

REPORT ON CORPORATE GOVERNANCE:**(1) Philosophy:**

Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. ECL firmly believes that Corporate Governance is a culture under which an organization is nurtured and flourishes by using its core values and the means by which it fulfills the public trust and its stakeholders' expectations. At ECL, it is not just a compliance with laws and ethical standards instead it is an important business investment which is not only necessary to preserve our reputation but also crucial for obtaining and retaining our business.

Transparency, accountability and integrity are the main ingredients of good corporate governance. Your company as a good corporate citizen believes in adhering to the highest standards of corporate governance. ECL provides appropriate access to information to the citizens of India under the provisions of Right to Information (RTI) Act, 2005.

(2) Board of Directors:**(A) Composition of the Board:**

We are a Government company within the meaning of section 2(45) of the Companies Act, 2013 as Coal India Limited holds entire paid-up share capital. As per Articles of Association the power to appoint Directors rests with the President of India.

In terms of Articles of Association of the company strength of our Board shall not be less than 2 Directors and not more than 15 Directors. These Directors may be either whole-time Functional Directors or part-time Directors. The Directors are not required to hold any qualification share.

As on 31st March 2018, Board comprised 7 Directors, out of which 4 were whole-time Functional Directors, 2 Part Time Official Director and 1 Part Time Non-Official Director.

The Directors bring to Board wide range of experience and skills.

DIRECTORS:

During the year 2017-18, Shri R.R. Mishra, Chairman-cum-Mg. Director, WCL was holding the additional charge of Chairman cum-Mg Director of ECL till 14.06.2017, thereafter Shri S. Chakravarty was the Chairman cum-Mg Director of ECL w.e.f. 15.06.2017 to 31.03.2018.

The other Directors on the Board of the Company during 2017-18 were Shri Vivek Bharadwaj (from 09.06.2017 to 30.10.2017), Shri N.K. Sudhansu (w.e.f. 30.10.2017), Dr. Indira Chakravarty, Shri C.K. Dey, Shri K.S. Patro, Shri A.M. Marathe (up to 31.03.2018), Shri B.N. Shukla (up to 06.08.2017), Shri A.K. Singh (up to 25.09.2017) and Shri S.K. Jha (w.e.f. 19.12.2017).

Brief profile of Directors is enclosed as **Annexure - B**.

Service Contract:

Directors of the company are appointed by the President of India. The terms and conditions of appointment of Whole-time Functional Directors are decided by the President of India in terms of Articles of Association of the Company. The terms and condition of non-official part time directors are laid down by the Ministry of Coal.

(B) Board Meetings:

Meetings of Board of Directors are normally held at Sanctoria/Kolkata for the convenience of Directors. Company has well defined procedures for meetings of Board of Directors and Committees thereof so as to facilitate decision making in an informed and efficient manner.

During the financial year ended 31st March 2018, 13 Board meetings were held as against the minimum requirement of 4 meetings. The details of the Board meetings are as follows:

Date	Board of Directors							
	Functional		Part-time Official		Part Time Non-Official		Total	
	Strength	Present	Strength	Present	Strength	Present	Strength	Present
17.04.2017	5	4	1	1	1	1	7	6
25.05.2017	5	5	1	1	1	1	7	7
14.07.2017	5	5	2	2	1	1	8	8
31.07.2017	5	5	2	1	1	1	8	7
01.09.2017	4	4	2	2	1	1	7	7
22.09.2017	4	4	2	1	1	1	7	6
23.09.2017								
23.10.2017	3	3	2	1	1	0	6	4
02.11.2017	3	3	2	0	1	1	6	4
08.12.2017	3	3	2	2	1	1	6	6
10.01.2018	4	4	2	1	1	1	7	6
30.01.2018	4	4	2	2	1	1	7	7
27.02.2018	4	4	2	1	1	0	7	5
22.03.2018	4	4	2	2	1	1	7	7

Details of number of Board meetings attended by each of the Directors are given below:

Sl. No	Directors	Board meetings		No. of other Directorships
		Held during the tenure	Attended	
Functional Directors:				
1	Shri Rajiv Ranjan Mishra Chairman cum-Mg. Director, ECL (Additional Charge) (up to 14.06.2016)	2	2	2
2	Shri Subrata Chakravarty Chairman cum-Mg. Director, ECL (from 15.06.2017 to 31.03.2018)	11	11	NIL
3	Shri K.S Patro Director (Personnel)	13	13	NIL
4	Shri A.M. Marathe Director (Finance) (up to 31.03.2018)	13	13	NIL
5	Shri B.N. Shukla Director (Technical) Operations (up to 16.08.2017)	4	3	NIL
6	Shri A.K. Singh Director (Technical) Project & Planning (up to 25.09.2017)	6	6	NIL
7	Shri Sunil Kumar Jha Director (Technical) Operations and Project & Planning (w.e.f. 19.12.2017)	4	4	NIL
Part-time Official Directors:				
8	Shri Vivek Bharadwaj Joint Secretary, MoC	5	2	NIL
9	Shri Niranjana Kumar Sudhansu Joint Secretary, MoC	6	3	1
10	Shri Chandan Kumar Dey Director (Finance), CIL	13	12	8
Part Time Non-Official Director:				
11	Dr. Indira Chakravarty	13	11	NIL

Remuneration of the Director:**(i) Functional Directors:**

Name	Designation	Remuneration for the year 2017-18 (Amount in ₹)		
		All elements of remuneration package (i.e. salary, pension, P.F., gratuity etc.)	Other benefits	Total
Shri S. Chakravarty	Chairman cum Managing Director (upto 31.03.2018)	4879863.22	-	4879863.22
Shri K.S. Patro	Director (Personnel)	3054815.50	210507.00	3265322.50
Shri A.M. Marathe	Director (Finance) (upto 31.03.2018)	5096465.00	-	5096465.00
Shri B.N. Shukla	Director (Technical) Opn. (upto 16.08.2017)	1477814.90	41506.00	1519320.90
Shri A.K. Singh	Director (Technical) P&P (upto 25.09.2017)	1674120.00	9475.00	1683595.00
Shri S.K. Jha	Director (Technical) Opn./P&P (w.e.f. 19.12.2017)	1383751.00	-	1383751.00

(ii) Part-time official Directors:

No remuneration is paid to the Part-time official Directors by the Company.

(iii) Part-time Non-official Directors:

No remuneration is being paid to Part-time Non-official Directors except sitting fee. Details of sitting fee paid for attending Board / Committee Meetings are shown below.

(Amount in ₹)				
Sl No	Name of the Director	Sitting Fee for Board Meeting	Sitting Fee for Committee Meetings	Total
1	Dr. Indira Chakravarty	1,65,000/-	2,25,000/-	3,90,000/-

3. Board Committee:**[A] Audit Committee:**

Your Company has an independent Audit Committee. The composition, procedures, powers and role/functions of the Audit Committee, constituted by the Company is to comply with the requirements of the Companies Act.

Scope of Audit Committee:

The scope of Audit Committee is as follows:-

1. Overseeing 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.
2. Recommending to the Board the fixation of audit fees.
3. Recommendation to the Board for fixation of fees to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, and ensuring that the annual financial statements are in compliance with applicable laws before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of section 134 (5) of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices;
 - 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 legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Qualifications in the draft audit report.
 - h) The management discussion and analysis of financial condition and results of operations.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the management, performance of internal auditors and adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and the information regarding appointment and / or removal of Internal Auditor.
 8. Discussion with internal auditor and / or auditors any significant findings and follow up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors / auditors / agencies into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
 10. 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.
 11. Looking into the reasons for substantial default in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 12. Reviewing the functioning of the Whistle Blower Mechanism.
 13. Reviewing the follow up action on the audit observations of the C&A G audit.
 14. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
 15. Reviewing the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

Composition:

Audit Committee comprised of 2 (Two) part-time official directors viz. Shri N. K. Sudhansu (w.e.f. 02.11.2017), and Shri C.K. Dey, 1 (one) part-time non-official director viz. Dr. Indira Chakravarty and 2 (two) Functional Director viz. Shri K.S. Patro, Director (Personnel) and Shri Sunil Kumar Jha, Director (Technical) Operations and Project & Planning (w.e.f. 10.01.2018). Shri B.N. Shukla, Director (Technical) Operations was also member of the Audit Committee till 16.08.2017

Dr. Indira Chakravarty, part-time non-official director was the Chairperson of the Audit Committee for the financial year 2017-18.

Director (Finance) and General Manager (Finance) Internal Audit are the permanent invitees to the Audit Committee and Company Secretary is Secretary to the Committee.

6 (six) meetings of the Audit Committee were held during the financial year 2017-18. The details of the Audit Committee Meeting are as follows:

Date	Members							
	Functional		Part-time Official		Part Time Non-Official		Total	
	Strength	Present	Strength	Present	Strength	Present	Strength	Present
25.05.2017	2	2	1	1	1	1	4	4
31.07.2017	2	2	2	1	1	1	5	4
22.09.2017	1	1	2	1	1	1	4	3
02.11.2017	1	1	1	0	1	1	3	2
07.12.2017	1	1	2	2	1	1	4	4
30.01.2018	2	2	2	1	1	1	5	4

Audit Committee Attendance:

Details of number of Audit Committee meetings attended by each of the members are given below:-

Sl. No.	Members	Meeting held during respective tenure of members	No. of Meetings attended
1	Dr. Indira Chakravarty	6	6
2	Shri C.K. Dey	6	5
3	Shri Vivek Bharadwaj	2	0
4	Shri Niranjn Kumar Sudhansu	2	1
5	Shri K.S. Patro	6	6
6	Shri B.N. Shukla	2	2
7	Shri Sunil Kumar Jha	1	1

[B] Committee for Evaluation, Appraisal and Approval of Projects

In the 246th meeting of the Board, a Committee for Evaluation, Appraisal and Approval of projects was constituted. The Committee for Evaluation, Appraisal and Approval of Projects consisted of 1 (one) part time Official Director, viz. Shri Vivek Bharadwaj (from 14.07.2017 to 30.10.2017), Shri Niranjn Kumar Sudhansu (w.e.f. 02.11.2017), 1 (one) part time non-official Director viz. Dr. Indira Chakravarty and three Functional Directors viz. Shri A.M. Marathe, Director (Finance), Shri K. S. Patro, Director (Personnel) (w.e.f 10.01.2018) Shri B.N. Shukla, Director (Technical) Operations (up to 16.08.2017), Shri A.K. Singh, Director (Technical) Project & Planning (up to 25.09.2017) and Shri S. K. Jha, Director (Technical) Operations and Project & Planning (w.e.f 10.01.2018).

Company Secretary is Secretary to the Committee and General Manager (P&P) is the Nodal Officer for this Committee.

Shri A.M. Marathe, Director (Finance) was the chairman of the committee for the first two meetings held on 24.5.2017 and 14.07.2017. Thereafter, Shri Vivek Bharadwaj, Joint Secretary, MoC, Part time official Director was the chairman of the committee for the meeting held on 01.09.2017 and Shri K. S. Patro, Director (Personnel) was the chairman of the committee for the meeting held on 22.03.2018.

During the year 2017-18, 4 (four) meetings of the Committee for Evaluation, Appraisal and Approval of Projects were held i.e. on 24.05.2017, 14.07.2017, 01.09.2017 and 22.03.2018. The details of members and their attendance at meetings are given below:

Sl. No.	Members	Meeting held during respective tenure of members	No. of Meetings attended.
1	Shri Vivek Bharadwaj (from 14.7.2017 to 30.10.2017)	1	1
2	Shri N.K. Sudhansu (w.e.f 02.11.02017)	1	0
3	Shri A.M. Marathe	4	4
4	Dr. Indira Chakravarty	4	3
5	Shri B.N. Shukla (up to 16.08.2017)	2	2
6	Shri A.K. Singh (up to 25.09.2017)	3	3
7	Shri K.S. Patro (w.e.f 10.01.2018)	1	1
8	Shri S.K. Jha (w.e.f 10.01.2018)	1	1

[C] Committee on C.S.R.

In the 261st meeting of the ECL Board, CSR & Sustainability Committee was constituted. The Committee consisted 1 (one) part time Official Director, viz. Shri Vivek Bharadwaj (from 14.08.2017 to 30.10.2017), Shri N.K. Sudhansu (w.e.f. 02.11.2017), 1 (one) part time non-official Director viz. Dr. Indira Chakravarty and (4) four Functional Directors viz. Shri K.S. Patro, Director (Personnel), Shri A.M. Marathe, Director (Finance), Shri B.N. Shukla (up to 16.08.2017), Shri A.K. Singh (up to 25.09.2017) and Shri S.K. Jha, Director (Technical) Operations and Project & Planning (w.e.f 10.01.2018).

Company Secretary is Secretary to the Committee and GM (W/CSR) is the Nodal Officer for this Committee

During the year 2017-18, 6 (six) meetings of the Committee on C.S.R. were held i.e. on 21.04.2017, 22.06.2017, 05.12.2017, 17.01.2018, 31.01.2018 and 21.03.2018. Dr. Indira Chakravarty, Part time non-official director was Chairman of the Committee throughout the year. The details of members and their attendance at meetings are given below:

Sl. No.	Members	Meeting held during respective tenure of members	No. of Meetings attended.
1	Dr. Indira Chakravarty	6	6
2	Shri Vivek Bharadwaj (from 14.7.2017 to 30.10.2017)	0	0
3	Shri N.K. Sudhansu (w.e.f 02.11.02017)	4	0
4	Shri K.S. Patro	6	6
5	Shri A.M. Marathe	6	5
6	Shri B.N. Shukla (up to 16.08.2017)	2	1
7	Shri A.K. Singh (up to 25.09.2017)	2	1
8	Shri S.K. Jha (w.e.f 10.01.2018)	3	3

Statutory Auditors:

Under Section 139 of the Companies Act, 2013 the following Chartered Accountants Firms were appointed by the Comptroller and Auditor General of India for conducting audit of the financial accounts of the company for the year 2017-18:

Statutory Auditors:

1.	M/s. M Choudhury & Co., 162, Jodhpur Park, Kolkata-700068.
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Branch Auditors:

2.	M/s Ray & Co., 21A, Shakespeare Sarani, Flat No.-8C, 8 th Floor, Kolkata-700017
3.	M/s. Saraf & Chandra, 501, Ashoka House, 3A Hare Street, 5th Floor, Kokata-700001
4.	M/s ADD & Associates, P-168, Sector-B, Metropolitan Co-Operative Housing Society Ltd., Kolkata-700105
5.	M/s Virendra Surana & Co., Near Vivekananda College, Sripalli, Burdwan-713103
6.	M/s D Jha & Associates, S. Madhuboni Purbapalli, Behind Sainik Bhawan, Baronilpur Road, PO-Sripalli, Burdwan, Pin-713103

Annual General Meeting:

Particulars of Annual General Meeting of Shareholders of the company held during last 3 years were as under:-

Year	Date & Time	Place	Attendance	Special Resolution, if any
2014-15	27.06.2015 11:00 AM	Sanctoria	Shri C.K. Dey, Director (Finance), CIL, Chairman cum-Mg Director (Additional Charge), ECL Shri S. Mukherjee, Chief Manager(F), CIL, Representative of CIL and Chairman, CIL Shri S. Chakravarty, D (T) Operation, ECL (member of audit committee) Shri K.S. Patro, D (P) Shri B.R. Reddy, D(T) P&P	-
2015-16	16.07.2016 11:00 AM	Sanctoria	Shri C.K. Dey, Director (Finance), CIL, Chairman cum-Mg Director (Additional Charge), ECL Shri D. Sett, Chief Manager(F), CIL, Representative of CIL and Chairman, CIL Shri K.S. Patro, D (P), ECL, Member Audit Committee Shri A.M. Marathe, D(F), ECL	Yes *
2016-17	26.07.2017	Sanctoria	Shri S. Chakravarty, Chairman cum-Mg	-

Year	Date & Time	Place	Attendance	Special Resolution, if any
	11:00 AM		Director, ECL Shri B. Sharma, Dy. Mgr.(F), CIL, as representative of CIL and Proxy for Shri S. Bhattacharyya, Chairman, CIL and Shri C.K. Dey, Director (Finance), CIL Shri K.S. Patro, D (P), ECL, Member Audit Committee Shri A.M. Marathe, D(F), ECL Shri B.N. Shukla, D (T) Opn., Member of Audit Committee.	

*Special Resolution was passed in the 41st AGM of ECL for amendment of clause 32(a) of Articles of Association of ECL. The extract of special resolution is reproduced below:

“RESOLVED THAT the proposed amendments in Clause 32(a) of Articles of Association of Eastern Coalfields Limited be and is hereby approved:

“...Without prejudice to the generality of the above provision, the Board shall reserve for the decision of the President/CIL any matter relating to:

a) Any programme of capital expenditure for an amount exceeding the limits, if any contained in the Govt. guidelines issued from time to time.”

No Special Resolution was passed through postal ballot at any of the General Meetings of the members held during the above three years.

4. DISCLOSURES:

(a) Related Party Transactions:

As per the disclosures given by the Directors of the company there were no related party transactions that have potential conflict with the interest of the company at large.

(b) Code of Conduct for Directors and Senior Executives:

The Code of Conduct for Directors and Senior Executives was approved by the Board of Directors of the company in its 214th Meeting held on 15th October, 2007. This was circulated to the Directors and senior executives and obtained their affirmation. It was also uploaded in the website of the company www.easterncol.gov.in.

(c) Accounting Treatment:

The financial statements are prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 2013.

(d) Risk Management, Fraud Prevention and Identification:

Risk Assessment and Mitigation Policy has been approved by the ECL Board in its 257th Meeting held on 05.11.2012.

(e) CEO/CFO Certification:

A certificate duly signed by Shri S. Sarkar, GM (finance) IC and Shri A.K. Singh, Chairman-cum-Mg. Director (Additional Charge) was placed in the 312th Board Meeting is annexed to the Corporate Governance Report as **Annexure-C**.

(f) Compliance with applicable laws:

During the Financial Year 2017-18, all the laws applicable to the company has been complied.

5. Means of Communications:

Annual Report, Operational and financial performance of the company is uploaded in company's website www.easterncoal.gov.in.

Apart from Annual Accounts, quarterly review of accounts is also conducted by the statutory auditors of the company.

6. Audit Qualifications:

It is always the company's endeavour to present an unqualified financial statement. Management reply to the statutory auditors' observations on the accounts of the company for the year ended 31st March, 2018 are furnished as an Annexure to Directors' Report. Comments of the Comptroller and Auditor General of India under section 143(6) of the Companies Act, 2013 on the accounts of Eastern Coalfields Limited for the year ended 31st March, 2018 are also enclosed.

7. Training of Board Members:

The Functional Directors are the heads of the respective functional areas by virtue of their possessing the requisite expertise and experience. They are aware of the business model of the company as well as the risk profile of the company's business. The Part-time Directors are also fully aware of the company's business model.

8. Shareholding pattern of the Company:

100% shares of the company are held by Coal India Ltd.

9. Whistle Blower Policy:

The company promotes ethical behavior in all its business activities. The Board has put in place mechanism of reporting illegal or unethical behavior. Employees are free to report violation of laws, rules, fraud or unethical conduct to the Competent Authority. The reports received from any employee will be reviewed by the Screening Committee. The management personnel are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices.

The Board of your company had accorded its approval in its 218th Meeting held on 27th March, 2008 to sign a MoU with M/s. Transparency International in line with the MoU entered into by CIL for implementation of Integrity Pact and the same was carried out.

10. During 2017-18, no person has been prevented from direct access to the Chairperson of the Audit Committee.

11. The actual date of submission to DPE of completed data-sheet for PE Survey was 05.09.2017.

M CHOUDHURY & CO.

Chartered Accountants

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Independent Auditors' Certificate on Corporate Governance

To

The Members of

EASTERN COALFIELDS LIMITED

1. We M Choudhury & Co., Chartered Accountants, the Statutory Auditors of Eastern Coalfields Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.



M CHOUDHURY & CO.

Chartered Accountants

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6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31st March 2018.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

M CHOUDHURY & CO.
Chartered Accountants
FRNo.: 302186E



D Choudhury
Partner
Membership No.: 052066



26th May 2018
D Choudhury