62ND ANNUAL REPORT 2016-2017

ELECTROSTEEL CASTINGS LIMITED

Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan Mr. Naresh Chandra (upto 9 July 2017) Mr. Ram Krishna Agarwal Mr. Amrendra Prasad Verma Mr. Shermadevi Yegnaswami Rajagopalan Mr. Vyas Mitre Ralli Ms. Nityangi Kejriwal
Managing Director	Mr. Umang Kejriwal
Joint Managing Director	Mr. Mayank Kejriwal
Whole-time Directors	Mr. Uddhav Kejriwal Mr. Mahendra Kumar Jalan
Chief Financial Officer	Mr. Brij Mohan Soni
Company Secretary	Mrs. Subhra Giri Patnaik
Auditors	Lodha & Co., Chartered Accountants
Solicitors	Khaitan & Co. LLP, Kolkata
Bankers	Axis Bank Limited Bank of India DBS Bank Limited Export-Import Bank of India HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Kotak Mahindra Bank Limited IndusInd Bank Limited Punjab National Bank Standard Chartered Bank State Bank of India Syndicate Bank Yes Bank Limited
Works	Khardah, West Bengal Haldia, West Bengal Bansberia, West Bengal Elavur, Tamil Nadu
Corporate Office	G.K.Tower, 19 Camac Street, Kolkata 700 017 Tel.: 033 2283 9990 Fax: 033 2289 4339 E-mail Id: companysecretary@electrosteel.com Website: www.electrosteelcastings.com
Registered Office	Rathod Colony, Rajgangpur, Sundergarh, Odisha 770 017
Corporate Identification Number	L27310OR1955PLC000310

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Report of the Directors

Dear Members,

Your Directors are pleased to present the Sixty Second Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2017.

FINANCIAL RESULTS (Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16
Revenue from Operations	**1834.18**	2016.15	**2119.75**	2204.23
Earnings Before Interest, Taxes, Depreciation and Amortisation	**373.23**	305.95	**409.84**	300.01
Less : Finance Costs	**201.05**	169.08	**210.35**	180.33
Less : Depreciation and Amortisation expense	**63.69**	64.88	**66.90**	67.25
Profit Before Exceptional Item & Tax	**108.49**	71.99	**132.59**	52.43
Exceptional Item	–	–	–	–
Profit Before Tax	**108.49**	71.99	**132.59**	52.43
Less : Tax Expense	**31.21**	16.12	**33.79**	16.92
Profit After Tax	**77.28**	55.87	**98.80**	35.51
Share of Profit/(Loss) in Associates and Joint Ventures	**–**	–	**66.44**	(62.93)
Profit After Tax including share of Associate and Joint Ventures	**77.28**	55.87	**165.24**	(27.42)
Attributable to :				
Owners of the Parent	**–**	–	**165.25**	(27.42)
Non-Controlling Interest	**–**	–	**(0.01)**	0.00
Other Comprehensive Income (net of tax)	**0.59**	(6.05)	**0.55**	(6.14)
Total Comprehensive Income	**77.87**	49.82	**165.79**	(33.56)
Attributable to :				
Owners of the Parent	**–**	–	**165.80**	(33.56)
Non-Controlling Interest	**–**	–	**(0.01)**	–
Opening balance in Retained Earnings	**1056.88**	1019.04	**744.68**	790.30
Profit for the period	**77.28**	55.87	**165.25**	(27.42)
Dividend including dividend distribution tax	**(21.48)**	(27.93)	**(21.48)**	(27.93)
Transfer to Debenture Redemption Reserve	**(50.00)**	–	**(50.00)**	–
Transfer from Debenture Redemption Reserve	**20.10**	34.90	**20.10**	34.90
Transfer to Statutory Reserve	–	–	**(0.05)**	(0.17)
Transfer to General Reserve	**(20.00)**	(25.00)	**(20.00)**	(25.00)
Closing Balance in Retained Earnings	**1062.78**	1056.88	**838.50**	744.68

Note : The above figures are extracted from the Standalone and Consolidated Financial Statements as per the Indian Accounting Standards (Ind AS). For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with 1 April 2015 as the transition date and IGAAP as the previous GAAP.

DIVIDEND

The Directors are pleased to recommend a dividend of Re.0.50 per Equity Share of face value of Re.1 each, i.e. 50%, for the Financial Year ended 31 March 2017. This dividend is subject to the approval of the Members at the ensuing Annual General Meeting (AGM). If approved, the total outlay on account of dividend for the Financial Year 2016-17 would amount to Rs.21.48 Crore (including Rs.3.63 Crore towards Dividend Distribution Tax).

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs.20 Crore and Rs.50 Crore to the General Reserve and Debenture Redemption Reserve respectively. An amount of Rs.1,062.78 Crore is proposed to be retained in the Statement of Profit and Loss. On redemption of debentures, the proportionate Debenture Redemption Reserve of Rs.20.10 Crore was transferred to General Reserve.

OPERATIONS

The Company's Revenue from Operations on standalone basis was reported lower at Rs.1,834.18 Crore during the year under review as compared to Rs.2,016.15 Crore reported in the previous year. The Export sales decreased by around 53.52% from Rs.778.13 Crore in 2015-16 to Rs.506.86 Crore in 2016-17, due to slow down of world economy, anti-dumping/anti-subsidy duties on Indian DI pipes by European Commission. The Company's profit after tax (PAT) for the Financial Year 2016-17 was reported at Rs.77.28 Crore as against Rs.55.87 Crore for Financial Year 2015-16, mainly due to optimum utilisation of resources, procurement planning and increase in Other Income.

The Revenue from Operations on consolidated basis, for the year ended 31 March 2017 was down by 3.83% from Rs.2,204.23 Crore in 2015-16 to Rs.2,119.75 Crore in 2016-17. The consolidated PAT for the year ended 31 March 2017 was Rs.165.24 Crore as against loss after tax of Rs.27.42 Crore for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 2,80,287 MT as against 2,92,467 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 34,473 MT as against 33,639 MT in the previous year.

DI Fittings & Accessories produced 8,510 MT of DI Fittings in 2016-17 as against 6,572 MT in 2015-16. Further, improvement in productivity, product variety & quality etc. is expected at Haldia Fittings Plant in current financial year.

The Company continues to provide special attention towards improvement in production and productivity with higher energy efficiency. Further, to meet and improve upon the expectations of both International and Indian customers, the Company has added a number of product variants to its existing product base.

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report and there has been no change in the nature of business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the overall industry structure, developments, opportunities, threats, performance and state of affairs of the Company's business, internal controls and their adequacy, risk management systems including a section on 'Risk Management' and other material developments during the Financial Year 2016-17 is annexed as Annexure 1 forming part of this Report.

FUTURE PROSPECTS

India is growing at a fast rate. The growth in Gross Domestic Product of the country is sustaining steadily. With economic upliftment, rapid urbanization is taking place all over India, where villages are being transformed to towns, towns into cities and cities into megacities. So the future need for water in India is enormous. The solution is piped supply of

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surface water in usable form. At the same time disposal need of used water is also growing simultaneously, warranting more investment in the sewerage and waste water sector.

Moreover, India has a highly seasonal pattern of rainfall, with 50% of precipitation falling in just 15 days and over 90% of river flows in just four months. This calls for regular irrigation of vast area of land to sustain agricultural activity. Till now irrigation in India was mainly canal based. But due to problems being faced for land acquisition and to minimize transmission loss due to percolation and evaporation, the government is stressing more on piped irrigation, throwing huge scope for use of ductile iron pipes.

The pipe demand for Industrial water supply is also growing with more industrialization. The real estate industry has also seen rapid growth in recent years.

As a result, the Indian pipes business has been growing rapidly due to increasing demand for pipes. Among the several varieties of pipes available in the market, the demand for ductile iron pipes in particular, is on a rise due to its high dependability and high durability. Ductile iron pipe in view of its inherent features like high ductility and bursting strength, higher corrosion & abrasion resistance, easy laying and long service life is the preferred choice over other types of pipes for water and sewerage transportation.

With the continued focus of the Government in this sector, the growing demand for ductile iron pipes is likely to continue in medium and long term. As such future of the Industry appears to be bright.

SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company is Rs.35,69,55,322/- comprising of 35,69,55,322 Equity shares of Re.1/- each as on 31 March 2017.

FINANCE

Debentures

During the period under review, the Company had on 7 September 2016 made premature redemption of the 3rd and final instalment of 10.75% Secured Redeemable Non-Convertible Debentures (Series III). Further, in order to meet the long term working capital and/or general corporate purpose requirements, the Company had on 7 March 2017 allotted 125 No. Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each (Series VI) and 75 No. Unlisted Secured Redeemable Non-Convertible Debentures of Rs.1,00,00,000 each (Series VII) aggregating to Rs.200,00,00,000 (Rupees Two Hundred Crore Only) on Private Placement basis.

The Company had been regular in payment of interest on its NCDs.

As on 31 March 2017, the Company has the following Secured Redeemable Non-Convertible Debentures (NCDs):

Series of Debentures	Amount (Rs. in Crore)
Series IV – 11.00%	50.00
Series VI – 11.75%	125.00
Series VII – 12.00%	75.00
Total	250.00

The Debenture Trustee for each of the aforesaid series of Debentures is as follows:

Axis Trustee Services Limited,
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli, Mumbai 400 025

Contact Person : Chief Operating Officer
Phone : (022) 6226 0075/74
Fax : (022) 4325 3000
Email Id : debenturetrustee@axistrustee.com

Credit Rating

Credit Analysis & Research Limited ('CARE') has revised the Company's credit rating for the long-term borrowings from "CARE A" to "CARE BBB+" and for short-term borrowings from "CARE A1" to "CARE A2".

Global Depositary Receipts (GDRs)

The Company had issued Global Depositary Receipts (GDRs) representing the equity shares and had executed the Deposit Agreement on 5 October 2005 with Citibank N.A. New York, the Depositary. Each GDR was equivalent to one underlying equity share of the Company. During the year under review, Citibank N.A., gave notice to the Company of its resignation as depositary. As the number of GDRs were minimal, the Company did not appoint another depositary and Citibank N.A. proceeded with the termination of the Deposit Agreement. The GDR holders instructed Citibank N.A. to sell their shares on 1 March 2017. During the week ended 10 March 2017, all the GDRs have been sold. As on 31 March 2017, there were no outstanding GDRs.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there were no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

However, the Company had filed its claims for compensation for Parbatpur Coal Block, under the Coal Mines (Special Provisions) Act, 2015 and pending the acceptance and recovery of the same, the Company had filed a Writ Petition before the Hon'ble High Court at Delhi, hearing of which had concluded and the judgment reserved since April 2015. During the year under review, the Company secured interim payments of Rs.82.40 Crore against the claimed amount. Thereafter, on 9 March 2017, the Hon'ble High Court pronounced the judgment, wherein the contentions raised by the Company have been accepted in-principle and it has been clarified that (1) the definition of 'mine infrastructure' as per the Act is an inclusive definition, i.e. it includes other similar assets also, even though it may not be mentioned by name in the definition of mine infrastructure in the Act, (2) the valuation of the mine infrastructure should be done as on the date of execution of the vesting order or the allotment order, as the case may be, and not up to 2014 (as was originally done by the Ministry of Coal, Government of India) and; (3) land should be valued equal to or very close to the market price.

As per the said judgment, Ministry of Coal has to interpret and work the Act in the manner indicated in the judgment. In line with the same, the Company has duly filed a revised claim with Ministry of Coal vide letter dated 4 April 2017 amounting to Rs.1,342.13 Crore (earlier claim being Rs.1,220.70 Crore as on 31 March 2014) towards compensation for mine infrastructure and Rs.189.63 Crore towards compensation for land.

Members' attention is also invited to Notes on Contingent Liabilities, in the notes forming part of the Financial Statements.

INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to the Financial Statements are considered to be commensurate with the size, scale and nature of the operations of the Company. There are Standard Operating Procedures (SOPs) in all functional activities for which key manuals have been put in place. The manuals are updated and validated periodically. Approval of all transactions is ensured through a pre-approved Delegation of Authority (DOA) schedule which is in-built into the SAP system wherever required. DOA is reviewed periodically by the management and compliance of DOA is regularly checked by the Auditors. The Company's books of accounts are maintained in SAP and transactions

Report of the Directors ..... *(Contd.)*

are executed through SAP (ERP) setups to ensure correctness/effectiveness of all transactions, integrity and reliability of reporting. There is adequate MIS (Management Information System) which is reviewed periodically with functional heads.

The Internal Auditors of the Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies at all locations of the Company. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. Based on the Internal Audit Reports, process owner takes corrective actions in their respective areas and thereby strengthens the controls. The Report is presented before the Audit Committee for review at regular intervals.

DETAILS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Audited Annual Consolidated Financial Statements forming part of the Annual Report have been prepared, in accordance with Companies Act, 2013, Indian Accounting Standards (Ind AS) 110 –'Consolidated Financial Statements' and Indian Accounting Standards (Ind AS) 28 – 'Investments in Associates and Joint Ventures', notified under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

The Company had the following Subsidiaries, Associate Companies and Joint Ventures as on 31 March 2017 :

Sl. No.	Name of the Company	Status
1.	Electrosteel Algerie SPA	Subsidiary
2.	Electrosteel Castings (UK) Limited	Subsidiary
3.	Electrosteel Castings Gulf FZE	Subsidiary
4.	Electrosteel Doha for Trading LLC	Subsidiary
5.	Electrosteel Europe S.A.	Subsidiary
6.	Electrosteel Trading S.A, Spain	Subsidiary
7.	Electrosteel USA, LLC	Subsidiary
8.	Electrosteel Brasil Ltda. Tubos e Conexoes Duteis	Subsidiary
9.	Mahadev Vyapaar Pvt Ltd	Subsidiary
10.	Electrosteel Bahrain Holding S.P.C. Company	Subsidiary
11.	WaterFab LLC (subsidiary of Electrosteel USA, LLC)	Subsidiary
12.	Electrosteel Bahrain Trading W.L.L (subsidiary of Electrosteel Bahrain Holding S.P.C. Company)	Subsidiary
13.	Electrosteel Steels Limited	Associate Company
14.	Electrosteel Thermal Power Limited	Associate Company
15.	Srikalahasthi Pipes Limited	Associate Company
16.	Domco Private Limited	Joint Venture
17.	North Dhadhu Mining Company Private Limited	Joint Venture

The Company has formulated a policy on determining material subsidiaries of the Company, which has been uploaded on the Company's website at the web link: http://repository.electrosteelcastings.com/investors/pdf/policy-on-material-subsidiary.pdf.

A Report on the highlights of the performance of each of the Company's subsidiaries, associates and joint ventures of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March 2017 pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (the Act) read with Rule 8 of Companies (Accounts) Rules, 2014 is given in Annexure 2. The statement containing salient features of financial statement of

subsidiaries, associate companies and joint ventures for the financial year ended 31 March 2017 pursuant to the said Section read with Rule 5 of the said Rules are given in the financial statements.

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on the website of the Company www.electrosteelcastings.com. These documents will also be available for inspection during business hours by the Members at the Registered Office of the Company.

STATUS OF AMALGAMATION OF MAHADEV VYAPAAR PVT LTD

The Board of Directors of the Company, at its meeting held on 11 August 2014 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Mahadev Vyapaar Pvt Ltd with the Company with effect from 1 April 2014 ("Appointed Date"). Mahadev Vyapaar Pvt Ltd had filed an application before the Hon'ble High Court at Calcutta, which has sanctioned the said Scheme. The application filed by the Company before the Hon'ble High Court at Orissa is still pending. As per Notification no. S.O. 3677(E) dated 7 December 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016, the matter will now be taken by the National Company Law Tribunal, Kolkata Bench ("NCLT, Kolkata"). However, the application filed before the Hon'ble High Court at Orissa has not yet been transferred to NCLT, Kolkata.

REPORT ON CORPORATE GOVERNANCE

The Company is committed in maintaining the highest standards of Corporate Governance and adheres to the stipulations prescribed set out under SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. A Report on Corporate Governance for the year under review together with the Auditors' Certificate thereon is annexed as Annexure 3 forming part of this Report.

MEETINGS OF THE BOARD

The details of Board Meetings held during the Financial Year 2016-17 have been furnished in the Corporate Governance Report forming part of this Report and annexed as Annexure 3.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. Jamshed Jiji Irani (DIN: 00311104), Independent Director resigned from the Board of the Directors of the Company with effect from 4 October 2016. The Board places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as an Independent Director on the Board of the Company.

Mr. Amrendra Prasad Verma (DIN: 00236108) has been appointed as the Additional Director (Independent) on the Board of the Company with effect from 22 December 2016 for a period of 5 (five) years, subject to the approval of appointment and regularization by the Members in the ensuing AGM of the Company. A declaration has been received from Mr. Verma that he satisfies the criteria of independence as per Section 149(6) of the Act. The Company has also received a notice under Section 160 of the Act from a Member proposing his appointment as an Independent Director of the Company and the same has been included in the notice of the forthcoming AGM.

At the meeting held on 28 January 2017, the Board of Directors had re-appointed Mr. Umang Kejriwal (DIN: 00065173) as the Managing Director of the Company for a period of 5 (five) years with effect from 1 April 2017. His re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms and conditions are proposed in the notice for the forthcoming AGM for your approval.

Further the Board of Directors on 28 January 2017 had re-appointed Mr. Mayank Kejriwal (DIN: 00065980) as the Joint Managing Director of the Company for a period of 5 (five) years with effect from 1 April 2017. His re-appointment is subject to the approval of the Members and the said re-appointment together with the remuneration and terms and conditions are proposed in the notice for the forthcoming AGM for your approval.

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Mr. Shermadevi Yegnaswami Rajagopalan and Mr. Vyas Mitre Ralli, retires by rotation at the forthcoming AGM and being eligible, offer themselves for re-appointment.

In compliance with Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standard 2 on General Meetings, brief resume and other information of all the Directors proposed to be appointed/re-appointed are given in the Notice for the forthcoming AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Act, the Directors state that:

a) in the preparation of annual accounts for the Financial Year ended 31 March 2017, the applicable accounting standards had been followed and there were no material departures requiring any explanation;

b) they had 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 of the Company for that period;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they had prepared annual accounts on a 'going concern' basis;

e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INDEPENDENT DIRECTORS

Declaration by Independent Directors

Mr. Pradip Kumar Khaitan, Mr. Binod Kumar Khaitan, Mr. Ram Krishna Agarwal and Mr. Amrendra Prasad Verma, Independent Directors have given declarations that they meet the criteria of independence as laid down in Section 149(6) of the Act and the Rules made thereunder.

DETAILS OF BOARD COMMITTEES & ADOPTION OF POLICIES

There are 5 Board Committees as on 31 March 2017 viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Banking and Authorisation Committee.

The details of composition, terms of reference and meetings held and attended by the Committee members of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee are provided in the Corporate Governance Report annexed as Annexure 3.

The Banking and Authorisation Committee comprises of Mr. Binod Kumar Khaitan as the Chairman, Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as the members as on 31 March 2017. The terms of reference for the Committee include taking various decisions pertaining to the opening or closing of bank and demat accounts of the Company, changing the signatories of the Bank Accounts, subscribing/purchasing/selling/dealing in shares and securities and availing broking services, making loans from time to time to subsidiary companies/Joint Ventures/Associates for its working capital requirement, giving guarantee or providing security to any bank in connection with fund based/non-fund based facilities including loan(s) made to Subsidiary Company/Joint Venture/Associate Company by such bank and any other work related to day-to-day operations of the Company.

Vigil Mechanism

The Company has adopted Whistle Blower Policy and established a Vigil Mechanism in compliance with provisions of Section 177(9) of the Act and Regulation 22 of the Listing Regulations for the Directors and employees to report genuine concerns and grievances. This mechanism provides adequate safeguards against victimisation of employees and directors and also provide for direct access to the Chairperson of the Audit Committee. The said Policy is available at the Company's website and can be accessed through a web-link i.e. http://repository.electrosteelcastings.com/investors/pdf/vigil-2016.pdf.

Nomination and Remuneration Policy

The Board has adopted a Nomination and Remuneration Policy recommended by Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act. The Nomination and Remuneration Policy has been annexed to this Report as Annexure 4. The criteria of making payments to non-executive directors of the Company forms part of the Nomination & Remuneration Policy.

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has a Corporate Social Responsibility Committee and developed and implemented the Corporate Social Responsibility Policy. A Report on CSR activities/initiatives which includes the contents of the CSR Policy, composition of the Committee and other particulars as specified in Section 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed as Annexure 5 to this Report.

Policy on Board Diversity and Succession Plan

A Policy on Board Diversity and Succession Plan was devised by the Nomination and Remuneration Committee to ensure adequate diversity in the Board of Directors of the Company.

FORMAL ANNUAL EVALUATION AND ITS CRITERIA

The Nomination and Remuneration Committee of the Board has formulated and laid down criteria for annual evaluation of Directors pursuant to provisions of Section 178 of the Companies Act, 2013 and Listing Regulations and as per requirements of Section 134 of the Act, the manner of evaluation is disclosed below –

A. The Board shall evaluate the roles, functions, duties of the Independent Directors (IDs) of the Company. Each ID shall be evaluated by all other Directors but not by the Director being evaluated. The Board shall also review the manner in which IDs follow guidelines of professional conduct as specified in Schedule IV to the Act. The adherence of Section 149 and aforesaid Schedule IV by the IDs shall also be reviewed by the Board.

B. Performance review of all the Non Independent Directors of the Company on the basis of the activities undertaken by them, expectations of Board and level of participation.

C. Performance review of Chairman of the Company in terms of the level of competence of Chairman in steering the Company.

D. The review and assessment of the flow of information by the Company to the Board and the manner in which deliberations take place, the manner of placing Agenda and contents therein.

E. The review of the performance of Directors individually, its own performance as well as evaluation of working of its Committees shall be carried out by the Board.

F. On the basis of performance evaluation, it shall be determined by the Nomination & Remuneration Committee and Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

Further, in terms of the requirements of the Act and the Listing Regulations, the Board had carried out an annual evaluation of its own performance, the performance of Directors individually as well as evaluation of the performance