

**DIRECTORS' REPORT**

Dear Members,

We present our **56th Annual Report** together with the Audited Financial Accounts for the year ended **March 31, 2018**:**1. Financial Results**

(Rs. In Lakhs)

Financial Results	As on March 31, 2018	As on March 31, 2017
Revenue from Operations and other Incomes	8,702.70	9,330.57
Profit before Finance Cost & Depreciation	1,365.57	1,276.54
Less- Finance Cost	3.80	22.51
Less-Depreciation	292.23	259.05
Profit Before Taxes	1,069.55	994.98
Provision for Taxation for the year (including deferred tax and earlier year's income-tax adjustment)	91.15	199.37
Profit After Taxes	978.40	795.61

2. Dividend

The Directors recommend for consideration of the shareholders at the Annual General Meeting payment of dividend of Rs. 1.25 per Equity Share of Re.1.00 for the year ended March 31, 2018 as against Rs.1.00 per Equity Shares of Re.1.00 in the previous year.

3. Operations

The revenue from operations of Rs. 7,707.73 Lakhs is 5.18% lower than last year's revenue from operations of Rs. 8,128.75 Lakhs. The net profit of Rs. 978.40 Lakhs is 22.97% more, as compared to last year's net profit of Rs. 795.61 lakhs

Investment in capital goods and heavy industries is still to pick up. The Company is hopeful that with various steps taken by the government, the situation should improve during the course of the year. The implementation of Theory of Constraints (ToC) based demand and supply management system model adopted by the Company last year is progressing satisfactorily and it is slowly showing result in customer and supplier management as also debtor and inventory areas. The Companies is actively pursuing to add new / enhanced product lines in Companies portfolio. This should help the Company in offering wider range of the product.

The Company's 4 Windmills produced 54.04 Lakhs units of energy in the current year, as against 58.75 Lakhs units of energy produced in the previous year.

4. Directors and Key Managerial Personnel-Changes

As per section 152 (6) of the Companies Act, 2013, Shri Naresh Chandra and Shri K F Jhunjhunwala are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment . As per regulation no. 17 (1A) of the SEBI (LODR) Amendment Regulations 2018, approval of the shareholders vide special resolution is required in case a Director seeking appointment, if he has attained the age of 75. Accordingly, resolutions seeking Members' approval vide special resolution for approval of appointments are given in the notice with explanatory statement.

The members at the Annual General Meeting dated August 9, 2017 had approved re-appointment of Shri H A Nevatia as a Director in Whole-time employment of the Company with effect from November 22, 2017 for a period of three years.

5. Declaration by Independent Directors

The Independent Directors have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6).

6. Auditors**A) Statutory Auditors**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the auditors of the Company, M/s. Kanu Doshi Associates LLP, Chartered Accountants, Mumbai were appointed in the previous Annual General Meeting of the Company by the shareholders for five years terms at the 55th Annual General Meeting to hold office until the conclusion of the 60th Annual General Meeting.

As per Companies (Audit and Auditors) Amendment Rules, 2014 dated 07/05/2018, the provision regarding ratification of auditor at every Annual General Meeting is omitted. Further, the appointment of statutory auditor is not being ratified at the Annual General Meeting of the Company, as it is no longer required. Accordingly, M/s Kanu Doshi Associates, LLP Auditor of the Company will hold office till the conclusion of the 60th Annual General Meeting of the Company

B) Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder, the Board of Directors had, on the recommendation of the Audit Committee, appointed M/s R Nanabhoy & Co. Cost Accountants, to audit the cost accounts of the Company for the financial year 2018-19 at a remuneration of Rs. 45,000/-plus service tax, reimbursement of out-of pocket expenses, subject to ratification by the shareholders at ensuing Annual General Meeting. Accordingly, a resolution seeking Members' ratification for the remuneration payable to Cost Auditors is given in the notice.

C) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rule made thereunder, the Company has appointed M/s S N Ananthasubramaniam & Co, Company Secretaries, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure C".

7. Significant and Material orders passed by the Regulators or Court

During the year in review, there were no significant and material orders passed by the Regulators or Courts or tribunals, which may impact the going concern status of the Company and its operations in future.

8. Internal Control over system and financial reporting

The Company has adequate internal control systems to monitor its operations and also the Company has policies and procedure in place for reliable financial reporting.

9. Material Changes & Commitments

There have been no material changes and commitments, affecting the financial position of the company, which have occurred between the end of the financial year of the company and the date of this report.

10. Presentation of Financial Results

The financial results of the Company for the year ended March 31, 2018 have been disclosed as per Schedule III of the Companies Act, 2013.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules 2006 as amended and other relevant provisions of the act.

The annexed financial statements comply in all material aspects with Indian Accounting Standards (IND AS) notified as per Companies (Indian Account Standard) Rules 2015 under section 133 of the Companies Act 2013 and other relevant provisions of the act.

These financial statements are the first financial statements of the Company under IND AS. Detailed information on the impact the transition from previous GAAP to IND AS is provided in the annexed to financial statement.

11. Risk Management Policy

Information on the development and implementation of a risk management policy for the company including identification therein of elements of risk which in the opinion of the board may threaten the existence of the Company is given in the annexed Management Discussion and Analysis.

12. Corporate Social Responsibility (CSR)

Detailed information on CSR Policy developed and implemented by the Company on CSR initiatives taken during the year pursuant to section 134 & 135 of the Companies Act 2013 is given in the "Annexure A".

13. Directors' Responsibility Statement

As required under section 134(3)(c) of the Companies Act, 2013 Directors, to the best of their knowledge and belief, state that-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**14. Vigil Mechanism**

The details of the Vigil Mechanism Policy covered under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are explained in the Corporate Governance Report and also posted on the website of the Company.

15. Directors' Remuneration Policy and Criteria for matters under section 178

Information regarding Directors' Remuneration Policy & criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 are provided in the annexed Corporate Governance Report.

16. Corporate Governance

Detailed reports on matters relating to Corporate Governance and Management Discussion and Analysis Report under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are annexed as part of this Annual report together with the report of Practicing Company Secretary on its compliance thereon.

17. Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting.

18. Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments, if any covered under the provisions of Section 186 of the Companies Act, 2013 are given in note No. 8 and 17 to the Financial Statements.

19. Number of Meetings of the Board and Audit Committee

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

20. Formal Annual Evaluation of the performance of Board, its Committees and Directors

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, Board as a whole and committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

21. Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company. The policy on Related Party Transactions as approved by the Board is placed on the Company's website.

22. Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

The Company has in place an Anti-Sexual Harassment Policy and Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees are covered under this policy. There were no Complaints received during the year.

23. Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo

The information on conservation of energy, technology absorption, foreign exchange earning and outgo etc. to the extent applicable stipulated under section 134 (3) (m) of the Companies Act, 2013 read with Rule no. 8 of the Companies (Accounts) Rules, 2014 is set out in "Annexure A" annexed hereto.

24. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure B"

25. Industrial Relations

The relationship with the employees continued to remain cordial during the year.

Your Directors take this opportunity to thank the Banks, Government authorities, Regulatory authorities, Stock exchanges, Employees and all Stakeholders for their continued co-operation and support to the Company.

On behalf of the Board of Directors

Dated : 22/05/2018
Place : Mumbai

Shekhar Bajaj
Chairman
(DIN No. 00089358)