

**RELIANCE**

**Defence and Engineering**

# **Annual Report 2016-17**



**Padma Vibhushan  
Shri Dhirubhai H. Ambani**

(28th December, 1932 – 6th July, 2002)

Reliance Group – Founder and Visionary

# Profile

Reliance Defence and Engineering Limited (RDEL) (formerly Pipavav Defence and Offshore Engineering Company Limited) has the largest engineering infrastructure in India and is one of the largest in the world. RDEL is the first private sector company in India to obtain the licence and contract to build warships.

RDEL operates India's largest integrated shipbuilding facility with 662M x 65M Dry dock. The facility houses the only modular shipbuilding facility with a capacity to build fully fabricated and outfitted blocks. The fabrication facility is spread over 2.1 million sq.ft. The Shipyard has a pre-erection berth of 980 meters length and 40 meters width, and two Goliath Cranes with combined lifting capacity of 1,200 tonnes, besides outfitting berths length of 780 meters.

## Mission

- Meet and exceed customer expectations with a collaborative approach
- Consistently enhance competitiveness and deliver profitable growth
- Adopt global best practices and create a culture of quality to be the Industry leader
- Achieve excellence in project execution in maritime domain ensuring quality, reliability, safety and operational efficiency
- Relentlessly pursue new opportunities and technologies
- Encourage ideas, talent and value systems
- Promote a work culture that fosters learning, individual growth and team building
- Practice high standards of corporate governance and be a financially sound organization
- Earn the trust and confidence of stakeholders, exceeding their expectations
- Be a partner in nation building and contribute towards the country's economic growth

# Reliance Defence and Engineering Limited

## Board of Directors

Shri Anil Dhirubhai Ambani Chairman  
Shri S Seth  
Cmde (Retd) Kartik Subramaniam (from April 11, 2017)  
Shri Nikhil Gandhi  
Shri Bhavesh Gandhi  
Shri Ajai Vikram Singh  
Ms Comal Ramachandran Gayathri  
Shri Ajoy Nath Jha  
Ms. Padmaja Bhaskaran  
Air Chief Marshal (Retd.) Fali Homi Major  
Lt Gen. (Retd.) Syed Ata Hasnain  
Shri Rahul Sarin  
Shri Rajendra Chitale  
Ms. Ryna Karani

## Corporate Counsel and Company Secretary

Shri Ajit Dabholkar

## Auditors

M/s. Pathak H D & Associates

## Registered Office & EOU

Pipavav Port, Post Ucchahiya, Via-Rajula  
District Amreli 365 560, Gujarat  
Tel No. +91 2794 305000  
Fax no. +91 2794 305100  
E-mail: rdel.investors@relianceada.com  
Website: www.reliancedefence.co

## Registrar and Transfer Agent

Karvy Computershare Private Limited  
Karvy Selenium Tower – B, Plot No. 31 & 32  
Survey No. 116/22, 115/24, 115/25  
Financial District, Nanakramguda  
Hyderabad 500 032

## Investor Helpdesk

Toll free no (India) : 1800 4250 999  
Tel. no. : + 91 40 6716 1500  
Fax no. : + 91 40 6716 1791  
Email : ris.rdel@karvy.com

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**20th Annual General Meeting on Tuesday, August 22, 2017 at 11.00 A.M.  
at Pipava Port, Post Ucchahiya, Via-Rajula, District Amreli, Gujarat- 365 560.**

*This Annual Report can be accessed at [www.reliancedefence.co](http://www.reliancedefence.co)*

## Letter to Shareowners



My dear fellow Shareowners,

It gives me great pleasure to share with you highlights of our Company's performance during 2016-17.

It is the plan of the Hon'ble Prime Minister, Shri Narendra Modiji to transform India from the world's top weapons buyer into an arms exporter. We all at Reliance Defence, are committed to make our humble contribution to achieve this significant national objective. India has topped the Stockholm International Peace Research Institute's list of the largest defence importers for the last seven years. About 70 per cent of India's defence purchases are through imports.

The Company has made significant progress during the year towards improving the operational performance and is fully geared to capitalize on its growth aspirations by winning contracts for front-line Naval vessels and vessels of Indian Coast Guard.

Our Company is an integral part of the Reliance Group. The Reliance Group is amongst India's leading business houses with a 8 million strong shareholder base. We have a strong presence across wide array of high growth, consumer facing businesses of telecom, financial services, power, infrastructure and defence. Our Company embodies values and commitments of the Reliance Group and is able to leverage the brand equity and other resources of the Reliance Group. We are committed to further and faster growth of the Company as an important member of the Reliance family.

Today, each of us can claim with pride and humility that the Reliance Group touches the life of one in every five Indians, every single day. This proud association defines our vision and values. It defines who we are, what we stand for and what we aspire to achieve. We shall strive to make Reliance Defence and Engineering Limited a world-class defence Company, benchmarked to international standards of quality, operational performance, efficiency and customer orientation, to meet the uncompromising standards that our Defence forces need.

### Performance Review

The Company is India's leading private sector defence company with gross non-current assets as on March 31, 2017 of ₹ 965,935 lakh against ₹ 937,898 lakh a year before. During the financial year 2016-17, the Company reported aggregate revenue of about ₹ 56,414 lakh against ₹ 34,627 lakh in the previous year, an increase of 38.62 per cent, and incurred a loss of ₹ 52,343 lakh as compared to loss of ₹ 52,865 lakh in the previous year.

During the year under review, our Company signed the Sub-Concession agreement with Gujarat Maritime Board for a period of 30 years expiring in June 2046. The Ministry of Defence has

carried out a detailed financial and technical capabilities study of our Company (also known as Shipyard Assessment).

During the year, our Company signed contracts of approximate value of ₹ 916 crore for construction of 14 Fast Patrol Vessels for the Indian Coast Guard. Our Company has also submitted bids for construction of eight Anti Submarine Warfare Shallow Water Crafts ('ASWSWC') for the Indian Navy and for four Landing Platform Docks (LPDs). Combined value of these two projects is approximately ₹ 28,000 to 30,000 crore.

In a significant development our Company was qualified by U. S. Navy as an approved contractor to perform complex repair and alternation services for the U.S. Navy's Seventh Fleet vessels operating in the region and signed the Master Ship Repair Agreement ('MSRA') with U. S. Navy. Our Company is the first shipyard in India to have received MSRA certification to undertake servicing and repairing works for the vessels of the U. S. Navy (Seventh Fleet).

Our Company's shipyard at Pipavav, Gujarat, has integrated state-of-the-art production facilities. After acquisition of the Company, there has been a substantial increase in pace towards delivery of Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The vessels are being constructed in two batches of two to three vessels each to enable simultaneous deliveries. The two NOPVs in the first batch will be launched in the first half of financial year 2017-18.

### Industry and Business Opportunities

Under the "Make in India" mission, the defence sector has been opened for private sector participation which will help foreign original equipment manufacturers to enter into strategic partnerships with Indian companies and leverage the domestic markets and also aim at global business opportunities. Besides helping build domestic capabilities, this will bolster exports in the long term. Our Company is uniquely placed to tap these growth opportunities.

Shipyards controlled and / or managed by Defence Public Sector Units ('DPSUs') need complementary support from the Private Sector Shipyards to fulfill requirement of the Indian Navy. Apart from the requirements of the Indian Armed forces, the defence market in South-East Asia will also likely to provide growth opportunities in the coming years.

Currently, shipyards owned by Public Sector Undertakings ('DPSU') have orders worth ₹ 1,80,000 Crores. DPSU's will take several years to deliver the vessels already on their order book. The Government, considering this fact, has decided to optimally utilize the private sector capacity to augment and complement

## Letter to Shareowners

the DPSU capacity. 'Strategic Partnership' model provides much awaited framework to achieve this objective.

'Strategic Partnership' framework / model of DPP-2016 provides a very large opportunities to the Indian private sector industry. Strategic Partnership model aims to rope in leading private players for production of major military platforms in the country. The government is all set to roll out the process for a ₹ 60,000-crore Conventional Diesel- Electric submarines programme to be built under P-75I project for the Indian Navy. It is set to be the first defence acquisition project to be launched under the ambitious 'Strategic Partnership' model.

In addition, to these big tickets strategic naval platforms, several new projects of the Indian Navy including Survey Training Vessels, Seven Next Generation Missile Corvettes, Next Generation missile Vessels are also expected in near future.

In the non-defence sector, new commercial shipbuilding and the Hydro-carbon Exploration and Production ('E&P') assets segment, both in India and in South-East Asia region, present another opportunity to our Company to expand its business. The Government of India has approved new Shipbuilding Financial Assistance Policy for Indian shipyards. This will provide them a level playing field vis-à-vis foreign shipyards. Financial assistance at the rate 20 percentage of the "Contract Price" or the "Fair Price" as determined by international valuers, whichever is lower, will be made available to Indian shipyards. All government departments or agencies are required to provide 'Right of First Refusal' to Indian shipyards for procurement or repair of vessels which are to be utilized for government purposes. This is welcome news for Indian shipyards.

Huge capacity exists in the private sector Indian shipyards for construction of new vessels and for carrying out repairs and refits. This capacity may be utilised by Defence Public Sector Undertakings ('DPSUs') through joint ventures / partnerships to speed up delivery of vessels to the Indian Navy / Coast Guard in order to synergies private infrastructure and modern production processes with the technical capabilities of DPSUs. We are in consultation with the Indian Navy Production and Acquisition wing for achieving this objective.

## Corporate Governance

Our Company has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

## Social Commitments

We are committed to enhancing scale, competitiveness, efficiency and productivity of our businesses, benchmarked to global standards of excellence, which shall be a discipline to be pursued at all levels in our Company. Our projects require substantial use of natural resources such as land, water and minerals. We take adequate care in designing of our projects in a manner that ensure optimum utilization of natural resources. The interests of all stakeholders have always been our prime focus.

## Our Commitment

Our founder, the legendary Padma Vibhushan Shri Dhirubhai H Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision.

Thank you, shareowners, for your continued support in our pursuit of achieving positive transformation for our Company.



**Anil Dhirubhai Ambani**  
Chairman

## Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the members of **Reliance Defence and Engineering Limited** will be held on Tuesday, August 22, 2017 at 11.00 A.M. at Pipavav Port, Post Uchhaiya, Via-Rajula, Dist. Amreli, 365 560, Gujarat to transact the following business:

### Ordinary Business:

1. To consider and adopt:
  - a. the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors' thereon, and;
  - b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Auditors thereon.
2. To appoint a Director in place of Shri Nikhil Gandhi (DIN: 00030560), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To ratify the appointment of the Auditor and in this regard, to consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), ('the Act') the appointment of M/s. Pathak H.D.& Associates, Chartered Accountants (Firm Registration No.107783W), who have been appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 18th Annual General Meeting for a term of five consecutive years till the conclusion of the 23rd Annual General Meeting, and who have confirmed their eligibility for the appointment pursuant to Section 141 of the Act, be and is hereby ratified."

### Special Business:

#### 4. Appointment of Shri S. Seth as Non-Executive Director

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force) ('the Act'), and other applicable provisions of law, and the Article of Association of the Company Shri S. Seth (DIN:00004631), who was appointed as an Additional Director by the Board of Directors of the Company pursuant to the provisions of Section 161 of the Act and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment along with requisite deposit, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and to take all such steps as may be

deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution."

#### 5. Appointment of Cmde. (Retd.) Kartik Subramaniam as Whole-Time Director

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force) ('the Act'), and other applicable provisions of the law, and Article of Association of the Company, Cmde (Retd.) Kartik Subramaniam (DIN: 01957227), who was appointed as an Additional Director by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee of the Board of Directors and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 160 of the Act proposing his candidature for appointment along with the requisite deposit, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**RESOLVED FURTHER THAT** in accordance with the recommendations of the Nomination and Remuneration Committee of the Board of Directors and pursuant to the provisions of Sections 196,197,198 and 203 of the Act read with Schedule V and all other applicable provisions, if any, of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company and subject to the approval of Central Government and/or other authorities, as may be necessary, approval of the Members of the Company be and is hereby accorded to the appointment of Cmde. (Retd.) Kartik Subramaniam (DIN: 01957227) as Whole-Time Director of the Company, for a period of 3 (three) years commencing from April 11, 2017, on the terms and conditions including remuneration as setout in the Statement annexed to the notice convening this meeting with liberty to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute, to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit such that the remuneration payable to him shall not exceed the limits specified in the Act read with Schedule V as amended thereto;

**RESOLVED FURTHER THAT** pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company is authorized to pay said remuneration as minimum remuneration to Cmde (Retd.) Kartik Subramaniam (DIN: 01957227) as Whole-time Director and CEO for the financial year, in which there is inadequacy or absence of profits, during the period of three years commencing from April 11, 2017 to April 10, 2020.

## Notice

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

### 6. To change the name of the Company

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 13, 14 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force) ('the Act') and subject to the approvals, consents, sanctions and permissions of the Central Government / stock exchange(s) / appropriate authorities / departments or bodies as may be necessary, the approval of the Members of the Company be and is hereby accorded for changing the name of the Company from "Reliance Defence and Engineering Limited" to "Reliance Naval and Engineering Limited" and consequently the new name "Reliance Naval

and Engineering Limited" shall appear in the Memorandum and Articles of Association of the Company, wherever the present name "Reliance Defence and Engineering Limited" is appearing.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

Sd/-

Ajit Dabholkar

Corporate Counsel & Company Secretary

### Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to items of Special Business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself, and the proxy need not be a Member of the Company. The instrument appointing the proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member.
4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company, a duly certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office and Corporate Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.
9. The Company's Register of Members and Transfer Books will remain closed from Wednesday, August 16, 2017 to Tuesday, August 22, 2017 (both days inclusive) for the purpose of the Meeting.
10. For security reasons, no gadgets, mobile phones, cameras, article / baggage shall be allowed at the venue of the Meeting. If any such gadgets are brought by any Member, the same shall be deposited with the security personnel at the risk of such Member / attendee.
11. Members desiring any information relating to financial statements of the Company are requested to write to the Company Secretary of the Company at least seven working days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.



## Notice

12. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
13. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.
14. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
  - a. the change in the residential status on return to India for permanent settlement; and
  - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number, IFSC Code and address of the bank, if not furnished earlier.
15. Re-appointment of Director:

At the ensuing Annual General Meeting, Shri Nikhil Gandhi, Director of the Company retires by rotation under the provisions of the Companies Act, 2013 and being eligible offers himself for re-appointment. The details pertaining to Shri Nikhil Gandhi pursuant to the requirements of Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), are furnished in the Corporate Governance Report forming part of this Annual Report.

16. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
17. Members are requested to fill in and submit online the Feedback Form provided in the 'Investor Relations' section on the Company's website [www.reliancedefence.co](http://www.reliancedefence.co) to aid the Company in its constant endeavors to enhance the standards of service to investors.
18. The Statement containing the salient features of the balance sheet, the statement of profit and loss, cash flow statement and Auditors' Report on the Abridged Financial Statement, is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market.  
Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
20. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their

nomination in the prescribed Form SH13 duly filled in to Karvy Computershare Private Limited (Unit: Reliance Defence and Engineering Limited) Karvy Selenium, Tower-B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032, or call on Tel.: +91 40 6716 1500, Fax: +91 40 6716 1791, Toll Free no. (India): 1800 4250 999, or e-mail: [ris.rdel@karvy.com](mailto:ris.rdel@karvy.com).

The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participants directly for recording their nomination.

21. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.
22. Members who have not registered their e-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communication from the Company electronically.
23. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated July 21, 2017 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. August 15, 2017 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10.00 A.M. on August 18, 2017 to 5.00 P.M. on August 21, 2017. Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip.

The facility for voting shall also be available at the meeting. The members who have cast their votes by remote e-voting prior to the Meeting may also attend the Meeting, but shall not be entitled to cast their votes again at the Meeting.

The Board of Directors have appointed Shri Devesh Mehta of M/s Devesh Mehta & Associates, Practicing Company Secretaries (CP No. 16649 and Membership No 45544) or any other Partner or associate of the said firm as Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of voting will be announced after the meeting of the Company.

Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at [www.reliancedefence.co](http://www.reliancedefence.co) and posted on the website of Karvy Computershare Private Limited.

## Notice

### Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated July 21, 2017

#### Item No. 4: Appointment of Shri S. Seth as Non-executive Director

Pursuant to the recommendation by the Nomination and Remuneration Committee, provisions of Section 161 of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, the Board had on September 12, 2016, appointed Shri S.Seth as Additional Director of the Company.

As an Additional Director, Shri S Seth holds office only up to the date of the ensuing Annual General Meeting of the Company in terms of the provisions of the Act.

Shri S Seth had given his consent for the appointment and had also confirmed that he is not in any way disqualified from the appointment in terms of the provisions of Section 164 of the Act. He will be liable to retire by rotation during the above tenure of his appointment.

The details pertaining to Shri S Seth, pursuant to the requirements of Regulation 36(3) of the Listing Regulations and Clause 1.2.5 of Secretarial Standard are furnished in the report on Corporate Governance forming part of this Annual Report.

The Company has received a notice in writing from a member of the Company along with deposit of requisite amount for proposing the candidature of Shri S Seth for the office of Director of the Company under Section 160 of the Act.

In terms of provisions of Section 152 and other applicable provisions, if any, of the Act read with rules made there under, the appointment of director would require approval of members by way of Ordinary Resolution.

The Board accordingly recommends the Ordinary Resolution set out at Item No. 4 of the accompanying notice for the approval of the Members.

The relatives of Shri S Seth may be deemed to be interested in the resolution set out in item no. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Shri S Seth is not related to any other director or Key Managerial Personnel of the Company.

Save and except Shri S Seth, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.

#### Item No. 5: Appointment of Cmde (Retd) Kartik Subramaniam as Whole-time Director

Cmde (Retd) Kartik Subramaniam has joined the Company as Chief Executive Officer and Key Managerial Personnel with effect from April 1, 2017.

Pursuant to the recommendation by the Nomination and Remuneration Committee, provisions of Section 161 and other applicable provisions, if any, of the Companies Act, 2013, and Rules made thereunder including any statutory modification(s) or amendment(s) or re-enactment thereof, for the time being in force ('the Act') and the Articles of Association of the Company, the Board of Directors of the Company at its meeting held on April 11, 2017, appointed Cmde (Retd) Kartik Subramaniam as an Additional Director and has elevated him to the position

of Whole-time Director of the Company, for a period of three years with effect from April 11, 2017, subject to the approval of Members.

The Board of Directors has also approved the remuneration payable to Cmde (Retd) Kartik Subramaniam on recommendation of the Nomination and Remuneration Committee.

Cmde (Retd) Kartik Subramaniam has given his consent for the appointment and has also confirmed that he is not in any way disqualified from the appointment as per the provisions of Section 164 of the Act.

The Company has received a notice in writing from a member of the Company along with deposit of requisite amount under Section 160 of the Act proposing the candidature of Cmde (Retd) Kartik Subramaniam for the office of Director of the Company.

As an Additional Director Cmde (Retd) Kartik Subramaniam holds office only up to the date of the ensuing Annual General Meeting as per the provisions of the Act.

The Company has undergone Corporate Debt Restructuring during the year 2014-15. The Company does not have adequate profit within the meaning of Section 198 of the Act and accordingly the proposed remuneration of Cmde (Retd) Kartik Subramaniam is as per provisions of Section II of Part II of Schedule V of the Act.

In view of the overdue amount payable to Banks / financial institutions, it is deemed appropriate to seek approval of the shareholders vide special resolution and of the Central Government, if required in terms of Schedule V of the Act read with Section 197, 198 and other relevant provisions of the Act.

Broad particulars of the terms of appointment of and remuneration payable to Cmde (Retd) Kartik Subramaniam are as under:

#### (a) Salary, Perquisites and Allowances per annum:

Salary, Perquisites and Allowances	: ₹ 75,00,000 p.a.
Performance Linked Incentive	: ₹ 25,00,000 p.a.
Retention Bonus	: ₹ 15,00,000 p.a.

In addition to the perquisites and allowances, as aforesaid, medical insurance will be taken by the Company for Cmde (Retd) Kartik Subramaniam and his family members. Any other perquisites and allowances shall be with the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. Cmde (Retd) Kartik Subramaniam shall also be eligible to an annual increment not exceeding 25% on the last drawn salary, perquisites and allowances during his tenure as Whole-time Director.

#### (b) Exempt Perquisites:

The Company's contribution to provident fund, superannuation or annuity fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the