, it also burns as a fuel thereby providing thermal energy to the Kiln. Preliminary processing of coal is similar to limestone processing. Accordingly, the procured coal is crushed and then fed to a roller mill fitted with high efficiency dynamic separators. The fine coal is stirred in bins from which it is extracted, pumped into the kiln.

Pre-heating the Raw meal: Prior to feeding the Kiln, the raw meal is preheated by the exhaust gases from the Kiln. This leads to reduction in thermal load on the Kiln. The terminal step in the preheating stage is to separate the raw meal from the gas streams.

3. Clinkerisation

Kiln: The kiln is 2.7 X 3 X 55 long cylindrical steel shell lined with special heat resistant re-fractories. The kiln is inclined downwards at an angle of 3.5% degrees and rotates continuously. A temperature zone is maintained in the Kiln with a maximum temperature of 1400 degrees Celsius in the burning zone. To achieve this temperature, either pulverized coal is fired through the outlet and end of the Kiln. At this temperature, the raw meal melts, providing a fluid phase for clinkering reactions to take place. Towards the outlet end of the kiln is a small portion where the molten material cools down marginally and forms nodules.

The hot clinker drops into the grate cooler where it is carried on wide grate sections. From underneath the grates, air is pushed up through the holes in the grate through the clinker bed. The heat from the clinker is transferred to the air, most of which is then utilized as secondary air for combustion of the coal inside the Kiln. The excess air is degusted. Apart from the reciprocating grate cooler, planetary coolers and rotary coolers are also in popular use. The cooled clinker is transported via a conveyor belt to a stockpile.

4. Grinding

Clinker is finely ground along with gypsum and other pozzolanic materials like fly ash, calcined clay, depending on whether the desired end product is OPC& PPC I and PPC II.

Cement Mill: Clinker from the stock along with gypsum and pozzolanic materials such as fly ash are stored in hoppers, are extracted in the required proportion, mixed and fed for grinding. The final grinding of the clinker is done in a vertical roller mill. The fine cement that emerges from the high efficiency separator is transported to cement silos by bucket elevator. In this stage, closed circuit grinding is preferred to open circuit grinding as it is a time saving as well as a fuel efficient process.

5. Cement Packing and Storage

Cement is stored in steel silo, numbering two, each having a capacity of 550 & 750 MT. It is then extracted from the bottom of the silos and packed into bags of 50 kg by two spout packer with electronic weighing system. The packed cement is then loaded on trucks.

Approach to marketing and proposed marketing set-up

Our manufacturing unit is situated in Badarpurghat, Assam. We sell our product under the brand name Valley Strong Cement. We are presently selling our product through a network of over 150 dealers in Assam, Meghalaya, Mizoram and Tripura. The prime market of the product comprises of Mizoram and Tripura states and the Barak Valley region of the state of Assam. The location of the plant has special importance for this market due to its logistic advantages.

Present Market Share

“Valley Strong Cement” brand of ours has earned recognition for itself in the market. Our regular customers include house builders, contractors, national level companies engaged in various construction works and Government organizations. Our company has a large dealer network all over this region.

At present, demand for our product exceeds its daily production and we are able to sell any incremental output that is achieved after final phase of expansion. With the favorable inputs from our dealership network, demand supply position and construction activities going on in this area, we are not only comfortable at present, but foresee a very robust demand for our product in times to come.

Objective and Goal

Our objective is to make available quality cement as per BIS specification to the people of North Eastern Region at affordable prices. We shall ensure this by adopting ourselves to technological advances in the industry, judicious mix of raw materials and optimum utilization of resources, both minerals and manpower.

Strategic Marketing Plan

Some new competition has come up in this region during last one year. New capacities are also being added. The demand supply gap however remains favorable and we do not foresee any problem in marketing our production. However we are required to be proactive in securing our market and as such, keep updating our incentives and distribution margins offered to dealers/sub dealers and distributors.

Paramount importance is being attached to developing long term relationship with the consumers, masons, dealers and customers in the construction sector, both Government and private. We have planned meetings with end users directly from time to time. Mason meets are being organized at their end where we educate them with better ways of construction, on how to achieve best use of our cement and as to how we are better than others. The response so far has been encouraging. We interact with our large family of stockiest, dealers and sub dealers on regular basis. They are visited by our ground staff as well as senior executives on regular basis. They are invited to a dealer's conference twice a year for a mix of business and entertainment. This ensures best of relations with them. A core group of engineers has been entrusted with the job of liaisoning with the customers from organized sector. Their advisory role has helped the customers immensely. Engineers meet are planned to be held at all district headquarters on regular basis, where we invite all engineers from the Government sector.

The visibility of the product is being improved extensively. All over the market, different sizes of hoardings, glow signboards and other advertisements have been placed. We are announcing schemes for end users, mason and dealership network based on achievement of targets fixed where they are encouraged to be loyal with our brand.

The logistic arrangements are being improved. The North Eastern railway has come forward to provide enough wagons for transportation of cement, which will reduce our cost as well as dependence on road transportation. For some parts of the North Eastern region, our access through rail is only viable proposition. Most of our competitors in neighborhood do not have this facility.

The proactive way in which we are pursuing these measures, gives us confidence that not only we will be able to retain our present clientele, the same will be increasing in future.

As a result of these measures and favorable conditions prevailing, we foresee no difficulty in marketing our entire production.

Export obligations

Our company does not have any export obligations.

Collaborations/Tie-up/Association

Our company does not have any collaborations / tie-up / associations as on date.

Infrastructure Facilities:

Raw Material

The main raw materials used to manufacture Portland cement are limestone and additives such as Limestone, Gypsum, Flyash, Silica and Iron Ore etc.,. Clinker, an intermediate product in the manufacture of cement, comprises of Limestone and clay.

Limestone

The main raw material used in the production of cement is limestone. The process of cement production requires about 1.35 tonne of limestone for every one tonne of clinker produced, thus generating an annual requirement of about 1.87 Lacs tonne in our case. The landed cost of lime stone at works per ton of clinker produced was Rs. 460.00 during Financial Year 2005-06.

The Company procures limestone from its wholly owned subsidiary Meghalaya Minerals & Mines Limited at Meghalaya. This mine is being operated since past 5 years.

Lime stone reserve position is sound in this area. The yearly estimated lime stone consumption of the company given the expanded clinker capacity would be approximately 2.45 Lacs.

Clay

Very good quality of clay is available in with in a radius of 20 KM of our plant. About 0.2MT of clay is used per MT of Clinker produced.

Gypsum

Usually 0.5 – 1.0% of gypsum is used in production of cement. At present company is sourcing the gypsum requirement from Bhutan which is available in plenty in Bhutan. The cost of gypsum is approximately Rs. 2,450/- Per Ton.

Fly ash

Fly ash is a key additive for the production of PPC. About 20% – 25% of fly ash is used to manufacture PPC along with about 0.5 – 1.0% of gypsum and balance clinker. The availability of fly ash at reasonable landed cost gives a cement producer the advantage of producing more of PPC and thereby increasing overall contribution. As fly ash directly replaces the clinker in cement manufacturing process, it increases the overall production and contribution and improves the margins of the Company.

The total requirement of fly ash is about 30,000 MT Per Year which is primarily sourced from thermal power plants in West Bengal. While the power plants charge only Rs. 160 to Rs. 200 per MT as administrative charges to allow the Company to lift the fly ash, the main cost is incurred in transportation. Presently, the landed cost of fly ash works out to be around Rs. 1600/- MT.

Utilities:

Power

Dedicated and low cost of supply of electricity is a critical factor in cement manufacture. At 100% capacity utilization the power requirement of the plant is 18 Mn Kwh in a year. We have arranged power supply from Assam State Electricity Board (ASEB) in addition to our own DG Sets. Permanent arrangements has been made from ASEB with a substation to supply 2550 KW to meet up both industrial and residential demand. In addition standby 3 DG Sets (1250, 1563, 1000 KCA capacity) have been kept in the vicinity. Further we have undertaken a wholly owned subsidiary “BEPL” to undertake setting up of a biomass based power plant which will eliminate our dependence on ASEB and provide uninturrpted power supply.

Fuel

The company uses indigenous coal from about 85 KM away from our plant in Bapung and Surupi areas of Meghalaya where very rich coal is available. The coal is normally having 6000-8000 Kcal and ash content as low as to 8%. The company maintain about 15 days of coal stock as coal is available in plenty around the year.

Water

Water is being used for our manufacturing facility as well as for general purposes. Our water requirement at our unit is being met in-house. We have our own reservoir from where water is pumped to plant-reservoir factory site. The plant reservoir is well connected with water pipe line and as and when required, water can be made available to meet up the requirement as well as carrying treated water by water tanker for areas not covered by pipeline.

Manpower

The manufacturing process of Cement Industry requires an appropriate mix of skilled, semi-skilled and Unskilled labour, which is readily available. Our Company recruits people from the Industry depending on its requirement. We also engage labour on contract basis for doing non-routine type of work as and when required. The Company has maintained good relationship with the employees. There is easy availability of labour around the towns and cities where our factory is located and we do not foresee any problem in hiring more manpower. Currently the people employed in the Company are as follows:

The employee strength as on 31st October 2006 is 394. The total number of permanent employees is 223 and working on contract are 171 break up of which is given as under:

Particulars	Permanent Employees	Contract Labourers
Skilled	136	53
Semi-Skilled	21	4
Unskilled	66	114
Total	223	171

The additional manpower requirements for the new project are as under:

Particulars	Capacity Expansion of BVCL
	No. of Employees
Skilled	6
Semi Skilled	-
Unskilled	18
Total	24

We will be recruiting the additional manpower as listed above in due course for which we do not envisage any difficulty as the same is easily available in and around our plant locations.

Our Company largely depends upon the calibre and efficiency of our employees. Our human resource policy is targeted towards motivating our employees and developing a congenial work environment. Our recruitment process ensures that the new employees recruited are competent and can add value to our organization. A systematic assessment process is designed which involves technical / non-technical interviews by the heads of the respective departments and evaluation of their work profile to identify the right candidate for the right job

profile. An Induction & Orientation process is done to present the history, the current scenario and the future to all new recruits in our Company.

Environmental Aspects

Our company is committed to provide a safe, clean and healthy environment. We adhere to all the requirements to be met in this regard and will continue complying with all local and national environmental laws and regulations, at all the times. We do not envisage any difficulty in meeting the required parameters to maintain a clean and healthy environment. One such step taken by our Company in this direction is utilization of waste heat of kiln. A rotary drier has been designed, manufactured and commissioned to evaporate the moisture of coal. Due to this about 9000 m³ /hr of hot air, which was going out, has been utilized. Though all pollution control mechanical devices/systems are already in existence, but the management has developed an “evergreen afforestation belt” around the plant area by planting all sorts of high quality plant species for long term capital gain assets as well as to make a green valley. This is directly helping in stabilization of soil in hill slope and to reduce environmental pollution and beautification of surroundings. In addition to above effort, we have also obtained the required government approvals regarding our manufacturing process for our existing production facilities. For our proposed projects application will be made to the concerned authorities at appropriate time. For further details on the consents and approvals obtained by us, please see refer to the section “Statutory Approvals and Licenses” on page [●] of this Draft Red Herring Prospectus.

Research and Development

Our Company focuses on R&D to improve productivity and drive down manufacturing cost without any compromise on the stringent quality specification. Specific areas in which research and development (R& D) is being carried out by our Company include:

1. Clay (Cement Additive)
2. Making clinker from Lime sludge rejects
3. Mechanized cleaner for vertical tube of heat exchanger in place of sony horns, soot blowers which are not found successful.

Property

The details of our significant properties are provided below:

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
Barak Valley Cements Limited					
1	Lands bearing Old Dag No. 36 and New Dag No. 33/48, Jhumbasti, Badarpurghat, Karimganj District, Assam	1.92 acres	M/s Valley Cement Limited Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
2	Lands bearing Old Dag No. 67 and New Dag No. 4, under Khaitan No. 42, Jhumbasti, Badarpurghat, Karimganj District, Assam	2.88 acres	M/s Valley Cement Limited Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
3	Lands bearing Old Dag	03.62 acres	M/s Valley Cement Limited	Freehold	Factory Land

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
	no. 67 and New Dag no. 4, under khaitan No. 42, Jhumbasti, Badarpurghat, Karimganj District, Assam.		Badarpurghat, Karimganj District, Assam		
4	Property situated at Alakulipur Block, Badarpur, Karimganj district, Assam	0.76 acres	Mr. Khalilur Rahman Badarpurghat, Karimganj, District, Assam	Freehold	Factory Land
5	Alakulipur, Badarpur, Karimganj District, Assam	0.318 acres	1. Mr. Richard Anthony 2. Mr. Rommel Anthony 3. Mrs. Annie Anthony Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
6	Land under Mouza – Jum part VII. Badarpurghat, Badarpur District, Karimganj, Assam.	0.56 acres	1. Shri Gopendra Chandra Saha, S/o Late Gopal Chandra Saha. 2. Shri Sreenibash Banik, S/o Late Chunni Lal Banik. 3. Shri Gopal Dey. 4. Shri Raju Dey. 5. Shri Swapan Dey, S/o Shri Banwari Lal Dey. 6. Smti. Shewli Dey, D/o Shri Banwari Lal Dey. 7. Smti. Gouri Dey, W/o Late Banwari Lal Dey. 8. Smti. Sumi Dey, W/o Late Brojo Lal Dey. Residents of: Village & P.O. Badarpurghat, District Karimganj, Assam	Freehold	Factory Land
7	Land under Mouza – Jum part VII. Badarpurghat, Badarpur District, Karimganj, Assam.	0.16 acres	Shri Sushanta Kumar Roy S/o Lt. Kamini Kumar Roy Resident of: Garikhana, Shillong, Meghalaya	Freehold.	Factory Land
8	Land under Mouza – Jum part VII, covered by old Dag 36 of Khaitan No. 1, new Dag No. 33, Badarpurghat, Badarpur District, Karimganj, Assam	1.50 acres	1. Md. Abdul Kayum 2. Mr. Abdul Rahim Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
9	Land under Mouza – Jum part VII, covered by old Dag 36 of Khaitan No. 1, new Dag No. 33,	1.48 acres	1. Mr. Abdul Kayum. 2. Mr. Abdul Rahim Badarpurghat, Karimganj District, Assam	Freehold	Factory Land

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
	Badarpurghat, Badarpur District, Karimganj, Assam.				
10	Land under Mouza – Jum part VII, covered by old Dag 36 of Khaitan No. 1, new Dag No. 33, Badarpurghat, Badarpur District, Karimganj, Assam.	0.224 acres	1. Md. Allaudin S/o Late Hazi Khurshid Ali. Village Khadiman, P.O. Badarpur, Karimganj, Assam 2. Musstt. Rabia Khatun W/o Anawar Hussain Laskar. Margerita, Tinsukia, Assam	Freehold	Factory Land
11	Land under Mouza, Debendra Nagar, Badarpur District, Karimganj, Assam	0.83 acres	Various Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
12	Land under Khaitan No. 171 and Dag No. 477, Mouza, Debendra Nagar, Badarpur District, Karimganj, Assam.	0.680 acres	Mrs. Varonica Anthony W/o Late Adward Anthony Mission Road, P.O. Badarpur, Karimganj, Assam.	Freehold	Factory Land
13	Land under Mouza, under Khaitan No. 163 and Dag no. 478, Alakulipur. Badarpur District, Karimganj, Assam.	0.360 acres	1. Mr. Petric. Anthony. 2. Mr. Joseph Anthony, S/o Late Biyyata Anthony. 3. Miss Kristina Anthony, D/o Late Biyyata Anthony. 4. Mr. Normen Anthony, S/o Late Biyyata Anthony. Residents of: Mission Road, P.O. Badarpur, Karimganj, Assam	Freehold	Factory Land
14	Land under Mouza, under Khaitan No. 163 and Dag no. 478, Alakulipur. Badarpur District, Karimganj, Assam.	0.266 acres	Md. Allaudin, S/o Late Hazi Khurshid Ali Village Khadiman, P.O. Badarpur, Karimganj, Assam	Freehold	Factory Land
15	Land under old Dag No. 36 and new Dag No. 3, Khaitan No. 1, Debendra Nagar, Badarpurghat, Karimganj, Assam.	0.266 acres	Shri Sushanta Kumar Roy S/o Late Kamini Kumar Roy. Resident of: Garikhana, Shillong, Meghalaya	Freehold	Factory Land
16	Land under Mouza Jum Part VII, under Dag No. 67, Khaitan No. 42, Pargana Chapghat,	0.176 acres	1. Md. Allaudin, S/o Late Hazi Khurshid Ali. Village Khadiman, P.O. Badarpur, Karimganj, Assam	Freehold.	Factory Land

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
	Karimganj, Assam.		2. Musstt. Rabia Khatun W/o Anawar Hussain Laskar and D/o Late Abdul Ajj. Margherita, District Tinsukia, Assam		
17	Land under Dag No. 462, Khaitan No. 173, Pargana Chapghat, Badarpurghat, Karimganj, Assam.	0.335 acres	1. Shri Partha Sarathi Hazara. 2. Shri Biman Hazara, (Both S/o Late Lani Gopal Hazara). Alakulipur, P.O. Badarpur, Karimganj, Assam	Freehold.	Factory Land
18	265, Srimanta Market Annexe, A.T. Road, Guwahati, Assam	N.A.	Esskah Entrade Pvt. Ltd, Guwahati	Rent	Registered Office
19	281, Deepali, PitamPura, New Delhi -110034	N.A	Parshuram Sanwarmal (HUF), A-26/53, West Punjabi Bagh, Delhi	Rent	Corporate Office
20	R.C.C Buliding, Pargona-Chapghat, Mouza-Chapra, Killa-Barbond, Karimganj, Assam	72'x11'-9"	Mr. Kanchan Lal Paul Srigouri, Karimganj, Assam	Rent	Staff Colony
Badarpur Energy Private Limited					
1	Lands bearing Khaitan No. 334, Old Dag No. 588 and new Dag No. 891 and Patta No. 512, Badarpur, Karimganj District, Assam	0.123 acres	Mr. Mati Malakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
2	Lands bearing Khaitan No. 167, Old Dag No. 472 and new Dag No. 876, Badarpur, Karimganj District, Assam	0.444 acres	Mr. Sayeed Moin Udeen Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
3	Lands bearing Khaitan No. 338, Old Dag No. 588 and new Dag No. 894, Badarpur, Karimganj District, Assam.	0.185 acres	Mr. Achnitya Malakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
4	Lands bearing Khaitan No. 167, Old Dag No. 472 and new Dag No. 876 and Patta No. 512, Badarpur, Karimganj District, Assam.	0.08 acres	Shri Amaresh Chandra Das, S/o Late Girish Chandra Das. S.T. Road, Badarpur, Karimganj, Assam	Free hold	Factory Land

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
5	Lands bearing Khaitan No. 167, Old Dag No. 472 and new Dag No. 876, Badarpur, Karimganj District, Assam	0.115 acres	Mr. Ramendra Chakraborty Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
6	Lands bearing Khaitan No. 334, new Dag No. 892/1109, patta no. 732, Badarpur, Karimganj District, Assam.	0.14 acres	1. Mr. Khitenra Malakar 2. Mr. Sukhendra Malakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
7	Lands bearing Khaitan No. 167, Old Dag No. 472 and new Dag No. 876, Badarpur, Karimganj District, Assam.	0.08 acres	Mr. Bakul Chanda Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
8	Lands bearing Khaitan No. 167, Old Dag No. 472 and new Dag No. 876, Badarpur, Karimganj District, Assam.	0.08 acres	Jayanta Kumar Das Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
9	Lands bearing Khaitan No. 167, Old Dag No. 472 and new Dag No. 876, Badarpur, Karimganj District, Assam.	0.115 acres	1. Mr. Shamir Roy 2. Mr. Sanjeev Roy Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
10	Lands bearing Khaitan No. 172, Old Dag No. 479 and new Dag No. 885, patta No. 452, Badarpur, Karimganj District, Assam.	8990 sq. feet	1. Md. Abdul Gafur, S/o Late Hazi Sikander Ali Mazumdar. 2. Md. Abbas Ali Mazumdar. 3. Md. Abdul Hannan Mazumdar. 4. Md. Ahmed Hussain Mazumdar, S/o Late Hazi Sikandar Ali Mazumdar. Residents of: Village Alakulipur, P.O. Badarpurghat, District Karimganj, Assam	Freehold	Factory Land
11	Lands bearing Khaitan No. 334, new Dag No. 890, patta no 537, Badarpur, Karimganj District, Assam.	12 Katha, 9 Chatak.	Mr. Mati Mallakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
12	Lands bearing Khaitan No. 334, new Dag No. 890, patta no. 537, Badarpur, Karimganj	8 Katha, 6 Chatak.	1. Mr. Tapash Malakar. 2. Mr. Paritosh Malakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
	District, Assam.				
13	Lands bearing Khaitan No. 167, Old Dag No. 588/600 and new Dag No. 951, patta no. 528, Badarpur, Karimganj District, Assam.	0.10 acres	Mr. Debo Prasad Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
14	Lands bearing Old Dag No. 588/601 and new Dag No. 952, Badarpur, Karimganj District, Assam	0.584 acres	Mr. Pradunnya Malakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
15	Land bearing Khaitan no. 102, 102 and 334, Dag no-old.590(Cha), 590(Ja), 588Kha(I) New Dag no- 946,954, 897, patta no. 623, 623, 515, Badarpur, Karimganj District, Assam	2. 380 acres	Mrs. Nioti Malakar Mr. Pradunnya Mlakar Badarpurghat, Karimganj District, Assam	Freehold	Factory Land
Meghalaya Mines and Minerals Private Limited					
1	Lands at Narpuh, P.S. Khalerihat, District Jaintia Hills, Jowai, Meghalaya	11.119 acres	Kopi Lamare Lumshnong, P.S. Khalerihat, District Jaintia Hills, Meghalaya	Freehold	Factory land, factory under commission
2	Lands at Narpuh, P.S. Khalerihat, District Jaintia Hills, Jowai, Meghalaya	1.699 acres	Lisia Patwad Lumshnong, P.S. Khalerihat, District Jaintia Hills, Meghalaya	Freehold	Factory land, factory under commission
3	Lands at Narpuh, P.S. Khalerihat, District Jaintia Hills, Jowai, Meghalaya	3.6077 acres	Kopi Lamare Lumshnong, P.S. Khalerihat, District Jaintia Hills, Meghalaya	Freehold	Factory land, factory under commission
4	Lands at Narpuh, P.S. Khalerihat, District Jaintia Hills, Jowai, Meghalaya	7.602 acres	Thrin Lamare Lumshnong, P.S. Khalerihat, District Jaintia Hills, Meghalaya	Freehold	Factory land, factory under commission
5	Lands situated at Norpuh (Orange Grove), P.S. Khalerihat, District Jaintia Hills, Jowai, Meghalaya.	5.782 acres	Thrin Lamare Lumshnong, P.S. Khaleriahahat, District Jaintia Hills Meghalaya	Freehold	Mining and Crushing Plant
6	Lands situated at Umgri, Norpuh (Orange Grove), P.S. Khalerihat,	5.078 acres	Bro Shylla Lumshnong, P.S. Khaleriahahat, District Jaintia Hills	Freehold	Mining and Crushing Plant

Sr. No.	Location	Area	Name, address of Vendor	Freehold/ Leasehold/ Rental	Activities
	District Jaintia Hills, Jowai, Meghalaya.		Meghalaya		
Cement International Limited					
1	Lands bearing Old Dag No. 590(thu) 590 da (1) and New Dag No. 975 and 976 (1), Alakulipur, District Karimganj, Assam.	0.560 acres	Lila Saha, Dipankar Saha, Debashish Saha, Chandra Saha Residents of: Badarpurghat, District Karimganj, Assam	Freehold	Factory Land, factory under commission
2	Lands bearing Old Dag No. 590(thu) 590 da (1) and New Dag No. 975 and 976 (1), Alakulipur, District Karimganj, Assam.	0.560 acres	Lila Saha, Dipankar Saha, Debashish Saha, Chandra Saha Residents of: Badarpurghat, District Karimganj, Assam	Freehold	Factory Land, factory under commission
3	Lands bearing Old Dag No. 590(Part) and New Dag No. 977, Alakulipur, District Karimganj, Assam.	0.157 acres	Abbas Ali Mazumdar Village Alakulipur, P.O. Badarpurghat, Karimganj, Assam	Freehold	Factory Land, factory under commission
4	Lands bearing New Dag No. 935 (Part), Alakulipur, District Karimganj, Assam.	0.075 acres	Abbas Ali Mazumdar Village Alakulipur, P.O. Badarpurghat, Karimganj, Assam	Freehold	Factory Land, factory under commission
5	Lands bearing Old Dag No. 590(Part) and New Dag No. 945, Alakulipur, District Karimganj, Assam.	0.478 acres	Abdul Mukit Alies Abdul Mutlib Alakulipur, P.O. Badarpurghat, Karimganj, Assam	Freehold	Factory Land, factory under commission
6	Lands bearing Old Dag No. 590(Part) and New Dag No. 974, Alakulipur, District Karimganj, Assam.	0.151 acres	Abdul Mukit Alies Abdul Mutlib Alakulipur, P.O. Badarpurghat, Karimganj, Assam	Freehold	Factory Land, factory under commission
7	Lands bearing Old Dag No. 590(Part) and New Dag Nos. 973 and 979, Alakulipur, District Karimganj, Assam.	0.929 acres	Abdul Kalam, Abdul Salam, Alakulipur, P.O. Badarpurghat, Karimganj, Assam	Freehold	Factory Land, factory under commission

Insurance

Our Company keeps all critical immovable and movable properties duly insured.

The details of policies are as under:

Policy No. / Cover note No.	Particulars	Sum Insured (Rs.)	Date of Expiry	Details
130500/11/06/11/00000049	Standard Fire & Peril	4,23,25,058	19/04/2007	§ Insured against standard fire and Earthquake (shock). § Cement Factories, Buildings, stock contents, all kinds of cement, raw materials finished goods, stock in process, stores and spares and Furniture, Fittings and Fixtures are insured against fire and Earthquake (shock).
130500/11/06/11/00000048	Standard Fire and Peril Insurance	50,40,00,000	19/04/2007	§ Insured against standard fire and Earthquake (shock). § Cement Factories, Buildings, stock contents, plants and machinery and Furniture, Fixtures and Fittings are insured against fire and Earthquake (shock).
130500/48/05/01048	Money Transit Policy	1,00,00,000	18/01/2007	§ Money for payment of wages, salaries, petty cash transit from the bank in direct transit to the insured premise. § Money in the personal custody of the authorized employees or the insurer § Money collected by and in the personal custody of the insured or his authorized employees. § Cash on the premises during business hours secured in a locked safe or a strongroom insured against the risk of housebreaking, burglary and hold up. § The policy also has a terrorist cover.

130500/42/06/03/00000048	Personal Accident Policy	94,00,000	19/06/2007	§ This policy covers medical expenses
130500/42/05/00146	Personal Accident Policy	62,16,800	16/12/2006	§ This policy covers medical expenses
130500/41/05/00014	Workmen's Compensation	9,32,400	11/12/2006	§ Workmen compensation for employees earning more or less than 4000 are insured.
130500/44/06/51/30000015	Machinery Breakdown Policy	1, 85, 93, 282	10/10/2007.	§ This policy is for covering the machinery breakdown. § Crushers other than stone crushers, limestone crushers, primary and secondary crushers, electronic motors, cooling machines, air compressors, hydraulic presses systems, gear box, fans, materials, switchgears and air freight are all covered by this policy. §
130500/44/05/51/30000053	Machinery Breakdown Policy	1,53,70,978	30/03/2007	§ This policy is for covering the machinery breakdown. § Crushers other than stone crushers, limestone crushers, primary and secondary crushers, electronic motors, cooling machines, air compressors, hydraulic presses systems, gear box, fans, materials, switchgears and air freight are all covered by this policy.
130500/44/06/51/30000006	Machinery Insurance	1, 37, 27,927	19/05/2007	§ This policy is for covering the machinery breakdown. § Crushers other than stone crushers, limestone crushers, primary and secondary crushers, electronic motors, cooling machines, air compressors, hydraulic presses

				systems, gear box, fans, materials, switchgears and air freight are all covered by this policy.
130500/21/06/02/00000007	Marine Cargo	40, 00,000	09/05/2007	§ This policy protects marine cargo. § Wooden packing is covered by this policy.
130500/21/05/02/00000023	Marine Cargo	1,00, 00,000	09/01/2007	§ This policy protects marine cargo. § Wooden packing is covered by this policy.
130500/11/05/02/00824	Fire Policy (Staff Quarters)	1, 03, 68, 500.	23/02/2007	§ This policy insures risks against fire and special peril. § Executive quarters in different blocks are insured under this policy.
130500/44/06/51/30000015	Machinery Breakdown Insurance	1, 75, 54, 78,500	10-10-2007	§ This policy is for covering the machinery breakdown.

Details of insurance policies of our subsidiaries:

Meghalaya Minerals and Mines Limited

Policy No. / Cover note No.	Particulars	Sum Insured (Rs.)	Date of Expiry	Details
130500/41/05/00020	Workmen's Compensation	Rs. 3, 80, 400	16 – 02 – 2007.	
130500/42/06/03/00000069	Personal Accident	Rs. 40, 00,000	27 – 07 – 2007.	

Cement International Limited

Policy No. / Cover note No.	Particulars	Sum Insured (Rs.)	Date of Expiry	Details
130500/11/06/11/00000512	Fire & Special Peril	Rs. 9, 70, 00,000	25 –10 – 2007.	

Badarpur Energy Private Limited

Policy No. / Cover note No.	Particulars	Sum Insured (Rs.)	Date of Expiry	Details
130500/44/06/03/60000001	Contractor All Risk	Rs. 4, 75, 00,000	28 – 06 – 2007.	
130500/21/06/02/000000251	Marine Open	Rs. 1, 50, 00,000	14 – 11 – 2007.	

To the best of our knowledge our Company and subsidiaries are adequately insured.

Capacity and Capacity Utilization

Our capacity and capacity utilisation as per the certificate issued by our statutory auditors, M/s Surender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants, dated 21st November 2006 is given below:

	FINANCIAL YEAR					
	2003 - 04		2004 - 05		2005 - 06	
Product	Installed Capacity (In M.T.)	Actual Utilisation (In M.T.)	Installed Capacity (In M.T.)	Actual Utilisation (In M.T.)	Installed Capacity (In M.T.)	Actual Utilisation (In M.T.)
Cement	1,00,000	1,04,231	1,00,000	1,22,630	1,51,800	1,34,351

Capacity envisaged for the forthcoming projects is as follows:

On the basis of existing capacity and expansion programme being undertaken by our Company, we envisage the projected installed capacity and its percentage of utilisation for the financial years ending March' 2007, 2008 and 2009, will be as under :

	FINANCIAL YEAR					
	2006 - 07		2007 - 08		2008- 09	
Product	Installed Capacity (In M.T.)	% of Expected Utilisation	Installed Capacity (In M.T.)	% of Expected Utilisation	Installed Capacity (In M.T.)	% of Expected Utilisation
Cement	1,51,800	100%	1,98,000	85%	1,98,000	90%

KEY INDUSTRY REGULATIONS AND POLICIES

Set below is the summary of the significant legislations passed by the Central & State government relating to Cement Industry:

- Cement Control (Amendment) Order, 1989

Pursuant to Notification No.1-5/89-Cem, with effect from March 1, 1989 (S.O. No. 168(E)), the Cement Control Order, 1967 (the “1967 Order”) was amended with a view to removing the Government’s control over price and distribution control of cement vide the Cement Control (Amendment) Order, 1989 (“the amended Order”). The amended Order provides for maintenance of books relating to production, removal, sale and transfer of cement (excluding white cement) by the producer and furnishing of returns or such other information as may be specified by the Central Government. The amended Order also provides for the maintenance of a Cement Regulation Account by the Development Commissioner for the cement industry. The amount credited in this account is to be used, inter alia, for reimbursing the producer towards equalizing freight or concession in the matter of export price.

- Cement Cess Rules, 1993

The Cement Cess Rules, 1993, impose a cess on the manufacture of cement. The Cement Cess Rules provide for (i) monthly returns to be filed by the producer with the appropriate authority and (ii) the amount due every month to be deposited by the 15th of the subsequent month. The proceeds of the cess are to be utilized for research and development in cement manufacturing and persons engaged in cement industry.

- Cement (Quality Control) Order, 2003

The Cement (Quality Control) Order, 2003, has been framed under the BIS, 1986, and prohibits sale, manufacture and distribution of cement which does not meet the quality requirements specified by the BIS or does not bear the standard mark, and requires a manufacturer of cement to make an application to the BIS for obtaining a license for use of the standard mark.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our History & Background

Barak Valley Cements Limited was incorporated as on 28th April 1999, under the Companies Act, with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and received certificate for commencement of business on the same date.

BVCL was promoted by Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj.

We commenced commercial production on 1st April 2001 with an installed capacity of 300 TPD and thereafter undertook capacity expansion which now stands at 460 TPD.

The total turnover of our Company has grown from Rs. 1829.77 Lacs during FY 2001-02 to Rs. 5352.71 lacs during FY 2005-06 and Rs. 3446.81 lacs for the six months period ended 30th September 2006.

The Quality Systems of our Company have been accredited with BIS and International Industrial Certification Co. Ltd. certification (ISO 9001: 2000).

Our business activity revolves around the manufacturing of cement. Our Company produces different grades of cements, i.e., PPC and OPC catering to the different user segments.

Our Milestones

<u>Year</u>	<u>Event</u>
April 1999	§ Incorporation of our Company
April 1999	§ Certificate of Commencement of business received
April 2001	§ Commencement of Commercial Production of Cement
May 2001	§ Grant of ISI Mark (BIS Licence) for OPC 43 Grade
September 2003	§ Grant of ISI Mark (BIS Licence) for PPC
September 2003	§ Received ISO 9001: 2000.
March 2006	§ Best production of Clinker
March 2006	§ Best production of Cement – 15750 MT

Change in Name and constitution of Our Company since inception

There has been no change in the name of our Company and its constitution since inception.

Changes in the Registered Office of our Company

Our registered office is situated at 265, Sreemanta Market Annexe, A.T. Road, Guwahati, Assam-781001. Changes in our Registered Office since inception are detailed below:

Place of Registered Office	Shifted to	Date of change	Reason
163, Sreemanta Market Annexe, A.T. Road, Guwahati, Assam-781001	265, Sreemanta Market Annexe, A.T. Road, Guwahati, Assam-781001	11 th March 2003	For better infrastructure facilities

Changes in Memorandum and Articles of Association of our Company

a. Change of Authorized Capital

Barak Valley Cements Limited was registered with authorized capital of Rs.500 lacs. The present authorized capital of our Company is Rs.2,500 lacs comprising of Equity Shares. The details of changes in authorized capital since inception are as under:

Sr. No.	Particulars of Increase	Date of Meeting	Type of Meeting
1.	Rs 500 lacs	N.A.	Incorporation
2.	From Rs. 500 lacs to Rs. 750 lacs	12-08-1999	EGM
3.	From Rs. 750 lacs to Rs. 1350 lacs	25-10-2000	EGM
4.	From Rs. 1350 lacs to Rs. 1800 lacs	11-02-2002	EGM
5.	From Rs. 1800 lacs to Rs. 2500 lacs	13-03-2006	EGM

b. Change in Object Clause

The main object clause of our Company as stated hereunder title 'Our Main Objects', was earlier amended by a Special Resolution passed at the Extra-ordinary General Meeting held on 31st July 2006 by adding sub clause 5 in the main objects which is as follows:

"To manufacture pre-stressed concrete products, structures, "beams, pillars, girders and Railway Sleepers and to do the business of structural engineers, buildings, and structural contractors and to carry out and execute contracts in connection with such business."

Our Main Objects:

The main objects set out in our Memorandum of Association are as under:

1. To produce, manufacture, treat, process, prepare, refine, import export, purchase, sell and generally to deal in either as principals or as agents either solely or in partnership with others, all types and kinds of Cements ordinary, white, coloured portland, pozzolana, alumina, blast furnace, silica and all other varieties of cement lime and limestone clinker and / or by products thereof, as also cement products of any or all descriptions such as pipes, poles, slabs, asbestos sheets, blocks, tiles, gardenwares, plaster of paris, lime pipes, building materials and otherwise and article, things, compounds and preparations connected with the aforesaid products and in connection therewith to take on lease or otherwise acquire, erect, construct, establish, work operate and maintain factories, quarries, mines and workshop.
2. To carry on the business of producers, manufacturers, refiners, processors, traders, stockiest, exporters, importers or generally to deal in bricks, sand stone, marble, tiles, refractories china wares, sanitary materials, pipes, tubes, tubulars, structures, paints, adhesives, sheets, roofings, glass, furniture, fittings, electrical goods, water supply or storage equipments, floor polish, doors, diosers, concrete mixers,

elevators and any other building of decorative materials made of cement, stone, clay, timber, teak, board, fibre, paper, glass, rubber, plastic or other natural or synthetic or chemicals.

3. To carry on all or any of the business as manufacturers and sellers of and dealers and workers in cements of all kinds of lime, plasters, whiting, clay, gravel, sand, minerals, earth, coke, fuel, gypsum coal, jute, hessian cloth, gunny bags, paper bags, artificial stone and all builders requisite made out of cement and cement products and convenience of all kinds.
4. To buy, sell, import, export, manipulate prepare for market and deal in merchandise, of all kinds of and generally to carry on business as agents for Indian and Foreign principals for sale, purchase, export and import of commodities and merchandise of all kinds and descriptions.
5. #To manufacture pre-stressed concrete products, structures, beams, pillars, girders and railway sleepers and to do the business of structural engineers, buildings, and structural contractors and to carry out and execute contracts in connection with such business.

amended vide Special Resolution passed at the Extra Ordinary General Meeting held on 31st July 2006.

Subsidiaries of Our Company

We have three subsidiary companies:

1. Meghalaya Minerals & Mines Limited
2. Cement International Limited
3. Badarpur Energy Private Limited

For details of our Subsidiaries please refer to the heading 'Financial information of subsidiary and group companies' on page [•] of Draft Red Herring Prospectus.

Shareholders' Agreement

Our Company does not have any subsisting shareholder's agreement as on the date of filing this Draft Red Herring Prospectus.

Other Agreements

We, at present, have entered into Contract / MOU's with parties for supply of raw materials, power etc. details of which are as under:

Type of Contract	Parties to Contract	Salient Features of Contract
Sale & Supply Contract	BVCL and Meghalaya Minerals & Mines Limited (Wholly owned Subsidiary of BVCL)	– Dated 10th April, 2004 valid upto March 31, 2008 – Supply of the entire quantity of limestone mined by MMML to BVCL at Rs. 150 per MT ex mines. – BVCL may purchase limestone from other parties as well and there are no restrictions on the same
MOU for Power Purchase	BVCL and Badarpur Energy Private Limited (Wholly owned Subsidiary of BVCL)	– Dated 15th December, 2005 – BVCL shall purchase its entire power requirement from BEPL – Rate: Rs 3.75 per KW exclusive of statutory taxes and duties

		– BVCL shall require to make an interest free deposit with BEPL – Parties agree to enter into a Power Purchase Agreement at least a month prior to the power plant commencing production: Status of MOU / Agreement
Transport of Raw Material and Products	BVCL and Astir Impex Private Limited	– Dated 4th December, 2000 initially valid for 2 years; extended from time to time, now valid upto 31st March 2008. – Transport of limestone (raw material) from Meghalaya and gypsum (raw material) from Bhutan to the BVCL plant at Badarpurghat, Assam and transport of cement finished product from the plant to various destinations – Rate for limestone, gypsum etc. transportation shall be determined from time to time, on mutual understanding of parties – Rates separately provided for transport of finished product i.e. cement
CFA Agency Agreement	BVCL and Hluza Cements (proprietorship)	– Dated 26th May, 2006 valid upto 25th May, 2007 – Hluza had been the dealer for BVCL cement for the past year in Aizwal, Mizoram – Government of Mizoram has directed that all cement manufacturers who operate in the state must have stock points at Aizwal, which will be a single source of distribution of their cement in the state. – Hluza is being appointed as C&F (Consignment & Forwarding) Agent on account of the same – Scope of agreement: Clearing, running trucks on hire, handling, forwarding, storage, preservation of goods at the warehouse – Commission of Re 1 per bag to be paid to Hluza – Dispute resolution includes arbitration at Assam
Super Distributor Appointment	BVCL and J.K. Agencies (Kolkata)	– Dated 10th July, 2002 – Status: Super Distributor for the State of Tripura (South & West) – Security Deposit: Rs 25 lacs to be provided by the super distributor to BVCL in lieu of its ownership of the relevant BVCL market in the region – Super Distributor Margin: Rs 7 per bag – Distributor Margin: Rs 2 per bag – Minimum volume of business: 1,500 tonnes per month

		– Other distributors mentioned: Sherowali Services, Agartala and Hara Sundari Store, Agartala – No termination clause provided – The Company has confirmed that the terms of the Agreement are presently in abeyance with no dealings being undertaken between the parties as on date.
Contract for Rent of Corporate Office	BVCL and Parshuram Sanwamal (HUF)	– Dated 24th November, 2006 – For maintenance of the Corporate Office of the BVCL – Tenor: 11 months – Contract consideration: Rs. 3,000 per month
Contract for Rent of Registered Office	BVCL and Esskah Entrade Private Limited	– Dated 1st April, 2006 – For tenancy of the registered office of BVCL – Tenure: 3 years – Contract consideration: Rs. 2645 per month

The Contracts entered into by the Subsidiaries are as follows:

4.11 Badarpur Energy Private Limited has entered into a new contract with Cement International Limited for the sale of power.

Contract for Sale of Power	BEPL Cement International Limited	Contract Details: – Dated 07th December, 2006 – For sale of power to CIL – Tenor: 10 years with effect from April 1, 2007 – Contract consideration: Rs. 3.75 per KW – CIL has to make an interest free deposit of Rs 20 lacs as advance – Agreed to enter into a Power Purchase Agreement
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Save and except for normal Banking arrangements and the agreements mentioned as given above, our Company has not entered into any other agreements except as mentioned on page [•] under the head Collaborations / Tie-up / Association.

Strategic Partners

Our Company does not have any strategic partners.

Financial Partners

Our Company does not have any financial partners.

OUR MANAGEMENT

BOARD OF DIRECTORS

Our Company is currently managed by Board of Directors comprising of 12 (twelve) Directors. Mr. Bijay Kumar Garodia is our Company's Chairman. Mr. Kamakhya Chamaria our Managing Director, in-charge of the overall management of our Company subject to the supervision and control of the Board. He is ably supported by professional and technically qualified team of executives specified in Operations, Finance, Marketing, Legal and Personnel.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus.

Sr. No.	Name, Age, Fathers Name, Designation, Address & Occupation of Director	Other Directorships
1.	Mr. Bijay Kumar Garodia (49) S/o Late Ram Gopal Garodia Chairman and Whole Time Director CF-366, Salt Lake City Kolkata Occupation : Business	§ Meghalaya Cements Limited § Prithvi Energy Limited § Prithvi Dairy Private Limited § Garkot (India) Private Limited § R.G. Garodia Properties Private Limited § Trans Asia Drilling International Private Limited § Borduria Timber Products Private Limited
2.	Mr. Prahlad Rai Chamaria (65) S/o Mr. G.S. Chamaria Director A-2/56, Rajori Garden New Delhi - 110 027. Occupation: Business	§ Balaji Udyog Limited § Donyolo Udyog Limited § Hindustan Agro Fuels Private Limited
3.	Mr. Santosh Kumar Bajaj (49) S/o Mr. Purushottam Lal Bajaj Whole Time Director F.A. Road, Kumarpapa Guwahati, Assam Occupation: Business	§ Cement International Limited § Om North East Agencies Private Limited § Bajaj & Company Private Limited
4.	Mr. Kamakhya Chamaria (54) S/o Mr. G.S. Chamaria Managing Director 48/72, West Punjabi Bagh New Delhi-110026 Occupation : Business	NIL
5.	Mr. Mahendra Kumar Agarwal (43) S/o Mr. N K Agarwal Director BJ-310 Salt Lake City Kolkata - 700 091 Occupation: Business	§ Hanuman Towers Private Limited § Trans Asia Drilling International Private Limited. § Beekay Plywood Private Limited § Sunflag Enterprises Private Limited § Sunflag Household Private Limited § Meghalaya Cements Limited
6.	Mr. Sushil Kothari (51) S/o Mr. Jawatmal Kothari Executive Director 114, Sreemanta Market, A.T.Road Guwahati – 781001	NIL

Sr. No.	Name, Age, Fathers Name, Designation, Address & Occupation of Director	Other Directorships
	Occupation: Service	
7.	Mr. Brahm Prakash Bakshi (68) S/o Mr. Dwarka Nath Bakshi Independent Director Makum Road, Tinsukia, Assam Occupation: Business	§ Valley Cements Limited
8.	Mr. Dhanpat Ram Agarwal (47) S/o Mr. C L Agarwal Independent Director AE-758, Salt Lake City Kolkata-700064 Occupation: Professional	§ Kumpepar Construction Private Limited § Lucas Financial Services Private Limited § Royal Computer Private Limited
9.	Mr. Vimal Jain (47) S/o Mr. K C Jain Independent Director 152, Vinoba Buri Lajpat Nagar II New Delhi – 110049 Occupation: Professional	§ Prithvi Energy Limited
10.	Mr. Usulumarthy Venkateshwara Rao(66) S/o Mr. Subba Rao Usulumarthy Independent Director Plot no 86, Phase I Kamalapuri Coloney Hyderabad Occupation: Business	§ Himadri Cement Limited
11.	Mr. Ramesh Chandra Bajaj (57) S/o Mr. K L Bajaj Independent Director B 128, Amar Colony Lajpat Nagar, Delhi Occupation: Service	NIL
12.	Mr. Betterful Lanong (44) S/o Mr. K Khonglah Nominee Director(IDBI) Flat no. 11, IDBI Offiers Quater G S Road Guwahati, Assam Occupation: Service	§ Jaintia Cements Limited § North East Pure Drinks Limited

Brief Profile of our Directors, other than promoter directors:

1. Mr. Kamakhya Chamaria

Mr. Kamakhya Chamari, aged 54, is our Managing Director. He is a commerce graduate. He started his business career by joining his family business of saw milling and trading in timber. Between 1974 and 1985 his family concern had supplied building timber to the Government of Arunachal Pradesh.

In 1985 he along with his brothers, set up a partnership firm in the name of Nefa Udyog for carrying on the business of timber. He got disassociated with Nefa Udyog in 1992 and set up a partnership firm in the name of

Nefa Udyog Company along with Mr. Kailash Prasad Chamaria, He then decided to join Our Company as a director as on 30th September in 2003.

2. Mr. Mahendra Kumar Agarwal

Mr. Mahendra Kumar Agarwal, aged 43, is a Bachelor of Science from college of Calcutta. After education, he started his career by joining M/s Garkot Industries where he was incharge of wood based operations. He is a promoter director of Meghalaya Cement Limited, of our group concern. He is non-executive director in our company.

3. Mr. Sushil Kothari

Mr. Sushil Kothari, aged 51, is our Executive Director – Finance. He is a Bachelor of Commerce from University of Rajasthan, Jaipur. He started his career as Deputy Finance Manager with M/s Pheros & Co from 1975 to 1980. He has been a stock broker member of Guwahati Stock Exchange from 1993 to 2002. Prior to joining our Company he was President of M/s Sunflag Enterprises, Guwahati.

4. Mr. Brahm Prakash Bakshi

Mr. Brahm Prakash Bakshi, aged 68, has a Master Degree in management with specialization in Project Management from XLRI – Jamshedpur & Post Graduate Diploma from International Institute of Social Studies. He started his career in Tata Iron & Steel Co. (TISCO), and then worked for the Planning Commission between 1962-63. In 1964 he joined Steel Sworth Private Limited, a tea processing machinery company and rose to become its dupty managing director. During this tenure he was incharge of the manufacturing unit at Tinsukhia. After working for 32 years with the Company he took an voluntary retirement in 1996.

He has been a member of many advisory committees like Assam Electricity Regulatory Commission, North Eastern Regional Committee of Industrial Development Bank and also a permanent invitee to RBI – North Eastern Regional Committee on Bank, Finance and Industry. He was also Productivity Council Governing Body member of National Productivity Council. He was Chairman of All India manufacturers' Organisation. He has awarded Life Time Achievement Award by Assam Chapter of National Institute of Personnel Management. He was a Director on the Board of Upper Assam Electricity Distributions Company Limited.

5. Mr. Dhanpat Ram Agarwal

Mr. Dhanpat Ram Agarwal, aged 47, is a qualified Chartered Accountant. He has completed his graduation in B.com (Hons), done his Doctorate in Economics, and in addition hold degree of Law. He is a visiting faculty in ICSI. He has also authored and has co-authored several books. He has presented papers titled "Mexicon experience on trade and foreign investment – Lesson for India" in 1995 at the International Institute of Development Studies, Finland, "Impact of economic reforms and foreign direct and portfolio investment in India", in 1998 at the IIDS conference on SAARC countries economic reforms and development, and "Economic insurgence of West Bengal" in 1998 to Shri Atal Bihari Vajpayee. He has done extensive foreign traveling on professional and academic assignments. He is a resource person for WTO Outsourcing Roster for the delivery of training and technical cooperation activities. He is a participant in several international conference/Seminars.

6. Mr. Vimal Jain

Mr. Vimal Jain, aged 47, is a qualified Chartered Accountant. He holds a Masters Degree in Commerce. He is a practicing Chartered Accountant since 1987. Prior to this he was financial controller in Golcha Group of Industries between 1984 and 1987. Currently he is also a Director with Prithvi Energy Limited.

7. Mr. Usulumarthy Venkateshwara Rao

Mr. U V Rao, aged 65, is an Independent Director with our Company. He is Bachelor of Engineering (Mechanical). He has around 35 years of experience in Cement Industry. He was CEO and Executive Director of Andhra Cement Limited between 1994-95, Incharge of factory operations and project in Raysot Cement between 1992-94, President in Raasi Cement Limited between 1989-92, Vice President in Priyadarshni Cement Limited between 1985-89, General manger Raasi Cement Limited between 1981-85. Prior to 1981 he was Production Manager in Panyam Cements and Minerals and worked for 13 years in different plants of Associated Cements Company Limited as Incharge of inventory control, technical audit, and maintenance audit.

8. Mr. Ramesh Chandra Bajaj

Mr. R C Bajaj, aged 57 years, is an undergraduate. He is presently self employed having a proprietary concern dealing in water pumps, spares and pumps. Prior to this he worked in Trishiul Engineering Corporation between 1989 and 2006 and prior to 1989 he worked as Area Manager of Anil Steel & Industries Limited.

9. Mr. Betterful Lanong

Mr. Betterful Lanong, aged 44, is a Bachelor of Technology (Textiles). He is a Nominee Director in our Company on behalf of IDBI Limited. He is presently working as a Deputy General Manager in IDBI, posted at Guwhati.

Borrowing Powers of the Board:

The Board of Directors of our Company has power to borrow up to Rs. 5000 Lacs as per the members' resolution passed in the EGM of our Company held on 21st November 2006. The extract of the latest resolution of our Company authorizing the Board's borrowing powers is reproduced:

Extracts of Resolution of borrowing powers passed in the Extra Ordinary General Meeting held on 21st November 2006.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and /or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company whosoever situate, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to secure :

(a) Additional Rupee Term loan lent and advanced /agreed to be lent and advanced to the Company;

(b) Together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment costs, charges, expenses and other monies payable by the Company under Loan Agreement, Letters of Sanction / Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loans."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

"RESOLVED ALSO THAT the consent of the company be and is hereby accorded to the Board of Directors under section 293 (1) (d) of the Companies Act, 1956 to borrow any sum or sums of moneys from time to time notwithstanding that the moneys to be borrowed (apart from temporary loans obtained from the company bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and

its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 5000.00 Lacs."

Compensation to Managing Directors/Wholetime Directors

Our Company has entered into agreement dated 21st November 2006 with the following directors for revising their remuneration. Details of their remuneration as per the agreement and resolution passed by our Company are as under:

Mr. Kamakhya Chamaria (Managing Director): Mr. Kamakhya Chamaria is the Managing Director of our Company. He is appointed as per the resolution passed in the AGM held on 20th September 2005 for a period of 5 years. His remuneration was increased under the resolution passed as on 21st November 2006 with effect from 1st December 2006. Remuneration of Mr. Kamakhya Chamaria shall be in accordance with the following terms and conditions:

Salary: Including all allowances Rs. 75,000/- per month.

Mr. Sushil Kothari (Executive Director): Mr. Sushil Kothari has been appointed as the Executive Director for a period of 5 years w.e.f. 20th September 2005. His remuneration was increased through resolution passed as on 21st November 2006 with effect from 1st December 2006. Remuneration of Mr. Sushil Kothari shall be in accordance with the following terms and conditions:

Salary: Including all allowances Rs. 50,000/- per month.

Mr. Bijay Kumar Garodia (Chairman): Mr. Bijay Kumar Garodia has been appointed as a whole time director for a period of 5 years w.e.f. 31st May 2004. His remuneration was increased through resolution passed as on 21st November 2006 with effect from 1st December 2006. Remuneration of Mr. Bijay Kumar Garodia shall be in accordance with the following terms and conditions:

Salary: Including all allowances Rs. 75,000/- per month.

Mr. Santosh Kumar Bajaj (Wholetime Director): Mr. Santosh Kumar Bajaj has been appointed as the Wholetime Director for a period of 5 years w.e.f. 13th March 2006. His remuneration was increased through resolution passed as on 21st November 2006 with effect from 1st December 2006. Remuneration of Mr. Santosh Kumar Bajaj shall be in accordance with the following terms and conditions:

Salary: Including all allowances Rs. 75,000/- per month.

Corporate Governance

Our Company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

- a) Audit Committee
- b) Shareholders Grievance Committee
- c) Remuneration Committee

Composition of Board of Directors:

Board Structure:

Sr. No.	Name of the Director	Designation	Nature of Directorship	Date of Expiry of Terms
1.	Mr. Bijay Kumar Garodia	Chairman and Whole Time Director	Promoter and Executive Director	Retirement by rotation
2.	Mr. Prahlad Rai Chamaria	Director	Promoter and Non executive Director	Retirement by rotation
3.	Mr. Santosh Kumar Bajaj	Whole Time Director	Promoter Executive Director	Retirement by rotation
4.	Mr. Kamakhya Chamaria	Managing Director	Executive Director	Term ending as on 19.9.2010
5.	Mr. Mahendra Kumar Agarwal	Director	Non executive Director	Retirement by rotation
6.	Mr. Sushil Kothari	Director (Finance)	Executive Director	Retirement by rotation
7.	Mr. Brahm Prakash Bakshi	Director	Non executive and Independent Director	Retirement by rotation
8.	Mr. Dhanpat Ram Agarwal	Director	Non executive and Independent Director	Retirement by rotation
9.	Mr. Vimal Jain	Director	Non executive and Independent Director	Retirement by rotation
10.	Mr. Usulumarthy Venkateshwara Rao	Director	Non executive and Independent Director	Retirement by rotation
11.	Mr. Ramesh Chandra Bajaj	Director	Non executive and Independent Director	Retirement by rotation
12.	Mr. Betterful Lanong	Nominee Director (IDBI)	Non executive, independent and Nominee Director (IDBI)	N.A.

Audit Committee

The audit committee was re-constituted vide resolution passed by the Board of Directors at its meeting held on 28th April 2006. The Audit Committee provides directions to and reviews functions of the Audit department. The Committee shall evaluate internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts shall be placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the listing agreement, which will be entered into with the Stock Exchange in due course. The committee consists of three non-executive and independent directors and one executive director.

Composition of Audit Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Brahm Prakash Bakshi	Chairman	Non Executive and Independent Director
2.	Mr. Vimal Jain	Member	Non Executive and Independent Director
3.	Mr. U.V Rao	Member	Non Executive and Independent Director
4.	Mr. Sushil Kothari	Member	Executive Director

The terms of reference of the Audit Committee are given below:

- To have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and to review the half-yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- To oversee our financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing, with the management, performance of the statutory and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with statutory auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing our financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors, if any.

Shareholders Grievance Committee

The Shareholders grievance committee was constituted vide resolution passed by the Board of Directors at its meeting held on 07th September 2006. We have designated personnel to solve investors' problems along with our Registrars, Intime Spectrum Registry Limited. The Investors Grievances Committee looks into redressal of shareholder and investor complaints, issue of duplicate/split/consolidated share certificates, allotment and

listing of shares and review of cases for refusal of transfer / transmission of shares and debentures and reference to statutory and regulatory authorities.

Composition of the Shareholders Grievance Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. B P Bakshi	Chairman	Non Executive and Independent Director
2.	Mr. D R Agarwal	Member	Non Executive and Independent Director
3.	Mr. Vimal Jain	Member	Non Executive and Independent Director

Remuneration Committee

The Remuneration committee was constituted vide resolution passed by the Board of Directors at its meeting held on 07th September 2006. The functions of Remuneration Committee are to determine our policy on specific packages for Whole time and Executive Directors.

Composition of the Remuneration Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. B P Bakshi	Chairman	Non Executive and Independent Director
2.	Mr. D R Agarwal	Member	Non Executive and Independent Director
3.	Mr. Vimal Jain	Member	Non Executive and Independent Director
4.	Mr. Bijay Kumar Garodia	Member	Executive Director

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of company's shares on stock exchanges.

Mr. Sachin Agarwal, the Company Secretary is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

Shareholding of the Directors in our Company

As per the Article of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company. The shareholding of the Directors in our Company as on 31st October, 2006 is as follows:

Sr. No.	Name of the Director	No. of Shares	% of Pre-Issue Paid-up Share Capital
1.	Mr. Bijay Kumar Garodia	21,62,500	13.11
2.	Mr. Prahlad Rai Chamaria	19,84,800	12.03
3.	Mr. Santosh Kumar Bajaj	20,84,500	12.63
4.	Mr. Kamakhya Chamaria	3,40,000	2.06
5.	Mr. Mahendra Kumar Agarwal	18,32,500	11.11
6.	Mr. Sushil Kothari	-	-
7.	Mr. Brahm Prakash Bakshi	-	-

8.	Mr. Dhanpat Ram Agarwal	-	-
9.	Mr. Vimal Jain	-	-
10.	Mr. Usulumarthy Venkateshwara Rao	-	-
11.	Mr. Ramesh Chandra Bajaj	-	-
12.	Mr. Betterful Lanong	-	-
	Total	18,32,500	50.94

Interest of Directors

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them under the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them or that may be subscribed by and allotted/transferred to the Companies, firms and trust, in which they are interested as directors, members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Barak Valley Cements Limited with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated above and otherwise in this Draft Red Herring Prospectus, our Company has not entered into any contracts, agreements or arrangement in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangement or are proposed to be made.

Directors Remuneration for the year ended 31st March 2006

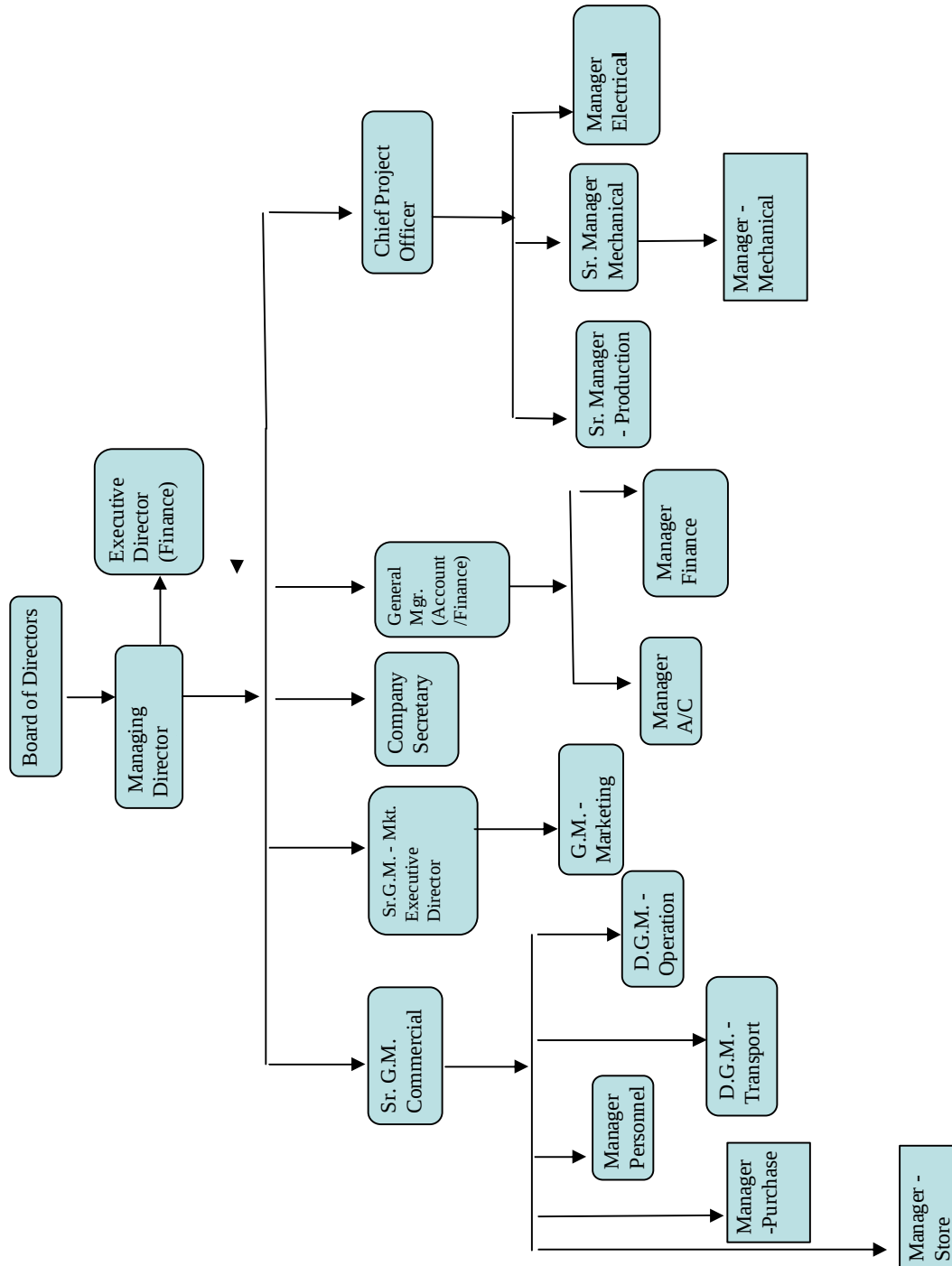
(Rs. in Lacs)

Sr. No	Name of Director	Salaries / Perquisites
1.	Mr. Bijay Kumar Garodia	2,40,000
2.	Mr. Prahlad Rai Chamaria	-
3.	Mr. Santosh Kumar Bajaj	2,40,000
4.	Mr. Kamakhya Chamaria	3,10,000
5.	Mr. Mahendra Kumar Agarwal	-
6.	Mr. Sushil Kothari	2,16,000
7.	Mr. Brahm Prakash Bakshi	-
8.	Mr. Dhanpat Ram Agarwal	-
9.	Mr. Vimal Jain	-
10.	Mr. Usulumarthy Venkateshwara Rao	-
11.	Mr. Ramesh Chandra Bajaj	-
12.	Mr. Betterful Lanong	-
	Total	10,06,000

Changes in the Board of Directors during the last three years

Sr. No	Name of the Director	Date of appointment	Date of resignation	Reason/Remarks
1.	Mr. Bijay Kumar Garodia	31.05.2004	-	Appointed as Whole Time Director
2.	Mr. Santosh Kumar Bajaj	13.03.2006	-	Appointed as Whole Time Director
3.	Mr. Rajendra Chamaria	30.11.1999	30.09.2003	Retired due to personal reason
4.	Mr. Sushil Kr. Bajaj	31.01.2003	13.08.2005	Resigned due to personal Reasons
5.	Mr. Kamakhya Chamaria	20.09.2005	-	Appointed as Managing Director
6.	Mr. Betterful Lanong	7.06.2004	-	Nominee Director (IDBI)
7.	Mr. Sushil Kothari	20.09.2005	-	Appointed as Director (Finance)
8.	Mr. Manish Bajaj	20.09.2005	20.03.2006	Resigned due to personal reasons
9.	Mr. Brham Prakash Bakshi	5.12.2005	-	Appointed as Director
10.	Mr. D. R. Agarwal	13.03.2006	-	Appointed as Director
11.	Mr. Vimal Jain	13.03.2006	-	Appointed as Director
12.	Mr. U. V. Rao	13.03.2006	-	Appointed as Director
13.	Mr. R. C Bajaj	31.10.2006	-	Appointed as Director

Management Organization Structure



Key Management Personnel

Sr. No	Name, Age & Designation	Qualifications	Date of joining	Experience in years	Functional Responsibility	Previously employed with	Present Annual Compensation
1.	Mr. Vijay Kumar P. Age: 55 years Sr. Manager – Mechanical	B.Sc., B.E. (Mech.)	1-04-2001	26 years	Engineering Work in Mechanical	M /s Coromandal Cements Ltd	Rs 3.78 Lacs p.a.
2.	Mr. S.K.P. Dalmia Age: 62 years Chief Project Officer	Diploma in Mechanical Engineering & P.G. Diploma in Plant & Engg	5-12-2003	38 Years	Chief Project Officer	M /s Kalyanpur Cement Ltd	Rs 3.63 Lacs p.a.
3.	Mr. Mukesh Kumar Agarwal Age: 36 years Sr. General Manager - Commercial	B.Sc.(H)	1-04-2001	12 years	General Administration at site.	M /s Hasai Forest Products Private Limited	Rs 3.65 Lacs p.a.
4.	Mr. Ashok Bagaria Age: 48 years Sr. General Manager - Sales & Marketing	B.Com. (H)	1-02-2004	27 years	Head of Sales and Marketing	M /s Own Industry	Rs 3.60 Lacs p.a.
5.	Mr. J. P. Shah Age: 61 years G. M. Administrator	Graduate	28-04-1999	35 Years	General Administration at Guwahati Office.	Proprietor of Shyam Udyog (Timber Factory)	Rs. 3.60 Lacs p.a.
6.	Mr. Ranjit Agarwal Age: 26 years Sr. Manager Accounts	B. Com., C. A.	10-04-2004	2.5 years	Accounts and Taxation work.	N.A.	Rs 2.90 Lacs p.a.
7.	Mr. G.S. Kalsi Age: 74 years Manager – Mechanical	Diploma in Mechanical Engineering & P.G. Diploma in Plant & Engg	1-04-2001	40 Years	Engineering Work in Mechanical	The Associated Cement Company Ltd	Rs 1.69 Lacs p.a.
8.	Mr Arindom Dutta Age: 35 years Sr. Manager Purchase	M. A.	1-04-2001	8 Years	Purchase and General Administration	North Eastern Institute of Bank Management	Rs. 3 Lacs p.a.
9.	Mr. Sachin Agarwal Age: 28 years Company Secretary	CS, L.L.B and MBA	1-03-2005	4 Years	Compliance Officer	Praveen Dua & Company, (Practising Company Secretary) Karol Bagh, New Delhi	Rs. 2.28 Lacs p.a.

10.	Mr Sameer Mallick Age: 34 years Dy. Manager- Personal Administration	P. G. Diploma in Personnel Management	11-09-2002	8years	Personal Manager	Muzai Software Limited	Rs 2.22 Lacs p.a.
11.	Mr. R. G. Keyal Age: 54 years G. M. Accounts & Finance	B. Com (Hon)	1-05-2003	35 Years	Accounts head	Trimurti Industries Limited, Kolkata	Rs. 2.22 Lacs p.a.

Brief Profile of our Key Managerial Personnel

1. Mr. Vijay Kumar P. (Sr. Manager – Mechanical), aged 55 years, is a graduate in Science and has a bachelors degree in Mechanical Engineering from Mysore University. He has about 26 years of experience in this field and was previously employed with M/s Coromandal Cements Limited. He is in our Company from April, 2001. He is Our Senior Manager – Mechanical, handling all the major issues related to engineering work. His annual compensation is Rs.3.78 Lacs.
2. Mr. S.K.P. Dalmia (Chief Project Officer), aged 62 years, is a Diploma holder in Mechanical Engineering and has about 38 years of experience in this field. Before joining us as Chief Project Officer in December 2003 he was with Kalyanpur Cement Limited. He is entrusted with the task of running the plant and to control all the technical aspects from mining to dispatch of cement. His annual compensation is Rs. 3.63 Lacs.
3. Mr. Mukesh Kumar Agarwal (Sr. General Manager – Commercial), aged 36 years, is a Science Graduate and has about 12 years of experience in commercial and administrative functions. Before joining us in April 2001, he was employed with Hasai Forest Products Private Limited. He is responsible for all the commercial and administrative activities at our works. His annual compensation is Rs. 3.65 Lacs.
4. Mr. Ashok Bagaria (Sr. General Manager – Sales & marketing), aged 48 years, is a Commerce Graduate and has about 27 years of experience. He was previously employed with M/s Own Industry and joined us in February 2004 and is currently designated as Sr. General Manager – Sales & Marketing. His job profile involves looking after the sales & marketing of our products. His annual compensation is Rs. 3.60 Lacs.
5. Mr. J. P. Shah (G.M. Administration), aged 61 years, is a Science Graduate. He has about 35 years of experience and has been with us since our inception. Prior to being with us he was a proprietor of Shyam Udyog (Timber Factory). He is designated as G.M Administrator and looks after day to day functioning. His annual compensation is Rs. 3.60 Lacs.
6. Mr. Ranjit Agarwal (Sr. Manager Accounts), aged 26 years, is a qualified Chartered Accountant. He started his career with our Company itself. He was employed by our Company as on April 2004. He is designated as Senior Manager Accounts and it looking after the accounts department. His annual compensation is Rs. 2.90 Lacs.
7. Mr. G. S. Kalsi (Manager- Mechanical), aged 74 years, is a science graduate and was previously engaged with The Associated Cement Company Limited. He looks after the maintenance of all the equipments in our Company. He joined our Company on 1st April, 2001 and his annual compensation is Rs. 1.69 Lacs p.a.

8. Mr. Arindom Dutta (Senior Manager Purchase), aged 35 years, has done Masters in Art. He was previously working with North Eastern Institute of Bank Management. He looks after placement of all the purchase orders. He joined us on 1st April, 2001 and his annual compensation is Rs. 3.00 Lacs p.a.
9. Mr. Sachin Agarwal (Company Secretary), aged 28 years, is a Company Secretary. He also holds a degree in Law and MBA and joined us on 1st March, 2005. He was previously employed with "Praveen Dua & Company. He is looking after Secretarial and Legal Compliances and is the Compliance Officer for the public issue. His annual compensation is Rs. 2.28 Lacs p.a.
10. Mr. Sameer Mallick (Deputy Manager – Personal), aged 34 years, is a Diploma holder in Personal Management. He joined us on 11th September 2002. Prior to joining us, he was employed with Muzai Software Limited. He is looking after HR Management in our Organization. He is currently drawing Rs. 2.22 Lacs p.a.
11. Mr. R. G. Keyal (G.M. Accounts & Finance), aged 34 years, is a graduate in Commerce joined our Company on 1st May, 2003. Prior to joining us, he was with Trimurti Industries Limited. His responsibilities include looking after our Account's Department. His current salary is Rs. 2.22 Lacs p.a.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Red Herring Prospectus.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus / profit sharing plan for any of the employees, directors, key managerial personnel.

Changes in the Key Managerial Personnel during last 3 years

Sr. No	Name	Date of appointment	Date of Resignation	Reason
1.	Mr. P K Vyas	10-Mar-03	08-Sep-03	Personal
2.	Mr. Vinod Rai	27-Mar-03	30-May-03	Better Prospect
3.	Mr. Santosh Kumar Singh	29-Oct-03	01-Jul-04	Better Prospect
4.	Mr. Arvind Veer Saxena	31-Dec-03	28-Oct-04	Personal
5.	Mr. Achlyanta Chakraborty	25-Nov-03	10-Dec-04	Personal
6.	Mr. Vivek Bakshi	14-Feb-04	30-Jan-05	Personal
7.	Mr. Dipak Kallta	01-Jan-03	10-Jun-05	Personal
8.	Mr. Vijay Kumar Singh	22-Nov-03	31-Aug-05	Better Prospects
9.	Mr. Animesh Bhattacharjee	01-Apr-02	17-Feb-06	Better Prospects
10.	Mr. A K Singha	05-Aug-05	01-Mar-06	Personal
11.	Mr. G Arujan Reedy	25-Jul-03	15-Apr-06	Better Prospects
12.	Mr. Purnendu Malakar	17-Jan-04	18-Jul-06	Better Prospects

13.	Mr. Sachin Agarwal	01-Mar-05	N.A.	N.A.
14.	Mr. S.K.P. Dalmia	05-Dec-03	N.A.	N.A.
15.	Mr. Ashok Bagaria	01-Feb-04	N.A.	N.A.
16.	Mr. Ranjit Agarwal	10-Apr-04	N.A.	N.A.

Notes

1. All the Key Managerial Personnel are permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. The Key Managerial Personnel above are not the same as defined in AS-18, Related Party Disclosure, issued by the Institute of Chartered Accountants of India.

PROMOTERS AND THEIR BACKGROUND

The Promoters of our Company are Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj

	MR. PRAHLAD RAI CHAMARIA Mr. Prahlad Rai Chamaria, aged 65 years, son of Late G.S. Chamaria is a promoter director of our Company. He is a commerce graduate and holds a Bachelors degree in Law and a Masters degree in Economics. Mr. Chamaria started his business career by joining his family business of saw milling and trading in timber. Between 1974 and 1985 his family concern supplied building timber to the Government of Arunachal Pradesh. In 1985 he along with his brothers, set up a partnership firm in the name of Nefa Udyog for carrying on the business of timber. This partnership firm was formalized by a partnership deed dated 23rd March 1985 which was again reconstituted by a fresh partnership deed dated 1st April 1992. Having been in business for such a long time he has acquired good knowledge of accounts and finance. In 1985 he promoted Donypolo Udyog Private Limited, which is engaged in business of manufacturing and supplying prestressed pretensioned concrete sleeper to Indian Railways from its factory at Shamgarh (M.P.). Donypolo was converted into a public limited company on 3rd January 2002. Donypolo Udyog Limited has turnover of Rs. 2972.98 Lacs as on 31st March 2006. In the year 1999, he, along with Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj, promoted BVCL for manufacturing cement with a capacity of 300 TPD. He became a director of Balaji Udyog Limited and has currently been named as promoter of this Company. Balaji Udyog Limited is setting up a plant for Spheroidal Graphite Cast Iron Inserts. Driving License No : Not Applied Voter Id No: JPV1031269 PAN: ABYPC6324L Passport No: Expired and applied for renewal
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Mr. Bijay Kumar Garodia

Mr. Bijay Kumar Garodia aged 49 years, son of Late Ram Gopal Garodia, is Chairman and Whole Time Director of our Company. He is an undergraduate who started his business career in 1978 by establishing a small-scale industry in the name of Garodia Industries for the manufacture of barbed wire and fencing components. Within a decade he established himself as a successful self-made entrepreneur in both industry and commerce. Having gained adequate experience, he has promoted a Veneer & Plywood unit in the States of Assam and Arunachal Pradesh viz. Borduria Timber Products Private Limited.

In appreciation of his vast experience and knowledge in promoting industries based on forest products, the State Government of Arunachal Pradesh utilized his services to promote agro based and forest produce based industries in the State by appointing him as a Director of the Board of Arunachal Pradesh Forest Corporation Limited in 1995. He is the recipient of "National Citizenship Award" for his exemplary and innovative role as entrepreneur in North East Region by the Honorable Prime Minister of India in the year 1996.

He is one of the promoter directors in Meghalay Cement Limited which was incorporated in 2003.

He has been associated with our Company since inception as a Promoter and has been actively managing the affairs of our Company.

Driving License No: F/2166/TSK

Voter Id No: WB/20/139/738972

PAN: ACCPG4986F

Passport No: A5958095



Mr. Santosh Kumar Bajaj

Mr. Santosh Kumar Bajaj aged 49 years, son of Mr. Purshottam Lal Bajaj, is a promoter and Whole Time Director of our Company. An undergraduate, he started his business career as a trader, joining his family business. He is the third generation entrepreneur in Cement Business and this provides him vast knowledge about Cement Industry.

At present he is a partner in M/s Sushil Kumar Santosh Kumar (trading in cement) and M/s Global traders (Clearing & Forwarding Agent for cement).

He is a promoter director in Om North East Agencies Private Limited which was incorporate in 2004.

He is a promoter director of our Company since inception and is actively involved in formulating and implemeting marketing strategy for our Company.

Driving License No: Not Applied

Voter Id No: Not Applicable

PAN: ACQPB0818D

Passport No: A8118167

The Permanent Account Number ("PAN"), Bank Account details and Passport Number (wherever applied) of our Promoters have been submitted to The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited (NSE), on which our Company proposes to list its Equity Shares at the time of filing of this Draft Red Herring Prospectus.

Common Pursuits

Our wholly owned subsidiary Cement International Limited is in same line of business. Being subsidiary, it shall not affect business/Profitability of our Company and there is no scope for any conflict of interest.

Our group Company, Meghalaya Cements Limited, in which our Promoter Mr. Bijay Kumar Garodia is associated, has a market different from that of ours. In the event Meghalaya Cement Limited seeks to supply its finished goods in the market relevant to us, they may be subject to cost competitive restrictions. Further, our group firms, M/s Global Trades, M/s Sushil Kumar Santosh Kumar, M/sBajaj Engineering Co., which are in the similar line of business, are in Guwahati, where we don't market our products

Interest of Promoters

All our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Our Promoter Director are also deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

The Chairman and Wholetime Directors are interested to the extent of remuneration paid to them for services rendered to us. Further, the Promoters are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them

Payment or Benefit to Our Promoters

For details of payments or benefits paid to the promoters, please refer to the paragraph "Compensation to Managing Directors/Whole time Directors" in the section titled 'Our Management' in this Draft red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between companies in the Promoter Group of our Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

Related Party Transactions

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer to the Section "Financial Information "on page [●] of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by the Board of Directors. The Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions. Our Company has paid interim dividend of 20% in the fiscal years 2005 & and of 21% in the fiscal year 2006, of the face value of shares.

The amount paid as dividends in the past are not necessarily indicative of our dividend policy, if any, in the future.

SECTION VII – FINANCIAL INFORMATION

AUDITOR'S REPORT

Summary statements of standalone assets and liabilities as on September 30, 2006, March 31, 2006, 2005, 2004, 2003 and 2002, and standalone profits and losses for the six months ended September 30, 2006 and for the years ended March 31, 2006, 2005, 2004, 2003 and 2002 and standalone cash flows for the half year period ended September 30, 2006 and for the years ended March 31, 2006, 2005, 2004, 2003 and 2002, as restated, of Barak Valley Cements Limited.

To,
The Board of Directors,
Barak Valley Cements Limited,
265, Sreemanta Market Annexe.,
A.T. Road, Guwahati, Assam.

Re: Public Issue of Barak Valley Cements Limited

Dear Sirs,

A.

- a) We have examined the annexed financial information of Barak Valley Cements Limited for the five consecutive financial years ended March 31, 2006 and Half year period ended September 30, 2006 being the last date to which the accounts of the Company have been prepared and approved by the Board of Directors of the company and audited for presentation to the members of the company.

The financial statements for the year ended 31st March 2002, 2003, 2004 and 2005 have been audited by M/s. Surender Harikishan & Co., Chartered Accountants, while those for the year ended 31st March 2006 and for the half year period ended have been audited jointly by us.

The financial information for the five consecutive years ended March 31, 2006 and Half year period ended September 30, 2006 are prepared and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public issue of Equity Shares by the Company.

- b) In accordance with the requirements of

1. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956;
2. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
3. Our terms of reference given vide the Company's letter dated September 5, 2006 requesting us to carry out work in connection with the Issue as aforesaid.

We report that the restated assets and liabilities of the Company as at March 31, 2002, 2003, 2004, 2005, 2006 and September 30, 2006 are as set out in Annexure I to this report after making such adjustments /

restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure III.

We report that the restated profits/ (Losses) of the Company for the financial year ended March 31, 2002, 2003, 2004, 2005, 2006 and period ended September 30, 2006 are as set out in Annexure II to this report. These profits/ (Losses) have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure III to this report.

B. We have examined the following financial information relating to the Company and as prepared and approved by the Board of Directors for the purpose of inclusion in the Offer Document :

1. Statement of Qualifications and observations in Auditor's Report as appearing in Annexure IV to this report;
2. Statement of Cash Flows as appearing in Annexure V to this report;
3. Statement of Dividend paid as appearing in Annexure VI to this report;
4. Accounting Ratios as appearing in Annexure VII to this report;
5. Capitalization Statement as at September 30, 2006 as appearing in Annexure VIII to this report;
6. Statement of Tax Shelters as appearing in Annexure IX to this report
7. Statement of Secured Loans as appearing in Annexure X to this report.
8. Statement of Unsecured Loans as appearing in Annexure XI to this report;
9. Statement of Investments as appearing in Annexure XII to this report;
10. Statement of Debtors enclosed as Annexure XIII to this report;
11. Statement of loans and advances as appearing in Annexure XIV to this report
12. Statement of Other Income as appearing in Annexure XV to this report;
13. Statement of Related Party Transactions as appearing in Annexure XVI to this report;

C.

- a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant accounting Policies and Notes to Accounts enclosed in Annexure III to this report, after making adjustments / restatements and regroupings as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kumar Vijay Gupta & Co.
Chartered Accountants

For Surender Harikishan & Co.
Chartered Accountants

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

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

Place: New Delhi
Date: 24.10.2006

BARAK VALLEY CEMENTS LIMITED

ANNEXURE -I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in Lakhs)

Particulars	As at					
	March 31,	March 31,	March 31,	March 31,	March 31,	Sept. 30,
	2002	2003	2004	2005	2006	2006
A Fixed Assets						
Gross Block	3132.23	3470.39	3586.16	3713.12	5746.99	5858.15
Less: Depreciation	412.22	768.76	1122.21	1438.94	1783.63	2034.84
Net Block	2720.01	2701.63	2463.95	2274.18	3963.36	3823.31
Capital Work in Progress	128.09	-	43.29	844.78	24.46	101.15
Total fixed assets (A)	2848.10	2701.63	2507.24	3118.96	3987.82	3924.46
B Investments (B)	-	-	-	62.48	990.63	990.63
C Current assets, loans and advances						
Inventories	95.28	235.20	318.33	322.81	465.80	575.99
Sundry debtors	244.74	353.09	439.68	644.01	333.57	579.76
Cash and bank balances	48.74	21.86	90.03	256.32	106.62	95.76
Loans and advances	246.79	528.98	1006.31	1455.18	1653.15	1968.48
Total (C)	635.55	1139.13	1854.35	2678.32	2559.14	3219.99
D Liabilities and provisions						
Secured loans	2269.67	2186.01	1974.10	2270.95	3082.03	3201.30
Deferred tax liability	92.05	103.16	108.26	53.55	55.86	63.09
Current liabilities	184.97	259.27	205.73	320.51	386.59	530.87
Provisions for Taxation / MAT	-	10.56	6.63	18.78	17.06	79.99
Provisions Others	4.36	-	-	373.13	398.79	54.31
Total (D)	2551.05	2559	2294.72	3036.92	3940.33	3929.56
E Net Worth (A+B+C-D)	932.60	1,281.76	2,066.87	2,822.84	3,597.26	4,205.52
F Represented by:						
1Share Capital						
---Equity Share Capital	1444.45	1481.45	1650.00	1650.00	1650.00	1650.00
2Share application money	-	5.00	-	-	-	-
3Reserves and Surplus	-	-	497.66	1,236.07	1,992.94	2,596.63
4Miscellaneous expenditure	115.90	98.34	80.79	63.23	45.68	41.11
5Debit balance in Profit & Loss Account	395.95	106.35	-	-	-	-
Net Worth (1+2+3-4-5)	932.60	1,281.76	2,066.87	2,822.84	3,597.26	4,205.52

Note:

The above statement should be read along with Notes to Adjustments, Significant Accounting Policies and Notes to Accounts for restated financial statements appearing in Annexure – III

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - II

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
Income :						
Sales of products manufactured	1890.58	3098.24	3780.44	4896.93	5274.20	3394.07
Other Income	5.12	7.31	9.55	10.34	7.41	26.23
Increase / (Decrease) in stock	(65.93)	(27.58)	52.04	9.32	71.10	26.51
Total	1829.77	3077.97	3842.03	4916.59	5352.71	3446.81
Expenditure :						
Cost of Materials	374.42	641.00	823.60	1128.79	1300.88	849.64
Manufacturing & Operating Exps.	646.40	956.25	1207.45	1408.95	1487.17	985.17
Administration & Other Exps.	145.62	160.33	186.96	188.25	211.01	126.01
Selling & Distribution Exps.	202.04	289.63	315.21	511.87	529.66	407.06
Total	1368.48	2047.21	2533.22	3237.86	3528.72	2367.88
Profit/(loss) before interest, depreciation And Tax.	461.29	1030.76	1308.81	1678.73	1823.99	1078.93
Depreciation	412.23	356.53	353.46	316.72	344.69	251.21
Profit/(loss) before interest and tax	49.06	674.23	955.35	1362.01	1479.3	827.72
Interest	352.96	359.24	312.21	207.89	197.61	135.64
Profit/(loss) before tax	(303.90)	314.99	643.14	1154.12	1281.69	692.08
Provision for taxes on income :						
--Current tax	-	14.28	34.04	97.29	120.67	77.65
--Fringe benefit tax	-	-	-	-	6.75	3.50
--Deferred tax	92.05	11.11	5.09	(54.71)	2.31	7.24
Profit/(Loss) after tax as restated	(395.95)	289.60	604.01	1,111.54	1,151.96	603.69
Profit / (loss) brought forward from previous year, as restated	-	(395.95)	(106.35)	497.66	1,236.07	1,992.94
Amount available for Appropriation Appropriations:	(395.95)	(106.35)	497.66	1,609.20	2,388.03	2,596.63

: Dividends including CDT	-	-	-	373.13	395.09	-
: General Reserve	-	-	-	85.76	123.71	-
Balance carried to Balance Sheet, as restated	(395.95)	(106.35)	497.66	1,150.31	1,869.23	2,596.63

Note:

The above statement should be read along with Notes to Adjustments, Significant Accounting Policies and Notes to Accounts for restated financial statements appearing in Annexure – III

Annexure III: NOTES TO ADJUSTMENTS, SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS AS RESTATED

Notes to adjustments carried out in restated financial statements :

- (i) Restated financial statements have been prepared in respect of five years commencing from the financial years ended 31.03.2002 to 31.03.2006 and the period ended 30.09.2006. As a result of statement of income & expenses amounts, the necessary adjustments have been made against the reserves.
- (ii) a) Earlier Depreciation has been charged in books of accounts on SLM Method of Companies Act, 1956. But in year ended 31.03.2005 the method of providing depreciation has been changed to WDV as per Companies Act, 1956. The prior period effect (i.e. 2002 to 2004) of such change has been shown as under.
- b) Up to year ended 31.03.2004, Govt. subsidies and grants were recognized on actual receipt basis. The method of income recognition has been changed to accrual basis from 2005 onwards as per AS- 12. The prior period financial effect of such has been separately disclosed hereunder.
- c) In accordance with AS -22, Deferred Tax Asset/ (Liability), was first time recognized in year ended 31.03.2006. The prior period effect of such Asset/ Liability is shown separately. The year wise details of such changes is given as under:

(Rs. in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
PAT (As per audited Balance Sheets)	(186.26)	211.71	408.76	1143.40	1237.10	603.69
Effect of Subsidies :	157.38	296.07	390.43	(758.74)	(85.14)	-
Effect of Change in Depreciation Method (from SLM to WDV)	(270.66)	(211.43)	(190.09)	672.17	-	-
Effect of Deferred Tax Liability	(92.05)	(11.11)	(5.09)	54.71	-	-
Effect of Prior period Items	(4.36)	4.36	-	-	-	-
Profit / (Loss) after tax as restated	(395.95)	289.60	604.01	1,111.54	1,151.96	603.69

A. SIGNIFICANT ACCOUNTING POLICIES:

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

(2) FIXED ASSETS:

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

(b) CAPITAL WORK IN PROGRESS:

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

(3) DEPRECIATION:

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

(4) INVENTORIES:

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

(5) INVESTMENTS:

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

(6) REVENUE:

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

(7) GOVERNMENT GRANTS:

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

(8) RETIREMENT BENEFITS:

Contribution to Provident Fund is deposited on actual liability basis. The Provision for Gratuity has been made in books of accounts on actuarial valuation basis. However for the period ended on 30th September'2006 estimated value of liability has been provided in books of accounts.

Encashment of earned leave has been provided on accrual basis.

(9) MISCELLANEOUS EXPENDITURE:

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

(10) TAXES ON INCOME:

a) Current Tax:

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

b) Deferred Tax:

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

(11) RESEARCH AND DEVELOPMENT EXPENDITURE:

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

(12) EXPENDITURE DURING CONSTRUCTION:

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

(13) BORROWING COSTS:

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

(14) CONTINGENT LIABILITY:

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

B. NOTES ON ACCOUNTS:

(1) Capital Commitments

The estimated amount of Contracts including investment in equity shares in subsidiaries companies remaining to be executed on Capital Account and not provided for amounts to Rs.235.60 Lakhs (Previous year: Rs. 208 Lakhs)

(2) Contingent liabilities not provided for:

(a) Bank Guarantee issued by Banks Rs. 2.25 Lakhs (Previous Year – Rs. 2.25 Lakhs)

(b) Corporate Guarantee's given to Financial Institutions/ Banks on behalf of wholly owned subsidiaries: Rs.1900 Lakhs (Previous year – Nil)

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

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

<u>PARTICULARS</u>	<u>Period Ended 30.09.2006</u>	<u>2005 – 2006</u>
(1) Licensed Capacity	N.A.	N.A.
(2) Installed Capacity (M.T.)	1,51,800	1,51,800
(3) Production – Cement (M.T.)	74,986	1,34,351

(b) Sales :

	<u>Qty. (MT)</u>	<u>Value (Lakhs)</u>	<u>Qty.(MT)</u>	<u>Value (Lakhs)</u>
(1) Cement	75,215.40 *	3394.07	1,33,546.80	5269.18

(2) Clinker	----	----	287.93	5.03
Total	75,215.40	3394.07	1,33,836.18	5274.21

* Including damage/ shortage in transit 4.30 MT (Previous Year 16.55 MT)

(c) Stock of Finished and Semi Finished Goods : Period Ended 30.09.2006 2005 – 2006

	<u>Qty. (MT)</u>	<u>Value (Lakhs)</u>	<u>Qty. (MT)</u>	<u>Value (Lakhs)</u>
(i) <u>Cement</u>				
Opening Stock	1,052.70 M.T.	29.83	266.50 M.T.	5.55
Closing Stock	823.80 M.T.	30.03	1052.70 M.T.	29.83
(ii) <u>Clinker</u>				
Opening Stock	3,777.33 M.T.	96.51	3,023.59 M.T.	50.37
Closing Stock	3641.06 M.T.	123.53	3,777.33 M.T.	96.51
(iii) <u>Raw – Mix</u>				
Opening Stock	489.65 M.T.	2.94	376.17 M.T.	2.26
Closing Stock	370.52 M.T.	2.22	489.65 M.T.	2.94

(d) Raw Materials Consumed :

<u>PARTICULARS</u>	<u>Period Ended 30.09. 2006</u>		<u>2005 - 2006</u>	
	<u>Qty. (MT)</u>	<u>Value (Lakhs)</u>	<u>Qty. (MT)</u>	<u>Value (Lakhs)</u>
(i) Lime Stone	74,945.51	331.31	1,36,370.98	382.99
(ii) Gypsum	482.33	9.72	1,128.98	22.43
(iii) Fly Ash	8,544.29	129.24	4,734.70	67.44
(iv) Clinker	4,092.01	94.73	16,937.81	414.85
(v) Other Materials	19,369.46	60.91	32,664.53	103.66
TOTAL		625.91		991.37

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

	<u>Period Ended 30.09.2006</u>		<u>2005 -2006</u>	
	<u>Value (Lakhs)</u>	%	<u>Value(Lakhs)</u>	%
(1) <u>Raw Materials / Packing Material :</u> Limestone Gypsum, Fly ash, Clinker, Clay, HDPE Bags. : Imported : Indigenous	Nil 717.17	Nil 100%	Nil 1161.58	Nil 100%
(2) <u>Stores & Spares :</u> : Imported : Indigenous	Nil 132.47	Nil 100%	Nil 139.31	Nil 100%

- (f) C.I.F. Value of Import: Nil (Previous Year - Nil)
- (g) Earning in Foreign Exchange: Nil (Previous Year – Nil)
- (h) Expenditure in Foreign Currency:
(Foreign Traveling expenses) Nil (Previous Year – 5.60 Lakhs)
- (4) During the period under report, Rs. 1.59 Lakhs was paid to selling agents of the company as Sales Commission. (Previous Year Rs. 2.66 Lakhs)
- (5) During the period ended on 30.09.2006, the company has capitalized the borrowing cost amounting to Rs. Nil for major expansion activities of plant at factory site. (Previous Year Rs. 77.09 Lakhs)

(6) Payment made to Auditor's during the period ended 30.09.2006 is as under: - (Amount in Lakhs)

	Current Period	Previous Year
a. As Auditors	Rs. 0.56	Rs. 0.59
b. Taxation Matters	Rs. 0.28	Rs. 0.06
c. Company Law and other matters	Rs. --	Rs. 0.19
d. Reimbursement of out of pocket exp.	Rs. --	Rs. 0.11
Total	Rs. 0.84	Rs. 0.95

(7) Remuneration paid to Director's during the period ended 30.09.2006: Rs.11.53 Lakhs (PY: Rs. 7.90 Lakhs)

(8) GOVT. SUBSIDIES

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

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

(10) Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the period ended on 30.09.2006 in the ordinary course of business:

Subsidiary Companies	Meghalaya Minerals & Mines Ltd. (w.e.f. 31.03.2006)
	Badarpur Energy Pvt. Ltd. (w.e.f. 31.03.2006)
	Cement International Ltd. (w.e.f. 31.03.2006)
Associates	M /s. Nefa Udyog
	M /s. Meghalaya Cements Ltd.
Key Management Personal	Kamakhya Chamaria (Managing Director)
	Santosh Kumar Bajaj (Whole Time Director)
	Bijay Kumar Garodia (Chairman and Whole Time Director)
	Sushil Kumar Kothari (Executive Director Finance)

Details of transactions between the company and related parties for the period ended on 30.09.2006 are given as under:

(Rs. in Lakhs)

Sn.	Type of transaction	Subsidiary Co's	Associates	Key Management Personnel
1.	Equipment Hire Charges paid	----	12.81	----
2.	Purchase of Raw Materials	168.53	----	----
3.	Store, spares and other services rendered	72.67	----	----
4.	Remuneration paid	----	----	10.65

(11) Earnings per share:

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the period ended 30th September 2006 and year ended 31st March 2006.

		Period ended 30 th September, 2006	Year ended 31 st March, 2006
(a)	Profit / (Loss) after tax (Rs. in Lakhs)	603.69	1151.96
(b)	The weighted average number of Ordinary Share for EPS (No. in Lakhs)	165	165
(c)	The nominal value per Ordinary Share)	10	10
(d)	Earnings Per Share Basic & Diluted (Rs.)	*7.32	6.98
	(* Annualised)		

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

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

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

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

(16) Taxation

a) Current Tax:

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

b) Deferred Tax:

Deferred tax liability has been recognized in respect of only those timing differences which originate during the tax holidays and are not likely to reverse during the tax holiday period to the extent income is subject to deduction during the tax holiday period as per Income Tax Act, 1961. Deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

Deferred Tax asset / liability have been calculated as under:

	<u>Amount (Lakhs)</u>
<u>Deferred Tax Liabilities</u>	
Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax returns as on 01.04.2006	55.86
Add: Difference originated during the current period	<u>7.24</u>
Net Deferred Tax Liability as on 30.09.2006	<u>63.10</u>

The tax impact for the above purpose has been arrived at by applying the prevailing tax rate @ 30% 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.

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

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

BARAK VALLEY CEMENTS LIMITED

ANNEXURE -IV

STATEMENT OF QUALIFICATIONS/OBSERVATIONS IN AUDITOR'S REPORT

1	Half year ended September 30, 2006	Nil
2	Financial year ended March 31, 2006	Nil
3	Financial year ended March 31, 2005	Nil
4	Financial year ended March 31, 2004	Nil
5	Financial year ended March 31, 2003	Nil
6	Financial year ended March 31, 2002	Nil

BARAK VALLEY CEMENTS LIMITED

ANNEXURE- V

CASH FLOW STATEMENT, AS RESTATED

(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
A. Cash Flow from Operating Activities						
Profit before tax, as restated	(303.90)	314.99	643.14	1,154.12	1,281.69	692.08
<u>Adjustments for</u>						
Depreciation	412.23	356.53	353.46	316.72	344.69	251.21
Miscellaneous expenditure written off	17.56	17.56	17.55	17.56	17.55	4.57
Interest Provided / Received	352.96	359.24	312.21	207.89	197.61	135.64
Income / Loss from Investments	-	-	-	-	-	-
Operating Income before working capital changes	478.85	1,048.32	1,326.36	1,696.29	1,841.54	1,083.50
<u>Adjustments for:</u>						
Decrease / (Increase) in Trade & Other Receivables	(440.49)	(390.54)	(563.92)	(653.20)	112.47	(561.52)
Decrease / (Increase) in inventories	78.66	(139.92)	(83.13)	(4.48)	(142.99)	(110.19)
Increase / (decrease) in Trade Payables	96.23	91.61	(52.37)	445.35	92.33	(130.04)
Cash Generated from Operations	213.25	609.47	626.94	1,483.96	1,903.35	281.75
Direct Taxes Paid (Net)	(92.05)	(25.39)	(39.13)	(42.58)	(129.73)	(88.39)
Net Cash Flow from Operating Activities	121.21	584.09	587.80	1,441.39	1,773.62	193.36
B. Cash Flow from Investing Activities						
Purchase of Fixed Assets & Advances for Fixed Assets	(141.47)	(210.07)	(159.06)	(928.45)	(1,213.55)	(187.85)
Proceeds from Sale of Investments	-	-	-	-	-	-
Purchase of Investments	-	-	-	(62.48)	(928.15)	-
Miscellaneous Expenditure Incurred	(9.46)	-	-	-	-	-

Net Cash used from Investing Activities	(150.93)	(210.07)	(159.06)	(990.93)	(2,141.70)	(187.85)
C. Cash Flow from Financing Activities						
Proceeds from Borrowings						
- Share Capital	115.00	42.00	163.55	-	-	-
- Loans	208.67	(83.66)	(211.91)	296.85	811.08	119.27
- Interest Paid	(352.96)	(359.24)	(312.21)	(207.89)	(197.61)	(135.64)
Dividend Paid	-	-	-	(373.13)	(395.09)	-
Net Cash Flow from Financing Activities	(29.29)	(400.90)	(360.57)	(284.17)	218.38	(16.37)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(59.01)	(26.88)	68.17	166.29	(149.70)	(10.86)
Cash & Cash Equivalents at Beginning of the Year	107.75	48.74	21.86	90.03	256.32	106.62
Cash & Cash Equivalents at End of the Year	48.74	21.86	90.03	256.32	106.62	95.76

BARAK VALLEY CEMENTS LIMITED

ANNEXURE -VI

STATEMENT OF DIVIDEND PAID

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
On Equity Share Capital						
Paid up share capital	1444.45	1481.45	1650.00	1650.00	1650.00	1650
Less: Calls in arrears	-	-	-	-	-	-
Net Share Capital	1444.45	1481.45	1650.00	1650.00	1650.00	1650.00
Face Value (Rs.)	10	10	10	10	10	10
Rate of dividend %				20%	21%	
Amount of dividend	-	-	-	330	346.50	-
Tax on dividend	-	-	-	43.13	48.59	-

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - VII

ACCOUNTING RATIOS

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
Net Profit Before extraordinary items but after tax, as restated(A)	(395.95)	289.60	604.01	1,111.54	1,151.96	603.69
Net Worth excluding share application and revaluation reserve at the end of the year (B)	932.60	1,276.76	2,066.87	2,822.84	3,597.26	4,205.52
Weighted average number of equity shares outstanding during the year. (C)	131.77	144.76	152.65	165.00	165.00	165.00
Weighted average number of equity shares outstanding during the year- Dilutive (D)	131.77	144.78	152.65	165.00	165.00	165.00
Total Number of Equity shares outstanding at the end of the year.	144.45	148.15	165.00	165.00	165.00	165.00
<u>Earnings Per Share</u>						
Basic (A / C) (Rs.)	(3.00)	2.00	3.96	6.74	6.98	7.32
Diluted (A / D) (Rs.)	(3.00)	2.00	3.96	6.74	6.98	7.32
Return on Net Worth(%) (A / B)	(42.46)	22.68	29.22	39.38	32.02	28.71
Net Asset Value/ Book Value per share (B / C) (Rs.)	7.08	8.82	13.54	17.11	21.80	25.49

A. Earning per Share (Rs.) = Adjusted Net Profit After Tax for the year / No. of equity shares.

B. Return on Net worth (%) = Adjusted Net Profit After Tax / Net worth*100

C. Net asset Value per share = Net Worth / No. of Equity Shares

* Annualised

BARAK VALLEY CEMENTS LIMITED

ANNEXURE -VIII

CAPITALIZATION STATEMENT

(Rupees in Lakhs)		
	<u>Pre Issue</u>	<u>Post Issue*</u>
Particulars	As At September 30,2006	
Debt		
Short term debt	1217.93	
Long term debt	1983.37	
Total Debt	3201.30	
Shareholders Funds		
Equity Share Capital	1650.00	
Preference Share Capital	0	
Reserves and Surplus	2596.63	
Less: Miscellaneous Expenditure	41.11	
Total Shareholders Funds	4205.52	
Long term Debt / Shareholders' Funds	0.47	

Notes:

*Post Issue Capitalisation cannot be determined till the determination of Book Building Process.

BARAK VALLEY CEMENTS LIMITED

ANNEXURE -IX

STATEMENT OF TAX SHELTERS

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
Profit Before current and deferred taxes, as restated	(303.90)	314.99	643.14	1,154.12	1,281.69	692.08
Tax rate%						
-- Normal	35.70	36.75	35.88	36.59	33.66	33.66
-- MAT	7.65	7.88	7.69	7.84	8.42	11.22
Tax impact at applicable tax rate on restated profits	-	115.76	230.76	422.29	431.42	232.95
<u>Permanent Differences :</u>						
Deduction under section 80 IB	-	-	-	1,167.86	1,388.63	729.65
Other Adjustments	(0.41)	(0.57)	(0.17)	(5.92)	(1.18)	-
Total (A)	(0.41)	(0.57)	(0.17)	1,161.94	1,387.45	729.65
<u>Temporary Differences:</u>						
Difference between Book Depreciation & Tax Depreciation	306.84	37.04	16.97	(182.35)	11.39	22.46
Total (B)	306.84	37.04	16.97	(182.35)	11.39	22.46
Net Adjustments (A+B)	306.43	36.47	16.80	979.59	1,398.84	752.11
Tax saving thereon (C)	-	-	-	-	-	-
Net Tax payable as per MAT	-	14.28	34.04	97.29	120.67	77.65

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - X

SECURED LOANS

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
Term loan from banks	2117.67	2064.01	1603.00	2086.59	2108.48	1983.37
Working capital loan from banks	152.00	122.00	371.10	184.36	973.55	1217.93
Total	2269.67	2186.01	1974.10	2270.95	3082.03	3201.30

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - X (contd..)

PRINCIPAL TERM OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in Lakhs)					
Sr No	Particulars	Rate of Interest	Repayment Terms	Amount Outstanding as at Sept. 30, 2006	Details of Security
1	<u>Working Capital Facilities</u> (i) IDBI Bank Ltd., Guwahati	9% - 10.50%	N.A.	1217.93	Secured against first charge of inventory, Book Debts, subsidy receivable and charge on the whole of the movable assets of the Co. and also personal guarantee of some of the directors of the company.
2	Term Loans from Banks / Financial Institutions				Secured against first charge on all the movable and immovable assets (except inventory & book debts) including freehold land, plant & machineries of the company and personal guarantees of some of the directors of the company.
(a)	<u>IDBI Bank Ltd., Guwahati</u> : 450 Lakhs	9%	12 monthly instalments each of Rs. 9 Lakh starting from 01.10.06 and 36 monthly instalments each of Rs. 9.50 lakhs upto Sept.' 2010	456.78	As Above
	: 700 Lakhs	10.25%	20 quarterly instalments of Rs. 35 Lakh each upto January' 2011	640.86	As Above
	: 300 Lakhs	10.25%	24 quarterly instalments of Rs. 12.50 Lakh each upto March' 2009.	126.25	As Above

	:1200Lakhs	10.25%	24 quarterly instalments of Rs. 50 Lakh each upto January' 2009.	504.76	As Above
(b)	<u>NEDFi, Guwahati</u> : 450 Lakhs (Term Loan)	10.25%	57 monthly instalments of Rs.6.25 Lakh, 11monthly instalments of Rs. 7.81 Lakh and 1 instalment of Rs. 7.84 Lakh upto January ' 2009.	211.35	As Above
3	<u>Heavy Equipment Loans from Banks / Institutions</u>				Secured against Hypothecation of respective asset (Equipment).
(a)	Pay Loader from ICICI Bank Ltd., New Delhi	7.50%	35 monthly instalments of Rs. 0.58 Lakh upto Feb.'2009	15.31	As Above
(b)	Heavy Mining Equipment (Hydraulic Excavator) from L&T Finance Ltd., Guwahati.	8.50%	35 monthly instalments of Rs. 1.04 Lakh upto March' 2009	28.06	As Above
	TOTAL			3201.30	

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - XI

UNSECURED LOANS, AS RESTATED

(Rupees in Lakhs)						
Particulars	As at					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
From Directors	-	-	-	-	-	-
Inter Corporate Deposits	-	-	-	-	-	-
Total	-	-	-	-	-	-

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - XII

INVESTMENTS, AS RESTATED

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
Long Term (at cost)*	-	-	-	62.48	990.59	990.59
Short Term (at lower of cost and fair value)	-	-	-	-	0.04	0.04
Total	-	-	-	62.48	990.63	990.63

*Note: Amount of Rs. 990.59 Lakhs invested in Long Term investments during FY ended 31st March 2006 are in following subsidiaries :

Name of Subsidiary	Amount (Rs. in Lakhs)
Meghalaya Minerals & Mines Ltd.	75.02
Badarpur Energy Pvt. Ltd.	559.50
Cement International Ltd.	356.07

BARAK VALLEY CEMENTS LIMITED

ANNEXURE- XIII

SUNDRY DEBTORS, AS RESTATED

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
Debts outstanding for a period exceeding six months	2.47	22.18	26.17	32.28	60.74	47.03
Others	242.27	330.91	413.51	611.73	272.83	532.73
Total	244.74	353.09	439.68	644.01	333.57	579.76
<u>Note :</u> Out of above, following sum was recoverable from Related parties / Subsidiary companies						
a) Meghalaya Cements Ltd.	-	-	2.81	14.23	19.92	-
b) Badarpur Energy Pvt. Ltd.	-	-	-	-	-	4.10
c) Cement International Ltd.	-	-	-	-	-	0.51

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - XIV

LOANS AND ADVANCES, AS RESTATED

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2,002	March 31, 2,003	March 31, 2,004	March 31, 2,005	March 31, 2,006	Sept. 30, 2,006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
Advance to Wholly owned subsidiaries	-	-	-	-	0.90	151.71
Advance recoverable in cash or in kind or for value to received	16.93	31.22	77.14	90.72	21.36	62.18
Advances to Vendors / Suppliers	46.92	11.45	33.32	75.27	164.04	380.72
Subsidy Receivable	152.80	433.85	813.53	751.48	1291.79	1256.05
Excise Duty Refundable	8.64	25.15	30.03	33.62	98.99	63.41
Security Deposits	21.50	27.31	52.29	80.19	76.07	54.41
Share Application Money	-	-	-	423.90	-	-
Total	246.79	528.98	1006.31	1455.18	1653.15	1968.48
Above amount includes transactions with following related parties :						
<u>1. Advance to wholly owned subsidiaries :</u>						
a) Badarpur Energy Pvt. Ltd.				-	0.15	25.02
b) Cement International Ltd.				-	0.75	16.76
c) Meghalaya Minerals & Mines Ltd.				-	-	109.93
<u>2. Advance to spouse of director / relative :</u>						
: Mrs. Laxmi Chamaria				15.00	-	-
<u>3. Share Application Money</u>						
a) Badarpur Energy Pvt. Ltd.				156.00	-	-
b) Balaji Udyog Ltd.				10.25	-	-
c) Chamaria Agro Fuels Pvt. Ltd.				4.95	-	-
d) Dony Polo Udyog Ltd.				27.70	-	-
e) Karbi Trade & Industries Ltd.				12.00	-	-
f) Bajaj & Co. Pvt. Ltd.				40.00	-	-
g) Trimurti Industries Pvt. Ltd.				10.00	-	-

BARAK VALLEY CEMENTS LIMITED

ANNEXURE - XV

OTHER INCOME, AS RESTATED

(Rupees in Lakhs)

Particulars	As at					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
-						
<u>Non- Recurring</u>						
Hire Charges	1.68	0.91	1.20	1.20	1.50	18.79
Total (A)	1.68	0.91	1.20	1.20	1.50	18.79
-						
Miscellaneous	3.44	6.40	8.35	9.13	5.91	7.44
Total (B)	3.44	6.40	8.35	9.13	5.91	7.44
Total (A+B)	5.12	7.31	9.55	10.34	7.41	26.23

ANNEXURE - XVI

DETAILS OF RELATED PARTY TRANSACTIONS

Sr. No.	Relationship	Name of the Party
1	Subsidiary Companies (wholly owned w.e.f. 31.03.2006)	Meghalaya Minerals & Mines Ltd.
		Badarpur Energy Pvt. Ltd.
		Cement International Ltd.
2	Associates and Related parties	M/s. Meghalaya Cements Ltd., M/s. Cement Manufacturing Co. Ltd., M/s. Nefa Udyog, Mrs. Laxmi Chamaria, M/s. Balaji Udyog Ltd., M/s. Chamaria Agro Fuels Pvt. Ltd., M/s. DonyPolo Udyog Ltd., M/s. Karbi Trade & Industries Ltd., Bajaj & Co. Pvt. Ltd.
3	Key Management Personal	1. Mr. Kamakhya Chamaria 2. Mr. Santosh Kumar Bajaj 3. Mr. Bijay Kumar Garodia 4. Mr. Sushil Kumar Kothari

Details of transactions with related parties

(Rs. in Lakhs)								
Sn	Name of Party	Nature of Transaction	31/03/02	31/03/03	31/03/04	31/03/05	31/03/06	9/30/2006
			(12 months)	(12 months)	(12 months)	(12 months)	(12 months)	(6 months)
1	Nefa Udyog	Hire Charges paid	-	-	-	25.00	4.34	12.81
2	Meghalaya Cements Ltd.	Sale of finished / semi finished goods	-	-	2.81	291.31	144.79	-
3	Cement Manufacturing Co. Ltd.	Purchase of Raw Materials	-	-	-	75.32	N.A.	N.A.
4	Cement Manufacturing Co. Ltd.	Sale of finished goods	-	9.78	262.58	191.99	N.A.	N.A.
5	Meghalaya Minerals & Mines Ltd.	Investment in shares	-	-	-	-	75.02	-
6	Badarpur Energy Pvt. Ltd.	Investment in shares / Share Application Money	-	-	-	156.00	559.50	-
7	Cement International Ltd.	Investment in shares	-	-	-	-	356.07	-
8	Meghalaya Minerals & Mines Ltd.	Purchase of Raw Materials	27.04	212.53	316.00	386.07	301.43	168.53
9	Meghalaya Minerals & Mines Ltd.	Store, Spare & Services rendered	-	-	-	-	6.00	3.60
10	Badarpur Energy Pvt. Ltd.	----do----	-	-	-	-	11.15	23.37
11	Cement International Ltd.	----do----	-	-	-	-	10.75	45.70
12	Mrs. Laxmi Chamaria	Advance against property.	-	-	-	15.00	-	-

13	Key Managerial Personnel	Remuneration paid	-	-	-	6.00	10.06	10.65
14	Balaji Udyog Ltd.	Share Application Money	-	-	-	10.25	-	-
15	Chamaria Agro fuels Pvt. Ltd.	----do----	-	-	-	4.95	-	-
16	Dony Polo Udyog Ltd.	----do----	-	-	-	27.70	-	-
17	Karbi Trade & Industries Ltd.	----do----	-	-	-	12.00	-	-
18	Bajaj & Co. Pvt. Ltd.	----do----	-	-	-	40.00	-	-

AUDITOR'S REPORT

To,

The Board of Directors,
Meghalaya Minerals & Mines Ltd.,
Lumshnong, Meghalaya.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Barak Valley Cements Limited, in connection with the initial offer of the Equity Shares, we state as follows:

The financial statements of Meghalaya Minerals & Mines Ltd., a subsidiary of Barak Valley Cements Limited (w.e.f. 31.03.2006), for the year ended 31st March 2002, 2003, 2004 and 2005 have been audited by M/s. Balwan Jain & Co., Chartered Accountants, while those for the year ended 31st March 2006 and for the half year period ended 30.09.2006 have been audited jointly by us.

We certify that the figures included in the annexed statement of Profit and Loss Account of the five consecutive financial years ended March 31, 2002 to March 31, 2006 and period ended 30th September, 2006, the annexed statement of assets and liabilities and statement of Cash Flows as at the end of respective periods along with the significant accounting policies and notes on accounts thereon, are prepared from the audited financial statement of Meghalaya Minerals & Mines Ltd in accordance with accounting principle generally accepted in India.

This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kumar Vijay Gupta & Co.
Chartered Accountants

For Surender Harikishan & Co.
Chartered Accountants

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

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

Place: New Delhi
Date: 20.10.2006

MEGHALAYA MINERALS AND MINES LIMITED

ANNEXURE- I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in Lakhs)

Particulars		As at					
		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
A	Fixed Assets						
	Gross Block	14.00	35.19	38.89	40.58	68.37	75.16
	Less: Depreciation	0.03	4.21	10.37	15.35	20.26	31.69
	Net Block	13.97	30.98	28.52	25.23	48.11	43.47
	Capital Work in Progress including advance to suppliers	-	-	-	-	-	76.68
	Total fixed assets (A)	13.97	30.98	28.52	25.23	48.11	120.15
B	Investments (B)	-	-	-	-	-	-
C	Current assets, loans and advances						
	Inventories	-	5.01	14.27	5.89	2.20	3.65
	Sundry debtors	-	1.44	2.54	0.06	7.04	25.39
	Cash and bank balances	0.48	2.50	7.14	28.73	5.88	21.49
	Loans and advances	10.96	53.51	51.74	95.80	83.68	70.40
	Total (C)	11.44	62.46	75.69	130.48	98.80	120.93
D	Liabilities and provisions						
	Secured loans	4.40	12.72	3.39	-	-	-
	Deferred tax liability	-	1.82	2.77	3.47	3.14	3.15
	Current liabilities	27.35	14.96	11.45	61.59	50.79	142.18
	Provisions for Taxation	0.10	0.22	0.48	0.46	0.23	0.62
	Provisions Others	-	-	-	-	0.52	0.80
	Total (D)	31.85	29.72	18.09	65.52	54.68	146.75
E	Net Worth (A+B+C-D)	(6.44)	63.72	86.12	90.19	92.23	94.33
F	Represented by:						
1	<u>Share Capital</u>						

	---Equity Share Capital	0.02	49.02	90.02	90.02	90.02	90.02
2	<u>Share application money</u>						
	---Equity share capital		31.00				
		9.00		10.00	10.00	-	-
	Total	9.00	31.00	10.00	10.00	-	-
3	Reserves and Surplus	0.19	-	-	-	5.79	6.10
4	Miscellaneous expenditure	15.65	14.61	10.93	7.26	3.58	1.79
5	Debit balance in Profit & Loss Account	-	1.69	2.97	2.57	-	-
	Net Worth (1+2+3-4-5)	(6.44)	63.72	86.12	90.19	92.23	94.33

Note:

The above statement should be read along with Notes to Adjustments, Significant Accounting Policies and Notes to Accounts for restated financial statements appearing in Annexure - IV

MEGHALAYA MINERALS AND MINES LIMITED

ANNEXURE - II

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
Income :						
Sales	27.04	212.53	316.01	386.07	301.43	193.25
Other Income	-	0.50	3.30	9.02	16.06	6.83
Increase / (Decrease) in stock	-	4.87	7.21	(10.56)	(1.38)	(0.11)
Total	27.04	217.9	326.52	384.53	316.11	199.97
Expenditure :						
Mining and Operating Expenses	23.87	195.87	298.5	348.87	270.19	172.19
Administration & Selling Expenses	2.81	16.18	20.61	28.95	31.75	15.49
Total	26.68	212.05	319.11	377.82	301.94	187.68
Profit/(loss) before interest, depreciation and tax	0.36	5.85	7.41	6.71	14.17	12.29
Depreciation	-	4.17	6.17	4.98	4.91	11.43
Profit/(loss) before interest and tax	0.36	1.68	1.24	1.73	9.26	0.86
Interest	0.06	1.51	1.31	0.06	-	-
Restated Profit/(Loss) Before tax	0.30	0.17	(0.07)	1.67	9.26	0.86
Provision for taxes on income :						
--Current tax	0.11	0.23	0.26	0.57	0.73	0.19
--Fringe benefit tax	-	-	-	-	0.50	0.35
--Deferred tax	-	1.82	0.95	0.70	(0.33)	0.01
Profit/(Loss) after tax as restated	0.19	(1.88)	(1.28)	0.40	8.36	0.31
Profit / (loss) brought forward from previous year, as restated	-	0.19	(1.69)	(2.97)	(2.57)	5.79
Amount available for Appropriation	0.19	(1.69)	(2.97)	(2.57)	5.79	6.10
Appropriations:	-	-	-	-	-	-
Balance carried to Balance Sheet, as restated	0.19	(1.69)	(2.97)	(2.57)	5.79	6.10

Note:

The above statement should be read along with Notes to Adjustments, Significant Accounting Policies and Notes to Accounts for restated financial statements appearing in Annexure - IV

MEGHALAYA MINERALS AND MINES LIMITED

ANNEXURE- III

CASH FLOW STATEMENT, AS RESTATED

(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
A. Cash Flow from Operating Activities						
Profit before tax, as restated	0.30	0.17	(0.07)	1.67	9.26	0.86
<u>Adjustments for:</u>						
Depreciation	-	4.17	6.17	4.98	4.91	11.43
Miscellaneous expenditure written off	0.09	1.05	3.67	3.67	3.68	1.79
Interest Provided / Received	0.06	1.51	1.31	0.06	-	-
Operating Income before working capital changes	0.45	6.9	11.08	10.38	17.85	14.08
<u>Adjustments for:</u>						
Decrease / (Increase) in Trade & Other Receivables	(5.86)	(43.99)	0.67	(41.58)	5.14	(5.07)
Decrease / (Increase) in inventories	(4.75)	(5.01)	(9.26)	8.38	3.69	(1.45)
Increase / (decrease) in Trade Payables	27.41	(10.45)	(2.30)	50.82	(10.84)	92.07
Cash Generated from Operations	17.25	(52.55)	0.19	28.00	15.84	99.63
Direct Taxes Paid (Net)	(0.11)	(2.05)	(1.21)	(1.27)	(0.90)	(0.55)
Net Cash Flow from Operating Activities	17.14	(54.60)	(1.02)	26.73	14.94	99.08
B. Cash Flow from Investing Activities						
Purchase of Fixed Assets & Advances for Fixed Assets	(24.50)	(21.19)	(3.70)	(1.69)	(27.79)	(83.47)
Net Cash used from Investing Activities	(24.50)	(21.19)	(3.70)	(1.69)	(27.79)	(83.47)
C. Cash Flow from Financing Activities						
Proceeds from :						
- Share Capital	-	49.00	41.00	-	-	-

- Loans	4.40					
Repayment/ Proceed of :		8.32	(9.33)	(3.39)	-	-
- Share Application Money	(6.00)	22.00	(21.00)	-	(10.00)	-
- Interest Paid	(0.06)	(1.51)	(1.31)	(0.06)	-	-
Net Cash Flow from Financing Activities	(1.66)	77.81	9.36	(3.45)	(10.00)	-
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(9.02)	2.02	4.64	21.59	(22.85)	15.61
Cash & Cash Equivalents at Beginning of the Year	9.50	0.48	2.50	7.14	28.73	5.88
Cash & Cash Equivalents at End of the Year	0.48	2.50	7.14	28.73	5.88	21.49

ANNEXURE “IV”: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS RESTATED

Notes to adjustments carried out in restated financial statements :

- (iii) Restated financial statements have been prepared in respect of five years commencing from the financial years ended 31.03.2002 to 31.03.2006 and the period ended 30.09.2006. As a result of statement of income & expenses amounts, the necessary adjustments have been made against the reserves.
- (iv) Earlier Depreciation has been charged in books of accounts on SLM Method of Companies Act, 1956. But in year ended 31.03.2006 the method of providing depreciation has been changed to WDV as per Companies Act, 1956. The prior period effect (i.e. 2002 to 2005) of such change has been shown as under.

RECONCILIATION STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
PAT (As per audited Balance Sheets)	0.19	0.76	2.19	2.47	0.17	0.31
Effect of Change in Depreciation Method	-	(2.64)	(3.47)	(2.07)	8.19	-
Profit / (Loss) after tax as restated	0.19	(1.88)	(1.28)	0.40	8.36	0.31

(A.) SIGNIFICANT ACCOUNTING POLICIES:

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

(2) FIXED ASSETS:

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

(3) DEPRECIATION:

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

(4) INVENTORIES:

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

(5) REVENUE :

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

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

(6) RETIREMENT BENEFITS:

Contribution to Provident Fund is deposited on actual liability basis.

The Provision for Gratuity has been made in books of accounts on actuarial valuation basis. However, for the current accounting period ended on 30th September' 2006, estimated value of gratuity liability has been accounted for.

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

(7) MISCELLANEOUS EXPENDITURE:

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

(8) TAXES ON INCOME

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

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

(9) CONTINGENT LIABILITY

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

(B.) NOTES TO ACCOUNTS:

(1) Capital Commitments

The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 68.82 Lakhs (Previous year : Rs. 33.73 Lakhs)

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

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

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

<u>PARTICULARS</u>	<u>Period Ended 30.09.2006</u> (M.T.)	<u>2005 - 2006</u> (M.T.)
(1) Licensed Capacity	N.A.	N.A.
(2) Installed Capacity (M.T.)	N.A.	N.A.
(3) Lime Stone Extracted (M.T.)	83,608	1,31,013

(b) Sales :		
	<u>Period Ended 30.09.2006</u> (M.T.) Amount (Lakhs)	<u>2005 - 2006</u> (M.T.) Amount (Lakhs)
(1) Lime Stone	83,659 191.03	1,31,743 301.43
(c) <u>Stock of Finished Goods :</u>		
(i) <u>Lime Stone :</u>	<u>Period Ended 30.09.2006</u> (M.T.) Amount (Lakhs)	<u>2005 - 2006</u> (M.T.) Amount (Lakhs)
Opening Stock	83 M.T. 0.15	813 M.T. 1.52
Closing Stock	32 M.T. 0.03	83 M.T. 0.15

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

<u>PARTICULARS</u>	<u>Period Ended 30.09.2006</u>		<u>2005 -2006</u>	
	<u>Value (Rs.)</u>	%	<u>Value(Rs.)</u>	%
<u>Store and Spares</u>				
: Imported	Nil	Nil	Nil	Nil
: Indigenous	4.44	100%	4.75	100%

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

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

(4). Payment made to Auditor's during the period ended 30.09.2006 is as under:-

	(Amount in Lakhs)	
	<u>Period Ended 30.09.2006</u>	<u>2005-06</u>
a. As Auditors	Rs. 0.17	Rs. 0.21
b. Taxation Matters	Rs. 0.03	Rs. 0.03
c. Reimbursement of out of pocket expenses	---	<u>Rs. 0.04</u>
Total	<u>Rs. 0.20</u>	<u>Rs. 0.27</u>

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

(6). Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 “Related Party Disclosures” issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the period ended 30th September'2006 in the ordinary course of business:

1. Holding Company	Barak Valley Cements Ltd. (w.e.f. 31.03.2006)
2. Related Party	Meghalaya Cements Limited, M/s. Nefa Udyog
3. Key Management Personal	Jagdish Prasad Shah (Director)
	Sushil Kumar Bajaj (Director)
	Nathmal Todi (Director)

Details of transactions between the company and related parties for the period ended on 30.09.2006 are given as under:

(Rs. in Lakhs)				
Sl.No.	Type of transaction	Holding Company	Related Party	Key Management Personnel
1.	Sale of Finished Goods	168.53	22.50	—
2	Equipment Hire Charges paid	—	3.20	—
3.	Purchase of Store, Spares and other services.	3.60	—	—

(7) . Earnings per share:

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the period ended 30th September,2006 and the year ended 31st March, 2006.

	Period ended 30 th September, 2006	Year ended 31 st March, 2006
(a) Profit / (Loss) after tax (Rs. in Lakhs)	0.31	8.36
(b) The weighted average number of Ordinary Share for Basic EPS (No. in Lakhs)	9.002	9.002
(c)The nominal value per Ordinary Share)	10	10
(d) Earnings Per Share (Basic) (Rs.)	0.03	0.93
(e) The weighted average number of Ordinary Share for Basic EPS (Nos.)	9.002	9.002
(f)Add: Adjustments for Share Application Money	--	0.98

(g) The weighted average number of Ordinary Share for Diluted EPS (Nos.)	9.002	9.98
(h) Earning Per Share (Diluted) Rs.	0.03	0.84

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

(9) In the opinion of the management the current assets and loans and advances are of the value stated as on 30.09.2006, if realized in the ordinary course of business.

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

	(Amount in Lakhs)		
	Deferred tax Liability / as at 1.4.2006	Current period Charge / (Credit)	Deferred tax Liability / (Asset) <u>as</u> <u>at 30.09.2006</u>
Deferred Tax Liabilities for difference between book and tax depreciation (A)	3.30	0.09	3.39
Less:- Deferred Tax Assets for provision for Gratuity (B)	(0.16)	(0.08)	<u>(0.24)</u>
Deferred Tax Liability (Net) (A) – (B)	<u>3.14</u>	<u>0.01</u>	<u>3.15</u>

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

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

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

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

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

(16). Annexure "I to IV" forms an integral parts of the financial statements.

For Surender Harikishan & Co.
Chartered Accountants

For Kumar Vijay Gupta & Co.
Chartered Accountants

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

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

New Delhi, 20th October, 2006

AUDITOR'S REPORT

To,

The Board of Directors,
Badarpur Energy Pvt. Ltd.,
Guwahati, Assam.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Barak Valley Cements Limited, in connection with the initial offer of the Equity Shares, we state as follows:

We have audited the financial statements of Badarpur Energy Pvt. Ltd, a subsidiary of Barak Valley Cements Limited (w.e.f. 31.03.2006), for the financial period ended March 31, 2006 (being the first annual accounts) and period ended 30th September, 2006 being the last date up to which the accounts have been made in those respective period in accordance with the auditing standards generally accepted India.

We certify that the figures included in the annexed statement of Incidental Expenditure statement during construction period for the first financial period ended March 31,2006 and period ended 30th September, 2006, annexed statement of assets and liabilities as at the end of March 31, 2006 and period ended 30th September, 2006 and statement of Cash Flows as at March 31,2006 and period ended 30th September, 2006 along with the significant accounting policies, are prepared from the audited financial statement of Badarpur Energy Pvt. Ltd. in accordance with accounting principle generally accepted in India.

This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kumar Vijay Gupta & Co.
Chartered Accountants

For Surender Harikishan & Co.
Chartered Accountants

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

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

Place: New Delhi

Date: 20.10.2006

BADARPUR ENERGY PRIVATE LIMITED

ANNEXURE -I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

Particulars		March 31, 2006 14 Months	September 30, 2006 6 Months
A	Fixed Assets		
	Gross Block	13.87	46.19
	Less: Depreciation	0.01	0.82
	Net Block	13.86	45.37
	<u>Capital Work in Progress :</u>		
	Incidental Expenditure during construction period	34.06	71.80
	Other WIP including advances to supplier / contractors	507.97	883.77
	Total fixed assets (A)	555.89	1000.94
B	Investments (B)	-	-
C	Current assets, loans and advances		
	Cash and bank balances	9.77	83.16
	Loans and advances	1.68	1.29
	Total (C)	11.45	84.45
D	Liabilities and provisions		
	Secured loans	-	467.34
	Current liabilities	10.07	60.78
	Provisions for Taxation	-	-
	Total (D)	10.07	528.12
E	Net Worth (A+B+C-D)	557.27	557.27
F	<u>Represented by:</u>		
1	Equity Share Capital	112.70	112.70
3	Reserves and Surplus	446.80	446.80
4	Miscellaneous expenditure	2.23	2.23
	Net Worth (1+2+3-4)	557.27	557.27

BADARPUR ENERGY PRIVATE LIMITED

ANNEXURE - II

SUMMARY STATEMENT OF INCIDENTAL EXPENDITURE DURING
CONSTRUCTION PERIOD

(Rupees in Lakhs)

Particulars	Period Ended	
	March 31, 2006	Sept. 30, 2006
	14 Months	6 Months
Opening Balance Brought Forward	-	34.06
Auditor's Remuneration	0.25	0.20
Advertisement & Publicity	0.22	-
Bank Charges	-	1.07
Fees & Subscription	2.05	0.07
Technical Consultancy Expenses	19.84	0.54
Miscellaneous Expenses	1.26	2.18
Printing, stationary & postage expenses	0.80	0.60
Rates & Taxes	0.01	0.90
Freight & Cartage	0.55	1.15
Electricity, fuel & water expenses	-	1.10
Repair & Maintenance	0.86	0.56
Salary & Wages	4.16	13.25
Telephone Expenses	0.11	0.07
Tour & Travelling Expenses	2.61	2.94
Depreciation	0.01	0.81
Interest / processing fee	-	8.57
Testing & Inspection Charges	0.66	0.32
Other construction period expenses	0.68	3.41
Total	34.06	71.80

BADARPUR ENERGY PRIVATE LIMITED

ANNEXURE- III

CASH FLOW STATEMENT

(Rupees in Lakhs)

Particulars		
	March 31, 2006	Sept.30, 2006
	14 Months	6 Months
A. Cash Flow from Operating Activities		
Profit before tax, as restated	-	-
<u>Adjustments for</u>		
Depreciation	-	-
Miscellaneous expenditure written off	-	-
Interest Provided / Received	-	-
Operating Income before working capital changes	-	-
<u>Adjustments for:</u>		
Decrease / (Increase) in Trade & Other Receivables	(1.68)	0.39
Decrease / (Increase) in inventories	-	-
Increase / (decrease) in Trade Payables	10.07	50.71
Cash Generated from Operations	8.39	51.10
Direct Taxes Paid (Net)	-	-
Net Cash Flow from Operating Activities	8.39	51.10
B. Cash Flow from Investing Activities		
Acquisition of fixed Assets / Capital WIP	(555.89)	(445.05)
Preliminary Expenses	(2.23)	-
Net Cash used from Investing Activities	(558.12)	(445.05)
C. Cash Flow from Financing Activities		
Proceeds from:		
- Share Capital	559.50	-
- Loans	-	467.34
Repayment of		
- Loans / Interest paid etc.	-	-
Net Cash Flow from Financing Activities	559.50	467.34

Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	9.77	73.39
Cash & Cash Equivalents at Beginning of the Year	-	9.77
Cash & Cash Equivalents at the End of the Year/ period	9.77	83.16

ANNEXURE "IV" : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

(2) FIXED ASSETS:

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

(b) CAPITAL WORK IN PROGRESS:

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

(c) INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD

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

(3) DEPRECIATION:

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

(4) RETIREMENT BENEFITS:

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

(5) MISCELLANEOUS EXPENDITURE:

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

(6) CONTINGENT LIABILITY:

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

B. NOTES ON ACCOUNTS:

- (a) Contingent liability not provided for : Rs. 80.00 Lakhs, deposited with IDBI Bank Ltd. as fixed deposit against Letter of Credit Limit for plant & machinery. : (Previous Year: Nil)
- (b) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 562.05 Lakhs (Previous Year : Rs.541.60 Lakhs)
- (c) C.I.F. Value of Imports is Nil. (Previous Year: Nil)
- (d) Earning / Expenditure incurred in foreign currency is Nil. (Previous Year : Nil)
- (e) Profit & Loss Account

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

- (f) Auditor's Remuneration includes fees as under : (Amount in Lakhs)

	<u>Period Ended 30.09.2006</u>	<u>2005 - 06</u>
Audit Fees	0.20	0.19
Company Law Matters	--	0.03
Reimbursement of out of Pocket Exp.	--	<u>0.03</u>
Total	<u>0.20</u>	<u>0.25</u>

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

- (h) In the opinion of the Management the loans and advances are of the value stated as on 30.09.2006, if realized in the ordinary course of business.

- (i). Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the period ended on 30.09.2006 in the ordinary course of business:

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

Details of transactions between the company and related parties for the year ended 30.09.2006 is given as under:

(Rs. in Lakhs)			
Sl.No.	Type of transaction	Holding Company	Key Management Personnel
1.	Purchase of Store, Spares and other services	23.37	----

- (j) In absence of any commercial activity, during the period under report, other disclosure requirements are not applicable to the company.
- (k) The figures have been rounded of to the nearest of Lakhs.
- (l) Annexure I - IV forms an integral part of the accounts.

AUDITOR'S REPORT

To,

The Board of Directors,
Cement International Ltd.,
Lumshnong, Meghalaya.

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Barak Valley Cements Limited, in connection with the initial offer of the Equity Shares, we state as follows:

The financial statements of Cement International Ltd, a subsidiary of Barak Valley Cements Limited (w.e.f. 31.03.2006), for the year ended 31st March 2002, 2003, 2004 and 2005 have been audited by M/s. Surender Harikishan & Co., Chartered Accountants, while those for the year ended 31st March 2006 and for the half year period ended 30.09.2006 have been audited jointly by us.

We certify that the figures included in the annexed statement of Incidental Expenditure statement during construction period of the five financial year ended March 31, 2002 to March 31, 2006 and period ended 30th September, 2006, annexed statement of assets and liabilities and statement of Cash Flows as at the end of respective periods along with the significant accounting policies, are prepared from the audited financial statement of Cement International Ltd in accordance with accounting principle generally accepted in India.

This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kumar Vijay Gupta & Co.
Chartered Accountants

For Surender Harikishan & Co.
Chartered Accountants

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

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

Place: New Delhi
Date: 20.10.2006

CEMENT INTERNATIONAL LIMITED

ANNEXURE- I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

Particulars		As at					
		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
A	Fixed Assets						
	Gross Block	6.55	6.55	6.55	6.55	20.83	21.42
	Less: Depreciation	-	-	-	-	-	0.03
	Net Block	6.55	6.55	6.55	6.55	20.83	21.39
	<u>Capital Work in Progress</u>						
	Expenditure during construction period	0.22	0.27	0.42	0.48	4.81	29.05
	Advance to suppliers/ contractors and other WIP	-	-	-	-	324.54	557.59
	Total fixed assets (A)	6.77	6.82	6.97	7.03	350.18	608.03
B	Investments (B)	-	-	-	-	-	-
C	Current assets, loans and advances						
	Cash and bank balances	0.52	1.49	1.32	1.26	9.06	3.05
	Loans and advances	-	-	-	-	0.42	35.70
	Total (C)	0.52	1.49	1.32	1.26	9.48	38.75
D	Liabilities and provisions						
	Secured loans	-	-	-	-	-	250.00
	Current liabilities	0.02	0.04	0.02	0.02	5.39	42.51
	Total (D)	0.02	0.04	0.02	0.02	5.39	292.51
E	Net Worth (A+B+C-D)	7.27	8.27	8.27	8.27	354.27	354.27
F	Represented by:						
1	Share Capital						
	---Equity Share Capital	0.07	10.07	10.07	10.07	79.27	79.27
	Less: Calls in Arrears	-	-	-	-	-	-
	Total	0.07	10.07	10.07	10.07	79.27	79.27
2	Share application money						
	---Equity share capital	9.00	-	-	-	-	-
	Total	9.00	-	-	-	-	-

3	Reserves and Surplus	-	-	-	-	276.80	276.80
4	Miscellaneous expenditure	1.80	1.80	1.80	1.80	1.80	1.80
	Net Worth (1+2+3-4)	7.27	8.27	8.27	8.27	354.27	354.27

CEMENT INTERNATIONAL LIMITED

ANNEXURE - II

SUMMARY STATEMENT OF INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD
(Rupees in Lakhs)

Particulars	For the year ended					
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	Sept. 30, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months	6 Months
Opening Balance Brought Forward	0.16	0.22	0.27	0.42	0.48	4.81
Auditor's Remuneration	0.02	0.02	0.02	0.03	0.25	0.20
Filing Fees	0.03	0.03	0.12	0.03	0.02	0.05
Legal Expenses	0.01	-	-	0.01	0.40	0.30
Miscellaneous Expenses	-	-	0.01	-	1.06	2.48
Printing, stationary & postage expenses	-	-	-	-	0.26	0.24
Rates & Taxes	-	-	-	-	0.26	2.03
Freight & Cartage	-	-	-	-	0.35	1.29
Electricity & water expenses	-	-	-	-	0.08	0.10
Repair & Maintenance	-	-	-	-	0.42	1.33
Salary & Wages	-	-	-	-	0.65	5.40
Telephone Expenses	-	-	-	-	0.16	0.06
Tour & Travelling Expenses	-	-	-	-	0.07	0.20
Depreciation	-	-	-	-	-	0.03
Interest / processing fee	-	-	-	-	-	4.38
Equipment Running & Hire charges	-	-	-	-	-	4.49
Other construction period expenses	-	-	-	-	0.35	1.67
Total	0.22	0.27	0.42	0.48	4.81	29.05

CEMENT INTERNATIONAL LIMITED

ANNEXURE- III

CASH FLOW STATEMENT

(Rupees in
Lakhs)

Particulars	For the year ended					
	March 31, 2002 12 Months	March 31, 2003 12 Months	March 31, 2004 12 Months	March 31, 2005 12 Months	March 31, 2006 12 Months	Sept. 30, 2006 6 Months
A. Cash Flow from Operating Activities						
Profit before tax, as restated	-	-	-	-	-	-
<u>Adjustments for</u>						
Depreciation	-	-	-	-	-	-
Miscellaneous expenditure written off	-	-	-	-	-	-
Interest Provided / Received	-	-	-	-	-	-
Operating Income before working capital changes	-	-	-	-	-	-
<u>Adjustments for:</u>						
Decrease / (Increase) in Trade & Other Receivables	-	-	-	-	(0.42)	(35.28)
Increase / (decrease) in Trade Payables	-	0.02	(0.02)	-	5.37	37.12
Cash Generated from Operations	-	0.02	(0.02)	-	4.95	1.84
Direct Taxes Paid (Net)	-	-	-	-	-	-
Net Cash Flow from Operating Activities	-	0.02	(0.02)	-	4.95	1.84
B. Cash Flow from Investing Activities						
Purchase of Fixed Assets & Advances for Fixed Assets	(6.61)	(0.05)	(0.15)	(0.06)	(343.15)	(257.85)
Net Cash used from Investing Activities	(6.61)	(0.05)	(0.15)	(0.06)	(343.15)	(257.85)
C. Cash Flow from Financing Activities						
Proceeds from :						
- Share Capital	-	10.00	-	-	346.00	-
- Loans	-	-	-	-	-	250.00
Proceed / (Repayment) of						
- Share Application Money	7.00	(9.00)	-	-	-	-

Net Cash Flow from Financing Activities	7.00	1.00	-	-	346.00	250.00
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	0.39	0.97	(0.17)	(0.06)	7.80	(6.01)
Cash & Cash Equivalents at Beginning of the Year	0.13	0.52	1.49	1.32	1.26	9.06
Cash & Cash Equivalents at End of the Year	0.52	1.49	1.32	1.26	9.06	3.05

ANNEXURE – IV : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

(2) FIXED ASSETS:

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

(b) CAPITAL WORK IN PROGRESS:

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

(c) INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD

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

(3) DEPRECIATION:

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

(4) RETIREMENT BENEFITS:

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

(5) MISCELLANEOUS EXPENDITURE:

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

(6) CONTINGENT LIABILITY:

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

B. NOTES ON ACCOUNTS:

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

(b) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs.30.18 Lakhs (Previous year : 10.76 Lakhs)

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

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

(e) Profit & Loss Account

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

- (f) Auditor's Remuneration includes fees as under : (Amount in Lakhs)

	<u>Period Ended 30.09.2006</u>	<u>2005 -06</u>
Audit Fees	0.20	0.19
Company Law Matters	--	0.03
Reimbursement of out of Pocket Exp.		<u>0.03</u>
Total	<u>0.20</u>	<u>0.25</u>

- (g) Payment of Fringe Benefit Tax has been shown in the Statement of "Expenditure Incurred During Construction Period A /c" and will be transferred to Profit & Loss Account after the commencement of commercial production.
- (h) In the opinion of the Management the loans and advances are of the value stated as on 30.09.2006, if realized in the ordinary course of business.
- (i). Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the period ended 30.09.2006 in the ordinary course of business:

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

Details of transactions between the company and related parties for the period ended 30.09.2006 is given as under:

(Rs. in Lakhs)			
Sl.No.	Type of transaction	Holding Company	Key Management Personnel
1.	Purchase of Store, Spares and other services	45.70	----

- (j) Previous year figures have been regrouped and rearranged wherever considered necessary to make them comparable with the current year figures
- (k) In absence of any commercial activity, during the period under report, other disclosure requirements are not applicable to the company.
- (l) The figures have been rounded of to the nearest of Lakhs.
- (m) Annexure I to IV forms an integral part of the accounts.

AUDITORS REPORT

Summary statements of consolidated assets and liabilities as at 30th September 2006 and for the year ended 31st march 2006, consolidated profits and losses for the period ended 30th September, 2006 and for the year ended 31st march 2006 and consolidated cash flows for the period ended 30th September, 2006 and for the year ended 31st march 2006 of M/S. Barak Valley Cements Limited.

To,
The Board of Directors,
Barak Valley Cements Limited,
265, Sreemanta Market Annexe.,
A.T. Road, Guwahati, Assam.

Dear Sirs,

- A. a) We have examined the annexed consolidated financial information of Barak Valley Cements Limited and its subsidiaries namely Meghalaya Minerals & Mines Limited, Badarpur Energy Private Limited and Cement International Limited for the financial year ended March 31, 2006 and Half year period ended 30th September' 2006 being the last date to which the accounts of the Company have been prepared and approved by the Board of Directors of the company.

The consolidated financial information for the year ended March 31, 2006 and Half year period ended September 30, 2006 are prepared and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public issue of Equity Shares by the Company.

In accordance with the requirements of

1. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956;
2. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange of Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
3. Our terms of reference given vide the Company's letter dated September 5, 2006 requesting us to carry out work in connection with the Issue as aforesaid.

We report that the restated consolidated assets and liabilities of the Company as at March 31, 2006 and September 30, 2006 as set out in Annexure I to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure IV.

We further report that the restated consolidated profits of the Company for the financial year ended March 31, 2006 and period ended September 30, 2006 as set out in Annexure II and restated consolidated Cash flows of the company for the financial year ended March 31, 2006 and period ended September,2006 as set out in Annexure III are appropriate. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure IV to this report.

- B. a) In our opinion the financial information of the Company as stated in Para A above read with Significant accounting Policies and Notes to Accounts enclosed in Annexure IV to this report, after making adjustments / restatements and

regroupings as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kumar Vijay Gupta & Co.,
Chartered Accountants

For Surender Harikishan & Co.,
Chartered Accountants

(Mahesh Goel)
Partner
M.No. 88958

(Surender Kumar)
Partner
M.No. 93626

Place: New Delhi
Date: 24.10.2006

BARAK VALLEY CEMENTS LIMITED

ANNEXURE – I

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in Lakhs)

Particulars			
		March 31,	Sept. 30,
		2006	2006
A	Fixed Assets		
	Gross Block	5850.06	6000.92
	Less: Depreciation	1803.9	2067.37
	Net Block	4046.16	3933.55
	Capital Work in Progress	895.85	1720.04
	Total fixed assets (A)	4942.01	5653.59
B	Investments (B)	0.04	0.04
C	Current assets, loans and advances		
	Inventories	467.96	579.55
	Sundry debtors	340.61	600.54
	Cash and bank balances	131.33	203.47
	Loans and advances	1716.46	1924.15
	Total (C)	2656.36	3307.71
D	Liabilities and provisions		
	Secured loans	3082.04	3918.64
	Deferred tax liability	59.00	66.24
	Current liabilities	430.37	620.03
	Provisions for Taxation / MAT	17.29	80.61
	Provisions Others	399.31	55.11
	Total (D)	3988.01	4740.63
E	Net Worth (A+B+C-D)	3,610.40	4,220.71
F	Represented by:		
1	Equity Share Capital	1650.00	1650.00
2	Reserves and Surplus	2,013.68	2,617.63
3	Miscellaneous expenditure	53.28	46.92
	Net Worth (1+2-3)	3,610.40	4,220.71

Note:

The above statement should be read along with Notes to Adjustments, Significant Accounting Policies and Notes to Accounts for restated financial statements appearing in Annexure – IV

ANNEXURE – II

CONSOLIDATED STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in Lakhs)		
Particulars	31st March' 2006	30th Sept.' 2006
	12 Months	6 Months
Income :		
Sales of products manufactured	5274.21	3418.79
Other Income	23.47	33.06
Increase / (Decrease) in stock	69.72	26.39
Total	5367.4	3478.24
Expenditure :		
Cost of Materials	1004.21	685.55
Manufacturing & Operating Exps.	1752.61	1152.91
Administration & Other Exps.	227.92	138.35
Selling & Distribution Exps.	544.51	410.21
Total	3529.25	2387.02
Profit/(loss) before interest, depreciation and tax	1838.15	1091.22
Depreciation	349.60	262.64
Profit/(loss) before interest and tax	1488.55	828.58
Interest	197.61	135.64
Profit/(loss) before tax	1290.94	692.94
Provision for taxes on income :		
--Current tax	121.39	77.84
--Fringe benefit tax	7.25	3.85
--Deferred tax	1.98	7.24
Profit/(Loss) after tax as restated	1,160.32	604.01
Profit / (loss) brought forward from previous year, as restated	1,142.13	1,783.48
Amount available for Appropriation	2,302.45	2,387.49
Appropriations:		
: Dividends including CDT	395.09	-
: General Reserve	123.71	-
: Capital Reserve	0.17	0.31
Profit/ (Loss) after appropriations	1,783.48	2,387.18
General Reserve	209.46	209.46
Capital Reserve on consolidation	20.74	20.99
Balance carried to Balance Sheet, as restated	2,013.68	2,617.63

Note:

The above statement should be read along with Notes to Adjustments, Significant Accounting Policies and Notes to Accounts for restated financial statements appearing in Annexure - IV

BARAK VALLEY CEMENTS LIMITED

ANNEXURE- III

CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED

(Rupees in Lakhs)

Particulars	31st March'2006 12 Months	30th Sept.' 2006 6 Months
<u>A. Cash Flow from Operating Activities</u>		
Profit before tax, as restated	1,290.94	692.94
<u>Adjustments for</u>		
Depreciation & Misc. expenses written off	370.83	269.00
Interest Provided / Received	197.61	135.64
Operating Income before working capital changes	1,859.37	1,097.57
<u>Adjustments for:</u>		
Decrease / (Increase) in Trade & Other Receivables	(2,057.07)	(467.62)
Decrease / (Increase) in inventories	(467.96)	(111.65)
Increase / (decrease) in Trade Payables	905.97	(83.98)
Cash Generated from Operations	240.31	434.32
Direct Taxes Paid (Net)	(130.62)	(88.93)
Net Cash Flow from Operating Activities	109.69	345.39
<u>B. Cash Flow from Investing Activities</u>		
Purchase of Fixed Assets & Advances for Fixed Assets	(5,291.61)	(974.21)
Purchase of Investments	(0.04)	0.00
Miscellaneous Expenditure Incurred	(74.51)	-
Net Cash used from Investing Activities	(5,366.16)	(974.21)
<u>C. Cash Flow from Financing Activities</u>		
Equity	1,650.00	-
Reserve & Surplus	1,248.46	-
Proceeds from Borrowings	3,082.04	836.60
Dividend Paid	(395.09)	-
Interest paid	(197.61)	(135.64)
Net Cash Flow from Financing Activities	5,387.80	700.96
Net Increase in Cash & Cash Equivalents (A+B+C)	131.33	72.14
Cash & Cash Equivalents at Beginning of the Year	-	131.33
Cash & Cash Equivalents at End of the Year / Period	131.33	203.47

ANNEXURE – IV: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS ON CONSOLIDATED FINANCIAL STATEMENTS AS RESTATED

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:

Sn.	Name of the Subsidiary (All incorporated in India)	Proportion of Ownership as at 30.09.2006
1	Meghalaya Minerals & Mines Pvt. Ltd.	100%
2	Badarpur Energy Pvt. Ltd.	100%
3	Cements International Ltd.	100%

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

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

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

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

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

(3) FIXED ASSETS:

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

(b) CAPITAL WORK IN PROGRESS:

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

(c) INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD

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

(4) DEPRECIATION:

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

(5) INVENTORIES:

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

(6) INVESTMENTS:

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

(7) REVENUE:

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

(8) GOVERNMENT GRANTS:

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

(9) RETIREMENT BENEFITS:

Contribution to Provident Fund is deposited on actual liability basis. The Provision for Gratuity has been made in books of accounts on actuarial valuation basis. However for the period ended 30.09.2006, estimated value of liability has been provided in books of accounts. Encashment of earned leave has been provided on accrual basis.

(10) MISCELLANEOUS EXPENDITURE:

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

(11) TAXES ON INCOME:

a) Current Tax:

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

b) Deferred Tax:

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

(12) RESEARCH AND DEVELOPMENT EXPENDITURE:

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

(13) BORROWING COSTS:

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

(14) CONTINGENT LIABILITY:

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

B. NOTES ON ACCOUNTS:

(1) The estimated amount of Contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 896.65 Lakhs (Previous Year Rs. 794.09 Lakhs)

(2) Contingent liabilities not provided for:

- Claims against the company not acknowledged as debts – Nil (Previous Year : Nil)
- Bank Guarantees issued by banks Rs. 2.25 Lakh (Previous Year : 2.25 Lakh)
- Corporate Guarantee's given to FII's / Banks on behalf of wholly owned subsidiaries : Rs. 1900 Lakhs (Previous Year : Nil)
- Fixed Deposit with Banks against Letter of Credit Limit for plant & machinery : Rs. 80 Lakhs (Previous Year : Nil)

(3) In view of ASI-15, on Consolidated Financial Statements, additional information pursuant to the provision or paragraphs 3 & 4 of part II of schedule VI to the Companies Act, 1956 are not disclosed herewith.

(4) During the period an amount of Rs. 1.59 Lakh (Previous Year Rs. 2.66 Lakh) was paid to selling agents of the company as Sales Commission.

(5) During the period, the company has capitalized the borrowing cost amounting to Rs. 12.95 Lakhs (Previous year Rs. 77.09 Lakhs) for major expansion activities of plant at factory site.

(6) Payment made to Auditor's during the period ended 30.09.2006 is as under: - (Amount in Lakhs)

	<u>Period Ended 30.09.06</u>	<u>Previous Year</u>
a. As Auditors	Rs. 1.12	Rs. 1.18
b. Taxation Matters	Rs. 0.31	Rs. 0.14
c. Company Law and other Matters	Rs. --	Rs. 0.19
d. Reimbursement of out of pocket exp.	<u>Rs. --</u>	<u>Rs. 0.21</u>
Total	<u>Rs. 1.43</u>	<u>Rs. 1.72</u>

(7) Remuneration paid to Director's during the period ended 30.09.06 Rs. 11.53 Lakhs (Previous year: Rs.7.90 Lakhs)

(8) GOVT. SUBSIDIES

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

(9) Over dues to S.S.I. Units exceeding a sum of Rs. 1 lakh and outstanding for more than 30 days (according to the information available with the company) : Nil (Previous Year : Nil)

(10) Disclosure in respect of Related Parties:

Pursuant to Accounting Standard – 18 "Related Party Disclosures" issued by ICAI, following are the related parties, description of their relationships and transactions carried out with them during the period ended on 30th September' 2006 in the ordinary course of business:

Associates	M/s. Nefa Udyog, M/s. Meghalaya Cements Ltd.
Key Management Personal	Kamakhya Chamaria (Managing Director), Santosh Kumar Bajaj (Whole Time Director), Bijay Kumar Garodia (Chairman & Whole Time Director), Sushil Kumar Kothari (Executive Director Finance)

Details of transactions between the company and related parties for the period ended on 30.09.2006 are given as under:

(Rs. in Lakhs)			
Sl.No.	Type of transaction	Associates	Key Management Personnel
1.	Sale of finished / semi finished goods	22.50	----
2.	Equipment Hire Charges paid	16.01	----
3.	Remuneration paid	----	10.65

(11) Earnings per share:

The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the period ended 30th September 2006 and previous year ended 31st March 2006.

			Period ended 30 th September, 2006	Year ended 31 st March, 2006
(a)	Profit / (Loss) after tax (Rs. in Lakhs)		604.01	1,160.32
(b)	The weighted average number of Ordinary Share for EPS (No. in Lakhs)		165	165
(c)	The nominal value per Ordinary Share)		10	10
(d)	Earnings Per Share Basic & Diluted (Rs.)		7.32 *	7.03
	(* Annualised for current period)			

- (12) Balance of Sundry Debtors; Creditors and advances are subject to confirmation from respective parties.
- (13) In the opinion of the management the current assets and loans and advances are having value, at least equal to the amount as they are stated in financial statements, if realised in the ordinary course of business.
- (14) 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.

(15) Taxation

a) Current Tax:

The company is eligible for 100% income-tax exemption under section 80-IC. The current period's provision for income-tax has been calculated on the profits of the year on the basis of the provisions of Minimum Alternative Tax (MAT) under section 115JB of the Income-Tax Act, 1961 including interest on delayed payment, if any. However in case of Meghalaya Minerals & Mines Ltd., income tax liability has been calculated after considering normal tax rates.

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.

Deferred Tax asset/ liability have been calculated as under:

	<u>Amount in Lakhs</u>
<u>Deferred Tax Liabilities</u>	
Tax impact of difference between carrying amount of fixed assets in the financial statements and income tax returns as on 01.04.2006	59.00
Add: Difference originated during the current period	<u>7.24</u>
Net Deferred Tax Liability as on 30.09.2006	<u>66.24</u>

The tax impact for the above purpose has been arrived at by applying the prevailing tax rate @ 30% for Indian companies under the Income Tax Act, 1961.

- (16) Previous year figures have been regrouped / restated wherever considered necessary..
- (17) Figures have been rounded off to the nearest lakhs.

For Surender Harikishan & Co.
Chartered Accountants

For Barak Valley Cements Limited

(Surender Kumar)
Partner
M.No. 93626

(Kamakhya Chamaria)
Managing Director

For Kumar Vijay Gupta & Co.,
Chartered Accountants

(Mahesh Goel)
Partner
M.No. 88958

New Delhi, 24th October, 2006

Financial Information of Group Companies

1. Jaintia Hills Mines & Minerals Private Limited

The company was incorporated on 20th February, 2004 with the registration no.UL3209ML2004PTC007338. The registered office is situated at Thangskai, P.O. Lumshnong, P.S. Khilerihat, District Jaintia Hills, Meghalaya. The main object of company is mining operations. But since the Company is yet to start its commercial activities, it has given on hire its equipments and is currently deriving its income through hire charges.

Board of Directors

S.No	Directors
1	Mr. Bajrang Lohia
2	Mr. Bikash Jalan
3	Mr. Opaya Lyngdoh

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Bijay Kumar Garodia	600,000	20.98
Mr. Mahendra Kumar Agarwal	540,000	18.88
Anand Brothers Private Limited	400,000	13.99
Garkot (India) Private Limited	310,000	10.84
Meghalaya Ispat Limited	150,000	5.24
Meghalaya Steels Limited	330,000	11.54
Ventex Trade Private Limited	100,000	3.50
H.K. Securities Private Limited	100,000	3.50
Meghalaya Beverages Private Limited	100,000	3.50
Others	230,000	8.03
Total	2,860,000	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	1.01	1.01	286.00
Reserves	NIL	NIL	NIL
Sales	N.A.	63.79	122.03
Profit After Tax	N.A.	(13.52)	(103.29)
Earning per Share(Rs.)	N.A.	(133.86)	(576.80)
Net Asset Value (Rs.)	(3.00)	(135.60)	5.89

There are no defaults in meeting any statutory / bank / institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Jaintia Hills Mines & Minerals Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

2. Mukund Marble Private Limited

The company was incorporated on 30th April, 2004 with the registration no.U14101MP2004PTC16594. The registered office is situated at c/o Donypolo Udyog Ltd., Shamgarh, Madhya Pradesh and the main object of company is mining, refining and quarry for all minerals like marbles etc. At present company is not carrying out any mining activity and has hired out its plant and machinery to the outside parties.

Board of Directors

S.No	Directors
1	Mr. Vinay Chamaria
2	Ms. Kavita Chamaria

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Vinay Chamaria	66,000	45.83
Ms. Kavita Chamaria	24,000	16.67
Bengal Wood & Allied Products Private Limited	25,000	17.36
Cam Soft India Private Limited	5,000	3.47
Era Advertising & Marketing Co. Private Limited	5,000	3.47
Hi Tech Computers Private Limited	5,000	3.47
Metro Polition Carring & Trading Co. Private Limited	2,000	1.39
Tobu Engineering Limited	2,000	1.39
Balaji Udyog Limited	5,000	3.47
Karbi Trade & Industries Limited	5,000	3.47
Total	144,000	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY 2005	FY 2006
Equity capital	9.00	14.40
Reserves	32.00	61.02
Sales	N.A.	36.33
Profit After Tax	N.A.	(19.58)
Earning per Share(Rs)	N.A.	(13.59)
Net Asset Value (Rs)	45.23	52.22

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Mukund Marble Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

3. Aristo Building Materials Private Limited

The company was incorporated on 6th June, 1996 with the registration no.55-079446. The registered office is situated at 104-B Maharani Bagh, New Delhi and the company is presently not engaged in any commercial activity.

Board of Directors

S.No	Directors
1	Mr. Sushil Kumar Bajaj
2	Mr. Aruna Devi Bajaj

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Sushil Kumar Bajaj	40,010	30.53
Mr. Rishi Agarwal	35,510	27.10
Mr. Krishna Sharma	31,020	23.67
Mr. Pitambar Lal Sharma	20,000	15.26
Mr. Purshottal Lal Bajaj (Karta), For Purshottal Lal Bajaj (HUF)	2,000	1.53
Mr. Purshottal Lal Bajaj	1,500	1.14
Ms. Mitu Agarwal	1,000	0.77
Total	131,040	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	8.00	8.00	13.10
Reserves	0.00	0.00	0.62
Sales	0.00	0.00	0.00
Profit After Tax	0.07	(0.23)	1.82
Earning per Share(Rs)	0.09	(0.29)	1.39
Net Asset Value (Rs)	8.76	8.49	10.47

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Aristo Building Materials Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

4. Karbi Trade & Industries Limited

The company was incorporated on 4th February 1987 with the registration no.02-2648. The registered office is situated at G.N.B Road, Tinsukia, Assam. The Company is presently engaged in providing job work facility to Donypolo Udyog Limited (another group company) for manufacturing of Railway Pre-tensioned and Pres-stressed Concrete Sleepers.

Board of Directors

S.No	Directors
1	Mr. Amit Agarwal
2	Mr. Devendra Gupta
3	Mr. Surender Jain
4	Mr. Arindom Dutta

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Balaji Udyog Limited	11,230	11.85
Shri Jagannath Securities Private Limited	5,000	5.28
Antriksh Land Promoters Private Limited	5,000	5.28
RPN Fintralease & Securities Private Limited	5,000	5.28
Pushkar Baniya Limited	3,000	3.17
Yashmaan Vyapaar Private Limited	2,500	2.64
S.L. Goenka	2,050	2.16
New Wave Finance & Services Limited	2,000	2.11
Micro Management Private Limited	2,000	2.11
Others	56,953	60.12
Total	94,733	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	86.58	87.78	94.73
Reserves	63.15	76.44	146.75
Sales	62.29	25.43	76.71
Profit After Tax	1.26	2.49	7.75
Earning per Share(Rs)	1.45	2.83	8.19
Net Asset Value (Rs)	172.94	187.08	254.90

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Karbi Trade & Industries Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

5. H.P Cement & Industries Private Limited

The company was incorporated on 30th August 1995 with the registration no.02-04559. The registered office is situated at PUB Boragon, Gorsukh Charali, NH-37, Guwahati, Assam and the company main object of the company is to deal, manufacture and trade in cement and cement products. The company stopped manufacturing activity since FY 1999-2000 and has been engaged in hiring out its weighbridge and is earning hire charges on same.

Board of Directors

S.No	Directors
1	Mr. Devendra Gupta
2	Mr. Kailash Prasad Chamaria

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Ashok Kumar Gupta	23,700	11.94
Karbi Trade & Industries Limited	21,300	10.73
Balaji Udyog Limited	18,210	9.17
Renu Chamaria	11,010	5.54
Y. Bagara	11,000	5.54
Gamer Finance & Securities Private Limited	10,000	5.04
Hindustan Agro Fuel Private Limited	6,851	3.45
K. P. Nimodia	5,600	2.82
Rajendra Chamaria	5,490	2.76
Others	85400	43.01
Total	198,561	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	195.76	195.76	198.56
Reserves	NIL	NIL	NIL
Sales	8.23	3.27	1.40
Profit After Tax	(14.11)	(37.14)	(2.36)
Earning per Share(Rs)	(7.93)	(23.82)	(1.21)
Net Asset Value (Rs)	29.29	10.35	16.09

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

H.P Cement & Industries Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

6. Donypolo Udyog Limited

The company was incorporated on 31st December 1985 with the registration no.02-2465. The registered office is situated at G.N.B Road, Tinsukia, Assam and the company is engaged in manufacture of Railway Pre-tensioned and Pres-stressed Concrete Sleepers.

Board of Directors

S.No	Directors
1	Mr. Prahlad Rai Chamaria
2	Mr. Rajendra Chamaria
3	Mr. Vinay Chamaria
4	Mr. Amit Agarwal

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Nefa Udyog Company Limited	12,350	6.82
Shriniwas Leasing & Finance Limited	10,000	5.52
Sampark Consultants Private Limited	10,000	5.52
Amit Agarwal	9,000	4.97
Gayatri Chamaria (Agarwal)	8,600	4.75
Gini Devi Chamaria	8,450	4.67
Rajendra Chamaria	6,200	3.43
Renu Chamaria	5,350	2.96
Karbi Trade & Industries Private Limited	5,000	2.76
Precha Commercial Private Limited	5,000	2.76
Up & Up Traders Private Limited	5,000	2.76
Others	96,048	53.08
Total	180,998	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	173.16	179.10	180.99
Reserves	163.66	200.87	228.69
Sales	2518.97	2181.29	2972.98
Profit After Tax	30.99	13.09	20.22
Earning per Share (Rs)	15.78	17.90	11.17
Net Asset Value (Rs)	194.51	212.16	225.94

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Donypolo Udyog Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

7. Om North East Agencies Private Limited

The company was incorporated on 16th September, 2004 with the registration no. 02-07533. The registered office is situated at Kumarpara road, Guwahati, Assam. The main object of Company

is to carry on the business of dealers in various commodities such as cotton, yarn etc. At present the company is presently not carrying on any commercial activity.

Board of Directors

S.No	Directors
1	Santosh Kumar Bajaj
2	Rashmi Devi Bajaj

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Debashish Bajaj	300000	31.98
Mr. Santosh Kumar Bajaj	207500	22.12
Mr. Ashish Kumar Bajaj	200000	21.32
Mr. Bhagwati Devi Bajaj	100000	10.66
Doon Vanijya Private Limited	40000	4.26
Bluepex Trading Private Limited	35000	3.73
Kemint Trading Private Limited	15000	1.60
Glary Impex Private Limited	10000	1.07
Inex Infotech Private Limited	10000	1.07
Hermit Garments Private Limited	10000	1.07
West Line Trading Co. Private Limited	5000	0.53
Next Technologies India Private Limited	5000	0.53
Ms. Rashmi Bajaj	500	0.36
Total	938000	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY 2005	FY 2006
Equity capital	99.07	139.07
Reserves	0.00	19.74
Sales	0.00	Nil
Profit After Tax	(0.29)	20.03
Earning per Share(Rs)	(0.0029)	0.1440
Net Asset Value (Rs)	0.98	1.13

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Om North East Agencies Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

8. Hindustan Agro Fuel Private Limited

The company was initially incorporated on 24th March, 1995 with the registration no.02-04407 as Chamaria Agro enterprises Private Limited. Its name got changed to Hindustan Agro Fuel

Private Limited as on 8th December 2005. The registered office is situated at PUB Boragon, Gorsukh Charali, NH-37, Guwahati, Assam. The company is installing new project for producing Bio-diesel and is in construction period. Presently the company has hired out its agricultural equipments like tractors and is earning hire-charges on the same.

Board of Directors

S.No	Directors
1	Mr. Prahlad Rai Chamaria
2	Mr. Kailash Prasad Chamaria
3	Mr. Pankaj Kejriwal

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Deepika Securities Private Limited	30,000	12.32
Stead Traders Private Limited	15,000	6.16
Mr. Basudeo Beria	11,900	4.89
Mr. Rajesh Bajaj	11,800	4.85
Mr. Jay Bhagwan Lodha	9,700	3.98
Mr. Guljarilal Sharma	9,000	3.70
Mr. Pradeep Kumar Khemka	8,800	3.61
Mr. Ram Nath Rajak	8,500	3.49
Mr. Ramesh Agarwal	8,200	3.37
Mr. Vidhakant Thakur	8,200	3.37
Mr. Bhupendra Kumar Sharma	8,100	3.33
Others	114350	46.93
Total	243,550	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	24.35	24.35	24.35
Reserves	38.24	38.31	42.46
Sales	1.45	1.57	1.60
Profit After Tax	0.06	0.07	4.15
Earning per Share(Rs)	0.02	0.03	1.70
Net Asset Value (Rs)	25.70	25.73	27.43

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Hindustan Agro Fuels Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

9. Bengal Wood & Allied Products Private Limited

The company was incorporated on 18th February 1994 with the registration no.02-04090. The registered office is situated at PUB Boragon, Gorsukh Charali, NH-37, Guwahati, Assam and the company is engaged in the business of transportation of goods.

Board of Directors

S.No	Directors
1	Mrs. Ratna Chamaria
2	Mrs. Sarika Jalan

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mrs. Ratna Chamaria	10,000	10.50
Mrs. Sarika Jallan	10,000	10.50
Globex Tech India Limited	10,000	10.50
Ms. Santoshi Gupta	8,000	8.40
BT Tech Net Limited	7,000	7.35
Reliance Polycrrete Limited	5,000	5.25
M/S BSA Fincap Private Limited	5,000	5.25
M/S Right Way Network Private Limited	5,000	5.25
Mafle Fruits Private Limited	5,000	5.25
Technet Infosystem Private Ltd.	5,000	5.25
Others	25,240	26.50
Total	95,240	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	3.00	6.52	9.52
Reserves	0.00	31.20	59.01
Sales	0.00	0.04	67.76
Profit After Tax	(0.04)	(0.19)	0.81
Earning per Share(Rs)	(0.13)	(0.49)	1.25
Net Asset Value (Rs)	9.01	57.82	71.96

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Bengal Wood & Allied Products Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

10. Balaji Udyog Limited

The company was incorporated on 4th February, 1987 with the registration no.02-2647. The registered office is situated at G.N.B. Road, Tinsukia, Assam. The Company is presently engaged in providing job work facility to Donypolo Udyog Limited (another group company) for manufacturing of Railway Pre-tensioned and Pres-stressed Concrete Sleepers.

Board of Directors

S.No	Directors
1	Mr. J. P. Shah
2	Mr. Devendra Gupta
3	Mr. Mahesh Sureka
4	Mr. Prahlad Rai Chamaria

Shareholding Pattern

Shareholder	No. of Shares held	% shareholding
Karbi Trade & Industries Limited	15,090	12.02
Twinkle Traders Private Limited	6,000	4.78
Nut Shell Vyapar Private Limited	6,000	4.78
Toplight Tradelink Private Limited	6,000	4.78
Shree Jagnath Sec. Private Limited	5,000	3.98
Antriksh Land Properties Private Limited	5,000	3.98
Mr. Kamla Garg	3,500	2.79
Murari Lal Agarwal	2,750	2.19
New Wave Finance & Services Ltd.	2,000	1.59
Others	74,172	59.11
Total	125,512	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	120.29	125.51	125.51
Reserves	52.01	101.62	120.24
Sales	68.24	25.03	61.05
Profit After Tax	1.69	2.65	18.62
Earning per Share(Rs)	1.74	2.22	14.84
Net Asset Value (Rs)	143.24	180.97	195.80

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Balaji Udyog Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

11. Meghalaya Cements Limited

Meghalaya Cements Limited was incorporated under the provisions of the Companies Act, 1956 on 12th June 2003 as a limited company vide Certificate of Incorporation No.

U26942ML2003PLC007125 and obtained certificate of commencement of business as on 1st July 2003, issued by the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong. The registered office of the company is situated at Lohia House, 1st Floor, M.G. Road, Fancy Bazar, Guwahat, Assam. The company is engaged in the manufacturing and trading of Cement.

Board of Directors

S.No	Directors
1	Mr. Bijay Kumar Garodia
2	Mr. Mahendra Kumar Agarwal
3	Mr. Phone Syieh
4	Mr. Kailash Chandra Lohia
5	Mr. Ramawtar Agarwal

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Meghalaya Steels Limited	4,810,000	12.66
Arunachal Mercantile Private Limited	2,710,000	7.13
Bijay Kumar Garodia	2,550,000	6.71
Deluxe Corporation Management Private Limited	2,250,000	5.92
Adarsh Agrotech Private Limited	1,890,000	4.97
Rhina Alloys & Steels Private Limited	1,720,000	4.53
Mahendra Kumar Agarwal	1,699,000	4.47
Arrows Alloys Private Limited	1,586,000	4.17
Iron Products (Assam) Limited	1,100,000	2.89
Trackman Sales Private Limited	1,100,000	2.89
Others	16,585,000	43.66
Total	38,000,000	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particular	FY 2004	FY 2005	FY 2006
Equity capital	5.60	2005.60	3800.00
Reserves	NIL	NIL	NIL
Sales	N.A.	N.A.	N.A.
Profit After Tax	N.A.	N.A.	N.A.
Earning per Share(Rs)	N.A.	N.A.	N.A.
Net Asset Value (Rs)	(1.07)	9.97	9.98

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Meghalaya Cements Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

12. Prithvi Dairy Private Limited

The company was incorporated on 14th July 2005 with the registration no. U15209AS2005PTC 007819. The registered office is situated at Agsia Chowk, Mazirgaon, Palasbari, Guwahati, Assam and the company is engaged manufacture and processing of dairy products.

Board of Directors

S.No	Directors
1	Mr. Sushil Kumar Agarwal
2	Mr. Bijay Kumar Garodia

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Bijay Kuamr Garodia	23,500	26.11
M/s. Swapana Enterprises Private Limited	22,000	24.44
Mr. Pramod Kedia	9,990	11.10
Mr. Sushil Kumar Goel	9,500	10.56
M/s. S.K.Goel & Sons (HUF)	7,000	7.78
Mrs. Manju Goel	3,000	3.33
Mrs Nirmala Kedia	3,000	3.33
Miss Meghana Kedia	3,000	3.33
Others	9,010	10.02
Total	90,000	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY 2006
Equity capital	90.00
Reserves	NIL
Sales	NIL
Profit After Tax	NIL
Earning per Share(Rs)	NIL
Net Asset Value (Rs)	98.07

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Prithvi Dairy Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

13. Borduria Timber Products Private Limited

The company was incorporated on 22nd September 1982 with the registration no. U20101AR1982PTC001975. The registered office is situated at Borduria, Via Khonsa, District Tirap, Arunachal Pradesh and the company is engaged in manufacturing of plywood.

Board of Directors

S.No	Directors
1	Mr. Bijay Kumar Garodia
2	Mr. Om Prakash More
3	Mr. Wanglat Lowangcha
4	Mr. L.N.Lowangcha
5	Mr. Wanglat Marcus
6	Mr. S Wangcha

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Wanglat Lowangcha	19550	29.21
Mr. Marcus Soomwang	6000	8.96
Mr. Wanglet Lowangcha	6000	8.96
Mr. S Wangcha	5501	8.22
Mr. Sara Chakin	5000	7.47
Mr. Chaman Wangcha	4390	6.56
Mr. L.N. Lowangcha	3851	5.75
Mr. Kanwang Lowangcha	2501	3.74
Mr. Wangdung Lowangcha	2046	3.06
Mr. Agnes Charang	2000	2.99
Mr. Selian Tanjang	2000	2.99
Mr. Lamra Wangsu	2000	2.99
Mr. Rimpuii	2000	2.99
Mr. Shankar Lall Ajitsaria	1750	2.61
Newzone India Private Limited	1500	2.24
Mr. Bijay Kr Garodia	600	0.90
Mr. Ramesh Kumar Sarawagi	250	0.37
Mr. Mokhian	1	0.00
Total	66940	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	66.94	66.94	66.94
Reserves	0.00	0.00	0.00
Sales	0.00	0.00	0.00
Profit After Tax	(4.09)	(3.45)	(3.06)
Earning per Share(Rs)	(4.81)	(4.06)	(4.58)
Net Asset Value (Rs)	(194.60)	(198.66)	(202.26)

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Borduria Timber Products Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

14. R. G. Garodia Properties Private Limited

The company was incorporated on 11th April, 1988 with the registration no. U55101AS1988PTC002946. The registered office is situated at Makum Road, Tinsukia (Assam) and the company is engaged in the business of Real Estate

Board of Directors

S.No	Directors
1	Mr. Bijay Kumar Garodia
2	Mr. Nishant Garodia
3	Mrs. Narayani Devi Garodia
4	Mr. Bina Devi Garodia

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
M / S Frenk Foat Sales Promotion Pvt. Ltd.	6,000	22.98
M / S Benzer Scrips (P) Ltd.	2,000	7.66
M / s Tirupati Coal India Pvt. Ltd.	2,000	7.66
Mr. Jhabarmal Sharma	1,600	6.13
M / S Ram Gopal Rameshwarlal (HUF)	1,600	6.13
Mr. Sushil Kumar Agarwal	1,300	4.98
Mr. Rama Kant Deb	1,300	4.98
Mr. Janardhan Prasad	1,300	4.98
Mrs. Y. Bagra	1,000	3.83
Mrs. Sende Basar	1,000	3.83
Md. Ali	1,000	3.83
M / S R. G. Garodia & Sons (HUF)	1,000	3.83
Others	5,010	19.18
Total	26,110	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	26.11	26.11	26.11
Reserves	1.04	1.07	3.22
Sales	NIL	NIL	NIL
Profit After Tax	0.04	0.03	2.14
Earning per Share(Rs)	0.15	0.13	8.22
Net Asset Value (Rs)	103.98	104.11	112.33

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

R. G. Garodia Properties Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

15. Jaintia Hills Power Limited

The company was incorporated on 20th September 2004 with the registration no. U4C108ML2004PLC007539. The registered office is situated at Village Thangskai, P.O. Lumshnong, District Jaintia Hills, Meghalaya - 793200 and the company has yet to commence its business operations. The main object of the company is to generate and supply electric power by conventional and non-conventional methods.

Board of Directors

S.No	Directors
1	Mr. Kailash Jalan
2	Mr. Bajrang Lohia
3	Mr. Rajendra Kumar Agarwal
4	Mr. Phone Syieh

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Meghalaya Steels Ltd.	1,000,000	26.83
Bijay Kumar Garodia	775,000	20.79
Garkot (India) Pvt. Ltd.	250,000	6.71
Stupendors Commodeal Pvt. Ltd.	200,000	5.37
Baid Vyapaar Pvt. Ltd.	150,000	4.02
Bivoltine Mercantiles Pvt. Ltd.	150,000	4.02
Magna Vanijya Ltd.	150,000	4.02
Navoday Mercantile Pvt. Ltd.	150,000	4.02
Sky Line Tracom Pvt. Ltd.	150,000	4.02
Mountview Highrise (p) Ltd.	150,000	4.02
Others	602,500	16.18
Total	3,727,500	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY 2005	FY 2006
Equity capital	5.15	372.75
Reserves	NIL	NIL
Sales	N.A.	N.A.
Profit After Tax	N.A.	N.A.
Earning per Share(Rs)	N.A.	N.A.
Net Asset Value (Rs)	5.73	9.94

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Jaintia Hills Power Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

16. Bajaj & Company Private Limited

The company was incorporated on 18th November, 1990 with the registration no. 55-041995. The registered office is situated at 104-B, Maharani Bagh, New Delhi and the company is not presently engaged in any commercial activity. As per its main objects, Company will be engaged in trading business.

Board of Directors

S.No	Directors
1	Mr. Sushil Kumar Bajaj
2	Mr. Santosh Kumar Bajaj

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Sushil Kumar Bajaj (H.U.F)	14,000	28.28
Mr. Sushil Kumar Bajaj	13,300	26.87
Ms. Rashmi Bajaj	6,870	13.88
Mr. Santosh Kumar Bajaj	4,700	9.49
Mr. Aruna Devi Bajaj	2,300	4.65
Purushottam Lal Bajaj H.U.F.)	2,060	4.16
Santosh Kumar Bajaj & Others	1,000	2.02
Master Manish Kumar Bajaj	1,000	2.02
Master Ashish Kumar Bajaj	2,000	4.04
Others	2,270	4.59
Total	49,500	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	43.00	43.00	49.50
Reserves	27.17	26.92	52.79
Sales	5.13	NIL	NIL
Profit After Tax	0.98	(1.24)	27.73
Earning per Share(Rs)	2.29	(2.88)	56.03
Net Asset Value (Rs)	161.74	158.26	206.64

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Bajaj & Company Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

17. Prithvi Energy Limited

The company was incorporated on 24th August 2005 with the registration no.U40105WB2005PLC104912 and received certificate for commencement of business on 27th

September 2005. The registered office is situated at CF-366, Salt Lake City, Sector-I, Kolkata and the main object of the company is to produce and transmit electricity and to provide consultancy in this matter.

Board of Directors

S.No	Directors
1	Mr. Bijay Kumar Garodia
2	Mr. Shankar Lall Ajitsaria
3	Mr. Ramesh Kumar Sarawagi
4	Mr. Vinod Kumar Kala
5	Mr. Vimal Kumar Jain

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Mr. Bijay Kumar Garodia	8,000	16.00
Mr. Mahendra Kumar Agarwal	8,000	16.00
Mr. Shankar Lall Ajitsaria	8,000	16.00
Mr. Sushil Kumar Agarwal	8,000	16.00
Mrs. Bina Devi Garodia	6,000	12.00
Mrs. Kiran Agarwal	6,000	12.00
Mrs. Manju Goel	6,000	12.00
Total	50,000	100.00

Financial Performance for the last three years (Rs. in Lacs)

Particulars	FY 2006
Equity capital	5.00
Reserves	1.18
Sales	10.00
Profit After Tax	1.18
Earning per Share(Rs)	2.36
Net Asset Value (Rs)	8.44

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Prithvi Energy Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

18. Garkot (India) Private Limited

The company was incorporated on 6th May 1994 with the registration no. U51109AS1994PTC004177. The registered office is situated at 163 - Sreemanta market Annex, A.T. Road, Guwahati, Assam and the company is engaged in business of real estate.

Board of Directors

S.No	Directors
1	Mr. Bijay Kumar Garodia
2	Mr. Nathmal Todi
3	Mr. T K Mukherjee
4	Mr. Sushil Kumar Goel

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Sajjan Kumar Bajaj	100	0.36
Mahender Kumar Agarwal	1,950	7.03
Dilip Kumar Todi	100	0.36
M/S Seetalnath Steel Private Limited	5,000	18.06
M/S Denzergrotech Private Limited	5,500	19.86
M/S Prateel Cock Limited	5,000	18.06
M/S Pitabar Developers Private Limited	5,000	18.06
Kiran Agarwal	750	2.70
Sushil Kumar Goel	2,500	9.02
R.G. Garodia Properties (AOP)	500	1.80
Nishant Garodia	1,000	3.61
Rashmi Garodia	300	1.08
Total	27,700	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	27.70	27.70	27.70
Reserves	0.63	0.73	NIL
Sales	4.71	22.01	NIL
Profit After Tax	0.14	0.11	(7.18)
Earning per Share(Rs)	0.50	0.38	(25.92)
Net Asset Value (Rs)	102.27	102.64	76.74

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Garkot (India) Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

19. M/s Nefa Udyog (Partnership)

Nefa Udyog, a registered firm (Registration no. 02 dated 10th August, 1998) was formed on 1st January 1985 with Mr. Prahlad Rai Chamaria, Mr. Gouri Shankar Chamaria, Mr. Kailash Rai Chamaria and Mr. Rajendra Chamaria being the original partners of the firm. The present partners of the firm are Mr. Prahlad Rai Chamaria and Mr. Rajendra Chamaria. The Main object of the firm is to carry on the business of processing & sawing of logs. However, presently it is not carrying out any commercial activity related to timber and has hired out its equipments and is

earning hire charges on the same. Its principal place of business is located at Banderdewa, Arunachal Pradesh.

Partners as on 30th September, 2006

Sr. No.	Name of Partner	Partnership Ratio
1	Prahlad Rai Chamaria	50%
2	Rajendra Chamaria	50%

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	2004	2005	2006
Partner's capital A / C	7.59	7.64	9.59
Sales	28.49	97.24	91.78
Profit After Tax	(4.71)	25.29	15.35

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

20. M/s Sushil Kumar Santosh Kumar (Partnership)

Sushil Kumar Santosh Kumar, an unregistered firm, was formed on 1st April 1992 with Mr. Sushil Kumar Bajaj and Mr. Santosh Kumar Bajaj being the partners with the object of carrying on the business of trading in cement & commission agent. Its principal place of business is located at Kumarpara Road, Guwahati, Assam.

Partners as on 30th September 2006

Sr. No.	Name of Partner	Partnership Ratio
1	Mr. Sushil Kumar Bajaj	50%
2	Mr. Santosh Kumar Bajaj	50%

Financial Performance for the last three years

(Rs. in lacs)

Particulars	2004	2005	2006
Partner's capital A / C	5.88	5.61	6.26
Sales	13.91	8.75	9.45
Profit After Tax	2.38	1.64	3.10

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

21. M/s Bajaj Engineering Co. (Partnership)

Bajaj Engineering Co., an unregistered firm was formed on 1st April, 1992 with Mr Purushotamlal Bajaj, Mrs. Aruna Devi Bajaj, and Mrs. Rashmi Devi Bajaj being the partners with the object of carrying on the business of trading in cement. Its principal place of business is located at Kumarpara Road, Guwahati, Assam.

Partners as on 30th September, 2006

Sr. No.	Name of Partner	Partnership Ratio
1.	Mr. Purushotamlal Bajaj	40%
2.	Mrs. Aruna Devi Bajaj	30%
3.	Mrs. Rashmi Devi Bajaj	30%

Financial Performance for the last three years

(Rs. in lacs)

Particulars	2004	2005	2006
Partner's capital A / C	34.22	34.69	49.39
Sales	144.78	146.90	349.20
Profit After Tax	3.40	4.30	3.70

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

22. M/s Global Trades (Partnership)

Global Trades, an unregistered firm was formed on 1st April, 2001 with Mr. Santosh Kumar Bajaj, Mr. Kailash Prasad Chamaria and Mr. Nathmal Todi being the partners with the object of carrying on the business of C & F Agent and dealing of Cement. Its principal place of business is located at 265 - Sreemanta market Annex, A.T. Road, Guwahati, Assam.

Partners as on 30th September, 2006

Sr. No.	Name of Partner	Partnership Ratio
1	Mr. Santosh Kumar Bajaj	33.34%
2	Mr. Kailash Prasad Chamaria	33.33%
3	Mr. Nathmal Todi	33.33%

Financial Performance for the last three years

(Rs. in lacs)

Particulars	2004	2005	2006
Partner's capital A / C	20.11	28.53	29.86
Sales	19.09	53.07	29.70
Profit After Tax	3.96	4.44	5.40

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

23. M/s B.K.T Products (Partnership)

B.K.T Products, an unregistered firm was formed on 1st April, 2003 with Bijay Kumar Garodia and Mr. Mahendra Kumar Agarwal being the partners with the object of carrying on the business of manufacturing of cosmetic products. Its principal place of business is located at Vijay Building, G.N.B Road, Tinsukia, Assam.

Partners as on 30th September, 2006

Sr. No.	Name of Partner	Partnership Ratio
1	Mr. Bijay Kumar Garodia	50%
2	Mr. Mahendra Kumar Agarwal	50%

Financial Performance for the last three years

(Rs. in lacs)

Particulars	2004	2005	2006
Partner's capital A / C	30.91	101.75	53.56
Sales	605.13	890.21	1711.55
Profit After Tax	40.72	79.04	145.95

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

24. G S Chamaria & Sons (HUF)

G. S Chamaria & Sons is an HUF of which Mr. Prahlad Rai Chamaria is the Karta. It is carrying on its business from Banderdewa, Assam and it is engaged in trading of Cattle Feed activity. The Permanent Account Number of G.S. Chamaria & Sons is AADHG4085Q.

Financial performance for the last three years:

(Rs. in Lacs)

Particulars	2004	2005	2006
Capital A / C	90.36	91.18	94.50
Profit After Tax	1.58	1.63	4.11

25. Prahlad Rai Vinay Kumar (HUF)

The Prahlad Rai Vinay Kumar is an HUF of which Mr. Prahlad Rai Chamaria is the Karta. It is carrying on business from Banderdewa, Assam and it is engaged trading of Cattle Feed. The Permanent Account Number of HUF is AAGHP8263A.

Financial performance for the last three years:

(Rs. in Lacs)

Particulars	2004	2005	2006
Capital A / C	35.65	36.68	39.22
Profit After Tax	1.44	1.45	3.01

26. R G Garodia & Sons (HUF)

R G Garodia & Sons is an HUF of which Mr. Bijay Kumar Garodia is the Karta. It is carrying on business from Makum Road, Tinsukia and it is engaged in the activity of Commission Agent. The Permanent Account Number of HUF is AABCR7718J.

Financial performance for the last three years:

(Rs. in Lacs)

Particulars	2004	2005	2006
Capital A / C	11.32	12.58	15.64
Profit After Tax	1.38	1.35	1.97

27. B K Garodia & Sons (HUF)

The B K Garodia & Sons is an HUF of which Mr. Bijay Kumar Garodia is the Karta. It is carrying on the business from Makum Road, Tinsukia and it is engaged in the activity of commission agent. The Permanent Account Number of HUF is AABCB5689G.

Financial performance for the last three years:

Particulars	2004	2005	2006
Capital A / C	25.02	26.77	28.27
Profit After Tax	1.23	1.43	2.61

Financial Information of Subsidiaries

1. Meghalaya Minerals & Mines Limited

The company was incorporated on 3rd March, 2000 with the registration no.13-6057. It was converted to public limited as on 21st July 2006. The registered office is situated at Lumshnong, Jainita Hills, Jowai, Meghalaya and the company is engaged in the business of mining of minerals i.e. Lime Stone. Presently the company is in the process of setting up a 800 TPD crusher at the existing location.

Board of Directors

S.No	Directors
1	Mr. Lamshwa Lyngdoh
2	Mr. Biake Paite
3	Mr. Jagdish Prasad Shah
4	Mr. Nathmal Todi
5	Mr. Sushil Kumar Bajaj

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Barak Valley Cements Limited	899996	100.00
Mr. Lumshwa Lyngdoh (Nominee Shareholder)	100	0.00
Mr. Biaki Paite (Nominee Shareholder)	100	0.00
Mr. Ratna Chamaria (Nominee Shareholder)	1	0.00
Mr. Gayatri Devi Chamaria (Nominee Shareholder)	1	0.00
Mr. Manju Goyal (Nominee Shareholder)	1	0.00
Mr. Sudha Todi (Nominee Shareholder)	1	0.00
Total	900200	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	90.02	90.02	90.02

Reserves	3.15	5.62	5.78
Sales	319.30	395.09	317.49
Profit After Tax	2.19	2.47	0.17
Earning per Share(Rs)	0.42	0.27	0.02
Net Asset Value (Rs)	9.14	9.82	10.25

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Meghalaya Minerals & Mines Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

2. Cement International Limited

The company was incorporated on 22nd May, 2000 with the registration no.13-6173. The registered office is situated at Lumshnong, Jainita Hills, Jowai, Meghalaya and the company is yet to commence commercial production. It is currently establishing a 300 TPD cement grinding unit at Badarpurghat, Dist. Karimganj, Assam.

Board of Directors

S.No	Directors
1	Mr. Jagdish Prasad Shah
2	Mr. Santosh Kumar Bajaj
3	Mr. Nathmal Todi
4	Mrs. Lovely Gympad

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Barak Valley Cements Limited	792694	100.00
Mr. Sneha Chamaria (Nominee Shareholder)	1	0.00
Mr. Sarika Chamaria (Nominee Shareholder)	1	0.00
Mr. Sudha Todi (Nominee Shareholder)	1	0.00
Mr. Lovely Gympd (Nominee Shareholder)	1	0.00
Mr. Manju Goyal (Nominee Shareholder)	1	0.00
Mr. Richa Shah (Nominee Shareholder)	1	0.00
Total	792700	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY2004	FY 2005	FY 2006
Equity capital	10.07	10.07	79.27
Reserves	-	-	276.80
Sales	N.A.	N.A.	N.A.
Profit After Tax	N.A.	N.A.	N.A.

Earning per Share(Rs)	N.A.	N.A.	N.A.
Net Asset Value (Rs)	7.79	8.21	44.69

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Cement International Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

3. Badarpur Energy Private Limited

The company was incorporated on 7th February 2005 with the registration no.02-7654. The registered office is situated at 265 - Sreemanta market Annex, A.T. Road, Guwahati, Assam and the company is yet to start commercial production. It is setting up a biomass based power plant.

Board of Directors

S.No	Directors
1	Mr. Jagdish Prasad Shah
2	Mr. Sushil Kumar Bajaj
3	Mr. Sushil Kumar Goyal

Shareholding Pattern: (As on 30th September, 2006)

Shareholder	No. of Shares held	% shareholding
Barak Valley Cements Limited (Nominee Shareholder)	1126994	100.00
Mr. Sandeep Kumar Garodia (Nominee Shareholder)	1	0.00
Mr. Komal Chamaria (Nominee Shareholder)	1	0.00
Mr. Rekha Shah (Nominee Shareholder)	1	0.00
Mr. Richa Shah (Nominee Shareholder)	1	0.00
Mr. Laxmi Chamaria (Nominee Shareholder)	1	0.00
Mr. Renu Chamaria (Nominee Shareholder)	1	0.00
Total	1127000	100.00

Financial Performance for the last three years

(Rs. in Lacs)

Particulars	FY 2006
Equity capital	112.70
Reserves	446.80
Sales	N.A.
Profit After Tax	N.A.
Earning per Share(Rs)	N.A.
Net Asset Value (Rs)	49.45

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Badarpur Energy Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Details about Companies/Firms from which promoters have disassociated during the last three years

Our Promotes has not disassociated from any company or firm during the last three years.

Companies for which an application has been made for striking off name

There are no companies associated with Barak Valley Cements Limited, and its directors, for which an application has been made with the Registrar of Companies for striking off the names of those companies.

CHANGES IN ACCOUNTING POLICIES DURING PRECEDING THREE YEARS

The change in accounting policies, if any, during preceding three years are disclosed as part of the auditors report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our unconsolidated financial condition and results of operations together with our unconsolidated financial statements included in this Draft Red Herring Prospectus. You should also read the section titled 'Risk Factors' beginning on page [●], which discusses a number of factors and contingencies that could impact our financial condition and results of operations. These unconsolidated financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines as described in the auditor's report of M/s Surrender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants dated 20th October 2006, in the section titled Financial Information.

§ Overview of the Business of our Company

Barak Valley Cements Limited was incorporated as a public limited company as on 28th April 1999, under the Companies Act, 1956 with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and received certificate for commencement of business as on 28th April 1999. Our Company commenced commercial production on 1st April 2001 at Devendranagar, Karimganj, Assam with the installed capacity of 300 TPD which was increased gradually and now stands at 460 TPD. The promoters of our Company are Mr. Prahlad Rai Chamaria, Mr. Bijay Kumar Garodia and Mr. Santosh Kumar Bajaj.

On account of huge potential due to wide gap between demand and supply in the Cement Industry in the Northeastern region our promoters decided to set up BVCL. Attractive incentives offered by Central and State Governments and easy availability of high quality raw material locally, provided a further boost in the same.

Several state and central government incentives are available to our Company such as:

- a) Central Excise duty exemption up to FY 2011;
- b) Central Sales tax / VAT exemption up to FY 2010;
- c) 100% Income-tax exemption under section 80 IC up to FY 2011;
- d) Insurance subsidy, being 100% premium payable by the Government up to FY 2011;
- e) 3% Working Capital Investment Subsidy payable by the Govt. of India.

BVCL was incorporated with the objective of setting up a unit to manufacture Cement and Clinker. Encouraged by the good demand for cement in the North Eastern Region particularly in the Barak Valley where our company's unit is located and in the neighboring states of Tripura and Mizoram, we undertook an expansion scheme during financial year 04-05 besides installation of balancing equipment and de-bottlenecking and thereby increased the installed capacity from 300 TPD to 460 TPD. In addition to enhancement of capacity, the scheme enabled our Company to produce both OPC and PPC. Our Company is manufacturing PPC (Pozolona Portland Cement) and various grade of OPC (Ordinary Portland Cement).

Our Company has the following companies as its 100% subsidiaries:

1. Badarpur Energy Private Limited
2. Cement International Limited
3. Meghalaya Minerals & Mines Limited

Our Products

Presently, our Company operates from its plant at Karimganj, Assam. We are mainly into manufacturing various Grade of OPC (Ordinary Portland Cement) and PPC (Portland Pozzolana Cement). The details about our products and their uses are as under:

Ordinary Portland Cement

OPC is produced by inter-grinding cement clinker prepared in a rotary cement kiln with 0.7% gypsum. Based on compressive strength, which is expressed in mega pascals. OPC is further classified as 43 Grade and 53 Grade OPC. It can be used for the following applications:

- Resource conservation challenge work.
- Pre-cast concrete items such as paving blocks, tiles and building blocks.
- Pre-stressed concrete components.
- Runways, concrete roads, bridges.
- General civil engineering construction work;

Portland Pozzolana Cement

PPC is blended cement produced by adding pozzolanic materials, such as fly ash, volcanic ash and calcined clay to clinker. Our Company has encouraged customer awareness and acceptance of PPC (through training programs designed by us for engineers and masons) as it has lower production costs and offers higher margins than OPC. PPC can be used for the majority of construction projects, such as in the building of houses, high-rise buildings and bridges.

Our Company is doing its business activity in the domestic market itself. Since there is a huge gap of demand and supply in the North Eastern Region and 100% of the production is consumed in this region, we have not engaged in the import export activities.

§ Significant Developments Subsequent to the Last Financial Year

The Board of Directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

§ Factors that may Affect Results of the Operations

Except as otherwise stated in this Draft Red Herring Prospectus, the Risk Factors given in this Draft Red Herring Prospectus, the following important factors, among others, could cause the actual results to differ materially from the expectations:

- § General economic and business conditions;
- § Our Company's ability to successfully implement its strategy and its growth and plans;
- § Factors affecting cement manufacturing Industry;
- § Significant increase in competition in the cement manufacturing Industry;
- § Increases in labour costs, raw materials prices, prices of plant & machineries and insurance premium;
- § Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- § Amount that our Company is able to realize from the clients;
- § Changes in laws and regulations that apply to the cement industry;
- § Changes in fiscal, economic or political conditions in India;
- § Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;
- § Changes in the foreign exchange control regulations, interest rates and tax laws in India;
- § Changes in the policies of Government towards incentives and subsidies available to industries in North Eastern Region.

Summary Statement of Profit and Loss

(Rs. in Lacs)

Particulars	31.03.03	31.03.04	31.03.05	31.03.06	30.09.06#
	(12 Months)	(12 Months)	(12 Months)	(12 Months)	(6 Months)
Sales	3098.24	3780.44	4896.93	5274.20	3394.07
Increase/Decrease (%)	63.88	22.02	29.53	7.70	-
Other Income	7.31	9.55	10.34	7.41	26.23
Increase/Decrease (%)	42.77	30.64	8.27	(28.34)	-
Increase/ (Decrease) in stock	(27.58)	52.04	9.32	71.10	26.51
Increase/Decrease (%)	(58.17)	288.69	(82.09)	662.88	-
Total Revenue	3077.97	3842.03	4916.59	5352.71	3446.81
Increase/Decrease (%)	68.22	24.82	27.97	8.87	-
Cost of Goods Consumed	641	823.6	1128.79	1300.88	849.64
% to Revenue	20.83	21.44	22.96	24.30	24.65
Manufacturing Expenses	956.25	1207.45	1408.95	1487.17	985.17
% to Revenue	31.07	31.43	28.66	27.78	28.58
Administration & Other Expenses	160.33	186.96	188.25	211.01	126.01
% to Revenue	5.21	4.87	3.83	3.94	3.66
Selling and distribution expenses	289.63	315.21	511.87	529.66	407.06
% to Revenue	9.41	8.20	10.41	9.90	11.81
Total Expenditure	2047.21	2533.22	3237.86	3528.72	2367.88
% to Revenue	66.51	65.93	65.86	65.92	68.70
Profit Before Depreciation, interest and Tax	1030.76	1308.81	1678.73	1823.99	1078.93
% to Revenue	33.49	34.07	34.14	34.08	31.30
Depreciation	356.53	353.46	316.72	344.69	251.21
% to Revenue	11.58	9.20	6.44	6.44	7.29
Profit Before Interest and Tax	674.23	955.35	1362.01	1479.30	827.72
% to Revenue	21.91	24.87	27.70	27.64	24.01
Interest	359.24	312.21	207.89	197.61	135.64
% to Revenue	11.67	8.13	4.23	3.69	3.94
Profit Before Tax	314.99	643.14	1154.12	1281.69	692.08
% to Revenue	10.23	16.74	23.47	23.94	20.08
Provision for Tax	25.39	39.13	42.58	129.73	88.39
% to Revenue	0.82	1.02	0.87	2.42	2.56
Profit after Tax	289.60	604.01	1111.54	1151.96	603.69
% to Revenue	9.41	15.72	22.61	21.48	17.51

Not comparable, since the figures are not annualized.

Comparison of performance and analysis of developments for 12 months period ended 31st March 2003 vis-à-vis financial year 31st March 2004

The Company commenced its full fledged operations in April 2001. As a result the real fruits of growth started appearing only during the FY 2003-04.

Income:

Sales

Sales for the FY ended 31st March 2004 was Rs. 3780.44 lacs as compared to Rs. 3098.24 lacs for the previous year ended 31st March 2003, showing a growth of 22.02%. This growth is attributable to increase of 5.95% in production and 15.17% in average unit realization over previous year. During FY 2003-04, Our Company exceeded its installed capacity and utilized nearly 104% of its capacity.

Other Income

Other income constitutes insignificant portion of our total revenues. Other income for FY 2004 was Rs. 9.55 lacs as compared to Rs.7.31 lacs in FY 2003. The increase in other income was on account of higher Insurance claimed received.

Cost of Goods Consumed

Cost of goods consumed, as a percentage of revenue increased to 21.44 % during FY 2004 as compared to 20.83% during FY 2003 showing only a marginal increase in our Cost. This increase is on account of increase of approximately 10% and 5% in cost of Limestone and Gypsum, respectively.

Manufacturing Expenses

Manufacturing Expenses, as a percentage of revenue marginally increased to 31.43 % during FY 2004 as compared to 31.07% during FY 2003.

Selling and Distribution Expenses

Selling and Distribution expenses have come down in terms of percentage of revenue from 9.41% during FY 2003 to 8.20% during FY 2004. Our distribution expenses, as a percentage of sales, decreased due to increase in our average sales realization.

Interest

Interest for the FY 2004 was Rs. 312.21 lacs as compared to 359.24 lacs during FY 2003. The decrease in finance cost is mainly due to repayment of loan.

Profit after Tax as restated

PAT for FY 2004 was Rs. 604.01 lacs as compared to Rs. 289.60 lacs in FY 2003. PAT as a % of revenue increased substantially to 15.72% in FY 2004 from 9.41% in FY 2003. This increase was mainly due to increased turnover and higher realization.

Comparison of performance and analysis of developments for financial year ended 31st March 2004 vis-à-vis 31st March 2005

Income:

Sales

Sales for the FY 2005 were Rs. 4896.93 lacs as compared to Rs. 3780.44 lacs for the FY 2004, showing a growth of 29.53%. This was mainly on account of increase in our capacity utilization to 122% of our installed capacity resulting in increase in production by 17.65% and increase in realization by 10.10%.

Other Income

Other income continued to be negligible as in previous year. Other income for FY 2005 was Rs. 10.34 lacs as compared to Rs.9.55 lacs in FY 2004.

Cost of Goods Consumed

Cost of goods consumed, as a percentage of revenue increased to 22.96 % during FY 2005 as compared to 21.44% during FY 2004 showing a marginal increase in our cost of goods consumed. The increase is on account of increase in cost of Limestone. Another reason for increase in cost is on account of production of PPC. Our Company had commenced production of PPC in the FY 2005. For production of PPC, we require fly ash which has to be transported from far away area leading to increase in our cost of goods consumed.

Manufacturing Expenses

During the FY 2005, manufacturing expenses came down as a percentage to revenue from 31.43% during FY 2004 to 28.66% during FY 2005. During the FY 2005, cost of manufacturing increased on account of increase in coal prices. However, at the same time due to increase in sales realization our overall manufacturing cost as a percentage to revenue has decreased.

Selling and Distribution Expenses

Selling and Distribution expenses have increased in terms of percentage of revenue from 8.20% during FY 2004 to 10.41% during FY 2005. This increase is on account of increase in sales promotion expenses incurred by our Company during this year.

Interest

Interest for the FY 2005 was Rs. 207.89 lacs as compared to 312.21 lacs during FY 2004. The decrease in finance cost is mainly due to reduction in rate of interest.

Profit after Tax as restated

PAT for FY 2005 has increased to Rs. 1111.34 lacs as compared to Rs. 604.01 lacs during FY 2004. PAT as a % to revenue increased from 15.72% in FY 2004 to 22.61% in FY 2005, which was mainly due to reduction of interest expenses, decrease in depreciation, increase in sales volume and higher sales realization.

Comparison of performance and analysis of developments for FY ended 31st March 2005 vis-à-vis financial year 31st March 2006

Income:

Sales

Total turnover for the FY 2006 was Rs. 5274.20 lacs as compared to Rs. 4896.93 lacs in FY 2005 showing a growth of 7.70%. The increase of Rs.377.27 Lacs is on account of increase in business operations.

During FY 2005-06, our Company took over major expansion to increase its capacity from 300 TPD to 460 TPD. The plant had to be shut down for a period of 23 days during the expansion period. Hence, the capacity utilization was lower. In spite of this our total production at 134351 MT grew by 9.56% during the FY 2006 as compared to production of 122630 MT during FY 2005.

Other Income

Other income during FY 2006 was Rs. 7.41 lacs as compared to Rs. 10.34 lacs in FY 2005.

Cost of goods consumed

Cost of goods consumed, as a percentage of revenue increased to 24.30% in FY 2006 as compared to 22.96% during FY 2005. This increase was mainly attributable due to increase in usage of clinker which had to be purchased from outside to meet the increased capacity.

Manufacturing Expenses

Manufacturing expenses, as a percentage of revenue reduced from 28.66% during FY 2005 to 27.78% during FY 2006. This is mainly due to increase in turnover resulting in economy of scales.

Selling and Distribution Expenses

Selling and Distribution expenses as a percentage of revenue reduced to 9.90% during FY 2006 from 10.41% in FY 2005. This is on account of the economy of scales.

Interest

Interest cost, as a percentage of revenue has decreased from 4.23% as in FY 2005 to 3.69% during FY 2006 on account of reduction of interest rate.

Profit after Tax as restated

PAT for FY 2006 was Rs. 1151.96 lacs as compared to Rs. 1111.54 lacs in FY 2005. As a percentage of revenue PAT has marginally decreased from 22.61% to 21.48%. This is on account of increase in tax incidence (MAT from 8.42% to 11.22%) and provision of Rs. 2.31 lacs for Defereed Tax.

Performance and analysis of developments for the six months period ended on 30th September 2006

Figures for the financial period ended 31st March 2006 vis-à-vis 30th September 2006 are not comparable on account non availability of audited figures for the corresponding period during the previous financial year.

Income:

Sales

Total turnover for six months ended on 30th September 2006 was Rs. 3394.07 lacs. For six month ended September 2006 we sold 74986 MT of cement. Our capacity utilization during this period is about 99%. Our average sales realization has increased by 10%.

Other Income

Other income for six months period ended as on 30th September, 2006 was Rs.26.23 lacs. This is mainly attributable to hire charges received on certain equipments hired out to our Subsidiaries.

Cost of Goods Consumed

Cost of goods consumed, as a percentage of revenue is 24.65% for six months period ended as on 30th September, 2006. This is on account of non-availability of transport subsidy on raw material from March 2006 onwards.

Manufacturing Expenses

Manufacturing expenses as % of revenue are 28.58% for six months period ended as on 30th September, 2006.

Selling and Distribution Expenses

Selling and distribution expenses as a percentage of revenue is 11.81% for six months ended on 30th September 2006.

Interest

Interest cost, as a percentage of revenue is 3.94% for six months ended on 30th September, 2006 and 3.69% during FY 2006.

Profit after Tax as restated

PAT for six months ended on 30th September 2006 is Rs. 603.69 lacs.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines

i. Unusual or infrequent events or transactions:

There have been no unusual or infrequent events that have taken place during the last 3 years.

ii. Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Government's policy on infrastructure sector will have major bearing on companies involved in cement sector. Any major changes in policies of government would have a significant impact on the profitability of our company.

Except the above, there are no significant economic changes that may materially affect or are likely to affect income from continuing operations.

iii. Known trends or uncertainties that have had or are expected to have a material adverse impact on sale, revenue or income from continuing operations:

Apart from the risks disclosed in this Draft Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

iv. Future changes in relationship between costs and revenue, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:

Our Company's future cost and sale prices will be determined by demand/supply situation, government policies and availability of raw material etc. and prices thereof. Further, our company is in receipt of certain subsidies which may not be available in future. This may have an impact on our cost of production.

v. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Increases in revenues are by and large linked to increases in volume of business and introduction of new products by the Company.

- vi. Total turnover of each major Industry segment in which our Company operates

Our Company operates in only one segment, i.e., Cement.

- vii. Status of any publicly announced new products or business segments

Our Company has not publicly announced any new products or business segments. However, we intend to invest part of the proceeds of this issue in our wholly owned subsidiary, viz., BEPL, to enter into generation and transmission of power.

- viii. Seasonality of business

Cement industry is affected by changes in seasons. During monsoon season the demand for Cement decreases. Due to this there may be significant variations in quarterly turnover.

- ix. Over dependence on Single supplier/Customer

As regards raw-materials, we have contractual arrangement with Meghalaya Minerals & Mines Limited, our wholly owned subsidiary from which we source our raw-material, viz. Limestone. Regarding sales of our products, it is being done through a network of distributors, thus reducing our dependence on any single customer.

- x. Competitive conditions

We are focused on improving our processes, which result in cost cutting and also creating economies of scale for our product line to remain competitive.

SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offences (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or other litigation involving our Company, its Directors or its Promoters or Companies promoted by its Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoters or Directors.

Litigation against our Company

Sr. No.	Suit Filed Against	Suit No. and Authority with whom the suit is Pending with	Gist of the Case	Financial implication, if any
Civil Laws				
1.	Mr. Amalendu Das and Ms Rama Rani Das (shareholders) through their advocate, Jagat Jyoti Paul	Legal Notices dated 6 th March 2006; 15 th May 2006; and 6 th September, 2006	Shareholders have served legal notices for non receipt of share certificates. They have further alleged default on part of the Company, in respect of an alleged business transaction, for supply of cement worth Rs. 15 Lacs to them by the Company. The Company in response has stated that Company has issued share certificates in the names of the complainant and other members of the family which were later transferred/ transmitted in the name of Mrs. Ila Das after receipt of duly executed transfer form/affidavit. The Company has further stated that no separate business transaction has been entered into between the parties. Company has regularly been responding to the notices.	N.A.

Litigations/Appeals filed by Our Company

There is no litigation filed by our Company involving civil, criminal, labour, securities and economic and statutory law offences.

Labour laws, Securities and Economic Offences/Laws

There is no litigation filed by our Company involving labour offences/ securities or economic offences.

Litigation involving the Promoters/Directors

There is no litigation pending against or filed by the Directors/Promoters of our Company involving civil, criminal, labour, securities & economic and statutory law offences except for following:

Sr. No	Suit details	Suit No. and Authority with whom the suit is Pending with	Gist of the case	Financial implication, if any
Income Tax				
1.	Assessing Income Tax Officer, Ward-2 Tinsukia v/s Mr. B.K. Garodia, Director BVCL	Suit No. B 2475/W2/TSK/05-06/457 dated Oct 3rd, 2006, in the Office of the Assessing Income Tax Officer, Ward-2 Tinsukia	Notice under Section 142 of the Income Tax Act, 1961 served upon Mr. Garodia in connection with the assessment for the assessment year 2005-06. Appeared at hearing on Oct 13, 2006. next correspondence awaited	Unspecified

Matters involving Sales Tax, Income Tax and Provident Fund/statutory dues

There are no litigations pending involving Sales Tax, Income tax or provident fund except for following:

Sr. No.	Suit Filed Against	Suit No. and Authority with whom the suit is Pending with	Gist of the Case	Financial implication, if any
Income Tax				
1.	Assistant Commissioner Income Tax Circle 4, Guwahati	Appeal No. Guwahati-15, dated 28 July, 2006 pending adjudication before C.I.T. (Appeals), Guwahati	Vide the appeal; the Company has challenged the assessment order dated March 17, 2006 under Section 143 (3) of the Income Tax Act, 1961 in respect of the assessment year 2004-05. Vide the said order, the Company had been denied the deduction of Rs 36, 02,837 sought to be set off by it in terms of business loss. The hearing for aforesaid case is awaited.	NIL
2	Assistant Commissioner Income Tax Circle 4, Guwahati	Notice No. AABCB591A/ACIT/CIR-4/GHY/2006-07/829 dated Nov 26 th , 2006, in the Office of the Assessing Income Tax Officer, Ward-4 Guwahati	Notice under Section 142 of the Income Tax Act, 1961 served upon BVCL in connection with the assessment for the assessment year 2005-06. Documents submitted. The notice required an explanation from the Company regarding a debit of a sum of Rs. 672.16 lacs made by the Company on	The notice does not specify the amount of claim except for a sum of Rs. 672.16 lacs which may be disallowed.

			account of expenditure of prior period on account of depreciation due to change of accounting policy. Next correspondence awaited	
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Cases involving group Companies

There is no litigation pending against or filed by the Group companies and by the Directors/Promoters group companies involving civil, criminal, labour, securities & economic and statutory law offences except the following.

Sr. No.	Suit Filed Against	Suit No. and Authority with whom the suit is Pending with	Gist of the Case	Financial implication, if any
Income Tax				
1	Assistant Commissioner of Income Tax, Circle Tinsukia v/s Balaji Udyog Limited	Case No. B-1/ACIT/TSK/2005-2006/245 dated Sep 18, 2006, pending adjudication before Assistant Commissioner of Income Tax, Circle Tinsukia	Summon served in connection with the income tax returns for the assessment year 2005-2006. Further information requested in respect of filing of return. Appearance has been made as per directions on Oct 30, 2006 and documents submitted. Next correspondence awaited	Unspecified
2	Assessing Income Tax Officer Ward Tinsukia v/s BKT Products	Notice No. B325/Ward 2/ TSK/389 4 th September, 2006, pending adjudication before Office of the Assessing Income Tax Officer Ward Tinsukia	Notice served under Section 142 of the Income Tax Act, 1961 in connection with the return of income submitted for the assessment year 2005-06. Hearing held on Sep 21, 2006. Next correspondence awaited	Unspecified
3	Assistant Commissioner of Income Tax, Circle Tinsukia v/s Donyolo Udyog Limited	D-1/ACIT/TSK/2004-2005/389 dated 13 th August, 2005, pending adjudication before Assistant Commissioner of Income Tax, Circle Tinsukia	Notice served in connection with the income returns for the assessment year 2004-2005. Further information requested. Appearance has been made as per directions on Sep 04, 2005 and documents submitted. Next correspondence awaited	Unspecified
4	Assistant Commissioner of Income Tax, Circle Tinsukia v/s Karbi Trade & Industries Limited	K-1/ACIT/TSK/2005-2006/244 dated 18 th September, 2006, pending adjudication before Assistant Commissioner of Income Tax, Circle Tinsukia	Summons served in connection with the income tax returns for the assessment year 2005-2006. Further information requested. Appearance has been made as per directions on Oct 30, 2006 and documents submitted. Next correspondence awaited	Unspecified
Central Excise Law				
5	Office of the Superintendent Customs & Central Excise Range –	C. No. ST/Misc/Mad/21/06/1984 dated 13 th Oct, 2006, pending adjudication before	Summon served under Section 14 of the Central Excise Act in respect of service tax evasion under business auxiliary services. Appearance has been	Unspecified

	Mandsaur (M.P.) v/s Balaji Udyog Limited	Office of the Superintendent Customs & Central Excise Range – Mandsaur (M.P.)	made as per directions on Oct 26, 2006 and documents submitted. Next correspondence awaited	
6	Office of the Assistant Commissioner, Central Excise Division Ratlam v/s Donypolo Udyog Limited	Notice to Show Cause C. No. V (ST) 15-2/05-06/Adj. dated 10 th January, 2006, pending adjudication before Office of the Assistant Commissioner, Central Excise Division Ratlam	Notice served in respect of availing and utilizing CENVAT Credit under the CENVAT Credit Rules, 2004 on inputs, output services and capital goods. Undertaking provided by Donypolo not to utilize said credit till resolution of the matter. Further correspondence awaited	Rs. 4, 36,513/-
7	Office of the Commissioner, Customs & Central Excise, Manik Bagh Palace, Indore v/s Donypolo Udyog Limited	Summons C. No. IV (16) 20/2005-06/Prev/Rev/134 dated 1 st February 2006, pending adjudication before the Office of the Commissioner, Customs & Central Excise, Manik Bagh Palace, Indore	Summons served on Donypolo under section 14 of the Central Excise Act, 1944 in reference to repairs and maintenance job charges, etc. Appeared for hearing on Feb 07, 2006 and documents submitted. Further correspondence awaited	Unspecified
8	Office of the Superintendent Customs & Central Excise Range – Mandsaur (M.P.) v/s Karbi Trade & Industries Limited	C. No. ST/Misc/Mad/21/06/1982 dated 13 October, 2006, pending adjudication before Office of the Superintendent Customs & Central Excise Range – Mandsaur (M.P.)	Summons served under Section 14 of the Central Excise Act in respect of service tax evasion under business auxiliary services. Appearance has been made as per directions on Oct 26, 2006 and documents submitted. Further correspondence awaited	Unspecified
Small Scale and Ancillary Industrial Undertakings Act, 1993				
9	State of Arunachal Pradesh & Ors. v/s Nefa Udyog & Others (P.R. Chamaria and Rajendra Chamaria)	Special Leave Petition (Civil) No. 19899 dated September 11 th , 2006, pending adjudication before Supreme Court of India	State of Arunachal alleges that they should not be directed to pay the higher amount of interest to Nefa Udyog as there is no conclusive proof that Nefa Udyog is a “Supplier” under the provisions of the Small Scale and Ancillary Industrial Undertakings Act, 1993. The Honourable Supreme Court vide hearing held on 24 th Nov 2006 has granted 4 weeks time to file counter affidavit to Nefa Udyog.	No liability on Nefa Udyog. If the claim of Nefa Udyog is accepted, Nefa Udyog could get in excess of Rs 6 crores as Interest from the State Government of Arunachal Pradesh
	Civil Law			
10	Donypolo Udyog Limited	Review Petition (Civil) No. 1223 of 2006 dated	Matter of illegal extraction of stones from government land	The Company will as a result of

	v/s Board of Revenue, Gwalior & Ors.	September 27, 2006, pending adjudication before Supreme Court of India	in which penalty was imposed by The Supreme Court of India, which dismissed the SLP (C) No. 13797 of 2006 filed by Donypolo in favor of the Respondent Board. Donypolo has filed a review petition for which has been dismissed by Honourable Supreme Court dated 14 th November 2006.	dismissal be liable to pay at least Rs. 12, 25,125/- to
11	M/s. Mohatta & Heckel Limited v/s Donypolo Udyog Limited	Civil Petition no. B-2006 dated Nov 9, 2006, before the Court of the District Judge, Mandsaur (M.P.)	Donypolo has instituted proceedings against the supplier respondent for non supply of goods against payment duly remitted by it on directions of the Railway authorities. Petition submitted	Rs. 6, 93,350/-
12	Donypolo Udyog Limited v/s Union of India	Writ Petition (Civil) No. 1181 of 1997 dated Jul 31, 1997 before the High Court of Bombay	Contract between the respondent and Donypolo pursuant to which the deduction was made on the alleged instructions of the Railway Board towards difference in the price of materials procured. Interim injunction granted on Sep 23, 1997 restraining respondent from making deductions in respect of amounts already paid to petitioner. The matter has been referred to an arbitrator .	In case the order is in favour of Donypolo, it could get an amount upto Rs. 5, 86,734/-
13	Donypolo Udyog Limited v/s Union of India	Writ Petition (Civil) No. 1271 of 2001 dated 1 st June 2001 before the High Court of Bombay	Contract between the respondent and Donypolo pursuant to which the deduction was made on the alleged instructions of the Railway Board towards difference in the price of materials procured. Vide order dated 28 th January 2002, the matter has been referred to an arbitrator.	In case arbitrator passes an order in favour of Donypolo, it could get an amount upto Rs. 18,00,000/-

Cases Involving Company's Subsidiaries

There is no litigation pending against or filed by our subsidiary companies, viz., Cement International Limited, Badarpur Energy Private Limited, Meghalaya Mines & Minerals Limited.

Amounts Owed to Small Scale Undertakings and Other Creditors

Our Company does not owe a sum exceeding Rs. 1 Lac which is outstanding for more than 30 days to Small Scale Undertakings and Other Creditors, as on 30th September 2006.

Material Developments

There have been no material developments after the date of last audited balance sheet i.e. 30th September 2006.

Adverse Events

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing of this Draft Red Herring Prospectus with the Registrar of Companies.

Defaults

Our Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. Our Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

STATUTORY APPROVALS AND LICENSES

Our Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of our Company except the pending approvals as mentioned under this heading.

We have received the following Government and /or statutory approvals/ licenses/ permissions:

A. APPROVALS OBTAINED

As of the date of this Draft Red Herring Prospectus, the following major government and other approvals have been obtained by the Company in respect of its business:

S. N o.	Act / Rules / Notification	Description of Permit / License / Registration	Regulatory / Issuing Authority	License / Registration / Consent No., if any	Date of Issue	Valid up to
BARAK VALLEY CEMENTS LIMITED						
Factory and Labour Related Approval						
1	Assam Factories Rules, 1950	Registration and License to Work a Factory	Chief Inspector of Factories, Assam, Guwahati	License No. KAR/69 S. No. 2169/69	Renewal Certificate dated March 4, 2006	December 31, 2006
2	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Plant layout and buildings of Cement Manufacturing Plant and Packing Plant	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until cancelled
3	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Workshop	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until cancelled
4	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until cancelled

		Inspector of Factories for Stores and Diesel Filling Station				
5	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Time Office, Main Gate, Administrative building, etc.	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until canceled
6	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Electrical Sub- Station	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until canceled
7	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Canteen	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until canceled
8	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Power Generation	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until canceled
9	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Dispatch Office	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until canceled
10	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until canceled

		Factories for Pump House				
11	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Fly Ash Circuit PPC	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 12, 2003	Valid until cancelled
12	Assam Factories Rules, 1950	Certificate of Stability, Test of buildings from the Authorized Competent Person	Chief Inspector of Factories, Assam, Guwahati	Not Applicable	February 02, 2002	Valid until cancelled
13	Contract Labour (Regulation & Abolition) Act, 1970	Certificate of Registration	Office of the Assistant Labour Commissioner (Central), Silchar, Assam	A-Reg. (16)/ 2002-S/ A	Dec. 18, 2002	Valid until cancelled
14	Employees' Provident Funds Miscellaneous Provisions Act, 1952	Certificate of Registration	Regional Provident Funds Commissioner, North East Region	Code No. AS/ 3709	June 27, 2001	Valid until cancelled
15	The Badarpur A.P. & Development Block, Mohakal	No-Objection Certificate and Trade License for business	Executive Officer of Badarpur A.P. & Development Block, Mohakal	Memo No. BAP.31/94/ 230	June 18, 1999	Valid until cancelled
16	Office of the Deputy Commissioner, Karimganj	No-Objection for operating the cement plant	Additional Deputy Commissioner, Karimganj	Memo No. ENQ(1)95/ 40	Sept. 29, 1999	Valid until cancelled
17	Office of the Chairman, Badarpur Town Committee	No-Objection for operating the cement plant	Vice-Chairman, Badarpur Town Committee	Memo No. BTC. CQ1/ 99-2000/ 452	October 11, 1999	Valid until cancelled
18	The Petroleum Act, 1934	Licence to import and store petroleum in installation	Chief Controller of Explosive	Licence no: P/HQ/ AS/ 15/ 550(P1939)	February 20, 2004	December 31, 2006
Quality Related Approvals						
19	BIS Act, 1986	BIS License for 53 Grade OPC Cement IS 12269: 1987	BIS, Guwahati	CM / L-5237460	Renewal dated May 31, 2006	May 15, 2007

					(with effect from May 10, 2006)	
20	BIS Act, 1986	BIS License for 43 Grade OPC Cement IS 8112: 1989	BIS, Guwahati	CM / L-5141447	Renewal dated June 14, 2006 (with effect from June 01, 2006)	May 31, 2007
21	BIS Act, 1986	BIS License for PPC Part 1 Fly Ash Based Cement IS 1489: Part 1: 1991	BIS, Guwahati	CM / L-5185568	Renewal dated Jan. 03, 2006 (with effect from Jan 01, 2006)	Dec. 31, 2006
22	BIS Act, 1986	BIS License for PPC Part 2 Calcined Clay Based Cement IS 1489: Part 2: 1991	BIS, Guwahati	License No. CM / L-5242554	Renewal dated Sept. 11, 2006 (with effect from Sept. 09, 2006)	Sept. 15, 2007
23	Standards of Weights & Measures (Enforcement) Act, 1985	Certificate of Registration (for pre-packing of cement in manufacturing / packing unit)	Office of the Controller of Legal Metrology	CWM / GET / 30 8 / 3147	January 14, 2005	Valid until cancelled
24	Standards of Weights & Measures (Enforcement) Act, 1985	Certificate of Registration (for P.F. machine, electronic machine, hopper scale, weigh bridge, etc.)	Office of the Controller of Legal Metrology	KXJ-1807 / N / OLI	July 01, 2004	June 30, 2009
25	ISO 9001:2000	Certificate for Quality Management System	International Industrial Certification Co. Ltd.	JI-1005	September 27 th , 2003 and reissued on October 7 th , 2006	October 07, 2009
Environmental Approvals						
26	The Air Act	Consent to establish under Air Act - Cement	ASPCB	NOC No. WB / Z-II / T-1244 / 99-	July 23, 1999	Valid until cancelled

		Plant		2M/53-A/1476		d
27	The Air Act	Consent to operate under Air Act for the year 2006–2007 – Cement Plant	Pollution Control Board, Assam	Memo No. WB/2-III/T-2489/2006-07/157/845	Renewal dated August 04, 2006 (with effect from April 01, 2006)	March 31, 2007
28	The Water Act	Consent to establish under Water Act – Cement Plant	ASPCB	NOC No. WB/Z-II/T-1244/99-2M/53-A/1476	July 23, 1999	Valid until cancelled
29	The Water Act	Consent to operate under Water Act for the year 2006-2007 - Cement Plant	Pollution Control Board, Assam	Memo No. WB/2-III/T-2489/2006-07/157/845	Renewal dated August 04, 2006 (with effect from April 01, 2006)	March 31, 2007
30	Indian Explosives Rules, 1983	License for diesel pump and delivery pump	Joint Chief Controller of Explosives	No. P/HQ/AS/15/550 (P 19639)	Feb 20, 2004	Valid until cancelled
31	Indian Electricity Rules, 1956	Sub-station switchyard drawing and layout approval	- Senior Electrical Inspector, Silchar, Assam - Chief Electrical Inspector, Guwahati, Assam	- SEI/S/Ind-18/2000/23 5B - CEIA/TES-1204/2002-03/PT/V/04/1904-7	- Dec 6, 2000 - Aug 8, 2003	Valid until cancelled
32	Indian Electricity Rules, 1956	Commissioning of Electric Generating Plant	Office of the Chief Electrical Inspector cum Adviser, Guwahati	CEIA/TES – 1204/2002-03/PT V/04/1904-7	June 07, 2004	Valid until cancelled
Tax Registrations						
33	Central Excise Act, 1944	Certificate of Registration (for manufacturing)	Office of the Assistant Commissioner, Central Excise, Silchar	AABCB5691AX M 001	February 05, 2004	Valid until cancelled
34	The Assam General Sales Tax Act, 1993	Certificate of Registration	Office of Superintendent of Taxes (Circle Karimganj), Karimganj, Assam	Tin-18020013617	July 14, 1999 (with effect from July 13, 1999)	Valid until cancelled

35	Central Sales Tax Act, 1956	Certificate of Registration	Office of Superintendent of Taxes (Circle Karimganj), Karimganj, Assam	KXJ/CST/0414	July 14, 1999 (with effect from April 28, 1999)	Valid until cancelled
36	Income Tax Act	PAN and TAN registration	Income Tax Department	- PAN: AABC5691A - TAN: SHLB00306F	- Apr 28, 1999 - Apr 16, 2004	Valid until cancelled
37	Registration for Service Tax under the Finance Act, 1994.	Service Tax Registration	Superintendent, Central Excise, Badarpur Range	Registration no: 39/BPB/GTA/B.V.C.L/2005	January 24th 2005	Valid until cancelled
Others Miscellaneous Approvals						
38	SIA Regulation, Ministry of Commerce & Industry, Government of India	Registration for manufacture of various grades of OPC and PPC	Secretariat for Industrial Assistance	Acknowledgment No. 3692/SIA/IMO / 2006	July 07, 2006	Valid until cancelled
39	Assam Registration Rules	Registration of transfer deeds for land for cement plant	Registrar	4072; 4118; 4159; 2559; 2560; 2580; 2639; 0343; 0299; 2754; 1352; 1554; 1555; 6205; 6206.	29-07-99, 30-07-99, 31-07-99, 26-12-99, 26-12-99, 29-12-99, 08-12-99, 08-12-99, 04-02-00, 28-12-99, 30-06-00, 16-09-03, 16-09-03, 24-12-03, 24-12-03	Valid until cancelled
40	Office of the Assistant Labour Commissioner, Guwahati	Certificate of Registration under the Assam Shops & Establishments Act	Registering Officer, Assam Shops & Establishments Act, Guwahati	Registration No. SEA/CE/06/0367	Renewal dated Dec. 14, 2005	Dec. 31, 2006
BADARPUR ENERGY PRIVATE LIMITED						

Factory and Labour Related Approval						
1	Assam Registratio n Rules	Registration of transfer deeds for land for power plant	Registrar	Deed Nos.	Dated:	Valid until cancelle d
				1167	18-06-05	
				1168	18-06-05	
				1238	28-06-05	
				1473	10-08-05	
				1474	10-08-05	
				1539	25-08-05	
				1672	27-09-05	
				1673	27-09-05	
				1986	06-12-05	
				2083	23-12-05	
				0673	21-04-06	
				0733	05-05-06	
2	Contract Labour (Regulation & Abolition) Act, 1970	Registration of Establishment	Assistant Labour Commissioner (Central), Silchar, Assam	A-REG (04)/2006-S/A	Jul 31, 2006	Valid until cancelle d
3	Indian Boilers Act, 1923 & Indian Boilers Regulation, 1950	Permission for erection of boiler	Chief Inspector of Boilers, Government of Assam	No. 2/Adm./06/Sil char/L/842	Oct 26, 2006	Valid until cancelle d
Environmental Approvals						
4	The Air Act	Consent to establish under Air Act – Power Plant	ASPCB	WB/Z-II/T- 1771/06- 07/159/846	Aug 04, 2006	Valid until cancelle d
5	The Water Act	Consent to establish under Water Act – Power Plant	ASPCB	WB/Z-II/T- 1771/06- 07/159/846	Aug 04, 2006	Valid until cancelle d
Tax Registrations						
6	Central Excise Act, 1944	Registration Certificate	Office of the Deputy Commissioner, Customs & Central Excise,	AACCB6971GX M001	July 25, 2006	Valid until cancelle d

			Silchar			
7	Central Sales Tax Act, 1956	Registration Certificate	Superintendent of Taxes, Kxj	KXJ/CST/0593	Jul 01, 2006	Valid until cancelled
8	Income Tax Act	PAN and TAN registration	Income Tax Department	- PAN: AACCB6971G - TAN: DELB08481E	- Feb 07, 2005 - Oct 06, 2005	Valid until cancelled
Others Miscellaneous Approvals						
9	SIA Regulation, Ministry of Commerce & Industry, Government of India	Registration for generation and transmission of electricity using bio mass fuel	Secretariat for Industrial Assistance	Submitted – Acknowledgment No. 4255/SIA/IMO / 2006	Aug 03, 2006	Valid until cancelled
MEGHALAYA MINERALS AND MINES LIMITED						
Factory and Labour Related Approval						
1	Assam Registration Rules	Registration of transfer deeds for land for limestone plant	Registrar	Deed Nos. 4 of 2001 5 of 2001	Dated: 12-04-01 12-04-01	Valid until cancelled
2	Contract Labour (Regulation & Abolition) Act, 1970	Registration of Establishment	Assistant Labour Commissioner (Central), Guwahati, Assam	GH-46/05/2005-REG	March 15, 2005	Valid until cancelled
3	Provident Fund Act, 1952	Registration	Assistant P.F. Commissioner, Shillong	Code No. AS/4070	April 01, 2002	Valid until cancelled
4	Mineral Concession Rules, 1960	Mining Lease for Limestone	Government of Meghalaya, Mining and Geology Department	MG.74/2000/140	October 11, 2001	Valid until cancelled
5	Mineral Concession Rules, 1960	Prospecting License for Limestone	Government of Meghalaya, Mining and Geology Department	MG.74/2000/58	December 22, 2000	Valid until cancelled
6	Indian Explosives Rules, 1983	License to manufacture and mixing of explosives at site	Joint Chief Controller of Explosives (East Circle),	Megh – 63/EX	May 5, 2005	March 31, 2007

			Calcutta			
7	Indian Explosives Rules, 1983	License for possession and use of explosives	Joint Chief Controller of Explosives (East Circle), Calcutta	E/HQ/MG/22 /21 (E-21362)	May 05, 2005	March 31, 2007
8	Indian Electricity Rules, 1956	Assurance for power supply of 500 KW	MSEB	CE(D)/T-102(Pt-1)/2005-06/121	April 26, 2005	Not applicable
9	Executive Council, Jowai	No Objection Certificate for Limestone Crusher Unit	Autonomous District Council, Jaintia Hills, Jowai	JHADC/FOR/24/2004/1526-27	Sep 15, 2006	Valid until cancelled
Environmental Approvals						
10	The Air Act	Consent to establish under Air Act	MSPCB	- MPCB/TB-676/2001-2002/5 - MPCB/TB-676/2005-2006/31 (Expansion Project)	- Sept 06, 2001 - July 30, 2005	Valid until cancelled
11	The Air Act	Consent to operate under Air Act	MSPCB	MPCB/TB-676/2002-2003/13	Renewed April 10, 2006	March 31, 2007
12	The Water Act	Consent to establish under Water Act	MSPCB	- MPCB/TB-676/2001-2002/5 - MPCB/TB-676/2005-2006/31 (Expansion Project)	- Sept 06, 2001 - July 30, 2005	Valid until cancelled
13	The Water Act	Consent to operate under Water Act	MSPCB	MPCB/TB-676/2002-2003/13	Renewed April 10, 2006	March 31, 2007
14	Central Sales Tax Act, 1956	Registration Certificate	Superintendent of Taxes, Jowai	JH/CST/4527	Oct 30, 2001	Valid until cancelled
15	Income Tax Act	PAN and TAN registration	Income Tax Department	- PAN: AADCM8400C - TAN: DELM11518D	- Mar 03, 2000 - Mar 18, 2005	Valid until cancelled

CEMENT INTERNATIONAL LIMITED						
Factory and Labour Related Approval						
1	Assam Registration Rules	Registration of transfer deeds for land for cement plant	Registrar	Deed No.: 013 583 674 584 609 619	Dated: 03-01-06 17-03-06 21-04-06 17-03-06 22-03-06 24-03-06	Valid until cancelled
2	Contract Labour (Regulation & Abolition) Act, 1970	Registration of Establishment	Assistant Labour Commissioner (Central) Silchar, Assam	No. A-REG (03)/2006-S/A	July 31, 2006	Valid until cancelled
3	Indian Electricity Rules, 1956	Load Sanction	ASEB Chief Engineer (D) CAEDCL, Guwahati	No. CE (D)/CAEDCL / Load Sanctioned / 06/8 (a)	Apr 29, 2006	Valid until cancelled
Environmental Approvals						
4	The Air Act	Consent to establish cement plant under Air Act	Pollution Control Board, Assam	Memo No. WB/Z-II/T-1788/ 06-07/48-A/847	August 05, 2006	Valid until cancelled
5	The Water Act	Consent to establish cement plant under Water Act	Pollution Control Board, Assam	Memo No. WB/Z-II/T-1788/ 06-07/48-A/847	August 05, 2006	Valid until cancelled
Tax Registrations						
6	Central Sales Tax Act, 1956	Registration Certificate	Superintendent of Taxes, Kxj	KXJ/CST/0527	Dec 07, 2005	Valid until cancelled
7	Central Excise Act, 1944	Registration Certificate	Deputy Commissioner, C.E., Silchar	AACCC3329H XM 001	Jul 25, 2006	Valid until cancelled
8	Income Tax Act	PAN and TAN registration	Income Tax Department	- PAN: AACCC3329H - TAN: DELC08663E	- May 22, 2005 - Jan 12,	Valid until cancelled

					2006	
Others Miscellaneous Approvals						
9	SIA Regulation, Ministry of Industry, Government of India	Registration	Secretariat for Industrial Assistance	IEM Acknowledgment No. 5086/SIA/IMO / 2006	Oct 31, 2005	Valid until cancelled

B. Pending Approvals

Following are the approvals for which our Company and subsidiaries have applied and are awaiting receipt of. It also includes list of those approvals which our Company and subsidiaries need to apply for in due course under respective applicable laws upon completion of the projects:

S. No.	Act / Rules / Notification	Description of Permit / License / Registration	Regulatory / Issuing Authority	Status of Application	Date of Application	Status of Approval
BARAK VALLEY CEMENTS LIMITED						
1	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for fire hydrant system, fire room and hydrant system pump	Chief Inspector of Factories, Guwahati	Applied for	Nov 18, 2006	Awaited
2	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for rest rooms, toilets and urinals	Chief Inspector of Factories, Guwahati	Applied for	Nov 18, 2006	Awaited
3	The Trade Marks Act, 1999	Registration of Trade Mark "Valley Strong Cement"	Registrar of Trade mark	Applied for	Dec 3, 2006	Awaited
4	The Trade	Registration	Registrar of	Applied for	Dec 3,	Awaited

	Marks Act, 1999	of Logo "BVCL"	Trade mark		2006	
BADARPUR ENERGY PRIVATE LIMITED						
1	Assam Factories Rules, 1950	Registration and License to Work a Factory	Chief Inspector of Factories, Assam	Not applied for	Not applica ble	Required to make an applicati on a month prior to commissi oning of the plant
2	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Plant layout and buildings, etc.	Chief Inspector of Factories, Guwahati	Not applied for	Not applica ble	Required to make an applicati on a month prior to commissi oning of the plant
3	The Air Act	Consent to operate under Air Act – Power Plant	ASPCB	Not applied for	Not applica ble	Required to make an applicati on a month prior to commissi oning of the plant
4	The Water Act	Consent to operate under Water Act – Power Plant	ASPCB	Not applied for	Not applica ble	Required to make an applicati on a month prior to commissi oning of the plant
MEGHALAYA MINERALS AND MINES LIMITED						
1	The Factories Act, 1948	Registration and Licensing	The Insepector of Boilers &	Applied for	Novem ber	Awaited

		of Factory	Factories, Meghalaya, Shillong		10,2006	
CEMENT INTERNATIONAL LIMITED						
1	Assam Factories Rules, 1950	Registration and License to Work a Factory	Chief Inspector of Factories, Assam	Applied for	Nov 4, 2006	Awaited
2	Assam Factories Rules, 1950	Certificate of Stability, Drawings Approval from the Chief Inspector of Factories for Plant layout and buildings etc.	Chief Inspector of Factories, Guwahati	Applied for	Nov 4, 2006	Awaited
3	The Air Act	Consent to operate under Air Act	ASPCB	Applied for	Nov 2, 2006	Awaited
4	The Water Act	Consent to operate under Water Act	ASPCB	Applied for	Nov 2, 2006	Awaited
5	BIS Act, 1986	BIS License for PPC Part I and Slag Cement	BIS, Guwahati	Applied for	Nov 4, 2006	Awaited

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of our Company have approved this Issue under section 81 (1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on 21st November 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the Directors of our Promoter Companies or persons in control of our Promoter Companies, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies have, not been detained as willful defaulters by RBI /government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- a) Our Company has net tangible assets of at least Rs. 3 Crores in each of the preceding 3 full years of which not more than 50% is held in monetary Assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines as under:

Particulars	(Rs. In Lacs)				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months
Fixed Assets (Net)	2848.10	2701.63	2507.24	3118.96	3987.82
Current Assets, Loans & Advances	630.97	1119.53	1824.01	2668.32	2559.14
Trade Investments	--	--	--	62.48	990.63
Less: Current Liabilities & provisions	357.00	310.63	212.36	712.42	802.44
Net Tangible Assets	3122.07	3510.53	4118.89	5137.34	6735.15
Monetary Assets	48.74	21.86	90.03	256.32	106.62

Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities).

Monetary assets include cash on hand and bank balances.

- b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines..

(Rs. In Lacs)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months
Net Profit after tax/ Distributable Profit	(400.53)	274.58	593.27	1131.88	1161.96

- c) Our Company has a networth of atleast Rs.1 crore in each of the three preceding full years of 12 months each and is compliant with Clause 2.2.1(c) of the SEBI Guidelines.

(Rs. In Lacs)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	12 Months	12 Months	12 Months	12 Months	12 Months
Equity Share Capital	1444.45	1486.45	1650.00	1650.00	1650.00
Share Application Money	--	--	467.32	1226.07	1992.94
Reserves & Surplus	--	--	--	--	--
Less: Revaluation Reserves	516.43	224.29	80.79	63.23	45.68
Less: Misc. Exp	928.02	1262.16	2036.53	2812.84	3597.26
Less: P&L A/c Debit balance	1444.45	1486.45	1650.00	1650.00	1650.00
Net worth	--	--	467.32	1226.07	1992.94

- d) Our Company has not changed its name within the last one year.
- e) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI Disclaimer Clause

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND

DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 20, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.
- III. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
 - IV. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
 - V. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY

POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.”

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that Barak Valley Cements Limited and UTI Securities Limited accept no responsibility for statements made other than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Book Running Lead Manager and that any one, placing reliance on any other source of information would do so at their own risk.

The BRLM, UTI Securities Limited, do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between our Company and the BRLM and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software / hardware system or otherwise.

The BRLM, accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated 18th December 2006 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated [●] 2006 given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: [●] dated [●] 2006 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at: SEBI Bhawan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong at: Morello Building, Ground Floor, Kachari Road, Shillong- 793001, atleast 3 (three) days before the issue opening date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

[●] shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid / Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following

1. Directors of our Company
2. Promoters of the Company
3. Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary
9. Compliance Officer
10. Syndicate Members
11. Underwriters
12. Escrow Collection Bankers to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong.

Expert Opinion

Except as stated otherwise in this Draft Red Herring Prospectus, we have not obtained any expert opinion.

Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No	Particulars	Rs. in Lacs		
		Amount	% of total Issue Expenses	% of total Issue size
a)	Book Running Lead Manager fees	[•]	[•]	[•]
b)	Registrars fees	[•]	[•]	[•]
c)	Underwriting commission @ [•]%	[•]	[•]	[•]
d)	Legal Advisor's fees	[•]	[•]	[•]
e)	Advertisement and Marketing expenses	[•]	[•]	[•]
f)	Brokerage and selling expenses	[•]	[•]	[•]
g)	Stock Exchange fees for providing bidding terminals	[•]	[•]	[•]
h)	SEBI and Stock Exchanges fees on filing of Offer Document	[•]	[•]	[•]
i)	Other Miscellaneous expenses	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Fees Payable to the BRLM

The total fees payable to the BRLM will be as per the Memorandum of Understanding signed between us and the BRLM, UTI Securities Limited, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Intime Spectrum Registry Limited, will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post / Speed Post. Refund Orders up to Rs. 1,500/- would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

An underwriting commission, as set out in the underwriting agreement, is payable to the underwriters on the offer price of the Equity Shares offered through this Draft Red Herring Prospectus to the public for subscription and underwritten in the manner mentioned in this Draft Red Herring Prospectus.

Brokerage for the issue, as set out in the underwriting agreement, would be paid by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers' / Agents' codes on the application form, our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares / Debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' in this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of Sec 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Draft Red Herring Prospectus.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for redressal of Investor's grievance

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder / investor complaints such as Issue of duplicate / split / consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer / transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page [●] of this Draft Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Intime Spectrum Registry Limited as the Registrar and Share Transfer Agents of our Company vide MoU dated 06th July 2006.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Intime Spectrum Registry Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Mr. Sachin Agarwal as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Mr. Sachin Agarwal
Company Secretary
Barak Valley Cements Limited
281, Deepali
Pitam Pura
New Delhi - 110034
Tel No: (011) 27033828, 27033829
Fax No: (011) 27033830
Email: ipo@barakcement.com

Changes in Auditors during the last three years and reasons thereof

There has been no change in the auditors of our Company during the last 3 years except for the inclusion of M/s Kumar Vijay Gupta & Co., Chartered Accountants as joint auditors of our Company in the extraordinary general meeting held on 9th January 2006.

Capitalization of Reserves or Profits during last five years

There has been no capitalization of reserves or profits during the last five years, except as stated in section titled "Capital Structure" on page no. [●] of this Draft Red Herring Prospectus.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years.

SECTION IX - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend (including dividend), voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. The issue price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- § Right to receive dividend, if declared;
- § Right to attend general meetings and exercise voting rights, unless prohibited by law;
- § Right to vote on a poll either in person or by proxy;
- § Right to receive offer for rights shares and be allotted bonus shares, if announced;
- § Right to receive surplus on liquidation;
- § Right of free transferability; and
- § Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled 'Main Provisions of Articles of Association' beginning on page [●] of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvment of underwriters, if any, within 60 days from the Bid / Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained in the section titled 'Main Provisions of Articles of Association' beginning on page [•]

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid / Issue opening date but before allotment without assigning any reason thereof.

ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The present Issue of 56,60,000 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lacs comprising of Employee's Reservation of 1,13,000 Equity Shares aggregating Rs. [●] lacs and Net Issue to the Public of 55,47,000 Equity Shares aggregating Rs. [●] lacs. The issue would constitute 25.03% of the fully diluted post issue paid up capital of Barak Valley Cements Limited. The details of the issue structure are as follows:

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 1,13,000 Equity Shares	Not more than 27,73,500 Equity Shares	Not less than 8,32,050 Equity Shares	Not less than 19,41,450 Equity Shares
Percentage of Issue Size available for allocation	Not more than 2% of the Issue	Not more than 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net issue to the public or Net Issue size less allocation to QIBs and retail individual bidders.*	Not less than 35% of the Net issue to the public or Net Issue size less allocation to QIBs and non institutional bidders.*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and thereafter in multiples of [●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/-	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/-	[●] Equity Shares and in multiples of [●] Equity Shares.

		and in multiples of [●] Equity Shares.	and in multiples of [●] Equity Shares.	
Maximum Bid	Not exceeding the size of the Issue	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000 / - which has to be in multiples of [●] Equity Shares.
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Permanent employees of our Company, including working directors	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000 / -)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.

		Authority, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.		
Terms of payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate
Margin Amount	Full amount on bidding	10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI Guidelines.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

Note:

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares,

dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

<u>Category</u>	<u>Colour of Bid-cum-Application Form</u>
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis :	White
Non-residents, NRIs or FIIs applying on a repatriation basis :	Blue
Permanent Employees of our Company :	Pink

It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

Application by Mutual Funds

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund / foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Application by NRI

- § Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- § NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Draft Red

Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- a) For Employees: The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- b) For Retail Individual Bidders: The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- c) For Non-Institutional Bidders and QIB Bidders: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid / Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLM, or from a member of the Syndicate.
4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of bidding

- a) We, with the BRLM, shall declare the Bid / Issue Opening Date, Bid / Issue Closing Date and the Price Band at the time of filing of the Red Herring Prospectus with RoC and also publish

the same in two widely circulated newspapers (one each in English and Hindi), and one Assamese newspaper having wide circulation in Guwahati.. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated 25th January 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one Assamese regional newspaper (Assamese in this case) and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled 'Bids at Different Price Levels' on page [●]) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of Bids' on page [●].
- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS's for each Bid cum application Form. It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into the Escrow Collection Account' on page [●].

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re 1.

- b) In accordance with SEBI Guidelines, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitable revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Assamese in this case), and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders under Employee Reservation portion applying for a maximum bid in any of the bidding options not exceeding Rs. 1,00,000/- may bid at 'Cut-off'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- g) Retail Individual Bidders and Bidders under Employee Reservation portion, who bid at the 'Cut-Off' agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders under Employee Reservation portion bidding at 'cut-off' shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders under Employee Reservation portion (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders and Bidders under Employee Reservation portion shall receive the refund of the excess amounts from the Refund Account.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders under Employee Reservation portion, who had bid at 'cut-off' Price could either
 - i) revise their Bid
 - ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders under Employee Reservation portion who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account

Option to Subscribe

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and /or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum- Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, see 'Issue Procedure - Payment Instructions' on page [●]) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid /Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, Employees, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading 'Issue Structure' on page [●] and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.
- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - § Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - § Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
 - § Numbers of Equity Shares bid for
 - § Bid price
 - § Bid Amount
 - § Bid-cum-Application Form number
 - § Whether payment is made upon submission of Bid-cum-Application Form
 - § Margin Amount and
 - § Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders under Employees Reservation Portion, Bids would not be rejected except on the technical grounds listed on Page [●].
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.
- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments

in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category of Bidders.
- c) If the aggregate demand in the Employees Reservation Portion is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. The allocation for QIBs for up to 50% of the Net Issue to public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to public, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM.
- f) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/ Allocation of Equity Shares to them.
- g) The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- h) Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.

- i) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after Bid / Issue closing date.
- j) The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper in Assamese with wide circulation at Guwahati.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and

basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN, may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB

Designated Date and Transfer of Funds to Public Issue Account

- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid / Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also

held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form; and
- k) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);
- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our corporate office, or from the Syndicate Members or from the BRLM.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis and Pink colour marked "Employees" for Employees of our Company).

- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs. 1,00,000/-.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees of our Company

For the purpose of the Employees Reservation Portion, Eligible Employee means permanent employees/executive (working) directors of our Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under Employees Reservation Portion by Eligible Employees shall be:

- § Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Bid-cum-Application form marked "Employees").
- § Eligible Employees, as defined above, should mention his/her employee number at the relevant place in the Bid-cum-Application Form.
- § The sole/ first bidder should be Eligible Employees as defined above.
- § Only eligible employees would be eligible to apply in this Issue under this Reservation Portion.
- § Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- § Eligible Employees who apply or bid for Equity Shares of or for a value of not more than Rs. 1,00,000/- in any of the bidding options can apply at Cut-Off. Cut-off facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 1,00,000/-.
- § Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- § Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- § If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- § Under-subscription, if any, in this category, will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM. In case of under subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.

- § If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para 'Basis of Allotment' on page [●].

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder's bank account details. These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLM nor our Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such

an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and /or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Provident Funds

In case of Bids made by provident fund with the minimum corpus of Rs. 2,500 lacs and pension fund with the minimum corpus of Rs. 2,500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLM may deem fit.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- § Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- § NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment

through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- § On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- § In a single name or joint names (not more than three)
- § By NRIs: For a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details see 'Maximum and Minimum Bid Size' on page [●].
- § By FIIs: For a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000/-. For further details see section titled 'Maximum and Minimum Bid Size' on page [●].
- § In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- § Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and /or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We along with BRLM and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The applicable Margin Amount for Non Institutional Bidders, Retail Individual Bidders and Bidders under Employees Reservation Portion is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.

2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note/CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
 - i. In case of Resident Bidders : Escrow Account – BVCL Public Issue
 - ii. In case of Non Resident Bidders : Escrow Account – BVCL Public Issue – NR
 - iii. In case of Employees of our Company : Escrow Account – BVCL Public Issue – Employees
 - iv. In case of Resident QIB Bidders : Escrow Account – BVCL Public Issue – QIB – R
 - v. In case of Non Resident QIB Bidders : Escrow Account – BVCL Public Issue – QIB – NR
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of our Company.
8. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated 05th November , 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid / Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

- iii. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Bidders in the Employees Reservation Portion can also bid in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State

Government or local bodies showing residential address (g)Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on 01st December 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

With effect from 01st July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/Circular-13/2005.

However, in a recent press release dated 30th December 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000/- to Rs. 5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 5,00,000/- an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus as SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

Right to Reject Bids

Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company, we would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. GIR Number given instead of PAN Number;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of [•];

12. Category not ticked;
13. Multiple bids as defined in this Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest / money order / postal order / cash;
16. Bids not duly signed by the sole / joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the BRLM / Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid / Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by NRIs not disclosing their residential status;
25. Any other reason which the BRLM or our Company deem necessary.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated [●] among NSDL, our Company and Intime Spectrum Registry Limited;
2. An Agreement dated [●] among CDSL, our Company and Intime Spectrum Registry Limited

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).

5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Sachin Agarwal as the Compliance Officer for the purpose of this IPO. The Compliance Officer can be contacted at Barak Valley Cements Limited, '281, Deepali, Pitam Pura, New Delhi - 110034 India. Tel No: (011) 27033828, 27033829; Fax No: (011) 27033830; Email: ipo@barakcement.com

The Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

The mode of dispatch of refunds shall be as under:

- a) In case of applicants residing at any of the centers specified by SEBI viz. Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer);

- b) In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs.1500/- or more, refund orders will be dispatched to the applicants by registered post or speed post and where the value is less than Rs. 1500/- refund orders will be dispatched under certificate of posting at the sole or First Bidder's sole risk(subject however to postal rules);
- c) In case of any category of applicants specified by the SEBI – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.

We shall use our best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges, where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company, further undertakes that:

- § Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid / Issue Closing Date;
- § Our Company shall, within 15 days of the Bid / Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- § Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by ECS, Direct Credit, RTGS, NEFT will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, 1956, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name; shall be punishable with imprisonment for a term which may extend to five years."

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT

I) For Retail Individual Bidders

- § Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- § The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- § If the aggregate demand in this category is less than or equal to 19,41,450 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- § If the aggregate demand in this category is greater than 19,41,450 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II) For Non Institutional Bidders

- § Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- § The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- § If the aggregate demand in this category is less than or equal to 8,32,050 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- § In case the aggregate demand in this category is greater than 8,32,050 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III) For QIB Bidders

- § Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- § The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- § Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIB's shall be determined as follows:
 - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be up to 27,73,500 Equity Shares.

IV) For Bidders in Employees Reservation Portion

- § Bids received from the Bidders in Employees Reservation Portion at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employees Reservation Portion will be made at the Issue Price.
- § The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category at a price that is equal to or greater than the Issue Price.
- § If the aggregate demand in this category is less than or equal to 1,13,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.
- § If the aggregate demand in this category is greater than 1,13,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/ application size of [●] Equity Shares. For the method of proportionate basis of allotment, kindly refer to the paragraph on the following pages on method of proportionate basis of allotment.

Procedure and Time Schedule for Allotment and Issue of Certificates

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong and with SEBI, Mumbai. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid / Issue Closing Date. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and traded on BSE and NSE.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders, Eligible Employees and QIBs in consultation with the Designated Stock Exchange. The Executive Director / Managing Director / Authorised employee of the [•] (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of [•] Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.
- (d) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
 - § Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
 - § The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants residing at 15 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Direct Credit or RTGS or NEFT, or ECS as applicable (subject to availability of all information for crediting through electronic mode). In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500/- by 'Under Certificate of Posting', and shall dispatch refund orders above Rs. 1,500/-, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the electronic facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue. We shall ensure dispatch of refund orders, if any, by 'Under Certificate of Posting' or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS or NEFT, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI DIP Guidelines, we undertake that:

- § Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid / Issue Closing Date;
- § Dispatch of refund orders will be done within 15 days from the Bid / Issue Closing Date;
- § We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as a Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit/RTGS/NEFT/ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Dispatch of Refund Orders

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata,

Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund instructions

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid / Issue closing date.

Bid/Issue Program

Bid/Issue opens on: _____	Bid/Issue closes on: _____
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Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or such time as may extended by us in consultation with BRLM and uploaded till such time as permitted by the BSE and the NSE on the Bid / Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20% of the floor of the price band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers one in English and other in Hindi, and one Assamese newspaper having wide circulation in Guwahati being the regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

Undertaking by our Company

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
 - a. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.)
4. that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
5. that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
6. that no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

Utilization of Issue Proceeds

The Board of Directors of our Company certifies that:

- a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;
- d. The utilization of monies received from reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received from reservations, shall be disclosed under a separate head in the Balance Sheet of our Company indicating the manner in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, FDI in the Cement sector is allowed up to 100% under the automatic route.

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated 17th December 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post-issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in

equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of this Draft Red Herring Prospectus.

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the important provisions of the Articles of Association of our Company relating to members, voting rights, lien on the Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below.

Capitalized terms in this section have the meaning that has been given to such terms in the Articles of Association.

The Authorized capital of our Company is Rs. 25 crores divided into 2,50,00,000 Equity Shares of Rs. 10/- each.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are detailed below:

ARTICLES OF ASSOCIATION OF BARAK VALLEY CEMENTS LIMITED

Buy Back of Shares

3 The Company shall be entitled to purchase its own shares or other Securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77A and other applicable provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and any amendments, modification, re-promulgation or re-enactment thereof.

Shares

5. The Authorised Capital of the Company shall be in accordance with the Clause V of the Memorandum of Association of the Company.

The Company has the power from time to time to increase or reduce its capital, any of the said shares and any new shares hereafter to be created may from time to time be divided into shares of several classes in such manner as may be provided hereinafter and the company may allow and so that the shares of each class may have or confer under such restrictions and conditions whether in regard to dividend, voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association but so that the special rights or privileges belonging to holders of any shares issued with preferred or other rights shall not be varied or abrogated or affected except with sanction as is provided for hereinafter.

6. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, transfer and transmission, voting or otherwise.

7. The Directors may issue shares, bonds, debentures, stocks, warrants & all such securities, with full, differential or without voting rights attached thereto, upon such terms and conditions and with such rights and privileges attached thereto as thought fit and as may be permitted by law for the time being in force.

8. Subject to the provisions of Section 79A of the Act or any other applicable provisions for the time being in force, the Directors may issue sweat equity shares to employees or directors of

the Company upon such terms and conditions and with such rights and privileges attached thereto as thought fit and as may be permitted by law.

11. Subject to the provisions of Section 80 of the Companies Act, the Company may issue Preference Shares which are. or at the option of the Company are liable to be redeemed on such terms and in such manner, as the Board may determine.

Allotment of shares

12. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such time, either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to increase the Subscribed Capital of the Company by the allotment of further shares, then, subject to the provisions of Section 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in general meeting.

13. Further issue of shares

Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of the un-issued capital or out of the increased share capital then:

- (a) Such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on those shares at the date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, PROVIDED that the Directors may decline without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- (d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he decline to accept the shares offered, the Board may dispose of them in such manner as they may think, in their sole discretion, deem fit.

Notwithstanding anything contained in the sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (here or not those persons include the persons referred to in clause (a) of sub clause (1) hereof) in any manner what soever.

- (a) If a special resolution to that effect is passed by the company in general meeting; or
- (b) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of, the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members so entitled to voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Nothing in sub-clause (c) of (1) hereof shall be deemed:

- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loan raised by the company:

- (a) To convert such debentures or loans into shares in the company; or
- (b) to subscribe for shares in the company (whether such option is conferred in these articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by that government in this behalf; and in case of debentures or loans or other than debentures issued to or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in general meeting before the issue of the debentures or raising of the loans.

17. If any Company shall offer any of its shares to the public for subscription,

- (1) no allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription, has been subscribed, and the sum payable on application thereof has been paid to or received by the Company.
- (2) the amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share; and
- (3) the Company shall comply with the provisions of sub-section (4) of Section 69 of the Act.

Shares at a Discount

19. With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act. The Board may issue at discount shares of class already issued.

Company not bound to recognize any interest in shares other than that of registered holders

22. Save as herein and otherwise provided, the company shall be entitled to treat the persons whose name appears on the register of members as the holder of any shares as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equitable, contingent or other claim to or future or partial interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. Not more than 3 persons shall be registered as joint holders of any share.

INCREASE AND REDUCTION OF CAPITAL

Power to increase Capital

24. The Company in general meeting may, from time to time, by ordinary resolution increase the share capital by the creation of new shares by such sum, divided into shares of such amount, as may be deemed expedient.

27. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of

the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.

Reduction of Capital

28. The Company, may, from time to time by special resolution, reduce in any manner and with, and subject to, any incident Capital authorised and consent required by law.
- (a) Its share capital;
 - (b) Any capital redemption reserve account or
 - (c) Any share premium account.

ALTERATION OF SHARE CAPITAL

Power to sub divide and consolidate shares

29. The Company by ordinary resolution may from time to time :
- (a) Consolidate and divide all or any of its share capital into like shares of larger amount than its existing shares.
 - (b) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in as the subdivision the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - (c) Cancel any shares which, at the date of the passing of the by resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

VARIATION OF SHARE-HOLDER'S RIGHTS

Modification of rights

32. If at any time the share capital is divided into different classes of shares all or any of the rights and privileges attached to any class (unless otherwise prohibited by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act whether or not the Company being wound up, be modified, commuted, affected, abrogated, varied or dealt with by the consent in writing of all the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at the separate meeting of the holders of the issued shares of that class. To every such separate meeting the provisions of these regulations relating to general meeting shall mutatis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued share of the class in question. This Article is not by implication to curtail the power of modification which the Company would have if this Article was omitted. The Company shall comply with the Provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution of the Registrar.

Small Shareholder

33. If the Company at any time have a minimum paid up capital of Rupees Five Crore or such sum as may be prescribed and at least one thousand or more small shareholders, then the company may, suo motu or upon requisition of not less than one tenth of the total number of small shareholders, proceed to appoint a nominee from amongst small shareholders as a Director of the Company. The small 'shareholders' director shall before his appoint, file his consent, to act as a Director, in writing to the Company and the tenure of such appointment shall be three years at a time without retirement by rotation, but shall be eligible for reappointment for another tenure. He shall, however, not be appointed as Managing Director or Whole Time Director under any circumstances and shall be subject to same disqualifications and shall vacate his office on the same grounds as are applicable to other

Directors, in pursuance of these Articles. The company shall follow such Rules as may be prescribed by the Central Govt. in this behalf. No small shareholders' director appointed in accordance with the provisions of this Article shall hold office at the same time as "small shareholder's director" in more than two companies.

SHARE CERTIFICATES

Issue of certificates

34. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the directors may from time to time determine) to several certificates each for one or more of such shares and the company shall complete and have ready for delivery of such certificates within 3 months from the date of allotment, unless the conditions of transfer otherwise provide or within 1 month of the receipt of application of registration of transfer, transmission, subdivision or consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the no. And distinctive nos. of shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

Member's right to certificates

35. Every Member shall be entitled without payment to one certificate in his name for all the shares of each class or denomination registered in his name or, if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates each for one or more shares of each class. Every certificate of shares shall specify the number of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Directors shall prescribe or approve. Where a Member has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.
36. (1) Every person whose name is entered as member in the Register shall be entitled to receive within three months after allotment, one certificate for all the shares registered in his name or if the Directors so approve to several certificates each for one or more of such shares.
- (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.
- (3) In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate to the first person named in the Register shall be sufficient delivery to all such holders.

DEMATERIALIZATION OF SECURITIES

39(a) Definitions: For the purpose of this Article, unless the context otherwise requires:

"Beneficial Owner": "Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Bye-laws" "Bye-laws" mean bye-laws made by a Depository under Section 26 of the Depository Act, 1996.

"Depositories Act: Depositories Act means the depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force.

"Depository" 'Depository' means a Company formed and registered under the Companies Act, 1956 ((1 to 1956) (the Act) and which has been granted a certificate of

	registration under sub section (IA) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
Record"	'Record' include the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI.
"Regulations"	'Regulations' means the regulations made by SEBI.
SEBI:	'SEBI means the Securities and Exchange Board of India.
Security"	'Security' means such security as may be specified by SEBI from time to time.
Member"	'Member' means a person who holds any shares in the Company and includes a duly registered holder from time to time of the shares of the Company and includes every person holding Equity Share Capital of the Company and a person whose name is entered as a beneficial owner in the records of a Depository shall be deemed to be a member of the Company.

(b) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed there under, if any.

(c) Option for Investors

Every person subscribing to securities offered by the company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner and within the time prescribed issue to the beneficial owner the required certificate of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(d) Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owner.

(e) Rights of Depositories and Beneficial Owners

1. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
2. Save as otherwise provided in (a) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.
3. Every person holding securities of the Company and whose name entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

(f) Depository to furnish information

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by

such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

(g) Option to opt out in respect of any security

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(h) Sections 83 and 108 of the /act not to apply:

Notwithstanding anything to contrary contained in the Articles, Section 83 of the Act shall not apply to the shares with a Depository and section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

(i) Register and Index of Beneficial Owners

The Register and Index of beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

(j) Intimation to Depository

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

(k) Stamp duty on securities held in dematerialised form

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

(l) Applicability of the Depositories Act

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(m) Company to recognize the rights of Registered Holders as also the Beneficial Owners in the records of the Depository

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any shares, as also the beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

40. Shares at the disposal of the directors

Subject to the provisions of section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the controls of the directors who may issue, allot or otherwise dispose of the same or any of them such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at discount and at such time as they may from time to time think fit and with the sanction of the company in the general meeting

to give to any persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any persons without the sanction of the company in the general meeting.

CALLS

40. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. Provided that option or right to make call on shares shall not be given to any person except with the sanction of the Company in general meeting. A call may be made payable by instalment and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at the meeting of the Board.

Payment of calls in advance

44. The Board may, if it thinks fit, receive from any member willing to advance the same, and either the money or money's worth, all or any part of money due upon the shares held by him beyond the sums any actually called for and upon the money so paid or satisfied in advance or so much thereof as from time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as determined by the Board from time to time, unless the Company in General Meeting shall otherwise direct. The Directors may, at any time, repay the amount so advanced upon giving to such member one month's notice call in writing. The member shall not, however, be entitled to any voting of rights or to participate in the profits of the Company or dividend in respect of the money so paid by him until the same would, but for such, payment become presently payable.

Voting rights when calls in arrears

45. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised any right of lien.

FORFEITURE OF SHARES

Notice for payment of call or installment

49. If a member fails to pay any sum payable in respect of any call or any instalment of a call on or before the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of the said call or instalment remains unpaid serve a notice on such member requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such nonpayment.

COMPANY'S LIEN ON SHARES

Company's lien on shares

71. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or

not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 16 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed registration of a transfer of share shall operate as a waiver of the Company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

Enforcement of lien by sales

72. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator, committee, curator bonus or other legal representative as the case may be, a default shall have been made by him or them in payment of the such payable as aforesaid in respect of such share for fourteen days after the date of such notice.

Application of proceeds of sales

73. The net proceeds of any such sale shall be received by the Company and after payment of the cost of such sale, be applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall subject to like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the share at the date of the sale.

Validity of sales in exercise of lien and after forfeiture

74. Upon any sale after forfeiture or surrender or for enforcing a lien in purported exercise of the powers hereinbefore conferred, the Board may appoint some person to execute an instrument of transfer the share sold and cause the purchaser's name to be entered in the Register in respect of share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered into the Register in respect of such share the validity of the sale shall not be impeached by any person on any ground whatsoever, and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION

Execution of transfer etc.

76. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation of the transferee has been delivered to the Company along with the certificate relating to the shares, or if no such certificate is in existence along with the letter of allotment of the shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address and occupation.

Provided that, wherein an application in writing is made to the Company by the transferee, and bearing the stamp required for an instrument to transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

Fee for splitting or consolidation etc.

81. No fee will be charged :-

- (a) For splitting up, sub-division and consolidation of shares and debenture certificates and for splitting up and sub-division of Letters of allotment and splitting, consolidation, renewal into denomination corresponding to the market units of trading as per Rules of Stock Exchange concerned.
- (b) For sub-division of renunciation letters of rights.
- (c) For issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilised.
- (d) For registration of any power of Attorney, Probate of Will, Letters of Administration or similar other documents.

Provided that in case of splitting up and/or sub-division of shares other than the market units of trading as determined or as per prevailing Rules of Stock Exchange concerned, a fee of Rs. 21 (Twenty one) per share certificate may be charged.

Instrument of Transfer

82. Every instrument of transfer shall be left at the office of the Company for registration, accompanied by the certificate of the shares to be transferred or if there is no certificate, the Letter of Allotment thereto and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. The Board may waive the production of any certificate upon evidence to them of its having lost or destruction. Every instrument of transfer which shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

Persons entitled to shares by transmission

85. The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any executor or administrator, Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be from some competent Court. Probate or Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board in its absolute discretion may consider necessary.

Transmission Article

88. This Article hereinafter referred to as, 'The Transmission Article'.

- (a) If the person becoming entitled to share under Article 67 shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (b) If the person aforesaid shall elect to transfer the share, he shall justify his election by executing an instrument of transfer of shares.
- (c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member had not accrued and the notice of transfer were a transfer signed by that member.

89. A person so becoming entitled under the transmission Articles to shares by reason of the death, lunacy, bankruptcy or insolvency of a member shall, subject to the provisions of Article 106 or Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he was the member registered in respect of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the shares and if the notice is not complied with

within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

SHARE WARRANTS TO BEARER

Issue of the share warrants

92. The Company may issue share warrants Subject to, and in accordance with, the provisions of Sections 114 and 115 of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time required as to the identification of the person signing the application, and on receiving the certificates (if any) of the share and the amount or stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

CONVERSION OF SHARE INTO STOCK AND RECONVERSION

Conversion of Paid-up share into stock

96. The Company may, by ordinary resolution :
- (a) Convert any paid-up shares into stock ; and
 - (b) Reconvert any stock into paid-up shares of any denomination.

BORROWING POWERS

Power to borrow

100. The Directors may from time to time at their discretion raise or borrow any sum or sums of money for the purpose of the Company subject to the provisions of Section 292 & 370 of the Act and may secure payment or repayment of same in such manner and upon such terms and conditions in all respects as may be prescribed by the Board in, particular by the creation of any mortgage, hypothecation, pledge or charge in and over the Company's stocks, book debts and other movable properties.

Conditions on which moneys may be borrowed by the Directors

101. The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures, or debenture-stock, or any mortgage, charge or other security on the undertaking of the whole or any part of the Company, both present and future, including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange or other negotiable instruments and no debenture shall carry any voting rights whether generally or in respect of a particular class of shares of business.

Delegation of power

102. If any uncalled capital of the Company be included in or charged by any mortgage or other security, the Board may, by instrument under the Company's seal, delegate the power under Section 292 of the Act to the person in whose favour such mortgage or security is executed or any other person in trust for him.

Powers to receive deposits

108. The Directors may receive deposits on such terms and conditions and bearing interest at such rates as they may decide and fix and which may be made payable monthly, quarterly, half-yearly or yearly, subject to the notifications issued from time to time by the Department of Non-Banking Companies, Reserve Bank of India, if any.

Payment of interest on Capital

109. Subject to the provisions of Companies Act 1956 and other relevant law in force the Company may subject to the provisions of Section 208 of the Act pay interest on so much of the share capital as is for the time being paid up as was issued for the purpose of raising money to defray the expenses of the construction of air work or binding or the provision of any plant, which cannot be made profitable for a lengthy period.

PROCEEDINGS AT GENERAL MEETINGS

When Annual general Meeting to be held

110. In addition to any other meetings, a general meeting of the Company shall be held within such interval as is specified in Section 166 (1) of the Act and, subject to the provision of Section 166 (2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an Extra Ordinary General Meeting.

Calling of Extra Ordinary General Meeting

111. The Board may, whenever it thinks fit, call an Extra-Ordinary General Meeting. If at any time, there are not within India, Directors capable of acting who are sufficient in number to form a quorum, the Directors present in India may call an Extra-Ordinary General Meeting in the same manner and as nearly as possible as that in which such a meeting may be called by the Board.

As to omission to give notice

112. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members or other persons entitled to receive such notice shall not invalidate any resolution passed at any such meeting.

Circulation of Members resolutions

113. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

Quorum

114. No business shall be transacted at a General Meeting of the Company unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five members present in person shall be the quorum for the meeting of the Company.

Passing of Resolutions

115. Any act or resolution which, under these articles or the Act is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently done or passed, if affected by an ordinary resolution as defined in Section 189 (1) of the Act unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a specific majority or by special resolution as defined in Section 189 (2) of the Act.

VOTES OF MEMBERS

Votes of members

124. Subject to any rights or restrictions for the time being attached to any class or classes of shares

- (a) On a show of hands, every member present in person, shall have one vote ; and
- (b) On a Poll the voting rights of members shall be as laid down in Section 87 of the Act.

Voting Rights of preferential share-holder

125. Except as conferred by Section 87 of the Act, the holders of preference shares shall have no voting right. Where the holder of any preference share has a right to vote on any resolution in accordance with the provision on sub-section (2) of the Section 87 of the Act, his voting right on a poll as the holder of such share shall subject to the provision of Section 89 and sub-section (2) of Section 92 of the Act be in the same proportion as the Capital paid up in respect of the preference share bears to the total paid-up equity capital of the Company.

Procedure where a Company is a member of the Company

126. Where a company or body-corporate (hereinafter called "member company") is a member of the Company a person duly appointed by resolution in accordance with Section 187 of the Act to represent such member company at a meeting of the Company, shall not by reason of such appointment, be deemed to be a proxy and the production at the meeting of a copy of such resolution duly signed by the one Director of such member company and certified by him as a true copy of the resolution shall, on Production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company or body-corporate which he represents, as that member company or body-corporate could exercise if it were an individual member.

Proxies permitted

130. On a poll, votes may be given either, personally or by proxy or in the case of a company, by a representative duly authorised as aforesaid.

DIRECTORS

Number of Directors

139. Until otherwise determined by the Company in General Meeting, and Subject to the provisions of Section 252 of the Act, the number of Directors (excluding Debenture and alternate Directors, if any) shall not be less than three and not more than twelve.
140. The First Directors of the company are
1. SRI PRAHLAD RAI CHAMARIA
 2. SRI BIJAY KUMAR GARODIA
 3. SRI SANTOSH KUMAR BAJAJ

Non-rotational Directors

141. Subject to the approval of the Government under the provisions of section 268 of the Act.
- (a) While any money remains due by the Company under of by virtue of any mortgage, hypothecation, pledge or otherwise of under writing agreements executed by the Company in favour of the Government Central and or State and or of the Industrial Finance Corporation of India, Industrial Development Bank of India, Industrial Credit Corporation sponsored by the Government, Central of state and as long the loan and or guarantee given by the said Government/Corporation in respect of financial commitments of the company remain outstanding, the said corporations shall be entitled to appoint from time to time any person or persons to be their nominees as Directors of the Company. The Directors so appointed shall have the same powers and privileges as other Directors of the Company. Such Directors appointed by the said Government/Corporation shall not be required to possess any share qualification and the provisions of Articles of Association as to retirement of Director shall not apply to them. The said Director shall hold office at the pleasure of the said Corporation who shall have the full power to remove all or any of the director shall hold office at the pleasure of he said Corporation who shall have the full power to remove all or any of the Directors appointed by them under this Article, and to

appoint any other or others in his or places as and when they shall deem if necessary. Such appointment or removal shall be by notice in writing to the Company.

- (b) Any Trust Deed for securing debentures or stocks may if so arranged, provide for the appointment from time to time by the trustees thereof by the holders of the debentures or debenture stock of some persons to be Director of the Company and may empower such trustees or holder of debentures or debenture-stocks from time to time to remove any Director so appointed. The Director appointed under this Article is herein referred to as "The Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to, retire by rotation or removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding other provisions herein contained.

Appointment of Directors of the Company and proportion of those who retire by rotation

142. Not less than two-third of total number of Directors of the Company shall:

- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation ; and
- (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

Increase or reduction in number of Directors

143. The Company in the General meeting may subject to provisions of the Article 116 and Section 259 of the Act by ordinary resolution increase or reduce the number of its Directors.

Power to appoint additional directors

144. The Directors shall have powers at any time and from time to time to appoint any other person as a Director either to fill up a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any Director so appointed shall hold office only until the conclusive of the next following Annual General Meeting of the Company but shall be eligible for re-election at such meeting.

Alternate directors

145. Subject to the provisions of Section 313 of the Act or any statutory modifications thereof, the Board shall have power to appoint any Person to act as alternate director for a director during the latter's absence for a period of not less than three months from the state in which meetings of the directors are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote there at accordingly ; but he shall not require any qualification and shall "ipso facto" vacate office if and when the absent Director returns to the state in which meetings of the Board are ordinarily held or the absent 'director vacates office as a director.

Directors need not hold any qualification shares

146. A Director need not hold any share in the Company in his name as his qualification, but nevertheless shall be entitled to attend, speak and preside at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.

Remuneration of Directors

147. Unless otherwise determined by the Company in General Meeting, each Director, other than the whole-time paid Directors, shall be paid Rs. 20000/- or (as may be decided by Board from time to time) for each meeting of the Board of Directors or a Committee thereof

attended by him. The Directors may also be paid all the expenses as decided by the Board from time to time in attending the meeting of the Board or a Committee of Board.

Expenses of Directors

148. In addition to the remuneration payable to the Directors under Article 124 thereof, the Directors may be paid all reasonable travelling, hotel and other expenses in attending and returning from the meetings of the Board of Directors or any Committee thereof or in connection with the business of the Company.

Extra remuneration of Directors

149. Subject to Sections 198, 301, 310 and 314 of the Act, if any Director or Directors being willing shall be called upon to perform extra service or to make any special exertion in going or residing outside the office for any of the purpose of the Company or in giving special attention to the business of the Company, the Board may remunerate such Directors either by fixed sum or by a percentage of profit or otherwise and such remuneration may be either in addition to or substitution for any remuneration to which he may be ordinarily entitled.

Directors may act notwithstanding vacancy

150. The continuing Directors may act notwithstanding any vacancy in the Board but, if and so long as their number is reduced below the quorum fixed by these presents for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum or of summoning of general meeting of the Company, but for no other purpose.

Conditions under which under which directors may contract with the company

153. Subject to the provisions of sections 297,299 to 301 of the Act, a director shall not be disqualified from contracting with the company either as vendor, purchaser or otherwise for goods, materials or services or for, underwriting the subscription or any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such director, or a firm in which such director or relative is a partner or which any other partner in such firm or with a private Company of which such Director is a member or director be void, nor shall any Director so contracting, or being such member so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established.

APPOINTMENT, REMOVAL & ROTATION OF DIRECTORS

Vacancies to be filled in Annual General Meeting

154. (a) At an Annual General Meeting at which a Director retires by rotation, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned, meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill up the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless ;
- (i) at that meeting or at the previous meeting, a resolution for the reappointment of such Director has been put and lost; or
 - (ii) the retiring Director has by a notice in writing, addressed to the Company or the Board, expressed his unwillingness to be so reappointed; or
 - (iii) he is not qualified or is disqualified for appointment; or

- (iv) a resolution, whether special or ordinary is required for his appointment or reappointment in virtue of any provisions of the Act; or
- (v) the proviso to sub-section (2) of Section 263 of the Act, is applicable to the case.

Power to remove Directors

155. The Company may, subject to the provisions of Section 284 of the Act by ordinary resolution of which special notice according to Section 190 of the Act has been given, remove any Director before the expiry of his period of office and may by ordinary resolution of which special notice has been given, appoint another person instead. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 133.

Board may fill casual vacancies

156. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire, in the normal course, the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if he had not been so vacated, provided that the Board shall not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 132.

Rotation & Retirement of Directors

157. (a) At every Annual General Meeting one-third of such Director for the time being as are liable to retire by rotation or, if their number is not three or multiple of three, then the member nearest to one-third shall retire from office. The retiring Director shall retain his office until dissolution of the meeting at which his successor is elected. An ex-official Director shall not be liable to retire by rotation within the meaning of this Article.

(b) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between person who become Directors on the same day those to retire shall unless they otherwise agree amongst themselves, be determined by lot.

PROCEEDINGS OF DIRECTORS

Meetings of Directors

160. (a) The Directors may meet together for the despatch of business, and may adjourn and otherwise regulate their meetings and proceedings as they may think fit.
- (b) The Chairman, Director or any Officer authorised by the Directors may call a meeting of the Board of Directors.
- (c) Subject to the provisions of Section 316, 372 (5) and 336 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of any equality of votes the Chairman shall have a second or casting vote.

Notices

161. (a) Notice of every meeting of the Board or a Committee thereof shall ordinarily be given in writing to every Director for the time being at his usual address.
- (b) It shall not be necessary to give notice of a meeting of Directors to any Director for the time being away from India.

Quorum

162. (a) A quorum for the meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two

Directors whichever is higher. Provided that where at any time the number of interested Directors exceed or is equal to two-thirds of the total strength, the number of remaining Directors that is to say the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.

(b) If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman shall appoint.

POWERS OF THE BOARD

Control of the Company vests with the Board

169. Subject to the provisions of the Act, control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do ; provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided, further, that in exercising any such powers or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute, or in the Memorandum of Association of the Company or in these Articles or in any regulations made by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation has not been made.

Directors may pay commission

172. The Directors may at any time pay or agreed to pay commission to any person in consideration of subscribing underwriting or agreeing to subscribe or underwrite (whether absolutely or conditionally) any debentures of the Company, but so that if the commission shall be paid or be payable out of the capital the statutory conditions and requirements shall be observed and complied with and the commission shall not exceed two and a half per cent of the face value of the debentures.

Drawing etc. of negotiable and other instruments

173. All claques, promissory notes, drafts, hundies bills of exchange and other negotiable instruments and all receipts for, the monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise, executed, as the case may be, by the Managing Director or by such person and in such manner as the Board shall from time to time by resolution determine.

Management of Company's Affairs abroad

174. The Board may make such arrangements as may be thought fit for the management of the Company's affairs abroad and may for this purpose (without Prejudice to the generality of their powers) appoint local boards and agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of any instruments seated therein shall be signed by such persons as the Board shall from time to time by writing under the seal appoint. The Company may also exercise the powers of keeping Foreign Register.

Specific Powers given to the Directors

175. Without prejudice to the General powers conferred by these present but, subject however to Sections 292,293,294,295,297 and 314 of the Act, it is hereby expressly declared that the Directors shall have the following powers that is:

- (1) To pay the costs, charges, preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures or other

securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of Company and its uncalled capital or not so charged.

- (3) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.
- (4) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company or in such other manner as they think fit.
- (5) To appoint and at their discretion remove or suspend such managers, secretaries, experts and other officers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as they think fit.
- (6) To appoint any person (whether incorporated or not) to accept and to hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- (7) To institute, conduct, defend, compound, refer to arbitration or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment in satisfaction of any, debts, dues and of any claims or demands by or against the Company and act on behalf of the Company in all matters to bankrupts and insolvents and apply and obtain letters of administration, provided that the Board shall not except with the consent of the General Meeting remit or give time for the repayment of any debt due by a Director.
- (8) To refer any claims or demands by or against the Company or to enter into any contract or agreement for reference to arbitration and to observe, enforce, perform, compound or challenge such awards and to take proceedings for the reversal of the same.
- (9) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- (10) To act as trustees in composition of the Company's debtors.
- (11) To make, vary and repeal bye-laws for regulation of business of the Company and the duties of officers and servants.
- (12) Subject to the provisions of the Act and in particular, subject to Section 309 and 310 of the Act, to give a Director or any officer or any other person whether employed or not by the, Company a commission on the profits of any particular business or transaction or a share in the general profit of the Company and such commission or share of profit shall be treated as part of working expenses of the Company.
- (13) At any time and from time to time by, Power of Attorney under the seal of the Company, to appoint any person or persons to be the attorney of the Company in India or abroad for such purposes and with such powers, authorities and discretion and for such period and subject to such conditions as the Directors may from time to time think fit; and any such appointment may be made in favour of any company or the Members, Directors, Nominees or Managers of any company or firm or otherwise in favour of fluctuating body of persons whether nominated directly or indirectly by the directors and such power of attorney may contain such powers enabling any such

- delegates or attorneys as aforesaid sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
- (14) With the sanction of the Board to execute in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and any such powers, convenient and provisions as shall be agreed upon or other agreements as may be thought fit.
 - (15) In conformity with Sections 293 (1) (c) and 372 of the Act to invest and deal with any of the monies of the Company in such manner as they think fit and from time to time to vary or realise such investments.
 - (16) To enter into all such negotiations and contracts, rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
 - (17) To act jointly or severally in all or any of the powers conferred on them.
 - (18) To comply with the requirements of the Act or any other local law which in their opinion shall, in the interests of the Company be necessary or expedient to comply with.
 - (19) To delegate all or any of the powers, authorities and discretions for the time being vested in them and in particular, from time to time to provide by the appointment of an attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they think fit.
 - (20) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families of the defendants or connections of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, allowances, bonuses or other payment or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions, recreations, hospitals and dispensaries and all other kinds of medical relief.
 - (21) Subject to Section 293 (1) (e) of the Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, national, social, scientific, literary, educational, medical or other institutions the objects of which shall have any moral or other claim for support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.
 - (22) To open and deal with the current accounts, overdraft accounts with any bank or banks for carrying on any business of the Company.
 - (23) Subject to Section 293 (1) (a) of the Act to sell or dispose any of properties of the Company to any person in consideration of cash payment in lump sum or by instalment or in return for any other service rendered to the Company.
 - (24) To get insured any or all, the properties of the Company and any or all the employees and their dependents against any or all risks.
 - (25) To appoint and nominate any person or persons to act as proxy or proxies for the purpose of attending or voting on behalf of the Company at a meeting of any company or association.
 - (26) Subject to Section 294 of the Act to appoint purchasing and selling agents for the purchase and the sale of Company's requirement and products respectively.
 - (27) Subject to Section 293 (1) (e) of the Act to give away in charity monies received from any sources whatever or from any assets of the Company for any charitable purposes.

- (28) Before declaring any dividend to set aside such portion of the profit of the Company as they think fit, to form a fund to provide for the pension, gratuities or compensation or create a provided fund or benefit fund in such manner as the Directors deem fit.
- (29) To realise, compound and allow time for the payment or satisfaction of any debts due to or by the Company and any claims or demands by or against the Company to arbitration and observe and perform the awards
- (30) To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debenture or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) including its uncalled capital and to purchase, redeem or pay off any such securities.

LOCAL MANAGEMENT

Local Management

- 176. The Directors may from time to time provide for the 'Management' and transaction of the affairs of the Company in the specified locality whether at home or abroad in such manner as they think fit and the provisions contained in the three next following Articles shall be without prejudice to the general powers conferred by this Article but subject to the provisions of Section 292 to 297 of the Act.

Local Office delegation

- 177. The Directors from time to time, and at any time may establish any local office or agencies for managing any of the affairs of the Company in any such specified locality and may appoint any persons to be members of such local offices or any managers or agents and may fix their remuneration. And the Directors from time to time, and at any time, may subject to the provisions of Section 292 to 297 of the Act delegate to any person so appointed any of the powers and authorities and discretions for the time being vested in them and may authorise the members for the time being of any such local offices or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and conditions as the Directors may think fit and the Directors may at any time remove any person so appointed, and may annul or vary any such delegation.
- 178. The Director may at any time and from time to time by powers of attorney under the Company's seal, appoint any person or persons to be the attorneys of the Company for such purposes and subject to the provisions of Sections 292 to 297 of the Act with such powers, authorities and discretion not exceeding those vested in or exercisable by the Directors under these presents and for such period- and subject to such conditions as the Directors may from time to time think fit, and any such appointment may if the Directors may think fit, be made in favour of the members or of any Company, or of the members, directors, nominees, or managers of the Company or firm or in favour of any fluctuating body persons whether nominated, directly or indirectly by the Directors, and any such powers of attorney; may contain such provisions for the protection or conveniences of persons dealing with such attorneys as the Directors think fit.

MANAGING / WHOLE-TIME DIRECTORS

Appointment of Managing/wholetime Director

- 180. The Company by ordinary resolution or the directors may subject to the provisions of Sections 268 and 269 of the Act, from time to time appoint one or more of the Directors to be Managing Director or Managing Directors or other whole-time Directors of Company for a term not exceeding five years at a time and may from time to time subject to the provisions of any contract between him or them and the Company remove or dismiss him or them from office and appoint another or others in his or their place or places.

Under what provision, M.D. will be subject to retirement

181. A Managing or other whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Director or in fixing the number of Directors to retire, but subject to the provisions of any contract between him and the Company he shall be subject to the provisions as to resignation and removal as the Directors of the Company and he shall 'ipso facto' and immediately, cease to be a Managing Director or whole-time Director if he ceases to be a Director from any cause.

Remuneration

182. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director or whole-time Director shall, in addition to the usual remuneration payable to him as a Director of the Company under these articles, receive such additional remuneration as may from time to time be sanctioned by the Company and may be by way of fixed salary or at, a specified percentage of the net profits of the Company or both provided that such percentage shall not exceed five per cent for any one Managing or whole-time Director and ten per cent for all of them together.

Restrictions on Management

183. The Directors may, subject to the provisions of Sections 291 to 297 of the Act, from time to time entrust to and confer upon a Managing Director or whole-time Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient; and they may confer such powers either collaterally with or to the exclusion of, and substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

MANAGER

184. Subject to the provisions of the Act, the Board shall have powers to appoint or employ any person to be the manager of the Company upon such terms and conditions as the Board thinks fit, and the Board may, subject to the provisions of Section 291 of the Act, vest in such manager such of the powers, vested in the Board generally, as it thinks fit, and such powers may be made exercisable for such periods, and upon such conditions and subject to such restrictions as it may determine' and at such remuneration as it may think fit.

Director may be appointed as Manager

185. A Director may be appointed as Manager.

SECRETARY

Secretary

186. The Board may from time to time appoint or employ any person to be the secretary of the Company upon such terms, conditions and remuneration as it thinks fit to perform any functions which by the Act or the Articles for the time being of the Company are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Board. The Board may also at any time appoint a persons (who need not to be the Secretary) to keep the register required to be kept by the Company.

Directors may be appointed as Secretary

187. Subject to the provisions of the Act, a Director may be appointed as Secretary.

SEAL

Director to provide common seal and its Custody

188. (a) The Directors shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu

thereof and the Directors shall provide for the safe custody of the seal for the time being.

Use of Seal

- (b) The seal shall not be affixed to any instrument except in the presence of Director or an officer duly authorised who shall sign every instrument on which seal shall be affixed. Provided nevertheless, that any instrument other than a share certificate bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the Same. Provided further that in respect of issue of share certificates the provisions of the Companies (issue of share Certificates) Rules, 1960 shall apply.

Official Seal for use outside India

- (c) The Directors may provide for use in any territory outside India an official seal subject to the provisions of Section 50 of the Act.

ANNUAL RETURNS

Annual returns

- 189. The Company shall make the requisite Annual return in accordance with Sections 159 and 161 of the Act.

CAPITALISATION OF RESERVES

Capitalisation of Reserves

- 190. The Board may from time to time, before recommending any dividend set apart any such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or the liabilities of the Company or for equalisation of dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company, and may subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares in the Company) as it may think fit, and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserves or any part thereof in the business of the Company, and that without being bound to keep the same separated from the other assets. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.

Investment of the money

- 191. All money carried to the reserves shall nevertheless remain and be the profit of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all other moneys of the Company not immediately required for the purposes of the Company may subject to the provisions of Sections 370 and 372 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or be kept at any Bank of deposit or otherwise as the Board may from time to time think proper.

CAPITALISATION OF PROFITS

Capitalisation

- 192. (1) The Company in General Meeting may upon the recommendation of the Board, resolve,
 - (a) to capitalise whole or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account or otherwise available for distribution ; and

- (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in clause (3), either in or towards :-
 - (i) Paying up any amounts for the time being on any shares held by such members respectively.
 - (ii) Paying up in full, un-issued shares, of the Company to be allotted and distributed, credited as fully paid up, to be and amongst such members in the proportion aforesaid or
 - (iii) Partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2).
- (3) A share premium account and a capital redemption reserve fund may for the purposes of this Article, only be applied in the paying up of un-issued shares to be issued, to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

Board may make appointments etc.

193. (1) Whenever such a resolution as aforesaid shall have been passed the Board shall :-
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect hereto.
- (2) The Board shall have full power :-
- (a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions ; and also
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation of (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised of the any part of the amounts remaining unpaid on amounts or their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.

INTEREST OUT OF CAPITAL

Interest out of capital

194. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any work or buildings, or the provisions of any plant, which cannot be made profitable for a lengthy period the Company may pay interest on so much of that share capital as is for the time being paid up for the period at the rate and subject to the conditions and the restrictions imposed by Section 208 of the Act and may charge the sum so paid by way of interest to capital as part of the cost of construction of the work or building or the provisions of plant.

DIVIDENDS

How profit shall be divisible

195. Subject to the rights of members entitled to a share (if any) with preferential or special rights attached thereto the profits of the Company which shall from time to time be determined to divide in respect of any year or other Period shall be applied in the payment of a dividend on the Equity shares of the Company, but so that holder of partly paid up share shall be only entitled to such a proportion of the distribution upon a fully paid-up share proportionately to the amount paid or credited thereon during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms of providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. Where capital is paid up in advance of calls upon the footing that the same shall carry interest such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.

Dividends

196. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

Declaration of Dividends

197. The Company in general meeting may declare a dividend to be Paid to the members according to their rights and interests in the profits and may subject to the provisions of Section 207 of the Act, fix time for payment.

Amount of Dividends

198. No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.

Dividends out of profits only

199. No dividend shall be payable except out of the profits of the Company or out of monies provided by the Central or State Government for the payment of dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
200. The declaration of the Board as to the amount of net Profits of the Company shall be conclusive, subject to the provisions of the Act.

Interim dividend

201. The Directors, if in their opinion, the position of the Company justifies may from time to time without the sanction of a general meeting pay interim dividends to one or more classes of shares to the exclusion of others at rates which may be differing from class to class and when declaring such dividend they should satisfy themselves that the preference shares which have prior claim in respect of payment of dividend shall have their entire rated dividend at the time of final preparation of the accounts for the period.

Debts may be deducted

202. No member shall be entitled to receive payment of any dividend in respect of his share or shares whilst any money may be due or owing from him as is presently payable to the Company in respect of such share or shares or otherwise on account of any debts, liabilities or engagements of the members of the Company, either alone or jointly with any other person or persons and the Directors may deduct from the dividend or interest payable to any member all sums of money so due from him to the Company.

Dividend and call together

203. Any General meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call made earlier be payable at the same time as the dividend and the dividend may if so arranged between the Company and the member, be set off against the call. The making of a call under this Article shall be deemed ordinary business of an ordinary meeting which declares dividend.

Effect of Transfer

204. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the Company.

Retaining of dividend under transmission clause

205. The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall transfer the same.

Retaining of dividend on which the Company has lien

206. The Directors may retain any dividend on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Joint-holders

207. Any one of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such shares.

Notice of any Dividend

208. Notice of any dividend whether interim or otherwise shall be given to the person entitled to share therein the manner hereinafter provided.

Payment by post

209. Unless otherwise directed in accordance with Section 206 of the Act, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the register in respect of the joint holding or to such person and at such address as the member or person entitled or such other joint-holder as the case may be, may direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint-holders, as the case may be, may direct.

Unpaid or Unclaimed Dividends

210. Unpaid or unclaimed dividends will be dealt with in accordance with the provisions of Sections 205A, 205C and other applicable provisions of the Act.
211. The Company shall not be responsible for the loss of any cheque, dividend warrant or postal order sent by post in respect of dividends, whether by request or otherwise, at the registered address or the address communicated to the office beforehand by the member or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or to the fraudulent recovery thereof by any other means.

BOOKS AND DOCUMENTS

Books of accounts to be kept

212. The Director shall cause to be kept in accordance with Section 209 of the Act proper books of accounts with respect to

- (a) all sums of money received and spent by the Company and the matters in respect of which the receipt and expenditure take place.
 - (b) all sales and purchases of goods by the Company.
 - (c) the assets and liabilities of the Company.
213. The books of accounts shall be kept at the office or at such other place as the Board thinks fit and shall be open to inspection by the Directors during business hours.

Inspection by Members

214. The Directors shall from time to time, subject to the provisions of Sections 163,194 and 219 of the Act determine whether and to what extent and what time and places and under what conditions, the documents and register or any of them maintained by the Company of which inspection is allowed by the Act shall be kept open for the inspection of the members. Till decided otherwise by the Board, such documents and registers shall be kept open for inspection to the persons entitled thereto between 11 A.M. to 1 P.M. on all working days. No member (not being a Director) shall have any right for inspection of any account or book or documents of the Company except as conferred by law or by Act or authorised by, the Directors, or by resolution of the Company in general meeting and no member, not being a Director shall be entitled to receive any information concerning the business, trading or customers of the Company or any trade secret or secret process of or used by the Company.

AUDIT

Auditing of Accounts

215. Once at least in every year the books of accounts of the Company Audit shall be examined by one or more Auditor or Auditors.

Appointment of Auditors etc.

216. The Company at each Annual General Meeting shall appoint an auditor or auditors to hold office and until the next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by Sections 224 to 227 of the Act.

Branch Audit

217. Where the Company has a branch office, the Provisions of Section 228 Branch Audit of the Act shall apply.

Rights of Auditor to attend General Meeting

218. All notice of, and other communication relating to 'any General Rights of Auditor to attend General Meeting of the Company which any member' of the Company is Meeting entitled to have been sent to him shall also be forwarded to the Auditor of the Company, and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends to any part of the business which concerns him as an auditor.

Auditor's Report to be settled

219. The Auditors' Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

When account to be deemed to be settled

220. Every Balance Sheet and Profit and loss Account of the Company when audited and adopted by the Company in General Meeting shall be deemed to be conclusive in respect of transactions of the Company for the relevant year.

SERVICE OF NOTICE AND DOCUMENTS

Service of documents and notice to members

221. The Company shall comply with the provisions of Sections 53,172 and 190 of the Act as to the serving of notices.

Accidental omission not to invalidate

222. The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Transfers etc. bound by prior notice

223. Every Person who by Operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered in the Register, shall be duly given to a person from whom he derives his title to such share.

Mode of Signature

224. The signature to any notice to be given by the Company may be written, printed, or lithographed.

Notice valid though Member deceased

225. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased, be and whether or not the Company has have whether registered solely or jointly with other persons, until some other person be registered instead as the member in respect thereof and such service for all purposes of the 'Articles be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.

When notice by advertisement deemed to be served

226. Any notice required to be given by the Company to the members or any of them and not expressly provided for these Articles or by the Act shall be sufficiently given by advertisement.

How to be advertised

227. Any notice required to be or which may be given by advertisement, shall be advertised in one or more newspapers circulating in the neighborhood of the registered office.

When notice by advertisement deemed to be served

207. Any notice by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.

RECONSTRUCTION

Reconstruction

228. On any sale or any part of the undertaking of the Company the Board or the Liquidators on a winding up may, if authorised by special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, whether incorporated in India or not other than one existing or to be formed for the purchase in the whole or in the part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any Special Resolution distribution or appropriation of cash shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the member, contributors of the Company, and for the valuation of any such securities or property at such price and in such manner at the meeting may approve and all holders of shares shall subject to the provisions of Section 395 of the Act, be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto save only in case the Company is proposed to be or is in course of being wound up and subject to the provisions of Section 484 of the Act as are incapable of being varied or excluded by these Articles.

WINDING UP

Right of preference share holders

229. On winding Preference Shares will rank as regards Capital in priority, to Equity Shares, to the extent 'Of the paid-up value of the said shares but to no other rights participating in its assets.

Distribution of assets in Specie by the Liquidator

230. (1) Subject to the provisions of the Act, if the Company shall wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Act divide amongst contributories in specie or kind the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.
- (2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members,
- (3) The liquidator may, with the like sanction of a special resolution, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories or any of them as the liquidator shall think fit.

Distribution of assets

231. (1) In the event of the Company being wound up, the holder of preference shares, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repaying to them the amount paid up to the preference shares held by them respectively and any arrears of dividend upto the commencement of the winding up, whether declared or not. If the surplus assets available as aforesaid shall be insufficient to repay the whole of the amount paid-up on the preference shares and any arrears of dividend, such assets shall be distributed amongst the holders of preference shares & that the losses shall be borne by the holders of preference shares as nearly as may be in proportion to the capital paid-up which ought to have been paid-up on the shares held by them at the commencement of the winding-up and the arrears of dividend as aforesaid.
- (2) The assets, if any, available for distribution after payment to the preference shareholders as aforesaid shall be distributed amongst the holders of Equity shares in proportion to the capital at the commencement of the winding-up, paid-up or which ought to have been paid-up on the shares in respect of which they were respectively registered.
- (3) This article is to be without prejudice to the right and privileges amongst holders of Preference shares of different series.

SECRECY

Secrecy

232. Subject to provisions of Section 635B of the Act, every Director, Manager, Auditor, Trustee, Member of a committee, Officer, Servant -Agent, Accountant or other person employed in business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto* and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No Members to enter the premises of the company without permission

233. No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or subject to Article 191 to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and within the opinion of the Directors it will be inexpedient in the interest of the Company to communicate.

INDEMNITY

Indemnity

234. Every Director, Managing Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed by the Company as Auditor shall be indemnified out of the assets of, the Company against all liabilities incurred by him as such Director, Managing Director, Manager, Secretary, Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
235. Save and except so far as the provision of these articles shall be avoided by Section 201 of the Act, the Board Managers, Auditors, Secretary and other Officers or dervarits for the time being of the Company and Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them and every one of their executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their executors or administrators shall sustain by reason any act done, concurred in or committed in or about the execution of their duty in their respective officers or trusts, except such (if any) as they shall incur or sustain through or by their own wilful neglect or default respectively and none of them shall be answerable for the act, receipts, neglects or default of the other or others of them or for joining in any receipt for the sake of conformity or for any bankers or other persons with whom any moneys or effects belonging to the Company shall be deposited or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed or invested or for any other loss, misfortune or damage which may happen in the execution of their respective officers or trusts or in relation thereto unless the same shall happen by or through their own wilful neglect or default respectively.

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated '281, Deepali, Pitam Pura, New Delhi- 110034, India from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this Draft Red Herring Prospectus until the Bid / Offer closing date.

Material Contracts

1. Memorandum of Understanding dated 18th December 2006 with UTI Securities Limited, appointing them as the Book Running Lead Manager to this Issue.
2. Memorandum of Understanding dated 17th November 2006 signed with Intime Spectrum Registry Limited, appointing them as Registrars to the Issue.
3. Letter of Appointment dated 8th September 2006 appointing M/s. J Sagar Associates, as Legal Advisor to the Issue.
4. Tripartite Agreement dated [●] between our Company, Intime Spectrum Registry Limited and NSDL.
5. Tripartite Agreement dated [●] between our Company, Intime Spectrum Registry Limited and CDSL.

Documents for Inspection

1. Our Memorandum and Articles of Association as amended from time to time.
2. Certificate of Incorporation in the name of Barak Valley Cements Limited dated 28th April 1999 issued by the Registrar of Companies, Assam, Meghalaya, Manipur, Tripura, Nagaland, Arunachal Pradesh & Mizoram, Shillong.
3. Resolution passed under Section 81 (1A) of the Act, at the Extra Ordinary General Meeting of our Company held on 21st November, 2006.
4. Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, Underwriters, Legal Advisor to act in their respective capacities.
5. Copies of the Bank Appraisal Reports for the following projects:
 - a) For expansion of clinkerisation capacity of our Company from present 420 TPD to 550 TPD and Cement Grinding Capacity from 460 TPD to 600 TPD.
 - b) For setting up a biomass based power project at Badarpurghat, Assam by our wholly owned Subsidiary Badarpur Energy Private Limited dated
 - c) For installation of a Cement Grinding Unit by our wholly owned subsidiary Cement International Limited at Badarpurghat, Assam dated

6. Certificate dated 21st November 2006 from the statutory auditors, M/s Surender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants, detailing the tax benefits.
7. Agreements with Executive Directors, dated 21st November 2006 for fixation of terms and conditions of their appointment.
8. Agreement with Meghalaya Minerals & Mines Limited (Wholly owned Subsidiary of BVCL) for supply of limestone mined by MMML to BVCL dated 10th April, 2004.
9. Agreement with Astir Impex Private Limited Transport of limestone (raw material) and transport of cement finished product from the plant to various destinations dated 4th December, 2000.
10. Audit report by the statutory auditor, M/s Surender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants dated 24th October 2006 included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said report.
11. Copy of the Certificate from the statutory auditors, M/s Surender Harikishan & Co and M/s Kumar Vijay Gupta & Co, Chartered Accountants, dated 1st December 2006 regarding the sources and deployment of funds as on 15th November 2006.
12. Due Diligence Certificate dated 20th December 2006 issued by UTI Securities Limited.
13. Copy of the Statutory Auditors Certificate dated 21st November 2006 regarding the Capacity and Capacity Utilization for the past 3 years.
14. Copies of Initial Listing Application made to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited dated [●].
15. Copy of in-principal approval received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited dated [●] and [●] respectively.
16. SEBI observation letter no. [●] dated [●] and reply to the same dated [●].
17. Certificate from the Company Secretary and Compliance Officer that all observations/changes/modifications as suggested by SEBI vide their observation letter [●] dated [●] have been complied with.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XII - DECLARATION

We, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS

Mr. Bijay Kumar Garodia _____

Mr. Prahlad Rai Chamaria _____

Mr. Santosh Kumar Bajaj _____

Mr. Kamakhya Chamaria _____

Mr. Mahendra Kumar Agarwal _____

Mr. Sushil Kothari _____

Mr. Brahm Prakash Bakshi _____

Mr. Dhanpat Ram Agarwal _____

Mr. Vimal Jain _____

Mr. Usulumarthy Venkateshwara Rao _____

Mr. Ramesh Chandra Bajaj _____

Mr. Betterful Lanong _____

SIGNED COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sachin Agarwal _____

December 20, 2006

Place: Delhi