

## DIRECTORS' REPORT

Dear Members,  
Dion Global Solutions Limited

The Board of Directors of Dion Global Solutions Limited ("the Company") are pleased to present the 23<sup>rd</sup> Annual Report on the business and operations of the Company along with the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2018.

### FINANCIAL HIGHLIGHTS

The highlights of the Standalone and Consolidated financial results of the Company for the Financial Years 2017-18 and 2016-17 are reflected in the table below:

(₹ in Crore)

Particulars	Standalone		Consolidated	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Operating Revenue	24.06	28.59	230.64	236.14
Operating Expenses	38.89	33.97	230.76	221.48
<b>Operating Profit</b>	<b>(14.83)</b>	<b>(5.38)</b>	<b>(0.12)</b>	<b>14.66</b>
Non-Operating Income	21.51	22.77	23.60	22.85
Non-Operating Expenses	16.78	6.56	20.93	5.13
<b>EBIDTA</b>	<b>(10.10)</b>	<b>10.84</b>	<b>2.55</b>	<b>32.38</b>
Depreciation & Amortization	1.28	1.21	25.71	18.88
Finance Cost	33.99	27.27	53.01	44.51
<b>Net Profit / (Loss) Before Tax</b>	<b>(45.37)</b>	<b>(17.64)</b>	<b>(76.18)</b>	<b>(31.01)</b>
Tax	-	-	0.01	0.02
Exceptional Items	465.63	0.30	419.44	12.45
<b>Net Profit / (Loss) After Tax</b>	<b>(511.00)</b>	<b>(17.94)</b>	<b>(495.63)</b>	<b>(43.48)</b>
Other Comprehensive Income / (Loss)	0.24	(0.61)	12.54	(19.57)
<b>Total Comprehensive Income / (Loss)</b>	<b>(510.75)</b>	<b>(18.55)</b>	<b>(483.08)</b>	<b>(63.05)</b>

Note: As per the notification issued by the Ministry of Corporate Affairs ("MCA"), the Company has adopted Indian Accounting Standards ("Ind AS") with effect from April 1, 2017 and accordingly: (a) the financial statements for the year have been prepared in accordance with Ind AS; and (b) the comparative numbers for the previous year have been restated to be in conformance with the requirements of Ind AS.

### BUSINESS OVERVIEW

The Consolidated Operating Revenue of the Company declined marginally in FY 2017-18 to ₹230.64 Cr. The decline in revenue in FY2017-18 is primarily on account of longer sales cycles due to the overall increased due diligence by the existing well as the new clients.

Consolidated EBIDTA, although lower than the previous year, has remained in positive territory for the second year in a row, reflecting the effectiveness of the measures taken over the past two years to improve efficiencies and strengthen the business. There has been an all-round effort to optimize costs and specific gains have been noted in areas such as employee cost, rent and travel expenses.

However, some of the cost savings were offset by a sharp increase in Non-Operating Expenses in the nature of exchange fluctuation, which suppressed EBIDTA. An increase in Depreciation & Amortization due to the higher capitalization in internally developed software and in Finance Cost due to an increase primarily due to penal interest by the banks has resulted in an increase in the Consolidated (pre-exceptional) Net Loss Before Tax from ₹31.01 Cr. in the earlier year to ₹76.18 Cr. during the year under review. An exceptional charge of ₹419.44 Cr. was taken on the Profit & Loss Statement, representing provision for impairment made against goodwill on consolidation and allowance for expected credit loss on inter-corporate loan extended to a related party (including accrued interest) to the entire extent of the amount, assessed in the manner prescribed under Ind AS which became applicable to the Company from FY 2017-18, and consequently, the Net Loss for the year stood at ₹495.63 Cr.

The Company's Auditor has, in its report on the financial statements, expressed a qualified opinion based on a view that an uncertainty exists which casts a doubt on the Company's ability to continue as a going concern. The Company's management believes that the Company is a going concern and its business is inherently viable as its core business being restored to profitability as a result of the restructuring exercise, robust demand for the Company's products, success in conserving the Company's diverse global customer base and a strong pipeline of business.

Furthermore, the management is in the process of evaluating financial restructuring options, infusion of new capital and selective divestment of assets to improve its financial position. The management is confident that as these efforts yield results, the Company will be well-positioned to build on the strengths of the core business and deliver superior outcomes.

There has been no change in the nature of business of the Company during the year under review.

### DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the losses for the year under review, the Board of Directors of the Company has not recommended any dividend for the financial year ended March 31, 2018. Accordingly, there has been no transfer to general reserves.

### MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR 2017-18 AND THE DATE OF THE REPORT

The following are the material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year 2017-18 and the date of this Report:

- Insolvency proceedings for Dion Global Solutions GmbH** - An application for opening preliminary insolvency proceeding under self-administration had been filed by Dion Global Solutions GmbH (**Dion Germany**), a wholly owned step-down subsidiary of the Company in Frankfurt, Germany. On June 20, 2018, the local court of Frankfurt am Main, Germany has approved preliminary self-administration as applied for by Dion Germany.

Subsequently, the insolvency proceedings for Dion Germany have been opened on August 31, 2018 and effective September 01, 2018, the operating business of Dion Germany has been acquired by the new investor (Valantic) in Germany including the employees and service offering to the customers, partners and suppliers.

Your Company's Management is working closely with the new investor during the transition period and ensure that any organisational, operational, product and technology related interdependencies are being carefully reviewed

and resolved. In the interim, Dion Germany will be winding down its business under the court appointed directors.

- II. **Sale of certain assets in Australia** - Dion Global Solutions Pty. Ltd. (**DGSPL**), a wholly owned step-down subsidiary of the Company, and its subsidiaries in Australia, in respect of the said subsidiaries, have entered into an Asset Sale and Purchase Agreement with FinClear Pty. Ltd. The proposed transaction is subject to the satisfaction of the conditions precedent which is expected to be completed in November.
- III. **Disinvestment of shareholding held in Chase Cooper Holdings Limited (CCHL)** – DGSPL has entered into Share Purchase Agreement with CCHL on September 24, 2018 w.r.t entire 44% shareholding held by DGSPL in CCHL.
- Subsequent to the above, CCHL and its subsidiaries ceased to be subsidiaries of the Company with effect from September 24, 2018 pursuant to the transfer of aforesaid shareholding from DGSPL to CCHL.
- IV. **Filing of an application by Axis Bank Limited in Debt Recovery Tribunal** - An Original Application has been filed by Axis Bank Ltd. ("**Bank**") against the Promoters, Promoter Group Entity and the Company in Hon'ble Debt Recovery Tribunal – II at New Delhi for recovery of Rs. 171.56 Cr. in relation to the credit facilities sanctioned to the Company by the Bank which is, inter-alia, secured by unconditional and irrevocable, joint and several, personal guarantees from Promoters, Corporate Guarantee of RHC Holding Pvt. Ltd. and certain other securities provided by the promoter group entities to the Bank. As the facilities have already been properly accounted for and included in the financial statements, so there will be no other foreseen / expected financial implications on the Company. The said application is currently pending.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the financial year under review detailing economic scenario and outlook, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), is presented in a separate section and forms part of this Report.

## **AWARDS AND RECOGNITIONS**

Our wealth management solutions are widely acclaimed across the UK and were nominated and recognised with a number of key industry awards. We have received the following awards and recognitions-

- Won the 'Best Innovative Solutions' Award at the Systems in The City 2017, by Goodacre UK.
- Dion's Global Head of Pre-Sales won the 'Best Product Manager' for her significant contributions to help improve and grow the clients' business.
- Won 'Best Investment Management Solution' award for a key module of recently launched Wealth Intelligence (WIN) platform.
- Four individual accolades were given to our wealth management team, who were nominated by the clients for whom they worked.

## **SHARE CAPITAL**

During the year under review, there has been no change in the Share Capital of the Company.

## **ANNUAL RETURN**

An extract of Annual Return in Form No. MGT – 9 as required to be prepared in Section 92(3) of the Companies Act, 2013 ("**Act**") is being uploaded on the website of the Company and can be accessed through the link <http://investors.dionglobal.com/AGM-Notices.aspx>

## **DETAILS OF SUBSIDIARIES / JOINT VENTURES / ASSOCIATES COMPANIES**

During the year under review, the following companies have been dissolved / deregistered and accordingly, ceased to be subsidiaries of the Company:

1. Dion Latam S.A.;
2. Dion Panama S.A.; and
3. Dion Global Solutions (Development) Pty. Ltd.

Further, the Company has no joint ventures / associate companies during the year under review.

The Board of Directors has formulated a Policy for determining Material Subsidiaries which has been uploaded on the Company's website and can be accessed through the link <http://investors.dionglobal.com/Policies-Codes.aspx>.

## **PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES**

In terms of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014 (as amended), a separate statement containing the salient features of the financial statement of Company's subsidiaries, associates and joint ventures companies in Form AOC – 1 is attached to the Consolidated Financial Statements of the Company. The said statement contains a report on the performance and financial position of each of the subsidiaries, associate and joint ventures companies included in the Consolidated Financial Statement and hence is not repeated here for the sake of brevity.

The Company will provide a copy of separate audited or unaudited financial statements, as the case may be, as prepared in respect of each of its subsidiaries to any shareholder of the Company who asks for it and the said financial statements will also be kept open for inspection during normal business hours at the registered office of the Company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to Regulation 34 of the Listing Regulations and Section 129 of the Act, Consolidated Financial Statements of the Company and its subsidiaries, duly audited by the Statutory Auditors of the Company, are provided in this Annual Report. The Consolidated Financial Statements have been prepared in according with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Sections 129 & 133 of the Act.

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees and investments given under Section 186 of the Act and outstanding during the year under review have been disclosed in the notes forming part of the Financial Statements.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All transactions entered into with Related Parties during the financial year under review were in the ordinary course of business and on an arm's length basis. The details of the transactions with related parties are provided in the notes to accompanying standalone financial statements.

All Related Party transactions are placed before the Audit Committee for approval as required under Regulation 23 of the Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted is placed before the Audit Committee for their review on a quarterly basis.

The policy on Related Party Transactions, as approved by the Board, has been uploaded on the Company's website and can be accessed through the link: <http://investors.dionglobal.com/Policies-Codes.aspx>.

None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company, except to the extent of sitting fees paid to them.

Disclosures as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in Form AOC-2 annexed herewith as **Annexure – A** and forms part of this Report.

### **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to the financial statements and were operating effectively. The controls are adequate to provide reasonable assurance regarding timely preparation of reliable financial statements, the safeguarding of assets, prevention & detection of fraud and errors, the accuracy and completeness of accounting records and ensuring compliance of corporate policies.

The Company has appointed M/s KPMG as the Internal Auditor of the Company, as approved by the Audit Committee, for the year under review. KPMG also assist the Company and its key subsidiaries in testing and reporting of Internal Financial Controls through an integrated system of internal audit. To maintain its objectivity and independence, the Internal Auditor reports directly to the Audit Committee.

The Internal Auditor evaluates the efficacy and adequacy of internal financial controls in the Company, its compliance with operating systems, accounting procedures, policies and regulatory requirements at all the locations of the Company and its key subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the internal controls.

### **RISK MANAGEMENT POLICY**

The Company has developed and implemented a Risk Management Policy to mitigate the various risks that can impact the ability to achieve its strategic objectives.

The Company adopts a systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve stated objectives.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, Dr. Gaurav Laroia, Non-Executive Independent Director and Mr. Ravi Umesh Mehrotra, Non-Executive Non-Independent Director have resigned from the office of Directors of the Company with effect from April 12, 2017 and Mr. Ralph James Home, Non-Executive Non-Independent Director, had resigned from the office of Director of the Company with effect from March 29, 2018. The Board of Directors placed on record its appreciation for the valuable services and guidance provided by them during their tenure as Directors of the Company.

The Members of the Company at their 22<sup>nd</sup> Annual General Meeting (“AGM”) held on September 26, 2017 approved the appointment of Mr. Vivek Satish Agarwal as a Non-Executive Non-Independent Nominee Director with effect from the date of his appointment as an Additional Director. Further, the Members of the Company at the said AGM has also approved the appointment of Mr. Balinder Singh Dhillon as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

Subsequent to the financial year ended March 31, 2018, the following are the changes in the Directors of the Company:

S. No.	Name	Category	Date of Appointment	Date of Resignation
1.	Mr. Balinder Singh Dhillon	Non-Executive Non-Independent Director	-	April 19, 2018
2.	Mr. Vivek Satish Agarwal	Non-Executive Non-Independent Nominee Director	-	May 16, 2018
3.	Mr. Daljit Singh	Non-Executive Non-Independent Director	-	May 28, 2018
4.	Dr. Vandana Nadig Nair	Non-Executive Independent Director	-	June 21, 2018
5.	Ms. Kiran Sharma	Non-Executive Independent Director	August 14, 2018	-
6.	Ms. Jayashree Swaminathan	Non-Executive Independent Director	August 31, 2018	-
7.	Mr. Sanjeev Chandna	Non-Executive Independent Director	September 12, 2018	-
8.	Mr. Amit Sethi	Non-Executive Independent Director	-	September 12, 2018
9.	Mr. Rashi Dhir	Non-Executive Independent Director	-	September 12, 2018

The Board of Directors placed on record its appreciation for the valuable services and guidance provided by the Directors, who have resigned, during their tenure as Directors of the Company.

Further, Mr. Maninder Singh Grewal has been re-designated as Independent Director of the Company with effect from July 19, 2018 and will hold the office of Independent Director for a term of 5 (five) years from the aforesaid date. However, the said appointment to the office is subject to the approval of Shareholders of the Company in the General Meeting

In terms of Section 161 of the Act, Ms. Kiran Sharma, Ms. Jayashree Swaminathan and Mr. Sanjeev Chandna would hold office upto the date of the ensuing AGM of the Company.

The Company has received notices in writing from a Member proposing Ms. Kiran Sharma, Ms. Jayashree Swaminathan and Mr. Sanjeev Chandna for appointment as Directors of the Company. The Nomination and Remuneration Committee and the Board of Directors recommends their appointment.

Brief resume of the Directors seeking appointment along with other details as stipulated under Regulation 36 of the Listing Regulations, are provided in the Notice for convening the AGM of the Company.

All Independent Directors have submitted declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

### **BOARD / COMMITTEE COMPOSITION AND MEETINGS**

The Board of Directors of the Company met 4 (Four) times during the financial year 2017-18. The details of composition of Board and Committees and their meetings held during the year under review are provided in the Report on Corporate Governance, which forms part of this Report. The intervening gap between two meetings of the Board was within the period prescribed under the Act and Regulation 17 of the Listing Regulations.



## **BOARD EVALUATION**

Pursuant to the provisions of the Act and the Listing Regulations, the Board and the respective committees are required to carry out performance evaluation of the Board as a body, the Directors individually, Chairman as well as that of its Committees.

The following process of evaluation, as approved by the Nomination & Remuneration Committee ("NRC") and the Board of Directors, was followed:

S. No.	Process	Remarks	Criteria for Evaluation (including Independent Directors)
1.	Individual Self-Assessment	Self-evaluation forms were shared and completed by the Directors and submitted to the Process Coordinator.	This includes Members Selection and Induction Process, knowledge, skills, diligence, participation, leadership skills and personnel attributes.
2.	One to One discussion	Process Coordinator, as recommended by NRC, was authorized to interact with each Board member to assess performance, invite direct feedback and seek inputs to identify opportunities for improvement.	This includes Board focus (Strategic inputs), Board Meeting Management, Board Effectiveness Management Engagement and addressing of follow up requests.
3.	Evaluation by the Board, NRC and Independent Directors	A compilation of the individual self-assessments and one to one discussion were placed at the meeting of the NRC, Board of Directors and Independent Director's held on February 14, 2018 for them to review collectively and include as additional feedback to the formal process completed in the meetings.	This includes demonstration of integrity, commitment, attendance at the meetings, contribution and participation, professionalism, contribution while developing Annual Operating Plans, demonstration of roles and responsibilities, review of high risk issues & grievance redressal mechanism, succession planning, working of Board Committees etc.
4.	Final recording and reporting	Based on the above, a final report on Board Evaluation 2017-18 was collated, presented and tabled at a meeting of the Board of Directors held on May 24, 2018. The report also noted opportunities for improvement.	NA

## **REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director, etc. Details of the Remuneration Policy and changes, if any, are provided in the Report on Corporate Governance which forms part of this Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and based on the representation as provided to the Board by the management, your Directors make the following statements in term of Section 134(5) of the Act:

- (a) in the preparation of annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever applicable;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts for the financial year ended March 31, 2018 have been prepared on a 'going concern' basis on the basis of management view as placed before the Audit Committee and the Board;
- (e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure proper compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

## **REPORT ON CORPORATE GOVERNANCE**

The Company continues to be committed to uphold the standards of Corporate Governance and adhere to the requirements set out by the Listing Regulations.

A detailed Report on Corporate Governance along with the Certificate issued by M/s VAP & Associates, Company Secretaries, confirming the compliance with the conditions of Corporate Governance, as stipulated in the Listing Regulations, for the financial year ended March 31, 2018 is set out in this Annual Report and forms an integral part of this Report.

## **AUDITORS**

### **Statutory Auditors**

Pursuant to the provisions of Section 139 of the Act and the Rules framed thereunder, M/s S.S. Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N) were appointed as Statutory Auditors of the Company from the conclusion of the 21<sup>st</sup> Annual General Meeting (AGM) of the Company held on September 23, 2016 until the conclusion of the AGM of the Company to be held in the year 2021 (subject to ratification of their appointment by the Members at every AGM) at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.

Pursuant to the provisions of Companies (Amendment) Act, 2017 read with MCA notification dated May 7, 2018, the appointment of Statutory Auditors is not required to be ratified at every AGM. Therefore, no resolution shall be taken into for the ratification of appointment of a Statutory Auditor at the forthcoming 23<sup>rd</sup> AGM of the Company.

The Statutory Auditors have, in their report to the Board of Directors on the Standalone and Consolidated Financial Statements of the Company, made the following qualification:

### **Basis of Qualified Opinion**

As per the accompanying note no. 48(h) of the Standalone Financial Statements wherein it has been explained by the management that the financial statements have been prepared on going concern basis.

The Company has substantial negative net worth and

accumulated losses of past years; The Company has made a default in the repayment of Principal and Interest against all the facilities sanctioned by Banks; There is no committed agreement for the infusion of funds by any investors; Due to payment defaults made by the Regius Overseas Holding Co. Ltd. ("ROHCL") wholly owned subsidiary of the Company, lending banks of ROHCL have invoked the SBLCs issued by Axis Bank and Yes Bank. Being the guarantor, now the loan amount is payable by the company to the banks. As explained to us in respect of SBLC invocations, due to the aforesaid defaults and lack of clarity, the company is seeking clarification from RBI, whether to file the form ODI under automatic or approval route; Axis Bank Limited ("ABL") vide its letter dated August 29, 2017 had recalled all the credit facilities given to the Company and ABL had also adjusted a part of the facility against realization of invoked shares of Religare Enterprises Limited and Fortis Healthcare Limited, which are kept by the promoter or promoter group as securities.; Yes Bank Limited have informed the company that all the facilities provided by the Yes Bank have been reclassified as non-performing assets (NPA), etc. ;

Considering the non-ascertainable consequential impact of these factors, events or conditions on financial statements indicate that a material uncertainty exists and may cast the significant doubt on the company's ability to continue as a going concern and therefore, the company is unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial statement.

#### **Management response on the Statutory Auditors' Qualified Opinion on Company's Standalone and Consolidated Financial Statements:**

The material uncertainty due to reported negative net worth, is primarily due to the impairment and provision accounted for on a prudent & conservative basis while the Company's product margins are positive.

The rationale for management to continue to believe that the annual accounts are prepared on a going concern basis is a healthy profitable core business, a continuing product demand through contract renewals, a diverse global customer base which remains largely intact, existing contracts contributing license, maintenance and support & professional services revenues coupled with existing pipeline across existing and new customers.

In addition to the above, the Company is in the process of evaluating financial restructuring options, including debt structuring and capital infusion and select divestments of assets, each of which will enable the Company to sustain its business operations.

#### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Mohit Maheshwari, Company Secretary in Whole-time Practice, has conducted the Secretarial Audit of the Company for the financial year 2017-18.

The Secretarial Audit Report of the Company for the financial year ended March 31, 2018, is annexed herewith as **Annexure – B** to this Report.

The Secretarial Auditor in its report has made the following qualification:

During the period under review, to the best of my knowledge and belief and according to the information and explanations given to me, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned above, to the extent applicable. *However, during the period under review, due to the payment defaults made by the Regius*

*Overseas Holding Co. Ltd. (ROHCL), wholly owned subsidiary of the Company, lending bank of ROHCL has invoked the SBLC issued by Yes Bank Limited. Being the guarantor, now the loan amount is payable by the Company to the bank. The Company has not reported of invocation of SBLC to RBI upto the date of this report. I have been informed by the Company that the Company is seeking clarification from RBI, whether to file the form ODI for invocation of SBLC under automatic route or approval route.*

#### **Management response on aforesaid qualification given by Secretarial Auditor in its report are as follows:**

In terms of ODI Master Directions, the investments / financial commitments are subject to certain conditions which, inter-alia, includes that the Indian Party should not be on the Reserve Bank of India ('RBI') Exporters' caution list / list of defaulters to the banking system circulated by the RBI / Credit Information Bureau (India) Limited (CIBIL)/or any other credit information company as approved by the Reserve Bank or under investigation by an investigation / enforcement agency or regulatory body.

On account of invocation of SBLC, as referred in the qualification, the Company was required to file Form ODI – Part I with all requisite annexures (including certificate from Statutory Auditors) to the RBI to report the said invocation. Having regard to the defaults with the banks and the subsequent discussions with Authorized Dealer ('AD') Bank of the Company, the management is of the view that the Company can't ascertain whether it is in the list of defaulters as it has no access of the list of defaulters to the banking system circulated by RBI or CIBIL or any other approved credit information company. However, the Auditors are of the different view that the aforesaid defaults may be considered of not fulfilling the abovementioned requirement / condition specified under ODI Master Directions and prior approval of the RBI would be required for reporting the SBLC invocation.

To seek clarification on the above, the Company had approached RBI but there has been no response till date from RBI on the matter. Accordingly, the management now on a conservative basis, has filed an application with RBI for requisite approval and the said approval is still awaited.

#### **PUBLIC DEPOSITS**

During the year under review, the Company has neither invited nor accepted any deposits from public pursuant to the provisions of Section 73 of the Act read with Companies (Acceptance of Deposit) Rules, 2014 and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as of the date of Balance Sheet.

#### **LISTING WITH STOCK EXCHANGE**

The Equity Shares of the Company continue to be listed on BSE Limited ("BSE"). The Annual Listing Fee for the financial year 2018-19 has been paid to the BSE.

#### **EMPLOYEE STOCK OPTION SCHEME**

The Nomination and Remuneration Committee (**NRC**) of the Board of Directors of the Company, inter-alia, administers and monitors the Dion Global Employee Stock Option Scheme 2013 ("**ESOP 2013**") of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("**SEBI Guidelines**").

As per Regulation 14 of the SEBI Guidelines, disclosure of the ESOP Scheme of the Company has been uploaded on the website of the Company which can be accessed through the link <http://investors.dionglobal.com/ESOP-Disclosures.aspx> and forms part of this Report.

During the year under review, the Board of Directors of the Company on the recommendations of NRC, had cancelled the Dion Global Employee Stock Option Scheme 2011. Further,

there was no material change in the ESOP 2013 of the Company and the ESOP 2013 is in compliance with the SEBI Guidelines. The certificate from Statutory Auditors of the Company confirming that the ESOP 2013 has been implemented in accordance with the SEBI Guidelines would be placed at the forthcoming Annual General Meeting of the Company for inspection by the Members.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Even though operations of the Company are not energy intensive, as an on-going process, the management has been highly conscious of the importance to conserve energy and environment at all operational levels and efforts are made in this direction on a continuous basis. The Company continued to take the steps for power savings through effective operational controls and close monitoring of utilization.

With respect to technology absorption, the use of cloud based services has significantly reduced the telecommunication costs. Further, the dependency on servers and in-house data centers has also been reduced by effectively implementing the cloud leading to improved productivity and reduced spending on infrastructure & IT.

However, in view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption are not applicable to the Company and hence not been provided.

The Company has continued to maintain focus on and avail of export opportunities based on economic considerations. The Company has earned Rs 9.88 Crores (Previous Year: Rs. 20.14 Crores) in Foreign Exchange and incurred expenditure of Rs 0.54 Crores (Previous Year: Rs. 1.05 Crores) in Foreign Exchange during the year under review on a standalone basis.

## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Statement of Particulars of Employees as required under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (**Rules**) as amended from time to time, forms part of this Report. However, pursuant to Section 136 of the Act, this Report and Financial Statements are being sent to the Members and others entitled thereto excluding the aforesaid information and the said particulars are available for inspection by the Members at the Registered Office of the Company during normal business hours on working days of the Company upto the date of the ensuing Annual General Meeting. The Members desirous of obtaining such particulars may write to the Company Secretary at the Registered Office / Corporate Office of the Company in this regard.

Disclosures of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Section 197(12) of the Act read with Rule 5(1) of the Rules are annexed herewith as **Annexure - C** and forms part of this Report.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has in place a mechanism in form of Whistle Blower Policy (**Policy**) for Directors and employees of the Company to report their genuine concerns and to deal with instance of unethical practices, fraud and mismanagement or gross misconduct by the employees of the Company, if any, that can lead to financial loss or reputational risk to the organization.

The details of the Policy are provided in the Report on Corporate Governance and the said Policy has also been uploaded on the website of the Company.

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to provide a healthy environment to all employees and thus, does not tolerate any discrimination and/or harassment in any form. The Company has in place an Anti-Harassment and Grievance Redressal Policy in line with the requirements of The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. An Internal Compliance Committee is in place as per the requirements of the said Act to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under the said Policy. No case has been reported during the year under review.

## **HUMAN RESOURCES**

The year of 2017-18 continued to be a year of re-organization and restructuring for your Company. All these changes required to be managed with a lot of sensitivity and care. HR with support of the management team were able to successfully implement the changes and more importantly maintain a level of stability with the retained team.

During a fairly tumultuous 2017-18, HR continued to pro-actively work on several initiatives to overcome the challenges faced by the organization to retain the existing employees as well as attract good talent from the market. These initiatives include regular management discussions, acknowledge employees' accomplishments, offer role enhancements with larger accountabilities, maintain transparency and keep them updated with the future plans and prospects. This helped us in building their confidence and trust in the Company. HR continued to pro-actively work on several initiatives towards strengthening of the human resources management aspects relating to employee productivity and cost, employee retention, talent management, employee engagement and various other engaging activities.

We have continued to nurture a culture of diverse thinking, leading to an array of ideas and initiatives that resulted in sustained workforce engagement. We continue to focus on investing strategically in creating new growth opportunities for the future while continuing to drive our core to full potential, ensuring excellence and building on our agile and high-performance culture.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the year under review, there are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its operations in future.

## **ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude to the Bankers, Regulatory Bodies, Stakeholders and other business associates for the assistance and co-operations they have extended to the Company during the year and look forward to their continued support in future.

Your Directors also greatly appreciate the commitment and dedication of all employees at all levels towards the growth of the Company.

**For and on behalf of the Board  
For Dion Global Solutions Limited**

Sd/-

Place : Noida  
Date : November 15, 2018

**Maninder Singh Grewal  
Chairman**