

ANNUAL REPORT

2017-18



DNP LIMITED

(A Government of Assam Undertaking)

CIN: U51410AS2007SGC008410

BOARD OF DIRECTORS



Rupam Goswami
Chairman



AK Sharma
Director & CEO



Ashwini Pait
Director & Vice-Chairman



Bhaskar Jyoti Phukan
Director
[w.e.f. 01.02.2018]



Dr. Roshan Ara Begum, IAS
Director



Susanta Kumar Sarmah
Director
[w.e.f. 27.07.2018]

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Bankers

- State Bank of India, Duliajan Branch, P.O. Duliajan, Dist: Dibrugarh-786602
- Allahabad Bank, AGCL Branch, P.O. Duliajan, Dist: Dibrugarh-786602

Statutory Auditors

M/s Kanoi Associates (SPA087)
Chartered Accountants
Central Chowkedengi
Dibrugarh- 786001
Assam

Secretarial Auditors

M/s Biman Debnath & Associates
Secretarial Auditors
Flat No. 402, Block-C
Prakash Choudhury Housing Complex
Tarun Nagar, Guwahati-781005
Assam

Cost Auditors

M/s Subhadra Dutta & Associates
Cost Accountants
House No. 29, Krishnagar
Chandmari, Ghy- 781005

Registered Office

DNP Limited
Flat No.-4, House No.2,
“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Head Office

Assam Gas Company Ltd. Campus
P. O. Duliajan, Dist.- Dibrugarh
PIN: 786602, Assam

Site Office

Madhuban
P. O. Kendriya Vidyalaya
Borpathar No. 1
Duliajan
Dist: Dibrugarh
Pin: 786602

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 11th Annual General Meeting of the Shareholders of DNP Limited will be held in the Registered Office of the Company at Flat No.-4, House No.2 “Dinesh Mansion”, 2nd Floor, Dr. R.P. Road, Dispur, Guwahati-781006 on Wednesday the 26th Day of September, 2018 at 05.00 P.M. to transact the following Ordinary and Special Businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors’ Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2018 and Statement of Profit & Loss for the year ended 31st March, 2018 along with the Reports of the Statutory Auditors and the Comments of the Comptroller & Auditor General of India.
2. To declare Dividend.
3. To appoint a Director in place of Dr. Roshan Ara Begum, IAS who retires by rotation in pursuance of Section 152 of the Companies Act, 2013. Dr. Roshan Ara Begum, IAS being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri Rupam Goswami who retires by rotation in pursuance of Section 152 of the Companies Act, 2013. Shri Rupam Goswami being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. Appointment of Director

To consider and if thought fit, to pass the following Resolution with or without modification (s), as an Ordinary Resolution:-

“RESOLVED THAT Shri Bhaskar Jyoti Phukan be and is hereby appointed as Director of the Company.”

6. Appointment of Director

To consider and if thought fit, to pass the following Resolution with or without modification (s), as an Ordinary Resolution:-

“RESOLVED THAT Shri Susanta Kumar Sarmah be and is hereby appointed as Director of the Company.”

7. Remuneration of Cost Auditor:

To consider and if thought fit, to pass the following Resolution with or without modification(s), as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, appointment of M/s Subhadra Dutta & Associates, Cost Accountants, Guwahati as the Cost Auditor of the Company for the financial year 2018-19 for carrying out the audit of cost records maintained by the Company at a remuneration of Rs 40,000/- plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of GST at applicable rates etc. be and is hereby ratified and approved.”

By Order of the Board of Directors

Sd/-
(Samujjal Borah)
Company Secretary, DNPL

Registered Office:
Flat No.-4, House No.2,
“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Date: 11th September, 2018

- a. Explanatory statements under Section 102 of the Companies Act, 2013 in respect of the business under Item 4, 5 and 6 as set out above are annexed hereto.
- b. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies, in the alternative, to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting.

EXPLANATORY STATEMENTS FOR THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following are the Explanatory Statements in respect of item No. 5, 6 & 7 of the Special Business indicated in the Notice dated 11th September, 2018.

Item No. 5. Appointment of Director

Shri Bhaskar Jyoti Phukan was appointed as Additional Director on the Board of the Company w.e.f. 01st of February, 2018 pursuant to Article 119(ii) of the Articles of Association of the Company read with Section 161 of the Companies Act, 2013.

Shri Bhaskar Jyoti Phukan being appointed as Additional Director will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Bhaskar Jyoti Phukan as a Director of the Company. A brief profile of Shri Bhaskar Jyoti Phukan is provided separately in the Corporate Governance Report enclosed with the Directors' Report. The Board recommends the appointment of Shri Bhaskar Jyoti Phukan as Director of the Company.

Except Shri Bhaskar Jyoti Phukan, no other Director or their relatives are interested or concerned in the Resolution.

Item No. 6. Appointment of Director

Shri Susanta Kumar Sarmah was appointed as Additional Director on the Board of the Company w.e.f. 27th of July, 2017 pursuant to Article 119(ii)(a) of the Articles of Association of the Company read with Section 161 of the Companies Act, 2013.

Shri Susanta Kumar Sarmah being appointed as Additional Director will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Susanta Kumar Sarmah as a Director of the Company. A brief profile of Shri Susanta Kumar Sarmah is provided separately in the Corporate Governance Report enclosed with the Directors' Report. The Board recommends the appointment of Shri Susanta Kumar Sarmah as Director of the Company.

Except Shri Susanta Kumar Sarmah, no other Director or their relatives are interested or concerned in the Resolution.



Item No. 7: Remuneration of Cost Auditor

M/s Subhadra Dutta & Associates was appointed by the Board as the Cost Auditor of the Company for the financial year 2018-19 in terms of section 148(3) of the Companies Act, 2013 at a remuneration of Rs. 40,000/- plus out of pocket expenses, reimbursement of travel and boarding expenses, and payment of GST at applicable rates.

Pursuant to Rule 14 of the Companies (Audit & Auditors) Rules, 2014, remuneration of Cost Auditor approved by the Board under section 148(3) of the Companies Act, 2013 is required to be ratified by the shareholders.

Accordingly, approval is sought from the shareholders for ratification of remuneration payable to M/s Subhadra Dutta & Associates, Cost Auditor of the Company for the year 2018-2019.

By Order of the Board of Directors

Sd/-
(Samujjal Borah)
Company Secretary, DNPL

Registered Office:

Flat No.-4, House No.2
“Dinesh Mansion”, 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Date: 11th September, 2018

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Eleventh Annual Report on the performance of your Company together with audited financial statement for the year ended 31st March, 2018.

FINANCIAL RESULTS

The Company`s financial performance for the year ended 31st March, 2018 as compared to those of the previous year are summarized below:-

Particulars	2017-2018 (₹ In thousands)	2016-2017 (₹ In thousands)
Gross Revenue from Operations	8,00,618	6,65,080
Other Income	14,277	19,823
Total Revenue	8,14,895	634,944
Profit before Depreciation & Amortization, Interest and Tax	6,47,038	5,05,365
Profit before prior period adjustments, extraordinary items and Tax	4,90,096	3,13,938
Extraordinary Items	-	6,902
Profit before Tax	4,90,096	3,07,035
Provision for Taxation-(Minimum Alternate Tax)	1,04,522	65,228
Provision for Taxation- Deferred	62,508	1,06,932
Profit (Loss) after tax	3,23,066	1,34,875
Earnings per Share in Rupees (Face value ₹ 10/- each)		
1. Basic	1.93	0.81
2. Diluted	1.93	0.81

Directors propose to appropriate this amount as under:

Appropriations:	2017-2018 (₹ in thousands)	2016-2017 (₹ in thousands)
Towards Dividend	1,62,232	41,813
Corporate Dividend Tax	33,027	8,512
Transfer to General Reserve	1,27,307	84,050
Balance at Profit& Loss Account	500	500

Summarized Cash Flow Statement:

Cash Flows :	2017-2018 (₹ in thousands)	2016-2017 (₹ in thousands)
Inflow/(Outflow) from operations	3,19,170	4,58,113
Inflow/(Outflow) from investing activities	7,009	(52,716)
Inflow/(Outflow) from financing activities	(1,84,326)	(3,56,680)
Net Increase/(decrease) in cash & cash equivalent	1,41,852	48,717

PERFORMANCE HIGHLIGHTS

PHYSICAL PERFORMANCE:

During the year 2017-18, your Company transported 267.92 MMSCM of natural gas to NRL as against 229.12 MMSCM transported in the previous year. Utilization of the pipeline was higher by 16.93% compared to the 2016-17 primarily due to improved gas availability from OIL during the period.

In terms of the gas supply agreement between DNPL and NRL, transportation charges for the year was revised to ₹ 2980.36 per thousand standard cubic meters (TSCM) with effect from 01.04.2016 as against ₹2893.55 per TSCM in the previous year.

Your company continued its focused attention towards various control measures as well as optimum utilization of available resources to ensure reasonable level of operating surplus.

FINANCIAL PERFORMANCE:

DNPL's gross revenue from operations for the year 2017-18 was ₹ 80.06 crores, 20.38% higher than the previous year's revenue of ₹ 66.51 crores. The profit before tax for the year was ₹ 49.01 crores, which is 59.62% higher compared to ₹ 30.70 crores in 2016-17. The profit after tax for the year stood at ₹ 32.31 crores as against ₹ 13.49 crores recorded in 2016-17. The earnings per share achieved in 2017-18 was ₹ 1.93 compared to ₹ 0.81 in the previous year.

The total amount of Capital Expenditure incurred during the year was ₹ 0.56 crores as compared to ₹ 4.74 Crores in 2016-17. Value of total fixed assets as on 31st March, 2018 stood at ₹ 244.78 Crores.

NET WORTH:

The net worth of the Company stood at the end of financial year 31st March, 2018 is ₹229.68 Crores as against ₹ 202.41 crore as on 31st March, 2017.

DIVIDEND:

Your Directors, after taking into account financial results of the Company during the year and keeping in view the need to maintain strategic investments for a secure future, are pleased to recommend for your approval, a dividend of ₹ 0.97 (i.e. 9.7%) per equity share of ₹ 10.00 each (₹ 0.97 per equity share in the year 2017-18) for the financial year ended March 31, 2018 on the paid up share capital of ₹167.25 Crores, which would absorb a sum of ₹ 19.53 Crores (inclusive of Corporate Dividend Tax) out of Company's PAT. After retaining an amount of ₹ 0.05 Crores in the statement of Profit & Loss for the year, your Directors proposed to transfer the remaining amount of ₹ 12.73 Crores to the General Reserve Account. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

TREASURY OPERATIONS

In order to reduce cost on borrowed fund, term loan amounting to ₹ 27.00 Crores was repaid to AGCL during the year. Total borrowings of your Company as on 31st March, 2018 is Rs.10.80 as compared to ₹ 37.80 Crores in the previous year.

During the year, interest cost has been reduced from ₹ 5.45 Crores in the previous year to ₹ 2.82 Crores. Debt equity ratio at the close of the financial year stood at nil. Improvement in D-E ratio is due to repayment of term loans, and the remaining balance of the term loan now lies in current maturities of long term debt.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed a total of ₹ 24.23 crores to the Central Exchequer and ₹ 5.15 crores to the State Exchequers in the form of taxes, duties and

dividends compared to ₹ 16.70 Crores and ₹ 0.19 Crore respectively in the previous year.

GOVT. AUDIT REVIEW

Comments of the Comptroller and Auditor General of India (C&AG) under section 143 (6)(b) of the Companies Act 2013 on accounts of the Company for the year ended 31st March, 2018 together with managements reply as an addendum thereto are placed before the shareholders for consideration.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business on an arm's length basis and are intended to further the Company's interests. Relevant information in Form AOC-2 has been provided as Annexure B to Directors' Report.

During the year, the Company has not entered into any contract / arrangement/ transaction with related parties which were in conflict with the Company's interest.

POST BALANCE SHEET EVENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

BUSINESS RISK MANAGEMENT:

Although the company doesn't have any specific risk management policy as on date, the Board of Directors of the company deliberates on threats, risks and concerns which in the opinion of the Board may threaten the continuation of its business or pose threat in its existence. The Board reviews the means adopted by the company to mitigate the risk

from time to time. The details of risk and concerns of the company are discussed in the Management Discussion and Analysis forming part of this Report.

INTERNAL FINANCIAL CONTROLS

The Company has put in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The Company is taking effective steps at every level of its activities for conservation of energy.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during 2017-18 or in the previous year 2016-17.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

As there is no employee drawing the specified remuneration, particulars of employees under Section 134 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2018 are not furnished.

REMUNERATION

As per MCA Notification No. GSR 463(E) dated 5th June, 2015, Section 197 does not apply to a

Government company. Therefore, the requirement of disclosure to be made in the Directors' report in terms of Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

CORPORATE GOVERNANCE

Corporate Governance is about maintaining a trusted relationship with all stakeholders and is an integral part of our value creation in the Company. Your Company has been maintaining integrity, transparency and accountability in all its spheres of business.

In accordance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE) in May 2013, a report on Corporate Governance together with a Certificate from a practicing Company Secretary on compliance with guidelines on Corporate Governance is annexed at Annexure A to the Directors' Report. The forward looking statements made in the 'Management Discussion and Analysis' are based on certain assumptions and expectations of future events. The Directors do not guarantee that such expectations will eventually materialise.

STATUTORY AUDITORS

M/s Kanoi Associates, (SPA087) Chartered Accountants, Central Chowkidinghee, Dibrugarh-786001 were appointed as Statutory Auditors of the Company for the financial year 2017-18 by the Comptroller & Auditor General of India (C&AG) under the provisions of Section 139 of the Companies Act, 2013. They will hold office till the ensuing Annual General Meeting.

COST AUDITORS:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, M/s Subhadra Dutta & Associates, Cost Accountants, Guwahati a firm of Practicing Cost Accountants was appointed as Cost Auditors of the Company for the financial year 2016-17. Cost Audit Report for the year 2016-17 was filed with the Ministry of Corporate Affairs within the due date.

M/s. Subhadra Dutta & Associates, Cost Accountant, Guwahati were appointed as Cost Auditors of the Company for the year 2017-18 in accordance with the provision of Section 148(3) of the Companies Act, 2013. The due date for filing of cost audit report for the year 2017-18 is 27/09/2018 for which necessary action is being taken.

SECRETARIAL AUDITORS:

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Biman Debnath & Associates, Practicing Company Secretaries, Guwahati were appointed by the Board as Secretarial Auditors for conducting the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year 2017-18 together with Managements' reply on the comments of the Secretarial auditors are annexed as part of Annexure -A to this report.

DIRECTORS` RESPONSIBILITY STATEMENT

Your Directors state that:

a) In the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out

under Schedule III to the Act, have been followed and there are no material departures from the same;

b) The Directors have considered 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a 'going concern' basis;

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

BOARD EVALUATION

As per MCA Notification No. GSR 463(E) dated 5th June, 2015, provisions of section 134(3)(p) shall not apply, in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. As DNPL is a Government Company, disclosure requirement in respect of board evaluation process is not applicable to the Company.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules 2014, the extract of the Annual Return as at 31st March, 2018 in the prescribed form MGT-9, has been uploaded in the website of the Company at www.dnpl.co.in.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Since the date of last Annual General Meeting held on 18th September, 2017, following changes have been made:

Shri S.K Barua, the then Director (Finance), NRL, (DIN: 06503943) ceased to be a Director of the Company w.e.f. 01st February, 2018 following to his appointment as the Managing Director of NRL and demitting of his office as Director (Finance). The Directors have placed on record their appreciation of the valuable contribution made and guidance given by Shri S.K Barua, for the development and progress of the Company during his tenure as Director of the Company. The Board wishes him success in all his endeavours.

Shri Bhaskar Jyoti Phukan, Director (Technical), NRL, (DIN: 07721895) has been appointed as an Additional Director of DNP Limited pursuant to his nomination by Numaligarh Refinery Limited vide its letter no. 4275/NRL dated 01/02/2018. Being an Additional Director, he will hold office till the date of the ensuing Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 has been received from a member proposing his name for appointment as Director at the ensuing Annual General Meeting.



Shri A.K. Nath, the then Executive Director & Asset Manager (Central Assets), OIL has ceased to be a Director of the Company following to his superannuation from the service of OIL w.e.f 30th June, 2018, the Board have placed on record their deep appreciation of the valuable contribution made and guidance given by Shri Nath, for the development and progress of the Company during his tenure as Director of the Company. The Board wishes good health for him and success in all his endeavours.

Shri Susanta Kumar Sarmah, General Manager (Field OPS & Projects-GMS), OIL, (DIN: 08188214) has been appointed as an Additional Director of DNP Limited pursuant to his nomination by Oil India Limited vide its letter no. RCE:04-115 dated 15th July, 2018, Being an Additional Director, he will hold office till the date of the ensuing Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 has been received from a member proposing his name for appointment as Director at the ensuing Annual General Meeting.

In the ensuing 11th Annual General Meeting of the Company, Dr. Roshan Ara Begum, IAS (DIN: 07299267) and Shri. Rupam Goswami (DIN:07772248) are liable for retirement as per Section 152 of the Companies Act, 2013 and they being eligible, offer themselves for re-appointment as Director at the said meeting.

Shri Samujjal Borah, an associate member of the Institute of Company Secretaries of India (ICSI) has been appointed as Company Secretary and Key Managerial Personnel of the Company w.e.f. 12th February, 2018 in place of Shri Nagen Ch. Adhikary to perform the duties as required under the Companies Act, 2013, and any other duties assigned by the Board of Directors from time to time.

DECLARATION BY INDEPENDENT DIRECTORS:

As there are no Independent Directors on the Board of the Company, the declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 does not arise.

CSR COMMITTEE

The Corporate Social Responsibility Committee as on 31st March, 2018 comprised of Directors, viz., Shri Ashwini Pait as Chairman, Shri. A.K Nath, Shri Bhaskar Jyoti Phukan and Shri A.K Sharma as other members.

(*w.e.f 6th August, 2018, Shri Susanta Kumar Sarmah has been included in the CSR Committee in place of Shri A.K Nath.)

AUDIT COMMITTEE

The details of the composition of the Audit Committee are provided in the Corporate Governance Report which forms part of this Report.

NOMINATION & REMUNERATION COMMITTEE POLICY:

The Board of DNP Limited on 17/05/2017 constituted a Nomination & Remuneration Committee, the details of the composition of the Committee as on 31st March, 2018 is as follows:

- (i) Shri A.K Nath, as Chairman;
- (ii) Shri Ashwini Pait, Director, DNPL as member
- (iii) Dr. Roshan Ara Begum, IAS, Director, DNPL as member

(*w.e.f 6th August, 2018 Shri Susanta Kumar Sarmah has been appointed as the Chairman of the N&R committee in place of Shri A.K Nath)

DISCLOSURE ON ESTABLISHMENT OF A VIGIL MECHANISM

The Company does not have any Vigil Mechanism.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

There were no cases filed for Sexual Harassment of Women at Workplace during the Financial Year 2017-18. Since, the Company has adopted the Sexual Harassment prevention policy of Assam Gas Company Limited, the Internal Complaint Committee of Assam Gas Company is also applicable to DNP Limited.

DISCLOSURE OF MAINTENANCE OF COST RECORDS:

The Company has maintained cost records as specified by the Central Govt. under sub-section (1) of section 148 of the Companies Act, 2013.

GENERAL

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company`s operations in future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep gratitude for the untiring efforts put in by the employees including those who are on deputation from AGCL as well as other outsourced personnel, without whom it would not have been possible for the Company to operate this gas transportation system smoothly and safely.

Your Directors acknowledge the role played by all other agencies, contractors and suppliers including their employees in its success.

The Directors are grateful for all the assistance, guidance and support received from various Government Departments, particularly, from Industries and Commerce Dept. Govt. of Assam, Public Enterprises Deptt. Govt of Assam, Offices of Commissioner of Income Tax, Commissioner of Central Excise & Service Tax, Commissioner of Taxes, Assam, Superintendent of Taxes, Naharkatia as well as other Central and State Government agencies.

Your Directors are also grateful to Oil India Limited, State Bank of India, Allahabad Bank and Assam Gas Company Limited for providing required loan assistance to the Company.

Your Directors express their sincere thanks to all the shareholders of the Company, namely, AGCL, NRL, and OIL for reposing their confidence and continued support to DNPL management.

For and on behalf of Board of Directors

Date:11/09/2018
Place: Guwahati

Sd/-
Rupam Goswami
Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

Optimum utilization of gas transportation infrastructure plays an important role in the gas industry for efficient delivery of gas to end consumers. In spite of various constraints experienced by the company, it has been successfully operating the dedicated state-of-the-art Duliajan Numaligarh Gas Transportation System.

DIRECTORS PERCEPTION OF THE FUTURE OF THE COMPANY FROM THE POINT OF VIEW OF MARKET COMPETITION, PRODUCTION/SERVICE CONSTRAINTS AND GOVERNMENT POLICIES ETC.

To grow, the company has to expand its operations. As per the Hydrocarbon Vision 2030 for North Eastern Region of the Govt of India, the company is likely to be part of the consortium engaged in the development of the trunk gas pipeline connecting the Duliajan Numaligarh Gas Transportation System to the proposed Barauni - Guwahati Numaligarh Pipeline system.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

DNPL's primary strength emanates from the fact that the three promoters represent three vertices of the gas value chain - gas producer OIL, gas transporter AGCL and gas consumer, NRL. The professional strengths and unstinted support of the three promoter organizations are always available to your company in all its endeavors and in overcoming various challenges.

DNPL owns and operates a single dedicated gas transportation system delivering gas from a single source to a single customer. The major weakness

of the company is that any variation in supply of gas by the producer and / or variation of drawal of gas by the consumer may adversely affect your company's revenue.

Risks and associated concerns for 2017-18 mainly pertain to possible reduced availability of contracted quantity of natural gas from the producer due to changing field conditions.

HUMAN RESOURCE

Your Company is committed to operational excellence and increased productivity through optimum utilization of human resources. The company recognizes the need for strategic and customer centric HR initiatives through development of HR strategy aligned to the overall organizational goal. It has continued to enable its employees to work in a conducive environment, leveraging technology to ease its operations.

As on 31st March, 2018, there were total 27 employees on the roll of the Company of which 12 are executive cadre and remaining 15 are non executive cadre.

During the year, some of the key technical and managerial personnel drawn from AGCL during project execution stage continue to be engaged in your company's operations on full time as well as on part time basis. They were being supported by technical and non technical manpower outsourced from manpower supply agencies.

SAFETY

During the year 2017-18, there was no loss time accident (LTA). Regular Mock drills and Safety meetings awareness programmes were organized during the year. The Safety Policy may be accessed at the Company's website at www.dnpl.co.in.

INDUSTRIAL RELATIONS

Industrial relations were cordial and harmonious

throughout the year. Issues with various groups and agencies were amicably resolved facilitating smooth conduct of business during the year.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

DNPL's initiatives towards CSR and Sustainability were pursued with increased emphasis during 2017-18. The CSR Policy has been uploaded in the Company's website at www.dnpl.co.in

Some of the highlights of CSR and Sustainability activities undertaken by your Company during the year are:

- (i) Health Care and Sanitation
- (ii) Environmental Sustainability and Ecological Balance and
- (iii) Promotion of education.

Based on the average net profits of the Company for the last three financial years, total amount to be spent on CSR for the year 2017-18 was ` 48.59 lakhs. However, after considering the unspent amount of ` 49.30 lakhs earmarked for the year previous years, total fund available for the year 2017-18 was ` 97.89 lakhs.

As against above, total amount spent on CSR activities during the financial year 2017-2018 was ` 89.31 Lakhs and the balance committed and unspent amount of ` 8.58 Lakhs has been carried forward to the financial year 2018-2019.

A detailed report on DNPL's CSR and Sustainability activities is enclosed at **Annexure - C**.

Members of the CSR & Sustainability Committee confirmed that implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

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ANNEXURE-‘A’

REPORT ON CORPORATE GOVERNANCE

1. COMPANY’S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a set of system and practices adopted by a Company to ensure that it is managed in a way to ensure accountability, transparency, fairness in all its transactions and also to meet the aspiration of the stake holders and expectation of the Society. Corporate Governance is crucial to integrate all components by carefully balancing the complex relationship amongst the Board of Directors, Audit Committee & other subcommittees. DNPL is adopting best governance practices, which are critical to ensure optimization of returns and satisfaction to all the shareholders. The Company has been sharing relevant information with the various shareholders from time to time through Annual Reports, Minutes etc. Being a non-listed entity it is not mandatory to disclose as per Regulation 27 of the SEBI (LODR) Regulations, 2015 & Companies Act, 2013. However, as good corporate governance practice and as per Guidelines on Corporate Governance for State Level Public Enterprises issued by Department of Public Enterprises (DPE), Govt. of Assam in May, 2013, the Company has been complying with the stipulations contained therein to the extent applicable.

Relevant information on areas covered under Corporate Governance disclosures during the financial year 2016-2017 are furnished below:-

1. BOARD OF DIRECTORS

DNPL is a Government Company under Section 2(45) of the Companies Act, 2013 by virtue of being a subsidiary of Assam Gas Company Limited (AGCL), which is a Government Company. The Board of Directors is the Apex Body constituted by the Shareholders for overall functioning of the Company. In terms of the Articles of Association of the Company, the number of Directors shall not be less than three (3) and not more than nine (9).

As on 31st March, 2018, the Board of DNPL comprised of 5 (five) Part time (Ex-Officio) Directors from the promoters organizations, namely, Assam Gas Company Limited, Numaligarh Refinery Limited and Oil India Limited and 1 (one) Part time (Ex-Officio) Director from Government of Assam. The Composition of the Board of Directors as on 31st March, 2018 are as follows:

SL. NO.	NAME OF THE DIRECTORS	DESIGNATION
1.	Shri Rupam Goswami	Chairman
2.	Shri Aswini Pait	Director & Vice-Chairman
3.	Shri A.K Sharma	Director & CEO

4.	Dr. Roshan Ara Begum, IAS	Director
5.	Shri. A.k Nath	Director
6.	Shri. Bhaskar Jyoti Phukan	Addl. Director

**None of the Director is related to any other Director on the Board.

As per Section 165 of the Companies Act, 2013, a Director should not hold directorship in more than 20 Companies at the same time and directorship in Public Companies should not exceed 10 nos. During the year, there was no violation of Section 165 pertaining to number of directorship held by the directors.

MEETINGS OF THE BOARD OF DIRECTORS:

The Board's actions and decisions are aligned with the Company's best interests. The Board has an effective mechanism to facilitate Post Meeting, follow ups, Review and Reporting process for the decision taken by the Board or Sub-Committee of the Board.

During the financial year 2017-2018, the Company convened 10 (ten) meetings of the Board of Directors, the gap between two meetings never exceeded 120 (One Hundred and Twenty) days.

The details of the meetings of the Board of Directors held during the Financial Year 2017-18 are as follows:

SL. NO.	DATE OF BOARD MEETING	BOARD STRENGTH	NO. OF DIRECTORS PRESENT
1.	03-Apr-2017	6	5
2.	17-May-2017	6	6
3.	21-June-2017	6	6
4.	27-Jul-2017	6	6
5.	07-Sept-2017	6	4
6.	22-Sept-2017	6	2
7.	08-Nov-2017	6	5
8.	22-Dec-2017	6	5
9.	20-Feb-2018	5	4
10.	17-Mar-2018	6	6

Particulars of Directors including those who ceased to be director in the company during the financial year and their attendance at meetings of Board of Directors and the Shareholders held during the Financial Year 2017-18:

SL. NO	NAME OF DIRECTORS AND THEIR CATEGORY	DATE OF JOINING AS DIRECTOR OF THE COMPANY	ATTENDANCE OF THE MEETING OF BOARD HELD DURING THE YEAR AND PERCENTAGE THEREOF			ATTENDED IN THE LAST ANNUAL GENERAL MEETING(YES/NO/NA)	NO. OF MEMBERSHIP/ CHAIRMANSHIP OF BOARD COMMITTEES IN OTHER COMPANIES	NAME OF THE COMPANIES/ FIRMS/ ASSOCIATION OF INDIVIDUALS IN WHICH INTERESTED
			Nos. of Meetings Attended	Total Meetings held during the tenure of the director.	% of Attendance			
1	Shri Rupam Goswami Chairman, DNPL	17 th March, 2017	10	10	100	Y	NIL	DNPL
2	Shri Aswini Pait Vice-Chairman, DNPL	17 th March, 2017	9	10	90	Y	NIL	DNPL
3	Shri S. K. Barua Director, DNPL and Managing Director, NRL	28 th June, 2013 (ceased as director w.e.f 01 st February, 2018)	7	8	87.5	N		NRL
4	Shri A.K Nath, Director, DNPL and GM(Central Assets) Oil India Limited	12 th February, 2015 (ceased as director w.e.f 30 th June, 2018)	6	10	60	Y	NIL	DNPL

5	Shri Aditya Kumar Sharma , Director & CEO, DNPL, and Managing Director, AGCL	11 th September, 2015	8	10	80	Y	NIL	DNPL AGCL
6	Dr. Roshan Ara Begum, IAS, Director, DNPL and Secretary, Public Enterprise Deptt. Govt. of Assam	28 th September, 2015	8	10	80	N	NIL	DNPL; AIDCL; AEGCL; APDCL; AFCSCL; APHCL; ASWC; AMDCL.
7	Shri Bhaskar Jyoti Phukan Director, DNPL and Director (Tech.), NRL	01 st February, 2018	1	1	100	NA	Member of Audit Committee, NRL	DNPL; NRL.

- AGCL: Assam Gas Company Limited; DNPL: DNP Limited; NRL: Numaligarh Refinery Limited; APDCL: Assam Power Distribution Company Limited; AEGCL: Assam Electricity Grid Corporation Limited; AFCSCL: Assam Food and Civil Supplies Corporation Limited; APHCL: Assam Police Housing Corporation Limited, ASWC: Assam State Warehousing Corporation; AMDCL: Assam Mineral Development Corporation Limited. AIDCL; Assam Industrial Development Corporation Limited.

1. AUDIT COMMITTEE

DNPL took the initiative to introduce Corporate Governance in the organization during the year 2012 itself, by constituting an Audit Committee. The Audit Committee assist the Board in its responsibility for overseeing the integrity of the accounting, auditing and reporting practices of the Company and its compliances of the legal and regulatory requirement. The Committee assists the Board in discharging its responsibility for overseeing the quality and integrity of the accounting, remuneration of Statutory Auditors, appointment and remuneration of Cost Auditors, performance of Internal Auditor and its compliance with the legal and regulatory requirements, etc.

The role, powers and functions of the Audit Committee were specified and approved by the Board. The quorum for the meetings of the Committee is two members or 1/3rd of the members of the Audit Committee, whichever is higher.

During the financial year 2017-18, the Company convened 4 (four) meetings of the Audit Committee.

17.05.2017	22.09.2017	08.11.2017	17.03.2018
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The attendance record of the members of the committee as on 31st March, 2018 are as follows:-

SL. NO.	NAME OF THE DIRECTOR	STATUS	NO. OF MEETINGS ATTENDED/ OUT OF	ATTENDED IN THE LAST AGM (Y/N)
1.	Shri Bhaskar Jyoti Phukan (Addl. Director, DNPL)	Chairman	1/1	N.A
2.	Shri Achintya Kumar Nath (Director, DNPL)	Member	2/4	Y
3.	Shri Aswini Pait (Director and Vice-Chairman, DNPL)	Member	3/3	Y
4.	Shri A.K Sharma (Director & CEO, DNPL)	Member	3/4	Y

There are no Independent Directors on the Board of the Company. The members possess the requisite knowledge of Finance and Accounts for effective functioning of the Audit Committee. The Company Secretary, DNPL acts as the Secretary of the Committee.

The role and responsibilities of the Audit Committee as approved by the Board broadly includes the following:-

- ◆ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- ◆ Recommending the appointment and removal of external auditor, fixation of audit fee, and also approval for payment for any other services.
- ◆ Reviewing with management the quarterly/ half yearly /annual financial statements before submission to the Board, focusing primarily on :
 - Reviewing any Related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries, relatives etc. that may have potential conflict of the interest with the Company at large.
- ◆ Reviewing with management, external and internal auditors, the adequacy of internal control systems and any significant findings and follow up thereon
- ◆ Reviewing the Company's financial and risk management policies.

2. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY COMMITTEE:

DNPL took the initiative to contribute towards society in a transparent, responsible, accountable and fair manner. DNPL's CSR policy was approved by the Board on 12th February, 2015.

As on 31st March, 2018, the CSR and Sustainability Committee of the Board were comprised of following members: -

- i. Shri Aswini Pait, as the Chairman;
- ii. Shri Bhaskar Jyoti Phukan, as member;
- iii. Shri A.K. Sharma, as member; and
- iv. Shri A.K. Nath, as members.

During the financial year 2017-18, one meeting of the CSR Committee was held on 23rd June, 2017.

Attendance at the CSR Committee meeting during the financial year 2017-18:

NAME OF THE MEMBERS	NO. OF MEETINGS ATTENDED	% AGE THEREOF	ATTENDANCE AT THE LAST ANNUAL GENERAL MEETING HELD ON
Shri Aswini Pait	0	0	Attended
Shri Bhaskar Jyoti Phukan	NA	NA	NA
Shri A.K. Sharma	1	100	Attended
Shri A.K. Nath	1	100	Attended

- ◆ Percentage computed by considering the meetings attended with the total meetings held during his tenure.

3. NOMINATION AND REMUNERATION COMMITTEE:

The Details of the Committee has been provided in the Directors Report.

4. INVESTORS GRIEVANCE COMMITTEE:

DNPL being a non-listed Company with only nine shareholders, no such Committee has been formed.

Annual/Extra Ordinary General Meetings:

a. Details of location, time and date of last three AGMs/EGM are given below:-

NO. OF AGM	DATE AND TIME OF THE MEETINGS	VENUE
8 th Annual General Meeting	11 th September, 2015; 11 A.M.	1 st Floor, "Adams Plaza" Christian Basti, G. S. Road, Guwahati-781005
9 th Annual General Meeting	29 th August, 2016; 2.00 P.M.	1 st Floor, "Adams Plaza" Christian Basti, G. S. Road, Guwahati-781005
10 th Annual General Meeting	18 th September, 2017 5.00 P.M	Flat No. 4, House No. 2 "Dinesh Mansion", Dr. R.P Road, Dispur, Guwahati-781006

b. Details of Special Resolution passed during the last three years: NIL

c. Postal Ballot:

The number of Members being below 200, the Company is not required to transact any business by way of Postal ballot pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

d. Brief Resumes of Directors seeking appointment/re-appointment :

The information to be provided in case of re-appointment/appointment of Directors is as under:

I. Dr. Roshan Ara Begum, IAS (DIN: 07299267) did her Phd in Economics from Dibrugarh University in the year, 2006. She joined Assam Civil Service in the year 1986 and started her career as Extra Assistant Commissioner at Jorhat. Thereafter she worked in different capacities in various Departments of the Government of Assam viz. Finance, Social Welfare and Information Technology. She is a nominated IAS. Presently she is working as Secretary, Public Enterprises Department to the Government of Assam. Ms. Roshan Ara Begum, apart from being Director of this Company is also holding Directorship in other State Level Public Enterprises of Assam. Dr. Roshan Ara Begum, Secretary, Public Enterprises Deptt. Government of Assam was appointed as a Director on the Board of the Company w.e.f. 28th September, 2015 pursuant to Article 123 of the Articles of Association of the Company read with Section 161 of the Companies Act, 2013.

Dr. Roshan Ara Begum is liable to retire by rotation and being eligible, offers herself for re-appointment.

II. Shri Rupam Goswami (DIN: 07772248) is a B.SC Graduate in Economics. He is a successful businessman and a social activist turned politician. He has been associated with different social associations and organizations from his student life. In his student life he was elected as the Vice President-J.B. Law College Students Union, Guwahati; General Secretary-Arya Vidyapith College Students Union, Guwahati; Organizing Secretary, All Assam Students Union, Guwahati etc. He also held the position of President of Wholesale General Merchants Association; Greater Guwahati Cable TV Operators Association; Secretary-Kamrup Chambers of Commerce; the General Secretary of Old Boys Association, Sainik School, Goalpara; General Secretary and President of North East Distributors Association. He was also Convener of Trade Cell, Bharatiya Janata Party, Assam Pradesh, and Convener of Ajibon Sahayog Nidhi, Bharatiya Janata Party, Assam Pradesh.

At present he is member of prestigious organizations and association as he is one of the Board Members of Assam State Labour Commissioner Office, Vice President of Assam Basket Ball Association; Advisor to Wholesale General Merchants Association and North East Distributors Association; Working President of KVK Alumni Association; National Vice President of Federation of All India Distributors Association ; State Chairman of Assam Chambers of Commerce; National Vice-President of Confederation of All India Traders. He also has the honour of being State Spokesperson, Media Convener and Panelist of Bharatiya Janata Party, Assam Pradesh.

Shri Rupam Goswami is liable to retire by rotation and being eligible, offers himself for re-appointment.

III. Shri. Bhaskar Jyoti Phukan (DIN: 07721895) has taken over as Director(Technical) Numaligarh Refinery Limited (NRL) w.e.f 1st February 2017. Before assuming the charge of Director(Technical), he held the position of GM(Operations) in NRL. Mr. Phukan completed his B.E in Mechanical Engineering from Assam Engineering College, Guwahati in the year 1990. Earlier, he did his schooling from Cotton Collegiate School, Guwahati and his pre degree from Cotton College, Guwahati. Mr. Phukan started his career in Indian Oil Corporation Limited (Assam Oil Division) in the year 1990 and subsequently joined NRL in the year 1999, where he worked in various Departments including Marketing, Technical Services and Operations. He is also the Chairman of Assam Bio Refinery Pvt. Ltd.

Shri Bhaskar Jyoti Phukan , being appointed as Additional Director will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Bhaskar Jyoti Phukan as a Director of the Company.

IV. Shri Susanta Kumar Sarmah (DIN: 08188214) is a graduate in Mechanical Engineering from Assam Engineering College, Guwahati. He also possesses MBA degree in Finance (MBA – Finance) from IGNOU, New Delhi. He joined Oil India Limited in 1988 as an Executive Trainee in production Gas Department.

He has almost 30 years of wide and rich experience in oil industry spanning across a spectrum of diverse functions such as oil and gas production, operation and maintenance of reciprocating gas compressors, gas marketing business, installation and commissioning of oil field projects like productions installations, cross country pipelines etc.

Presently he is working as General Manager (Gas Management Services) with Oil India Limited, Duliajan Shri S.K. Sarmah being appointed as Additional Director will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Shri S.K. Sarmah as a Director of the Company.

5. DISCLOSURES AND COMPLIANCE

- a. There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- b. There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties was imposed on the Company during the last three years.
- c. During the year, no expenses was incurred which are personal in nature and incurred for the Board of Directors and Top Management.
- d. There were no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.
- e. The Company has spent an amount of Rs. 89.31 lakhs towards CSR and Sustainability activities during the financial year 2017-18 against the total allocation of Rs. 97.89 lakhs and balance committed and unspent amount of Rs. 08.58 lakhs has been carried forward to the next financial year i.e. 2018-19.
- f. During the year under review, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Means of communication of financial performance

DNPL, being a non listed company, publishing of quarterly/half yearly and annual financial statements are not mandatory. However, as a good corporate practice, the Company has been sharing relevant information with its shareholders as well as other stakeholders from time to time through its web site (www.dnpl.co.in), Annual Report, etc.

Management Discussion & Analysis Report:

A detailed chapter on Management Discussion & Analysis is incorporated in the Directors' Report.

General information to shareholders:-

NUMBER OF AGM	11 TH ANNUAL GENERAL MEETING
Date and Time	26th September, 2018 at 05:00 PM
Venue	Registered Office:- Flat No.-4, House No.2, "Dinesh Mansion", 2 nd Floor, Dr. R.P. Road, Dispur, Guwahati-781006
Dividend payment	The Board has recommended Dividend of @ Rs. 0.97 per share (i.e., 9.7 % of the paid-up share capital) for consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be paid within 30 days from the date of declaration.

Financial year- DNPL follows the financial year from 1st April to 31st March.

Since the Company's shares are not listed, market price of share is not available.

Share Transfer system:

The Board of Directors considers the request for transfer/transmission of shares etc.

Shareholding Pattern as on 31-03-2018 is given below:

SL. NO.	NAME OF SHAREHOLDER	CAPITAL CONTRIBUTION IN (RS.)	NOS. OF SHARES HELD	PERCENTAGE OF HOLDING (%)
1.	Assam Gas Company Limited along with nominees	85,30,00,000/-	8,53,00,000	51%
2.	Numaligarh Refinery Limited along with nominees	43,49,00,000/-	4,34,90,000	26%
3.	Oil India Limited	38,46,00,000/-	3,84,60,000	23%
	Total	167,25,00,000/-	16,72,50,000	100%

Registered Office:

DNP Limited
Flat No.-4, House No.2
"Dinesh Mansion", 2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006

Head Office:

Assam Gas Company Limited Campus
P.O. Duliagan, Dist: Dibrugarh
Pin-786602

Site Office (Plant Office)

Madhuban
P.O. Kendriya Vidyalaya, Borpathar No 1
Duliagan, Dist: Dibrugarh
Pin-786602



**To,
The Members,
M/s DNP Limited,
Flat No. 04, House No. 2, “Dinesh Mansion”
2nd Floor, Dr. R.P. Road,
Dispur, Guwahati-781006, Assam**

COMPLIANCE OF CORPORATE GOVERNANCE CONDITIONS

We have examined the compliance of conditions of Corporate Governance by M/s DNP Limited (a Non-Listed PSU) for the year ended 31st March, 2018 as stipulated in the Guidelines on Corporate Governance for State Level Public Sector Enterprises issued by the Department of Public Enterprises (DPE), Government of Assam, 2012-2013.

The compliance of Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines except:

- a. Clause 3.1.1 relating to the Board of Directors /Board of Management / Managing Committee shall have an optimum combination of Functional, Nominee and Independent directors.
- b. Clause 3.1.4 relating to the number of Independent Directors on the Board of the Company which states that at least 1/3rd of the Board members should be independent Directors.
- c. Clause 4.1.1, relating to the composition of Audit Committee which states that two-thirds of the members of the Audit Committee shall be Independent Directors.
- d. Clause 4.1.2 relating to the chairman of the Audit Committee shall be an Independent Director.

It has been apprised and informed by the Company that, it being a State Level PSU, the appointment of Directors are made by the State Government and the State Government has not appointed any Independent Director on its Board till date.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the Affairs of the Company.

**For Biman Debnath & Associates
Company Secretaries**

Date: 10-09-2018
Place: Guwahati

Sd/-

(Biman Debnath)
Proprietor C.P. No. 5857
FCS No. 6717

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST March, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s DNP LIMITED,
CIN: U51410AS2007SGC008410
Flat No. 04, House No. 2, “Dinesh Mansion”
2nd Floor, Dr. R.P. Road, Dispur,
Guwahati-781006, Assam

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s DNP LIMITED (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate Conducts and Statutory Compliances and expressing my opinion thereon.

Based on my verification of Company’s books, papers, minute books, forms and returns filed and other records maintained placed before me by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit and visit to the workstation, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Memorandum and Articles of Association of the Company;
- (iii) The Secretarial Standards issued by the Institute of Company Secretaries of India.

I further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a. Factories Acts and Rules ;
- b. The Manufacture, Storage and Import of Hazardous Chemicals Rules,1989;
- c. The Environment (Protection) Act,1986;
- d. Air (Prevention and Control of Pollution) Act,1981;
- e. Petroleum and Natural Gas Regularity Board Act, 2006;

The Acts which are not applicable to the Company though forming part of the prescribed Secretarial Audit Report have not been considered while preparing this Secretarial Audit Report.

Further, I have also examined compliance with the applicable clauses of the following:

(i) Other Order, Laws and Instructions of the Government of Assam.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except the following:-

1. The Company has not complied with the provisions of Section 149 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with relation to the appointment of Independent Director during the financial year under review.

As informed and apprised by the Company, it being a State Government Company, the appointment of Directors are done by the State Government and the Government has not yet appointed or nominated any Independent Director on the Board of the Company.

2. Pursuant to the Provisions of Section 203 of the Companies Act, 2013 the Board has not appointed a Chief Financial Officer for the Company during the year under review.(appointed w.e.f 6th August 2018)
3. Although a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting but the agenda and detailed notes were not given to the Directors before seven days in advance.
4. The Company has formed Board committees but the Composition of Committee is not as per the requirement of Section 135, 177 and 178 of the Companies Act, 2013.
5. Trade License from the concerned authority i.e. the local authority has not been obtained for the trading activities undertaken by the Company.
6. None of the Directors, secretary or other officers of the Company has been notified as the "Owner" as required under the Public Liability Insurance Act, 1991 during the year under review. (notified w.e.f 6th August, 2018)
7. The Company has not complied with the Information and Technology Act, 2000 as amended by Information Technology Amendment Act, 2008 with respect to safety and storage of data.
8. There are no adequate safety norms for the workers in the areas where the compressors are installed and there are no proper safety sign, signal Board and route map in the Factory Unit of the Company as required under the Factories Act.

I further report that:

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the Meetings of the Board of Directors of Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Biman Debnath & Associates
Company Secretaries**

Sd/-

(CS Biman Debnath)

Proprietor

C.P. No.5857/ FCS No. 6717

Place: Guwahati

Date: 8th September, 2018

This Report is to be read with our letter of even date which is ANNEXURE-A, and forms and integral part of this Report.



ANNEXURE-A

To,
The Members
DNP Limited
CIN: U51410AS2007SGC008410
Flat No. 04, House No. 2, “Dinesh Mansion”
2nd Floor, Dr. R.P. Road, Dispur,
Guwahati-781006, Assam

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Biman Debnath & Associates
Company Secretaries

Place: Guwahati
Date: 08th September, 2018

Sd/-
(CS Biman Debnath)
Proprietor
C.P. No.5857/ FCS No. 6717

**MANAGEMENT REPLY TO SECRETARIAL AUDITORS OBSERVATIONS
OF DNPL FOR THE YEAR 2017-18
ADDENDUM TO THE DIRECTORS' REPORT**

SL. NO	SECRETARIAL AUDITORS OBSERVATIONS	MANAGEMENT REPLY
1.	<p>The Company has not complied with the provisions of Section 149 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with relation to the appointment of Independent Director during the financial year under review.</p> <p>As informed and apprised by the Company, it being a State Government Company, the appointment of Directors are done by the State Government and the Government has not yet appointed or nominated any Independent Director on the Board of the Company.</p>	The Comment of the Auditor is self explanatory
2.	Pursuant to the Provisions of Section 203 of the Companies Act, 2013 the Board has not appointed a Chief Financial Officer for the Company during the year under review. (appointed w.e.f 6th August 2018)	Appropriate steps are being taken
3.	Although a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting but the agenda and detailed notes were not given to the Directors before seven days in advance.	Many a times, meetings are to be called at a shorter notice depending upon the availability and convenience of majority directors.

4.	The Company has formed Board committees but the Composition of Committee is not as per the requirement of Section 135, 177 and 178 of the Companies Act, 2013.	On appointment of independent directors by the Government, Board-committees shall be reconstituted in compliance with section 177 and 178 of the Act.
5.	Trade License from the concerned authority i.e. the local authority has not been obtained for the trading activities undertaken by the Company.	Noted for compliance.
6.	None of the Directors, secretary or other officers of the Company has been notified as the "Owner" as required under the Public Liability Insurance Act, 1991 during the year under review.	Notified w.e.f 6 th August, 2018
7.	The Company has not complied with the Information and Technology Act, 2000 as amended by Information Technology Amendment Act, 2008 with respect to safety and storage of data.	Quotations has been obtained for procurement of appropriate scanning machines for converting the physical documents into electronic documents so that the same can be digitally stored.
8.	There are no adequate safety norms for the workers in the areas where the compressors are installed and there are no proper safety sign, signal Board and route map in the Factory Unit of the Company as required under the Factories Act.	Noted for review and compliance.

**MANAGEMENT REPLY TO C&AG COMMENTS OF DNPL
FOR THE YEAR 2017-18**

ADDENDUM TO THE DIRECTORS' REPORT

SL. NO	C & AG COMMENTS	MANAGEMENT REPLY
1.	<p>Clause 73(C) of Ind AS 16 requires that, the financial statements shall disclose, for every class of Property, Plant & Equipment, the useful lives or the depreciation rates used, which was however, not disclosed in the financial statement.</p>	<p>The matter under observations of the audit will be reviewed for better presentation in the next financial statement</p>
2.	<p>Inventory consisting of stores and spares and projects surplus includes Rs. 107.75 lakh being inventory purchased against deposit from National Highway & Infrastructure Development Corporation Limited (NHIDCL) for extension/ strengthening/ re-routing of pipelines of OIL/DNPL for proposed four laning of NH-37. This should have been shown under a separate head as the inventory belongs to NHIDCL.</p>	<p>Expenses on inventory are incurred at the time of consumption. The said inventory purchase for the purpose of the pipeline work will therefore be set off against the deposit from NHIDCL as and when consumed and therefore kept in the inventory and any remaining inventory left after completion of the work is expected to be obtained by the company after necessary set offs. However, separate disclosure of this inventory held for the NHIDCL deposit work will be made in the immediate next financial year.</p>

ANNEXURE-‘B’
FORM NO. AOC -2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm’s length basis: NIL

2. Details of contracts or arrangements or transactions at Arm’s length basis :

NAMES OF THE RELATED PARTY AND NATURE OF RELATIONSHIP	NATURE OF CONTRACTS/ ARRANGEMENT/ TRANSACTIONS	DURATION OF CONTRACTS/ ARRANGEMENT/ TRANSACTIONS	SALIENT TERMS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS INCLUDING THE VALUE, IF ANY	DATE OF APPROVAL BY THE BOARD	AMOUNT PAID AS ADVANCE, IF ANY
Assam Gas Company Limited (AGCL)	Reimbursement of salary and other expenses incurred by AGCL for the persons deputed in DNPL and other expenses related to DNPL.	Ongoing transactions	DNPL will reimburse AGCL the manpower cost on Cost to the Company basis which comes to approximately 100% of the actual salary paid. (₹ 142.15 Lakhs)	2009	Nil
Assam Gas Company Limited (AGCL)	Payment of rental and electricity charges for office accommodation to AGCL	Ongoing transactions	₹ 4.90 Lakhs	Not applicable	Nil

Assam Gas Company Limited (AGCL)	Payment of Interest on Loan to AGCL	Ongoing transaction	₹ 254.59 Lakhs	February, 2016	Nil
Numaligarh Refinery Limited (NRL)	Reimbursement of expenses incurred by NRL in respect of DNPL.	Ongoing transactions	NIL	Not applicable	Nil
Numaligarh Refinery Limited (NRL)	Transportation charges from NRL.	Ongoing transactions	₹ 8006.18 Lakhs	Not applicable	Nil
Numaligarh Refinery Limited (NRL)	Project Management Consultancy Charges	Ongoing transactions	₹ 6.11 Lakhs	Not applicable	Nil
Numaligarh Refinery Limited (NRL)	Purchase of Pipes	One Time Transaction	₹ 13.95 Lakhs	Not applicable	₹ 13.95 Lakhs
Oil India Limited (OIL)	Cost of gas purchased from OIL.	Ongoing transactions	₹ 509.80 lakhs	Not applicable	Nil
Oil India Limited (OIL)	Reimbursement of expenses if any incurred by OIL for DNPL.	Ongoing transactions	Nil	Not applicable	Nil
Oil India Limited (OIL)	Payment of ROW rental and supervision charges to OIL.	Ongoing transactions	₹ 45.77 Lakhs	Not applicable	Nil
Oil India Limited (OIL)	Payment of maintenance expenses for Cathodic Protection system for pipeline payable to OIL.	Ongoing transactions	₹ 15.42 Lakhs	Not applicable	Nil

ANNEXURE-C**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY
OF DNP LIMITED****1.0 INTRODUCTION :**

DNP Limited is a Government of Assam Undertaking and a joint venture company of Assam Gas Company Limited (AGCL), Numaligarh Refinery Limited (NRL) & Oil India Limited (OIL). The Company is presently engaged in the transportation of natural gas to Numaligarh Refinery Limited from OIL's source at Duliajan through an underground pipeline. The Company started its commercial operation from 1st April, 2011. Since commissioning the company has been performing well and started making profit from the 2nd year of its operation.

Being a responsible Corporate Citizen, DNP Limited equally concentrates on its business policy as well as its socio-economic welfare policy so that it can create a positive impact on society. With the enactment of new Companies Act, 2013, and the formulation of CSR Rules 2014, DNPL has now adopted its CSR (Corporate Social Responsibility) Policy.

2.0 The "POLICY":

DNPL's "CSR Policy" will incorporate the following salient points -

3.0 VISION :

To enhance the socio-economic development of the society in the vicinity of the DNPL's operational area with a special attention to protect the ecology and environment.

4.0 MISSION:

To identify areas where there are genuine needs and quantify the actual requirements based on baseline survey and in house assessment, in consultation with district authorities, stakeholders and to gauge the effectiveness of the implemented schemes through periodic evaluation.

5.0 OBJECTIVE:

- (i) To bring tangible socio-economic development in and around DNPL's operational area in particular and in the state of Assam as a whole.
- (ii) To ensure effective utilization of allocated resources.

6.0 STRATEGY:

- (i) DNPL will work independently or with other organizations for mobilization of resources.
- (ii) To utilize NGOs, self help groups, registered trust or society in promoting CSR activities of the Company.

7.0 FOCUS AREA:

Schedule VII of the Companies Act, 2013, has given a wide list of CSR activities. While recognizing these, for CSR to maximize the benefit our Company will focus on the following areas -

- (i) Health Care and Sanitation.
- (ii) Environmental Sustainability and Ecological Balance.
- (iii) Promotion of Education.

Our Company shall give preference on these projects in the local area and areas around it specific to the area of operation.

8.0 BUDGET:

Annual budget allocation for CSR and Sustainability activities for a given year shall be based on minimum 2% of the average profit before tax of the three preceding financial years, as per stipulations in the Companies Act, 2013.

Unspent amount from the CSR and Sustainability budget shall not lapse and shall be carried forward to the next year for utilization against the purpose for which it was allocated. Adequate justification for unspent amount shall be recorded.

9.0 EXECUTION:

- (i) DNPL will conceive the project including the execution methodology and each such project along with estimated cost shall be approved by MD, AGCL and Director, DNPL.
- (ii) All broad projects proposal will be put up to the CSR Committee in every quarterly meeting for information.

10.0 EVALUATION, MONITORING & REPORTING:

The CSR Committee will evaluate and monitor the CSR Projects for which, MD AGCL and Director DNPL will prepare and submit quarterly report on the effectiveness of the CSR project to the CSR Committee.



11.0 LOCAL AREA :

Focus on DNPL's CSR activities shall be in the area (i) within 10.00KM radius of the Despatch Station of DNPL at Madhuban and 5 KM of other stations of DNPL. (ii) 1.00 KM in either side of the RoW. These area shall be deemed as "Local Areas" in the parlance of pursuing CSR initiatives.

12.0 CONFORMITY TO STATUTORY REQUIREMENTS:

The Policy shall conform to stipulations under Section 135 of the Companies Act, 2013, the CSR Rules issued by the Ministry of Corporate Affairs and applicable Guidelines on CSR issued by the Government from time to time. In case of conflict between Guideline and the Rules on CSR, the Rules shall prevail.

13.0 REVIEW:

CSR policy will be reviewed in every 3 (Three) years. A suitable mechanism shall be set up for monitoring the progress and effectiveness of the projects and activities undertaken by the company as per the provisions of the Act and the rules framed thereunder.

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APPENDIX TO ANNEXURE-‘C’

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1. A brief outline of the Company`s CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Refer Sections: (a) Corporate Social Responsibility and (b) Disclosures: CSR Committee in this Report
2. Average net profit of the Company for last three financial years	₹ 2429.37Lakhs
3. Prescribed CSR expenditure (Two percent of the amount mentioned in item 2 above)	₹ 48.59 lakhs
4. Details of SR spent during the financial year:	₹89.31 Lakh
5. Total amount to be spent for the financial year	₹ 97.89 Lakhs
6. Amount unspent, if any	₹ 8.58 Lakhs

DNP LIMITED
7. MANNER IN WHICH THE AMOUNT SPENT DURING THE FINANCIAL YEAR 2017-18

SR. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AS AMENDED)	PROJECT OF PROGRAM (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET) PROJECT OR PROGRAM WISE (` IN LAKHS)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR ROGRAMS (2) OVERHEADS (` IN LAKHS)	CUMULATIVE EXPENDITURE UPTO THE REPORTING PERIOD I.E. FY 2017- 2018 (` IN LAKHS)	AMOUNT SPENT DIRECT OR THROUGH IMPLEMENTING AGENCY
1.	Health care & Sanitation	(i) Of Schedule-VII	Within 10.00 k.m. radius of the Despatch station of DNPL at Madhuban and 5.00 km of other stations of DNPL Assam	.....	29.13	29.13	Implementing Agency (NORTH EAST INDUSTRIAL & TECHNICAL CONSULTANCY ORGANISATION LTD. (NEITCO , GUWAHATI)
2.	Rural Development (Construction of Road)	(x) of Schedule-VII	Walksung, Na- Ali Road, Dist. Sivsagar State: Assam	.....	55.72	55.72	Uttam Kr. Bordoloi Govt. Regd. Contractor & Supplier Jorhat
3.	Protection of Art and culture	(v) of Schedule-VII	Dist. Majuli State: Assam	.....	5.00	5.00	Parichalana Samittee Sri Sri Chamaguri Satra, Majuli

RESPONSIBILITY STATEMENT

Our major CSR project in F.Y 2017-18 relates to construction of village roads and toilets.

During the FY 2017-18 Rs. 89.31 lakhs has been spent till the closing of the 31st March, 2018, out of the total earmarked amount of CSR for the financial year including the unspent amount for the previous year totaling to Rs. 97.89 Lakhs. Rs. 8.58 Lakhs that remained unspent, is a part amount of a running contract on sanitation that was awaiting completion as on 31st March, 2018. During the intervening period from the Balance Sheet date to the date of reporting this amount has also been spent on completion of the aforementioned construction.

The implementation and monitoring of the Company's CSR Policy is in compliance with CSR objectives and Policy of the Company.

A.K Sharma

(Chief Executive Officer/
Member of CSR Committee)

Aswini Pait

Chairman, CSR Committee

Bhaskar Jyoti Phukan

Member, CSR Committee

The image shows the cover of a report. It features a dark blue background with a large, light yellow teardrop-shaped area on the right side, outlined in orange. The text 'INDEPENDENT AUDITOR'S REPORT' is centered within the yellow area in a bold, dark blue font.

**INDEPENDENT
AUDITOR'S
REPORT**



Observation of World Environment Day
on 3rd, 4th & 5th June, 2018

Celebration of 12th Foundation Day
of the Company on 15th June, 2018
at Madhuban, Duliajan



Hon'ble Chairman, DNPL Visiting
one of the Toilets Constructed
Under CSR Activites of the Company

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNP LIMITED : DULIAJAN

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of DNP Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and profit/loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITY OF MANAGEMENT FOR STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and

estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (a) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) Provisions of Section 164(2) of the Act regarding director's disqualification is not applicable vide notification F. No. 1/2/2014-CL. V dated 5th June, 2015 of Ministry of Corporate Affairs.

- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”
- (f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For KANOI ASSOCIATES
Chartered Accountants
ICAI Regn. No: 309101E

Place : DIBRUGARH
Date : 11TH JULY, 2018

Sd/-
(AAKASH AGARWALLA)
Partner
M. No: 058427

THE ANNEXURE-A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF DNP LIMITED, DULIAJAN FOR THE YEAR ENDED ON 31ST MARCH, 2018. WE REPORT THAT:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The major items of fixed assets have been physically verified by the management at periodic intervals which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies have been noticed on such verification.
(b) Free hold land owned by the company as on 31.03.2018 stands at 54B-4K-15.43L (including 7B-3K-6.56L allotted by Govt. of Assam) out of which mutation is pending for 16B-4K-16.43L.
- (i) As explained to us physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- (ii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, sub-clauses (a), (b) & (c) of clause (iii) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013 in respect of Loans, Investment, Guarantees and Securities.
- (v) The Company has not accepted any deposits from the public, therefore the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of products/providing of services, to which the said rules are applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) According to the information and explanations given to us and the records examined by us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs duty, Excise duty, Value Added Tax, Cess and other statutory dues wherever applicable and no undisputed amounts payable in respect of above referred statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and the records examined by us, there are no dues outstanding in respect of income-tax, wealth-tax, sales-tax, service tax, customs duty, excise duty, value added tax on account of any dispute other than a Service Tax demand of Rs.11.14

lacs (excluding penalty and interest) received from the office of the Commissioner of Central Excise & Service Tax, Dibrugarh vide their Order dated 31/03/2015 which has been disclosed under Note No. 32 of Financial Statement as Contingent Liability.

- (viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any outstanding dues in respect of a financial institution or debenture holders during the year.
- (ix) According to the information and explanations given to us and the records examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which the loans were obtained.
- (x) Based on the audit procedures performed and the representation obtained from the management, we report that no case of fraud on or by the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and the records examined by us, the Company's managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014 as such this clause is not applicable to the company.
- (xiii) According to the information and explanations given to us and the records examined by us, the Company's transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) According to the information and explanations given to us and the records examined by us, the Company did not make any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review as such this clause is not applicable to the company.
- (xv) According to the information and explanations given to us and the records examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as such this clause is not applicable to the company.

For KANOI ASSOCIATES
Chartered Accountants
ICAI Regn. No: 309 101E

Sd/-

(AAKASH AGARWALLA)

Partner

M. No: 058427

Place : DIBRUGARH
Date : 11TH JULY, 2018

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DNP LIMITED, DULIAJAN

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of DNP Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KANOI ASSOCIATES
Chartered Accountants
ICAI Regn. No: 309101E

Place : DIBRUGARH
Date : 11TH JULY, 2018

Sd/-
(AAKASH AGARWALLA)
Partner
M. No: 058427

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF DNP LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of DNP Limited for the year ended 31 March, 2018, in accordance with the financial reporting framework prescribed under the Companies Act, 2013, is the responsibility of the management of the company. The statutory auditors, appointed by the Comptroller and Auditor General of India, under section 139(5) of the Act, is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11 July, 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit, of the financial statements of DNP Limited for the year ended 31 March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently, without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. COMMENTS ON DISCLOSURE

1. Clause 73(c) of Ind AS 16 requires that, the financial statements shall disclose, for every class of Property, Plant & Equipment, the useful lives or the depreciation rates used , which was however, not disclosed in the financial statement.

2. Inventory consisting of stores and spares and projects surplus includes ₹107.75 lakh being inventory purchased against deposit from National Highway & Infrastructure Development Corporation Limited (NHIDCL) for extension/ strengthening/ re-routing of pipelines of OIL/ DNPL for proposed four laning of NH-37. This should have been shown under a separate head as the inventory belongs to NHIDCL.

**For and on the behalf of the
Comptroller and Auditor General of India**

Sd/-

Place : Guwahati Date : 17-09-2018

Accountant General (Audit), Assam

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ANNUAL ACCOUNTS



72nd Independence Day Celebration
at Despatch Station Madhuban,
Duliajan



Security Personnel with Technical Staff
while Attaining Basic Fire Training at
Fire & Emergency Services Station,
Dibrugarh

BALANCE SHEET

₹ in thousands

PARTICULARS		NOTE NO	AS AT 31-MAR-2018	AS AT 31-MAR-2017
I. ASSETS				
1 NON-CURRENT ASSETS				
a. Property, Plant and Equipment		3 (i)	24,47,836	25,70,941
b. Capital work-in-progress		3 (ii)	302	-
c. Intangible assets under development		4	90	90
d. Other non-current assets		5	874	872
			24,49,102	25,71,903
2 CURRENT ASSETS				
a. Inventories		6	80,147	50,173
b. Financial Assets				
(i) Trade Receivables		7	1,19,313	1,20,297
(ii) Cash and Cash Equivalents		8	2,60,369	1,18,517
(iii) Bank Balances other than (ii) above		9	14,247	15,075
c. Current Tax Assets (Net)		10	9,803	3,271
d. Other current assets		11	12,873	7,276
			4,96,752	3,14,609
TOTAL ASSETS			29,45,854	28,86,512
II. EQUITY AND LIABILITIES				
1 Equity				
a. Equity Share Capital		12	16,72,500	16,72,500
b. Other Equity		13	6,24,292	3,51,551
			22,96,792	20,24,051
LIABILITIES				
2 Non-current Liabilities				
a. Financial Liabilities				
(i) Borrowings		14	-	1,08,000
(ii) Other financial liabilities		15	16,066	19,988
b. Deferred Tax Liabilities (Net)		16	4,36,905	3,74,397
			4,52,971	5,02,385
3 Current Liabilities				
a. Financial Liabilities				
(i) Trade payables		17	23,702	28,133
(ii) Other financial liabilities		15	1,69,809	3,28,552
b. Other Current Liabilities		18	2,577	3,388
c. Provisions		19	3	3
			1,96,091	3,60,076
TOTAL EQUITY AND LIABILITIES			29,45,854	28,86,512

Corporate Information & Significant Accounting Policies 1 & 2

Notes to Financial Statement 3 - 36

The accompanying notes are an integral part of these financial statements.

In terms of our Report of even date attached

For and on behalf of Kanoi Associates

Chartered Accountants

Firm Reg. No. 309101E

Sd/-

(CA. Aakash Agarwalla)

Membership No. 058427

Place: Dibrugarh

Date : 11/07/2018

For and on behalf of the Board of Directors**Sd/-**A. K. Sharma
Director & Chief Executive Officer

DIN- 07285877

Place: Guwahati

Date : 30/06/2018

Sd/-Ashwini Pait
Director

DIN- 07778447

Place: Guwahati

Date : 30/06/2018

Sd/-Samujjal Borah
Company Secretary

Place: Guwahati

Date : 30/06/2018

STATEMENT OF PROFIT AND LOSS

₹ in thousands

	PARTICULARS	NOTE NO	YEAR ENDED 31-MAR-2018	YEAR ENDED 31-MAR-2017
I	Revenues from Operations	20	8,00,618	6,65,080
II	Other Income	21	14,277	19,823
III	Total Revenue (I+II)		8,14,895	6,84,904
IV	Expenses :			
	Employee Benefits Expense	22	28,656	30,048
	Finance Costs	23	28,203	54,460
	Depreciation and Amortisation		1,28,739	1,36,967
	Other Expenses	24	1,39,201	1,49,491
	Total Expenses		3,24,799	3,70,966
V	Profit before exceptional items and tax (III-IV)		4,90,096	3,13,938
VI	Exceptional items	25	-	6,902
VII	Profit before tax (V - VI)		4,90,096	3,07,035
VIII	Tax Expense:			
	1. Current tax	10	1,04,522	65,228
	2. Deferred tax	16	62,508	1,06,932
IX	Profit (Loss) for the period from continuing operations (VII - VIII)		3,23,066	1,34,875
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		3,23,066	1,34,875
XIV	Other Comprehensive Income			
	A. (i) Items that will not be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B. (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		3,23,066	1,34,875
XVI	Earnings per equity share (for continuing operations)	28		
	[Equity Shares of Rs. 10/- each]			
	1. Basic		1.93	0.81
	2. Diluted		1.93	0.81

Corporate Information & Significant Accounting Policies 1 & 2

Notes to Financial Statement 3 - 36

The accompanying notes are an integral part of these financial statements.

In terms of our Report of even date attached

For and on behalf of Kanoi Associates

Chartered Accountants

Firm Reg. No. 309101E

Sd/-

(CA. Aakash Agarwalla)

Membership No. 058427

Place: Dibrugarh

Date : 11/07/2018

For and on behalf of the Board of Directors

Sd/-

A. K. Sharma

Director & Chief Executive Officer

DIN- 07285877

Place: Guwahati

Date : 30/06/2018

Sd/-

Ashwini Pait

Director

DIN- 07778447

Place: Guwahati

Date : 30/06/2018

Sd/-

Samujjal Borah

Company Secretary

Place: Guwahati

Date : 30/06/2018

STATEMENT OF CHANGES IN EQUITY

PARTICULARS		₹ in thousands	
		2016	2017
	EQUITY SHARE CAPITAL	16,72,500	-
	RESERVES AND SURPLUS		
	Share application money pending allotment	-	-
	Equity component of compound financial instruments	-	-
	Capital Reserve	-	-
	Securities Premium Reserve	-	-
	General Reserve	2,50,397	2,50,397
	Retained Earnings	500	500
	OTHER EQUITY		
	Debt instruments through Other Comprehensive Income	-	-
	Equity Instruments through Other Comprehensive Income	-	-
	Effective portion of Cash Flow Hedges	-	-
	Revaluation Surplus	-	-
	Exchange differences on translating the financial statements of a foreign operation	-	-
	Other items of Other Comprehensive Income (specify nature)	-	-
	Money received against share warrants	-	-
	TOTAL	2,50,897	-
	Balance at 01-April- 2016	16,72,500	16,72,500
	Changes in accounting policy or prior period errors	-	-
	Restated balance at the beginning of the reporting period	16,72,500	16,72,500
	Total Comprehensive Income for the year	1,34,875	1,34,875
	Dividends	(28,433)	(28,433)
	Transfer to/from retained earnings	1,00,654	(1,00,654)
	Tax on Distribution Profits	(5,788)	(5,788)
	Balance at 31-Mar-17	16,72,500	3,51,551

₹ in thousands												
OTHER EQUITY	TOTAL		3,51,551	-	3,51,551	3,23,066	(41,813)	-	(8,512)	6,24,292		
		Money received against share warrants			-					-		
		Other items of Other Comprehensive Income (specify nature)			-					-		
		Exchange differences on translating the financial statements of a foreign operation			-					-		
		Revaluation Surplus			-					-		
		Effective portion of Cash Flow Hedges			-					-		
		Equity Instruments through Other Comprehensive Income			-					-		
		Debt instruments through Other Comprehensive Income			-					-		
	RESERVES AND SURPLUS		Retained Earnings	500		500	3,23,066	-	-	-	3,23,566	
			General Reserve	3,51,051		3,51,051		(41,813)	-	(8,512)	3,00,726	
			Securities Premium Reserve			-					-	
			Capital Reserve			-					-	
			Equity component of compound financial instruments			-					-	
			Share application money pending allotment			-					-	
	EQUITY SHARE CAPITAL			16,72,500		16,72,500					16,72,500	
		PARTICULARS		Balance at 01-April- 2017								
				Changes in accounting policy or prior period errors								
			Restated balance at the beginning of the reporting period									
			Total Comprehensive Income for the year									
			Dividends									
			Transfer to/from retained earnings									
	Tax on Distribution Profits											
	Balance at 31-Mar-18											

CASH FLOW STATEMENT FOR THE PERIOD ENDED

	₹ in thousands		₹ in thousands	
A. CASH FLOW FROM OPERATING ACTIVITIES	31-Mar-18		31-Mar-17	
Profit before exceptional items and tax		4,90,096		3,13,938
ADD ADJUSTMENTS FOR				
Impact on Fair Valuation of Financial Instruments	83		(117)	
Provision for Project Surplus Material/ Inventory	-		(9,256)	
Depreciation	1,28,739		1,36,967	
Interest paid	26,001	1,54,823	52,459	1,80,053
		6,44,919		4,93,991
LESS ADJUSTMENTS FOR				
Interest / Dividend / Brokerage Income		13,562		10,219
Other Non Cash Items		-		-
Operating profit before working capital changes		6,31,357		4,83,772
ADJUSTMENTS FOR				
Trade and other receivables	(3,914)		29,078	
Inventories	(29,973)		(8,121)	
Trade and other payables	(1,67,247)		27,697	
Cash generated from operations (Before Exceptional Items)		(2,01,134)		48,654
Exceptional Items (Loss on account of Fire)		-		(6,902)
Direct taxes paid		(1,11,053)		(67,411)
NET CASH FROM OPERATING ACTIVITIES (AFTER TAX)		3,19,170		4,58,112
B. CASH FLOW FROM INVESTING ACTIVITIES				
a) INVESTMENT IN PROPERTY PLANT & EQUIPMENTS		(6,678)		(47,577)
b) INVESTMENT IN FIXED DEPOSITS		828		(15,074)
c) INTEREST ON FIXED DEPOSITS		12,861		9,936
d) LONG TERM SECURITY DEPOSIT		(2)		-
NET CASH FROM INVESTING ACTIVITIES		7,009		(52,715)
C. CASH FLOW FROM FINANCING ACTIVITIES				
a) INTEREST PAID		(26,001)		(52,459)
b) ISSUE OF SHARE CAPITAL		-		-
c) SECURED LOAN		-		-
d) UNSECURED LOAN		(1,08,000)		(2,70,000)
e) PAYMENT OF DIVIDEND AND DIVIDEND TAX		(50,325)		(34,221)
NET CASH FROM FINANCING ACTIVITIES		(1,84,326)		(3,56,680)
D. NET INCREASE IN CASH AND CASH EQUIVALENT		1,41,852		48,717
E. CASH AND CASH EQUIVALENT CONSISTS OF :				
a) CLOSING CASH AND CASH EQUIVALENT				
i) Cash and Bank Balance		2,501		870
ii) Short Term Deposit with Banks		2,57,868		1,17,647
b) LESS : OPENING CASH AND CASH EQUIVALENT				
i) Cash and Bank Balance		870		9,274
ii) Short Term Deposit with Banks		1,17,647		60,527
F. INCREASE IN CASH AND CASH EQUIVALENT		1,41,852		48,717

In terms of our Report of even date attached

For and on behalf of Kanoi Associates

Chartered Accountants

Firm Reg. No. 309101E

Sd/-

(CA. Aakash Agarwalla)

Membership No. 058427

Place: Dibrugarh

Date : 11/07/2018

For and on behalf of the Board of Directors

Sd/-

A. K. Sharma

Director & Chief Executive Officer

DIN- 07285877

Place: Guwahati

Date : 30/06/2018

Sd/-

Ashwini Pait

Director

DIN- 07778447

Place: Guwahati

Date : 30/06/2018

Sd/-

Samujjal Borah

Company Secretary

Place: Guwahati

Date : 30/06/2018

1. CORPORATE INFORMATION

DNP Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. At present the Registered Office of the Company is situated at Flat No. 04, House No. 2, "Dinesh Mansion" 2nd Floor, Dr. R.P. Road, Dispur, Guwahati, Kamrup and the Operational Office is situated at AGCL Campus, Duliajan, Assam

2. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS FOR PREPARATION

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. PROPERTY, PLANT AND EQUIPMENT

a) Land

Land acquired on outright purchase / perpetual lease basis are treated as free hold Land at cost plus incurred incidental expenses.

b) Fixed Asset other than Land

Fixed Assets are valued in accordance with Ind AS-16- Property, Plant and Equipment at cost on consistent basis inclusive of incidental expenses related thereto. Spare parts, stand-by equipment and servicing equipment being tangible items which are held for use in the production or supply of goods

or services, for rental to others, or for administrative purposes and are expected to be used during more than one year are capitalized to the item of fixed assets to which it is related. The Company considers spare parts, stand-by equipment and servicing equipment costing ₹1,000 thousand or more as such tangible items to be capitalized.

c) Intangible Assets:

Intangible assets are recognized on the basis of recognition criteria as set out in Indian Accounting Standard Ind AS 38- Intangible Assets.

Expenditure incurred for creating / acquiring intangible assets from which future economic benefits will flow over a period of time, are amortised over the estimated useful life of the asset if such useful life is finite. Intangible asset with an indefinite useful life is not amortised, when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Intangible Assets with indefinite useful life is tested for impairment as per Ind AS 36-Impairment of Assets. Amortization methods and useful lives are reviewed periodically at each financial year end. On reviewing, if the useful life changes, the same is accounted for as changes in accounting estimates and if such a change has the effect of change of indefinite useful life to a finite useful life the same is treated in accordance with Ind AS 36.

d) Expenditure during construction period:

Direct expenses including borrowing cost incurred during construction period on capital projects are capitalised. Indirect expenses including related pre-production expenses are allocated to projects and are also capitalised.

e) Pre-operative Expenditure

Pre-operative expenditure incurred during construction period are allocated on completion of the project after setting off the income earned, if any.

D. DEPRECIATION

Depreciation on fixed assets, other than those mentioned below is provided on Straight Line Method, at rates prescribed under schedule II to the Companies Act, 2013. Additions to fixed assets during the year are being depreciated from the date such Assets are capitalized.

- (a) Assets costing upto ₹5 thousand are depreciated fully in the year of capitalization.
- (b) Cost of the leasehold land not exceeding 99 years is amortized over the lease period.

E. INVENTORIES

Inventories/Stores are valued at weighted average cost. Project materials identified as surplus are provided for 95% of the value.

F. REVENUE RECOGNITION

- i) Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue from services rendered is recognized net of Service Tax on performance of service based on agreements/arrangements with the concerned parties.
- ii) Other claims are booked when there is a reasonable certainty of recovery. Claims are reviewed on a periodical basis and if recovery is uncertain, provision is made in the accounts.
- iii) Income from sale of scrap is accounted for on realisation.
- iv) Dividend income is recognised when the company's right to receive the dividend is established which can be reliably measured and it is probable that the economic benefits associated with the dividend will flow to the entity.
- v) Interest income is recognised using the effective interest method.
- vi) Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled after capitalisation of the assets and less than ₹ 500 thousand in each case are charged to revenue, otherwise adjusted against the cost of the relevant assets.
- vii) Insurance claim is accounted for on the basis of claims admitted by the insurers.

G. CLASSIFICATION OF INCOME/EXPENSES

Expenses are accounted for on accrual basis and provision is made for all known liabilities.

Income/expenditure up to ₹ 100 thousand in each case pertaining to prior years is charged to the current year.

Prepaid expenses up to ₹ 100 thousand in each case are charged to revenue as and when incurred.

H. BORROWING COSTS

Borrowing cost of the funds that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. The same is capitalized up to the date when the asset is ready for intended use or sale, after netting off any income earned on temporary investment of such funds.

I. FOREIGN CURRENCY TRANSACTION

- (a) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction.
- (b) All exchange differences are dealt with as per Ind AS 21.
- (c) Monetary items carried at historical cost denominated in foreign currency are converted at exchange rates prevailing at the year end. Any gain/loss arising out of such conversion is recognized in the Profit & Loss Account.

J. CAPITAL GRANTS

Government grants in the nature of promoters' contribution are credited to Capital Reserve and treated as part of shareholders' fund.

K. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

- (a) Provisions are recognized when there is present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
- (b) Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 100 thousand in each case are disclosed by way of notes to accounts.
- (c) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 100 thousand.

L. TAXES ON INCOME

The tax expense comprises of current tax & deferred tax charged or credited to the statement of profit and loss for the year. Provision for Current tax is calculated in accordance with the provisions of the Income Tax Act, 1961 and rules thereunder applicable for the current financial year. Adjustments of Taxes/ Provisions are made on receipt of Intimation/ Deemed Intimation.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit & Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

Deferred tax expenses or benefit is recognized using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Other deferred tax assets are recognized only to the extent there is a reasonable certainty of realization in future.

M. IMPAIRMENT OF ASSETS

The values of Fixed Assets in respect of Cash Generating Units are reviewed by the Management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the Asset or present value, the difference is recognized as an impairment loss.

N. CENVAT / GST INPUT CREDIT

Cenvat credit of Excise Duty/ Input GST Credit on eligible material is recognized on receipt of such materials and Cenvat credit of Service Tax is recognized on payment of Service Tax to the Service Provider. Input GST Credit on Services is recognized on receipt of invoices from service providers and approval thereof.

O. FINANCIAL INSTRUMENTS

(a) Initial Recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables. All financial liabilities except for Deposits from Customer which are maturing within one year from the Balance Sheet date are initially measured at transaction price as the carrying amounts approximate fair value due to the short maturity of these instruments.

**(b) Subsequent Recognition**

Financial assets and liabilities are subsequently carried at amortized cost except for Deposits from Customer which is measured at fair value through profit or loss.

(c) Fair Value of Financial instruments

Fair value measurements of financial assets and liabilities are made using variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The income approach has been adopted wherever valuation techniques are required to be applied on financial assets and liabilities.

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NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	Gross Block/Cost			Depreciation			₹ in thousands
	As at	Addition	Deductions on account of Retirement/ Adjustments	As at	Addition	Deductions on account of Retirement/ Adjustments	
	01-Apr-16			31-Mar-17	01-Apr-16		31-Mar-17
	(1)	(2)	(3)	(4) = (1 + 2 - 3)	(5)	(6)	(9) = (4 - 8)
	20,865	-	-	20,865	-	-	20,865
Land							
Buildings							
1) Building (Other than Factory Building) RCC Frame Structure	38,663	-	-	38,663	653	-	37,357
2) Factory Building	82,637	-	-	82,637	2,984	-	76,669
Roads & Drains							
1) Carpeted Roads - Other than RCC	22,678	-	-	22,678	1,407	-	2,610
Plant & Machinery							
1) Continuous Process Plant(Compressors)	3,62,317	1,452	-	3,63,769	16,131	-	3,31,481
2) Pipeline	19,62,889	42,659	-	20,05,548	70,786	-	18,64,094
3) Other Plant & Machinery Furniture & Fixtures	1,72,034	-	-	1,72,034	14,497	-	1,43,040
1) Furniture General	520	74	-	594	102	-	389
Computers & Data Processing Units							
1) Servers & Networks	29,998	2,103	-	32,101	11,577	-	8,798
2) End use devices - Desktops, Laptops etc.	195	395	-	590	74	-	465
Electrical Installation and Equipment	1,21,521	627	-	1,22,148	18,444	-	85,173
Small Value Assets	1	72	-	73	1	-	-
TOTAL	28,14,318	47,382	-	28,61,700	1,53,792	-	25,70,941
							26,60,526

1. Free hold land owned by the company as on 31.03.2017 stands at 54B-4K-15-43L (including 7B-3K-6-56L allotted by Govt. of Assam) out of which mutation is pending for 16B-4K-16-43L.

PARTICULARS	Gross Block/Cost			Depreciation			₹ in thousands		
	As at 01-Apr-17	Addition	Deductions on account of Retirement/ Adjustments	As at 31-Mar-18	As at 01-Apr-17	Addition		Deductions on account of Retirement/ Adjustments	
Land	(1) 20,865	(2) -	(3) -	(4) = (1 + 2 - 3) 20,865	(5) -	(6) -	(7) -	31-Mar-18 (9) = (4 - 8) 20,865	31-Mar-17 (10) = (1 - 5) 20,865
Buildings									
1) Building (Other than Factory Building) RCC Frame Structure	38,663	-	-	38,663	1,306	653	-	36,704	37,357
2) Factory Building Roads & Drains	82,637	-	-	82,637	5,968	2,984	-	73,685	76,669
1) Carpeted Roads - Other than RCC	22,678	-	-	22,678	20,068	443	-	2,167	2,610
Plant & Machinery									
1) Continuous Process Plant(Compressors)	3,63,769	1,144	-	3,64,913	32,288	16,199	-	3,16,426	3,31,481
2) Pipeline	20,05,548	-	-	20,05,548	1,41,454	72,418	-	17,91,676	18,64,094
3) Other Plant & Machinery Furniture & Fixtures	1,72,034	2,563	-	1,74,597	28,994	14,673	-	1,30,930	1,43,040
1) Furniture General	594	1,012	-	1,606	205	161	-	1,240	389
Computers & Data Processing Units									
1) Servers & Networks	32,101	-	-	32,101	23,303	2,388	-	6,410	8,798
2) End use devices - Desktops, Laptops etc.	590	568	5	1,153	125	218	-	810	465
Electrical Installation and Equipment	1,22,148	331	-	1,22,479	36,975	18,581	-	66,923	85,173
Small Value Assets	73	22	1	94	73	22	1	-	-
TOTAL	28,61,700	5,640	6	28,67,334	2,90,759	1,28,740	1	4,19,498	25,70,941
1. Free hold land owned by the company as on 31.03.2018 stands at 54B-4K-15.43L (including 7B-3K-6.56L allotted by Govt. of Assam) out of which mutation is pending for 16B-4K-16.43L.									
2. Deductions in PPE are on account of reversal of excess capitalisation done owing to excess liability taken in FY 2016-17 related to certain Computer items									

3 (ii) Capital Work-in-progress

	₹ in thousands		
	As at 01-Apr-17	Addition	Deductions
Building (Other than Factory Building) RCC Frame Structure - Office Building	-	302	-
TOTAL	-	302	-

NOTES FORMING PART OF FINANCIAL STATEMENTS

4 INTANGIBLE ASSETS UNDER DEVELOPMENT	₹ in thousands	
	31-Mar-18	31-Mar-17
SOFTWARE		
a) Inventory Management Software	90	90
	90	90

Development of the Inventory management software has neither been capitalised nor been amortised as the company is yet to firmly demonstrated either the fulfilment or failure to fulfil the conditions under Para 57 of Ind-AS 38.

5 OTHER NON-CURRENT ASSETS	₹ in thousands	
	31-Mar-18	31-Mar-17
Security Deposits (Unsecured, considered good)	874	872
	874	872

6 INVENTORIES	₹ in thousands	
	31-Mar-18	31-Mar-17
Stores and spares valued at Weighted Average Cost	1,26,531	96,557
Less : Provision for Losses for Project surplus material	(46,384)	(46,384)
	80,147	50,173

7 TRADE RECEIVABLES	₹ in thousands	
	31-Mar-18	31-Mar-17
Unsecured Outstanding for a period exceeding six months from the date they are due for payment :		
Considered good	-	-
Considered doubtful	-	-
Provision for doubtful receivable	-	-
Not Exceeding Six Months :	-	-
Other receivables	-	-
Considered good	1,19,313	1,20,297
Considered doubtful	-	-
	1,19,313	1,20,297
	1,19,313	1,20,297

8 CASH AND CASH EQUIVALENTS	₹ in thousands	
	31-Mar-18	31-Mar-17
Cash in Hand	-	40
Balances with bank		
In current account	2,501	830
Deposits with original maturity of less than three months	2,57,868	1,17,647
	2,60,369	1,18,517

9 OTHER BANK BALANCES	₹ in thousands	
	31-Mar-18	31-Mar-17
Deposits with original maturity for more than three months	14,247	15,075
	14,247	15,075

10 CURRENT TAX ASSETS (NET)	₹ in thousands	
	31-Mar-18	31-Mar-17
Advance Income Tax	1,79,538	68,484
Provision for Income Tax	(1,69,735)	(65,213)
	9,803	3,271

Reconciliation of effective tax rate	₹ in thousands	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	4,90,096	3,07,035
Tax using the Company's domestic tax rate at MAT (Current year 21.34% and 21.34 % Previous Year)	1,04,594	65,526
Increase in tax rate		
Tax effect of:		
Amount withdrawn from reserves or provisions	(36)	(322)
Tax-exempt income		
Interest expense not deductible for tax purposes		9
Others (Prior Years)	(36)	15
Current Tax (A)	1,04,522	65,228
Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences (B)	62,508	1,06,932
Tax expense as per Statement of Profit & Loss (A+B)	1,67,030	1,72,160

The applicable normal Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 34.61%. However the company is provisioning taxes (MAT) as per section 115JB of the I T Act, 1961. MAT Credit has been recognised to the extent there is certainty of recovery of same within the specified period.

11 OTHER CURRENT ASSETS	₹ in thousands	
	31-Mar-18	31-Mar-17
Security Deposits		
(Unsecured, considered good.)	130	-
Loans and advances to related parties		
(Secured, considered good)	-	-
Other Loans and advances		
To Employees		
(Secured, considered good.)	49	-
To Others		
(Unsecured, considered good)	3,317	2,801
(Unsecured, considered doubtful)	-	-
Less : Provision for doubtful advances	-	-
Prepaid Expenses	1,473	822
Deposit with Statutory Authorities	5,807	2,060
Claimable CENVAT on Service Tax	-	1,076
Claimable GST Tax credit	879	-
Interest accrued but not due on Fixed Deposits	1,186	485
Other Receivables	32	32
	12,873	7,276

(i) Deposits with Statutory Authorities include IGST Input Credit ₹ 5,806 thousand (previous year CENVAT credit on capital goods of ₹ 196 thousand and CENVAT on Service Tax ₹ 1,862 thousand).

(ii) Claimable GST Tax Credit includes ₹ 212 thousand which will be availed in the forthcoming financial year consequent to amendment of Rule 42 to the GST Rules.

12 EQUITY SHARE CAPITAL	₹ in thousands	
	31-Mar-18	31-Mar-17
Equity Shares		
Authorised		
17,00,00,000 (31 March 2017 : 17,00,00,000) Equity Shares of ₹ 10 each	17,00,000	17,00,000
	17,00,000	17,00,000
Issued, Subscribed and Paid up		
16,72,50,000 (31 March 2017 : 16,72,50,000) Equity Shares of ₹ 10/- each	16,72,500	16,72,500
	16,72,500	16,72,500

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	₹ in thousands			
	31-Mar-18		31-Mar-17	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	16,72,50,000	16,72,500	16,72,50,000	16,72,500
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	16,72,50,000	16,72,500	16,72,50,000	16,72,500

b. Terms/right attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the Company, shares held by Holding Company is as below :

	₹ in thousands	
	31-Mar-18	31-Mar-17
Assam Gas Company Limited (with nominees)		
8,53,00,000 (31st March 2017 : 8,53,00,000) equity shares of ₹ 10/- each fully paid	8,53,000	8,53,000

d. Details of shareholders holding more than 5% shares in the company

Name of Shareholders	31-Mar-18		31-Mar-17	
	Number	% of Holding	Number	% of Holding
Assam Gas Company Limited (with nominees)	8,53,00,000	51%	8,53,00,000	51%
Numaligarh Refinery Limited	4,34,90,000	26%	4,34,90,000	26%
Oil India Limited.	3,84,60,000	23%	3,84,60,000	23%

13 OTHER EQUITY	₹ in thousands			
		General Reserve	Profit & Loss Account	Total
As at 01-April- 2016		2,50,397	500	2,50,897
Profit/(Loss) for the year		-	1,34,875	1,34,875
Dividend to Equity shareholders for the year ended 31-Mar-16		-	(28,433)	(28,433)
Tax on Distribution of Profits for the year ended 31-Mar-16		-	(5,788)	(5,788)
Transfer (to)/from		1,00,654	(1,00,654)	-
As at 31-Mar-17		3,51,051	500	3,51,551
As at 01-April- 2017		3,51,051	500	3,51,551
Profit/(Loss) for the year			3,23,066	3,23,066
Dividend to Equity shareholders for the year ended 31-Mar-17		(41,813)	-	(41,813)
Tax on Distribution of Profits for the year ended 31-Mar-17		(8,512)	-	(8,512)
Transfer (to)/from		-	-	-
As at 31-Mar-18		3,00,726	3,23,566	6,24,292

Proposed Dividend (including Dividend Distribution Tax on Proposed Dividend) on Equity Shares is accounted for on payment basis.

14	BORROWINGS	₹ in thousands			
		Non-current portion		Current Maturities	
		31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	Term Loans				
	From Assam Gas Company Limited				
	Secured		-		-
	Unsecured	-	1,08,000	1,08,000	2,70,000
	Amount disclosed under the head "Other Financial Liabilities".		-	(1,08,000)	(2,70,000)
		-	1,08,000	-	-
	Additional Information to Secured/Unsecured Long Term Borrowings:				
	The long term portion of term loans are shown under long term borrowings and the current maturities of the long term borrowings are shown under the current liabilities as per the disclosure requirements of the Schedule III.				
	Detail of Securities and Terms of repayment				
	Assam Gas Company Limited :-				
	The loan of ₹ 6,48,000 thousand bearing interest at the rate of 10.00% is repayable in 29 (twenty-nine) monthly installments, consisting of 28 (twenty-eight) equal monthly installments of ₹ 22,500 thousand each and Last 1 (one) installment of ₹ 18,000 thousand only.				

15	OTHER FINANCIAL LIABILITIES	₹ in thousands	
		31-Mar-18	31-Mar-17
	Non-Current:		
	Deposits from Customer (Non Current)	13,425	15,229
	Advance for Transportation Charge (Non Current)	2,641	4,759
		(A)	16,066
	Current:		
	Current maturities of long term debt	1,08,000	2,70,000
	EMD from Contractors & Suppliers	1,109	2,140
	Security Deposits from Contractors	2,029	1,746
	Retentions from Contractors	249	250
	Advance against Project	45,511	45,511
	Advance for transportation Charge (Current)	2,118	2,118
	Deposits from Customer (Current)	10,793	6,787
		(B)	1,69,809
	TOTAL	(A+B)	1,85,875
			3,28,552

(i) Advance against Project comprises of amount received from NHIDCL against expenses to be incurred by the Company for shifting of pipelines due to the ongoing work of four laning of NH-37. The same will be amortised against expenses incurred for the same in due course of time.

(ii) Deposits from Customer (Current/ Non-Current) pertains to the fair value of Security Deposit received from Numaligarh Refinery Limited.

16	DEFERRED TAX LIABILITIES (NET)	₹ in thousands	
		31-Mar-18	31-Mar-17
	Deferred Tax Liability		
	Deposits from Customer	354	379
	Property,Plant and Equipment	4,36,551	4,12,112
	TOTAL	4,36,905	4,12,491
	Deferred Tax Assets		
	Property,Plant and Equipment	-	38,094
	Other Items	-	-
	TOTAL	-	38,094
	Net Deferred Tax Liability	4,36,905	3,74,397
	<p>The Company had recognized Deferred Tax Asset in respect of Unabsorbed Depreciation on the basis of Gas Transportation Agreement between the Company and Numaligarh Refinery Limited for a period of 15 years, being convincing evidence to substantiate Virtual Certainty of sufficient future taxable income for realisation of such deferred assets. The full realisation of the said Deferred Tax Asset has completed in the current financial year.</p>		

17	TRADE PAYABLES	₹ in thousands	
		31-Mar-18	31-Mar-17
	Creditors for Capital Expenditure	564	1,307
	Other Trade Payables	23,138	26,826
		23,702	28,133
	<p>There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2018 and 31st March, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.</p>		

18	OTHER CURRENT LIABILITIES	₹ in thousands	
		31-Mar-18	31-Mar-17
	Statutory Liabilities	1,534	2,353
	Other Payables	1,043	1,035
		2,577	3,388

19	PROVISIONS	₹ in thousands	
		31-Mar-18	31-Mar-17
	Other Provisions		
	Provision for Professional Tax	3	3
		3	3

20	REVENUES FROM OPERATIONS	₹ in thousands	
		April - Mar 18	April - Mar 17
	Sale of Services		
	Transportation of Gas	8,00,618	6,65,080
		8,00,618	6,65,080

Transportation of Gas includes ₹ 2,118 thousand for the period Apr- Mar 18 and ₹ 2,118 thousand for the period Apr- Mar 17 on account of adjustment towards fair valuation of Security Deposit from Numaligh Refinery Limited.

21	OTHER INCOME	₹ in thousands	
		April - Mar 18	April - Mar 17
	Interest Income		
	On Bank Deposits	13,562	8,624
	Others	-	1,595
	Insurance Claim Received	-	262
	Inventory Provision Written Back	-	9,256
	Other non-operating income	715	86
		14,277	19,823

22	EMPLOYEE BENEFITS EXPENSE	₹ in thousands	
		April - Mar 18	April - Mar 17
	Salaries and wages		
	Employees	12,545	10,569
	Deputed Employees (AGCL)	13,771	17,496
	Stipend to Trainees	40	-
	Contribution to Provident Fund	1,275	1,157
	Contribution to Gratuity Fund	368	243
	Welfare & Training Expenses	657	583
		28,656	30,048

23	FINANCE COSTS	₹ in thousands	
		April - Mar 18	April - Mar 17
	Interest expenses on loans		
	OIDB Loan	542	-
	Assam Gas Company Limited	25,459	52,459
	Interest on Fair Valuation	2,202	2,001
		28,203	54,460

Interest on Fair Valuation pertains to the adjustments made to restate the carrying amount of Security Deposit from Numaligarh Refinery Limited at Fair Value.

24	OTHER EXPENSES	₹ in thousands	
		April - Mar 18	April - Mar 17
	Power & Fuel	58,448	60,563
	Operation & Maintenance		
	- Compressor	19,456	19,257
	- Others	1,730	1,173
	ROW Expenses		
	- ROW Rental Charges	4,161	4,079
	- ROW Supervision Charges	416	408
	Rent	808	1,839
	Repair & Maintenance		
	Plant & Machinery	13,599	14,008
	Building	698	2,447
	Others	857	421
	Insurance	6,439	5,185
	Rates and Taxes-excluding taxes on income	630	623
	Auditors' Remuneration		
	Statutory Audit Fees	40	40
	Cost Audit Fee	30	30
	Tax Audit Fee	18	18
	Secretarial Audit Fee	40	20
	For Other Matters (Statutory Auditor)	40	8
	For Other Matters (Cost Auditor)	15	30
	Reimbursement of Out of Pocket Expenses (Statutory Auditor)	10	5
	Reimbursement of Out of Pocket Expenses (AG Auditor)	12	7
	Reimbursement of Out of Pocket Expenses (Cost Auditor)	1	-
	Reimbursement of Out of Pocket Expenses (Secretarial Auditor)	9	-
	Travelling and Conveyance	5,274	3,389
	Stationery, Postage, Telephone & Advertisement	3,918	2,298
	Security Expenses	7,767	7,422
	Accounting Service Charges	285	1,942
	CSR Expenses	8,931	1,123
	Professional Charges	2,474	1,054
	Transportation Charges	-	938
	Fire & Safety Expenses	11	960
	Interest on Entry Tax	-	12,839
	Honorarium to Directors	240	-
	Donation & Subscription	1,504	-
	Bank Charges & Other Misc. Expenses	1,340	897
	Discount/ Loss on Sale of Inventory	-	6,468
		1,39,201	1,49,491
25	EXCEPTIONAL ITEMS	₹ in thousands	
		April - Mar 18	April - Mar 17
	Loss on Account of Fire	-	6,902
		-	6,902

26	FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT
	A. Accounting classification and fair values
	The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			₹ in thousands
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3		Total
March 31, 2018								
Financial assets								
Cash and cash equivalents			2,60,369	2,60,369				
Other Bank Balances			14,247	14,247				
Trade receivables			1,19,313	1,19,313				
			3,93,929	3,93,929				
Financial liabilities								
Deposit from Customer	28,976			28,976		28,976		28,976
Term loans			1,08,000	1,08,000				
Trade and other payables			23,702	23,702				
Other current financial liabilities			48,899	48,899				
	28,976		1,80,601	2,09,577		28,976		28,976
March 31, 2017								
Financial assets								
Cash and cash equivalents			1,18,517	1,18,517				
Other Bank Balances			15,075	15,075				
Trade receivables			1,20,297	1,20,297				
			2,53,889	2,53,889				
Financial liabilities								
Deposit from Customer	28,893			28,893		28,893		28,893
Term Loans			3,78,000	3,78,000				
Trade and other payables			28,133	28,133				
Other current financial liabilities			49,647	49,647				
	28,893		4,55,780	4,84,673		28,893		28,893

B. Measurement of fair values			
Valuation techniques and significant unobservable inputs			
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.			
Financial instruments measured at fair value			
Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deposit from Customer	Present Value techniques using appropriate discounting rates.	Not applicable	Not Applicable
C. Financial risk management			
i. Risk management framework			
The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.			
Baring Market risk the Company has exposure to the following risks arising from financial instruments:			
Credit risk ;			
Liquidity risk			
i. Market risk			
Market risk is the risk of changes in market prices – such as foreign exchange rates, interest rates and equity prices – that will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. Though the Company expects circumstances relating of transactions in foreign currency, but the Company is currently not carrying any foreign exchange bearing financial instruments in the stated reporting periods.			

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customer. The Company assumes low credit risk on Trade Receivables which comprise of only one customer amounting to ₹ 1,19,313 thousand as at 31st March 2018 and ₹ 1,20,296 thousand as at 31st March 2017 ; as it does not expect its customer to fail in meeting its contractual obligations as the Company understands that the customer has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

₹ in thousands			
31-Mar-18	Gross carrying amount	Weighed average loss rate - range	Loss allowance
Neither past due not impaired	58,495	-	-
Past due 1-90 days	60,098	-	-
More than 90 days	720	-	-
	1,19,313	-	-
31-Mar-17	Gross carrying amount	Weighed average loss rate - range	Loss allowance
Neither past due not impaired	58,496	-	-
Past due 1-90 days	61,801	-	-
More than 90 days	-	-	-
	1,20,297	-	-

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 2,60,368 thousand as at March 31, 2018 and ₹ 1,18,517 thousand as at March 31, 2017. The cash and cash equivalents are held with bank with good credit ratings. The Company also invests its short term surplus funds in bank fixed deposit, which carry no/low mark to market risks for short duration therefore does not expose the company to credit risk.

Other than trade and other receivables, the Company has no other material financial assets that are past due but not impaired.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due in a cost effective manner, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

		₹ in thousands				
		Contractual cash flows				
March 31, 2018	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Financial liabilitiesw						
Deposit from Customer	28,976	30,000			30,000	
Term loans	1,08,000	1,08,000	1,08,000		-	-
Trade and other payables	23,702	23,702	23,702			
Other current liabilities	48,899	48,899	48,899			
		₹ in thousands				
		Contractual cash flows				
March 31, 2017			Upto 1 year	1-3 years	3-5 years	More than 5 years
Deposit from Customer	28,893	30,000	-	-	30,000	-
Term loans	3,78,000	3,78,000	2,70,000	1,08,000	-	-
Trade and other payables	28,133	28,133	28,133			
Other current liabilities	49,647	49,647	49,647			

The Company has not carried any derivative financial liabilities as on 31st March 2018 and 31st March 2017.

27 Provision for taxation for the financial year 2017-18 amounting to ₹ 1,04,521 thousand (Previous Year ₹ 65,228 thousand) has been arrived at after availing MAT Credit of ₹ 6,056 thousand u/s 115JAA of the Income Tax,1961 in the FY 2017-18 (Previous Year ₹ Nil) due to certainty of recovery of the same.

28 Earnings per equity share		₹ in thousands	
		31-Mar-18	31-Mar-17
Face value ₹ 10/- each			
Net profit as per Profit and Loss account available to Equity Shareholders		3,23,066	1,34,875
Weighted average number of Equity Shares outstanding during the year		16,72,50,000	16,72,50,000
Basic earnings per share (₹)		1.93	0.81
Diluted earnings per share (₹)		1.93	0.81

29 The company is operating under a single segment. As such there is no other reportable segment as defined by the Ind AS-108 Operating Segments notified by the Ministry of Corporate Affairs.

30 Trade Receivables and Trade Payables including Creditors for Capital Expenditure are subject to Confirmation.

31 As per guidelines Ind AS 36 "Impairment of Assets", the company has assessed the recoverable amount of the relevant assets and found that no impairment exists in relation to its assets as on 31st March 2018 and 31st March 2017.

32	Contingent Liabilities	₹ in thousands	
		31-Mar-18	31-Mar-17
	Contingent Liabilities :		
	Claims against the Company not acknowledged as debts :		-
	In respect of Taxation matters		
	Service Tax	2,229	2,229
	Guarantees :		-
	Other Money for which the company is contingently liable :		
	Rental and Supervision Charges for ROW to Oil India Limited	11,868	10,070
		14,097	12,299
	Commitments :		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	39,481	4,173
		39,481	4,173

33	Related Party Transactions	
	The Company has adopted the exemption under para 25 of Ind AS-24 related to disclosure pertaining to related parties under the control of the same Govt.	
	List of Related Parties	
	Particulars	Nature of Relationship
	1. Assam Gas Company Limited (AGCL)	Parent Company and under the control of the same Govt. Viz. Government of Assam
	2. Numaligarh Refinery Limited (NRL)	Being Associate of NRL
	3. Oil India Limited (OIL)	Being Associate of OIL
	4. Shri Rupam Goswami	Being Director of the Company
	5. Shri Ashwini Pait	Being Director of the Company
	The details of amounts (due to) or due from related parties as at 31st March 2018 and 31st March 2017 are as follows:	
		₹ in thousands
	Particulars	31-Mar-18 31-Mar-17
	Numaligarh Refinery Limited (NRL)	91,732 91,403
	Oil India Limited (OIL)	(14,634) (5,970)
	Terms and Conditions and nature of consideration for settlement:	
	1. The balance of NRL includes amount trade receivables and amount of security deposit received under the terms and conditions of Gas Transportation Agreement and other advances for purchase of materials.	
	2. The balance of OIL includes other trade payables against supply of Natural Gas at market rates, ROW rental and supervision charges and maintenance of cathodic protection system as per terms and conditions of respective agreements.	



The details of the related parties transactions entered into by the Company for the year ended 31st March 2018 and 31st March 2017 are as follows:

Particulars	Nature of Transactions	₹ in thousands	
		31-Mar-18	31-Mar-17
Revenue Transactions:			
1. Assam Gas Company Limited (AGCL) :	Key Management Personnel on Deputation	1,813	1,768
2. Numaligarh Refinery Limited (NRL) :	Tranportation of Natural Gas	8,00,618	6,65,080
	Project Management Consultancy Fees	611	-
	Consumption of Natural Gas	50,980	53,919
3. Oil India Limited (OIL) :	ROW rental & Supervision charges	4,577	4,487
	Maintenance of CPS	1,542	2,613
4. Shri Rupam Goswami	Honorarium	120	-
5. Shri Ashwini Pait	Honorarium	120	-

Key management personnel compensation	₹ in thousands	
	31-Mar-18	31-Mar-17
1. Nagen Chandra Adhikary, Company Secretary (upto 27th December, 2017)		
(a) Short-term employee benefits	433	262
(b) Post-employment benefits	-	-
(c) Other long-term benefits	-	-
(d) Termination benefits	-	-
(e) Share-based payments	-	-
2. Samujjal Borah, , Company Secretary (appointed w.e.f. 12th February, 2018)		
(a) Short-term employee benefits	92	-
(b) Post-employment benefits	-	-
(c) Other long-term benefits	-	-
(d) Termination benefits	-	-
(e) Share-based payments	-	-

34 Reconciliation of Expenditure on Corporate Social Responsibility (CSR) Activities are as follows:		
	₹ in thousands	
	2017-18	2016-17
Amount unspent (for earlier years) at the begining of the year	4,930	2,624
Amount earmarked during the financial year for CSR activities	4,859	3,430
Amount actually spent for CSR activities	8,931	1,123
Amount remaining unspent at the end of the year	858	4,930

35 Dividend	
The Board of Directors of the Company has proposed to declare a dividend @ 9.7% of Paid up Share Capital for the FY 2017-18 (previous year @ 2.5% of Paid up Share Capital)	

36 Previous year figures	
Previous year figures have been regrouped / reclassified wherever necessary for comparison and conforms to current year's classification.	

REGISTERED OFFICE
DNP LIMITED
FLAT NO.-4, HOUSE NO.2,
“DINESH MANSION”, 2ND FLOOR, DR. R.P. ROAD,
DISPUR, GUWAHATI-781006



