

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present their Report together with the Audited Financial Statements for the year ended 31st March 2018.

1. FINANCIAL RESULTS	(₹ in Lacs)
Profit before Depreciation & Tax	2312.92
Less : Depreciation	1645.18
Provision for Tax	
- Current year	136.15
- Deferred Tax	(38.86)
Add : Other Comprehensive Income	<u>30.17</u>
Net Profit	600.62
Transfers and Appropriations :	
Balance carried forward to	<u>600.62</u>
Reserves and Surplus	<u> </u>

The Ministry of Corporate Affairs (MCA) vide its notification dated 16.2.2015 had notified the Companies (Indian Accounting Standard) Rules, 2015. In pursuance of this notification, the Company has adopted Ind AS with effect from 1st April 2017 with a transition date of 1st April 2016. Accordingly, results for the year ended 31st March 2018 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act 2013.

2. Dividend

The Directors have not recommended any dividend.

3. General Review

The Company has maintained its Net Profit despite adverse market conditions in domestic and export markets and lower reported sales due to change in structure of indirect taxes.

During the year, modernization and complete renovation of boiler and cooling tower of power plant at Guna was completed to improve efficiency and to reduce operational costs. Upgradation of electricity supply at Baddi Unit of the Company from 11 KV to 66 KV, which was planned to be completed during 2017-18, could not be completed due to non-receipt of approval of the appropriate authority, and is expected to be completed during the current year.

In Guna, the construction of a colony for labourers will be completed by July 2018

to meet the accommodation requirement. Modernisation and upgradation programmes continue at both the units of the Company, to maintain competitiveness and achieve better quality. Stringent cost control measures remain in place in all possible areas and are regularly reviewed. Special emphasis is being given to water and energy conservation. Subject to sufficient cash flows from operations, planned capital expenditure for modernization and upgradation will be implemented.

4. Internal Financial Control Systems

The Company has in place adequate Internal Financial Control System commensurate with the size, scale and nature of its operations. Such controls are periodically tested and no reportable material weakness in the operations has been observed. The Company has appropriate policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. Internal Audit is conducted by independent Chartered Accountants, on quarterly basis. To maintain its objectivity and independence, the Internal Auditors report directly to the Audit Committee of the Board. Based on the reports, the corrective actions are taken and the controls strengthened.

5. Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company in its 35th Annual General Meeting held on 31st August 2017 approved appointment of M/s. Jitendra K Agrawal & Associates, Chartered Accountants (ICAI Registration no. 318086E) as the Statutory Auditors of the Company for an initial term of 5 consecutive years from the conclusion of 35th Annual General Meeting till the conclusion of 40th Annual General Meeting of the Company.

The aforesaid appointment of the statutory auditors for a term of 5 years was made subject to the ratification of such appointment at every subsequent Annual General Meeting during their

tenure. However, as per the notification dated 7th May 2018, issued by Ministry of Corporate Affairs, the appointment of Statutory Auditors, is no more required to be ratified by members of the Company in every Annual General Meeting.

6. Auditors' Report

The Auditors' Report to the Shareholders does not contain any reservation, qualification or adverse remark. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Companies Act, 2013, therefore, no detail is required to be disclosed under Section 134(3)(ca) of the Act.

7. Secretarial Audit

Pursuant to Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was carried out by M/s. A. Arora & Co., Company Secretaries (PCS Registration no. 993) for the financial year 2017-18. The Secretarial Audit Report is annexed as 'Annexure – I', to this Report.

There has been no qualification, reservation or adverse remark or disclaimer in the report. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Companies Act, 2013, therefore, no detail is required to be disclosed under Section 134(3) (ca) of the Act.

8. Cost Audit

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost records maintained by the Company in respect of its manufacturing activities, are required to be audited.

The Board of Directors have, on the recommendation of the Audit Committee, appointed, M/s Shakti K. & Associates, Cost Accountants (ICWAI Registration no. 11338), as Cost Auditors of the Company, to carry out cost audit of the products manufactured by the Company for the year 2018-19. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed there under.

The remuneration of the Cost Auditor has been approved by the Board of Directors on the recommendation of Audit Committee. As required under the Companies Act, 2013, The remuneration payable to the Cost Auditor is

required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s. Shakti K. & Associates, Cost Auditors is included in the Notice convening the 36th Annual General Meeting.

9. Directors and Key Managerial Personnel :

a) i) Pursuant to Section 152 of Companies Act, 2013 and Articles of Association of the Company, Shri Yashwant Kumar Daga (DIN 00040632), retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment. The brief resume and other details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) are provided in the Notice of the 36th Annual General Meeting.

(ii) There were no changes in Key Managerial Personnel of the Company.

b) Statement on declaration given by Independent Directors

Declarations have been received from all Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act 2013 and Listing Regulations.

c) Meetings

During the year, four Board Meetings and four Audit Committee meetings were convened and held, the details of which are given in the Corporate Governance Report.

d) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its various Committees. All the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail by the Board of Directors.

A structured questionnaire for evaluation of the Board and its various Committees and individual Directors was prepared and recommended to the Board by the

Nomination & Remuneration Committee for doing the required evaluation, after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and non-independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

10. Directors' Responsibility Statement

In terms of the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm as under –

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the Directors 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 profit and loss of the Company for that period;
- c) That the Directors 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) That the Directors had prepared the annual accounts on a going concern basis; and
- e) That the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) That the Directors had devised proper systems to ensure compliance with the

provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Corporate Social Responsibility –

In accordance with the requirements of Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility Committee, the terms of reference and other details of which are provided in the Corporate Governance Report. The CSR Policy has been framed and posted on the website of the Company, www.dsl-india.com.

As required by Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, Annual Report on CSR activities is annexed as 'Annexure – II' to form part of this report.

12. Vigil Mechanism

The Company has adopted a Vigil Mechanism for Directors and employees of the Company to report concerns of any fraud, mismanagement, negligence, violations of legal or regulatory requirement on a confidential basis to the Vigil Officer or the Audit Committee as the case may be. The policy of Vigil Mechanism is an internal policy, to make protected disclosures in good faith and to raise concerns to be appropriately dealt with.

It also provides for adequate safeguards against the victimization of employees who avail of the mechanism. Complaints received by Vigil Officer are investigated by the Vigil Officer and a report thereon is submitted to the Audit Committee. It is affirmed that no person was denied access to the Vigil Officer and the Audit Committee; and no complaints were received during the financial year 2017-18. To ensure that this mechanism is adhered to and to assure that the concern will be acted upon seriously, the Company:

1. ensures that the Complainant and/or the person processing the Protected Disclosure is not victimized for doing so;
2. ensures complete confidentiality;
3. takes disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
4. provides an opportunity of being heard to the persons against whom the complaint is received.

The Policy on Vigil Mechanism is also posted on the website of the Company.

13. Risk Management Policy

The Company has an efficient Risk Management framework to identify and evaluate business risks and opportunities. The Audit Committee has been delegated the responsibility for monitoring and reviewing risk management, assessment and minimization procedures. On the recommendations of Audit Committee, Board of Directors has formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. The Company has adequate internal control systems and procedures to combat risks. The risk management procedures are reviewed by the Audit Committee and the Board of Directors on a quarterly basis at the time of review of the quarterly financial results of the Company.

14. Nomination and Remuneration Policy

The Board has on the recommendations of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMP and Senior Management and their remuneration. The details of Company's Remuneration Policy are attached as 'Annexure-III' and forms part of this report of the Board of Directors.

15. Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length pricing basis and were in the ordinary course of business and do not attract the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company and hence, enclosing of Form AOC 2 is not required. Suitable disclosures as required by the Accounting Standard (Ind AS - 24) has been made in the notes to the Financial Statements.

All related party transactions are placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit Committee is obtained on yearly basis for transactions which are of foreseen and repetitive nature for a period of one year. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee on a quarterly basis.

The Policy on Related Party Transactions, as approved by the Board is uploaded on the Company's website. None of the Directors has

any pecuniary relationship or transaction vis-à-vis the Company.

16. Disclosures regarding Employees

- a) The Statement of Details of Remuneration as required under Section 197 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as 'Annexure – IV' and forms a part of this Board's Report.
- b) The information required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of this report is given in separate annexure to this Report.

The said annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. The aforesaid annexure is also available for inspection by the Members at the Registered office of the Company, twenty one days before the 36th Annual General Meeting and up to the date of the said Annual General Meeting during the business hours on working days.

- c) No employee, by himself or along with his spouse and dependent children holds 2% or more of the equity shares of the Company.
- d) The Company has not received any complaint under 'The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013, during the year.

17. Public Deposits

During the year, the Company has neither accepted nor renewed any deposits from the public and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

18. Loans, Guarantees and Investments

The Company has not given loans, directly or indirectly to any person or other body corporate or given guarantee or provided any security in connection with a loan to any other body corporate or person. The Company has also not made any investments as per the provisions of Section 186 of the Companies Act, 2013.

19. Corporate Governance

A report on Corporate Governance and Management Discussion and Analysis as required under Regulation 34 of SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015 ('Listing Regulations') is annexed herewith. Compliance Certificate issued by Statutory Auditors of the Company, regarding compliance of Corporate Governance is also annexed.

20. Extract of Annual Return

The extract of annual return in Form MGT-9 as per the provisions of Section 92 of the Companies Act 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed with this report as 'Annexure – V'.

21. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo.

As required by Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014, information with regard to Conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed as 'Annexure – VI' to form part of this report.

22. Significant and material orders passed by the regulators or courts

There are no significant material orders passed by the regulators / courts which would impact the going concern status of the Company and its future operations.

23. Compliance with Secretarial Standards on Board and General Meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

24. Acknowledgement

We express our sincere appreciation and thank our valued shareholders, customers, Bankers, stakeholders, business associates, Central and State Governments and district level authorities for their continued support and encouragement to the Company. We are pleased to record our appreciation of the sincere and dedicated services rendered by the employees and workmen of the Company at all levels.

Place : Kolkata
Date : 28.05.2018

P. K. DAGA
Chairman and Managing Director
(DIN: 00040692)

YASHWANT KUMAR DAGA
(DIN: 00040632)
P. K. DROLIA
(DIN: 00291966)
NILU AGRAWAL
(DIN: 03107052)
BINOD KUMAR AGRAWAL
(DIN: 00515967)

Directors