



63rd
ANNUAL REPORT
2017-2018



ELECTROSTEEL
CASTINGS LIMITED

Corporate Information

Chairman	Mr. Pradip Kumar Khaitan
Directors	Mr. Binod Kumar Khaitan 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	Ms. Subhra Giri Patnaik
Auditors	Singhi & 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 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 Third Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2018.

FINANCIAL RESULTS

(Rs. in Crore)

Particulars	Standalone		Consolidated	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Revenue from Operations	1,943.66	1,832.08	2,185.95	2,117.64
Earnings Before Interest, Taxes, Depreciation and Amortisation	305.13	373.23	337.21	388.67
Less : Finance Costs	202.32	201.05	210.28	210.35
Less : Depreciation and Amortisation expense	59.22	63.69	62.40	66.90
Profit Before Exceptional Item & Tax	43.59	108.49	64.53	111.42
Exceptional Item	–	–	–	–
Profit Before Tax	43.59	108.49	64.53	111.42
Less : Tax Expense	(3.40)	31.21	(1.08)	33.79
Profit After Tax	46.99	77.28	65.61	77.63
Share of Profit/(Loss) in Associates and Joint Ventures	–	–	58.58	66.44
Profit After Tax including share of Associate and Joint Ventures	46.99	77.28	124.19	144.07
Attributable to :				
Owners of the Parent	–	–	124.03	144.09
Non-Controlling Interest	–	–	0.16	(0.02)
Other Comprehensive Income (net of tax)	1.94	0.59	(8.75)	21.72
Total Comprehensive Income	48.93	77.87	115.44	165.79
Attributable to :				
Owners of the Parent	–	–	115.28	165.80
Non-Controlling Interest	–	–	0.16	(0.01)
Opening balance in Retained Earnings	1,060.75	1,055.52	552.48	480.49
Profit for the period	46.99	77.28	124.03	144.09
Re-measurement of defined benefit plans	0.10	(0.67)	0.10	(0.67)
Dividend including dividend distribution tax	(21.48)	(21.48)	(21.48)	(21.48)
Transfer to Debenture Redemption Reserve	–	(50.00)	–	(50.00)
Transfer from Debenture Redemption Reserve	–	20.10	–	20.10
Transfer to Statutory Reserve	–	–	(0.14)	(0.05)
Transfer to General Reserve	–	(20.00)	–	(20.00)
State capital investment subsidy	1.50	–	1.50	–
Closing Balance in Retained Earnings	1,087.86	1,060.75	656.49	552.48

DIVIDEND

The Directors are pleased to recommend a dividend of Re.0.30 per Equity Share of face value of Re.1 each for the Financial Year ended 31 March 2018. 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 2017-18 would amount to Rs.12.91 Crore (including Rs.2.20 Crore towards Dividend Distribution Tax).

TRANSFER TO RESERVES

The Company proposes to retain the entire amount of profit in the Profit & Loss Account.

OPERATIONS

The Company's Revenue from Operations on standalone basis was reported at Rs.1,943.66 Crore during the year under review as compared to Rs.1,832.08 Crore reported in the previous year. The Export sales increased by around 18% from Rs.506.86 Crore in 2016-17 to Rs.610.22 Crore in 2017-18, due to increase in volume of sales. The Company's profit after tax (PAT) for the Financial Year 2017-18 was reported at Rs.46.98 Crore as against Rs.77.28 Crore for Financial Year 2016-17, mainly due to increase in prices of raw materials. Further an amount of Rs.33.63 Crore was received on sale of fixed asset and was included under other income in the Financial Year 2016-17.

The Revenue from Operations on consolidated basis, for the year ended 31 March 2018 marginally increased by 3.23% from Rs.2,117.64 Crore in 2016-17 to Rs.2,185.95 Crore in 2017-18. The consolidated PAT for the year ended 31 March 2018 was Rs.124.19 Crore as against PAT of Rs.144.07 Crore for the previous Financial Year.

During the year under review, the production of Ductile Iron (DI) Pipes was 2,92,714 MT as against 2,80,287 MT in the previous year. The production of Cast Iron (CI) Pipes at Elavur was 18,616 MT as against 34,473 MT in the previous year.

DI Fittings & Accessories produced 9,498 MT of DI Fittings in 2017-18 as against 8,510 MT in 2016-17. Production, productivity, product variety & quality and despatch etc. have been improved at Haldia Fittings Plant. Export despatch of Fittings from Haldia Plant has enhanced. Further improvement is expected in the 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 Domestic customers, the Company has added a number of product variants to its existing product base.

MATERIAL CHANGES AND COMMITMENTS

The Company has an investment of Rs.605,92.88 lakh in equity shares of Electrosteel Steels Limited (ESL), an associate company of the Company. ESL was referred to Hon'ble National Company Law Tribunal (NCLT) for Corporate Insolvency Resolution Process (CIRP). The Resolution Professional appointed by NCLT and the Committee of Creditors of ESL had approved a resolution plan, which has also been approved by NCLT, for the acquisition of ESL by a bidder which has been subsequently challenged by another bidder and status quo has been granted and the matter is pending before the Hon'ble National Company Law Appellate Tribunal (NCLAT). Pending decision of NCLAT and in absence of any communication of resolution plan as approved above, the Company's investment in ESL has been carried forward at its carrying value and no impairment in value thereof has been considered necessary. Further, advances and trade receivables amounting to Rs.21,151.25 lakh receivable from ESL along with mortgage of certain land & building of the Company situated at Elavur, Tamil Nadu, in the favour of one of the lenders of ESL has been carried forward at their carrying value in view of pendency of resolution proceedings.

Excepting the above, 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.

There has been no change in the nature of business.



Report of the Directors (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms an integral part of this Report and gives details of the 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 2017-18 is annexed as Annexure 1 forming part of this Report.

FUTURE PROSPECTS

It is known fact that after the economic liberalization in the Nineties, the Indian economy is growing at an enviable rate. A steady growth in Gross Domestic Product has been witnessed for more than two decades now. This sustained economic growth has led to rapid urbanization all over India. As a result villages are turning into towns, towns into cities and cities into megacities. Water, the need of life, is likely to pose the greatest challenge on account of an increased demand with population rise and economic development, and shrinking supplies due to over-exploitation and pollution. The ever growing demand for water supply and disposal is fueling an increasing demand for pipes, the basic medium to convey water and waste water.

Rapid economic development is bringing in more industry and with more industrialization the pipe demand for Industrial water supply is also growing. Growth is also witnessed in the real estate and service industry which in turn requires pipes for conveying water.

India has a seasonal pattern of rainfall with 50% of precipitation falling in just 15 days. Over 90% of river flows for just four months. To ensure food security, 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, opening huge scope for use of ductile iron pipes in the irrigation sector.

With the specific focus of the Government in drinking water supply, waste water disposal and piped irrigation sector, the growing demand for ductile iron pipes is likely to continue in long term. As a result, the Indian pipe business has witnessed tremendous growth 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 2018. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company. As on 31 March 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

FINANCE

Debentures

As on 31 March 2018, 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
Ph: (022) 6226 0075/74, Fax: (022) 4325 3000
E-mail Id: debenturetrustee@axistrustee.com

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

Credit Rating

Credit Analysis & Research Limited ('CARE') has reaffirmed the Company's credit rating for the long-term borrowings as "CARE BBB+" and for short-term borrowings as "CARE A2".

The Credit Rating for Series IV is "BWR A+" from Brickwork Ratings India Pvt. Ltd. and "CARE BBB+" from CARE Ratings Limited. Further the Credit Rating for Series VI & Series VII is "IVR A" from Infomerics Valuation and Rating Pvt. Ltd. and "BWR A+" from Brickwork Ratings India Pvt. Ltd.

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. 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. 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.

The Ministry of Coal had sought for certain information in prescribed format which has been submitted on 22 February 2018 and Ministry of Coal is yet to take a final decision on the revised compensation in light of judgment dated 9 March 2017.

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

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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 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



Report of the Directors (Contd.)

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 ('the Act'), 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 the Act 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 2018 :

Sl. No.	Name of the Company	Status
1.	Electrosteel Algeria 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.	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.	North Dhadhu Mining Company Private Limited	Joint Venture
17.	Domco 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 venture of the Company and their contribution to the overall performance of the Company for the Financial Year ended 31 March 2018 pursuant to the provisions of Section 129(3) of 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 venture for the Financial Year ended 31 March 2018 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 will be taken up by the National Company Law Tribunal, Kolkata Bench ("NCLT, Kolkata") as per Notification No. S.O. 3677(E) dated 7 December 2016 and Rule 3 of Companies (Transfer of Pending Proceedings) Rules, 2016. 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 ('Listing Regulations'). 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 2017-18 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

Mr. Naresh Chandra (DIN: 00015833), Non-Executive Director ceased to be the Director of the Company due to demise on 9 July 2017. The Board expresses their deep condolences and places on record its appreciation and gratitude for the valuable contributions made by him during his tenure as Director on the Board of the Company.

The Board of Directors has on the recommendation of Nomination & Remuneration Committee (NRC) has re-appointed Mr. Uddhav Kejriwal (DIN: 00066077) as the Whole-time Director of the Company for a period of 5 (five) years with effect from 16 June 2018, subject to the approval of the Members.

Mr. Mahendra Kumar Jalan (DIN: 00311883) and Ms. Nityangi Kejriwal (DIN: 071294444), retires by rotation at the forthcoming AGM and being eligible, offer themselves for re-appointment.

Mr. Pradip Kumar Khaitan (DIN: 00004821) and Mr. Binod Kumar Khaitan (DIN: 00128502) was appointed as Independent Directors of the Company for a period of 5 (five) years with effect from 28 August 2014. Their term will expire on 27 August 2019. Pursuant to the provisions of the Act and based on the recommendation of NRC and performance evaluation by NRC and Board at their respective meetings, the Board recommends their re-appointment as the Independent Directors for a second term of 5 (five) consecutive years with effect from 28 August 2019, to the Members of the Company at the 63rd AGM.

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 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 2018, the applicable accounting standards had been followed and there were no material departures requiring any explanation;



Report of the Directors (Contd.)

- 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 2018 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, Stakeholders' Relationship Committee and Corporate Social Responsibility 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 with Mr. Shermadevi Yegnaswami Rajagopalan, Mr. Mayank Kejriwal and Mr. Uddhav Kejriwal as the members as on 31 March 2018. 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, change in authorised signatories for operation of different bank and demat accounts, subscribing/purchasing/selling/dealing in securities of Companies other than related parties 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 Company oversees the vigil mechanism through the Audit Committee of the Company. 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 is available at the Company's website and can be accessed through a web-link i.e. <http://repository.electrosteelcastings.com/investors/pdf/nominationRemunerationPolicy.pdf>

The Nomination & Remuneration Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level. It enables the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The policy ensures that the interests of Board members, KMPs & all employees are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and the remuneration to directors, key managerial personnel and employees involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy lays down the procedure for the selection and appointment of Board Members and KMPs and also the appointment of executives other than Board Members, compensation structure for Executive Directors, Non-Executive Directors and KMPs and the process for performance evaluation of the Board.

Corporate Social Responsibility Policy

In accordance with the requirements of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has Corporate Social Responsibility (CSR) Committee in place. The CSR Committee has 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 4 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 Act 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.