

CORPORATE GOVERNANCE REPORT

Corporate governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. The ambit of governance involves all the stakeholders and how the corporation deals with those stakeholders, including the shareholders, employees, regulators, customers, suppliers and society. It is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization.

This corporate governance report sets out the governance framework adopted by the Board of Ester Industries Limited and highlights the key activities during the year.

The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its board of directors, management and employees.

In its approach to governance, the Board embraces best practices in the area of Corporate Governance to ensure the attainment of highest levels of transparency, accountability and equity in all the facets of its operations and in all its interactions with its stakeholders. The Board continues to hold and augment the standards of Corporate Governance by ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

1. Board of Directors

The Board of the Company is constituted in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with best practices in Corporate Governance with an optimum

combination of Executive, Non-executive and Independent directors, having a pool of collective knowledge from various disciplines like Engineering, Finance, Legal, Business Management, Corporate Planning etc. on its board.

All the Independent Directors of the Company have confirmed that they meet the criteria as mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013. Terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

Composition of the Board

Category	Name of Directors
Non-Independent Directors	Executive Directors Mr. Arvind Singhania, Chairman & CEO (Promoter) Mr. Pradeep Kumar Rustagi, Executive Director & CFO
	Non- Executive Director Mrs. Archana Singhania (Promoter)
Independent Directors	Mr. M. S. Ramachandran Mr. Ashok Kumar Newatia Mr. Dinesh Chandra Kothari Mr. Anand Chand Burman Mr. P. S. Dasgupta Mr. Sandeep Dinodia

Mrs. Archana Singhania is wife of Mr. Arvind Singhania. Apart from them no Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013 read with the Rules made thereunder.

Attendance record of the Directors in Board Meetings and Annual General Meeting and the number of Directorship and Committee Chairmanship/Membership held by them in other Companies

The Board of Directors and its committees meet at regular intervals. 4 (Four) Board Meetings were held during the year 2015-16 on 25th May, 2015, 27th July, 2015, 2nd November, 2015 and 10th February, 2016. Last Annual General Meeting (AGM) of the Company was held on 28th September, 2015.

Name of the Director	Designation	Attendance Particulars		No. of directorships in other Companies ¹	No of Membership/Chairmanship of Committees in other Companies ²	
		Board Meeting	Last AGM		Committee Membership	Chairperson of Committees
Mr. Arvind Singhania	Chairman & CEO	4	Yes	1	None	None
Mr. Ashok Kumar Newatia	Independent Director	4	No	None	None	None
Mr. M S Ramachandran	Independent Director	4	No	5	2	1
Mr. Dinesh Chandra Kothari	Independent Director	3	No	3	3	1
Mr. Anand Chand Burman	Independent Director	3	No	7	None	None
Mr. P S Dasgupta	Independent Director	3	No	8	7	2
Mr. Sandeep Dinodia ³	Independent Director	4	Yes	3	5	3
Mrs. Archana Singhania	Non-Executive Director	2	No	None	None	None
Mr. Pradeep Kumar Rustagi	Executive Director & CFO	4	Yes	None	None	None

Note –

- The other Directorships held by Directors as mentioned above do not include alternate directorship, directorships of Private Limited Company, Directorship in the Company incorporated outside India and Companies as per Section 8 of the Companies Act, 2013.*
- As required in the SEBI(LODR) Regulations, 2015, the disclosure includes memberships/ chairpersonship of Audit Committee and Stakeholders' Relationship Committee in Indian public companies (listed and unlisted) only.*
- Mr. Sandeep Dinodia was appointed as an Additional Director (Independent Director) of the Company w.e.f. 25th May, 2015 and approved by the Shareholders in their AGM held on 28th September, 2015.*

Board Procedure and Functioning

The Board meets at least once every quarter to review the Quarterly Results and to take decisions on matters pertaining to Company's working. In case of business exigencies, resolutions are passed by circulation or a Board meeting is conducted depending on the matter.

All Board Members are given advance notice of the Meetings in compliance with the Companies Act, 2013. The Meetings are governed by structured Agenda. The detailed Agenda along with the explanatory notes are also circulated in advance to participate effectively in the Board discussions. All agenda items are backed by comprehensive background information and relevant documents to enable the Board to take informed decisions. The Directors are also free to recommend inclusion of any matter in the agenda for discussion and also seek any other information or documents on any matter of Agenda. Information provided to the Directors include the following information as stated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –

- Annual operating plans of the business, revenue and capital budgets, acquisitions etc.
- Quarterly results of the company and its business segments
- Quarterly Operational Performance Report of the Company and its business segments
- Minutes of the Board Meeting and all Committee Meetings
- The information on recruitment and remuneration of Senior Management Personnel including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue involving possible public or product liability claims of substantial nature,
- Significant development on the human resources and industrial relations front.
- Details of any investment, merger, joint venture or collaboration agreement, if any.
- Sale of material nature, of investments, subsidiaries assets, which are not in normal course of business.
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non payment of dividend, delay in share transfer, etc., if any
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

Familiarisation Programme

As per the requirement of Regulation 25 of the SEBI (LODR) Regulations, 2015 which inter-alia stipulates that the Company shall familiarize the independent directors, the Company undertakes various initiative to familiarise the Independent Directors with the Company, and senior management giving an overview of the Company's operations, products, group structure, subsidiaries, Board constitution, guidelines, matters reserved for the Board, and the major risks and risk management strategy etc.

Independent Directors are regularly updated on performance of each product segment of the Company, business strategy and new initiatives being taken/ proposed to be taken by the Company. The management presents before the Board on quarterly basis a presentation for each business detailing about the product development, performance of the business, new opportunities and challenges in business, competition and industry updates etc.

Details of familiarization programs is uploaded on Company's website at the following link:

http://esterindustries.com/sites/default/files/Familiarisatin_programme.pdf

Statutory Compliance

The Board quarterly reviews the Compliance Report of the law applicable to the Company as well as the steps taken by the company to rectify the instances of non-compliance, if any.

Compliance of Code of Conduct

The Company has adopted the Code of Conduct for all Board Members, Senior management Personnel of the Company. The code of conduct is available on the website of the Company viz. **www.esterindustries.com**.

The Company has received confirmation from all Board members and senior management personnel of the Company regarding their adherence to the code. The declaration to this effect from Mr. Arvind Singhanian, Chairman & CEO forms a part of this report.

Meeting of Independent Directors

During the year, a separate Meeting of the Independent Directors was held on 2nd November, 2015 to review the performance of the Chairperson, Directors and the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the company management and the Board, necessary for the Board to effectively and reasonably perform their duties.

2. Audit Committee

The Company has Audit Committee formed in pursuance of compliance with Regulation 18 of the SEBI (LODR) Regulation, 2015 and Section 177 of the Companies Act, 2013. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditor, the statutory auditor and the cost auditor and notes the processes and safeguards employed by each of them. The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures with the

highest levels of transparency, integrity and quality of financial reporting.

All members of the audit committee are knowledgeable in project finance, accounts and company law matters. Minutes of each audit committee meeting are placed before the board and discussed in depth.

The terms of reference stipulated by the Board to the Audit Committee inter-alia includes the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Modified opinion(s) in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;

- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Examination of the financial statement and auditors' report thereon;
- The appointment, removal and terms of remuneration of the internal auditor
- Reviewing following matters –
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses;
 - e. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) for public issue, rights issue, preferential issue
 - f. annual statement of funds utilized of Public issue/ Right issue for purposes other than those stated in the offer document/prospectus/notice
- Any other matter as referred by the Board time to time in the terms of reference of the audit committee.

During the year 2015-2016, the Audit Committee has met on 25th May, 2015, 27th July, 2015, 2nd November, 2015 and 10th February, 2016. The Composition of the Audit Committee and the particulars of meeting attended by the members of the Audit Committee are given below:

Name of Members	Category	No. of Meetings held	Attendance of the Members
Mr. Sandeep Dinodia* Chairman of the Committee	Independent Director	4	4
Mr. M S Ramachandran Member	Independent Director	4	4
Mr. Dinesh Chandra Kothari Member	Independent Director	4	3
Mr. Ashok Kumar Newatia Member	Independent Director	4	4

*Mr. Sandeep Dinodia was appointed as new member and Chairman of the Committee w.e.f. 25th May, 2015.

Mr. Sandeep Dinodia & Mr. Dinesh Chandra Kothari are qualified Chartered Accountant having rich experience in Accounting and Finance. Other members of the Committee also have the knowledge of accounting and finance with wide exposure in their relevant areas.

The Company Secretary acts as the Secretary of the Committee.

The Chairman of the Board and CFO are the permanent invitee to the meetings. Representatives of Statutory Auditors and Internal Auditors are also being invited to the meetings. All the Meeting of Audit Committee are attended by Statutory Auditors. Cost Auditors also attend the meeting when the Cost Audit Report is discussed.

Mr. Sandeep Dinodia, Chairman of the Audit Committee attended the last Annual General Meeting held on 28th September, 2015.

3. Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee, formed in pursuance of compliance with Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. Minutes of each Nomination and Remuneration committee meeting are placed before the board and discussed in depth.

The Company Secretary acts as the Secretary of the Committee.

Terms of reference of the Committee inter-alia include the following:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
- to recommend to the Board their appointment and removal
- to carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director
- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees,
- to devise a policy on Board diversity;
- to perform any other function, duty as stipulated by the Companies Act or under any applicable laws, as amended from time to time.
- Any other matter, as may be required by the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other law for the time being in force or as directed by the Board of Directors.

During the year 2015-2016, two meetings of Nomination and Remuneration Committee were held on 25th May, 2015 and 27th July, 2015.

The Composition of the Nomination and Remuneration Committee and the particulars of meeting attended by the members of the Committee are given below:

Name of Members	Category	No. of Meetings held	Attendance of the Members
Mr. M S Ramachandran * Chairman of the Committee	Independent Director	2	2
Mr. Dinesh Chandra Kothari Member	Independent Director	2	2
Mr. P S Dasgupta** Member	Independent Director	2	2
Mr. Arvind Singhania** Member	Promoter Director (Chairman & CEO)	2	2

*Appointed as new Chairman of the Committee w.e.f. 25th May, 2015

**Inducted as a Member of the Committee w.e.f. 25th May, 2015.

Remuneration Policy & Criteria of making payment to Executive and Non-Executive Directors

Remuneration Policy of the Company is designed to act as a guideline for determining, inter-alia qualification, positive attributes and independence of a Director, matters relating to the remuneration, appointment, and removal of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees. The objectives of the policy are as stated below:

- To formulate the criteria for identification of the persons who are qualified to become directors and who may be appointed in senior management
- To formulate the criteria for determining qualifications, positive attributes and independence of a director
- To lay down a policy for remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company;
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
- To ensure that the remuneration to directors, key managerial personnel and senior management 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.

This policy is divided into three parts. The salient aspects of the same are as stated below -

A. Appointment of Director, KMP (Key Managerial Personnel) and Senior Management Personnel

The Policy prescribes the criteria for determination of positive attributes, independence and qualifications of Directors and the criteria for appointment of Senior Management Personnel.

The Nomination and Remuneration Committee has the responsibility to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and KMP and recommend to the Board his / her appointment. The Committee is required to ensure that the person should possess adequate qualification, expertise and experience for the position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

B. Board Diversity

All Board appointments are based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Nomination and

Remuneration Committee seeks to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience. The candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

C. Remuneration to Director, KMP, Senior Management Personnel and other employees

The Company strives to provide fair compensation to Directors, KMP, Senior Management Personnel and other employee, taking into considerations factors like Industry benchmark, Company's' performance vis a vis industry, scope of duties, roles and responsibilities, skill, knowledge, performance/track record, core performance requirements and expectations of individuals, legal and industrial obligations.

Details of Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees of Rs. 10,000/- for attending each meeting of the Board of Directors and the Committee thereof (except Stakeholders' Relationship Committee and Borrowing Committee). The Shareholders have approved at the AGM of the Company on September 28, 2012, the payment of commission to the non-executive directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013. The quantum of the commission may be recommended by the Committee on year to year basis based on the profitability of the Company and on such recommendation, the Board may decide to pay commission to the directors. During the year no commission was paid to any director.

The details of sitting fees paid during the year 2015-16 to the Directors are given below -

Name of the Director	Sitting Fees Paid (In Rs.)
Mr. Ashok Kumar Newatia	80,000
Mr. Sandeep Dinodia	80,000
Mr. M S Ramachandran	1,00,000
Mr. Dinesh Chandra Kothari	80,000
Mr. P S Dasgupta	50,000
Dr. Anand Chand Burman	30,000
Mrs. Archana Singhania	20,000

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, for the purpose of attending meetings of the Company.

The Company has not given any Stock Option to any Director.

Details of remuneration to Executive Directors

Managing Director/ Whole-time Director are eligible for remuneration as may be approved by Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The remuneration payable to any one managing director or whole-time director does not exceed 5% of the net profits of the

company and if there is more than one such director, remuneration doesn't exceed 10% of the net profits to all such directors taken together.

The break-up of the pay scale and quantum of allowances, performance linked incentives, perquisites including, employer's contribution to P.F, pension scheme, medical expenses, car & driver facility etc. is decided and approved by the Board on the recommendation of the Committee.

During financial year 2015-16, following remuneration to Executive Directors were paid/payable –

(Rs. in lacs)

Name of Director	Salary	Allowances & Perquisites	PF & SAF	Other (Leave encashment)	Total
Mr. Arvind Singhania	80.00	59.06	9.60	-	148.66
Mr. Pradeep Kumar Rustagi	32.88	38.09	4.95	7.03	82.95

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available for the managing director and executive director. Services of the managing director and executive director may be terminated by either party, giving the other party three months' notice or the Company paying three months' salary in lieu thereof. There is no separate provision for payment of severance fees. During the year, no Performance Linked Incentives were paid to Mr. Arvind Singhania and Mr. Pradeep Kumar Rustagi. The company has not issued any Stock options.

Details of Shareholding of Directors in Ester Industries Limited

Name of the Director	No. of Shares held
Mr. Arvind Singhania	150
Mr. M S Ramachandran	Nil
Mr. Dinesh Chandra Kothari	20,000
Mr. Ashok Kumar Newatia	Nil
Dr. Anand Chand Burman	Nil
Mr. P S Dasgupta	Nil
Mr. Sandeep Dinodia	Nil
Mrs. Archana Singhania	Nil
Mr. Pradeep Kumar Rustagi	400

Performance Evaluation criteria for Independent Directors:

The Board considered following criteria while evaluating the performance of the Independent Directors:

- Participation at the Board/Committee meetings and willingness to spend time during the meeting
- Integrity and maintaining of confidentiality
- Knowledge and expertise
- Independent judgment in relation to decision making

- Understanding about roles, responsibilities and disqualification as a director, and;
- other criteria like objective evaluation of Board's performance, unbiased opinion on various matters, compliance of Code of Conduct and Ethics, Code for Independent Directors, Insider Trading Code etc.

4. Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee, formed in pursuance of compliance with Regulation 20 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. Minutes of each Stakeholders' Relationship committee meeting are placed before the board and discussed in depth.

The responsibility of the Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends, and such other grievances as may be raised by the security holders from time to time.

The terms of reference of the Committee, which inter-alia includes the following:

1. To review and redress complaints from various shareholders which includes, such as non-receipt of dividend, non-receipt of interest on debentures, non-receipt of annual report, transfer of shares or debentures, issue of duplicate share / debenture certificates, etc.
2. To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of securities issued by the Company.
3. To oversee the performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.
4. To review/take note of various investors presentations / communication with stakeholders
5. To affix or authorise affixation of the Common Seal of the Company on Share Certificate of the Company.
6. To perform any other function, duty as stipulated by the Companies Act or under any applicable laws, as amended from time to time.

During the year 19 meetings of the Committee were held on 7th April, 2015, 30th April, 2015, 10th May, 2015, 2nd July, 2015, 20th July, 2015, 30th July, 2015, 5th October, 2015, 10th October, 2015, 20th October, 2015, 30th November, 2015, 5th January, 2016, 11th January, 2016, 20th January, 2016, 30th January, 2016, 10th February, 2016, 22nd February, 2016, 29th February, 2016, 10th March, 2016 and 30th March, 2016.

The Composition of the Stakeholders' Relationship Committee and the particulars of meeting attended by the members of the Committee are given below:

Name of Members	Category	No. of Meetings held	Attendance of the Members
Mr. Ashok Kumar Newatia Chairman of the Committee	Independent Director	19	18
Mr. Arvind Singhania Member	Promoter Director (Chairman & CEO)	19	11
Mr. Pradeep Kumar Rustagi Member	Executive Director & CFO	19	19

Mr. Diwaker Dinesh, Company Secretary of the Company acts as the Compliance Officer.

The Company has received 55 Complaints from the shareholders and all of them have been resolved by furnishing requisite information/ documents. All the complaints were resolved and there was no complaint pending as on 31st March, 2016.

The Company gives utmost priority to the redressal of Shareholders Grievances which is evident from the fact that all complaint received from the shareholders are resolved expeditiously to the satisfaction of the shareholders.

5. Borrowing Committee

The Company has a Borrowing Committee, authorized and empowered to borrow such amount as Company may require for the operations and business of the company within the limits approved by the Board and the Shareholders of the Company.

During the year 4 meetings were held on 6th April, 2015, 18th May, 2015, 28th January, 2016 and 15th March, 2016.

The Composition of the Borrowing Committee and the particulars of meeting attended by the members of the Committee are given below:

Name of Members	Category	No. of Meetings held	Attendance of the Members
Mr. Ashok Kumar Newatia Chairman of the Committee	Independent Director	4	3
Mr. Arvind Singhania Member	Promoter Director (Chairman & CEO)	4	4
Mr. Pradeep Kumar Rustagi Member	Executive Director & CFO	4	4

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

6. Corporate Social Responsibility Committee

The Committee is constituted in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The terms of reference of the Committee includes –

- formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy;
- to monitor the CSR Policy of the Company from time to time;
- to institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company;
- to perform any other function or duty as stipulated by the Companies Act, SEBI Regulations and/or any applicable laws, as may be prescribed from time to time

During the year, no meeting of Corporate Social Responsibility Committee was held.

The Composition of the Corporate Social Responsibility Committee is given below:

Name of Members	Category
Mr. M. S. Ramachandran, Chairman	Independent Director
Mr. Ashok Kumar Newatia Member	Independent Director
Mrs. Archana Singhania Member	Non-Executive Director
Mr. Arvind Singhania Member	Promoter Director (Chairman & CEO)

7. Risk Management Committee

The Company has Risk Management Committee, constituted to review and monitor the Risk Management Plans.

The terms of reference of the Committee includes –

- To frame, implement and monitor the risk management plan for the company.
- To ensure that the appropriate systems for risk management are in place.
- To review progress of Risk Mitigation Plan

During the year, no Risk Management Committee meeting was held.

The Composition of the Risk Management Committee is given below:

Name of Members	Category
Mr. P. S. Dasgupta Chairman	Independent Director
Mr. Dinesh Chandra Kothari Member	Independent Director
Mr. M. S. Ramachandran Member	Independent Director

8. General Body Meetings

Details of the Annual General Meetings and Extra Ordinary General Meetings held during the last three years are as follows:

Annual General Meeting

Financial Year	Date	Time	Venue	Special Resolution Passed
2014-15	28.09.2015	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	1. Re-Appointment of Mr. Ayush Vardhan Singhania as Group Leader – Marketing & Business Development 2. Modification in terms and conditions of appointment of Mr. Jai Vardhan Singhania as Group Leader – Business Planning And Support
2013-14	22.09.2014	12.30 P.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	1. Appointment of Mr. Jai Vardhan Singhania as Group Leader-Business Planning & Support 2. Alteration in Articles of Association of the Company
2012-13	30.09.2013	11.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	No Special Resolution was passed.

Extra Ordinary General Meeting

Financial Year	Date	Time	Venue	Special Resolution Passed
2013-14	31.10.2013	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	Approval for Preferential Allotment of Zero Coupon Compulsory Convertible Warrants
2012-13	07.04.2012	1.30 P.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	1. Modifications in the terms of appointment of Mr. Pradeep Kumar Rustagi as Whole-Time Director of the Company. 2. Modifications in the terms of appointment of Mr. Ashok Kumar Agarwal as Whole-Time Director of the Company.

Court Convened Meeting

Pursuant to the Scheme of Arrangement between Ester Industries Limited and Sriyam Impex Private Limited & their respective Shareholders, creditors and all concerned, a Court Convened Meeting of shareholders was held as detailed below:-

Financial Year	Date	Time	Venue	Special Resolution Passed
2012-13	30.09.2013	1.00 P.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	No Special Resolution was passed

Details of resolution passed through Postal Ballot during the year under review:

- Special Resolution pursuant to Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 for change in designation and payment of remuneration of Mr. Arvind Singhania as proposed in the Postal Ballot Notice dated 11th February, 2015 -

Results of Postal Ballot -

Total No. of Shareholders	23913
Total No. of Equity Shares	62643759

Particulars	No. of Valid Postal Ballot Forms/e-votes	No. of Shares	% of valid votes polled
No. of valid postal ballot forms/ e-votes	119	45415124	100
No. of Votes - in favour	103	45351527	99.85
No. of Votes – against	16	63597	0.15

2. Special Resolution pursuant to Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 for payment of remuneration of Mr. Pradeep Kumar Rustagi as proposed in the Postal Ballot Notice dated 11th February, 2015

Results of Postal Ballot -

Total No. of Shareholders	23913
Total No. of Equity Shares	62643759

Particulars	No. of Valid Postal Ballot Forms/e-votes	No. of Shares	% of valid votes polled
No. of valid postal ballot forms/ e-votes	119	45415124	100
No. of Votes - in favour	104	45351774	99.86
No. of Votes – against	15	63350	0.14

3. Special Resolution pursuant to Section 13 and all other applicable provisions of the Companies Act, 2013 for shifting of Registered Office from the State of Uttarakhand to State of Haryana as proposed in the Postal Ballot Notice dated 2nd November, 2015

Results of Postal Ballot -

Total No. of Shareholders	22382
Total No. of Equity Shares	83393759

Particulars	No. of Valid Postal Ballot Forms/e-votes	No. of Shares	% of valid votes polled
No. of valid postal ballot forms/ e-votes	106	45461019	100
No. of Votes - in favour	106	45461019	100
No. of Votes – against	-	-	-

4. Special Resolution pursuant to Section 94 and all other applicable provisions of the Companies Act, 2013 for maintenance of Register of Members etc. at a place other than the Registered Office as proposed in the Postal Ballot Notice dated 2nd November, 2015

Results of Postal Ballot -

Total No. of Shareholders	22382
Total No. of Equity Shares	83393759

Particulars	No. of Valid Postal Ballot Forms/e-votes	No. of Shares	% of valid votes polled
No. of valid postal ballot forms/ e-votes	105	45460619	100
No. of Votes - in favour	103	45460419	99.99
No. of Votes – against	2	200	0.01

Procedure for Postal Ballot

During the conduct of the Postal Ballot, the Company had in terms of Clause 35B of the erstwhile Listing Agreement and applicable provisions of SEBI (LODR) Regulations, 2015 provided e-voting facility to its shareholders to cast their votes electronically through the CDSL e-voting platform. Postal ballot forms and business reply envelopes were sent to shareholders to enable them to cast their vote in writing on the postal ballot. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable Rules.

In the above-stated Postal Ballot voting, the Company had appointed Mr. Akash Jain, Practising Company Secretary, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The scrutinizer submitted his report to the Chairman, after completion of the scrutiny and the results of voting by postal ballot were then announced by the Chairman/ Authorised official. The voting results were sent to the Stock Exchanges and displayed on the Company's website.

9. Disclosures

Related Party Transactions

The Company has a duly adopted policy for related party transactions which prescribes for prior approval of the Audit Committee and Board of Directors of the Company. Prior approval of the shareholders of the Company is also required for certain related party transactions as prescribed under Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The policy can be accessed on Company website at the following link –

http://esterindustries.com/sites/default/files/Related_Party_Transactions_Policy.pdf

All transactions, if any, entered into by the Company with related parties during the financial year were on arm's length basis. During the financial year 2015-16, there was no materially significant related party that may have potential conflict with the interests of the Company at large.

Compliance by the company

The Company has complied with the requirement of the Stock Exchange, SEBI and other statutory authorities relating to the capital market during the last three years. No penalties or Strictures have been imposed on the company by the Stock Exchange, SEBI and other statutory authorities relating to the above.

Whistleblower policy (Policy on Vigil Mechanism)

The Company has adopted the whistle blower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and ethics. No personnel has been denied access to the audit committee. The policy can be accessed on Company website at the following link –

http://esterindustries.com/sites/default/files/Whistle_blower_policy.pdf

Policy on Material Subsidiaries

In accordance with Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015 the Company has framed Policy on Material Subsidiaries to set out the criteria to determine "Material Subsidiaries" and to provide the governance framework for them. The policy can be accessed on Company website at the following link –

http://esterindustries.com/sites/default/files/Policy_on_material_subsidary.pdf

Certification in terms of Regulation 33 of the SEBI (LODR) Regulations, 2015

Certification by Chairman & CEO and Executive Director & CFO as stipulated in the Regulation 33 of the SEBI (LODR) Regulations, 2015 was placed before the Board along with the financial statement for the year ended 31st March 2016, and the Board reviewed the same. The said Certificate is annexed with the Corporate Governance Report.

Compliance with Mandatory & Non-mandatory Requirements.

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including all the requirement of Regulations 17 to 27, whichever is applicable. The Company has also fulfilled the following non-mandatory requirements as prescribed in Schedule II, PART E of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 -

- It is always the Company's endeavour to present unmodified/unqualified Financial Statements. The auditors has given the unmodified opinion on the financial statement for the year ended on 31st March, 2016.
- The Internal Auditor has been reporting directly to the Audit Committee

10. Means of communication

- The Company intimates unaudited/ audited financial results to the stock exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. Generally the results and published in Financial Express, Dainik Najariya, Dehradun.
- Website - Ester's website **www.esterindustries.com** contains a separate dedicated section 'Investors' which provides shareholders information like quarterly financial results, annual reports, shareholding patterns, news and announcements and other shareholder information. Further as all such information are also filed/ intimated to BSE and NSE, the shareholder can also obtain information from their website viz. **www.bseindia.com** and **www.nseindia.com** respectively.
- NSE Electronic Application Processing System (NEAPS)- NEAPS is a web based application designed by NSE for corporate. All intimations, compliance filings like corporate action, financial results, shareholding pattern, corporate governance report, Reconciliation of Share Capital Audit etc. are intimated/filed electronically on NEAPS.
- BSE Listing Centre - BSE has launched web based application for compliances and intimation under SEBI (LODR) Regulatios, 2015 for companies Listed in BSE. All intimations, compliance filings like corporate action, financial results, shareholding pattern, corporate governance report, Reconciliation of Share Capital Audit etc. are intimated/filed electronically on Listing Centre.
- Designated e-mail address for investor services- In terms of Regulation 46(2) of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is **investor@ester.in**. The shareholders may also send their queries at the email id of Registrar and Transfer Agent (RTA) viz. **info@masserv.com**.
- Press Release and Investor Presentation- The company issues press release every quarter briefing the details of

quarterly and year to date results and performance of the company with a message of Chairman. Investor presentation on financial results are posted on the website of the Company and sent to stock exchanges. Earning calls with analysts and investors for discussion on results are made on quarterly basis after dissemination of the quarterly and year to date results.

11. General Shareholder Information:

- Forthcoming Annual General Meeting**

Date and Time	24th September, 2016, 10:30 AM
Venue	Sohan Nagar, P.O. Charubeta, Khatima - 262308, District Udham Singh Nagar, Uttarakhand

- Financial Calendar (Tentative and subject to change)**

Financial Results for the Quarter ending 30th June 2016	Aug – 2016
Financial Results for the Quarter ending 30th September 2016	November – 2016
Financial Results for the Quarter ending 31st December 2016	February – 2017
Financial Results for the Quarter and year ending 31st March 2017	May – 2017
Annual General Meeting	September 2017

- Books closure date:** 18th September, 2016 to 24th September, 2016

- Dividend**

No Dividend has been recommended for the financial year 2015-16. In terms of the Section 205C of the Companies Act, 1956, the amount that remained unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. During the year under review, the unclaimed dividend amount for the year 2007-08 (final) was transferred to the IEPF established by the Central Government under applicable provisions of the Companies Act. The shareholders, who have not encashed their dividend warrants relating to the dividend specified in table below are requested to immediately send their request for issue of duplicate warrants.

Year of Dividend	2008-09	2009-10	2010-11		2013-14
Nature of Dividend	Final	Final	Interim	Final	Final
Date of Declaration	01/07/2009	27/07/2010	01/11/2010	25/07/2011	22/09/2014
Last date to claim dividend	07/08/2016	02/09/2017	08/12/2017	31/08/2018	23/10/2021
Proposed date of transfer of dividend	06/09/2016	02/10/2017	07/01/2018	30/09/2018	22/11/2021

Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof with the Company.

The Company has uploaded the information in respect of the Unclaimed Dividends on the website of the IEPF viz. www.iepf.gov.in and under 'Investor Section' on the website of the Company viz. www.esterindustries.com

- Listing of Equity Shares on Stock Exchanges**

Ester Industries Limited (ISIN INE778B01029) is presently listed on Bombay Stock Exchange and National Stock Exchange. The details of the same are mentioned as under:

Address of Stock Exchanges	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
Listed Capital	83393759 Equity Shares of Rs. 5/- each	83393759 Equity Shares of Rs. 5/- each
Website of Stock Exchanges	www.bseindia.com	www.nseindia.com
Scrip Code	500136	ESTER

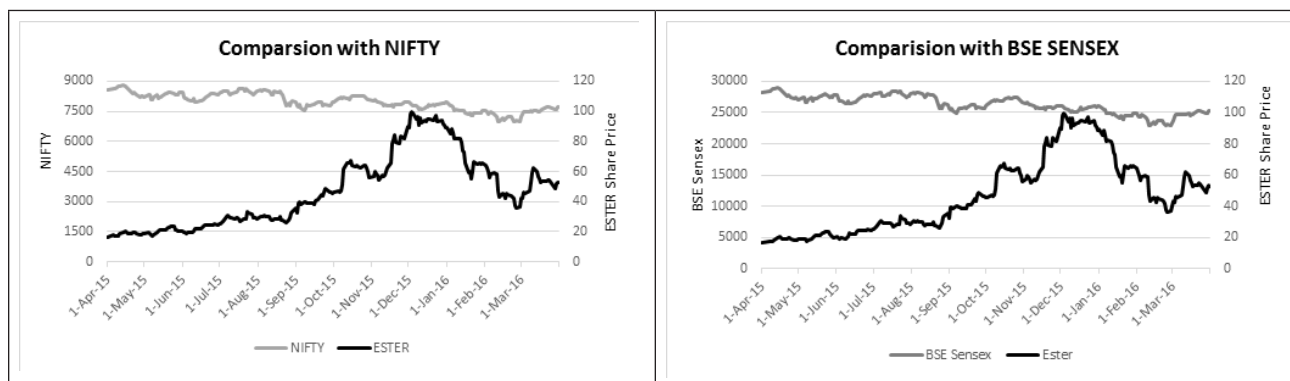
The Listing Fees for the financial year 2015-16 have been paid to stock exchanges within the prescribed time period.

- Stock Market Data:**

The data for trading in equity shares of the Company at Bombay Stock Exchange and National Stock Exchange are provided below:

Month	Bombay Stock Exchange			National Stock Exchange		
	Month's High Price (In Rs.)	Month's low Price (In Rs.)	Volume (No. of Shares)	Month's High Price (In Rs.)	Month's low Price (In Rs.)	Volume (No. of Shares)
Apr-15	21.50	16.00	1,68,971	21.35	16.00	2,25,099
May-15	24.90	16.55	2,90,479	24.40	17.00	5,63,480
Jun-15	25.55	18.80	15,17,947	25.50	18.20	18,57,356
Jul-15	34.80	25.00	24,20,168	34.85	25.00	37,88,456
Aug-15	39.20	25.40	19,94,007	36.70	25.20	37,74,690
Sep-15	56.15	31.75	39,43,838	50.80	31.35	69,96,960
Oct-15	72.75	45.00	39,79,374	72.50	45.00	87,80,965
Nov-15	89.85	51.65	39,04,243	89.95	50.70	96,45,826
Dec-15	108.15	86.50	51,78,972	108.15	86.50	1,35,63,873
Jan-16	92.50	48.20	19,27,904	92.45	50.25	41,20,593
Feb-16	67.45	33.95	17,22,691	67.10	33.75	31,93,589
Mar-16	65.00	37.00	28,97,497	64.90	37.20	67,96,696

- Performance in comparison to broad based indices**



- Commodity Price risk or foreign exchange risk and hedging activities:**

Despite Company being a Net Foreign Exchange earner, it is not absolved of Foreign Exchange Risk due to time difference of Inflows and Outflows.

Company's hedging instruments comprise of foreign exchange forward contracts which are not intended for trading or speculation purposes and are used only to hedge company's foreign exchange denominated assets & liabilities.

The decision of whether and when to execute foreign exchange hedging instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. Company keeps a close watch on the exchange rate movement.

- Registrar and Share Transfer Agents:**

MAS Services Limited,

T - 34, Okhla Industrial Area Phase - II, New Delhi - 110 020

Phone No. - 011-26387281/82/83 | Fax No. - 011-26387384

E-Mail : info@masserv.com

- Share Transfer System:**

Presently, the share transfer which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipts, subject to the documents being valid and complete in all respects.

- **Distribution of Shareholding as on 31st March 2016:**

Shareholding of Nominal Value of Rs. 5 each	No. of Shareholders	% to total holders	No. of shares	% to total shares
Upto 2500	19845	86.15	3335935	4.00
2501-5000	1670	7.25	1404282	1.68
5001-10000	747	3.24	1182044	1.42
10001-15000	219	0.95	566443	0.68
15001-20000	104	0.45	374169	0.45
20001-25000	120	0.52	572148	0.69
25001-50000	172	0.75	1279126	1.53
50001 & Above	159	0.69	74679612	89.55
Total	23036	100	83393759	100

- **Shareholding Pattern as on 31st March 2016:**

Category of Shareholder	No. of Shareholders	No. of Shares	% to total shares
A. PROMOTER AND PROMOTER GROUP			
1. Indian			
a. Individual/HUF	4	303191	0.36
b. Bodies Corporate	-	-	-
Sub Total	4	303191	0.36
2. Foreign			
a. Individuals (NRI/ Foreign Individuals)	-	-	-
b. Bodies Corporate	1	44915012	53.86
Sub Total	1	44915012	53.86
Total Shareholding of Promoter and Promoter Group (A)	5	45218203	54.22
B. PUBLIC SHAREHOLDING			
1. Institutions			
a. Mutual Funds/UTI	5	27500	0.03
b. Financial Institutions/Banks	8	84322	0.10
c. Insurance Companies	1	300	-
d. Foreign Institutional Investors	4	54810	0.07
Sub Total	18	166932	0.20
2. Non Institutions			
a. Bodies Corporate	365	4194489	5.03
b. Resident Individuals	22365	12139542	14.56
c. Non-Resident Individual	133	248622	0.30
d. Clearing Member	148	672471	0.81
e. Foreign Body Corporate	1	20750000	24.88
f. NBFC registered with RBI	1	3500	-
Sub Total	23013	38008624	45.58
Total Public Shareholding (B)	23031	38175556	45.78
GRAND TOTAL (A) + (B)	23036	83393759	100

- **Dematerialisation of Shares:**

As on 31st March 2016, 97.71% of the Company's shares were held in dematerialised form.

- **Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments and their likely impact on equity:**

As on 31st March, 2016, there are no outstanding Warrants or any Convertible warrants or any convertible Instruments and their likely instruments. The Company has not issued any GDR/ ADR. However, 20750000 Zero Coupon Convertibles Warrants were converted into 20750000 Equity Shares on 25th May, 2015 during the year.

- **Plant location**

The company has single Plant location at Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand

- **Investor Correspondence**

MAS Services Limited,

(Unit : Ester Industries Limited)

T – 34, Okhla Industrial Area Phase - II,

New Delhi – 110 020

Phone No. – 011-26387281/82/83

Fax No. – 011-26387384

E-Mail: info@masserv.com

Or

The Company Secretary

Ester Industries Limited

Plot No.11, Block-A, Infocity-I,

Sector 33 & 34, Gurgaon, Haryana – 122 001

Phone: 0124-4572100

Fax : 0124-4572199

E-Mail: investor@ester.in

Website: www.esterindustries.com

- **Investor Grievances Redressal Mechanism** – In case of any complaint, the Investor can contact the Company or our Registrar & Transfer Agent. Further the Company process investor complaints through a centralized web based “SEBI complaints redress system” (SCORES) also. Investor can check online status of complaint and action taken on the same. It assists in speedy resolution of complaint in more transparent manner.

DECLARATION

This is to confirm that the Board of Directors has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The same has also been posted on the Company's website. It is further declared that all the Board Members and Senior Management of the Company have affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company.

For Ester Industries Limited

Sd/-

Arvind Singhania

Chairman & CEO

DIN: 00934017

Place : New Delhi

Date : 10th August, 2016