

CLS LIMITED

CIN : L50403WB1863PLC000114

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 154TH Annual Report along with the Audited Financial Statements for the financial year ended 31 March, 2018.

1. FINANCIAL RESULTS

The Company's financial performances for the year under review along with previous year's figures are given hereunder:

Particulars	Year Ended	(Figures in Rs.) Year Ended
	<u>31.03.2018</u>	<u>31.03.2017</u>
Revenue from Operations	78,92,26,127.96	54,15,89,064.61
Other Income	1,92,753.69	1,20,430.62
Total Revenue	78,94,18,881.65	54,17,09,495.23
Profit before Depn., Intt & Tax	1,17,00,567.91	92,17,829.76
Less: Financial Charges	4,67,415.93	2,03,805.56
Depreciation & Amortization	<u>20,68,941.57</u>	<u>20,40,662.00</u>
Profit Before Tax	91,64,210.41	69,73,362.20
Less: Provision for Taxation		
Current Tax	17,68,818.00	17,52,932.40
Deferred Tax	(2,56,430.93)	(2,35,812.73)
Profit after Tax	<u>76,51,823.34</u>	<u>54,56,242.53</u>

2. OPERATIONAL REVIEW

During the financial year 2017 – 2018, the Company has earned Profit of Rs. 76,51,823.34/- in comparison to a profit earned by the Company of Rs. 54,56,242.53/- in the previous year.

Your Directors are glad to state that the performance of the company during the year under the review is satisfactory and it has been able to maintain steady pace growth. Both turnover and profit recorded improvement over those of previous years.

3. DIVIDEND

In order to conserve resources for the proposed investments and future prospects, your Directors have decided not to recommend any dividend for the financial year under review.

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4. TRANSFER TO RESERVE

The company does not propose to transfer any amount to Reserve.

5. DEPOSITS

The Company has not accepted any deposit during the year under review. No deposit remained unpaid or unclaimed as the end of the year and there has not been any default in repayment of deposit or payment of interest during the year.

6. CAPITAL STRUCTURE

The Present Authorized Share Capital of the company is 40,00,000/- (Rupees Fourty lacs) divided in 40,000 equity shares of Rs. 10/- each. The paid up Share Capital of the Company is 6,25,000 (Rupees six lacs twenty five thousand) divided in 62,500 equity shares. During the year under the review, there is no change in the Capital Structure of the Company.

7. EXTRACT OF ANNUAL RETURN

The extracts of the Annual Return for the financial year 2017-18 as stipulated in **MGT -9** pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 is given in **Annexure I** which forms part of this Report.

8. CHANGE IN THE NATURE OF BUSINESS

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

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors is duly constituted with Mr. Anand Narayan Singh (DIN: 00838218) Managing Director, Mrs. Indu Singh (DIN : 00838252) and Key Managerial Personnel, Mr. Kaushalendra Jha (DIN: 02392749), Mr. Mithilesh Kumar Singh (DIN 06546707) and Mr. Santosh Kumar Singh (DIN 07462523) as Directors of the Company. Mr. Manish Kumar Paswan is the Company Secretary (Till 14.07.2018) and Mr. Binay Chandra Jha is the Chief Financial Officer of the Company.

The details about his qualification and other details as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the separately and it is annexed to the Notice.

During the year under review no Directors or KMP was appointed or resigned.

10. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:-

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) 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/loss of the company for that period;
- c) the directors to the best of their knowledge & ability have 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;

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- d) the directors had prepared the annual accounts on a going concern basis; and
- e) 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. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declaration from each Independent Director of the Company under section 149(7) of Companies Act, 2013 that they meet the criteria of Independence as laid down under the provisions of sub-section (6) of section 149 of the Companies Act, 2013.

12. EVALUATION OF BOARD'S PERFORMANCE

According to Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors was held to review the performance of the Non-Independent Directors and the Board as a whole. Accordingly, a meeting of Independent Directors was held on 31 March, 2018 wherein the performance of the Non-Independent Directors, Chairman and the Board as a whole was evaluated.

Further the same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

13. AUDITORS AND AUDITORS' REPORT

(A) Statutory Auditors:-

The Auditors of the Company M/s Ajit Kumar & Co, Chartered Accountants, (Firm Registration No.- 317110E) have been appointed at the Annual General Meeting on 29th September, 2015 to hold office upto the conclusion of 159th Annual General Meeting to be held in the year 2023. The Company has received consent of the Auditors for continuation of office for the current year. Their appointment to the office is subject to the ratification by the members at the each Annual General Meeting.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

(B) Secretarial Auditor

The Board has appointed Mr. Arvind Bajpai, Practising Company Secretary to hold the office of the Secretarial Auditor and to conduct the Secretarial Audit and prepare the Secretarial Auditors' Report in pursuant to sub-section (1) of section 204 of Companies Act, 2013 and Rules made thereunder for the financial year 2017-18.

The report is self explanatory and do not contain any reservation, qualification or adverse remarks. The Secretarial Auditors' Report is annexed to this report as **Annexure -II**.

14. MEETINGS OF THE BOARD

During the year ended 31 March, 2018, Eleven Board meetings were held. Dates are:

28-04-17,13-06-2017,11-07-2017,01-09-2017,12-10-2017,22-12-2017,29-12-2017,08-01-2018,12-02-2018,26-02-2018,30-03-2018.

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15. CORPORATE GOVERNANCE

Transparency is the cornerstone of the Company's philosophy and all requirements of Corporate Governance are adhered to both in letter of spirit. All the Committees of the Board of Directors meets at regular intervals as required in terms of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (LODR). Board of Directors has taken all necessary steps to ensure compliance with all statutory requirements. The Directors and Key Managerial Personnel of the Company have complied with the approved code of conduct for the Board and Senior Management.

16. LISTED WITH STOCK EXCHANGES

The Company's shares have been listed with the Calcutta Stock Exchange Limited.

17. MATERIALS CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company, which have occurred since 31st March, 2018, being the end of the financial year of the Company.

18. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the adequacy and the accounting records, and the timely preparation of reliable financial disclosure.

19. MANAGERIAL REMUNERATION

In terms of the provision of Section 197(12) of the Act read with Rules 5(1) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of the managerial personnel of the company is already mentioned in the extract of Annual Return and hence it is not repeated for the sake of brevity.

20. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

There are no employees who are in receipt of remuneration in excess of the limit specified under section 134(3)(q) read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

21. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Details of materially significant related party transactions that are the transactions of a material nature between the Company and the Promoters, Management, Directors or their relatives etc. are disclosed in the Notes to the Financial Statements in compliance with the Accounting Standard relating to "Related Party Disclosures".

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(A) Conservation of Energy : NA

(B) Technology Absorption : NA

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(C) Foreign Exchange Earnings and Outgo :

The details of Foreign Exchange transactions are as below :

Foreign Exchange Earnings	Rs. Nil
Foreign Exchange Outgo	Rs. Nil

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

24. RISK MANAGEMENT POLICY

As required SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has established a well documented and robust risk management framework. Under this framework, risks are identified across all business process of the Company on a continuous basis. Once identified, these risks are classified as strategic risk, business risk or reporting risk. Strategic risk is those which are associated with the long term interests of the Company. Reporting risk is associated with incorrect or untimely financial and non- financial reporting.

The Audit Committee of the Board of Directors reviews the Risk Management Strategy of the Company to ensure effectiveness of the Risk Management policy and procedures. Board of Directors of the Company is regularly apprised on the key risk assessment areas and a mitigation mechanism is recommended.

During the year, the Board has reviewed the risk assessment and a risk minimization procedure commensurate to the risks has been adopted and is in place.

25. VIGIL MECHANISM

In accordance with Section 177(9) and 177(10) of the Companies Act, 2013 the Company has established a Vigil mechanism/Whistle Blower Policy.

26. DETAILS OF SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There has been no significant and/or material order(s) passed by any Regulators/Courts/Tribunals impacting the going concern status and the Company's operations in future.

27. DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the Financial Year 2016-17:

- a) No. of complaints received : NIL
- b) No. of complaints disposed off : NIL

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28. ACKNOWLEDGEMENT

Your Directors express their sincere thanks and place on record their deep appreciation for the patronage extended by the shareholders, valued customers, employees, bankers, government authorities and the investors for their support and confidence in the Company.

For and on behalf of Board

Place: Howrah
Date: 1st September, 2018


Anand Narayan Singh
Managing Director
DIN: 00838218


Kaushalendra Jha
Director
DIN: 02392749