

DIRECTORS' REPORT

Dear Members,

Your Directors present Twenty-First Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended on 31st March, 2017.

1. FINANCIAL HIGHLIGHTS

The financial highlights for the year ended 31st March, 2017 are summarized below:

(₹ in Lakhs)

Particulars	31st March, 2017	31st March, 2016*
Total Revenue (Including other income)	153,462	177,081
Profit before Depreciation, Interest, Taxation and Exceptional Items	7,699	6,496
Provision for Depreciation	7,570	7,675
Finance Cost	42,851	35,857
Profit / (Loss) before Tax & Exceptional items	(42,722)	(37,036)
Exceptional items	-	-
Profit/(Loss) before Tax	(42,722)	(37,036)
Less: Tax Expenses	7,962	13,298
Profit/(Loss) after Tax	(34,760)	(23,738)
Other comprehensive income after tax	(19)	(23)
Balance of Profit brought forward from previous year (after Ind AS adjustments)*	51,745	75,506
Balance carried forward to Balance Sheet	16,967	51,745

* Previous year figures have been re-casted as per Indian Accounting Standards (Ind AS). The Company adopted Indian Accounting Standard ("Ind AS") from April 01, 2015 and the financial statements have been prepared to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013.

2. REVIEW OF OPERATIONS

During the financial year under review, your Company's cement production and sales stood at 3.55 million MT and 3.59 million MT respectively as compared to 4.33 million MT and 4.31 million MT in the previous year. The company's total income was lower at ₹ 153,462 Lakhs as against ₹ 177,081 Lakhs in the previous year. The Company took several initiatives to improve the efficiency across different functional areas in operations and sales. The profit before depreciation interest, taxation and exceptional items was higher at ₹ 7,699 Lakhs as compared to ₹ 6,496 Lakhs in previous year. The Company has reported a net loss of ₹ 34,760 Lakhs as compared to net loss of ₹ 23,738 Lakhs in the previous year.

In November 2016, Govt of India announced demonetization scheme, as an important step towards cashless economy. The move caused liquidity constraints affecting the economy in general and the construction sector in particular during the 3rd and 4th quarter of the year. Your Company was not the exception to this and the turnover for these two quarters has impacted the overall turnover of the Company. Over and above, the lower capacity utilisation has impacted profitability due to paucity of Working Capital support from Bankers.

3. DIVIDEND

In view of loss, the Directors did not recommend any dividend on Preference and Equity Shares of the Company for the Financial Year ended 31st March, 2017. In terms of Section 47(2) of Companies Act, 2013, Binani Industries Limited (BIL), the preference shareholder of the Company shall have a right to vote on all resolutions placed before the Company on account of non-payment of dividend on 60,02,000 (Sixty Lakhs and Two Thousand) 0.01% Non - Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up held by BIL in the Company.

4. SHARE CAPITAL

During the year under review, the Share Capital of the Company remain unchanged as on 31st March, 2017.

5. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and form part of this Annual Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 ("the Act"), your Directors state that:

- a. in preparation of the annual financial statements for the year ended 31st March, 2017, the applicable Accounting Standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year as at 31st March 2017 and of the loss of the Company for that period;
- c. they have 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. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. RESERVES

In view of absence of profit, no amount is proposed to be transferred to Reserves.

8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of Financial Year under review and the date of this Report.

9. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

During the year under review, the Company had not given any loan and guarantee, made any investment or provided any security under Section 186 of the Companies Act, 2013.

10. DEPOSIT

The Company has not accepted any deposit from the public within the meaning of the provisions of Section 73 of the Companies Act, 2013 and Rules made thereunder.

11. RESTRUCTURING OF LOANS

The restructuring of the existing term loans was necessitated on account of lackluster demand, decline in realizations, increase in costs and extraneous circumstances arising on account of Rajasthan VAT.

The consortium of banks had agreed to restructure the account under Joint Lenders Forum (JLF) Mechanism. A Corrective Action Plan (CAP) was finalized by JLF and Master Restructuring Agreement was signed. However some of the consortium lenders had not sanctioned the facilities as per CAP and some of the lenders who had sanctioned facilities as per CAP did not disburse / partially disbursed the facilities as per CAP. Finally, the CAP could not be implemented in full within the time prescribed by Reserve Bank of India.

Due to non-disbursement of facilities and partial implementation of CAP, Company could not honour its debt obligation in time. Thus, some of the lenders have assigned the full value of loans and the interest due thereon to Edelweiss Asset Reconstruction Company (EARC). As on 31st March, 2017 the outstanding of loans assigned to EARC is ₹ 2252 crores by 14 Banks and Financial Institutions.

The assignment of loans is on non-recourse basis. Pursuant to the assignment, EARC has become the secured lender and all the rights, title and interests of the said Banks have vested in EARC in respect of the above financial assistances. EARC has restructured the loans vide its Sanction Letter dated 2nd May, 2017 on terms and conditions stipulated therein. The restructured loans are payable over 8 years tenure with average interest rate of 8% p.a..

12. BUSINESS PERFORMANCE AND OUTLOOK

The year under review witnessed a meagre growth in the world economy attributable to the slow pace in global investment and high level of debt. The investment growth in developed and developing economies was significantly slow. The World Bank has predicted only a moderate pick up in global economic growth mainly driven by improvements in emerging markets like India.

India's GDP grew about 7.1% mainly more in agricultural sector with good monsoon. The Government's stimulus for improving overall business sentiments and major initiatives to ease of doing business will be the major growth drivers. GST implementation will be a significant positive impact on Indian economy.

The cement industry registered lowest volume growth during the last few years. Cement prices have not shown any significant improvement over the last years despite steep escalation in input cost which has resulted into higher operating costs. However, the demand from the urban housing is still not showing the sign of recovery. However, GST now becoming a reality will give an impetus to the country's economy system as a whole more specific to cement industry. The seamless input tax credit will improve demand from many sectors. "Binani" being known for its impeccable quality and service in niche markets will be a positive sign for the company as a whole.

Cement demand is expected to increase by 5 percent in 2018 this fiscal against 1.2 percent last year, largely driven by a revival in demand from the infrastructure segment, mostly road and irrigation projects and housing segment coupled with interest subvention scheme on housing. The slowdown in the pace of new

capacity addition may boost capacity utilisation and cement prices going forward.

13. SUBSIDIARY COMPANIES

13.1 Report on Subsidiary Companies

In terms of the proviso to Sub Section (3) of Section 129 of the Companies Act, 2013 (the "Act"), the salient features of the financial statements of subsidiaries and associate company are provided in the prescribed form AOC-1, which is Annexed to the financial statements and forms part of this Annual Report. Further, there were no material changes in the nature of business of the subsidiaries.

The financial statements in respect of the subsidiaries will be kept open for inspection by the Members at the Registered Office and Corporate Office of the Company till the ensuing Annual General Meeting. Members, interested in obtaining a copy of the audited annual financial statements of the subsidiary companies may write to the Company Secretary, who shall provide a copy of the same upon receipt of such request.

13.2 Performance of Subsidiaries/Associate

Overseas Operating Subsidiaries:

Binani Cement Factory LLC

The Company is doing better than last year in terms of both production and sales volume, despite the severe negative oil price impact on local and regional construction market. While the company has made lot of efforts to capture better market share, reduce overheads and operate at optimal capacity utilization, the dumping of volumes in UAE market due to slowdown of other GCC markets (on account of oil prices) has led to fall in selling prices and profitability. Overall, we expect better profitability in the challenging environment.

Shandong Binani Rong'An Cement Company Limited (SBRCC)

Plant was not operational almost for full quarter (Jan-Mar) due to government regulations on environment. Even though now back to full operations, estimated losses for full year operations will be substantial but expected to be lower than last year.

Binani Cement Tanzania Limited

No major activity has been carried out in the first half. Due to change in government fresh review is being done for business environment, continuation of presence and reduction of overheads.

Overseas Investment Subsidiaries:

Krishna Holdings Pte Ltd., a subsidiary in Singapore, earned a profit of USD 0.66 Million (equivalent to ₹ 443.42 Lakhs). Bhumi Resources (Singapore) Pte. Ltd., another subsidiary in Singapore incurred a profit of USD 0.01 Million (equivalent to ₹ 8.76 Lakhs) for the year under review. Mukundan Holdings Limited and Murari Holdings Limited, Special Purpose Vehicles, incorporated in British Virgin Islands (BVI) incurred

loss of USD 1.84 Million (equivalent to ₹ 1,231.45 Lakhs) and USD 0.32 Million (equivalent to ₹ 215.17 Lakhs) respectively for the year under review.

Indian Subsidiaries:

Binani Energy Private Limited, Binani Ready Mix Concrete Limited, Swiss Merchandise Infrastructure Limited & Merit Plaza Limited did not take up any business during the year under review. These Subsidiaries reported marginal profit/loss.

All other subsidiaries does not have any major operations, hence financial performance is not discussed in this report.

13.3 Contribution of subsidiaries to the overall performance of the Company

Our operating subsidiaries were not profitable as at 31st March, 2017. However, operations are improving and we expect a turnaround in the coming year.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

14.1 Directors

Independent Directors

The shareholders of the Company at the 20th AGM held on 29th September, 2016 re-appointed Mr. S. Sridhar as an Independent Director for a term upto the conclusion of 22nd AGM.

Dr. (Mrs). Sangeeta Pandit was appointed as an Additional Director (Independent Director) on 21st April, 2016. The shareholders of the Company at the 20th AGM held on 29th September, 2016 appointed her as an Independent Director for a term upto the conclusion of 22nd AGM.

Mrs. Sudha Navandar was appointed as an Additional Director (Independent Director) on 21st April, 2016. The shareholders of the Company at the 20th AGM held on 29th September, 2016 appointed her as an Independent Director for a term upto the conclusion of 22nd AGM.

Mr. S. Sridhar, Dr. (Mrs.) Sangeeta Pandit and Mrs. Sudha Navandar, Independent Directors have given declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

Non-Executive Non-Independent Director

Mr. Braj Binani, Chairman, will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends re-appointment of Mr. Binani. Brief profile of Mr. Binani is annexed to the Notice convening ensuing Annual General Meeting.

Mr. V. Subramanian has resigned from the Directorship of the Company w.e.f. 30th September, 2016 due to prolonged ill-health. The Board places on record its deep appreciation for valuable contribution made by Mr. Subramanian during his tenure as member of the Board.

During the calendar year 2016, the meeting of Independent Directors took place on 28th July, 2016.

Executive Director

Mr. Jotirmoy Ghose resigned as Managing Director of the Company w.e.f. 25th January, 2017 due to personal reasons.

In compliance with Section 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, the Board of Directors of the Company at its meeting held on 27th January, 2017 has appointed Mr. Darshan Lal as Whole Time Director designated as Executive Director-Technical for a period of 2(two) years from 27th January, 2017 to 26th January, 2019. Nomination and Remuneration Committee at its meeting held on 27th January, 2017 recommended the appointment and remuneration of Mr. Darshan Lal as per Nomination and Remuneration Policy of the Company. The approval of the shareholders is sought by way of Postal Ballot/e-voting for the appointment and remuneration payable to Mr. Darshan Lal as set out in the explanatory statement to the Postal Ballot notice. The Company has completed the dispatch of the Postal Ballot Notice (approved by the Board on 20th April, 2017 by way of circulation) along with Postal Ballot Form and self-addressed postage prepaid business reply envelopes on 4th May, 2017. The end of e-voting period and last date for receipt of completed Postal Ballot Forms is 3rd June 2017 (5.00 p.m.) and thereafter the results shall be declared within two (2) days of passing of the resolution.

The Company is in the process of making an application to Central Government seeking its approval for the remuneration payable to Mr. Darshan Lal in terms of Schedule V of the Companies Act, 2013.

14.2 Key Managerial Personnel

The details of Key Managerial Personnel pursuant to the provisions of Section 203 of the Act are as follows:

Sr. No	Name	Designation	Date of Appointment	Date of Resignation
1.	Mr. Darshan Lal	Whole Time Director	27 th January, 2017	---
2.	Mr. Umesh Lathi	Chief Financial Officer	29 th May, 2017	---
3.	Mrs. Vaishali Vyas	Company Secretary	29 th July, 2016	---
4.	Mr. Jotirmoy Ghose	Managing Director	30 th October, 2013	25 th January, 2017
5.	Mr. Devendra Mehta	Chief Financial Officer	2 nd May, 2016	26 th April, 2017

15. BOARD MEETINGS

The Board meets at regular intervals, inter alia to review, discuss and decide on Company's strategic move, quarterly/Annual

financial performance and other policy matters. The Agenda for the meetings of the Board together with the appropriate supporting documents are circulated well in advance of the meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2017, five Board meetings were held on 21st April, 2016, 30th May, 2016, 29th July, 2016, 27th October, 2016 and 27th January, 2017. The interval between any two meetings was well within the maximum prescribed time gap of 120 days. Attendance of the Directors at the meetings was as under:

Directors	Number of meetings attended
Mr. Braj Binani	4
Mr. Jotirmoy Ghose*	3
Mr. S. Sridhar	4
Dr. (Mrs.) Sangeeta Pandit	5
Mrs. Sudha Navandar	5
Mr. V. Subramanian#	2

*Resigned w.e.f. 25th January, 2017

Resigned w.e.f. 30th September, 2016.

16. BOARD COMMITTEES

16.1 Audit Committee

As on 31st March, 2017, the Audit Committee comprised of 4 (four) Directors as under:

- a) Mr. S. Sridhar - Chairman
- b) Dr. (Mrs.) Sangeeta Pandit - Member
- c) Mrs. Sudha Navandar - Member
- d) Mr. Darshan Lal - Member

The Board at its meeting held on 27th January, 2017 has inducted Mr. Darshan Lal, Whole Time Director as member of Audit Committee.

The Chief Financial Officer is the permanent Invitee at the Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors and Internal Auditors are also invited to attend the meetings. All recommendations of Audit Committee were accepted by the Board.

The Audit Committee acts in accordance with the terms of reference specified by the Board which inter alia include, matter related to auditor's appointment, audit process, review of financial statements including auditors' report, approval of related party transaction, scrutiny of inter corporate loans and investments, evaluation of internal control system, risk management systems, overseeing financial reporting process and disclosure of the financial information etc.

During the financial year ended 31st March, 2017, five meetings of the Committee were held on 20th April, 2016, 30th May, 2016,

28th July, 2016, 26th October, 2016 and 27th January, 2017 and attendance of Members at the meetings was as under:

Committee Member	Number of meetings attended
Mr. S. Sridhar	4
Dr. (Mrs.) Sangeeta Pandit*	4
Mrs. Sudha Navandar#	4
Mr. Darshan Lal [§]	---
Mr. Jotirmoy Ghose [^]	2
Mr. V. Subramanian [%]	1

* Inducted as a Member w.e.f. 21st April, 2016

Inducted as a Member w.e.f. 21st April, 2016

§ Inducted as a Member w.e.f. 27th January, 2017

[^] Ceased to be a Member w.e.f. 25th January, 2017

[%] Ceased to be a Member w.e.f. 21st April, 2016

16.2 Stakeholders Relationship Committee

As on 31st March, 2017, the Stakeholders Relationship Committee comprised of 3 (three) Directors as under:

- Dr. (Mrs.) Sangeeta Pandit - Chairperson
- Mrs. Sudha Navandar - Member
- Mr. Darshan Lal - Member

The Board at its meeting held on 27th January, 2017 has inducted Mr. Darshan Lal, Whole Time Director as member of Stakeholders Relationship Committee.

The Stakeholders Relationship Committee acts in accordance with the terms of reference specified by the Board which inter alia include, matter related to transfer of shares, issue of duplicate shares certificates, redressal of investors grievances etc.

During the financial year ended 31st March, 2017, two meetings of the Committee were held on 30th May, 2016 and 27th January, 2017 and attendance of Members at the meetings was as under:

Committee Member	Number of meetings attended
Dr. (Mrs.) Sangeeta Pandit*	2
Mrs. Sudha Navandar#	2
Mr. Darshan Lal [§]	---
Mr. Jotirmoy Ghose [^]	1

* Inducted as a Member w.e.f. 21st April, 2016

Inducted as a Member w.e.f. 21st April, 2016

§ Inducted as a Member w.e.f. 27th January, 2017

[^] Ceased to be a Member w.e.f. 25th January, 2017

16.3 Nomination and Remuneration Committee

As on 31st March, 2017, the Nomination and Remuneration Committee comprised of 3 (three) Directors as under:

- Mr. S. Sridhar - Chairman
- Dr. (Mrs.) Sangeeta Pandit - Member
- Mrs. Sudha Navandar - Member

The Nomination and Remuneration Committee acts in accordance with the terms of reference specified by the Board which inter alia include, matter related to appointment of Directors/Key Managerial Personnel/Senior Management Personnel and their remuneration, evaluation of Board etc.

During the financial year ended 31st March, 2017, three meetings of the Committee were held on 20th April, 2016, 28th July, 2016 and 27th January, 2017 attendance of Members at the meetings was as under:

Committee Member	Number of meetings attended
Mr. S. Sridhar	3
Dr. (Mrs.) Sangeeta Pandit*	2
Mrs. Sudha Navandar#	2
Mr. V. Subramanian [§]	1

* Inducted as a Member w.e.f. 21st April, 2016

Inducted as a Member w.e.f. 21st April, 2016

§ Ceased to be a Member w.e.f. 21st April, 2016

16.4 Corporate Social Responsibility Committee

As on 31st March, 2017, the Corporate Social Responsibility Committee comprised of 3 (three) Directors as under:

- Mr. S. Sridhar - Chairman
- Dr. (Mrs.) Sangeeta Pandit - Member
- Mr. Darshan Lal - Member

The Board at its meeting held on 27th January, 2017 has inducted Mr. Darshan Lal-Whole Time Director as a Member of the Corporate Social Responsibility Committee.

The Committee looks after activities relating to Corporate Social Responsibility of the Company.

During the financial year ended 31st March, 2017, a meeting of the Committee was held on 20th April, 2016 attendance of Members at the meetings was as under:

Committee Member	Number of meetings attended
Mr. S. Sridhar	1
Dr. (Mrs.) Sangeeta Pandit*	---
Mr. Darshan Lal#	---
Mr. V. Subramanian [§]	1
Mr. Jotirmoy Ghose [^]	1

* Inducted as a Member w.e.f. 21st April, 2016

Inducted as a Member w.e.f. 27th January, 2017

§ Ceased to be a Member w.e.f. 21st April, 2016

[^] Ceased to be a Member w.e.f. 25th January, 2017

16.5 Finance Committee

As on 31st March, 2017, the Finance Committee comprised of 4 (Four Directors) as under:

- a) Mr. S. Sridhar - Chairman
- b) Dr. (Mrs.) Sangeeta Pandit - Member
- c) Mrs. Sudha Navandar - Member
- d) Mr. Darshan Lal - Member

The Board at its meeting held on 27th January, 2017 has inducted Mr. Darshan Lal-Whole Time Director as a Member of the Finance Committee.

The Finance Committee acts in accordance with the terms of reference specified by the Board which inter alia include powers to borrow money (otherwise than by issue of debentures) within limits approved by the Board, issuance of Corporate Guarantees, borrow money by way of loan for refinancing existing debt, capital expenditure including working capital requirements within limits approved by Board and to deal in matters related thereto.

During the financial year ended 31st March, 2017, a meeting of the Committee was held on 26th October, 2016 and attendance of Members at the meetings was as under:

Committee Member	Number of meetings attended
Mr. S. Sridhar	---
Dr. (Mrs.) Sangeeta Pandit*	1
Mrs. Sudha Navandar [#]	1
Mr. Darshan Lal [§]	---
Mr. Jotirmoy Ghose [^]	---

* Inducted as a Member w.e.f. 21st April, 2016

[#] Inducted as a Member w.e.f. 21st April, 2016

[§] Inducted as a Member w.e.f. 27th January, 2017

[^] Ceased to be a Member w.e.f. 25th January, 2017

17. NOMINATION AND REMUNERATION POLICY

In terms of the provisions of Section 178(3) of the Act, the Board of Directors has adopted a Policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel. The said policy is annexed to this Report as **Annexure-A**.

The information about the remuneration paid to the Directors and KMPs are provided in the prescribed form MGT-9 and forms part of this Report.

18. RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Company during the year under review, were on arm's length basis and in the ordinary course of business.

All related party transactions are placed before the Audit Committee meeting for their review on a quarterly basis. Disclosure of related party transactions referred to in Section 188(1) in the prescribed Form AOC-2 is given as **Annexure-B** and forms part of this Report. In accordance with Ind AS-24, the details of transactions with the related parties are set out in the Disclosures forming part of Financial Statements.

19. AUDITORS

Pursuant to the provision of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. MZSK & Associates, Chartered Accountants, Mumbai (Firm Registration No. 105047W) were appointed as Statutory Auditors of the Company for a term of five years, to hold the office from the conclusion of 19th Annual General Meeting, until the conclusion of 24th Annual General Meeting, subject to ratification of their appointment at every subsequent Annual General Meeting.

A certificate from the above said Statutory Auditors has been received to the effect that their appointment as Statutory Auditors of the Company, if ratified by the Members at the ensuing Annual General Meeting, would be in accordance with the terms and conditions prescribed under Section 139 read with Section 141 of the Act and Rules made thereunder.

A resolution seeking ratification of their appointment, forms part of the Notice convening the 21st Annual General Meeting and the same is recommended for your consideration and approval.

20. AUDITORS' OBSERVATIONS

The Auditors, in their Report, have made observations under the head "Emphasis of Matters" with respect to a) Order of Sales Tax Department imposing interest of ₹ 37,123.23 Lakhs; b) Outstanding Corporate Guarantees aggregating to Rs 236,189.83 Lakhs issued by the Company to the Banks and Financial Institutions on behalf of its subsidiaries, step down subsidiaries and to Holding Company and its subsidiaries, step down subsidiaries. c) Inter-Corporate Deposit given to Holding Company of Rs 125,142.41 Lakhs on which interest has been waived w.e.f. 1st April, 2015; d) the Company has invested ₹ 80,704.09 Lakhs in its two subsidiaries net worth of which is partly eroded.

Your directors wish to state as follows:

- a. The Company has filed writ petition/waiver application in the Hon'ble High Court with the concerned authorities. The Company has paid ₹ 3,077.93 Lakhs under protest and is confident of getting waiver for interest, based on judicial pronouncements on similar matters and hence provision of interest is not required.
- b. The outstanding Corporate Guarantees are not expected to result into any material financial liability to the Company. Financial guarantee is not accounted in Books as per Ind AS 109 since these subsidiaries including step down subsidiary have sufficient assets to meet their borrowings.
- c. The said loan will be repaid by the Holding Company through sale proceeds received by divesting investment in equity shares of the Company. The Company has received appropriate opinion to ensure that waiver of interest is in compliance with the Statutory Regulations.
- d. The Company is of view that the subsidiaries will make profit in near future and erosion of net worth is of temporary nature hence provision for diminution in the value of investment is not required.

21. COST AUDITORS

Your Directors have appointed M/s. K. G. Goyal & Co., Cost Accountants (Firm Registration No. 000017), to conduct Audit of the Company's Cost records for the year ending 31st March, 2017. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, Members are requested to consider the ratification of the remuneration payable to M/s. K. G. Goyal & Co.

The Company had filed the Cost Audit Report for the financial year 2015-16 with the Ministry of Corporate Affairs on 26th August, 2016.

22. SECRETARIAL AUDITORS

Pursuant to the provision of Section 204 of the Companies Act, 2013 and Rules made thereunder, the Company has appointed M/s Aabid & Co., Company Secretaries (C.P.No-6625) to carry out Secretarial Audit in the Company for the Financial Year 2016-17. The Secretarial Audit Report is annexed to this Report as **Annexure-C**.

The Auditors have made an observation on the matter of Inter Corporate Deposits (ICD) given to Binani Industries Limited (BIL), the Holding Company. The Company has decided not to charge interest on ICD w.e.f. 1st April, 2015. The Board wishes to state that the Company has obtained a legal opinion from a renowned firm of Advocates and Solicitors who has opined that the ICD's placed neither qualify as loans nor as deposits within the meaning of the Companies Act, 2013 or the Rules notified there under.

23. INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, in compliance with Section 125 of the Companies Act, 2013, the Company has transferred a sum of ₹ 5,47,815/- lying as unclaimed dividend pertaining to financial year ended 31st March, 2009, to Investor Education and Protection Fund (IEPF) established by the Central Government.

24. VIGIL MECHANISM (WHISTLE BLOWER POLICY)

Pursuant to the provision of Section 177(9) of the Companies Act, 2013, the Company has established a vigil mechanism (Whistle Blower Policy) to facilitate its Employees and Directors to voice their concerns or observations without fear, the instance of any unethical or unacceptable business practice or event of misconduct/ unethical behaviors, actual or suspected fraud and violation of Company's Code of Conduct etc. The Policy provides for adequate safeguards against victimization of persons who use such mechanism and also have the provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The policy is placed on the website of the Company at www.binanicement.in. During the year under review, the Company did not receive any complaint.

25. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) POLICY

The Company has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provision of Sexual Harassment of Women at Workplace (Preventions, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

During the year under review, no complaints were filed by anyone on sexual harassment.

26. CODE OF CONDUCT

The Board of Directors had earlier adopted a "Code of Conduct for the Board of Directors and Senior Management Personnel" of the Company. The said Code of conduct is available on the Company's website www.binanicement.in. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The Whole Time Director of the Company has given declaration to the Board affirming the compliance of the Code by the Members of the Board and Senior Management Personnel for the year ended on 31st March, 2017.

27. CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 read with Schedule VII of the Companies Act, 2013, the Company, as a part of its initiative under the "Corporate Social Responsibility" drive, has adopted a CSR Policy outlining various CSR activities to be undertaken by the Company in the area of preventive health care, making available safe drinking water, promoting education, ensuring environmental sustainability etc. The CSR policy of the Company can be accessed on the Company's weblink <http://www.binanicement.in/investor-relations>.

The report on CSR activities, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out as **Annexure-D** and forms part of this Report. The Members may note that the average net profit of the Company for the last three financial years stood negative and therefore, the prescribed CSR expenditure i.e., 2% of average net profit for the last three years was not applicable to the Company during the year under review.

The Members may however note that during the FY 2016-17, the Company had made efforts towards spending the unspent amount of ₹17.75 Lakhs out of its prescribed CSR expenditure for the FY 2014-15. The Board of Directors wish to state that despite its endeavor to spend the said amount of ₹ 17.75 Lakhs on specified CSR activities, the Company could spend only ₹ 15.18 Lakhs as identified projects, requiring such expenditure, could not be implemented to its full extent due to unavoidable circumstances.

28. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is provided as **Annexure-E** and forms part of this Report.

29. RISK MANAGEMENT

The Company had identified certain risk areas with regard to the operations of the Company. The Internal Auditors review the steps taken for risk mitigation/minimisation, wherever possible and the status of the same is reviewed by the Audit Committee periodically. The Company's Board is conscious of the need to periodically review the risks mitigation process.

30. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control systems and procedures commensurate with its size and nature of business.

The objective of such system and procedures is to ensure efficient use and protection of Company's resources, accuracy in financial reporting and due compliances of statutes and corporate policies. The policies and procedures adopted by the Company facilitate the orderly and efficient conduct of its business and adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of records and the timely preparation of reliable financial information.

Internal Audit is conducted periodically across all locations by an independent firm of Chartered Accountants who verify and report on effectiveness of internal control. The Company monitors and controls all operating parameters on an ongoing basis. The Audit Committee reviews the adequacy and effectiveness of internal control systems and provide guidance for further strengthening them, from time to time.

31. OTHER DISCLOSURES

Your Directors state that no disclosures or reporting is required in respect of the following items, as the same are either not applicable to the Company or relevant transactions / event have not taken place during the year under review:

- Issue of Equity shares with differential rights as to dividend, voting or otherwise
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

32. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 details relating to change Rules to Rule Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo are given in **Annexure-F** which forms part of this Report.

33. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013, read with Rule 5(2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the **Annexure-G** and forming part of the Report.

34. SAFETY, HEALTH & WORK ENVIRONMENT

The Company always believes in providing conducive work environment with utmost attention and care on safety and health of employees and all other workers operating at the plants. There were no major accidents reported in during the Financial Year 2016-17. The Company conducts training & counseling sessions for its workers/ employees on safe manufacturing practices on regular basis.

Training of employees for safety and growth continue to be the Company's top priority at all levels. The Management has incorporated safety as one of the Key Result Areas for each and every employee.

35. HUMAN RESOURCE/INDUSTRIAL RELATIONS

The Company understands that employees are vital and valuable assets. The Company recognises people as the primary source of its competitiveness and continues its focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations. The strategic thrust of Human Resource has been on improvement of the performance of employees through training & development and also to identify out performers who are having potential for taking higher responsibilities.

The Company had 720 permanent employees on its rolls as on 31st March, 2017. The employee relations remained cordial throughout the year. The Board places on record its sincere appreciation for the valuable contribution made by employees across all levels in the organization.

36. APPRECIATION

Your Directors wish to record their appreciation for the continued assistance and co-operation extended to the Company by the Government agencies, Edelweiss Asset Reconstruction Company, Banks, Financial Institutions, Dealers, Customers, Vendors and to all other Stakeholders, for their continued support to the Company.

For and on behalf of the Board of Directors of Binani Cement Limited

Braj Binani
Chairman

Place : Mumbai
Date : 29th May, 2017

Statements in the Directors Report describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward looking statements" within the meaning of applicable laws and regulations and are based on currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are contingent upon future events and uncertainties which inter alia include input availability and prices, demand and pricing of finished products in the Company's principal markets, changes in Government regulations, tax laws, economic developments within the country and other incidental factors, that could cause actual results to differ materially from those as may be indicated by such statement.