

ANNUAL REPORT 2016-17
LANCO INFRATECH LIMITED

EPC



POWER



SOLAR



NATURAL RESOURCES



INFRASTRUCTURE



PROPERTY DEVELOPMENT



Corporate Information

Board of Directors

Mr. L. Madhusudhan Rao - **Executive Chairman**
Mr. G. Bhaskara Rao - **Vice-Chairman**
Mr. L. Sridhar - **Vice-Chairman**
Mr. G. Venkatesh Babu - **Managing Director & Chief Executive Officer**
Mr. Raj Kumar Roy - **Whole-time Director**
Dr. Uddesh Kumar Kohli - **Independent Director**
Mr. R. Krishnamoorthy - **Independent Director**
Mr. R. M. Premkumar - **Independent Director**
Mr. Gurbir Singh Sandhu - **Independent Director**
Mr. Vijoy Kumar - **Independent Director**
Mr. Pawan Chopra - **Independent Director**
Dr. Jaskiran Arora - **Independent Director**
Mr. Satish Chandra Sinha - **Independent Director**

Chief Financial Officer

Mr. T. Adi Babu

Company Secretary and Compliance Officer

Mr. A. Veerendra Kumar

Auditors

Brahmayya & Co.,

(Registration No. 0005115)

Chartered Accountants

48, Masilamani Road, Balaji Nagar, Royapettah

Chennai - 600 014

Tamil Nadu, India

Registered Office

Plot No. 4, Software Units Layout,HITEC City

Madhapur, Hyderabad – 500 081, Telangana, India

Phone: +91-40-4009 0400, Fax: +91-40-2311 6127

E-mail: complianceofficer.litl@lancogroup.com

Website: www.lancogroup.com

Corporate Identity Number: L45200TG1993PLC015545

Corporate Office

Lanco House, Plot No. 397, Udyog Vihar, Phase-3

Gurgaon-122 016, Haryana, India

Phone: +91-124-474 1000, Fax: +91-124-474 1878

Registrar & Share Transfer Agent

Aarthi Consultants Private Limited

1-2-285, Domalguda, Hyderabad – 500 029

Telangana, India

Phone: +91-40-2763 8111, 2763 4445

Fax: +91-40-2763 2184

E-mail: info@aarthiconsultants.com

Website: www.aarthiconsultants.com

Bankers and Financial Institutions of the Company

Allahabad Bank
Andhra Bank
Axis Bank Limited
Bank of Baroda
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
ICICI Bank Limited
IDBI Bank Limited
IDFC Limited
Indian Overseas Bank
Kotak Mahindra Bank Limited
Life Insurance Corporation of India
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
State Bank of India
The Jammu & Kashmir Bank
Union Bank of India
United Bank of India
Yes Bank Limited

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Board of Directors



Mr. L. Madhusudhan Rao
Executive Chairman



Mr. G. Bhaskara Rao
Vice - Chairman



Mr. L. Sridhar
Vice - Chairman



Mr. G. Venkatesh Babu
Managing Director &
Chief Executive Officer



Mr. Raj Kumar Roy
Whole-time Director



Dr. Uddesh Kumar Kohli
Independent Director



Mr. R. Krishnamoorthy
Independent Director



Mr. R. M. Premkumar
Independent Director



Mr. Gurbir Singh Sandhu
Independent Director



Mr. Vijoy Kumar
Independent Director



Mr. Pawan Chopra
Independent Director



Dr. Jaskiran Arora
Independent Director



Mr. Satish Chandra Sinha
Independent Director

Business Verticals

EPC

Our reputation for impeccable project management competencies has established us as the first choice amongst leading enterprises for Power EPC projects. An ability to straddle a project from “concept to commissioning” and bringing together the crucial parameters of cost and quality has earned us a rich portfolio of EPC projects. Our competitive edge is derived from our decade-old expertise in EPC combined with strong engineering competencies across industry verticals such as power, transmission, industrial and transportation segments.

POWER

Lanco's expertise in the power sector over the years made them contribute to the country's Power sector. Lanco Kondapalli, Lanco Tanjore, Lanco Amarkantak, Lanco Anpara are standing testimony to the laurels of Lanco. Currently, Lanco has an installed capacity of 3465 MW and a capacity under construction of 4536 MW. Lanco will contribute considerably into the nation's goal of providing power to all.

SOLAR

Lanco Solar aims to power Indian communities by providing clean and cost-effective solar electricity, and is committed to achieving grid parity in the years to come. Lanco Solar has taken considerable strides in the solar industry during recent years in integrated manufacturing, solar EPC and project development with an aim, to deliver sustainable, innovative and cost effective solutions across the entire solar power value chain.

NATURAL RESOURCES

The coal business has always been our key area of focus. The appointment as Mine Developer & Operator (MDO) by Steel Authority of India Ltd., for the Tasra Coal Block including washery and captive power project has reiterated our strengths in Natural Resources.

INFRASTRUCTURE

Our Infrastructure development business is focused on executing large civil and urban projects such as roads, highways, ports, airports, railway lines, etc. The successful execution and completion of impressive civil & urban projects has earned us a prominent position in the Infrastructure development sector. The projects currently under highway portfolio include two major National Highway (NH) projects in the State of Karnataka. Our current portfolio consists of highway projects of around 163 kms in length.

PROPERTY DEVELOPMENT

Lanco Hills a mega project in Hyderabad with Apartments, Villas, Malls, IT Parks is a product of expertise and meticulous planning. World's top Architects, consultants and experts have come together to create this marvellous world of its own called Lanco Hills. Convenient access to homes, premium office spaces, entertainment, leisure and shopping, extraordinary comforts, high rise living and global standard construction make Lanco Hills the most sought after in the city of Hyderabad.

Year at a glance - Consolidated

PARTICULARS	(₹ Crores)		Change
	2016-17	2015-2016	Change (%)
Profit and Loss Account			
Gross Income	8,445.48	10,097.91	(16)
Less: Elimination of Inter Segment Income	935.41	1,763.01	(47)
Net Income	7,510.07	8,334.90	(10)
Profit Before Depreciation, Interest, Taxation and Exceptional Items	1,612.99	2,797.69	(42)
Depreciation and Amortisation	903.88	817.54	11
Profit Before Interest, Taxation and Exceptional Items	709.11	1,980.15	(64)
Eliminated Profit on transactions with Subsidiaries	172.96	271.41	(36)
Profit Before Interest, Taxation, Exceptional Item and Eliminations	882.07	2,251.56	(61)
Interest and Finance Charges	2,995.31	2,658.00	13
Loss Before Taxation, Exceptional Items and Eliminations	(2,113.24)	(406.44)	420
Exceptional Items	(4.52)	279.86	(102)
Loss Before Taxation and Eliminations	(2,117.76)	(126.58)	@
Provision for Taxation (Including Deferred Tax and MAT Credit Entitlement)	(29.90)	(125.57)	(76)
Loss After Tax (Before Share of Non Controlling Interests & Profits from Associates)	(2,087.86)	(1.01)	@
Share of Non Controlling Interests	(210.84)	(4.10)	@
Share of Profits / (Loss) from Associates	0.76	(0.29)	362
Profit / (Loss) After Tax (After Share of Non Controlling Interests & Profits from Associates) Plus Eliminations	(1,876.26)	2.80	@
Elimination of Profit on Transactions with Subsidiaries and Associates	172.87	271.90	(36)
Loss After Tax (After Share of Non Controlling Interests and Profits from Associates)	(2,049.13)	(269.10)	661
Other Comprehensive Income	0.47	(1.05)	145
Total Comprehensive Income for the year to owners of the Company	(2,048.66)	(270.15)	(658)
Cash Profit / (Loss)	(1,068.38)	592.84	(280)
Balance Sheet			
Share Capital	330.26	273.78	21
Other Equity	(2,404.54)	(304.12)	(691)
Non Controlling Interests	1,125.25	1,382.29	(19)
Total Equity	(949.03)	1,351.95	(170)
Cumulative Eliminated Profit on Transactions with Subsidiaries and Associates	1,039.30	941.64	10
Total Equity Plus Cumulative Eliminated Profit	90.27	2,293.59	(96)
Non Current Liabilities	43,112.76	41,480.46	4
Current Liabilities	14,092.18	11,059.27	27
Total Equity and Liabilities	56,255.91	53,891.68	4.39
Non Current Assets	48,041.91	45,044.21	7
Current Assets	8,214.00	8,847.47	(7)
Total Assets	56,255.91	53,891.68	4
Key indicators			
Earning Per Share (In Rs.)			
Basic	(7.50)	(1.05)	(614)
Diluted	(7.50)	(1.05)	(614)
No. of Employees	3,361	3,700	(9)

@ Change is above 1000 hence not shown

BOARDS' REPORT

Dear Members,

Your Directors present the Twenty Fourth Annual Report on the Business and Operations of the Company together with the Audited financial statements for the year ended March 31, 2017.

FINANCIAL SUMMARY

(₹ Crores)

PARTICULARS	CONSOLIDATED		STANDALONE	
	Year ended March 31		Year ended March 31	
	2017	2016	2017	2016
Total Income	7,510.07	8,334.90	1,757.53	2,744.94
Profit / (Loss) Before Taxation	(2,290.72)	(397.99)	(889.52)	(452.53)
Provision for Taxation	(29.90)	(125.57)	-	0.09
Net Profit / (Loss) after Taxation	(2,260.82)	(272.42)	(889.52)	(452.62)
Add: Share of Profit/(Loss) of Associates	0.76	(0.29)	-	-
Less: Elimination of Unrealized Profit on Transactions with Associate Companies	(0.09)	0.49	-	-
Less: Share of Non-Controlling Interests	(210.84)	(4.10)	-	-
Profit/(Loss) from operations for the period attributable to Owners of the company	(2,049.13)	(269.10)	(889.52)	(452.62)

FINANCIAL PERFORMANCE AND THE STATE OF THE COMPANY'S AFFAIRS

On a Consolidated basis, your Company has reported Revenues of ₹ 7,510.07 Crores for FY 2016-17 as against ₹ 8,334.90 Crores of Revenues in the previous year. Total Expenditure for the Year was ₹ 9,796.27 Crores as against ₹ 9,012.75 Crores in the previous year. The Loss before tax for the Year was ₹ 2,290.72 Crores as against Loss before tax ₹ 397.99 Crores in the previous year.

Finance Cost on consolidated basis amounted to ₹ 2,995.31 Crores in comparison to ₹ 2,658.00 Crores of previous year.

The Net Loss after Tax after adjustment of Non-Controlling Interests and Share of Profits of Associates was ₹ 2,049.13 Crores as against the Net Loss of ₹ 269.10 Crores for the previous year.

A detailed discussion on the result of the operations, financial status and business review is included in the Management Discussion and Analysis Report placed at **Annexure-1** to this Report.

Members are informed that as directed by Reserve Bank of India (RBI), IDBI Bank Limited (IDBI) the lead bank of the Company referred the Company under the Insolvency and Bankruptcy Code, 2016 (IBC) before Hon'ble National Company Law Tribunal (NCLT), Hyderabad. Accordingly, the Company was admitted to the Corporate Insolvency Resolution Process on August 07, 2017.

INCREASE OF PAID-UP EQUITY SHARE CAPITAL

Pursuant to the approval of Members received through Postal Ballot on February 28, 2016, your Company on March 14, 2016 allotted 32,14,53,885 Compulsorily Convertible Debentures (CCDs) to IDFC Bank Limited at a price of ₹ 10 per CCD having face value of ₹ 10 each

with 12 months tenure, aggregating to ₹ 321,45,38,850. On March 14, 2017, your Company allotted 56,47,37,202 Equity Shares of face value of ₹ 1 each at ₹ 6.23 Per Equity Share (including ₹ 5.23 per Equity Share towards Share Premium) aggregating to ₹ 351,83,12,771 to IDFC Bank Limited, upon conversion of Compulsorily Convertible Debentures (CCDs) of ₹ 321,45,38,850 and interest accrued thereon for an amount of ₹ 30,37,73,921 (net of TDS). In view of the above Corporate Action, the Paid-up Share Capital of the Company increased from ₹ 274.93 Crores to ₹ 331.41 Crores. As part of the notice of this Annual General Meeting, ratification is being sought from the Members for the action taken by the Board of Directors in regard to allotment of above referred equity shares to IDFC Bank Limited.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as required under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is enclosed as **Annexure-1** to this Report.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATES

During the reporting period, Nekkar Power Private Limited and Lanco Horizon Properties Private Limited had become Subsidiaries of the Company. Further Lanco Infratech (Mauritius) Limited, Lanco Holding Netherland B.V. and P.T. Lanco Indonesia Energy were closed and thereafter had ceased to be Subsidiaries of the Company.

The Company's Policy on Material Subsidiaries of the Company has been provided in the following link: http://www.lancogroup.com/pdf/financials/Policies/Policy_on_Material_Subsidiaries.pdf

Report on the highlights of performance and financial position of the Subsidiaries and Associates has been provided in Management Discussion and Analysis Report enclosed as **Annexure- 1** to this Report and in Form AOC-1 which forms part of this Annual Report.

RISK MANAGEMENT POLICY

The Company had put in place the Standard Operating Procedures for the Risk Management Process across all Business units in terms of process, formats, documentation, reporting, identification of elements of risk and monitoring Risk Mitigation plans, as part of the Risk Management Policy developed and implemented by the Company. Further details are provided in Management Discussion and Analysis Report placed at **Annexure-1** to this Report.

INTERNAL FINANCIAL CONTROLS

Your Company had put in place adequate Internal Financial Controls commensurate with the size of the Company with reference to the Financial Statements.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the FY 2016-17, 6 (six) Board Meetings were held. These meetings were held on May 27, 2016, August 12, 2016, September 09, 2016, September 27, 2016, December 09, 2016 and February 13, 2017. The maximum interval between any two meetings did not exceed 120 days.

The Nomination and Remuneration Committee had devised the criteria and the process for performance evaluation of the Non-Independent Directors, the Board as a whole and its Committees. In terms of Section 178(2) of the Companies Act, 2013, the Committee carried out evaluation of every Director's performance on various parameters as set-out in the performance evaluation policy of the Company and found that all Directors have fully met the requirements. Separate meeting of Independent Directors was held on March 30, 2017 without the presence of non-Independent Directors and members of the management.

The details of Familiarization Programme for Independent Directors of the Company is disclosed on the Company's website at [http://www.lancogroup.com/pdf/financials/Policies/Familiarization Programme for Independent Directors.pdf](http://www.lancogroup.com/pdf/financials/Policies/Familiarization%20Programme%20for%20Independent%20Directors.pdf)

The Independent Directors have given a declaration to the Company under Section 149(7) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding meeting the criteria of independence prescribed under Section 149(6) of the Companies Act, 2013.

Mr. Satish Chandra Sinha was appointed as Additional Director in the Category of Independent Director for 5 (five) years with effect from May 30, 2017.

The term of Mr. G. Bhaskara Rao as Executive Vice-Chairman ended on March 31, 2017 and he is continuing as Non-Executive Director of the Company w.e.f April 01, 2017. He was elected as Vice-Chairman of the Company by the Board of Directors on April 15, 2017.

Your Company is awaiting approvals from the Central Government regarding the appointment/re-appointment and payment of remuneration to managerial personnel of the Company which includes Mr. L. Madhusudhan Rao, Mr. G. Bhaskara Rao, Mr. G. Venkatesh Babu and Mr. Raj Kumar Roy.

Mr. Rengaraj Viswanathan and Mr. Krotthapalli Raja Gopal, resigned as Directors of the Company with effect from February 27, 2017 and July 20, 2017 respectively. IDBI Bank Limited had withdrawn its nominee Mr. Hiranmoy Biswas from the Board of the Company with effect from July 30, 2017. Further, Dr. Rajesh Kumar Yaduvanshi who was appointed as Nominee Director representing Punjab National Bank on the Board of the Company had resigned from the Board with effect from October 09, 2017, after being relieved from Punjab National Bank and posted as Executive Director of Dena Bank. Your Directors place on record their appreciations for the valuable contribution by Mr. Rengaraj Viswanathan, Mr. Krotthapalli Raja Gopal, Mr. Hiranmoy Biswas and Dr. Rajesh Kumar Yaduvanshi, during their tenure as Directors.

Mr. Lagadapati Sridhar and Mr. Lagadapati Madhusudhan Rao, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for appointment.

Mr. G. Venkatesh Babu, Managing Director & CEO, Mr. T. Adi Babu, Chief Financial Officer and Mr. A. Veerendra Kumar, Company Secretary represent the Key Managerial Personnel (KMP) of your Company.

ANNUAL GENERAL MEETING (AGM)

Based on application filed by the Resolution Professional, the Registrar of Companies, Hyderabad had given approval for holding the AGM of your Company for FY 2016-17, on or before December 31, 2017. Accordingly the 24th AGM is proposed to be held on December 22, 2017.

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy adopted by the Board as per Regulation 43A of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 is enclosed as **Annexure-2** and the same is placed on the website of the Company at www.lancogroup.com.

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Committee had recommended to the Board a Policy relating to the Appointment and Remuneration of Directors, Key Managerial Personnel and other Employees. The Nomination and Remuneration Policy forms part of this Report as **Annexure-3**.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report prescribed under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Board has laid down separate Code of Conduct for Directors and Senior Management Personnel of the Company and the same is posted on the Company's Website. All Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct. The Managing Director & CEO has also confirmed and certified the same. The certification forms part of the Report on Corporate Governance.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of The Companies (Accounts) Rules, 2014, is grouped as below:

Conservation of Energy and Technology Absorption:

The following are the measures and technologies being implemented by the Company:

- (i) Selection of equipment that consume minimum energy and adoption of integrated energy management system to measure, monitor and take corrective action for minimizing auxiliary power consumption in the Power Plants.
- (ii) Selection and adoption of technologies for SNCR/SCR and FGD to control NOx and SOx emission parameters meeting the new Environmental standards as per MOEF guidelines.
- (iii) Ash utilization in earth filling.
- (iv) Promoting the use of bricks and cement made from power plant ash.
- (v) Best project management practices for optimally utilizing available resources to help reduce project execution time.
- (vi) Improved fire safety by adopting simple methods of increased gravel fill in oil collection pits in transformer yards and cables supported on isolated structures in coal handling plants.
- (vii) Adoption of zero liquid discharge schemes to prevent water pollution.
- (viii) Usage of Electro chlorination instead of gas chlorination to avoid hazards while handling chlorine containers.
- (ix) Development and construction of green buildings reducing the electricity consumption.
- (x) Development and construction of buildings with focus on design and architecture maximising the use of natural light and natural air ventilation thus reducing the electricity consumption.
- (xi) Development of Green belt and water harvesting contributing to environment protection.

Foreign Exchange Earnings and Outgo:

(₹ Crores)

Particulars	Year ended March 31, 2017
Foreign Exchange Earnings	30.47
Foreign Exchange outgo (including Capital imports)	8.77

DISCLOSURE ON COMPANY'S EMPLOYEES STOCK OPTION PLAN

The Employees Stock Option Plan - 2006 was approved by Members

by passing Special Resolution in the Extraordinary General Meeting held on June 07, 2006. There were no grants made under the Employees Stock Option Plan of the Company during the FY 2016-17. The required information regarding the ESOP Plan is enclosed as **Annexure-4** to this Report.

PARTICULARS OF EMPLOYEES AND REMUNERATION

As required under Section 197 (12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the details of the remuneration drawn by the employees in excess of the limits prescribed, forms part of this Report.

Pursuant to Section 136 of the Companies Act, 2013, the Annual Report is being sent to the members after excluding the aforesaid details. The same is available for inspection at the Registered Office of the Company during office hours and any member desirous of the said information may write to the Company Secretary at the Registered Office of the Company.

Disclosure of the information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended forms part of this Report as **Annexure-5**.

RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered by the Company during the reporting period were at arm's length basis and in the ordinary course of business. Therefore the disclosure of particulars in Form No. AOC-2 is not applicable to the Company. In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a 'Policy on Related Party Transactions' and the same is uploaded on the Company's website at http://www.lancogroup.com/pdf/CS/LITL_Policy_on_Related_Party_Transactions.pdf

RESOLUTIONS PASSED THROUGH POSTAL BALLOT

No Resolutions were passed through Postal Ballot during the reporting period.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

No amendment was made to Memorandum and Articles of Association of the Company during the reporting period.

DIVIDEND

During the year under review your Company incurred losses. On account of losses, your Directors have not recommended dividend for the year ended March 31, 2017.

DEPOSITS

During the year under review, your Company has not accepted deposits from Public.

LOANS, GUARANTEES, SECURITIES AND INVESTMENTS

The granting of loans and giving of guarantee and providing of security by your Company is exempted in terms of Section 186(11)

(a) of the Companies Act, 2013, as the Company is providing infrastructural facilities specified in Schedule VI of the Companies Act, 2013. Pursuant to Section 186 of Companies Act, 2013 read with Schedule V of the Listing Regulations, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 of the Companies Act, 2013 and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is provided as **Annexure-6** to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Committee comprises of Dr. Uddesh Kumar Kohli, Independent Director, Mr. R.M. Premkumar, Independent Director, Mr. G. Bhaskara Rao, Vice-Chairman and Mr. G. Venkatesh Babu, Managing Director & CEO as its Members. Dr. Uddesh Kumar Kohli, Independent Director is the Chairperson of the CSR Committee. Members can access the CSR Policy on the website of the Company at http://www.lancogroup.com/pdf/LITL_CSR_Policy.pdf

There are no net profits for the Company made during the previous three financial years. Hence, there is no requirement of spending specific funds towards CSR activities by the Company during the year under review. Details of CSR activities by the group companies is included in Management Discussion and Analysis Report as **Annexure - 1** to this report.

AUDITORS

The Members are requested to ratify the appointment of Brahmayya & Co., Chartered Accountants, (Firm Registration No. 000511S) as Auditors of the Company for the FY 2017-18.

COST AUDITORS

DZR & Co., Cost and Management Accountants have been appointed as the Cost Auditors for the year ending March 31, 2017. The Cost Audit Report for the year ended March 31, 2017 was filed on October 26, 2017. DZR & Co., have been appointed as Cost Auditors of the Company for the FY 2017-18, based on the recommendation of Audit Committee.

SECRETARIAL AUDIT REPORT

M/s. DVM & Associates LLP, Company Secretaries, were appointed as Secretarial Auditors to conduct Secretarial Audit of records and documents of the Company for the FY 2016-17. The Secretarial Audit Report is given as **Annexure-7** to this Report.

CORPORATE GOVERNANCE

In compliance with the conditions of Corporate Governance, pursuant to Listing Regulations, the Report on Corporate Governance with the Certificate from a Practicing Company Secretary certifying compliance in this regard, forms part of this Report as **Annexure-8**.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

With a view to implement the highest ethical standards in the course of business, the Company has formed and adopted a whistle

blower policy which provides a platform for reporting concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. Directors and Employees of the Company may report non-compliance, to the Chairperson of Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AGAINST WOMEN AT WORK PLACE OF THE COMPANY

Pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company had adopted the "Policy on Prevention of Sexual Harassment against Women at workplace" *inter alia* to seek to protect women from sexual harassment at their place of work. There were no complaints relating to sexual harassment during the reporting period.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- (a) In the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and that no material departures are made from the same;
- (b) Accounting policies have been selected and applied consistently and judgments and estimates have been made 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 FY 2016-17 and of the profit and loss of the Company for that period;
- (c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, have been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts for the FY 2016-17 have been prepared on a going concern basis;
- (e) Internal financial controls have been laid down, to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- (f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INFORMATION ON AUDITOR QUALIFICATIONS

The information and explanations of your Directors on the qualification by the Auditor on the Audited Consolidated Financial Statements for the FY 2016-17 is as follows:

• Qualification on Unaudited Financials of Subsidiaries in Consolidation

As per local GAAP applicable to subsidiaries of Lanco Resources International Pte. Limited (LRIPL), fair valuation of assets is