

Kedia Construction Co. Limited

**36th Annual Report
2016-17**

Board of Directors

Mr. Nitin S. Kedia	– Chairman and Executive Director
Mr. Vijay P. Khawala	– Wholetime Director & Chief Financial Officer*
Mr. Murlidhar J. Gupta	– Independent Non- Executive Director
Ms. Preethi Anand	– Independent Non-Executive Director
Mr. Ravi Nevatia	– Independent Non-Executive Director**

* Appointed as Chief Financial Officer w.e.f. 31st January, 2017

** Appointed as Additional Director w.e.f. 1st November, 2016

Bankers

Kotak Mahindra Bank Ltd.
HDFC Bank Limited

Statutory Auditors

Sandeep Rath & Associates
Chartered Accountants

Legal Advisors

Narayanan & Narayanan
Advocate & Solicitor

Registered Office

202, 2nd Floor,
Rahul Mittal Industrial Premises Co-op Soc. Ltd.,
Sanjay Building No. 3, Sir M.V. Road,
Andheri (East), Mumbai – 400 059

Corporate Office

Prestige Precinct, 3rd Floor,
Almeida Road, Panchpakhadi,
Thane (West) – 400 601

Registrar & Share Transfer Agent

Sharex Dynamic (India) Pvt. Ltd.
Unit No. 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072

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DIRECTORS' REPORT

To,
The Members,
KEDIA CONSTRUCTION CO. LIMITED

Your Directors have the pleasure in submitting the **Thirty-Sixth Annual Report of your Company** together with the Audited Statement of Accounts and the Auditors' Report for the financial year ended 31st March, 2017.

FINANCIAL RESULT

The performance of the Company for the financial year ended 31st March, 2017 is summarized below:

Sr. No.	Particulars	Current Year (₹)	Previous Year (₹)
a.	Total Income	12,36,868	9,85,087
b.	Expenditure Before Depreciation	11,67,782	9,75,921
c.	Profit before depreciation & amortization	69,086	9,166
d.	Depreciation & Amortization	Nil	Nil
e.	Profit before Taxes	69,086	9,166
f.	Tax Expenses including Deferred Tax	20,636	2,159
g.	Profit after Taxes	48,450	7,007
h.	Add : Balance brought forward from previous year	5,04,769	4,97,762
i.	Amount available for appropriation	5,53,219	5,04,769
j.	Proposed Dividend (Including tax) on Equity Shares	Nil	Nil
k.	Net Balance carried to Profit & Loss Account	5,53,219	5,04,769

BUSINESS RESULT

During the year under review, your Company has registered a turnover of ₹12,36,868/- as against ₹9,85,087/- in the previous year. The Profit before taxes in the current year is ₹69,086/- as against ₹9,166/- in the previous year and profit after taxes is ₹48,450/- as against ₹7,007/- in the previous year.

FINANCE

Cash and cash equivalents as at 31st March, 2017 was ₹2,87,273/-. The company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Management's discussion and analysis is set out in this Annual Report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a Certificate from M/s. Sandeep Rath & Associates, Chartered Accountants in practice, regarding compliance of the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a

separate section forming part of the Annual Report. The auditors' certificate for fiscal 2016-2017 does not contain any qualification, reservation or adverse remark.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 149 of the Act, **Mr. Ravi Nevatia** (DIN – 07200190) was appointed as the Additional Independent Director w.e.f. **1st November, 2016** for a term of five years. He had submitted a declaration stating that he meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect his status as independent director during the year.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, **Mr. Vijay Kumar Khowala** (DIN : 00377686) retires by rotation and being eligible has offered himself for re-appointment. Also, **Mr. Vijay Kumar Khowala** was appointed as the Chief Financial Officer of the Company w.e.f. **31st January, 2017**.

Pursuant to the provisions of Section 203 of the Act, the key managerial personnel of the Company are **Mr. Vijay Kumar Khowala**, Whole- Time Director & Chief Financial Officer of the Company.

DIVIDEND

In order to conserve the resources for future, your Directors do not recommend any dividend for the financial Year 2016-17.

LISTING OF SHARES AND DEMATERIALIZATION

The Company's shares are listed and traded at Bombay Stock Exchange (BSE) and its scrip code is **508993** and ISIN No. **INE511J01019**

RISK MANAGEMENT

During the year, the company has developed and implemented Risk Management Policy consistent with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to identify the elements of risk which may threaten the existence of the Company and possible solutions to mitigate the risk involved.

AMOUNT PROPOSED TO CARRY TO ANY RESERVES

No amount has been carried to any reserves as on 31st March, 2017.

FUTURE OUTLOOK

The Company's plans for securing the growth is under way and appropriate action will be taken in future at appropriate time for future development.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There are no material changes affecting the financial position from the end of Financial Year i.e. 31st March, 2017 till date.

FIXED DEPOSIT

During the year under review, the Company has not raised any funds by way of fixed deposits and as such, no amount of principal or interest was outstanding as of the balance sheet date.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- 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 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 and of the profit and loss of the company for that period;
- c) the Directors 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) the Directors have prepared the annual accounts on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

BOARD MEETINGS

The Board of Directors met Six times during this financial year 2016-17. The details of the meetings are elaborated in the Corporate Governance Section of this Report.

DECLARATION OF INDEPENDENCE

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(7) of the Companies Act, 2013 read with Schedules and Rules issued thereunder and under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD AND COMMITTEE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and under Regulation 25 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

SEPARATE INDEPENDENT DIRECTORS' MEETINGS

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives. They also have a separate meeting with the Non-Executive Chairman, to discuss issues and concerns, if any.

The Independent Directors met once on 28th February, 2017 during the Financial Year ended 31st March, 2017.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry.

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure. All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the most respected companies in India, the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has a Fraud Risk and Management Policy to deal with instances of fraud and mismanagement, if any. The FRM 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. A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

POLICY ON DIRECTORS APPOINTMENT AND THEIR REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

AUDIT COMMITTEE

The details pertaining to composition of audit committee is included in the Corporate Governance Report which forms part of Annual Report.

STATUTORY AUDITORS

The Board had appointed **M/s. Sandeep Rathi & Associates, Chartered Accountants, (FRN # 113728W)** to hold the office of the statutory auditor of the Company from the conclusion of the 35th Annual General Meeting till the Annual General Meeting to be held in the year 2020 subject to ratification by the shareholder annually and at a remuneration to be fixed by the Board of Directors in consultation with the auditors, plus applicable service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit.

Further, Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 139 of the Companies Act, 2013.

STATUTORY AUDITORS' REPORT

The statutory auditors' report is self explanatory. It does not require any comment as there is no qualification in reports.

SECRETARIAL AUDITOR

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed **Ms. Kala Agarwal, a**

firm of Company Secretaries in Practice (C.O.P. No. 5356) to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith.

SECRETARIAL AUDIT REPORT

The Secretarial Audit Report contains qualifications, reservations & explanations as following. The same is annexed with this report.

Explanation by the Company:

The Company has made efforts in appointing a suitable candidate for the post of whole time Company Secretary in employment, who shall also act as the compliance officer of the Company but aforesaid appointment is under process.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as annexure to the Board's report as Annexure – I.

DISCLOSURE RELATING TO SUBSIDIARY COMPANIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

The Company does not have any Subsidiary Company/Associate Company/Joint Ventures.

However, Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014, Form AOC-1 is annexed to this report as Annexure – II.

PARTICULARS OF CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Pursuant to the provisions of section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, Form AOC-2 is annexed to this report as Annexure – III.

INTERNAL AUDIT SYSTEM

The Company's has in house Internal Audit department commensurate with its nature and size of the Company.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has a proper and adequate internal control system for all its activities including safeguarding and protecting its assets against any loss from its unauthorized use of disposition. All transaction are properly documented, authorized, recorded and reported correctly. The Company has well defined Management Reports on key performance indicators. The systems are reviewed continuously and its improvement and effectiveness is enhanced based on the reports from various fields.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 and the Companies (Particulars of Employee) Rules, 1975, names and other particulars of the employees required are not given as none of the employee is covered under the said provisions of the Act.

ENVIRONMENT PROTECTION AND POLLUTION CONTROL

The Company has always been socially conscious corporate, and has always carried forward all its operations and procedures for environment friendly norms with all necessary clearances.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

The Company has taken all possible measures for the conservation of energy by undertaking required steps. The information regarding the foreign exchange earnings and outgo is not applicable hence there is no such transactions.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

There were no cases of sexual harassment filed during the year under review, in terms of the provision of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Pursuant to the provisions of section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, Form **AOC-2** is annexed to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not granted any loan and / or any guarantee during the year.

Further the Company has made investments under Section 186 of the Companies Act, 2013 in the following viz.:

Sr.	Name of Party	Amount
1	Investments in MF	1,10,96,759
2	Investment in Partnership Firm	20,98,708
3	Investment in Property	24,17,555
3	Investment in Associate co.	37,88,500

CORPORATE SOCIAL RESPONSIBILITY

As the Company does not fall in the mandatory bracket for Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013 the Company did not adopt any activity pursuant to the same for the financial year 2016-17.

SHARE CAPITAL**a) Issue of Equity Shares with Differential Rights:**

The Board of Directors has not made any issue of Shares in current financial year.

b) Issue of Sweat Equity Shares:

No Sweat Equity Shares were issued in current financial year.

c) Issue of Employee Stock Options:

No Employee Stock Options were issued in current financial year.

d) Provision of Money by Company for Purchase of Its Own Shares by Employees or by Trustees for the benefit of employees:

No provision is made by Company for purchase of its own shares by employees or by trustees for the benefit of employees.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All the Directors and the designated employees have confirmed compliance with the Code.

ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all the Company employees for their enormous personal efforts as well as their collective contribution to Company's record performance.

The Directors would also like to thank Shareholders, Customers, Dealers, Suppliers, Bankers, Financial Institutions, Government Authorities and all Other Business Associates for the continued support given by them to the Company and their confidence in the Management.

BY ORDER OF THE BOARD OF DIRECTORS
FOR KEDIA CONSTRUCTION CO. LTD.

VIJAY KUMAR KHOWALA
WHOLE TIME DIRECTOR & CFO
DIN: 00377686

THANE, 10TH DAY OF JUNE, 2017

BY ORDER OF THE BOARD OF DIRECTORS
FOR KEDIA CONSTRUCTION CO. LTD.

MURLIDHAR GUPTA
DIRECTOR
DIN: 01644127

Management Discussions and Analysis forming part of Director's Report for the year ended 31st March, 2017.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received foreign direct investment (FDI) equity inflows to the tune of US\$ 24,012.87 million in the period April 2000-December 2014. The government has taken several initiatives to encourage the development in the sector.

Real estate contributed about 6.3% to India's gross domestic product (GDP) in 2013. The market size of the sector is expected to increase at a compound annual growth rate (CAGR) of 11.2% during FY 2008-2020 to touch US\$ 180 billion by 2020.

OPPORTUNITIES AND THREATS

As India awaits policy reforms to pick up speed, your Company firmly believes that the demand for Real Estate in a country like India should remain strong in the medium to long term. Your Company's well-accepted brand, contemporary architecture, well-designed projects in strategic locations, strong balance sheet, and stable financial performance even in testing times make it a preferred choice for customers and shareholders. Your company is ideally placed to further strengthen its development potential by acquiring new land parcels.

While the management of your Company is confident of creating and exploiting the opportunities, it also finds the many challenges such as unanticipated delays in project approvals, availability of accomplished and trained labour force Increased cost of manpower, rising cost of construction, growth in auxiliary infrastructure facilities, over-regulated environment

OUTLOOK

The Indian construction and real estate sector continues to be a favored destination for global investors. Several large global investors, including a number of sovereign funds, have taken the first move by partnering with successful local investors and developers for investing in the Indian real estate market. This is expected to result in high transaction activity, especially in income yielding commercial office assets during 2017.

Under such circumstances, business gives right signals of growth & improvement and to avail of all such growth opportunities. The Board, therefore, considers that the Company should be managed in controlled manner.

RISK AND CONCERNS

The factor like increased cement & steel cost, power cost; increase in labour cost and transportation cost due to petrol/diesel price increase etc. could contribute to inflation. The Company considers good corporate governance as a pre-requisite for meeting the needs and aspiration of its shareholders. The main risk to the Company which may arise is mainly due to Government policies and decisions, Fluctuations in prices of Raw materials, Exchange rate fluctuations, Industry demand etc.

SEGMENT OR PRODUCT WISE PERFORMANCE

The Company is operating in one segment known as construction activity. The product wise comparison is not possible as it is not producing the product but it is undertaking the project. Hence performance can be compared on project completion as such performance of the Company has to be seen in overall manner.