

PRESS STATEMENT

CLARIFICATION ISSUED BY BINANI CEMENT LIMITED IN REFERENCE TO MEDIA REPORTS DATED JUNE 27, 2014 DEFERRED TAX LIABILITY MATTER OF RS.182 CRORES

Mumbai, June 28, 2014: In regards to certain reports that have appeared in the media on June 27, 2014, Binani Cement stands to clarify the said matter.

Binani Cement has been committed towards paying its taxes to the Government and has never defaulted on the same as being made out to be. As Binani Cement invested Rs. 633 Crores the company was entitled for 'Eligible Fixed Capital Investment', Binani Cement had availed deferment of Rs. 457 Crores by foreclosing the scheme on 31 August 2011 against eligibility of Rs. 488 Crores. However, only Rs. 280 Crores was approved by the State Level Screening Committee, thus the deferment availed was of Rs.177 Crores, which had to be paid to the Government.

The matter was sub-judice in Hon'ble High Court of Rajasthan and the Hon'ble Supreme Court till 2013 and the same was finally decided in Feb.'13. In view of the Hon'ble Supreme Court's decision, the Sales Tax Department issued a demand notice of Rs. 173 Crores. The Company requested the Sales Tax Department for grant of installments to repay the sum of Rs 173 Crores, under the provision of section 38 RVAT Act read with Rule 26 of RVAT Rules.

The Company filed a Writ Petition before the Hon'ble High Court seeking directions to the authorities to decide its applications for installments and under the order of the Hon'ble High Court, the Sales Tax Department decided the applications and passed an order dated 07.04.2014. In the said order the Sales Tax Authorities themselves granted the Company 10 installments for payment of the entire amount.

The said order was challenged by the Company since certain relevant facts were ignored by the Sales Tax Department and their decision was based on certain irrelevant considerations. The Hon'ble Single Judge of the High Court vide order dated 22.05.2014, partly allowed the writ petition filed by the Company and modified the order of the Sales Tax Department as follows. –

- The Company had to pay Rs. 50 Crores by 30 June 2014 and
- The balance amount was to be paid in 12 equal monthly installments.

The Company has always been committed towards making payments of the liabilities and was only requesting for some installments to discharge the same, as provided under the statute. Infact, the Company started making payments towards this liability right from March 2013 every month and had paid about Rs 20 Crores during the pendency of the application for installments before the Sales Tax Department. The Company filed an undertaking to comply with the order of The Hon'ble Single High Court dated 22.05.2014. Thus the Company has committed itself to making payment of the liability and at no point of time intended to evade the said amount.

The Company, in compliance of the undertaking given by it, has already deposited Rs 50 Crores as directed by The Hon'ble Single Judge of the High Court. Thus the Company has complied with the order of The Hon'ble High Court and so far has deposited almost Rs 70 Crores towards the discharge of its liabilities. The Company further intends to pay the remaining balance amount in terms of the directions given by The Hon'ble Single Judge.

Despite the facts that the Company has already furnished an undertaking to pay and has already started making payments, the State Government and the Sales Tax Authorities have challenged the order dated 22.05.2014 before The Hon'ble Division Bench of the High Court by filing a writ appeal. Vide order dated 12.06.2014, The Hon'ble Division Bench High Court stayed the operation of the order dated 22.05.2014 and listed the writ appeal for final disposal on 04.07.2014.

The Company challenged the interim stay order dated 12.06.2014, before The Hon'ble Supreme Court, however, since the main writ appeal is listed for 04.07.2014 the same was not pressed by the Company. Now the matter will be heard finally by the Division Bench on 4.7.2014, on which day the adjudication of all the issues pending before The Hon'ble High Court will be adjudicated upon and decided.

The Company reiterated that it is committed towards making payment of the entire liability and is not in any which manner trying to default the same but is only seeking installments as provided under the law. For a company that has already accepted the liability and has made payments as per the High Court order, increase pressure by the Government would make company operation unviable giving the cost of raw material increase and low off take of Cement in the current market.

Issued by

Sd/-

R. S. Joshi

President, Corporate Affairs

Binani Cement Limited