

DYNAMIC MICROSTEPPERS LIMITED

Regd. Off. : 506, Matharu Arcade, Above Axis Bank, Near GarwareSubhash Road,
Vile Parle (East) Mumbai – 400 057
CIN: L45206MH1985PLC036261 Tel. (022) 26831570 Fax. (022) 26840528

DIRECTORS' REPORT

To
The Members,
Dynamic Microsteppers Limited

Your Directors present 34th Annual Report of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2019.

1. FINANCIAL STATEMENTS & RESULTS:

a. FINANCIAL RESULTS:

The Company's performance during the financial year ended 31st March, 2019 as compared to the previous financial year, is summarized below:

(Amount in Rupees)

Particulars	For the financial year ended 31 st March, 2019	For the financial year ended 31 st March, 2018
Income	-	-
Less: Expenses	772805	730146
Exceptional Item	-	-
Profit/Loss before tax	(772805)	(730146)
Less: Provision for tax	-	--
Income Tax of earlier years w/off	-	-
Exception Income	-	-
Exception expenditure	-	-
Loss after Tax	772805	730146

b. OPERATIONS:

During the year under review, your Company has not carried out any activities. However, there was no change in nature and business activities of the Company.

During the year under the review, the total expenditure incurred during the year amounted to Rs.772805/- as against Rs. 730146/-incurred in the previous year. The net loss amounted to Rs.772805/- as against Rs. 730146/-in the previous year.

Presently, your directors are taking effective steps to consider various options to commence activities in the field of Infrastructure and for adoption of and to revamp the operations with activities wherein the promoters have core competency.

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c. **REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

d. **DIVIDEND:**

Considering the loss incurred in the current financial year and accumulated losses, your Directors have not recommended any dividend for the financial year under review.

e. **TRANSFER TO RESERVES:**

In view of loss incurred during the year under review, the Board of Directors has not recommended transfer of any amount to reserves.

f. **REVISION OF FINANCIAL STATEMENT:**

There was no revision of the financial statements for the year under review.

g. **DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

h. **DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are in place and has been operating satisfactorily. During the year under review, no material or serious observation has been received from the Internal Auditor of the Company for inefficiency or inadequacy of such controls.

2. **MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

a. **Board of Directors & Key Managerial Personnel:**

There were no changes in the composition of the Board of Director and the Key Managerial Personnel of the Company during the reporting period.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ashwin Shah (DIN: 03115009) will retire by rotation at the ensuing Annual General Meeting. Mr. Ashwin Shah, being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment.

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b. Declarations given by Independent Directors:

The Company has received and taken on record the declarations received from all the Independent Directors of the Company in accordance to Section 149(6) of the Companies Act, 2013 confirming their independence vis-à-vis the Company.

In accordance with the provisions of section 152 (6) (e) of the Companies Act, 2013 none of the Independent Directors are liable to retire by rotation.

c. Familiarisation Programme for Independent Directors:

The Company has formulated a programme for Familiarization of Independent Directors with regards to their role, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The details of the familiarization Programme are available on the website of the Company. However during the year under review, there was no change in the nature of business of the Company and its business vertical/ Structure/ operational strategy etc which would have necessitated a fresh Familiarization Programme for Independent Directors.

3. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:

a. Meetings of the Board:

Four meetings of the Board were convened during the financial year under review i.e., 30th May, 2018, 14th August, 2018, 14th November, 2018 and 12th February, 2019.

Number of Board Meetings attended by each Director is as follows:

Name of Director	Category	Total Board Meetings attended
Mr. Ashwin Shah	Chairman & Non-Executive Director	4
Mr. Chetas Shah	Non-Executive Director	4
Mr. Vishal Talpade	Independent Director	4
Ms. Kairavi Naik	Independent Director	4

b. Director's Responsibility Statement:

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2019, the Board of Directors hereby confirms that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to

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give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the loss of the Company for that year;

- c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

c. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of Directors was re-constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Act.

The composition of the committee is as under:

Name of Member	Category	Designation
Mr. Vishal Talpade	Independent Director	Chairman
Ms. KairaviNaik	Independent Director	Member
Mr. Chetas Shah	Non-Executive Director	Member

During the year under review, no meeting of Nomination & Remuneration Committee was held.

The Board on recommendation of the Nomination and Remuneration Committee has approved a policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees in accordance with the provisions of Section 178 of the Act.

Major criteria defined in the policy framed for appointment of the Directors including criteria for determining qualifications, positive attributes, Independence, etc are as under:

I Selection of Directors and Key Managerial Personnel :

In case of Executive Directors and Key Managerial Personnel, the selection can

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be made in either of the ways given below:

- a) by way of recruitment from outside;
- b) from within the Company hierarchy; or
- c) Upon recommendation by the Chairman or other Directors.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director or it may be a fresh appointment.

In case of Non-Executive Directors the selection can be made in either of the ways given below:

- a) By way of selection from the data bank of Independent Directors maintained by the Government.
- b) Upon recommendation by Chairman or other Directors.

II Qualifications, Experience And Positive Attributes Of Directors

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then while recommending the appointment, the job description to the Committee shall be provided and along with justifications that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment.
- c) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

III Independence of Directors:

While making appointment of directors, following principles shall be observed by the Board, as far as practicable:

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- a) There shall be a proper mix of Executive and Non-Executive Directors and Independent and non-independent directors on the Board. The Company shall always be in compliance of the provisions of Section 149 of the Companies Act, 2013, as amended from time to time, in this regard.
- b) There shall be a workable mix of directors drawn from various disciplines like technical, finance, commercial, legal etc.
- c) While appointing a director to fill in a casual vacancy caused by death, resignation etc. of a director, an effort shall be made, as far as possible, to appoint such a person in his place who has the relevant experience in the fields or disciplines in which the outgoing director had with relevant expertise as requisite to Business of the Company.
- d) No preference on the basis of gender, religion or cast shall be given while considering the appointment of directors.

While appointing independent directors, the criteria for the independent directors, as laid down in Section 149 (6) of the Companies Act, 2013 shall be followed.

d. Audit Committee:

The Audit Committee of Directors of the Company is in accordance with the provisions of Section 177 of the Companies Act, 2013. The Audit Committee comprises of:

Name	Category	Designation
Mr. Vishal Talpade	Independent Director	Chairman
Ms. KairaviNaik	Independent Director	Member
Mr. AshwinShah	Non-Executive Director	Member

The scope and terms of reference of the Audit Committee have been amended in accordance with the Companies Act, 2013.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

The Audit Committee of the Company met four times during the year under review i.e., 30th May, 2018, 14th August, 2018, 14th November, 2018 and 12th February, 2019. Number of Audit Committee Meetings attended by each Member is as follows:

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Name of Director	Category	Total Audit Committee Meetings attended
Mr. Vishal Talpade	Independent Director	4
Ms. Kairavi Naik	Independent Director	4
Mr. Ashwin Shah	Chairman & Non-Executive Director	4

e. Stakeholders Relationship Committee:

During the year under review, Stakeholder's Relationship Committee is duly constituted comprising of Mr. Vishal Talpade as its Chairman and Ms. Kairavi Naik and Mr. Ashwin Shah as the Committee Members.

The Stakeholder Relationship Committee met once during the Financial Year under review i.e. on 12th February, 2019.

Number of Stakeholders Relationship Committee Meetings attended by each Member is as follows:

Name of Director	Category	Total Stakeholder Committee Meetings attended
Mr. Vishal Talpade	Independent Director	1
Mr. Ashwin Shah	Chairman & Non-Executive Director	1

f. Vigil Mechanism policy for the Directors and Employees:

The Board of Directors of the Company has pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed "Vigil Mechanism Policy" for Directors and Employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

The employees of the Company have the right/option to report their

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concern/grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is hosted on the Company's website at www.dynamicmicrosteppers.com.

g. Risk Management Policy:

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A Risk Management Policy has been formulated by the Audit Committee of the Company to analyze and deal with various risks posing potential threats to the Company. The Board has also adopted a Risk Management Policy. Key business risks and their mitigation are considered in day-to-day working of the Company.

h. Annual Evaluation of Directors, Committee and Board:

Nomination and Remuneration Committee of the Board had prepared and sent, through its Chairman, feedback forms for evaluation of the Board, Independent Directors and the Chairman. The Independent Directors at their meeting considered and evaluated the Board's performance, performance of the Chairman and other Non-Independent Directors. The Board subsequently evaluated performance of the Board, the Committees and Independent Directors; without participation of the concerned Director.

As stipulated by the Code of Independent Directors under the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 12th February, 2019 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole.

Performance evaluation of Independent Directors was conducted by the Board of Directors, excluding the Director being evaluated. The criteria for performance evaluation of Independent Directors laid down by the Nomination, Remuneration and Compensation Committee is as below:

- Ethics and values,
- knowledge and proficiency,
- diligence,
- Behavioral traits and
- Efforts for personal development

Similarly, performance evaluation of the Chairman and Non - Independent Directors was carried out by the Independent Directors.

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i. Internal Control Systems:

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place has been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

j. Disclosure under Section 197(12) of the Companies Act, 2013 and other Disclosures as per Rule 5 of Companies (Appointment & Remuneration) Rules, 2014:

Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 of Companies (Appointment & Remuneration) Rules, 2014, every Listed Company mandates to disclose in its Directors' Report the ratio of the remuneration of each director to the median of the permanent employee's remuneration.

However, since there is no permanent employee in the Company, no disclosure under the said provision has been furnished.

4. AUDITORS AND REPORTS:

The matters related to Auditors and their Reports are as under:

a. Observations of Statutory Auditors on accounts for the year ended 31st March 2019:

The observations made by the Statutory Auditors in their report for the financial year ended 31st March, 2019 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

b. Secretarial Audit Report for the year ended 31st March 2019:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. M/s. Rathi and Associates, Company Secretaries who were appointed to conduct and issue Secretarial Audit Report for the financial year 2018-19.

The Secretarial Audit Report issued by M/s Rathi and Associates, Company Secretaries in Form MR-3 for the financial year 2018-19 forms part to this report **and marked as Annexure II**. Pursuant to the Section 134(3) of the Companies Act, 2013 and with respect to the observation made by the Secretarial Auditors of the Company on the compliance of Laws/Acts, the Board of Directors states as under;

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i. No Appointment of Company Secretary and Compliance Officer:

Management Response: The Company is in process of appointing the Company Secretary and Compliance Officer as per the requirements of Section 203 of the Companies Act, 2013.

ii. Not paid Listing fees and not Complied with the Listing Regulations of Regional Stock Exchanges:

Management Response: The Company is in process of delisting its shares from all the Regional Stock Exchanges.

iii. Not Complied with the provisions related to Promoters holding in dematerialized form:

Management Response: The promoters of the Company are in process of converting their shareholding into dematerialised form.

iv. Not Complied with the regulations related to outcome and intimation of the Board Meeting held:

Management Response: The outcome related to financial results for the quarter ended 30th September 2018 were not filed on or before the due date due to inadvertence.

c. **INTERNAL AUDIT:**

Ms. Rachana Thakkar, Internal Auditor of the Company has carried out audit on various expense heads of the Company. The findings of the Internal Auditor are discussed on an on-going basis in the meetings of the Audit Committee and corrective actions are taken as per the directions of the Audit Committee.

5. **OTHER DISCLOSURES:**

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

a. **Extract of Annual Return:**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March, 2019 made under the provisions of Section 92(3) of the Act is attached as **Annexure1** which forms part of this Report.

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b. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption have not been furnished considering the fact that the Company has not undertaken any activities by the Company during the year under review.

During the year under review, the Company has neither earned nor used any foreign exchange.

6. GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on the following items during the year under review:

1. Deposits covered under Chapter V of the Act;
2. no significant or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and Company's operations in future;
3. no issue of equity shares with differential rights as to dividend, voting or otherwise;
4. neither made any investments nor provided any loans, guarantees and securities.
5. no issue of shares (including sweat equity shares) to employees of the Company under any scheme;
6. no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 as the Company did not create any such scheme during the year;
7. does not have any holding/subsidiary company, hence none of the managerial personnel are in receipt of remuneration or commission from the holding/subsidiary company;
8. no transactions/contracts/arrangements entered by the Company with related party (ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review that are required to be reported in **Form AOC-2** and as such does not form part of the Report.

Your directors further state pursuant to the provisions of Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013, no case pertaining to sexual harassment at workplace has been reported to the Company during financial year 2018-19.

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7. **ACKNOWLEDGEMENTS AND APPRECIATION:**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

**For and on behalf of the Board of Directors
Dynamic Microsteppers Limited**

Ashwin Shah
Chairman
DIN: 03115009

Place: Mumbai

Date: May 30, 2019

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