



Directors' Report

To the Members,

Your Directors take pleasure in presenting the Eighty-Second Annual Report, including the Audited Annual Financial Statements of the Company for the Financial Year ended 31st March, 2018.

Financial Results (Standalone)

(₹in lac)

	2017-18		2016-17	
Revenue from Operations		10764		10858
Profit before depreciation, interest & tax		561		1180
Less: Interest	397		402	
Depreciation	524	921	507	909
Profit/(Loss) before Tax		(360)		271
Less: Provision for Income Tax -				
Current Tax		-	21	
Deferred Tax (reversal)/charge	(125)	(125)	36	57
Profit/(Loss) after Tax		(235)		214
Other Comprehensive Income/(Loss) for the year (net of tax)		(14)		(17)
Total Comprehensive Income/(Loss)		(249)		197

Adoption of Indian Accounting Standards (Ind As)

The Company has adopted Indian Accounting Standards (IND AS) for the first time with effect from 1st April, 2017, the transition date being 1st April, 2016. Accordingly, the financial statements for the Financial Year ended 31st March, 2018 have been prepared in accordance with the IND AS notified vide the Companies (Indian Accounting Standards) Rules, 2015, issued by the Central Government in exercise of the powers conferred by Section 133 of the Companies Act, 2013 and the financial statements for the previous Financial Year ended 31st March, 2017 have also been restated in accordance with the IND AS as required under law.

Dividend

In view of the loss suffered by the Company during the Financial Year under review, the Board does not recommend any dividend for the year.

Operations and State of the Company's Affairs

For the year under review, the market remained sluggish, especially in the steel and mining sectors, which are major areas of business for the Heavy Engineering Division of the Company. On account of this depressed market, the turnover of Heavy Engineering Division only increased marginally. It also needs to be mentioned that many of the steel plant projects where the Company had actually received large orders, got stalled during the year primarily because of unfavorable global price of steel. This has also significantly affected the business of Heavy Engineering Division. The overall performance of Bauer Division improved appreciably during the year and is also showing strong growth prospects for the future.

The market of Building Material Division was adversely affected during the year because of major slowdown in the construction industry. Though these products of the Company are acknowledged to

Directors' Report (Contd.)

be of high quality standard, the performance did not reach the expected level mainly on account of slowdown mentioned earlier. The Company has initiated a major re-structuring of the division to have a greater market reach.

We would like to mention that for the year under review, despite the current difficult market conditions, the revenue from the operations for the year was Rs. 10764 lac and the EBIDTA for the year was Rs. 561 lac. The earning after interest for the year was Rs. 164 lac. However, on account of high depreciation for the investment made in building material division, the net loss for the year was Rs. 360 lac.

Future Outlook

We are pleased to inform you that, the steel prices have started increasing and the steel and mining segment is expected to recover in the coming months. Another point of interest is the strong and growing demand for the crushers, crushing systems and manufactured sand plant. These equipment and systems are manufactured by your Company with license from Omni & Aden, Brazil and Milestone of South Africa. These will have a positive effect on the overall business of the Heavy Engineering Division.

The business of Bauer Division is steadily improving and is expected to have a growth of over 20% in the current year.

The quality of products of Building Material Division being of high standard, the turnaround of the division will start as soon as the demand for the material increases and the Company has initiated the process of restructuring for a greater market reach.

Joint Venture Company

Mozer Process Technology Pvt. Ltd. (MPTPL), a Joint Venture Company of the Company with Allgaier Werke GmbH, Germany, offers Mozer Dryers, which is a highly specialized product with sophisticated technology.

For the year under review, the revenue from operations of MPTPL was only Rs. 0.90 lac as compared to Rs. 222.95 lac during the previous Financial Year ended 31st March, 2017. However, MPTPL has been receiving a number of enquiries of late, some of which are at an advanced stage of negotiations. The market, however, continues to be highly competitive.

MPTPL suffered a Loss Before Tax of Rs. 32.39 lac during the Financial Year ended 31st March, 2018 as compared to a Loss Before Tax of Rs. 4.75 lac during the previous Financial Year ended 31st March, 2017.

The consolidated financial statements of the Company for the Financial Year ended 31st March, 2018, prepared after taking into consideration the financial statements of its aforementioned Joint Venture Company, also forms part of the Annual Report for the FY 2017-18. The said consolidated financial statements have been prepared adopting the Indian Accounting Standards (IND AS) under equity method of consolidation, considering the transition date as 1st April, 2016. The consolidated revenue from operations and consolidated loss before tax thus arrived at for the Financial Year ended 31st March, 2018 are Rs. 10764 lac and Rs. 376 lac respectively as compared to a consolidated revenue from operations and consolidated profit before tax for the previous Financial Year ended 31st March, 2017 of Rs. 10858 lac and Rs. 291 lac respectively.

A Statement in Form AOC-1 relating to the Associate/Joint Venture Company as required pursuant to Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014, is also attached to the Financial Statements.

The Company has no subsidiaries.



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Building Material Division

The new Building Material Division of the Company located at Ajmer, Rajasthan, for manufacture of high quality Dry Mix Mortar/ Dry Mix Products and related building materials, had commenced commercial production with effect from 31st March, 2016. The Company is manufacturing Dry Mix Mortar/Dry Mix products under the brand names 'IC Preciplast', 'IC PreciJoint', 'IC Precigrout', 'IC Preciseal' & 'IC Precifix'.

Currently, the Company is marketing these products in Delhi-NCR area, Uttar Pradesh, Rajasthan and Madhya Pradesh. The sales turnover of the Division during the Financial Year ended 31st March, 2018 was Rs. 341 lac.

Capital Expenditure

The total capital expenditure incurred by the Company during the Financial Year under review was Rs. 189 lac.

Extract of Annual Return

An extract of the Annual Return as on the Financial Year ended on 31st March, 2018 as required under Section 134(3) of the Companies Act, 2013, read with Section 92(3) of the said Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 are set out in Annexure-I, forming part of this Report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

As required under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of Companies (Accounts) Rules, 2014, particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo are set out in Annexure-II, forming part of this Report.

Related Party Transactions

Your Board has framed a Related Party Transactions Policy which is available on the Company's website. During the year, the Company had not entered into any contract/ arrangement/ transaction with any related party which could be considered material in accordance with the Related Party Transactions Policy of the Company.

Details of related party transactions (which are not considered material) entered into on an arm's length basis during the Financial Year ended 31st March, 2018 are set out in Annexure-III, forming part of this Report, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Section 188 of the said Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details Relating to Remuneration of Directors & Employees

A statement as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, relating to details of remuneration of Directors and employees, drawn during the Financial Year ended 31st March, 2018, are set out in Annexure-IV, forming part of this Report.

Number of Board Meetings

6 (Six) Board meetings of the Company were held during the Financial Year ended 31st March, 2018.

Directors' Report (Contd.)

For further details, please refer to the Report on Corporate Governance forming part of this Annual Report.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013 read with Section 134(5) of the said Act, the Directors, to the best of their knowledge and belief, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company, along with proper explanation relating to material departures, if any;
- b) appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit/loss of the Company for the year ended on that date;
- c) proper and sufficient care has been taken 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 Annual Accounts have been prepared on a going concern basis;
- e) the Board had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

Directors

There was no change in the composition of the Board of Directors of the Company during the Financial Year under review.

Considering the recommendations of the Nomination and Remuneration Committee of the Board, the Board of Directors of the Company, at its meeting held on 26th April, 2018, re-appointed Mr. Indrajit Sen (DIN : 00216190) as the Managing Director of the Company for a further period of three years with effect from 1st May, 2018, subject to the approval of the shareholders of the Company at their forthcoming 82nd Annual General Meeting.

Mrs. (Prof.) Bharati Ray (DIN 06965340), Mr. Ravi Ranjan Prasad (DIN 00030458) & Mr. Ratan Lal Gaggar (DIN 00066068), all Independent Directors on the Board, are not liable to retire by rotation in terms of the provisions of Section 149(13) of the Companies Act, 2013.

However, in accordance with Section 149 of the Companies Act, 2013, the terms in office of Mr. Ratan Lal Gaggar (DIN 00066068) and Mr. Ravi Ranjan Prasad (DIN 00030458) as Independent Directors of the Company expire on 31st March, 2019 and 24th July, 2019, respectively, on the completion of five years from their respective effective dates of appointment. They being eligible for a second and final term of five years under the Act and having consented to continue in office for such second term, the Board has accorded its approval for such continuance in office which is subject, however, to the approval of the shareholders of the Company by means of a Special Resolution to be placed at their ensuing 82nd Annual General Meeting.

Mr. Indrajit Sen (DIN : 00216190) retires by rotation at the ensuing 82nd Annual General Meeting and being eligible, offers himself for re-appointment.

Directors' Report (Contd.)

The Company has received, at the first meeting of the Board of Directors held during the Financial Year 2018-19, the declarations pursuant to Section 149(7) of the Companies Act, 2013 from Mr. Ratan Lal Gagar, Mr. Ravi Ranjan Prasad & Mrs. (Prof.) Bharati Ray, Independent Directors of the Company, to the effect that they meet the criteria of independence as specified in Section 149(6) of the said Act.

The Nomination & Remuneration Committee of the Board has devised and the Board has duly adopted a Board Diversity Policy dealing with Board composition and appointments, which is available on the Company's website. The Nomination & Remuneration Committee nominates new appointees to the Board and the appointments are made by the Board.

The Nomination & Remuneration Committee of the Board has also formulated the criteria for determining the qualifications, positive attributes and independence of Independent Directors to be appointed on the Board of the Company.

Remuneration Policy

The Nomination & Remuneration Committee of the Board has devised and the Board has duly adopted a Remuneration Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company.

The Remuneration Policy of the Company ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the employees in order to run the Company successfully. The Policy sets out the guiding principles for determining the remuneration payable to the Directors, Key Managerial Personnel and other employees of the Company.

The remuneration payable to the Executive Directors is recommended by the Nomination & Remuneration Committee based on the guiding principles as set out in the Remuneration Policy and subject to the approval of the Board, the shareholders and the Central Government, wherever applicable.

As regards the Non-Executive Directors, the Board, from time to time, determines the sitting fee payable for attending each meeting of the Board or Committee thereof within the overall limits fixed under the Companies Act, 2013 and rules made thereunder. The Non-Executive Chairman is paid a Commission of upto 2% of the net profits of the Company, subject to the approval of the Nomination and Remuneration Committee, the Board, the shareholders and the Central Government.

The employees of the Company are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the Company. Individual remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

Board Evaluation

The Nomination & Remuneration Committee of the Board has formulated the criteria for evaluating the performance of the Board and the individual Directors and the same has been adopted by the Board. The Independent Directors, in their separate meeting, evaluate the non-independent Directors and the Board as a whole once a year. The Independent Directors are evaluated individually once a year by the entire Board sans the Independent Director being evaluated. The various Committees of the Board are evaluated by the Board.

Other Key Managerial Personnel

Mr. Suhas Chandra Saha is the Company Secretary of the Company and Mr. Asish Kumar Neogi is the Chief Financial Officer of the Company.

Directors' Report (Contd.)

Auditors' Report

There are no reservations, qualifications or adverse remarks in the Auditors' Report on the Annual Financial Statements, either Standalone or Consolidated, for the Financial Year ended 31st March, 2018.

Auditors

In accordance with Section 139 of the Companies Act, 2013, M/s. Lodha & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 78th Annual General Meeting (AGM) of the shareholders of the Company held on 12th September, 2014, for a period of three years with effect from the conclusion of the said 78th AGM till the conclusion of the 81st AGM. The term of M/s. Lodha & Co. having expired and they being ineligible for re-appointment in terms of Section 139(2) of the Companies Act, 2013, M/s. Ray & Ray (Firm Registration No. 301072E), Chartered Accountants, of Webel Bhawan, Ground Floor, Block EP & GP, Bidhan Nagar, Sector V, Salt Lake, Kolkata – 700 091, having expressed their willingness to act as the Statutory Auditors of the Company and having further confirmed that their appointment, if made, shall be within the limits specified in Section 141(3)(g) of the Companies Act, 2013, and their appointment having been recommended by the Audit Committee of the Board and by the Board of Directors, were appointed by the shareholders as the Statutory Auditors of the Company at their 81st AGM held on 20th September, 2017 for the period commencing with the conclusion of the said AGM till the conclusion of the 86th AGM of the shareholders of the Company subject to ratification by the shareholders at each AGM in between. The said M/s. Ray & Ray having expressed their willingness to continue in office and having further confirmed that their appointment, if ratified, shall be within the limits specified in Section 141(3)(g) of the Companies Act, 2013, the Board recommends to the shareholders, the ratification of their appointment as the Statutory Auditors of the Company at the ensuing 82nd Annual General Meeting of the shareholders of the Company.

Cost Audit

In terms of the Companies Act, 2013 and the rules made thereunder, audit of the cost accounting records maintained by the Company, relating to the products manufactured by the Company is not applicable for the Financial Year 2017-18.

Audit Committee

The Audit Committee of the Board, as on date, consists of Mr. Ravi Ranjan Prasad, Chairman of the Committee & Independent Director, Mr. Ratan Lal Gaggar, Independent Director and Mr. Indrajit Sen, Managing Director. For further details, please refer to the Report on Corporate Governance forming part of this Annual Report.

Secretarial Audit Report

The Secretarial Audit Report for the Financial Year ended 31st March, 2018 issued by Mr. Arup Kumar Roy, Company Secretary in Practice, Secretarial Auditor of the Company, is annexed to this Report and marked as Annexure VI as required under Section 204 of the Companies Act, 2013.

There are no reservations, qualifications or adverse remarks in the said Secretarial Audit Report.

Loans, Guarantees or Investments U/S 186

The Company has not granted any loans to other bodies corporate nor has the Company given any guarantees or provided any security for loans by other bodies corporate under Section 186 of the Companies Act, 2013.



Directors' Report (Contd.)

The Company invests its surplus fund in Fixed Deposits with banks or in Fixed Maturity Plans with Mutual Fund Houses, which are fixed income bearing debt funds. The Company has invested Rs. 50 lac in the equity shares of its Joint Venture Company, Mozer Process Technology Pvt. Ltd.

Risk Management

The Company has a Risk Management Plan in place approved by the Board of Directors. The Risk Management Committee is responsible for the implementation of the plan and reporting thereon to the Board.

Internal Financial Controls

In the opinion of the Board, the internal financial controls with reference to the Financial Statements established by the Board are adequate. During the year, such controls were tested and no material weakness in the design, operation or implementation thereof was observed.

Corporate Governance

In compliance with the provisions of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, relating to Corporate Governance, the following Reports/ Certificates are attached which form part of this Annual Report :

- i) Management Discussions and Analysis Report.
- ii) Report on Corporate Governance.
- iii) Compliance Certificate by CEO/CFO.
- iv) Declaration from the Managing Director on compliance of Code of Conduct by the Directors and Senior Management Personnel.
- v) Certificate by a Practicing Company Secretary regarding compliance of conditions of Corporate Governance.

Corporate Social Responsibility

In accordance with Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company has been constituted which, as on date, consists of Mr. Sanjay Bagaria, Chairman of the Committee, Mrs. (Prof.) Bharati Ray, Independent Director & Mr. Ratan Lal Gaggar, Independent Director. The CSR Committee has developed a CSR Policy which has been duly approved by the Board and is available on the website of the Company. The CSR Committee is responsible for implementing the CSR Policy of the Company and reporting thereon to the Board.

An Annual Report on CSR Activities including the Responsibility Statement of the CSR Committee for the Financial Year ended 31st March, 2018 as required under Section 135 of the Companies Act, 2013, read with Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 are set out in Annexure-V, forming part of this Report.

Vigil Mechanism

Pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have established a Vigil Mechanism (Whistle Blower Policy) of the Company for the purpose of enabling the Directors and Employees to report unethical behaviour, actual or suspected fraud and violation of the Company's Code of Conduct or ethics policy, and the same has been posted on the website of the Company. The Audit Committee of the Board is responsible for overseeing/ monitoring the functioning and implementation of the Vigil Mechanism.

Directors' Report (Contd.)

Human Resource Management

The human resource development programmes in various areas are undertaken on an ongoing basis.

Industrial Relations

Industrial relations during the year under review at all units remained largely cordial. However, the operations at one of the plants of the Heavy Engineering Division of the Company located at Baidyabati, District Hooghly, West Bengal, remained suspended for a brief period due to certain labour-related issues.

Fixed Deposits

The Company did not have any outstanding fixed deposits as on 31st March, 2018 or as on 31st March, 2017. The Company did not accept any fixed deposits during the year.

Credit Ratings

In February, 2018, credit rating agency ICRA Limited had revised the long-term scale rating on the working capital credit facilities enjoyed by the Company from its bankers on consortium basis to [ICRA] BBB- (pronounced as ICRA triple B minus) [signifying a moderate degree of safety regarding timely servicing of financial obligations and carrying moderate credit risk]. The outlook on the long term scale rating is Stable. ICRA had also revised the short-term scale rating on the aforementioned facilities to [ICRA]A3 (pronounced as ICRA A three) [signifying a moderate degree of safety regarding timely servicing of financial obligations and carrying higher credit risk as compared to instruments/ facilities rated in the higher categories]. However, the credit ratings are due for a review in June, 2018.

Quality Certifications

The Quality Management Systems of the Company with respect to its plants at Baidyabati, Nagpur & Aurangabad and also its Corporate Office at Kolkata, have been certified by the Indian Register Quality Systems (Accreditation by RvA, the Netherlands) to conform to the requirements of the Standard ISO 9001:2008.

General

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company or the Company's operations in future.

An Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, has been formed. No complaints of sexual harassment were received by the Committee during the year under review.

Acknowledgement

Your Directors take this opportunity to thank all government authorities, banks, customers, suppliers and shareholders, for the continuous support extended by them to the Company. Your Directors place on record their appreciation for the dedication and commitments of the employees at all levels in achieving and sustaining excellence in all areas of the operation of the Company.

For & on behalf of the Board

Sanjay Bagaria
Chairman

Kolkata
23rd May, 2018