



2015-2016
77th Annual Report



"Striding Towards a New Future"

Corporate Directory



BOARD OF DIRECTORS

Dr. Shashi Chand Jain
Chairman Emeritus

Shri. Pramod Kumar Jain
Chairman and Managing Director

Shri. Bakul Jain
Managing Director

Shri. Vivek Jain
Managing Director

Shri Mudit Jain
Managing Director

Shri Sodhsal Sing Dev of Dhrangadhra
Ms. Sujata Rangnekar
Shri D. Ganapathy
Shri Salil Kapoor

BANKERS

Punjab National Bank
State Bank of India
City Union Bank Ltd.

AUDITORS

V. Sankar Aiyar & Co.,
Chartered Accountants, Mumbai.

REGISTERED OFFICE

Dhrangadhra – 363 315, Gujarat.

HEAD OFFICE

“Nirmal” 3rd Floor,
Nariman Point,
Mumbai – 400 021.

BRANCH OFFICE

Indra Palace, 1st Floor,
H-Block, Connaught Circus,
New Delhi - 110 001.

WORKS

Soda Ash Division : Dhrangadhra – 363 315,
Gujarat.

Caustic Soda Division : Arumuganeri P.O.,
Sahupuram – 628 202,
Tamil Nadu.

PVC Division : Arumuganeri P.O.,
Sahupuram – 628 202,
Tamil Nadu.

Salt Works : Kuda, Gujarat.
: Arumuganeri P.O.,
Sahupuram – 628 202,
Tamil Nadu.

77th

Annual Report 2015 – 2016

Note : The Balance Sheet, Profit and Loss Account and Key Financial Data are also presented in US \$ on Page Numbers 39,40 & 41 respectively.

Directors' Report

TO THE MEMBERS

Your Directors present their 77th Annual Report and Audited Financial Statements for the Financial Year ended 31st March, 2016 -

1. Financial Results

	31-03-2016 (Rs. in lacs)	31-3-2015 (Rs. in lacs)
Net Sales	127159.80	125446.82
Gross Profit	9513.21	4723.64
Less : Provisions		
Depreciation	6621.65	5200.17
Profit Before Tax/(Loss)	2891.56	(476.54)
Tax: Current Period	650.00	-
Previous Period	-	26.09
MAT Credit available for set off / Utilized	(617.00)	211.73
	33.00	(237.82)
Profit/(Loss)After Current Tax & Tax Adjustments	2858.56	(714.36)
Deferred Tax	1003.98	(122.19)
Profit after Tax/(Loss)	1854.58	(592.17)
Add: Balance brought forward	7709.19	8301.36
Profit available for Appropriation	9563.77	7709.19
Appropriations:		
General Reserves	-	-
Proposed Dividend	-	-
Dividend Distribution Tax	-	-
Balance carried forward	9563.77	7709.18

2. Dividend:

Due to lower profits from the operations of the Company during the year and to conserve cash required for the ongoing projects of the Company, your Directors have not recommended any dividend for the year on the equity shares of the Company.

3. Operations:

The sales for the year are Rs.1271.60 crores compared to Rs.1254.47 crores in the previous year. The profit for the year (before depreciation) was Rs.95.13 crores against a profit of Rs. 47.24 crores in the previous year. The profit before tax amounted to Rs.28.92 crores as against loss of Rs. 4.77 crores in the previous year. The profit after provision of current tax / taxes for the year is Rs.28.59 crores against a loss of Rs. 7.14 crores for previous year and profit after deferred tax was Rs. 18.55 crores against loss of Rs. 5.92 crores for previous year.

4. Exports:

The Company's exports were of **Rs. 177.54** crores as compared to **Rs. 158.30** crores in the previous year. The increase in Export Turnover is on account of higher sale of Synthetic Rutile,

5. Subsidiary :

DCW Pigments Limited, has not yet commenced its operations and is not likely to commence any business activities in future. The Board of Directors in its meeting held on 25th May 2016 has decided to dispose of the investment made in the equity shares of the said Subsidiary. Hence in accordance with Accounting Standard 21(AS-21) the Company has discontinued the preparation of Consolidated financial statements from the financial year 2015 -2016.

5.1 Division wise performance:

a) PVC Division:

The turnover of the division was Rs. 577.26 crores as compared to Rs. 596.56 crores in the previous year, a reduction of 3.24%. This fall in turnover is mainly on account lower realization of PVC, which is in line with fall in raw material prices. The demand for PVC continues to show positive growth. The Government has identified irrigation, power and infrastructure, as thrust areas and increased activity in these sectors are likely to boost demand of PVC Resin.

b) Caustic Soda Division:

The turnover of the division was Rs. 478.90 crores as compared to Rs.450.18 crores in the previous year, an increase of 6.38%. The increase in turnover of the division is mainly on account of higher sales of Synthetic Rutile.

c) Soda Ash Division:

The turnover of the division was Rs.195.57 crores as compared to Rs.192.84 crores. The working of this division is stable and the demand in this segment is consistent. Looking to the comfortable demand and supply positions in coming years and no major additional capacities coming up in near future, the working of this division is expected to be stable.

5.2 There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2015-2016 and the date of this Report.

6. PROJECT UNDER IMPLEMENTATION.

Chlorinated Poly Vinyl Chloride (C-PVC) Project.

The Company has signed Technology License agreement with Arkema of France for putting up Chlorinated Poly Vinyl Chloride (C-PVC) Plant at its Sahupuram Works in Tamilnadu. The UHDE India, has been appointed to do detailed engineering for the project. The work on this project is in advanced stage of completion.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

7.1 Industry Structure and Developments

7.1.1 Caustic Soda is an Alkaline used in sectors like, soaps, detergents, paper and chemicals (alumina sector). The demand for Caustic Soda is driven by the upturn in the production growth in these sectors. The installed capacity of caustic soda is about 28.60 lakhs tones out of which 50% of the capacities are in western part of India, 25% in Southern India.

7.1.2 Soda Ash is mainly used in industries such as Detergents, Dye intermediaries, Sodium Silicate, Ore refining, Glass industry, Pesticides, Paper, Pharmaceuticals and Mining industries. Sodium Bi-carbonate which is manufactured by Soda Ash industries is being used in bakeries and also by chemical and pharmaceutical industries. The total installed capacity in soda ash industry is 33.61 lakh MT. All these capacities are concentrated in western part of India due to availability of required raw materials i.e. salt, lime stone and coal/lignite. The demand for soda ash is increasing by 5% annually mainly due to demands from detergent and glass sectors. India is also exporting soda ash to South East Asian countries.

7.1.3 Poly Vinyl Chloride (PVC) is the most commonly used thermoplastic. PVC is produced from Vinyl Chloride Monomer (VCM), which is obtained from ethylene dichloride (EDC), a derivative of ethylene and chlorine. PVC is used in a variety of items, such as pipes and fittings, wires and cables, calendared sheets, blow molded bottles, profiles, footwear, roofing, automotive parts, table cloths, shower curtains and furniture in India. The per capita consumption of PVC is significantly lower as compared with developed countries.

Total installed capacity of PVC industry is 1.35 Million Tons. The domestic demand of PVC is about 2.65 Million Tons. The shortfall of 1.30 Million Tons in supply is met by imports.

Based on the demand supply projections, substantial deficit is expected in the polyvinyl chloride market, which will be met by imports. The market for PVC is expanding by 5 to 6% p.a. and hence there is scope for increasing capacities.

7.2 Opportunities and Threats

The domestic demand for all the products manufactured by the Company is growing which gives opportunity to expand its production capacities and take benefit of the expanding market. Company's Caustic Soda, Synthetic Rutile and PVC Units are near to Tuticorin Port in Tamilnadu and this gives opportunity to the Company to easily export its products. Company has opportunity to go in backward/forward integration in the products it manufactures which can make the Company more competitive.

The low cost imports coming in to the country can be a threat in future. However, Company's efforts over the years have made it a low cost producer and hence the Company is capable of facing international competition. Company is exporting its products against international competition.

7.3 Segment-wise or product-wise performance.

7.3.1 PVC Division:

The Company, one of the country's five producers of PVC resin, has maintained its market share of nearly 7%. Anti-dumping duty imposed on PVC resin on imports from China, USA, Mexico, European Union, Indonesia will protect the domestic industry against dumping of PVC resin from these countries. Automation cum De-bottlenecking program implemented in this unit will help the Company in reducing cost and increasing production of this division.

7.3.2 Caustic Soda Division:

The Company continues to be a major player in South India with a market share of approximately 20%. The demand for caustic soda is expected to grow at a steady rate, specially with increased demand from alumina manufacturers. The Company has captive use of HCL & Chlorine which helps to maintain Caustic Production at full level.

7.3.3 Soda Ash Division:

The Soda Ash Industry continues to grow at a compounded rate of 4% - 5% per annum and this trend is expected to continue. Antidumping duty imposed on import of Soda Ash from countries of Iran, Pakistan, China, Ukraine, Kenya, Turkey, Russia, European Union and the US by Govt. of India will protect the industry against dumping of Soda Ash from these countries.

7.3.4 Synthetic Iron Oxide Pigment Division:

The new Synthetic Iron Oxide Pigment Division of the company has started production and with this the company has entered into specialty chemical segment. This segment production will give more stability to the profitability of the company.

7.4 Outlook:

The Company has diversified operations with three major business segments viz. PVC, Chloro Alkali and Soda Ash. It is thus reasonably protected from the vagaries of individual business cycles of these products. By the commencement of commercial production at company's new Synthetic Iron Oxide Pigment plant, company has entered into specialty chemical segment and this will give more stability to the bottom line of the company.

7.5 Risks and concerns

The Company's performance depends upon number of factors viz., fluctuations in the exchange rates of Rupee with major International currencies, change in raw-material prices, change in duty structure on the raw materials imported and Company's various products, change in Government policies in the sectors in which company operates etc.

7.6 Internal Control Systems and their adequacy

Company has adequate internal control system commensurating with the nature of its business and size of its operations. Internal Audit is conducted on a regular basis by a reputed firm of Chartered Accountants. The reports of the internal audit along with comments from the management are placed for review before Audit Committee.

7.7 Financial Performance with respect to Operational Performance

Company has achieved a good result in the financial year. Although the revenues have improved only by 1.37% to Rs.127159.80 lakhs against the revenue of Rs.125446.82 lacs compared to previous year, the profit before tax has increased to Rs.2891.56 lakhs as compared to loss of Rs.(416.38) lacs of the previous year. These improvements are due to continuous upgradation of our technical capabilities and better performance of our Soda Ash, PVC and Caustic Soda divisions.

7.8 Material Developments in Human Resources/Industrial Relation front, including number of people employed.

Company continuous to give utmost importance to human resources development and keeps relations cordial.

Cautionary Note:

Statement in this report describing the company's objectives, projections, estimates, expectation and prediction may be "forward looking statements". Actual results could differ materially from those expressed or implied due to variations in prices of raw materials and realization of finished goods, changes in government regulation, tax regimes, economic developments and other incidental factors

8. Directors & Key Managerial Personnel

A. Retirement by rotation

In accordance with the provisions of Section 152 (6) Mr. P.K. Jain (DIN No.00380458) retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

B. Appointment of Independent Directors

With coming into force of the Companies Act, 2013 all the existing Independent Directors viz., Shri Sodhsal Singh Dev of Dhrangadhra (DIN No.00682550), Smt. Sujata Rangenekar (DIN No.06425371), Shri D. Ganapathy (DIN No.02707898) and Shri Salil Kapoor (DIN No.02256540) were appointed as Independent Directors by the members of the Company at the Annual General Meeting held on 13th August, 2014 under Section 149 and other applicable provisions of the Companies Act, 2013 for a term of 5 consecutive years upto the conclusion of the 80th Annual General Meeting in the calendar year 2019.

C. Performance Evaluation -

Pursuant to the provisions of the companies act 2013 and revised clause 49 of the listing agreement Regulation 17(10) of SEBI (LODR) , Regulation 2015 , the Board has carried out an Annual Evaluation of its own performance and that of its committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as participation, adequate preparation, contribution to strategy and other areas, quality of decision making, high quality of debate with robust and probing discussions etc.

The Nomination and Remuneration Committee evaluated the performance of the Directors. Independent Directors at a separate meeting held by them have evaluated the performance of the non-Independent Directors and also evaluated the performance of the Chairman taking into consideration the views of Managing Directors.

The Board of Directors have also evaluated the performance of each of the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Mr P.K. Jain, Chairman & Managing Director, Mr Bakul Jain, Mr Mudit Jain, Mr Vivek Jain, Managing Directors and Mr Vimal Jain, Chief Financial Officer and Ms. Jigna Karnick, Company Secretary are Key Managerial Personnel under Section 203 of the Companies Act, 2013.

9. Particulars of employees

- 9.1 The information required under Section 197 of the Companies Act, 2013 and Rule 5 (2) of Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as **Annexure 'A'**.
- 9.2 The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Managing Directors	Ratio to median remuneration
Shri P.K. Jain	33:1
Shri Bakul Jain	33:1
Shri Mudit Jain	33:1
Shri Vivek Jain	33:1

For this purpose, sitting fees paid to the Directors have not been considered as remuneration.

- b. The percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial Year.

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial Year
Shri P.K. Jain - Chairman & Managing Director	Nil
Shri Bakul Jain - Managing Director	Nil
Shri Mudit Jain - Managing Director	Nil
Shri Vivek Jain - Managing Director	Nil
Shri Vimal Jain - Chief Financial Officer	6.85
Ms. Jigna Karnick - Company Secretary	11.00

- c. The percentage increase in the median remuneration of employees in the financial year : 7%
- d. The number of permanent employees on the rolls of Company : 1989
- e. The explanation on the relationship between average increase in remuneration and Company performance: There is no direct relationship between average increase in remuneration of employee and company performance.
- f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) (Rs. in lakhs)	540.43
Revenue (Rs. in lakhs)	127159.80
Remuneration of KMPs (as % of revenue)	0.04
Profit before Tax (PBT) (Rs. in lakhs)	2891.56
Remuneration of KMP (as % of PBT)	18.69

- g Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalisation (Rs.in crores)	526.136	358.671	47.13
Price Earnings Ratio	27.85	-	-

- h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Market price as on 31st March, 2016 (face value Rs.2 per share)	Rs. 23.95
Price at which the Rights Issue was made in 1988 (face value Rs.10 per share)	Rs. 25.00
% increase of Market price over the price at which the above Rights issue was made	1437%*

* Adjustments made for (i) Bonus shares issued @ 1:1 in 1988 & (ii) Bonus shares issued @ 3:5 in 1991 & (iii) sub-division of shares from Rs. 10 to Rs.2 in the year 2000.

- i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in remuneration is 7% for employees other than Managerial Personnel and there was no increase in the Managerial remuneration.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

Name	Designation	Remuneration (Rs. in lakhs)	% of increase in Remuneration	PAT (Rs. in lakhs)	% increase in PAT
Mr. P.K. Jain	Chairman & Managing Director	133.63	-	1854.60	313%
Mr. Bakul Jain	Managing Director	133.63	-	1854.60	313%
Mr. Mudit Jain	Managing Director	133.63	-	1854.60	313%
Mr. Vivek Jain	Managing Director	133.63	-	1854.60	313%
Mr. Vimal Jain	Chief Financial Officer	54.54	6.85	1854.60	313%
Ms. Jigna Karnick	Company Secretary	10.12	11	1854.60	313%

- k. The key parameters for any variable component of remuneration availed by the Directors:

Each of the Managing Director are entitled for commission @ 25% of the difference between 10% of the net profits as computed under Section 198 of the Companies Act, 2013, in a financial year and the aggregate of the salary and perquisites and benefits paid to all the Managing Directors in that year subject to the overall ceilings stipulated in Sections 197 of the Companies Act, 2013.

Non Executive Directors are entitled for commission aggregating not more than 1% of the net profits of the Company in a financial year subject to a maximum of Rs.3,00,000/- per Director as approved by the members of the Company at the Extra-Ordinary General Meeting held on December 19, 2013 besides the sitting fees for meetings of the Board and its committees attended by them.

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. :

There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.

- m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirm that remuneration is as per the remuneration policy of the Company.

10. Statutory Auditors

M/s. V. Sankar Aiyar & Co., Chartered Accountants, Statutory Auditors of the Company will hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as per Section 139 of the Companies Act, 2013.

M/s. V. Sankar Aiyar & Co. have expressed their willingness to get re-appointed as the Statutory Auditors of the company and has furnished a certificate of their eligibility and consent under Section 141 of the Companies Act, 2013 and the Rules framed there under. In terms of the Listing Agreement, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI and have submitted copy of the certificate dated 4th May, 2016.

The members are requested to appoint M/s. V. Sankar Aiyar & Co., Chartered Accountants as Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting in 2017 on the terms and conditions as will be stated in the notice convening the forthcoming Annual General Meeting.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

The Report given by the Statutory Auditors for the financial Statements for the year ended 31st March, 2016 read with explanatory notes thereon do not call for any explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

11. Cost Auditor and Cost Audit Report

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendments rules 2014 the Board of Directors on the recommendation of the Audit Committee appointed M/s. N.D. Birla & Co., Ahmedabad and M/s. R. Nanabhoy & Co., Mumbai for conducting cost audit of the Company's Soda Ash and Caustic Soda divisions respectively for the financial year ending 31st March 2016, as per following details

Sr. No	Names of the Cost Auditor	Industry	Audit Fees (Rs.)
1	Nanabhoy & Company	Chemicals (Caustic Soda)	75,000/- (Rupees Seventy Five Thousand only)
2	N. D. Birla & Company	Chemicals (Soda Ash)	45,000/- (Rupees Forty Five Thousand only)

They have conducted Cost Audit for the financial year 2015-16 of the respective divisions and will be filing cost audit report with the Central Govt. The Remuneration payable to Cost auditors is required to be determined by the shareholders at the AGM. They have also been appointed to do the Cost audit of the said respective divisions for the year 2016-17.

12. Secretarial Auditor and Secretarial Audit Report.

M/s. S. K. Jain & Co., (Proprietor Dr. S. K. Jain) Practicing Company Secretary was appointed to conduct Secretarial Audit of the Company for financial year 2015-2016 as required under section 204 of the Companies Act, 2013 and the rules thereunder. The Secretarial Audit report for financial year 2015-2016 forms part of the annual report as **"Annexure B"** to the Boards Report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134 (3) of the Companies Act, 2013.

13. Conservation of Energy, Technology and Foreign Exchange.

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, required to be given pursuant to provision of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is annexed here to marked **"Annexure C"** and forms part of this report.

14. Share Capital

During the year your company has allotted 61,86,750 equity shares of Rs.2 each at a premium of Rs.21 per share on 23/11/2015 to promoters group & business associates including relatives of business associates on preferential basis. Consequently the equity share capital has increased from Rs. 42,69,89,314/-divided into 21,34,94,657 equity shares of Rs.2 each to Rs. 43,93,62,814/- divided into 21,96,81,407 equity shares of Rs. 2 each.

15. Extract of the Annual Return

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March 2016 made under the provisions of Section 92 (3) of the Act in Form MGT-9 is annexed herewith as **"Annexure D"**.

16. Public Deposits

The Company has not accepted / renewed any amount falling within the purview of provisions of Section 73 of the Companies Act. 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

17. Committees of the Board.

The Board has constituted the following mandatory committees viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Internal Compliance Committee. The terms of reference of these committees are as required under the provisions of the respective Acts / Listing Agreement with Stock Exchanges SEBI (Listing obligations and Disclosure Requirements) Regulations 2015 as determined by the Board. Meeting of each of these committees are convened by the respective Chairman of the Committees and minutes of the meetings of these committees are placed at the Board Meetings. The details of these committees are stated in this Report / Annexures to this Report.

17.1 Corporate Social Responsibility (CSR) Committee.

Pursuant to Section 135 of the Companies Act, 2013 and the relevant rules, the Board has constituted the Corporate Social Responsibility (CSR) Committee under the Chairmanship of the Board Chairman, Mr. P.K. Jain. The other members of the Committee are Mr. Bakul Jain, Managing Director and Mr. Sodhsal Singh Dev of Dhrangadhra, Independent Director. A detailed CSR Policy has also been framed which is placed on the Company's website. Other details for the CSR activities as required under Section 135 of the Companies Act, 2013 are given in the CSR Report at “Annexure E”.

17.2 Internal Compliance Committee.

In terms of the provisions of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013, the Company has formed Internal Compliance Committees at its Head Office at Mumbai, and its Works at Sahupuram, Tamilnadu and Dhrangadhra, Gujarat. The Board also has approved a policy for prevention of Sexual Harassment at Work place. There were no Complaints filed till date under the said policy.

17.3 Risk Management Committee

The Board of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Risk Management Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

17.4 Audit Committee.

Audit Committee Comprises 3 Independent Directors and Shri Sodhsal Singh Dev of Dhrangadhra is the Chairman of this Committee. Shri D. Ganapathy and Ms. Sujata Rangnekar are the other members of the Committee. They possess sound knowledge on Accounts, Audit, Finance, Taxation, Internal Controls etc. The details of the Composition of the Audit Committee are given in the Corporate Governance Report.

The Company Secretary of the Company acts as Secretary of the Committee.

During the year, there are no instances where the Board had not accepted the recommendation of Audit Committee.

17.5 Nomination & Remuneration Committee & Policy

The Company has duly constituted Nomination & Remuneration Committee to align with the requirements prescribed under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

The details of the Composition of the Nomination & Remuneration Committee are given in the Corporate Governance Report.

The Board has framed a policy for selection and appointment of Directors, Senior Management and their Remuneration. The policy provides for determining qualification, positive attributes, and independence of a Director

18. Details in respect of adequacy of internal financial controls with reference to the financial statements.

A strong internal control culture is pervasive in the company. The Company has implemented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The internal audit department continuously monitors efficiency of internal controls with objective of providing to the audit committee and the board of directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organizations risk management, controls and governance processes.

Your Company operates in SAP, ERP environment and has its accounting records stored in an electronic form and backed up periodically. The ERP system is configured to ensure that all transactions are integrated seamlessly with the underlying books of account. Your Company has automated processes to ensure accurate and timely updation of various master data in the underlying ERP system.