



Barak Valley Cements Limited

17th
Annual Report
2015-2016

Barak Valley Cements Limited

Annual Report 2015-2016

Composition of Board

Sh. Bijay Kumar Garodia
Sh. Kamakhya Chamarla
Sh. Mahendra Kumar Agarwal
Sh. Santosh Kumar Bajaj
Sh. Prahlad Rai Chamarla
Sh. Brahm Prakash Bakshi
Dr. Dhanpat Ram Agarwal
Sh. Ramesh Chandra Bajaj
Sh. Vishal More
Smt. Renu Kejriwal

Chairman and Whole Time Director
Vice Chairman and Managing Director
Vice Chairman
Whole Time Director
Director
Director
Director
Director
Director
Director

Company Secretary

Sh. Divyang Jain (w.e.f. 16.10.2015)

Chief Financial Officer

Sh. Sushil Kumar Kothari

Auditor

M/s. Kumar Vijay Gupta & Co.

Chartered Accountants,

304, SSR Corporate Park 13/6,

Matura Road, Faridabad, Haryana-121003

Bankers and FI's

Industrial Development Bank of India (IDBI)

North Eastern Development Finance Corporation (NEDFi)

Office :

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

Corp. Office:

281, Deepali, Pitam Pura,
Delhi - 110034

Website:

www.barakcement.com

Works :

Debendranagar,
Jhoom Basti,
Badarpurghat, Distt,
Karimganj, Assam - 788803

Branches:

1. Bharat Trade Building,
Shyama Prasad Road,
Silchar, Assam,

2. CF-361,
Salt Lake City, Kolkata,
West Bengal-700064

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DIRECTORS' REPORT

To

The Members,

Barak Valley Cements Limited

The Directors of your Company are pleased to present the 17th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March 2016.

1. FINANCIAL RESULTS

The summary of your Company's financial performance during Financial Year ended 31st March, 2016 is as under:

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	Year Ended as at 31st March, 2016	Year Ended as at 31st March, 2015	Year Ended as at 31st March, 2016	Year Ended as at 31st March, 2015
Revenue from Operations (net)	10921.65	12843.22	12779.78	15739.48
Other Income	31.35	67.77	31.68	69.50
Total Sales & other Income	10953.00	12910.99	12811.46	15808.99
Income before Finance cost, Depreciation and Amortization and Income tax	745.41	1453.60	681.21	1851.99
Less: Depreciation and Amortization expenses	328.21	395.23	529.85	634.98
Profit before Interest and Income Tax	417.20	1058.37	151.36	1217.01
Less: Finance Cost	622.54	694.89	1014.83	1129.49
Profit/Loss before Income Tax and exceptional items	(205.34)	363.48	(863.47)	87.52
Less: Exceptional Items	1.55	6.09	(1.40)	(181.37)
Less: Provision for Income tax	-	-	-	-
- Current Income Tax	-	-	-	-
- Deferred Tax liability/(Assets)	8.18	(1.71)	4.77	4.69
Profit/Loss After tax	(215.07)	359.10	(866.84)	(98.54)
Less: Balance brought forward from last year	4429.15	4070.05	1722.21	1890.78
Less: Depreciation Adjusted due to transition effect	-	-	(69.78)	70.03
Profit available for appropriation	4214.08	4429.15	925.14	1722.21
Less: Appropriations:				
Transfer to General Reserves				
Proposed Dividend on Equity shares				
Corporate Dividend Tax				
Balance Transfer to Reserve and Surplus	4214.08	4429.15	925.14	1722.21

2. SUBSIDIARIES

Your Company has seven wholly owned subsidiaries viz. (i) Cement International Limited, (ii) Badarpur Energy Private Limited, (iii) Meghalaya Minerals and Mines Limited, (iv) Singlacherra Tea Company Private Limited, (v) Goombira Tea Company Limited, (vi) Chargola Tea Company Private Limited and (vii) Valley Strong Cements (Assam) Limited during the year under review.

The annual accounts of the subsidiary companies will also be kept open for inspection at the Head Office of the Company and of the subsidiary Companies concerned. The Consolidated Financial Statements presented by the Company include the financial results of its Subsidiary Companies & Associate Companies.

Your Company has formulated a policy for determining material subsidiaries and is available at the Website of the at the below mentioned link: "<http://www.barakcement.com/PDF/Company%20Policies/POLICY%20FOR%20DETERMINING%20MATERIAL%20SUBSIDIARIES.pdf>".

The statement containing the salient features of the financial position of company's subsidiaries for the year ended 31st March, 2016 in Form AOC-1 is attached.

Your Company does not have any Associate or Joint Venture.

3. CHANGES IN CAPITAL STRUCTURE

The Equity Shares of the Company are being traded on National Stock Exchange of India Limited and BSE Limited, since 23rd November, 2007.

As at 31st March, 2016 the paid-up capital of the Company was Rs. 22,16,00,000/- divided into 2,21,60,000 Equity Shares of Rs. 10/- each and there was no change in capital structure of your Company during the year under report.

4. OPERATIONS**5.1 Standalone**

The Standalone turnover of the Company stood at Rs. 10921.65 Lakhs during the year 2015-16, which has been decreased in comparison to previous year turnover of Rs. 12843.22 Lakhs. Your Company has earned a Loss of Rs. 215.07 Lakhs during the financial year 2015-16, in comparison with the previous year profit of Rs. 359.10 Lakhs.

5.2 Consolidated

During the year 2015-16 the consolidated revenue from operations has been decreased to Rs. 12779.78 Lakhs as compared to Rs. 15739.49 Lakhs in the period 2014-15. The consolidated loss has also increased from Rs. 98.54 Lakhs in 2014-15 to Rs. 866.84 Lakhs during the financial year 2015-2016.

5. DIVIDEND

The Board of Directors after considering the performance of the Company for the Financial Year 2015-16 have decided to not to recommend dividend this financial year 2015-2016.

6. PUBLIC DEPOSITS AND BUY BACK OF SHARES

During the period under review, your Company has not accepted any deposit from public/ shareholders in accordance with Section 73 of the Companies Act, 2013 and rules made there under and hence no amount of principal or interest was outstanding as on 31st March, 2016.

No Buy Back of Shares was proposed or pending during the Financial Year ended on 31st March, 2016.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements as prescribed in the Annual Report.

8. RESERVES

During the year under review no amount was transferred to reserves.

9. STATE OF COMPANY'S AFFAIRS

The Company is principally engaged in the business of manufacturing of cement of different grades and is marketing its product under the brand name "Valley Strong Cement" and has also diversified its business in Power Generation and Tea Cultivation lines through its subsidiaries.

All of these Business activities are carried out by the Company in the North East Region. The financials of your Company along its subsidiaries had already been mentioned in this report.

10. MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There has been no such material change(s) and commitment(s) incurred during the financial year i.e. affecting the financial position of the Company during the year under report.

11. RELATED PARTY TRANSACTIONS

During the year under review, there was no material significant related party transaction made by the Company and no promoters, KMP and other designated persons which may have potential conflict with management of the Company at large. In the view of the provision of Section 188 of the Companies Act, 2013 read with rules made there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all the Related Party Transactions was placed before the Audit Committee and also before the Board for approval. All the related party transactions that were entered into during the financial year with subsidiaries were on an arm's length basis and were in the ordinary course of business, hence no approval of shareholders in the General Meeting were obtained for executing such transactions. Your Company had developed a policy on materiality of Related Party Transactions for the purpose of identification and monitoring of such related transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the below mentioned Link: (<http://www.barakcement.com/PDF/Company%20Policies/POLICY%20FOR%20DETERMINING%20MATERIAL%20RELATED%20PARTY%20TRANSACTION.pdf>).

In Pursuant to clause (h) of sub-section (3) of Section 134 of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the disclosures with respect to contracts/arrangements/transactions of its related parties has been prescribed Form-AOC-2 i.e. given separately as "Annexure A" and forms part of this Report.

12. COMMITTEES OF THE BOARD OF DIRECTOR'S

The composition and terms of reference of Audit Committee, nomination and remuneration committee and stakeholders relationship committee have been furnished in the Corporate Governance Report forming part of this Annual Report. There has been no instance, where the board has not accepted the recommendation of audit committee, nomination and remuneration committee and stakeholders relationship committee.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

The Company has a whistle blower/vigil Mechanism as required under section 177 of the Companies Act, 2013 as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the directors, senior executives and employees to report and freely communicate their concerns about the unethical behavior, actual or suspected, fraud or violation or any illegal or unethical practices of the Company's code of conduct and ethics policy. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

The Whistle Blower Policy is provided on the website of the Company at the following link: <http://www.barakcement.com/index384c.html>.

The contact details of the Vigilance and Ethics Officer is as under:-

Name - Shri Mukesh Agarwal

Address - Debendra Nagar, Jhoombasti,

P.O. Badarpur Ghat, Distt. Karimganj,

Assam-788803

Email-magarwal.bvcl@gmail.com

Contact No.- +91-9435078960

14. RISK MANAGEMENT

Business Risk evaluation and management is an ongoing process within the Company and in order to cater the risk factors associated with business environment, your Company had framed Risk Management Policy. The detailed exercise on the framed policy was carried out covering the entire gamut of business operations involving identification, assessment, and classification of areas involving high risk/low risk and in view of these activities, Board has arrived on the conclusion that there has been no such major business risks that may threaten the existence or the going concern basis of the Company.

As per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has laid down policy to inform Board members about the risk assessment and minimization procedures.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company does not fall within the ambit of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

16. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources as required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. During the year under review, there has been no complaint received or outstanding from directors, senior executives or any employees as on Year Ended 31st March, 2016.

17. POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTOR'S, KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT EMPLOYEES

The Existing Directors Composition of the Company has an adequate mix of Executive, Non-Executive and Independent Directors to ensure and maintain the independence of the Board, and separate its functions of Governance and Management. As on March, 31 2016, the Board comprises of 10 members 5 (Five) of whom are Executive and Non-Executive Directors and 5 (Five) are Independent Directors (including One Women Director in pursuant to the compliance of Section 149 of the Companies Act, 2013). The Board periodically evaluates the need for its change in its composition and size.

The Board has framed a Remuneration policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Employees including criteria for determining qualification, positive attributes, independence of director and other matters provided under sub-section (3) of section 178 has been described in the Corporate Governance Report. We affirm that the Remuneration paid to the Directors, Key Managerial Personnel and Senior Management Employee is as per the terms laid out in the Nomination and Remuneration policy of the Company.

18. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board shall monitor and review the board evaluation framework. The Companies Act, 2013 states that a formal evaluation is need

to be made by the board of its own performance and the performance of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of the Independent director shall be done by the entire Board of Director excluding the Director being evaluated. The criteria in which the evaluation has been carried out has been explained in the Corporate Governance Report.

19. DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company Sh. Mahendra Kumar Agarwal and Sh. Prahlad Rai Chamaria as Directors of the Company, is liable to retire by rotation and being eligible, offers themselves for re-appointment.

The term of existing Independent Directors has not expired, therefore none of the Independent Directors stands for Re-appointment.

The shareholders of the Company approved the re-appointment of Sh. Bijay Kumar Garodia and Sh. Santosh Kumar Bajaj as Directors of the Company, who were liable to retire by rotation in the Annual General Meeting of the Company held on 23rd of September, 2015. The following personnel are the Key Managerial Personnel of the Company;

- 1) Company Secretary : Smt. Bhavna Jangid (till 30.05.2015), Shri Varun Kapoor (w.e.f. 01.06.2015 to 12.10.2015) & Shri Divyang Jain (w.e.f. 16.10.2015 to till date).
- 2) Chief Financial Officer : Shri Sushil Kumar Kothari

20. DECLARATION BY INDEPENDENT DIRECTOR

The Company has received declarations from each independent director under section 149(7) of the Companies Act, 2013, that he/she meets the criteria defined under section 149(6) of the Companies Act, 2013.

21. BOARD MEETINGS

The Board met 4 (four) times and 4 (four) audit committee meetings were convened and held during the financial year 2015-16. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and in Regulation 17(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

22. DIRECTORS RESPONSIBILITIES STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) read with 134(5) of the Companies Act, 2013:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. AUDITORS

23.1 Statutory Auditors

The Statutory Auditors of the Company M/s Kumar Vijay Gupta & Co., Chartered Accountants, hold office from the conclusion of this Annual General Meeting until the conclusion of the 18th Annual General Meeting to be held in the year 2017 of the Company and have confirmed that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013. They also satisfy the qualifications laid under section 141 of the Companies Act, 2013. They have sought re-appointment and have confirmed that their appointment, if made, shall be within the limits laid down under Section 141(3) (g) of the Companies Act, 2013. Further M/s Kumar Vijay Gupta & Co. has subjected themselves to the peer review process of ICAI and holds a valid certificate issued by the Peer Review Board of ICAI and Considering their work experience, knowledge and profile the Board of Directors proposes the Re-appointment of M/s Kumar Vijay Gupta & Co., Chartered Accountants, as Statutory Auditors of the Company on the recommendation of Audit Committee, to hold the office from the conclusion of ensuing Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Members are requested to consider and approve their appointment as Statutory Auditors of the Company and are also requested to empower the Board of Directors for ratification of Auditors Remuneration.

The notes to the accounts referred to in the Auditors Report are self explanatory and therefore, do not call for any further comments.

23.2 Cost Auditors and Cost Audit Report

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of manufacturing activities is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. Nirmalendu Kar Purkayastha, Cost Accountants as Cost Auditors of the Company to conduct the Audit of the Cost records for the Financial Year ended 31st March, 2016.

M/s. Nirmalendu Kar Purkayastha, Cost Accountants (Firm Registration No. 10064) have expressed their willingness to be appointed as Cost Auditors of the Company for ensuing financial year. The Audit Committee has recommended the appointment of M/s. Nirmalendu Kar Purkayastha, Cost Accountants as Cost Auditors of the Company for the financial year 2016-17 subject to the approval of the Board and ratification of their remuneration by shareholders in the General Meeting of the Company.

24. SECRETARIAL AUDITOR

In terms of the provisions of Section 204 of the Companies Act, 2013 read with rules there under, the Board had appointed M/s. Vidhi Chaudhary & Associates, Company Secretary in Practice (C.P No. 12014) as Secretarial Auditor of the Company for the financial year ended 31st March, 2016. The Secretarial Audit Report is annexed herewith as "**Annexure C**". The report of the Secretarial Auditor does not contain any Adverse Remarks, Reservations and Qualifications. The Report is self-explanatory and does not call for any further comments.

25. AUDIT COMMITTEE

Your Company has an Audit Committee, in terms of Section 177 of the Companies Act, 2013 and as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the further details of Audit Committee are provided in the Corporate Governance Report.

26. INDEPENDENT AUDITORS' REPORT

Statutory Auditor had on the basis of examination and scrutiny of books, records, financial statements and other information thereon had ratified that there has been No Qualifications, Reservation or Adverse Remarks or Disclaimer in the Independent Auditor's Report. However, notes on Accounts referred to the Independent Auditor's Report are self explanatory and thereafter do not call for further comments. The Board considering the aforesaid acclaimed the conduct of business operation and management of the Company.

27. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been given separately as "**Annexure B**" and forms part of this Report.

28. INSURANCE

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

29. EXTRACT OF ANNUAL RETURN

In terms of the requirement of Section 134(3) of the Companies Act, 2013 the extract of the Annual Return in form MGT 9 is annexed herewith as "**Annexure D**".

30. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure E**".

31. PARTICULARS OF EMPLOYEES

The information on pursuant to Section 197(12) read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been annexed herewith as "**Annexure F**".

32. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

33. CORPORATE GOVERNANCE REPORT

Your Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, your Company was in compliance with the erstwhile provisions of Clause 49 of the Listing Agreement and in pursuant to clause 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable w.e.f- 1st of December, 2015 with the stock exchange(s) relating to corporate governance.

The Report on Corporate Governance in terms of clause 49 of the erstwhile Listing Agreement and under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Report on Corporate Governance is annexed and forms part of the Annual Report of the Company. A certificate from the Auditors confirming compliance with the conditions of Corporate Governance is also annexed.

34. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year, No significant orders have been passed by any regulatory authority or by any court.

35. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with the provision of the Companies Act read with the Companies (Accounts) Rules, 2014, applicable accounting standards and provisions of the Listing Regulations forms part of the Annual Report.

36. APPRECIATION

Your Directors would like to express their appreciation to the Investors, Banks, Financial Institutions, Clients, Vendors, Central and the State Government and other Regulatory Authorities for their assistance, continued support, co-operation and guidance during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For BARAK VALLEY CEMENTS LIMITED

Sd/-

(Bijay Kumar Garodia)

Chairman and Whole Time Director

DIN : 00044379

Place: Delhi

Date: 30.05.2016

Add: CF-366, Salt Lake City,

Kolkata, West Bengal - 700 064

Form No. AOC-2**Particulars of Contracts/arrangements made with the related parties**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts/arrangements/transactions entered into by the company with related parties referred to sub-section (1) of Section 188 of companies Act, 2013, including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

During the year ended March 31, 2016, the contracts and arrangements with related party were done at arm's length basis.

2. Details of material contracts or arrangements and transactions at Arm's Length Basis:

S.No.	Name of the Related Party	Nature of Relationship	Nature of Contract/ Transaction	Duration of Contract / Transaction	Silent terms of the contracts or arrangements or transactions including the value, if any	Amount (Rs. In Lacs)
1.	Cement International Limited	Wholly Owned Subsidiary	Sale of Stores, spares and other services	Ongoing	Transaction based at market prices	142.94
			Sale of Finished / Semi finished goods	Ongoing	Transaction based at market prices	588.72
2.	Meghalaya Minerals & Mines Limited	Wholly Owned Subsidiary	Purchase of Raw Material & Goods	Ongoing	Transaction based at market prices	1352.91
			Sale of Stores, spares and other services	Ongoing	Transaction based at market prices	36.61
3.	Badarpur Energy Private Limited	Wholly Owned Subsidiary	Sale of Stores, spares and other services	Ongoing	Transaction based at market prices	5.95
			Loans & advances Given	Ongoing	Transaction based on Arm's Length Basis	161.87
4.	Goombira Tea Company Limited	Wholly Owned Subsidiary	Sale of Stores, spares and other services	Ongoing	Transaction based at market prices	5.40
			Loans & advances Given	Ongoing	Transaction based on Arm's Length Basis	52.35
			Investment in Shares	Ongoing	Transaction based at Fair market valuation	49.50
5.	Chargola Tea Co. Pvt. Ltd	Wholly Owned Subsidiary	Sale of Stores, spares and other services	Ongoing	Transaction based at market prices	0.06
6.	Valley Strong Cements (Assam) Limited	Wholly Owned Subsidiary	Loans & advances Given	Ongoing	Transaction based on Arm's Length Basis	0.79
			Investment in Shares	Ongoing	Transaction based at Fair market valuation	20.40
7.	Singlacherra Tea Co. Private Limited	Wholly Owned Subsidiary	Loans & advances Given	Ongoing	Transaction based on Arm's Length Basis	0.06

For BARAK VALLEY CEMENTS LIMITED

Sd/-

(Bijay Kumar Garodia)

Chairman and Whole Time Director

DIN : 00044379

Place: Delhi

Date: 30.05.2016

Add: CF-366, Salt Lake City,

Kolkata, West Bengal - 700 064

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

With improving gross domestic product (GDP) growth at 7.6 per cent in 2015-16 as compared to 7.4 per cent in 2014-15 and for 2016-17, GDP growth is projected at 7.5%. Inflationary pressures have been contained. The rise in the consumer price index averaged 4.9% in 2015-16, down from 5.9% in the previous year. The wholesale price index declined 2.5% on an averaged basis, compared to a rise of 2.0% in the previous year. In 2015-16, merchandise exports and imports each fell over 15% over 2014-15. The trade deficit in 2015-16 was US\$ 118.5 billion, a decline of 14% over the previous year.

India has emerged among the few large economies with propitious economic outlook, amidst the mood of pessimism and uncertainties that engulf a number of advanced and emerging economies. From the macroeconomic perspective, the worst is clearly behind us. The latest indicators, emerging from the recently revised estimates of national income brought out by the Central Statistics Office, point to the fact that the revival of growth had started in 2014-15 and attained further vigor in 2015-16.

Regaining growth momentum requires restoration of domestic macroeconomic balance and enhancing efficiency, fiscal consolidation and removal of structural constraints. Apart from fiscal consolidation, maintaining a stable external balance and further control of inflation, priorities for growth revival should also include streamlining of implementation procedures to restart the investment cycle and simplification of tax policy.

I. INDUSTRY STRUCTURE & DEVELOPMENT

India's cement demand is expected to reach 550-600 Million Tonnes Per Annum (MTPA) by 2025. The housing sector is the biggest demand driver of cement, accounting for about 67 per cent of the total consumption in India. The other major consumers of cement include infrastructure at 13 per cent, commercial construction at 11 per cent and industrial construction at nine per cent.

To meet the rise in demand, cement companies are expected to add 56 million tonnes (MT) capacity over the next three years. The cement capacity in India may register a growth of eight per cent by next year end to 395 MT from the current level of 366 MT. It may increase further to 421 MT by the end of 2017. The country's per capita consumption stands at around 190 kg.

The Indian cement industry is modern and uses latest technology, which is among the best in the world. Also, the industry has tremendous potential for development as limestone of excellent quality is found almost throughout the country.

Also, it is a vital part of its economy, providing employment to more than a million people, directly or indirectly. The cement industry of India is the second largest producer in the world comprising of 188 large cement plants and 365 mini cement plants. The industry is currently in a turnaround phase, trying to achieve global standards in production, safety, and energy-efficiency. The cement market in India is expected to grow at a compound annual growth rate (CAGR) of 8.96 percent during the period 2015-2019.

On the back of growing demands, due to increased construction and infrastructural activities, the cement sector in India has seen many investments and developments in recent times.

II. OPPORTUNITIES & THREATS

Your Company is one among the leading Cement Producing Company in the North-Eastern Region. The North-Eastern Region of India is growing and developing its infrastructure at rapid rate and the abundant resources in the region leads to the cost effective production. The Government of India is focusing strongly on the development of infrastructure projects such as Dedicated Freight Corridors as well as new and upgraded airports and ports are expected to further drive construction activity, which shall provide scope for the growth in the North-Eastern Region. Therefore, the upcoming construction projects earmark the Region as the land of opportunities. Accordingly, to cater the forth coming opportunities arising for our Industry in the Region, the Company has instigated to enhance its production facilities.

Your Company is exposed to the several threats emerging from the market. These threats are: -

- a) The Competitive pricing by the rivalries;
- b) Environmental changes in the region;
- c) Political instability; and
- d) The challenges faced on account of rising prices i.e. for Company's growth, product and at the same time satisfy its dealers and customers.

However, the cheap priced brands are capturing the low income customers on a higher scale. Moreover, the rival companies such as Jaypee Cement, Prism Cement, Birla cement and ACC cement are expanding their considerable market share and many new international cement companies are expected in coming years which will bring enormous change and can start price war.

The Governments intervention to adjust cement prices, transportation cost is upgrading and due to loading restriction there is overloading industrialist shows increase in costs due to the shortage in the coal industry.

III. OUTLOOK

The Central Statistics Office has recently released a new series for GDP, which involves a number of changes relative to the old series. Based on the new series, estimated GDP growth for 2015-16 is 7.6. Growth in 2016-17 is expected to be between 8 to 8.5%. Aiming for a double-digit rate seems feasible very soon.