



***Annual Report
2017-18***



Board of Directors

Sitting (L to R): Mr. V.K. Srivastava, Mr. N. Ganga Ram, Mr. K.J. Joseph, Mr. Thomas John and Mr. V.A. George

Standing (L to R): Mr. Rajesh John, Mr. A. Satyaseelan, Mrs. Sujatha Jayarajan, Mr. M.P. Vijay Kumar,

Mr. Manoj Joseph and Dr. C.N. Ramchand

BOARD OF DIRECTORS

| | |
|--|--|
| Chairman | K.J. JOSEPH |
| Vice Chairman | THOMAS JOHN |
| Managing Director | V.A. GEORGE |
| Whole-time Directors | MANOJ JOSEPH RAJESH JOHN |
| Directors | N. GANGA RAM V.K. SRIVASTAVA A. SATYASEELAN M.P. VIJAY KUMAR C.N. RAMCHAND SUJATHA JAYARAJAN |
| Chief Financial Officer & Secretary | M.D. RAVIKANTH |
| Audit Committee | M.P. VIJAY KUMAR N. GANGA RAM A. SATYASEELAN SUJATHA JAYARAJAN |
| Shareholders' Grievance Committee | C.N. RAMCHAND V.K. SRIVASTAVA K.J. JOSEPH THOMAS JOHN |
| Auditors | M/s. BRAHMAYYA & CO. Chartered Accountants, Chennai. |
| Internal Auditors | M/s. S. VISWANATHANLLP Chartered Accountants, Chennai |
| Secretarial Auditor | G. PORSELVAM Practising Company Secretary, Chennai |
| Registrar and Share Transfer Agents | M/s. Cameo Corporate Services Limited Subramanian Building, No. 1 Club House Road, Chennai - 600 002. |
| Main Bankers | State Bank of India, Commercial Branch, Chennai Axis Bank Ltd., Chennai Indian Overseas Bank, Chennai |

REGISTERED OFFICE

3rd Floor, VDS House,
No. 41, Cathedral Road,
Chennai - 600 086.
CIN: L27209TN1986PLC012833
Phone : 044 - 42221900 Fax : 044 - 42221910
E-mail : investor@thejo-engg.com
Website: www.thejo-engg.com

FACTORIES

Unit – I:

Survey No.176/3, 181/5 & 181/6A,
Jagannathapuram Road,
Irulipattu Village, Alinjivakkam Post,
Ponneri Taluk, Chennai - 600 067.

Unit – II:

Survey No. 101/5C & 101/5D
Jagannathapuram Road,
Athipedu Village, Ponneri Taluk,
Chennai - 600 067.

Unit – III:

Survey No. 100/5, Jagannathapuram Road,
Athipedu Village, Ponneri Taluk,
Chennai - 600 067.

Polyurethane Division:

Survey No. 179/3B,
Jagannathapuram Road,
Irulipattu Village, Alinjivakkam Post,
Ponneri Taluk,
Chennai - 600 067.

Lining Division:

Survey No. 234/2C, Jaganathapuram-II,
Ponneri Taluk, Tiruvallur District,
Chennai - 600 067.

R&D CENTRE:

Survey No. 179 / 3B, Jagannathapuram Road,
Irulipattu Village, Ponneri Taluk,
Chennai - 600 067.

SUBSIDIARY COMPANIES

Thejo Hatcon Industrial Services Company,
Saudi Arabia
Thejo Australia Pty Ltd., Australia
Thejo Brasil Comercio E Servicos Ltda, Brazil
Thejo Engineering LatinoAmerica SpA, Chile

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FINANCIAL HIGHLIGHTS

₹ in lakhs unless specified otherwise

| Details | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|-----------------|----------|----------|----------|----------|----------|----------|---------|---------|---------|
| Sales ¹ | 17404.09 | 14927.65 | 14449.23 | 15603.02 | 13868.65 | 12440.65 | 10899.42 | 9012.59 | 6089.17 | 5728.43 |
| Other Income | 160.82 | 173.88 | 123.44 | 112.31 | 144.68 | 211.58 | 249.63 | 98.61 | 164.15 | 65.64 |
| Total Income ¹ | 17564.91 | 15101.53 | 14572.67 | 15715.33 | 14013.33 | 12652.23 | 11149.05 | 9111.20 | 6253.32 | 5794.07 |
| Profit before interest, depreciation, amortisation and tax ² | 2176.42 | 1777.04 | 1807.91 | 1774.59 | 2067.52 | 2020.66 | 1529.81 | 1003.28 | 757.31 | 633.36 |
| Profit before interest & tax ² | 1801.33 | 1385.05 | 1389.77 | 1322.00 | 1792.58 | 1817.79 | 1368.33 | 855.06 | 608.46 | 492.01 |
| Profit before tax ² | 1263.30 | 822.75 | 812.01 | 805.32 | 1342.36 | 1437.63 | 1001.26 | 577.74 | 350.93 | 225.50 |
| Profit after tax ² | 870.76 | 560.89 | 559.03 | 546.67 | 895.79 | 974.78 | 671.83 | 382.96 | 226.98 | 121.51 |
| Net fixed assets | 2425.42 | 2068.21 | 2144.80 | 2239.75 | 2338.04 | 1504.89 | 1132.10 | 905.54 | 889.66 | 883.50 |
| Share Capital | 343.36 | 343.36 | 343.36 | 343.36 | 343.36 | 171.68 | 118.47 | 118.47 | 118.47 | 108.47 |
| Reserves and Surplus | 7813.88 | 7065.30 | 6474.13 | 6059.73 | 5718.23 | 5159.45 | 2456.33 | 1610.80 | 1276.03 | 997.42 |
| Networth | 8157.24 | 7408.66 | 6817.49 | 6403.09 | 6061.59 | 5331.13 | 2574.80 | 1729.27 | 1394.50 | 1105.89 |
| Total borrowings | 2185.97 | 3707.87 | 3694.18 | 3515.91 | 3092.85 | 2582.83 | 2134.70 | 1961.45 | 1993.57 | 1627.40 |
| Earnings per share ^{3&4} (in ₹) | 25.36 | 16.34 | 16.28 | 15.92 | 25.37 | 32.93 | 28.35 | 16.16 | 9.58 | 5.60 |
| Dividend per share ³ (in ₹) | 4.00 | 3.50 | 3.50 | 3.50 | 3.50 | 5.00 | 4.00 | 3.50 | 3.00 | 2.50 |
| Book value per share ^{3&4} (in ₹) | 237.57 | 215.77 | 198.55 | 186.48 | 176.54 | 155.27 | 108.67 | 72.98 | 58.86 | 50.98 |
| EBITDA/Total Income (%) | 12.39 | 11.77 | 12.41 | 11.29 | 14.75 | 15.97 | 13.72 | 11.01 | 12.11 | 10.93 |
| Profit before tax / Total Income (%) | 7.19 | 5.45 | 5.57 | 5.12 | 9.58 | 11.36 | 8.98 | 6.34 | 5.61 | 3.89 |
| Return on capital employed (%) | 17.42 | 12.46 | 13.22 | 13.33 | 19.58 | 22.97 | 29.05 | 23.17 | 17.96 | 18.00 |
| Return on net worth (%) | 10.67 | 7.57 | 8.20 | 8.54 | 14.78 | 18.28 | 26.09 | 22.15 | 16.28 | 10.99 |

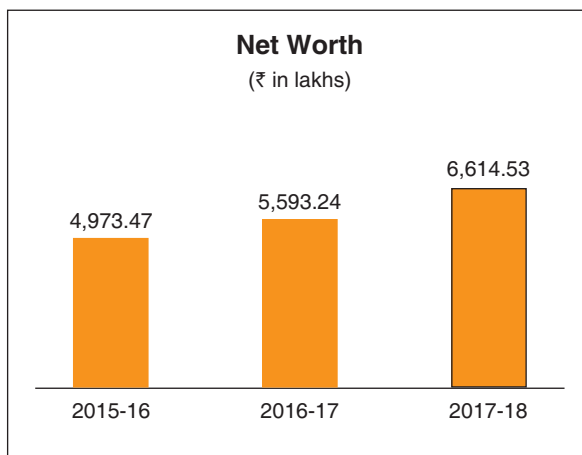
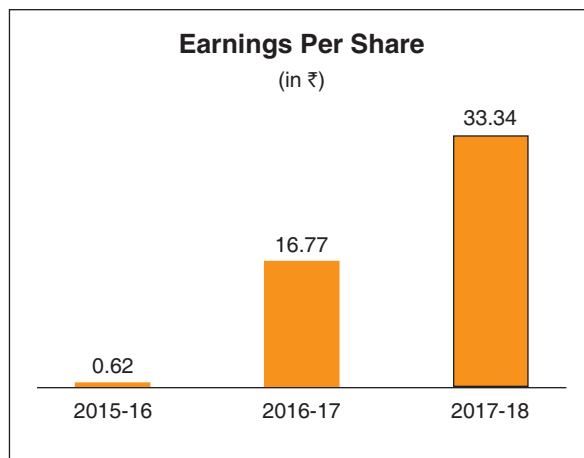
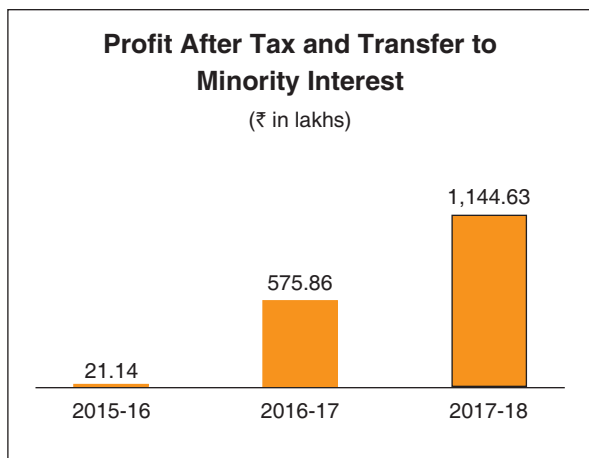
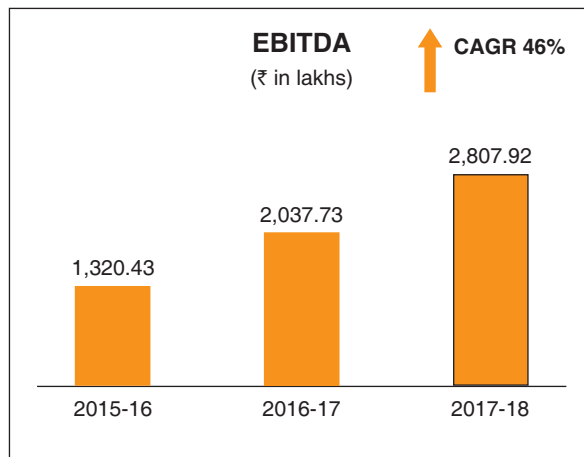
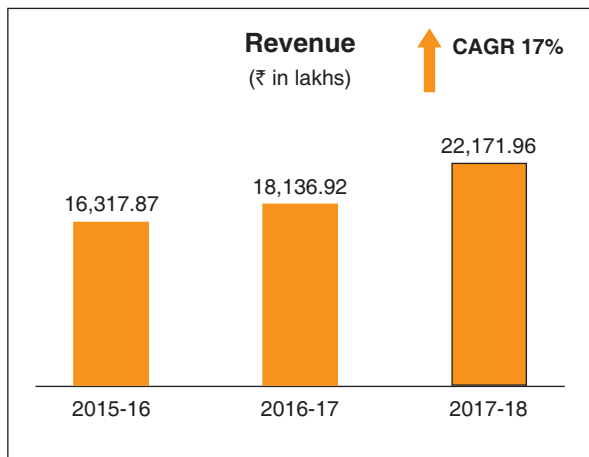
Notes: ¹ Net of excise duty and all other duties and taxes.

² Excluding exceptional items

³ During FY 2011-12, Equity Shares of face value of ₹ 100/- each were sub-divided into 10 equity shares of face value of ₹10/- each. EPS, Dividend/Share and Book value/Share are re-stated for periods prior to FY 2011-12 to give effect to the sub-division.

⁴ During FY 2013-14, the Company has issued 17,16,776 equity shares as fully paid-up bonus shares (in the ratio of 1:1). Consequently, the EPS and book value for the prior periods has been adjusted for the bonus issue.

KEY PERFORMANCE INDICATORS
(Consolidated)



THEJO ENGINEERING LIMITED

Regd. Office : 3rd Floor, VDS House, 41, Cathedral Road, Chennai - 600 086.

CIN : L27209TN1986PLC012833

Phone : 044 - 42221900 Fax : 044 - 42221910

E-mail : investor@thejo-engg.com

Website : www.thejo-engg.com

NOTICE TO MEMBERS

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of Thejo Engineering Limited will be held at 10 AM on Monday, the 20th August, 2018 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014, Tamil Nadu, India, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt (a) the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018, the Reports of the Board of Directors and Auditors thereon and (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018 with the Report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

“**RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended on 31st March 2018, together with the Reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and the same are hereby considered and adopted.

“**RESOLVED FURTHER THAT** the Audited Consolidated Financial Statements of the Company for the year ended on 31st March, 2018, together with the Report of the Auditors thereon, as circulated to the Members, be and the same are hereby considered and adopted.”

2. To declare dividend on Equity Shares for the Financial Year ended 31st March, 2018 and in this regard, pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** a dividend at the rate of ₹ 4 /- (Rupees Four only) per equity share of ₹ 10/- (Rupees Ten only) each fully paid-up of the Company be and is hereby declared for the Financial Year ended 31st March, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the Financial Year ended 31st March, 2018.”

3. To appoint a Director in place of Mr. Rajesh John (DIN 05161087), who retires by rotation and, being eligible, seeks re-appointment as a Director and in this regard, pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Rajesh John (DIN 05161087), who retires by rotation at this Meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

4. To appoint a Director in place of Mr. Thomas John (DIN 00435035), who retires by rotation and, being eligible, seeks re-appointment as a Director and in this regard, pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Thomas John (DIN 00435035), who retires by rotation at this Meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

NOTICE TO MEMBERS**SPECIAL BUSINESS:**

5. To re-appoint Mr. V.A. George (DIN 01493737) as Managing Director and in this regard to consider and, if thought fit, to pass with or without modification(s) the following resolutions as **Special Resolutions:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof, or any other law for the time being in force and subject to such other consent(s), approval(s) and permission(s) as may be required in this regard, Mr. V.A. George (DIN 01493737) be and is hereby re-appointed as Managing Director of the Company for a period of three years, with effect from 15th July, 2018 on the following terms and conditions:

Remuneration:

- a) **Basic Salary:** Rs. 7,50,000/- (Rupees Seven Lakhs Fifty Thousand Only) per month in the scale of Rs. 7,50,000 – 50,000³ – 9,00,000 with annual increment to take effect from 1st April of the succeeding year, subject to the limits prescribed under Section 197 of the Companies Act, 2013.

b) **Commission:**

As may be determined by the Board of Directors based on the recommendation of the Compensation/ Nomination and Remuneration Committee, subject to a ceiling of 2% of the annual profits of the Company, payable every year after the finalization of the Annual Accounts of the Company.

c) **Perquisites:**

In addition to the salary, the following perquisites shall be paid to Mr. V.A. George, the value of perquisites to be evaluated as per the Income-Tax Rules, 1962:

1. Medical reimbursement: Expenses incurred for self and family including premium payable for medical insurance in accordance with the Rules of the Company.
Explanation: “Family” means spouse, dependent children and dependent parents of the appointee.
2. Personal Accident Insurance as per the Rules of the Company.
3. Leave Travel Assistance for self and family once a year in accordance with the Rules of the Company.
4. Reimbursement of fees and expenses for Membership of one club other than Life Membership fees.
5. Reimbursement of entertainment expenses actually and properly incurred by the appointee in the course of the legitimate business of the Company and travelling, hotel and other expenses incurred by him in India and abroad, exclusively for the business of the Company, as per the Rules and Regulations of the Company or as approved by the Board of Directors.
6. Provision of chauffeur-driven Company car for official use.
7. Provision of cell phone, laptop, desktop and landline phone at residence for official use, with expenses to be borne by the Company.

d) **Other Terms and Conditions:**

As long as Mr. V.A. George functions as Managing Director of the Company, no sitting fees shall be paid to him for attending Meetings of the Board of Directors and/or any Committee thereof.

NOTICE TO MEMBERS**e) Minimum Remuneration:**

If in any Financial Year during the tenure of appointment, the Company has no profits or its profits are inadequate, salary and perquisites and other allowances stated herein shall be paid to Mr. V.A. George as minimum remuneration for that year, subject, however, to the extent allowed under the relevant provisions of the Companies Act, 2013.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary, alter and modify the terms and conditions of appointment including as to designation and remuneration / remuneration structure of Mr. V.A. George within the limits prescribed under the provisions of the Companies Act, 2013 and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above Resolution.

“RESOLVED FURTHER THAT the Directors and / or the Secretary of the Company be and are hereby severally authorised to file the necessary forms / returns with the Registrar of Companies, and to do all such acts, deeds and things as may be necessary in connection with the above.”

6. To re-appoint Mr. N. Ganga Ram (DIN 00001246) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. N. Ganga Ram (DIN 00001246), who was appointed as an Independent Director of the Company and who holds office of Independent Director up to 31st March, 2019 and being eligible, and in respect of whom the Compensation / Nomination and Remuneration Committee has recommended re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from 1st April, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. N. Ganga Ram (DIN 00001246) be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time, subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

7. To re-appoint Mr. V.K. Srivastava (DIN 00611678) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V.K. Srivastava (DIN 00611678), who was appointed as an Independent Director of the Company

NOTICE TO MEMBERS

and who holds office of Independent Director up to 31st March, 2019 and being eligible, and in respect of whom the Compensation / Nomination and Remuneration Committee has recommended re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from 1st April, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V.K. Srivastava (DIN 00611678) be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

8. To re-appoint Mr. A. Satyaseelan (DIN 05158896) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. A. Satyaseelan (DIN 05158896), who was appointed as an Independent Director of the Company and who holds office of Independent Director up to 31st March, 2019 and being eligible, and in respect of whom the Compensation / Nomination and Remuneration Committee has recommended re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from 1st April, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. A. Satyaseelan (DIN 05158896) be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

9. To re-appoint Mr. M.P. Vijay Kumar (DIN 05170323) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory

NOTICE TO MEMBERS

modification(s) or re-enactment thereof for the time being in force), Mr. M.P. Vijay Kumar (DIN 05170323), who was appointed as an Independent Director of the Company and who holds office of Independent Director up to 31st March, 2019 and being eligible, and in respect of whom the Compensation / Nomination and Remuneration Committee has recommended re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from 1st April, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M.P. Vijay Kumar (DIN 05170323) be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

10. To re-appoint Dr. C.N. Ramchand (DIN 05166709) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Special Resolutions**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. C.N. Ramchand (DIN 05166709), who was appointed as an Independent Director of the Company and who holds office of Independent Director up to 31st March, 2019 and being eligible, and in respect of whom the Compensation / Nomination and Remuneration Committee has recommended re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from 1st April, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. C.N. Ramchand (DIN 05166709) be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

By Order of the Board
For THEJO ENGINEERING LIMITED

Place : Chennai
Date : 28th May, 2018

M.D. RAVIKANTH
CFO & Secretary

NOTICE TO MEMBERS**NOTES:**

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member.
 2. The form of proxy duly completed in all respects shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting (“the Meeting”). A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
 3. Members / Proxies are requested to bring the duly filled Attendance Slip along with their copy of Annual Report to the Meeting.
 4. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays, Sundays and Public Holidays up to the date of the Meeting and at the venue of the Meeting.
 5. The Register of Members and Share Transfer Books will remain closed from 14th August, 2018 to 20th August, 2018 (both days inclusive).
 6. Additional information pursuant to Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and under Secretarial Standard on General Meetings (SS-2), in respect of the Directors seeking appointment / re-appointment at the Meeting is furnished in the Explanatory Statement annexed to this Notice. The Directors have furnished their consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules there under.
 7. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution, authorising their representatives to attend and vote on their behalf at the Meeting and/or at any adjournment thereof.
 8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited.
 9. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for the Financial Year 2017-18 are available on the Company’s website www.thejo-engg.com for download. The physical copies of the aforesaid documents are open for inspection at the Company’s Registered Office during normal business hours on working days except Saturdays, Sundays and Public Holidays up to the date of the Meeting. They will also be available for inspection by the Members at the venue of the Meeting. Members may also send their request for physical copies of the aforesaid documents to the Company’s designated email id: investor@thejo-engg.com
 10. Members having any query or desiring any information pertaining to Annual Accounts are requested to write to the Company at an early date to enable the Company to answer the queries at the Meeting.
 11. The Company is pleased to offer e-voting facility which will enable the Members to cast their votes electronically on all the resolutions set out in the Notice.
 12. E Voting Facility:
 - (i) The e-voting period commences on Friday, 17th August, 2018 (9 a.m.) and ends on Sunday, 19th August, 2018 (5 p.m.). The cut-off date for determining the eligibility of Members for the remote e-voting and poll is Monday, 13th August, 2018. The e-voting module shall be disabled for voting after the end of the e-voting period.
 - (ii) During the e-voting period, the Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th August, 2018, may cast their vote electronically. Once the vote on the resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
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NOTICE TO MEMBERS

- (iii) The Company has engaged Central Depository Services (India) Limited ("CDSL") to offer E-voting facility to all the Members to enable them to cast their vote electronically.
- (iv) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/ Beneficial Owner (in case of shares held in dematerialized form) as on the cut-off date i.e., 13th August, 2018. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories on the aforesaid cut-off date only shall be entitled to avail the facility of remote e-voting/ poll.
- (v) E-voting is optional for Members. Members who have voted electronically through remote e-voting shall not be allowed to vote at the Annual General Meeting.
- (vi) Members desiring to exercise their vote by using E-voting facility should follow carefully the instructions given below:
 - (a) The Members should log on to the e-voting website: www.evotingindia.com
 - (b) Click on Shareholders/Members Tab.
 - (c) Enter your User ID (For CDSL: 16 digits beneficiary ID; For NSDL: 8 Character DP ID followed by 8 Digits Client ID; Members holding shares in Physical Form should enter Folio Number registered with the Company).
 - (d) Next, enter the Image Verification as displayed and Click on Login.
 - (e) If you are holding shares in demat form, have logged on to www.evotingindia.com and cast your vote earlier for EVSN of any company, then your existing password is to be used.
 - (f) If you are a first time user, follow the steps given below and fill the appropriate boxes:

| | For Members holding shares in Demat Form and Physical Form |
|--|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Members as well as physical Members). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. For example, if your name is Ramesh Kumar with sequence number 1, then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or the Company, please enter the Member id / folio number in the Dividend Bank details field. |

- (g) After entering these details appropriately, click on "SUBMIT" tab.
- (h) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company in respect of which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (i) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (j) Click on the relevant EVSN of Thejo Engineering Limited on which you choose to vote.

NOTICE TO MEMBERS

- (k) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (l) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (m) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (n) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (o) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (p) If a Demat account holder has forgotten the changed login password, then he/she should enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
 - (q) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 - (r) Note for Non - Individual Members and Custodians: Non-Individual Members (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details, a Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote. A scanned copy each of Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (s) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under Help Section or send an email to helpdesk.evoting@cdslindia.com
13. Pursuant to Section 107 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, there will not be voting by show of hands on any of the agenda items at the Meeting and the Company will conduct voting at the Meeting.
14. The Board of Directors have appointed Mr. G. Porselvam, Practising Company Secretary (FCS 9322, CP 3187) as Scrutinizer for conducting the remote electronic voting process in a fair and transparent manner.
15. The Scrutinizer shall submit his report to the Chairman, on the votes cast in favour or against, after scrutiny.
16. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the website of the Company www.thejo-engg.com The results shall simultaneously be communicated to the Stock Exchange.

By Order of the Board
For THEJO ENGINEERING LIMITED

Place : Chennai
Date : 28th May, 2018

M.D. RAVIKANTH
CFO & Secretary

NOTICE TO MEMBERS
Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to the Notice dated 28th May, 2018 convening the 32nd Annual General Meeting of the Company
Item No. 5

The Members of the Company at the 27th Annual General Meeting held on 30th August, 2013, approved the appointment of Mr. V.A. George as Managing Director for a period of five years which comes to an end on 14th July, 2018.

Based on the recommendation of Compensation / Nomination and Remuneration Committee, the Board of Directors at their Meeting held on 28th May, 2018 re-appointed Mr. V.A. George as Managing Director of the Company for a period of 3 years with effect from 15th July, 2018, subject to the approval of the Members in the General Meeting, considering his long experience in the Company and his significant contribution to its growth.

In the light of the recommendation of the Compensation / Nomination and Remuneration Committee, the Board has also approved Mr. V.A. George's remuneration and other terms and conditions as set out in the Special Resolutions under Item No.5, subject to the approval of the Members in the General Meeting.

A brief profile along with other details of Mr. V.A.George is as follows:

| | |
|---|--|
| Name of the Director | Mr. V.A. George |
| Age | 68 years |
| Director Identification Number | 01493737 |
| Date of joining of the Board | 15 th July, 2013 |
| Profile of the Director | Mr. V.A. George is a mechanical engineer and holds a post graduate diploma in management, in addition to being a certified associate of the Indian Institute of Banking and Finance. He has experience of more than four decades in corporate and banking sectors (both in public and private), out of which more than 25 years in senior management positions. |
| Terms and conditions of re-appointment | As per the proposed resolution at Item No. 5 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Remuneration last drawn | Rs. 48 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per the proposed resolution at Item No. 5 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Number of Meetings of the Board attended during the year(FY17-18) | 4 (Four) |
| No. of shares held in the Company | 50,000 equity shares as on 31 st March, 2018 |
| Directorships of other Boards as on 31 st March, 2018 | Ghatfresh Private Limited |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | Nil |

**Membership and Chairmanship of Audit Committees and Stakeholders' Relationship Committees of only Public Limited Companies have been included in the aforesaid table.*

NOTICE TO MEMBERS

Your Directors recommend the Special Resolutions for the approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the proposed Special Resolutions except Mr. V.A. George and his relatives. This Explanatory Statement may also be regarded as disclosure under Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard on General Meeting (SS-2).

Item Nos. 6 to 10

Mr. N. Ganga Ram, Mr. V.K. Srivastava, Mr. A. Satyaseelan, Mr. M.P. Vijay Kumar and Dr. C.N. Ramchand were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. They hold office as Independent Directors of the Company up to 31st March, 2019 ("first term" in line with the explanation to Sections 149 (10) and 149 (11) of the Companies Act, 2013.

Pursuant to Sections 149, 152, 160 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Compensation / Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Mr. N. Ganga Ram, Mr. V.K. Srivastava, Mr. A. Satyaseelan, Mr. M.P. Vijay Kumar and Dr. C.N. Ramchand as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Compensation / Nomination and Remuneration Committee of the Board of Directors, considers that, given their background and experience and contributions made by them during their tenure, the continued association of aforesaid Independent Directors would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr. N. Ganga Ram, Mr. V.K. Srivastava, Mr. A. Satyaseelan, Mr. M.P. Vijay Kumar and Dr. C.N. Ramchand as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Mr. N. Ganga Ram, Mr. V.K. Srivastava, Mr. A. Satyaseelan, Mr. M.P. Vijay Kumar and Dr. C.N. Ramchand are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors

A brief profile with other details of the Independent Directors is given below:

| | |
|--------------------------------|--|
| Name of the Director | Mr. N. Ganga Ram |
| Age | 83 years |
| Director Identification Number | 00001246 |
| Date of joining of the Board | 16 th January, 2012 |
| Profile of the Director | Mr. N. Ganga Ram holds a Master's Degree in Economics. Besides, he is a Certified Associate of the Indian Institute of Banking & Finance and a Fellow of Economic Development Institute of the World Bank, Washington. After a stint with a commercial bank, Mr. Ganga Ram joined RBI/IDBI where he worked for more than 25 years to retire as Executive Director of IDBI. He was a Consultant to the World Bank, Washington and the Asian Development Bank, Manila and was also an Adviser to UTI and ICRA. Besides, he served as Chairman, Listing Advisory Committee of the National Stock Exchange of India (NSE) and as Member of two other Committees of NSE. |

NOTICE TO MEMBERS

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| Terms and conditions of re-appointment | As per the proposed resolution at Item No. 6 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Remuneration last drawn | Sitting fees of Rs 2.85 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per the proposed resolution at Item No. 6 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Number of Meetings of the Board attended during the year(FY17-18) | 4 (Four). |
| No. of shares held in the Company | Nil |
| Directorships of other Boards as on 31 st March, 2018 | <ol style="list-style-type: none"> 1. Sundaram BNP Paribas Home Finance Limited 2. Oricon Enterprises Limited 3. Juniper Hotels Private Limited |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | <ol style="list-style-type: none"> 1. Sundaram BNP Paribas Home Finance Limited, Chairman – Audit Committee 2. Sundaram BNP Paribas Home Finance Limited, Member – Stakeholders’ Relationship Committee |
| Name of the Director | Mr. V.K. Srivastava |
| Age | 67 years |
| Director Identification Number | 00611678 |
| Date of joining of the Board | 16 th January, 2012 |
| Profile of the Director | Mr. V.K. Srivastava holds Degree in Mechanical Engineering and in Industrial Engineering. He also holds a Diploma in Management. He has been associated with Bokaro Steel Plant of the Steel Authority of India Limited (“SAIL”) for more than three decades. He started his career with SAIL as a graduate engineer and retired as Managing Director of SAIL. He was the Chairman of the Board of Governors of Birsa Institute of Technology, Sindri. He has also been the Chairman/Director of a number of PSUs. |
| Terms and conditions of re-appointment | As per the proposed resolution at Item No. 7 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Remuneration last drawn | Sitting fees of Rs 2.40 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per the proposed resolution at Item No. 7 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Number of Meetings of the Board attended during the year (FY 17-18) | 4 (Four). |
| No. of shares held in the Company | Nil |
| Directorships of other Boards as on 31 st March, 2018 | Nil |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | Nil |

NOTICE TO MEMBERS

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|---|---|
| Name of the Director | Mr. A. Satyaseelan |
| Age | 65 years |
| Director Identification Number | 05158896 |
| Date of joining of the Board | 16 th January, 2012 |
| Profile of the Director | Mr. A. Satyaseelan is a graduate in law. He has more than 40 years of experience in legal domain including 20 years in the Industry. Currently, he is a practising advocate at the Hon'ble High Court of Madras. Prior to setting up practice, he was heading the legal department of a leading manufacturing company's Corporate Office. He is specialising in corporate and taxation laws. |
| Terms and conditions of re-appointment | As per the proposed resolution at Item No. 8 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Remuneration last drawn | Sitting fees of Rs 2.55 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per the proposed resolution at item no. 8 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Number of Meetings of the Board attended during the year(FY17-18) | 4 (Four). |
| No. of shares held in the Company | Nil |
| Directorships of other Boards as on 31 st March, 2018 | Nil |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | Nil |
| Name of the Director | Mr. M.P. Vijay Kumar |
| Age | 48 years |
| Director Identification Number | 05170323 |
| Date of joining of the Board | 16 th January, 2012 |
| Profile of the Director | Mr. M.P. Vijay Kumar is a Chartered Accountant, Company Secretary and Cost Accountant with experience of more than twenty five years in professional practice as well as industry. Currently, he is the Chief Financial Officer at Sify Technologies Limited. He is a Member of the Central Council of the Institute of Chartered Accountants of India. |
| Terms and conditions of re-appointment | As per the proposed resolution at Item No. 9 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Remuneration last drawn | Sitting fees of Rs 2.85 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per the proposed resolution at Item No. 9 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Number of Meetings of the Board attended during the year(FY17-18) | 4 (Four). |
| No. of shares held in the Company | Nil |

NOTICE TO MEMBERS

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|---|--|
| Directorships of other Boards as on 31 st March, 2018 | <ol style="list-style-type: none"> 1. Sify Data and Managed Services Limited 2. Sify Infinit Spaces Limited 3. National Internet Exchange of India 4. Sify Singapore Pte Limited |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | Nil |
| Name of the Director | Dr. C.N Ramchand |
| Age | 63 years |
| Director Identification Number | 05166709 |
| Date of joining of the Board | 16 th January, 2012 |
| Profile of the Director | <p>Dr. C.N. Ramchand holds a post-graduate degree in Chemistry and doctorate in Biochemistry. He has more than 32 years of experience in teaching, research, drug discovery programmes, disease mechanism and setting up of research facilities with various entities in United States of America, United Kingdom and India. He has published a number of peer reviewed papers in various international journals. Dr. Ramchand is currently CEO of Saksin Life Sciences Private Limited and is a senior visiting fellow at the University of Sheffield, University of New Castle and Slovakian Academy of Sciences.</p> |
| Terms and conditions of re-appointment | As per the proposed resolution at Item No. 10 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Remuneration last drawn | Sitting fees of Rs 1.50 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per the proposed resolution at Item No. 10 of the Notice of AGM dated 28 th May, 2018 convening the 32 nd Annual General Meeting. |
| Number of Meetings of the Board attended during the year(FY17-18) | 3 (Three). |
| No. of shares held in the Company | Nil |
| Directorships of other Boards as on 31 st March, 2018 | <ol style="list-style-type: none"> 1. Accel Transmatic Limited 2. Accel Media Ventures Limited 3. Theragen Biologics Private Limited 4. Theragen Lifesciences Private Limited |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | 1. Accel Transmatic Limited – Member – Audit Committee |

**Membership and Chairmanship of Audit Committees and Stakeholders' Relationship Committees of only Public Limited Companies have been included in the aforesaid table.*

NOTICE TO MEMBERS

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and they are independent of the management. Further, all the aforesaid Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Your Directors recommend the Special Resolutions set out at Item Nos. 6 to 10 of the Notice for the approval of the Members.

Other than the respective Independent Directors and their relatives, none of the Directors, Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the proposed Special Resolutions as set out in Item Nos. 6 to 10 of the Notice. This explanatory statement may also be regarded as disclosure under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard on General Meeting (SS-2).

Additional information on Directors recommended for re-appointment pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard on General Meeting (SS-2):

Information about Mr. Thomas John:

| | |
|---|---|
| Name of the Director | Mr. Thomas John |
| Age | 73 years |
| Director Identification Number | 00435035 |
| Date of joining of the Board | 26 th March, 1986 |
| Profile of the Director | Mr. Thomas John , Co-Promoter of Thejo Engineering Limited is currently Non – Executive Vice Chairman of the Company. After completing his PUC, he was associated with Pioneer Equipment Company, Phoenix Metals and Alloys Private Limited and FAME Private Limited in various capacities, before starting Thejo Engineering Services. He has experience of more than four decades in manufacturing / services areas. |
| Terms and conditions of re-appointment | Mr. Thomas John is proposed to be re-appointed as a Director, liable to retire by rotation. |
| Remuneration last drawn | Sitting fees of Rs 1.95 lakhs during the Financial Year 2017-18. |
| Remuneration proposed to be paid | As per existing terms and conditions. |
| Number of Meetings of the Board attended during the year(FY17-18) | 4 (Four). |
| No. of shares held in the Company | 2,16,868 equity shares as on 31 st March, 2018 |
| Directorships of other Boards as on 31 st March, 2018 | Nil |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | Nil |

**Membership and Chairmanship of Audit Committees and Stakeholders' Relationship Committees of only Public Limited Companies have been included in the aforesaid table.*

Mr. Thomas John, Vice Chairman is the father of Mr. Rajesh John, Whole-time Director. This apart, Mr. Thomas John is not related to any other Director / Key Managerial Personnel of the Company.

NOTICE TO MEMBERS
Information about Mr. Rajesh John:

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|---|--|
| Name of the Director | Mr. Rajesh John |
| Age | 42 years |
| Director Identification Number | 05161087 |
| Date of joining of the Board | 16 th January, 2012 |
| Profile of the Director | Mr. Rajesh John is currently a Whole-time Director of the Company. He is a Mechanical Engineer with a Post Graduate Diploma in Management. He started his career with TAFE Limited and later, worked with GE Capital International Services before joining Thejo Engineering Limited in 2002. He has worked in the Company's various departments such as purchase, finance and accounts and is, at present, in charge of Sales. |
| Terms and conditions of re-appointment | Mr. Rajesh John is proposed to be re-appointed as a Director, liable to retire by rotation. As per the resolution passed by the Members at the Annual General Meeting held on 03 rd August, 2016, Mr. Rajesh John was re-appointed as a Whole-time Director as per the terms and conditions contained therein. |
| Remuneration last drawn | Rs. 41.68 lakhs (including retirement benefits) during the Financial Year 2017-18 |
| Remuneration proposed to be paid | As per existing terms and conditions. |
| Number of Meetings of the Board attended during the year(FY17-18) | 4 (Four). |
| No. of shares held in the Company | 2,16,866 equity shares as on 31 st March, 2018 |
| Directorships of other Boards as on 31 st March, 2018 | Nil |
| Membership / Chairmanship of Committees* of other Boards as on 31 st March, 2018 | Nil |

**Membership and Chairmanship of Audit Committees and Stakeholders' Relationship Committees of only Public Limited Companies have been included in the aforesaid table.*

Mr. Rajesh John, Whole-time Director, is the son of Mr. Thomas John, Vice Chairman and not related to any other Director / Key Managerial Personnel.

By Order of the Board
For THEJO ENGINEERING LIMITED

M.D. RAVIKANTH
CFO & Secretary

Place : Chennai
Date : 28th May, 2018

BOARD'S REPORT

The Board of Directors are pleased to present the Thirty-second Annual Report of the Company and its audited financial statements (standalone and consolidated) for the Financial Year ended 31st March, 2018. The summarized financial results for the year ended 31st March, 2018 are given below:

₹ in lakhs

| | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Year Ended 31 st March, 2018 | Year Ended 31 st March, 2017 | Year Ended 31 st March, 2018 | Year Ended 31 st March, 2017 |
| Profit before Exceptional Items, Interest, Depreciation and Tax | 2,176.62 | 1,777.04 | 2,807.92 | 2,037.73 |
| Less: Exceptional Item | - | - | - | - |
| Profit before Interest, Depreciation and Tax | 2,176.62 | 1,777.04 | 2,807.92 | 2,037.73 |
| Less: Interest | 538.03 | 562.30 | 559.42 | 574.56 |
| Profit before Depreciation and Tax | 1,638.59 | 1,214.74 | 2,248.50 | 1,463.17 |
| Less: Depreciation | 375.29 | 391.99 | 541.77 | 534.82 |
| Net Profit before Taxes | 1,263.30 | 822.75 | 1,706.73 | 928.35 |
| Less: Taxation (Including Deferred Tax) | 392.54 | 261.86 | 396.64 | 310.69 |
| Net Profit After Tax before Transfer to Minority Interest | 870.76 | 560.89 | 1,310.09 | 617.66 |
| Less: Transfer to Minority Interest | - | - | 204.69 | 41.80 |
| Net Profit After Tax and Transfer to Minority Interest | 870.76 | 560.89 | 1,105.40 | 575.86 |
| Add: Brought forward from previous year | 4,561.99 | 4,001.10 | 2,766.72 | 2,157.09 |
| Balance Available for Appropriations | 5,432.75 | 4,561.99 | 3,872.12 | 2,732.95 |
| Appropriations: | | | | |
| Transfer to General Reserve | - | - | - | - |
| Dividend | 120.18 | - | 120.18 | - |
| Dividend Distribution Tax | 24.46 | - | 24.46 | - |
| Transfer to Statutory Reserve/FCTR | - | - | 21.21 | 33.77 |
| Balance Carried over to Balance Sheet | 5,288.11 | 4,561.99 | 3,706.27 | 2,766.72 |

Note: Dividend and Dividend Distribution tax represent dividend declared at the 31st AGM held on 16th August, 2017. No appropriation for dividend and dividend distribution tax has been made in the Accounts for the dividend recommended for the Financial Year 2017-18, pending approval by the Members at the ensuing Annual General Meeting in line with Accounting Standard (AS) 4.

BOARD'S REPORT

REVIEW OF FINANCIAL PERFORMANCE AND THE STATE OF COMPANY'S AFFAIRS

Your Company has continued to focus on profitability of operations by enhancing the growth and profitability in subsidiaries and streamlining manufacturing operations and services which have all contributed to significant increase in the profitability.

STANDALONE

Your Company recorded a revenue from operations of ₹ 17,425.30 lakhs for the year ended 31st March, 2018 as against ₹ 14,990.03 lakhs in the previous year. It achieved an EBITDA of ₹ 2,176.62 lakhs (previous year ₹ 1,777.04 lakhs), resulting in a net profit of ₹ 870.76 lakhs as against ₹ 560.89 lakhs in 2016-17, registering a growth of 22% and 55% in terms of EBITDA and net profit respectively.

CONSOLIDATED

The Company's consolidated revenue from operations in the year under review aggregated ₹ 22,094.30 lakhs (previous year ₹ 18,102.82 lakhs) on which it made EBITDA of ₹ 2,807.92 lakhs (previous year ₹ 2,037.73 lakhs) and net profit (after transfer to Minority Interest) of ₹ 1,105.40 lakhs as against ₹ 575.86 lakhs in 2016-17 as Thejo Hatcon Industrial Services Company (Thejo Hatcon) and Thejo Australia Pty Ltd (Thejo Australia) continued to grow in terms of turnover and profitability. Thus, the EBITDA and net profit have shown a growth rate of 38% and 92% respectively. Thejo Hatcon has reported a profit of ₹ 247.48 lakhs and Thejo Australia ₹ 320.85 lakhs during the year as against a profit of ₹ 82.03 lakhs and ₹ 165 lakhs respectively in the previous year.

DIVIDEND

The Board of Directors are pleased to recommend payment of dividend of 40% i.e. ₹ 4/- per equity share of ₹ 10/- each for the Financial Year ended 31st March, 2018 (previous year – 35%). The dividend amount of ₹ 137.34 lakhs (previous year - ₹ 120.18 lakhs) together with dividend distribution tax of ₹ 27.95 lakhs (previous years – ₹ 24.46 lakhs) will absorb a sum of ₹ 165.29 lakhs (previous year – ₹ 144.64 lakhs). The dividend payment is subject to approval of the Members at the ensuing Annual General Meeting.

EMPLOYEES STOCK OPTION SCHEME

The Compensation / Nomination and Remuneration Committee of the Board *inter alia* administers and monitors the Employees' Stock Option Scheme of the Company which is in accordance with the applicable SEBI Regulations.

During the year under review, there were no material changes in the Employee Stock Option Scheme, 2015 of the Company and the Scheme is in compliance with the SEBI Regulations on ESOPs. Information in respect of options granted under Thejo Employee Stock Option Plan 2015 is given in Note 25.10 forming part of the Financial Statements. As per Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular dated 16th June, 2015, the details of the ESOPs are uploaded on the Company's website <http://www.thejo-engg.com/invest/ESOPs2017.pdf>

A Certificate from the Auditors of the Company as required under Regulation 13 of SBEB Regulations is attached to the Board's Report.

CREDIT RATING

CRISIL has retained the Fundamental Grade of 5/5 and has assigned the Current Market Price Grade of 3/5 for the equity shares of the Company under its SME IER (Independent Equity Research) *vide* its latest report dated 2nd January, 2018. The historical details of Grades assigned to the Company by CRISIL under SME IER are given in the table below:

BOARD'S REPORT

| Date | Nature of Report | Fundamental Grade | Current Market Price Grade (on the date of report) |
|--------------------------------------|-----------------------------|-------------------|--|
| 02nd January, 2018 | H1FY18 Result Update | 5/5 | 3/5 |
| 14 th September, 2017 | H2FY17 Result Update | 5/5 | 2/5 |
| 11 th January, 2017 | H1FY17 Result Update | 5/5 | 5/5 |
| 27 th September, 2016 | Detailed Report | 5/5 | 4/5 |
| 5 th January, 2016 | H1FY16 Result Update | 5/5 | 3/5 |
| 13 th July, 2015 | H2FY15 Result Update | 5/5 | 3/5 |
| 08 th December, 2014 | Detailed Report | 5/5 | 4/5 |
| 27 th June, 2014 | H2FY14 Result Update | 5/5 | 3/5 |
| 09 th May, 2014 | Detailed Report | 5/5 | 3/5 |

Fundamentals Grading: 5/5 – Excellent Fundamentals

Valuation Grading: 3/5 – CMP is aligned

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS
ENVIRONMENT

During the current Financial Year (FY 2017-18), most of the industries in the core sector concentrated on consolidating and increasing the existing capacity utilization and there were no major domestic expansion projects. Steel sector, one of the key sectors catered by the Company, was in the eye of the storm due to NPA issues that plagued some of the major players in the sector. RBI instructed the lending banks to refer some of these major accounts for resolution under the Insolvency and Bankruptcy Code (IBC). This created uncertainty in terms of the operations of the banks in the immediate future, casting a doubt on the further business prospects and liquidity issues arising out of pending dues from the NPA accounts. However, with the steel sector looking upbeat on the back of Minimum Import Prices being implemented for major steel products and upturn in the commodities market, the reference of some of the key steel sector companies for IBC resolution did not adversely affect, on the whole, the sector's business or liquidity. Contrarily, it increased the business volume and improved the settlement of the receivables. Moreover, the Company began insisting on advances for further services to be rendered and the same was well received by them. This helped the Company to get continuous orders from the major companies in the sector.

Internationally, the mining industry in Western Australia is recovering from the lows witnessed in FY17. This has helped our subsidiary in Australia to improve its performance and profitability. We expect the trend to continue into FY 19. The oil prices have also increased from the lower levels witnessed during FY17. This has helped the industries in Saudi Arabia to some extent, which in turn has enabled Thejo Hatcon to increase its turnover and profitability. The core sector industries of Brazil showed marginal improvement, which in turn enabled Thejo Brasil to report marginal profits.

The impact of recession is still casting its shadow on Chile. However, we expect good orders from our Chile subsidiary in FY 19.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The core sector industries to which the Company caters, showed 4.2% growth during the year under review. The Minimum Import Price which was implemented for major steel products, improving commodity prices, resulted in the sector performing well during FY 18. This helped the Company to get continuous orders from the major companies in the sector during FY 18. As mentioned earlier, Steel sector, one of the key

BOARD'S REPORT

sectors catered by the Company, saw some of its long-standing players being referred for resolution under Insolvency and Bankruptcy Code (IBC) due to NPA issues. The keen interest evinced by various top players in the industry to bag some of these assets showed the inherent strength and potential in the industry. The IBC process once taken to logical conclusion is expected to pave the way for consolidation of the industry with the major players in the industry consolidating their position.

The Company has focussed its attention on value added products and export markets. This has resulted in the Company increasing its exports considerably and showing growth in overall product sales. On the back of improved economic environment, the services business registered reasonable growth during the year. The Company continues to develop its overseas markets and focus on exports as the domestic growth is expected to be average with liquidity and cost pressures.

COMPANY PERFORMANCE AND KEY DEVELOPMENTS

As the Members are aware, the Company is engaged in rubber and polyurethane-based engineered products manufacturing, marketing and servicing activities, all under one roof. The services business caters to installation, operation and maintenance of conveyor belts and allied services such as belt splicing, pulley lagging, belt reconditioning and rubber lining. The products business centres around design, development, manufacture and supply of Rubber and Polyurethane-based engineered products for belt cleaning, spillage control, flow enhancement, impact and abrasion protection and screening applications.

RESEARCH AND DEVELOPMENT

The approval of Department of Scientific and Industrial Research for the in-house R&D Centre was renewed in April 2016. The R&D Centre is focussing on developing new and innovative products as well as bringing about continuous improvement of existing products so as to meet the needs of the customers and to tap new markets. The sustained efforts of Research and Development Team helped the Company to develop diverse product ranges, capable of withstanding some of the hardest working conditions in core sector industries.

SAFETY

As part of its policy of giving utmost importance to safety, the Safety Department of your Company is continuously evaluating every process at its manufacturing as well as work sites and taking necessary steps for the safety of personnel as well as of properties. The Company conducts safety review on regular basis and takes appropriate steps based on the findings.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

The products as well as services offerings of the Company are intended for the core sector industries. The opportunities for the industry in which the Company operates are intertwined with the opportunities for core sector industries.

With steel sector showing positive momentum and other core sector industries registering reasonable uptrend, the prospects of the core sector industries are expected to be bright in the medium term. Moreover, the Company has a balanced portfolio of products and services, which helps to moderate the impact of cyclicity experienced by its customers.

The Company continues its focus on Operations & Maintenance (O&M) Division as the fulcrum for its entire domestic business in the long-term horizon. O&M contracts would become key of the Company's domestic business with services and products being supplied to customers as part of the O&M Contract in the long run. Currently, the O&M sector is still bordering on manpower supply and viewed as commodity with price pressure. There are only a few projects where O&M contracts are being given purely based on performance parameters. During FY18, we have strengthened the senior management team of O&M with competent

BOARD'S REPORT

technical experts and consequently rejigged the business process so as position the Division for O&M contracts involving higher value addition to customer rather than competing for manpower supply contracts. As a result, the Division did not bag any major orders during FY18 as major potential customers were looking more for manpower supply oriented O&M contracts at low rates which carried low value addition and were not remunerative and commensurate with the ever increasing manpower cost. We expect good potential in O&M in the long term as the market matures.

On the export front, the Company has shown considerable growth and it expects the growth momentum to continue. The Company believes that there will be good growth and returns from exports in the medium term.

THREATS

There are only limited number of organized players in the service segment in which the Company operates. However, competition from the unorganized sector is a challenge for the services business of the Company. In Operation & Maintenance, there is intense competition with manpower-based contracts being bagged by competition at lower prices, especially during times of cyclical downturn.

Policy changes in respect of core sector industries will have a direct impact on the business of the Company as it primarily caters to core sector industries in the domestic market.

International commodity prices and fortunes of the global mining industries will have an impact on the export prospects of the Company.

Outcome of IBC proceedings against key players of core sector industries will have an impact if the process is delayed by legal battles, resulting in potential buyers losing interest in acquiring some of these assets.

The prices of most of the raw materials used by the Company are highly volatile. The volatility is expected to continue in the near future as well. The Company is mitigating this risk by framing appropriate procurement and pricing policies.

FUTURE OUTLOOK

The policy framework formulated by the Government during last year is expected to create a conducive environment for the growth of commerce and industry in our country. Consolidation of steel industries will show the path for consolidation in other industries. Goods and Services Tax (GST) is expected to have a major impact on the overall business ecosystem, especially with some of the key provisions like e-way bill, reverse charge on supplies by unregistered dealers and modified GST returns being deferred/implemented in a phased manner. Key industrial legislations such as Land Acquisition Amendment Bill and Labour Code on Industrial Relations Bill will also have an impact on the industries.

FINANCIAL PERFORMANCE

The financial performance of the Company in the year under review has shown growth momentum after two sluggish years. The Manufacturing Division has shown an increase in turnover and profitability on account of higher exports and focus on high margin products. The Services Division saw a better performance with increase in turnover and profitability, partially off-set by lower growth of Operation and Maintenance. Trading Division showed a marginal increase. Exports have shown a growth of about 25% compared to the previous year. Your Company is expanding its business in the overseas markets through its subsidiaries and branch, which is expected to improve the export turnover further.

The production of moulded and extruded rubber products was 1028 tonnes during 2017-18, registering a growth of 7% over the previous year (962 tonnes). The production of adhesives during the year under review was 316 tonnes, showing a growth of 14% over the previous year (278 tonnes).

BOARD'S REPORT**SEGMENT WISE PERFORMANCE**

Your Company has 3 segments of revenue – Manufacturing Units, Service Units and Others. Audited financial results of these segments are furnished in Note 25.4, forming part of the Financial Statements.

RISK AND CONCERNS

The Company has put in place Risk Management Policy and Procedures for identification, assessment, management, monitoring and minimization of risks. It has identified potential risks under various categories like Business Dynamics, Operations, Liquidity, Market/Industry, Human Resources, Systems and Disaster Management. The Company is periodically reviewing the risks and their identification, assessment, monitoring and mitigation procedures. It does not perceive any major technological, operational, financial or environmental risks in the near future.

However, volatility in commodity prices, cases pending under Insolvency and Bankruptcy Code relating to core sector players and constraints in infrastructure are causes for concern in the near/medium future.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has adequate internal control systems combined with Delegation of Powers and periodical review of the process. The control system is also supported by internal audits and management reviews of documented policies and procedures.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

In order to enthuse the employee base and increase the linear relationship between performance and reward, increments/incentives and ESOP are being provided based on performance. The Company continues to look at, identify, create and execute seamlessly, initiatives which enhance productivity and efficiency.

During the year, the Company, as part of on-going exercise in skill upgradation, deputed different classes of its employees to programmes and seminars which will help them to add to their professional knowledge and skills.

The Company will invest as hitherto in people through various initiatives which enable the workforce to meet the production and service expectations and challenges related thereto and to infuse positive enthusiasm towards the organisation.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis, describing the Company's views about the Industry, objectives and expectations, etc. may be considered as 'forward looking statements.' The Company has tried to identify such statements by using words such as 'expect', 'anticipate', 'hope', 'likely', 'plan', 'projected' and 'believe.' While making these statements, the Management has made certain assumptions which it believes are prudent. There is no guarantee that the assumptions would prove to be accurate. Actual results may differ substantially or materially from those expressed or implied in the statements. The Company undertakes no obligation to update any of the forward looking statements, whether as a result of any future events, change in assumptions or for any other reason, whatsoever. The forward looking statements are purely intended to put certain things in perspective based on the assumptions and estimates of the Management and in no way solicit investment. Members and others are requested to make their own judgment before taking any decision to invest further in the shares of the Company.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has in place adequate internal financial controls commensurate with its size. During the year, such controls were tested and no reportable material weaknesses were observed.

BOARD'S REPORT**SUBSIDIARY COMPANIES**

As on the date of this Report, the Company has four subsidiaries, namely, Thejo Hatcon Industrial Services Company, Kingdom of Saudi Arabia (Thejo Hatcon) with 51% shareholding, Thejo Australia Pty Ltd., Australia (Thejo Australia) with 74% shareholding, Thejo Brasil Comercio E Servicos Ltda, Brazil (Thejo Brasil) with 99.99% shareholding and Thejo Engineering LatinoAmerica SpA, Chile (Thejo Chile) with 99.73% shareholding.

The Financial Statements contain the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018. These Statements have been prepared as per Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

PERFORMANCE OF SUBSIDIARY COMPANIES

Thejo Hatcon Industrial Services Company (Thejo Hatcon) is engaged primarily in rubber lining and related industrial services activities. During the period 01st April, 2017 to 31st March, 2018, Thejo Hatcon achieved a turnover of SAR 8 million (₹ 1,385.46 lakhs) on which it made a net a profit of SAR 1.42 million (₹ 247.48 lakhs).

Thejo Australia Pty Ltd (Thejo Australia) is a servicing Company, primarily engaged in belt splicing, belt jointing, maintenance and related activities. During the period 01st April, 2017 to 31st March, 2018, Thejo Australia achieved a turnover of AUD 6.86 million (₹ 3,414.45 lakhs) with a profit of AUD 0.64 million (₹ 320.85 lakhs).

Thejo Brasil Comercio E Servicos Ltda (Thejo Brasil) is primarily engaged in selling of materials used in core sector industries for bulk material handling, mineral processing and corrosion protection. During the period 01st April, 2017 to 31st March, 2018, Thejo Brasil achieved a turnover of BRL 0.53 million (₹ 107.92 lakhs) with profit of BRL 0.03 million (₹ 6.13 lakhs).

Thejo Engineering LatinoAmerica SpA (Thejo Chile) is primarily engaged in selling of materials used in core sector industries for bulk material handling, mineral processing and corrosion protection. During the period 01st April, 2017 to 31st March, 2018, Thejo Chile achieved a turnover of USD 0.73 million (₹ 473.46 lakhs) and had incurred a loss of USD 0.14 million (₹ 87.48 lakhs).

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as prescribed under Sub-section 3(m) of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in Annexure 1, forming part of the Board's Report

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Directors have constituted a Corporate Social Responsibility Committee (CSR Committee), comprising Mr. K.J. Joseph, Mr. Thomas John, Mr. V.A. George and Mr. V.K. Srivastava as Members.

The Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy), indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The CSR Policy is provided in the Corporate Governance Report.

During the year 2017-18, the Company was required to incur CSR expenditure of ₹ 16.27 lakhs being 2% of the average net profits for the immediately preceding three Financial Years. In compliance with this requirement, the Company spent ₹ 16.50 lakhs on eligible projects approved by the Board on the recommendation of the CSR Committee, thus fully meeting the CSR target for the year under review. A brief outline of the Company's CSR Policy and projects undertaken is given in Annexure 2, forming part of the Board's Report.

BOARD'S REPORT**EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return in Form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 is attached as Annexure 3, forming part of the Board's Report and the extracts are uploaded on the Company's website.

NUMBER OF MEETINGS OF BOARD

Four meetings of the Board of Directors were held during the year. Particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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 31st March, 2018 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.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section 3 of Section 178 of the Companies Act, 2013, adopted by the Board of Directors is given in the Corporate Governance Report forming part of the Board's Report.

AUDITORS' REPORT

The Auditors' Report for the year ended 31st March, 2018 does not contain any qualification.

AUDITORS

M/s. Brahmayya & Co, Chartered Accountants, were appointed as Auditors at the 31st Annual General Meeting of the Company held on 16th August, 2017 to hold office up to the conclusion of the 36th Annual General Meeting of the Company.

SECRETARIAL AUDIT

The Board appointed Mr. G. Porselvam, Practising Company Secretary, to conduct Secretarial Audit for the Financial Year 2017-18. The Secretarial Audit Report of Mr. G. Porselvam for the Financial Year is attached as Annexure 4 to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

BOARD'S REPORT

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans given, Investments made and Guarantees given which are required to be disclosed under Section 186 (4) of the Companies Act, 2013 are given in Annexure 5, forming part of the Board's Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties required to be given under Section 188 (2) of the Companies Act, 2013, in Form No. AOC-2, are set out in Annexure 6, forming part of the Board's Report.

COMMITTEES OF THE BOARD

Currently, the Company has four Committees of the Board of Directors, namely, the Audit Committee, Compensation / Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Shareholders' and Investors' Grievance Committee. The terms of reference of the Committees are provided in the Corporate Governance Report, forming part of the Boards' Report. The composition of the Committees is as follows:

| Name of the Committee | Composition of the Committee | Status |
|--|---|--|
| Audit Committee | Mr. M. P. Vijay Kumar Mr. N. Ganga Ram Mr. A. Satyaseelan Mrs. Sujatha Jayarajan | Independent Director, Chairman Independent Director, Member Independent Director, Member Independent Director, Member |
| Compensation / Nomination and Remuneration Committee | Mr. N. Ganga Ram Mr. V. K. Srivastava Mr. M. P. Vijay Kumar Mrs. Sujatha Jayarajan | Independent Director, Chairman Independent Director, Member Independent Director, Member Independent Director, Member |
| Corporate Social Responsibility Committee | Mr. V. K. Srivastava Mr. K. J. Joseph Mr. Thomas John Mr. V. A. George | Independent Director, Chairman Non-executive Director, Member Non-executive Director, Member Managing Director, Member |
| Shareholders' and Investors' Grievance Committee | Dr. C. N. Ramchand Mr. V. K. Srivastava Mr. K. J. Joseph Mr. Thomas John | Independent Director, Chairman Independent Director, Member Non-executive Director, Member Non-executive Director, Member |

All the recommendations made by the Audit Committee were accepted by the Board of Directors, without any exception.

VIGIL MECHANISM

The Company has put in place Whistle Blower Policy and established the requisite Vigil Mechanism for employees and Directors for reporting concerns about unethical behaviour, actual or suspected fraud or violation of law to a designated Committee. The Committee consists of Mr. M.D. Ravikanth, Chief Financial Officer & Secretary, Mr. S. Premjith – Vice President, Services and Mr. Thomas K Abraham – Vice President, HR & Admin. This mechanism also provides for adequate safeguards against victimisation of reporting employees. The Policy has been disseminated to all the employees through display on Notice Board and the Company's website.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Thomas John (DIN 00435035), Vice Chairman, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Rajesh John (DIN 05161087), Whole-time Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

BOARD'S REPORT

Mr. V.A. George (DIN 01493737) was appointed as Managing Director up to 14th July, 2018 at the 27th Annual General Meeting held on 30th August, 2013. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have re-appointed Mr. V.A. George as Managing Director of the Company for a period of 3 (three) years with effect from 15th July, 2018, subject to the approval of the Members.

Mr. N. Ganga Ram (DIN 00001246), Non-Executive Independent Director was appointed as an Independent Director under Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term up to 31st March, 2019 ("first term"), at the 28th Annual General Meeting of the Company. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have recommended re-appointment of Mr. N. Ganga Ram as an Independent Director of the Company for a second term of 5 (five) consecutive years.

Mr. V.K. Srivastava (DIN 00611678), Non-Executive Independent Director was appointed as an Independent Director under Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term up to 31st March, 2019 ("first term"), at the 28th Annual General Meeting of the Company. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have recommended re-appointment of Mr. V.K. Srivastava as an Independent Director of the Company for a second term of 5 (five) consecutive years.

Mr. A. Satyaseelan (DIN 05158896), Non-Executive Independent Director was appointed as an Independent Director under Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term up to 31st March, 2019 ("first term"), at the 28th Annual General Meeting of the Company. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have recommended re-appointment of Mr. A. Satyaseelan as an Independent Director of the Company for a second term of 5 (five) consecutive years.

Mr. M.P. Vijay Kumar (DIN 05170323), Non-Executive Independent Director was appointed as an Independent Director under Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term up to 31st March, 2019 ("first term"), at the 28th Annual General Meeting of the Company. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have recommended re-appointment of Mr. M.P. Vijay Kumar as an Independent Director of the Company for a second term of 5 (five) consecutive years.

Dr. C. N. Ramchand (DIN 05166709), Non-Executive Independent Director was appointed as an Independent Director under Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term up to 31st March, 2019 ("first term"), at the 28th Annual General Meeting of the Company. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have recommended re-appointment of Dr. C. N. Ramchand as an Independent Director of the Company for a second term of 5 (five) consecutive years.

A brief resume of these Directors together with related information is given in the Notice convening the ensuing Annual General Meeting. The Board recommends their appointment / re-appointment as Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

None of the Independent Directors will retire by rotation at the ensuing Annual General Meeting.

BOARD EVALUATION

A formal annual evaluation is required to be made by the Board of its own performance and that of its Committees and individual Directors. Section 179(2) of the Companies Act, 2013 requires the Compensation / Nomination and Remuneration Committee to carry out evaluation of every director's performance. Schedule

IV of the Companies Act, 2013 states that the performance evaluation of the Independent Directors is to be done by the Board of Directors, excluding the Director being evaluated.

Accordingly, the Board of Directors carried out annual performance evaluation of the Board, Board Committees, Individual Directors and Chairperson during the year under review. The Compensation / Nomination and Remuneration Committee carried out evaluation of every Director's performance. Similarly, the performance of the Non-Independent Directors and of the Board as a whole was evaluated by the Independent Directors at a separate Meeting held by them. The evaluation of all the Directors made was on the basis of the criteria and framework adopted by the Compensation / Nomination and Remuneration Committee.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is attached as Annexure 7a to the Board's Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are also attached as Annexure 7b to the Board's Report.

CORPORATE GOVERNANCE

Your Company has voluntarily complied with the requirements of Corporate Governance to the maximum extent possible. A report on Corporate Governance is attached as Annexure 8 to the Board's Report.

GENERAL

Your Directors state that there were no transactions in respect of the following items during the year under review requiring disclosure or reporting:

1. Deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to the employees of the Company under any scheme.
4. Receipt of remuneration or commission by the Managing Director or the Whole-time Directors of the Company from any of its subsidiaries.
5. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

The Directors wish to thank the Company's Bankers for their continued support. The Directors also wish to thank the Company's customers and stakeholders for their patronage.

Your Directors place on record their appreciation of the good work done by the employees of the Company at all levels.

For and on behalf of the Board

Place : Chennai
Date : 28th May, 2018

K J JOSEPH
Chairman
DIN 00434410

THOMAS JOHN
Vice Chairman
DIN 00435035

V.A. GEORGE
Managing Director
DIN 01493737

ANNEXURE TO BOARD'S REPORT
ANNEXURE 1 TO BOARD'S REPORT

[Particulars pursuant to the Companies (Accounts) Rules, 2014]

A) CONSERVATION OF ENERGY**i. Steps taken or impact on Conservation of Energy**

- Ensuring optimum utilisation of energy and maximum possible savings of energy.
- Avoiding any known wastages of energy by monitoring and reviewing energy usage.

ii. Steps taken by the Company for utilising alternate sources of energy

- Improved efficiency by use of diesel generators in case of emergency and as stand-by.
- Manufacturing unit met a major portion of the energy requirement from wind energy.

iii. Capital Investments on energy conservation equipment

During the Financial Year, your Company has not invested in any energy conservation equipment.

B) TECHNOLOGY ABSORPTION

a) The Company has not absorbed any new technology during the Financial Year.

b) Specific areas in which R&D carried out by the company

- Development of new innovative products.
- Evaluation and usage of new raw materials.
- Improvement of existing products and processes.
- Development of methods to achieve uniformity and consistency in product quality and performance by improved process controls.
- Productivity improvement and methods for reduction in energy consumption.

c) Benefits derived as a result of R&D

- Meeting the ever-changing product performance requirements of the market by developing suitable products to cater to these stringent requirements on a continuous basis.
- Improving the field service performance of existing products to surpass the quality of competitive products.
- Evaluating new and innovative raw materials for possible adoption and incorporation into the relevant products.
- Introduction of new methods and systems for improved productivity and reduction in energy consumption.

d) Expenditure on R&D

₹ in lakhs

| Particulars | 2017-18 |
|--|----------------|
| Capital | 3.60 |
| Revenue (excluding depreciation) | 111.65 |
| Total | 115.25 |
| Total R&D expenditure as a % of total turnover | 0.66% |

ANNEXURE TO BOARD'S REPORT

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Payments in foreign currency towards Imports

₹ in lakhs

| Imports at CIF Value | 2017-18 | 2016-17 |
|--------------------------------|---------|---------|
| Raw Materials and Traded Goods | 332.26 | 380.33 |
| Capital Goods | 40.44 | 33.34 |
| Total | 372.70 | 413.67 |

b) Payments in foreign currency towards Expenditure

₹ in lakhs

| Expenditure in foreign currency | 2017-18 | 2016-17 |
|---------------------------------------|---------|---------|
| Professional and consultation fees | 9.11 | 8.93 |
| Foreign Tour | 10.17 | 10.01 |
| Salaries & Incentives of Perth Branch | 388.00 | 259.04 |
| Other Expenditure of Perth Branch | 251.63 | 224.48 |
| Others | 52.31 | 56.46 |
| Total | 711.22 | 558.92 |

c) Earnings in foreign currency on Accrual basis

₹ in lakhs

| Earnings in foreign currency | 2017-18 | 2016-17 |
|------------------------------|----------|----------|
| Exports – Products | 2,714.36 | 2,267.07 |
| Exports – Services | 146.56 | 26.63 |
| Total | 2,860.92 | 2,293.70 |

d) Net Gain or Loss on Foreign Currency Translation

₹ in lakhs

| Description | 2017-18 | 2016-17 |
|---|---------|---------|
| Profit/(Loss) on Foreign Currency Translation | 24.62 | (23.43) |

ANNEXURE 2 TO BOARD'S REPORT*[Pursuant to Section 135 of the Companies Act, 2013]***Brief outline of the Company's CSR Policy, projects and programmes undertaken with web-link:**

Thejo in its continuous efforts to positively impact the society, especially in the areas around its factories and sites, has formulated CSR policy for social development based on the following guiding principles:

- ✓ To help enrich the quality of life of the community of the nearby areas.
- ✓ To create a positive impact by making sustainable developments in the society and promote good environmental practices.
- ✓ To be responsible and responsive corporate citizen through endeavours to create a safe, harmonious and ecologically balanced environment for its members and the community at large.
- ✓ To maintain commitment to quality, health, education and safety in every aspect of the business and people.
- ✓ To promote equality of opportunity and diversity of workforce through its business operations.

Visit <http://thejo-engg.com/invest/CSR%20Policy.pdf> for more details related to our CSR Policy.

The details of CSR activities undertaken by the Company are available in our web link:

<http://www.thejo-engg.com/invest/CSR%20Activities%202017-18.pdf>

ANNEXURE TO BOARD'S REPORT

Composition of CSR Committee: Our CSR Committee consists of Mr. V.K. Srivastava, Chairman, Mr. K.J. Joseph, Mr. Thomas John and Mr. V.A. George, Members

Average Net Profits of the Company for the last three Financial Years: ₹ 813.36 lakhs

Prescribed CSR Expenditure (2% of the above amount): ₹ 16.27 lakhs

Details of CSR spend during the Financial Year

- a) Total amount to be spent for the Financial Year : ₹ 16.27 lakhs
 b) Amount spent : ₹ 16.50 lakhs
 c) Amount unspent, if any : Nil

The manner in which the amount was spent during the Financial Year is detailed below:

₹ in Lakhs

| CSR Project/ activity/ beneficiary | Sector | Location of the project / program | Amount outlay (Budget) | Amount spent on the projects or programs | Cumulative expenditure up to the reporting period | Amount spent directly / implementing agency |
|---|---|-----------------------------------|------------------------|--|---|---|
| National Relief Fund | Contribution to PM Relief Fund | Delhi | 6.00 | 6.00 | 6.00 | Directly |
| The Akshaya Patra Foundation | Malnutrition and hunger eradication | Chennai | 5.00 | 5.00 | 5.00 | Directly |
| Rotary Club of Madras Marina Trust | Promoting education | Chennai | 3.00 | 3.00 | 3.00 | Directly |
| Jeevodaya Public Charitable Trust | Hunger eradication and promoting preventive health care | Chennai | 0.82 | 0.82 | 0.82 | Directly |
| School at K.G. Kandigai | Promoting education | Thiruthani | 0.49 | 0.49 | 0.49 | Directly |
| Don Bosco Non-formal Technical Training Institute | Promoting education | South Andaman | 0.47 | 0.47 | 0.47 | Directly |
| Gracious Home | Setting up and running of Old Age Homes | Chennai | 0.34 | 0.34 | 0.34 | Directly |
| The Mercy Home | Setting up and running of Old Age Homes | Chennai | 0.30 | 0.30 | 0.30 | Directly |
| St. Joseph's Hospice | Setting up and running of Old Age Homes | Kancheepuram | 0.08 | 0.08 | 0.08 | Directly |
| Total | | | 16.50 | 16.50 | 16.50 | |

Responsibility Statement

The responsibility statement of CSR Committee of the Board of Directors of the Company is reproduced below:

“The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with the CSR Objectives and Policy of the Company.”

Place : Chennai
 Date : 28th May, 2018

V.A. GEORGE
 Managing Director
 DIN 01493737

V.K. SRIVASTAVA
 Chairman of CSR Committee
 DIN 00611678

ANNEXURE TO BOARD'S REPORT

ANNEXURE 3 TO BOARD'S REPORT

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

EXTRACT OF ANNUAL RETURNas on the Financial Year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|--|
| i. | CIN | L27209TN1986PLC012833 |
| ii. | Registration Date | 26 th March, 1986 |
| iii. | Name of the Company | Thejo Engineering Limited |
| iv. | Category / Sub-Category of the Company | Company limited by shares / Indian Non-Government Company |
| v. | Address of the Registered office and contact details | The Company shifted its Registered Office from Aysha Building, No. 41, Whites Road, Chennai – 600 014 to 3 rd Floor, VDS House, No. 41 Cathedral Road, Chennai – 600 086, Tamil Nadu, India, with effect from 28 th May, 2018. Tel: +91 44 42221900 Fax: +91 44 42221910 |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai – 600 002, Tamil Nadu, India Tel:+91 44 28460390 Fax:+91 44 28460129 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10% or more of the total turnover of the Company are as follows:

| Sl. No. | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Maintenance & Repair Services | 3312/3319 | 32.86% |
| 2 | Other Rubber Products | 2219 | 13.63% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name of the Company | Address of the Company | CIN/ GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|---|----------|----------------------------------|------------------|--------------------|
| 1 | Thejo Hatcon Industrial Services Company | P.O. Box No. 991, Alkhobar 31952, Kingdom of Saudi Arabia. | N.A | Subsidiary | 51 | 2(87) |
| 2 | Thejo Australia Pty Ltd | No. 5, Kalmia Road, Bibra Lake, WA - 6163 | N.A | Subsidiary | 74 | 2(87) |
| 3 | Thejo Brasil Comercio E Servicos Ltda | AV Brasil, 839, Sala:4, Vinhedo, CEP 13280-000, SP, Brasil. | N.A | Subsidiary | 99.99 | 2(87) |
| 4 | Thejo Engineering LatinoAmerica SpA | La Dehesa Avenue, No 181 – Office 312, District: Lo Barnechea, Santiago, Chile. | N.A | Subsidiary | 99.73 | 2(87) |

ANNEXURE TO BOARD'S REPORT

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 01 st April, 2017) | | | | No. of Shares held at the end of the year (As on 31 st March, 2018) | | | | % change during the year |
|---|--|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 19,46,940 | - | 19,46,940 | 56.70 | 19,46,940 | - | 19,46,940 | 56.70 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1) | 19,46,940 | - | 19,46,940 | 56.70 | 19,46,940 | - | 19,46,940 | 56.70 | - |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A) = (A)(1)+(A)(2) | 19,46,940 | - | 19,46,940 | 56.70 | 19,46,940 | - | 19,46,940 | 56.70 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | 5,65,472 | - | 5,65,472 | 16.47 | 3,17,072 | - | 3,17,072 | 9.23 | (7.24) |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others | 1,98,600 | - | 1,98,600 | 5.78 | 97,200 | - | 97,200 | 2.83 | (2.95) |
| Sub-total (B)(1) | 7,64,072 | - | 7,64,072 | 22.25 | 4,14,272 | - | 4,14,272 | 12.06 | (10.19) |

ANNEXURE TO BOARD'S REPORT

i. *Category-wise Share Holding - (Contd.)*

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 01 st April, 2017) | | | | No. of Shares held at the end of the year (As on 31 st March, 2018) | | | | % change during the year |
|---|--|-----------------|------------------|-------------------|--|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 38,700 | - | 38,700 | 1.13 | 26,540 | - | 26,540 | 0.77 | (0.36) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 1,79,050 | 2,000 | 1,81,050 | 5.27 | 2,15,860 | 2,000 | 2,17,860 | 6.35 | 1.08 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 3,72,060 | 1,18,680 | 4,90,740 | 14.30 | 4,49,800 | 93,140 | 5,42,940 | 15.81 | 1.51 |
| c) Others (specify) | | | | | | | | | |
| i) Clearing Members | - | - | - | - | 600 | - | 600 | 0.02 | 0.02 |
| ii) Hindu Undivided Family | 7,850 | - | 7,850 | 0.23 | 2,80,200 | - | 2,80,200 | 8.17 | 7.94 |
| iii) Non-resident Indians | 4,200 | - | 4,200 | 0.12 | 4,200 | - | 4,200 | 0.12 | - |
| Sub-total (B)(2) | 6,01,860 | 1,20,680 | 7,22,540 | 21.05 | 9,77,200 | 95,140 | 10,72,340 | 31.24 | 10.19 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 13,65,932 | 1,20,680 | 14,86,612 | 43.30 | 13,91,472 | 95,140 | 14,86,612 | 43.30 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 33,12,872 | 1,20,680 | 34,33,552 | 100 | 33,38,412 | 95,140 | 34,33,552 | 100 | - |

ANNEXURE TO BOARD'S REPORT

ii. Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 01 st April, 2017) | | | Shareholding at the end of the year (As on 31 st March, 2018) | | | % change in shareholding during the year |
|---------|----------------------|--|----------------------------------|--|--|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the Company | % of Shares pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares pledged / encumbered to total shares | |
| 1 | Mr. K. J. Joseph | 2,50,000 | 7.28 | - | 2,50,000 | 7.28 | - | - |
| 2 | Mr. Thomas John | 2,16,868 | 6.32 | - | 2,16,868 | 6.32 | - | - |
| 3 | Mr. Manoj Joseph | 1,65,860 | 4.83 | - | 1,65,860 | 4.83 | - | - |
| 4 | Mr. Rajesh John | 2,16,866 | 6.31 | - | 2,16,866 | 6.31 | - | - |
| 5 | Mrs. Rosamma Joseph | 1,80,320 | 5.25 | - | 1,80,320 | 5.25 | - | - |
| 6 | Mrs. Celinamma John | 2,16,866 | 6.31 | - | 2,16,866 | 6.31 | - | - |
| 7 | Mr. Manesh Joseph | 1,65,860 | 4.83 | - | 1,65,860 | 4.83 | - | - |
| 8 | Mrs. Meena Kavil | 1,42,160 | 4.14 | - | 1,42,160 | 4.14 | - | - |
| 9 | Mrs. Maya Philip | 1,54,020 | 4.49 | - | 1,54,020 | 4.49 | - | - |
| 10 | Mrs. Rithu Johnson | 1,47,600 | 4.30 | - | 1,47,600 | 4.30 | - | - |
| 11 | Mr. Sebastian Thomas | 88,520 | 2.58 | - | 88,520 | 2.58 | - | - |
| 12 | Mrs. Rosamma Joseph | 2,000 | 0.06 | - | 2,000 | 0.06 | - | - |

iii. Change in Promoters' Shareholding

| Particulars | No. of shares | % of total shares of the Company | Cumulative Shareholding during the year (01 st April, 2017 to 31 st March, 2018) | |
|---|---------------|----------------------------------|--|----------------------------------|
| | | | No. of shares | % of total shares of the Company |
| At the beginning of the year | 19,46,940 | 56.70 | 19,46,940 | 56.70 |
| Changes in Promoters Shareholding during the year | - | - | 19,46,940 | 56.70 |
| At the end of the year | 19,46,940 | 56.70 | 19,46,940 | 56.70 |

ANNEXURE TO BOARD'S REPORT

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Name | No. of shares | % of total shares of the Company | Cumulative Shareholding during the year (01 st April, 2017 to 31 st March, 2018) | |
|---------|---|---------------|----------------------------------|--|----------------------------------|
| | | | | No. of shares | % of total shares of the Company |
| 1 | M/s. SIDBI TRUSTEE COMPANY LIMITED A/C INDIA OPPORTUNITIES FUND | | | | |
| | At the beginning of the year | 3,17,072 | 9.23 | 3,17,072 | 9.23 |
| | Changes in Shareholding during the year | - | - | 3,17,072 | 9.23 |
| | At the end of the year | 3,17,072 | 9.23 | 3,17,072 | 9.23 |
| 2 | M/s. GIRISH GULATI HUF | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes in Shareholding during the year - Purchase | 2,65,200 | 7.72 | 2,65,200 | 7.72 |
| | At the end of the year | 2,65,200 | 7.72 | 2,65,200 | 7.72 |
| 3 | Mr. S. P. GEORGE | | | | |
| | At the beginning of the year | 1,24,000 | 3.61 | 1,24,000 | 3.61 |
| | Changes in Shareholding during the year | - | - | 1,24,000 | 3.61 |
| | At the end of the year | 1,24,000 | 3.61 | 1,24,000 | 3.61 |
| 4 | M/s. IDBI CAP MKT SERV LTD | | | | |
| | At the beginning of the year | 1,98,600 | 5.78 | 1,98,600 | 5.78 |
| | Transaction (Net of purchase/(sale)) during the year | (1,01,400) | (2.95) | 97,200 | 2.83 |
| | At the end of the year | 97,200 | 2.83 | 97,200 | 2.83 |
| 5 | Mr. O. J. LUKOSE | | | | |
| | At the beginning of the year | 63,280 | 1.84 | 63,280 | 1.84 |
| | Changes in Shareholding during the year | - | - | 63,280 | 1.84 |
| | At the end of the year | 63,280 | 1.84 | 63,280 | 1.84 |
| 6 | Mr. ANAND T. PETHE | | | | |
| | At the beginning of the year | 62,420 | 1.82 | 62,420 | 1.82 |
| | Changes in Shareholding during the year | - | - | 62,420 | 1.82 |
| | At the end of the year | 62,420 | 1.82 | 62,420 | 1.82 |
| 7 | Mr. JOSE KOZHIPAT | | | | |
| | At the beginning of the year | 43,140 | 1.26 | 43,140 | 1.26 |
| | Changes in Shareholding during the year | - | - | 43,140 | 1.26 |
| | At the end of the year | 43,140 | 1.26 | 43,140 | 1.26 |

ANNEXURE TO BOARD'S REPORT

iv. *Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) - (Contd.)*

| Sl. No. | Name | No. of shares | % of total shares of the Company | Cumulative Shareholding during the year (01 st April, 2017 to 31 st March, 2018) | |
|---------|--|---------------|----------------------------------|--|----------------------------------|
| | | | | No. of shares | % of total shares of the Company |
| 8 | Mr. PANKAJ PRASOON | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes in Shareholding during the year - Purchase | 41,400 | 1.21 | 41,400 | 1.21 |
| | At the end of the year | 41,400 | 1.21 | 41,400 | 1.21 |
| 9 | Mrs. JYOTI ANAND PETHE | | | | |
| | At the beginning of the year | 32,160 | 0.94 | 32,160 | 0.94 |
| | Changes in Shareholding during the year | - | - | 32,160 | 0.94 |
| | At the end of the year | 32,160 | 0.94 | 32,160 | 0.94 |
| 10 | Mrs. SUMY JOHN | | | | |
| | At the beginning of the year | 25,540 | 0.74 | 25,540 | 0.74 |
| | Changes in Shareholding during the year | - | - | 25,540 | 0.74 |
| | At the end of the year | 25,540 | 0.74 | 25,540 | 0.74 |
| 11 | M/s. N R GOLD PRIVATE LTD | | | | |
| | At the beginning of the year | 31,200 | 0.90 | 31,200 | 0.90 |
| | Transaction (Net of purchase/(sale)) during the year | (19,800) | (0.57) | 11,400 | 0.33 |
| | At the end of the year | 11,400 | 0.33 | 11,400 | 0.33 |
| 12 | M/s. EMERGING INDIA GROWTH FUND CVCF V | | | | |
| | At the beginning of the year | 2,48,400 | 7.23 | 2,48,400 | 7.23 |
| | Changes in Shareholding during the year - Sale | (2,48,400) | (7.23) | - | - |
| | At the end of the year | - | - | - | - |

v. *Shareholding of Directors and Key Managerial Personnel*

| Sl. No. | Name | No. of shares | % of total shares of the Company | Cumulative Shareholding during the year (01 st April, 2017 to 31 st March, 2018) | |
|---------|---|---------------|----------------------------------|--|----------------------------------|
| | | | | No. of shares | % of total shares of the Company |
| 1 | Mr. K.J. JOSEPH CHAIRMAN | | | | |
| | At the beginning of the year | 2,50,000 | 7.28 | 2,50,000 | 7.28 |
| | Changes in Shareholding during the year | - | - | 2,50,000 | 7.28 |
| | At the end of the year | 2,50,000 | 7.28 | 2,50,000 | 7.28 |
| 2 | Mr. THOMAS JOHN VICE CHAIRMAN | | | | |
| | At the beginning of the year | 2,16,868 | 6.32 | 2,16,868 | 6.32 |
| | Changes in Shareholding during the year | - | - | 2,16,868 | 6.32 |
| | At the end of the year | 2,16,868 | 6.32 | 2,16,868 | 6.32 |

ANNEXURE TO BOARD'S REPORT

v. *Shareholding of Directors and Key Managerial Personnel - (Contd.)*

| Sl. No. | Name | No. of shares | % of total shares of the Company | Cumulative Shareholding during the year (01 st April, 2017 to 31 st March, 2018) | |
|---------|---|---------------|----------------------------------|--|----------------------------------|
| | | | | No. of shares | % of total shares of the Company |
| 3 | Mr. V.A. GEORGE MANAGING DIRECTOR | | | | |
| | At the beginning of the year | 50,000 | 1.46 | 50,000 | 1.46 |
| | Changes in Shareholding during the year | - | - | 50,000 | 1.46 |
| | At the end of the year | 50,000 | 1.46 | 50,000 | 1.46 |
| 4 | Mr. MANOJ JOSEPH EXECUTIVE DIRECTOR | | | | |
| | At the beginning of the year | 1,65,860 | 4.83 | 1,65,860 | 4.83 |
| | Changes in Shareholding during the year | - | - | 1,65,860 | 4.83 |
| | At the end of the year | 1,65,860 | 4.83 | 1,65,860 | 4.83 |
| 5 | Mr. RAJESH JOHN EXECUTIVE DIRECTOR | | | | |
| | At the beginning of the year | 2,16,866 | 6.32 | 2,16,866 | 6.32 |
| | Changes in Shareholding during the year | - | - | 2,16,866 | 6.32 |
| | At the end of the year | 2,16,866 | 6.32 | 2,16,866 | 6.32 |

The following directors / key managerial personnel (KMP) did not hold any shares during the Financial Year 2017 -18:

- Mr. N. Ganga Ram - Director
- Mr. V. K. Srivastava - Director
- Mr. A. Satyaseelan - Director
- Mr. M. P. Vijay Kumar - Director
- Dr. C. N. Ramchand - Director
- Mrs. Sujatha Jayarajan - Director
- Mr. M. D. Ravikanth - CFO & Secretary

ANNEXURE TO BOARD'S REPORT

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in lakhs

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the Financial Year (01st April, 2017) | | | | |
| i) Principal Amount | 4,052.75 | - | - | 4,052.75 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 7.84 | - | - | 7.84 |
| Total (i+ii+iii) | 4,060.59 | - | - | 4,060.59 |
| Change in Indebtedness during the Financial Year | | | | |
| • Addition | 435.93 | - | - | 435.93 |
| • Reduction | 1,854.04 | - | - | 1,854.04 |
| Net Change | (1,418.11) | - | - | (1,418.11) |
| Indebtedness at the end of the Financial Year (31st March, 2018) | | | | |
| i) Principal Amount | 2,635.24 | - | - | 2,635.24 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 7.24 | - | - | 7.24 |
| Total (i+ii+iii) | 2,642.48 | - | - | 2,642.48 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in lakhs

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---------|---|-------------------------|------------------|-----------------|---------------|
| | | Mr. V.A. George | Mr. Manoj Joseph | Mr. Rajesh John | |
| 1. | Gross Salary | | | | |
| (a) | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 48.00 | 42.37 | 36.49 | 126.86 |
| (b) | Value of perquisites under Section 17(2) of the Income-tax Act, 1961 | - | - | - | - |
| (c) | Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5. | Others, Retirement benefits | - | 7.01 | 5.20 | 12.21 |
| | Total (A) | 48.00 | 49.38 | 41.69 | 139.07 |
| | Remuneration excluding retirement benefits | | | | 126.86 |
| | Ceiling as per the Act | | | | 139.01 |

ANNEXURE TO BOARD'S REPORT

B. Remuneration to other Directors:

₹ in lakhs

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | | Total Amount |
|----------|--|-------------------|-----------------|------------------|---------------------|--------------------|----------------------|-------------------|------------------------|---------------|
| | | Mr. K.J. Joseph | Mr. Thomas John | Mr. N. Ganga Ram | Mr. V.K. Srivastava | Mr. A. Satyaseelan | Mr. M.P. Vijay Kumar | Dr. C.N. Ramchand | Mrs. Sujatha Jayarajan | |
| 1 | Independent Directors | | | | | | | | | |
| | Fee for attending board / committee meetings | - | - | 2.85 | 2.40 | 2.55 | 2.85 | 1.50 | 2.85 | 15.00 |
| | Commission | - | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - | - |
| | Total (1) | - | - | 2.85 | 2.40 | 2.55 | 2.85 | 1.50 | 2.85 | 15.00 |
| 2 | Other Non-Executive Directors | | | | | | | | | |
| | Fee for attending board / committee meetings | 1.50 | 1.95 | - | - | - | - | - | - | 3.45 |
| | Commission | - | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - | - |
| | Total (2) | 1.50 | 1.95 | - | - | - | - | - | - | 3.45 |
| | Total (B)=(1+2) | 1.50 | 1.95 | 2.85 | 2.40 | 2.55 | 2.85 | 1.50 | 2.85 | 18.45 |
| | Total Managerial Remuneration¹ | | | | | | | | | 126.86 |
| | Overall Ceilings as per the Act | | | | | | | | | 152.91 |

1. Pursuant to Section 197(2) of the Companies Act, 2013, the Sitting Fees paid to the Directors were excluded from the total managerial remuneration.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

₹ in lakhs

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | Total Amount |
|---------|---|-------------------------------------|--------------|
| | | Mr. M.D. Ravikanth, CFO & Secretary | |
| 1. | Gross Salary | | |
| (a) | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 24.16 | 24.16 |
| (b) | Value of perquisites under Section 17(2) of the Income-tax Act, 1961 | - | - |
| (c) | Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission | | |
| | - as % of profit | - | - |
| | - others, specify | - | - |
| 5. | Others, Retirement benefits | 3.31 | 3.31 |
| | Total (A) | 27.47 | 27.47 |

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2018.

ANNEXURE TO BOARD'S REPORT

ANNEXURE 4 TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2018

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

To,

The Members,
THEJO ENGINEERING LIMITED
Chennai

I have conducted the Secretarial Audit of the compliance of applicable Statutory provisions and the adherence to good corporate practices by M/s. THEJO ENGINEERING LIMITED [CIN:L27209TN1986PLC012833] (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. THEJO ENGINEERING LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on 31/03/2018 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 M/s. THEJO ENGINEERING LIMITED for the Financial Year ended on 31/03/2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
The company has duly complied with the procedure laid under the Companies Act 2013, forms, returns in this connection have been duly filed, and there are no adverse remarks or qualification in this aspect.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (e) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ANNEXURE TO BOARD'S REPORT

(vi) As informed to me the following other Laws specifically applicable to the Company as under:

1. Factories Act, 1948
2. Industrial Disputes Act, 1947
3. Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
6. Employees' State Insurance Act, 1948
7. Equal Remuneration Act, 1976
8. Shop & Establishment Act, 1948
9. The Payment of Bonus Act, 1965
10. The Payment of Gratuity Act, 1972
11. The Contract Labour (Regulation and Abolition) Act, 1970
12. The Maternity benefit Act, 1961
13. The Child Labour Prohibition and Regulation Act, 1986
14. The Industrial Employment (Standing Order) Act, 1946
15. The Employee Compensation Act, 1923
16. The Apprentices Act, 1961

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation.

The Company has duly complied with the various provisions contained in the Act; there are no remarks as on date of issue of the report.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, including One Women Director. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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.

I further report that during the audit period there were no specific events / actions in pursuance of the above referred laws, rules, regulation, guidelines, etc, having a major bearing on the companies affairs.

Place : Chennai
Date : 28th May, 2018

Name : G. PORSELVAM
Company Secretary in Practice
C P No. : 3187

ANNEXURE TO BOARD'S REPORT
ANNEXURE 5 TO BOARD'S REPORT

[Pursuant to Section 186 of the Companies Act, 2013]

DETAILS OF LOANS GIVEN, INVESTMENT MADE OR GUARANTEE GIVEN OR SECURITY PROVIDED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013

The particulars of loans given as at 31st March, 2018 are as follows: ₹ in lakhs

| Name of the Company | As at 31st March, 2018 | Purpose |
|--|--|-----------------------------|
| Thejo Hatcon Industrial Services Company, Saudi Arabia | 156.94 | Working Capital Requirement |

The details of investments made during the Financial Year are as follows: ₹ in lakhs

| Name of the Company and Country | During FY 17-18 | As at 31st March, 2018 |
|--|------------------------|--|
| Thejo Hatcon Industrial Services Company, Saudi Arabia | - | 333.72 |
| Thejo Australia Pty Ltd, Australia | - | 1,202.45 |
| Thejo Brasil Comercio E Servicos Ltda, Brazil | - | 76.24 |
| Thejo Engineering LatinoAmerica SpA, Chile | - | 341.66 |

The details of guarantee given as at 31st March, 2018: Nil

ANNEXURE TO BOARD'S REPORT

ANNEXURE 6 TO BOARD'S REPORT

[Pursuant to Clause (h) of Sub-section (3) of Section 134 and Section 188 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014]

The particulars of Contracts or arrangements entered into by the Company with related parties under Section 188 of the Companies Act, 2013, are as follows:

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

There were no contracts or arrangements entered into by the Company with the related parties during the Financial Year 2017-18, which were not at arm's length.

2. Details of material contracts or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis during the Financial Year 2017-18, are as follows: ₹ in lakhs

| Name of related Party | Nature of relationship | Duration | Nature of Contract & Salient Terms, if any | Amount |
|--|--------------------------|--------------------------------|--|----------|
| Thejo Hatcon Industrial Services Company, Saudi Arabia | Subsidiary | Based on Orders | Purchases & Sales | 321.09 |
| | | Based on Repayment Schedule | Loan Repayment | (41.96) |
| | | Till repayment of loan | Interest charged | 18.57 |
| Thejo Australia Pty Ltd, Australia | Subsidiary | Based on Orders | Purchase & Sales | 5.92 |
| | | Based on Repayment | Loan Repayment | (494.94) |
| | | Till repayment of loan | Interest charged | 52.73 |
| | | Based on requirement | Other Income | 0.97 |
| | | Based on requirement | Expenses Reimbursement | 27.26 |
| Thejo Brasil Comercio E Servicos Ltda, Brazil | Subsidiary | Based on Orders | Purchase & Sales | 35.83 |
| Thejo Engineering LatinoAmerica SpA, Chile | Subsidiary | Based on Orders | Purchase & Sales | 347.79 |
| Mr. V. A. George, Managing Director | Key Managerial Personnel | 14 th July, 2018 | Remuneration | 48.00 |
| Mr. Manoj Joseph | Executive Director | 19 th June, 2020 | Remuneration* | 42.37 |
| Mr. Rajesh John | Executive Director | 15 th January, 2022 | Remuneration* | 36.49 |
| Mr. M. D. Ravikanth, CFO & Secretary | Key Managerial Personnel | Not Applicable | Remuneration* | 24.16 |
| Mrs. Rosamma Joseph | Relative of Director | Not Applicable | Remuneration | 12.09 |
| Mrs. Celinamma John | Relative of Director | Not Applicable | Remuneration | 11.95 |
| Mr. Manesh Joseph | Relative of Director | Not Applicable | Remuneration* | 27.63 |

* Note: Remuneration excludes retirement benefits

For and on behalf of the Board

Place : Chennai
Date : 28th May, 2018

K J JOSEPH
Chairman
DIN 00434410

THOMAS JOHN
Vice Chairman
DIN 00435035

V.A. GEORGE
Managing Director
DIN 01493737

ANNEXURE TO BOARD'S REPORT
ANNEXURE 7a TO BOARD'S REPORT

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i. The details of remuneration of each Director and KMP during the Financial Year 2017-18, the percentage increase in remuneration of each Director and KMP and ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year 2017-18 are as follows:

| Name of the Director / KMP | Remuneration of Director / KMP for the F.Y 2017-18 (₹ in lakhs) | % increase in Remuneration in the F.Y. 2017-18 | Ratio of Remuneration of each director to median remuneration of employees | Remuneration of Director / KMP for the F.Y 2016-17 (₹ in lakhs) |
|----------------------------|---|--|--|---|
| Mr. K. J. Joseph | 1.50 | 50.00 | 0.64 | 1.00 |
| Mr. Thomas John | 1.95 | 50.00 | 0.83 | 1.30 |
| Mr. V. A. George | 48.00 | 17.07 | 20.34 | 41.00 |
| Mr. Manoj Joseph | 49.38 | 34.22 | 20.92 | 36.79 |
| Mr. Rajesh John | 41.69 | 78.16 | 17.67 | 23.40 |
| Mr. N. Ganga Ram | 2.85 | 216.67 | 1.21 | 0.90 |
| Mr. V. K. Srivastava | 2.40 | 60.00 | 1.02 | 1.50 |
| Mr. A. Satyaseelan | 2.55 | 50.00 | 1.08 | 1.70 |
| Mr. M. P. Vijay Kumar | 2.85 | 58.33 | 1.21 | 1.80 |
| Dr. C. N. Ramchand | 1.50 | 15.38 | 0.63 | 1.30 |
| Mrs. Sujatha Jayarajan | 2.85 | 216.67 | 1.21 | 0.90 |
| Mr. M. D. Ravikanth | 27.47 | 24.35 | Not Applicable | 22.09 |

- ii. The median remuneration of employees of the Company for the Financial Year was ₹ 2.36 lakhs.
- iii. There was an increase of 15.69% in the median remuneration of employees in the Financial Year.
- iv. There were 1,171 permanent employees on the rolls of the Company as on 31st March, 2018.
- v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2017-18 was 17.22% whereas the managerial remuneration increased by 37.43% (from ₹ 101.19 lakhs in 2016-17 to ₹ 139.07 lakhs in 2017-18).
- vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

ANNEXURE 7b TO BOARD'S REPORT**STATEMENT OF PARTICULARS OF EMPLOYEES:**

During the Financial Year, no employee received remuneration in excess of the limits prescribed under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ANNEXURE TO BOARD'S REPORT

Details of top ten employees in terms of remuneration drawn during the year.

| Name | Designation | Remuneration* (₹ in lakhs) | Nature of Employment | Qualification | Experience (Years) | Date of employ- ment com- mencement | Age | Previous Employment |
|-------------------|---|-------------------------------|-------------------------|-----------------------------|-----------------------|---|-----|--|
| M. G Baskar | Sr. Vice President (Head - O&M Division) | 31.02 | Regular | B.E. Mech, Exec MBA | 25 | 02-11-2016 | 48 | FL Smidth Private Limited |
| Manesh Joseph | Senior VP - Manufac- turing | 27.63 | Regular | B.com | 21 | 02-01-2012 | 44 | Own Business |
| M.D. Ravikanth | CFO & Secretary | 24.16 | Regular | CA., ACS | 15 | 03-03-2008 | 38 | India Cements Capital Limited |
| D. Ravichandran | VP - Corrosion Pro- tection Division | 22.79 | Regular | DME | 34 | 01-07-1997 | 52 | MIL Industries Limited |
| G. Radhakrishnan | Head - Commercial & Receivables | 21.54 | Contractual | M.A., PGDGC | 41 | 11-04-2016 | 66 | India Cements Capital Limited |
| S. Sathish | VP - Commercial | 19.49 | Regular | B.Com, PG-Man- agement | 21 | 01-11-2011 | 46 | Spectra Management |
| S. Premjith | VP - Services | 19.30 | Regular | B.Com, PGDPM | 18 | 05-01-2005 | 45 | Radhakrishna Hospitality Services Private Limited |
| Thomas K. Abraham | VP - HR & Admin | 17.76 | Regular | M.A.(Economics), PGDPMIR | 28 | 01-03-2008 | 50 | India Cements Capital Limited |
| B. Vivekanandan | Head - Operations, O&M Division | 17.27 | Regular | BE (Mech) | 24 | 06-11-2014 | 46 | Tecpro Systems Limited |
| S. Venkataramanan | DGM - Business Development | 16.32 | Regular | DEEE | 28 | 09-10-2009 | 47 | Hofincons Infotech & Industrial Services Private Limited |

* - Excluding Retirement benefits

None of the above employees are related to any of the Directors of the Company except Mr. Manesh Joseph who is related to Mr. K.J. Joseph, Chairman, as son and to Mr. Manoj Joseph, Director Marketing, as brother.

ANNEXURE TO BOARD'S REPORT
ANNEXURE 8 TO BOARD'S REPORT
CORPORATE GOVERNANCE REPORT
I. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's Code of Corporate Governance permeates in all aspects of its working and towards maximizing the Shareholders' value. The Company believes that good corporate governance system enables it to retain the trust of the Members.

The code of conduct and governance lays strong emphasis on transparency, accountability, community engagement and quick business decisions.

The Company has taken several initiatives towards maintaining good corporate governance system. The Audit Committee and the Compensation / Nomination and Remuneration Committee of the Board consist wholly of Independent Directors.

The Company has norms in line with the provisions of the Companies Act, 2013 and has ensured effective Corporate Governance practices and timely disclosure of information to the Members.

The Company has adopted various codes and policies which include Code for Board of Directors and Senior Managers, Code of Conduct to regulate, monitor and report trading by Insiders, Code of practices and procedures for fair disclosure of unpublished price sensitive information, Whistle Blower Policy, Policy on Prevention of Sexual Harassment in the Workplace, Corporate Social Responsibility Policy and Risk Management Policy.

II. BOARD OF DIRECTORS

The Board of Directors of the Company consists of optimum combination of Executive and Non- Executive Directors. As at 31st March, 2018, the Company's Board had 11 Directors, of which three were Executive Directors, two were Non-executive Non-independent Directors and six Independent Directors. The composition of the Board and category of Directors were as follows:

| Category | Name of Director & Designation | DIN |
|--|--|------------|
| Promoters & Non-executive Directors | Mr. K.J. Joseph, Chairman | 00434410 |
| | Mr. Thomas John, Vice Chairman | 00435035 |
| Executive Directors | Mr. V.A. George, Managing Director | 01493737 |
| | Mr. Manoj Joseph, Whole-time Director | 00434579 |
| | Mr. Rajesh John, Whole-time Director | 05161087 |
| Independent Directors | Mr. N. Ganga Ram, Independent Director | 00001246 |
| | Mr. V.K. Srivastava, Independent Director | 00611678 |
| | Mr. A. Satyaseelan, Independent Director | 05158896 |
| | Mr. M.P. Vijay Kumar, Independent Director | 05170323 |
| | Dr. C.N. Ramchand, Independent Director | 05166709 |
| | Mrs. Sujatha Jayarajan, Independent Director | 00633989 |

ANNEXURE TO BOARD'S REPORT

The details of Directorship held in other Companies/Board Committees by each Member of the Board of Directors of the Company as on 31st March, 2018 were as under –

| S.No. | Name of the Director | Number of Directorship held in other Companies | Number of Board Committee Memberships / Chairmanships held in other Companies | |
|-------|------------------------|--|---|--------------|
| | | | Membership | Chairmanship |
| 1 | Mr. K.J. Joseph | Nil | Nil | Nil |
| 2 | Mr. Thomas John | Nil | Nil | Nil |
| 3 | Mr. V.A. George | Nil | Nil | Nil |
| 4 | Mr. Manoj Joseph | Nil | Nil | Nil |
| 5 | Mr. Rajesh John | Nil | Nil | Nil |
| 6 | Mr. N. Ganga Ram | 2 | 1 | 1 |
| 7 | Mr. V.K. Srivastava | Nil | Nil | Nil |
| 8 | Mr. M.P. Vijay Kumar | 2 | Nil | Nil |
| 9 | Mr. A. Satyaseelan | Nil | Nil | Nil |
| 10 | Dr. C.N. Ramchand | 2 | 1 | Nil |
| 11 | Mrs. Sujatha Jayarajan | 1 | 1 | Nil |

Notes:

- 1) None of the Directors holds chairmanship of the Board Committees in excess of the maximum ceiling of five and Membership in excess of the maximum ceiling of ten.
- 2) For the purpose of reckoning the ceiling, Chairmanship/Membership of the Audit Committee and the Stakeholders' Relationship Committee in public limited companies alone has been considered and Directorship in Private Limited Companies, Foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Section 8 of the Companies Act, 2013 has not been considered.
- 3) Excluding Directorship in Thejo Engineering Limited and its subsidiaries.

Relationship between Directors

None of the Directors has any family relationships between them, save and except Mr. K.J. Joseph and Mr. Manoj Joseph as father and son and Mr. Thomas John and Mr. Rajesh John also as father and son.

Shareholding of Directors

None of the Directors has any shareholding in our Company as on 31st March, 2018 except as disclosed below:

| S.No. | Name of the Director | No. of Shares | % of Equity Share Capital |
|-------|----------------------|---------------|---------------------------|
| 1 | Mr. K.J. Joseph | 2,50,000 | 7.28 |
| 2 | Mr. Thomas John | 2,16,868 | 6.32 |
| 3 | Mr. V.A. George | 50,000 | 1.46 |
| 4 | Mr. Manoj Joseph | 1,65,860 | 4.83 |
| 5 | Mr. Rajesh John | 2,16,866 | 6.32 |

ANNEXURE TO BOARD'S REPORT

Meetings and Attendance

Attendance of Directors at Board Meetings and Annual General Meeting (AGM)

During the year, the Board met 4 times. The meetings of the Board of Directors were held on 27th May, 2017, 16th August, 2017, 11th November, 2017 and 05th March, 2018. The attendance of each Director at the Board Meetings and at the last Annual General Meeting is as under:

| S.No. | Name of the Director | No. of Board Meetings held | No. of Board Meetings attended | Last Annual General Meeting held on 16 th August, 2017 |
|-------|------------------------|----------------------------|--------------------------------|---|
| 1 | Mr. K.J. Joseph | 4 | 3 | Yes |
| 2 | Mr. Thomas John | 4 | 4 | Yes |
| 3 | Mr. V.A. George | 4 | 4 | Yes |
| 4 | Mr. Manoj Joseph | 4 | 4 | Yes |
| 5 | Mr. Rajesh John | 4 | 4 | Yes |
| 6 | Mr. N. Ganga Ram | 4 | 4 | No |
| 7 | Mr. V.K. Srivastava | 4 | 4 | Yes |
| 8 | Mr. A. Satyaseelan | 4 | 4 | Yes |
| 9 | Mr. M.P. Vijay Kumar | 4 | 4 | Yes |
| 10 | Dr. C.N. Ramchand | 4 | 3 | No |
| 11 | Mrs. Sujatha Jayarajan | 4 | 4 | Yes |

III. COMMITTEES

i) Audit Committee

The Audit Committee of the Board of Directors was constituted on 16th January, 2012. The Committee consists of four Independent Directors. The status of the Independent Directors and attendance at the meetings were as follows:

| S.No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|-------|------------------------|--------------------------------|----------------------|--------------------------|
| 1 | Mr. M.P. Vijay Kumar | Independent Director, Chairman | 4 | 4 |
| 2 | Mr. N. Ganga Ram | Independent Director, Member | 4 | 4 |
| 3 | Mr. A. Satyaseelan | Independent Director, Member | 4 | 4 |
| 4 | Mrs. Sujatha Jayarajan | Independent Director, Member | 4 | 4 |

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Audit Committee of the Board were held on 27th May, 2017, 16th August, 2017, 11th November, 2017 and 05th March, 2018.

ANNEXURE TO BOARD'S REPORT

Terms of Reference

The principal terms of reference of the Audit Committee are as follows:

1. Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
 3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
 4. Reviewing, with the Management, the annual Financial Statements before submission to the Board for approval, with particular reference to:
 - a. Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the Financial Statements arising out of audit findings, compliance with listing and other legal requirements relating to Financial Statements.
 - e. Disclosure of any related party transactions.
 - f. Qualifications in the draft Audit Report.
 5. Reviewing, with the Management, the half-yearly Financial Statements before submission to the Board for approval.
 6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in this matter.
 7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 9. Discussion with Internal Auditors any significant findings and follow-up thereon.
 10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 11. Discussion with Statutory Auditors before the commencement of audit, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 13. To review the functioning of the Whistle Blower mechanism.
 14. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
-

ANNEXURE TO BOARD'S REPORT

15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
16. To review the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. Appointment, removal and terms of remuneration of the Chief Internal Auditor.
17. Any other terms of reference as contained in the Companies Act, 2013.

Other information

Executives from Accounts, Finance and Secretarial Departments and representatives of statutory and internal auditors attend Audit Committee Meetings.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 16th August, 2017.

ii) Compensation / Nomination and Remuneration Committee

The Compensation / Nomination and Remuneration Committee of the Board was formed on 16th January, 2012. Currently, the Committee consists of four Independent Directors. It was re-designated as Compensation / Nomination and Remuneration Committee with effect from 27th May, 2015. The status of the Independent Directors and attendance at the meeting were as follows:

| S.No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|-------|------------------------|--------------------------------|----------------------|--------------------------|
| 1 | Mr. N. Ganga Ram | Independent Director, Chairman | 2 | 2 |
| 2 | Mr. V.K. Srivastava | Independent Director, Member | 2 | 2 |
| 3 | Mr. M.P. Vijay Kumar | Independent Director, Member | 2 | 2 |
| 4 | Mrs. Sujatha Jayarajan | Independent Director, Member | 2 | 2 |

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Compensation / Nomination and Remuneration Committee of the Board were held on 27th May, 2017 and 05th March, 2018.

Terms of Reference

The terms of reference of the Compensation / Nomination and Remuneration Committee include the following:

1. Recommending /reviewing remuneration of the Managing Director and Whole-time Directors as also of Non-executive Directors based on their performance and defined assessment criteria;
2. Determining / recommending the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;

ANNEXURE TO BOARD'S REPORT

3. Determining / recommending the criteria for qualifications, positive attributes and independence of Directors;
4. Identifying candidates who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment and removal;
5. Reviewing and determining all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonus, stock options, pension, etc.;
6. Reviewing and determining fixed component and performance linked incentives for Directors along with the performance criteria;
7. Determining policy on service contracts, notice period, severance fees for Directors and Senior Management;
8. Evaluating each Director's performance and performance of the Board as a whole.
9. Carrying out any other function as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

Directors' Appointment Criteria/Policy

The Board of Directors is collectively responsible for selection of a Member on the Board. The Compensation / Nomination and Remuneration Committee of the Company follows a defined criteria for identification, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

1. Composition of the Board which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
2. Desired age and diversity on the Board;
3. Size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with requirements of the law;
4. Professional qualifications, expertise and experience in specific area of business;
5. Balance of skills and expertise in view of the objectives and activities of the Company;
6. Avoidance of any present or potential conflict of interest;
7. Availability of time and other commitments for proper performance of duties; and
8. Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency and pioneering mindset.

Remuneration Policy

1. The reward policy of the Company shall be to pay market competitive reward with a strong linkage to performance, which ensures the effective recognition of performance and encourages a focus on achieving the operational results.
2. The appointment and remuneration of the Executive Directors, Key Managerial Personnel and Senior Management are by virtue of their employment with the Company as management employees and therefore their terms of employment viz. salary, variable pay, service contract, notice period and severance fee, if any, shall be governed by the applicable HR policies at the relevant period. The total reward package for Executive Directors, Key Managerial Personnel and Senior Management are intended to be market competitive with a strong linkage to the performance.

ANNEXURE TO BOARD'S REPORT

Details of Remuneration paid to the Directors for the Financial Year 2017 – 18 were as follows

₹ in Lakhs

| Name of Director | Sitting Fee | Salary | Contribution to Statutory & Other Funds | Performance Linked Incentive | Total |
|-------------------------------------|-------------|--------|---|------------------------------|-------|
| Promoters / Non-executive Directors | | | | | |
| Mr. K.J. Joseph | 1.50 | - | - | - | 1.50 |
| Mr. Thomas John | 1.95 | - | - | - | 1.95 |
| Executive Directors | | | | | |
| Mr. V.A. George | - | 48.00 | - | - | 48.00 |
| Mr. Manoj Joseph | - | 42.37 | 7.01 | - | 49.38 |
| Mr. Rajesh John | - | 36.49 | 5.20 | - | 41.69 |
| Independent Directors | | | | | |
| Mr. N. Ganga Ram | 2.85 | - | - | - | 2.85 |
| Mr. V.K. Srivastava | 2.40 | - | - | - | 2.40 |
| Mr. A. Satyaseelan | 2.55 | - | - | - | 2.55 |
| Mr. M.P. Vijay Kumar | 2.85 | - | - | - | 2.85 |
| Dr. C.N. Ramchand | 1.50 | - | - | - | 1.50 |
| Mrs. Sujatha Jayarajan | 2.85 | - | - | - | 2.85 |

Note: Sitting Fees exclude Service Tax / GST Paid on Sitting Fees under Reverse Charge by the Company.

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company except services rendered in professional capacity. The Company has not granted any stock option to any of its Non-Executive Directors.

Directors' Tenure details

| Executive Directors | Tenure of Office | Notice Period | Performance Linked Incentive | Severance Fees |
|---------------------|--|----------------|------------------------------|----------------|
| Mr. V.A. George | 15 th July, 2013 to 14 th July, 2018 | Not Applicable | Nil | Nil |
| Mr. Manoj Joseph | 20 th June, 2015 to 19 th June, 2020 | Not Applicable | Nil | Nil |
| Mr. Rajesh John | 16 th January, 2017 to 15 th January, 2022 | Not Applicable | Nil | Nil |

iii) Shareholders' and Investors' Grievance Committee

The Shareholders' and Investors' Grievance Committee of the Board was formed on 16th January, 2012, and the Committee consists of four Directors. The status of the Directors and their attendance at the meetings were as follows:

ANNEXURE TO BOARD'S REPORT

| S.No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|-------|----------------------|---|----------------------|--------------------------|
| 1 | Dr. C.N. Ramchand | Independent Director, Chairman | 4 | 3 |
| 2 | Mr. V. K. Srivastava | Independent Director, Member | 4 | 4 |
| 3 | Mr. K.J. Joseph | Promoter & Non-executive Non-Independent Director, Member | 4 | 3 |
| 4 | Mr. Thomas John | Promoter & Non-executive Non-Independent Director, Member | 4 | 4 |

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Shareholders' and Investors' Grievance Committee of the Board of Directors were held on 27th May, 2017, 16th August, 2017, 11th November, 2017 and 05th March, 2018.

Terms of Reference

The terms of reference of the Shareholders' and Investors' Grievance Committee, include the oversight and review of all matters connected with the transfer of securities of the Company, approval of the issue of duplicate certificate, monitoring redressal of investors/shareholder grievances related to transfer of shares, non-receipt of Balance Sheet and non-receipt of declared dividend. The Committee has to monitor the performance of Registrar and Share Transfer Agent, recommend methods to upgrade the standard of services to the investors, and monitor implementation of and compliance with the Code of Conduct to regulate, monitor and report trading by Insiders.

Name and designation of Compliance Officer

Mr. M.D Ravikanth, CFO & Secretary, is the Compliance Officer of the Company.

Investor Grievance Redressal:

During the Financial Year 2017-18, the Company has not received any complaints from the Members. There were no complaints outstanding as on 31st March, 2018.

IV. GENERAL BODY MEETINGS**(i) Details of last three Annual General Meetings held**

The dates and times of the Annual General Meetings held during the preceding three years and the details of Special Resolution(s) passed are as follows:

| Year | Date | Time | Location | Special Resolutions Passed |
|---------|-------------------------------|----------|---|----------------------------|
| 2016-17 | 16 th August, 2017 | 10.00 AM | The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14. | Nil |
| 2015-16 | 03 rd August, 2016 | 10.00 AM | The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14. | Nil |

ANNEXURE TO BOARD'S REPORT

| Year | Date | Time | Location | Special Resolutions Passed |
|---------|-------------------------------|----------|---|--|
| 2014-15 | 26 th August, 2015 | 10.00 AM | The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14. | 1) Alteration of Memorandum of Association of the Company. 2) Approval for Employee Stock Option Plan and grant of Employee Stock Options. 3) Approval for the grant of Employee Stock Options to the employees of the subsidiary companies. |

(ii) Special Resolution, if any, passed through postal ballot with details of voting pattern

The Company did not pass any special resolution through Postal Ballot during the Financial Year 2017 - 18.

(iii) Special Resolution proposed to be conducted through postal ballot

None of the business proposed to be transacted in the ensuing Annual General Meeting requires Special Resolution through postal ballot.

V. DISCLOSURES**A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of Issuer at large.**

None of the related party transactions was in potential conflict with the interest of the Company at large. Shareholders can refer to the details of Related Party Transactions as set out in Note 25.5 of the Financial Statements.

B. Details of non-compliance by the Issuer, penalties, and strictures imposed on the Issuer by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the laws relating to Capital Markets; hence there is no non-compliance by the Company in this regard. No penalties / strictures have been imposed by Stock Exchange or SEBI or any statutory authority relating to capital markets during the last three years.

C. Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has formulated and implemented the Whistle Blower Policy ("the Policy") and the Policy has been disseminated to all the employees through display on Notice Board and website.

The Policy provides for a mechanism to all the employees of the Company, who are free to report to the designated Whistle Blower Committee if there is any violation of laws, rules, regulations or any alleged wrongful conduct.

It is further affirmed that no personnel has been denied access to the Audit Committee.

ANNEXURE TO BOARD'S REPORT

Compensation / Nomination and Remuneration Committee

As already stated, the Company has constituted Compensation / Nomination and Remuneration Committee and it consists of four Independent Directors. The main function of the Committee is to recommend the Policy on Directors' appointment and Remuneration to Directors, Key Managerial Personnel and Senior Management and to review/recommend the remuneration of the Managing Director, Whole-time Directors and Non-Whole-time Directors based on their performance and defined assessment criteria.

Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, all Companies having a net worth of ₹ 500 Crore or more or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore or more during any Financial Year are required to constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors at least one of whom shall be Independent Director. Accordingly, the Board constituted the CSR Committee on 20th May, 2014. The status of the Directors and their attendance at the meetings were as follows:

| S.No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|-------|----------------------|---|----------------------|--------------------------|
| 1 | Mr. V. K. Srivastava | Independent Director, Chairman | 1 | 1 |
| 2 | Mr. K.J. Joseph | Promoter & Non-Executive Non-Independent Director, Member | 1 | 1 |
| 3 | Mr. Thomas John | Promoter & Non-Executive Non-Independent Director, Member | 1 | 1 |
| 4 | Mr. V.A. George | Managing Director, Member | 1 | 1 |

The Company Secretary acts as the Secretary of the Committee.

Meeting of the Corporate Social Responsibility Committee of the Board of Directors was held on 27th May, 2017.

The terms of reference of the CSR Committee include:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time.
4. Such other functions as may be specified by the Companies Act, 2013 from time to time.

Independent Directors Meeting

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. Accordingly, the meeting of Independent Directors, without attendance of non-Independent Directors and members of the Management, was held on 05th March, 2018 and it reviewed the performance of the Chairperson, non-Independent Directors and the Board as a whole as also the flow of information between the Company Management and the Board.

ANNEXURE TO BOARD'S REPORT
Audit Qualifications

The Financial Statements of the Company for the Financial Year 2017-18 are unqualified.

Training of Board Members

Periodic presentations are made at the Board Meeting about the business model, performance update of the Company, business strategy and risks involved.

Whistle Blower Policy

The Company has adopted the Whistle Blower Mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of law and it provides for a mechanism for employees to report to the designated Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

Designated Exclusive email-id

The Company has designated exclusive email-id for investor servicing, viz., investor@thejo-engg.com

VI. MEANS OF COMMUNICATION**(i) Half-yearly Results**

The half-yearly results of the Company are submitted to the Stock Exchange in accordance with the Uniform Listing Agreement and these results are displayed on the Stock Exchange website.

(ii) Dissemination of information through Website

The results of the Company are also displayed on the Company's website "www.thejo-engg.com" immediately after its submission to the Stock Exchange.

VII. GENERAL SHAREHOLDER INFORMATION**Annual General Meeting (Day, Date, Time and Venue)**

Monday, 20th August, 2018 at 10.00 AM
The Music Academy, Kasturi Srinivasan Hall (Mini Hall),
New No. 168 (Old No. 306), T.T.K Road,
Royapettah, Chennai – 600 014, Tamil Nadu, India.

Financial Year: April to March

Date of Book Closure: Tuesday, 14th August, 2018 to Monday, 20th August, 2018 (both days inclusive) for payment of dividend and Monday, 13th August, 2018 will be the Record Date for the purposes payment of dividend.

Dividend Payment: Credit / Dispatch of dividend warrants will be completed on or before 10th September, 2018.

Listing on Stock Exchanges & Stock Code:

| Shares | Code | Stock Exchange |
|--|-------|---|
| EQUITY SHARES LISTED UNDER CONTINUOUS MARKET | THEJO | National Stock Exchange of India Limited - SME Platform (NSE Emerge), "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400 051. Trading Symbol – THEJO – SM, ISIN : INE121N01019 |

Note: Annual listing fees have been duly paid to the National Stock Exchange of India Ltd. (NSE) and no amount is outstanding as on date.

ANNEXURE TO BOARD'S REPORT

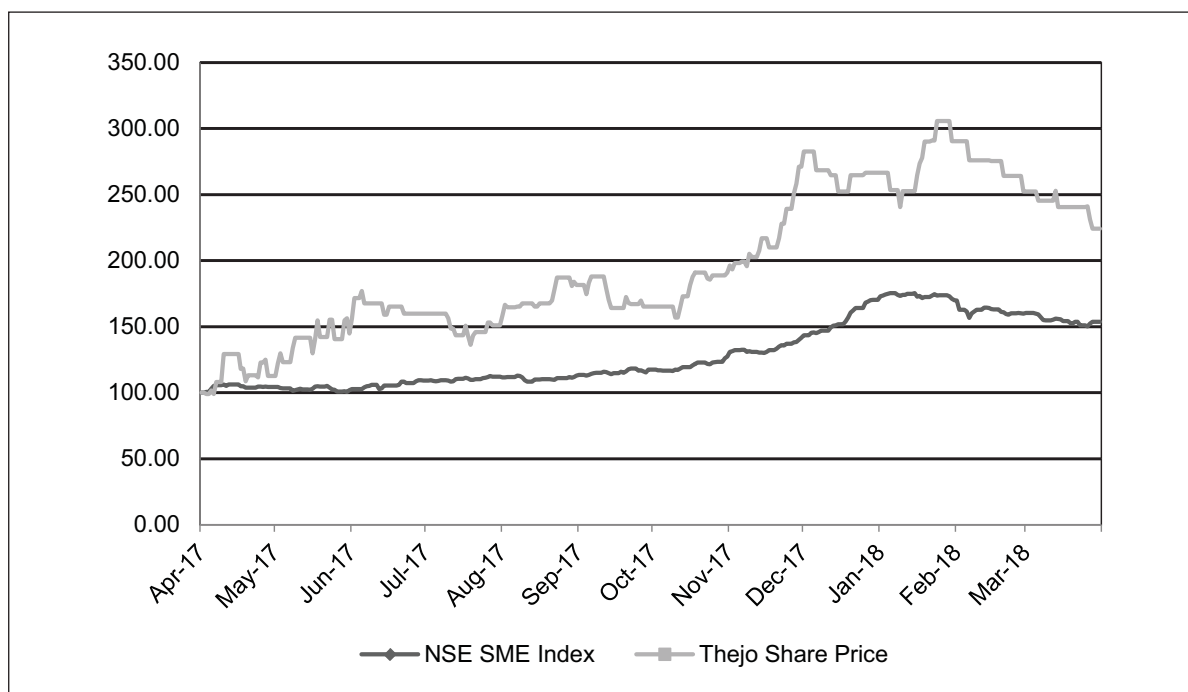
Market Price Data:

(in ₹ per share)

| Month | National Stock Exchange of India Limited - SME Platform (NSE Emerge) | |
|----------------|---|--------------------|
| | Month's High Price* | Month's Low Price* |
| April 2017 | 274.00 | 210.00 |
| May 2017 | 331.65 | 259.00 |
| June 2017 | 375.00 | 331.00 |
| July 2017 | 331.30 | 288.90 |
| August 2017 | 396.90 | 336.00 |
| September 2017 | 398.45 | 348.00 |
| October 2017 | 405.00 | 332.60 |
| November 2017 | 574.85 | 410.00 |
| December 2017 | 599.00 | 535.00 |
| January 2018 | 647.85 | 510.15 |
| February 2018 | 585.00 | 535.00 |
| March 2018 | 536.00 | 475.30 |

*Note: Month's High Price / Low Price are arrived based on daily closing rate.

Performance in comparison to the NSE SME index:



ANNEXURE TO BOARD'S REPORT

Registrar and Transfer Agents :

Cameo Corporate Services Limited,
Subramanian Building,
No.1, Club House Road
Chennai 600 002.
Tel: +91 44 2846 0390
Fax: +91 44 2846 0129
Website: <http://www.cameoindia.com>
SEBI Registration INR 000003753

Share Transfer System: The power to transfer shares has been delegated to the Registrar and Transfer Agents, Cameo Corporate Services Limited, subject to completion of transfer of physical shares within the time frame as prescribed under the applicable laws.

Distribution of Shareholding as on 31st March, 2018:

| Nominal Value of Shares (in ₹) | | Number of Holders | % of Total Holders | Total Face Value (in ₹) | % of Total Face Value |
|-----------------------------------|----------|----------------------|-----------------------|----------------------------|--------------------------|
| From | To | | | | |
| 10 | 5,000 | 2 | 0.78 | 6,000 | 0.02 |
| 5,001 | 10,000 | 165 | 63.95 | 9,91,400 | 2.89 |
| 10,001 | 20,000 | 40 | 15.50 | 6,08,600 | 1.77 |
| 20,001 | 30,000 | 10 | 3.88 | 2,64,000 | 0.77 |
| 30,001 | 40,000 | 1 | 0.39 | 36,000 | 0.10 |
| 40,001 | 50,000 | 2 | 0.78 | 90,000 | 0.26 |
| 50,001 | 1,00,000 | 8 | 3.10 | 5,52,000 | 1.61 |
| 1,00,001 | Above | 30 | 11.62 | 3,17,87,520 | 92.58 |
| Total | | 258 | 100.00 | 3,43,35,520 | 100.00 |

Shareholding Pattern as on 31st March, 2018:

| Sl. No. | Category | No. of Shares | As a percentage of (A+B) |
|---------|-------------------------------------|------------------|-----------------------------|
| A | Promoters' & Promoter Group Holding | | |
| | Individuals | 19,46,940 | 56.70 |
| B | Non-Promoters' Holding | | |
| | Venture Capital Funds | 3,17,072 | 9.24 |
| | Bodies Corporate | 1,24,340 | 3.62 |
| | Individuals | 7,60,800 | 22.16 |
| | Hindu Undivided Family | 2,80,200 | 8.16 |
| | Non-Resident Indians | 4,200 | 0.12 |
| | Total | 34,33,552 | 100.00 |

ANNEXURE TO BOARD'S REPORT
Dematerialisation of Shares and Liquidity as on 31st March, 2018:

| Sl. No. | Mode of Holding | No. of Shares | % to total equity shares |
|---------|-----------------|------------------|--------------------------|
| 1 | NSDL | 24,94,065 | 72.64 |
| 2 | CDSL | 8,44,347 | 24.59 |
| 3 | Physical | 95,140 | 2.77 |
| | Total | 34,33,552 | 100.00 |

Equity Shares of the Company are regularly traded on NSE-SME Exchange.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity: Not Applicable

Plant Locations and Research & Development Centre

| | | | |
|---|---|---|--|
| 1 | Unit – I & IV situated at Survey No.176/3, 181/5 & 181/6A, Jagannathapuram Road, Irulipattu Village, Alingivakkam Post, Ponneri Taluk, Chennai – 600 067. | 2 | Unit – II situated at, Survey No. 101/5C & 101/5D Jagannathapuram Road, Athipedu Village, Ponneri Taluk, Chennai – 600 067. |
| 3 | Unit – III situated at, Survey No. 100/5, Athipedu Village, Jagannathapuram Road, Ponneri Taluk, Chennai – 600 067. | 4 | PU Division situated at, Survey No. 179/3B, Jagannathapuram Road, Irulipattu Village, Alingivakkam Post, Ponneri Taluk, Chennai – 600 067. |
| 5 | Lining Division situated at, Survey No. 234/2C Jagannathapuram-II, Ponneri Taulk, Tiruvallur district Chennai – 600 067. | 6 | Research & Development centre situated at, Survey No. 179/3B, Jagannathapuram Road, Irulipattu Village, Ponneri Taulk, Chennai – 600 067. |

Investor Contacts**Company Secretary and Compliance Officer**

Mr. M.D. Ravikanth,
VDS House, 41, Cathedral Road,
Chennai 600 086, Tamil Nadu, India.
Tel: + 91 44 4222 1900.
Fax: + 91 44 4222 1910.
E-mail:investor@thejo-engg.com

Registrar and Share Transfer Agents

Cameo Corporate Services Limited,
Subramanian Building,
No.1, Club House Road,
Chennai 600 002, Tamil Nadu, India.
Tel: +91 44 2846 0390.
Fax: +91 44 2846 0129.
Website: <http://www.cameoindia.com>
SEBI Registration No. INR 000003753

ANNEXURE TO BOARD'S REPORT

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To The Members of THEJO ENGINEERING LIMITED

I hereby declare that all the Board Members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board. All the Board Members and senior management personnel have affirmed compliance with the Code of Conduct.

For Thejo Engineering Limited

Place : Chennai
Date : 28th May, 2018

V.A. GEORGE
Managing Director
DIN 01493737

CEO AND CFO CERTIFICATION

The Board of Directors,
Thejo Engineering Limited,
Chennai.

Dear Members of the Board,

We have reviewed the Financial Statements and the cash flow statement of Thejo Engineering Limited for the year ended 31st March, 2018 and to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and we have not come across any reportable deficiencies in the design or operation of such internal controls.

We have indicated to the Auditors and the Audit Committee:

- (i) that there are no significant changes in internal control over financial reporting during the year;
- (ii) that there are no significant changes in accounting policies during the year; and
- (iii) that there are no instances of significant fraud of which we have become aware.

For Thejo Engineering Limited

Place : Chennai
Date : 28th May, 2018

M.D. RAVIKANTH
CFO & Secretary

V.A. GEORGE
Managing Director
DIN 01493737

ANNEXURE TO BOARD'S REPORT

**CERTIFICATE UNDER REGULATION 13 OF SECURITIES & EXCHANGE BOARD
OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014**

We have examined the Employees Stock Option Scheme of Thejo Engineering Limited namely, Thejo Employees Stock Option Scheme 2015 (ESOP 2015), for the purpose of issuing a Certificate pursuant to Regulation 13 of the Securities & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and in our opinion and to the best of our information and based on the management's representation, we hereby certify that;

1. No options were granted pursuant to the aforesaid scheme during the Financial Year 2017-18.
2. During the Financial Year 2017-18, 42,642 options were vested under the concerned scheme (including 1,127 vested options that lapsed during the year); and
3. The Scheme has been implemented in accordance with these Regulations and in accordance with the resolution of the Company in the general meeting.

For BRAHMAYYA & CO
Chartered Accountants
(Firm Registration no.000511S)

P. BABU
Partner
Membership No. : 203358

Place : Chennai
Date : 28th May, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THEJO ENGINEERING LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Thejo Engineering Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss, Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the 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 financial statements that give a true and fair view of financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended. 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

INDEPENDENT AUDITORS' REPORT

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 its profit and its Cash Flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- i) 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 Act, we give in the "Annexure A" to this Report, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
- ii) As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. 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 account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended.
 - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the internal financial controls with reference to financial statements of the Company and the Operating Effectiveness of such controls, refer to our separate report in "Annexure – B."
 - g. 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 has disclosed the impact of pending litigations on its financial position as referred to in note 25.1.4 to the standalone financial statements.
 - 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 BRAHMAYYA & CO.
Chartered Accountants
Firm Regn. No. : 000511S

P. BABU
Partner
Membership No. : 203358

Place : Chennai
Date : 28.05.2018

ANNEXURE-A TO THE AUDITORS' REPORT

Referred to in Paragraph 5 of Our Report of Even Date

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) The title deeds of immovable properties owned by the company are held in the name of the Company based on the documents produced for our verification.
 - (ii) Inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records which were not material, have been properly dealt with in the books of account.
 - (iii) The Company has granted an unsecured advance to one of its subsidiary company, covered in the Register maintained under Section 189 of the Act for which there are no terms of repayment of advance or payment of interest. The Company has also granted unsecured loan to two subsidiaries, covered in the Register maintained under Section 189 of the Act.
 - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
 - (b) The repayment of principal and payment of interest has been stipulated and the repayments and receipts are regular
 - (c) There is no overdue amount in respect of the loans mentioned in para (a) above.
 - (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Company has not given any loan or made any investment covered under section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.
 - (v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.
 - (vi) We have broadly reviewed the cost record maintained by the company prescribed by the Central Government under Section 148(1) of the act and are of the opinion, that prim facie, the prescribed cost records have been maintained. We have however not made a detailed examination of cost records with a view to determine whether they are accurate or complete.
 - (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods and services tax, duty of customs, value added tax and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, goods and services tax, duty of customs, value added tax and other, dues outstanding as at 31 March 2018 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, in case dues of income tax or sales tax or service tax or duty of customs or goods and service tax or duty of excise or value added
-

ANNEXURE-A TO THE AUDITORS' REPORT

tax or cess have not been deposited on account of any dispute, the amounts involved and the forum where dispute is pending are mentioned below:

₹ in Lakhs

| Name of statute | Disputed Amount | Period to which it relates | Forum where dispute is pending |
|---------------------|-----------------|----------------------------|---|
| APGST | 7.40 | 2002-03 | Commercial Tax Officer, Naidupet, Andhra Pradesh |
| APGST | 9.92 | 2003-04 | Commercial Tax Officer, Naidupet, Andhra Pradesh |
| Central Excise | 18.25 | July 2000 - June 2004 | CESTAT, Bangalore |
| Central Excise | 3.49 | July 2004 - Jan 2005 | CESTAT, Bangalore |
| Central Excise | 1.23 | Feb 2005 - Aug 2005 | CESTAT, Bangalore |
| Central Excise | 0.66 | Jan 2007 - April 2007 | CESTAT, Bangalore |
| CST | 1.36 | 2002 – 03 | Commercial Tax Officer, Naidupet, Andhra Pradesh |
| CST | 16.18 | 2000 - 01 | High Court of Judicature at Andhra Pradesh |
| Customs | 12.50 | Oct – 01 | Commissioner of Customs |
| Income Tax | 5.43 | AY 2003-04 to 2008-09 | Income Tax Department |
| Service Tax | 5.33 | 2011-12 | Service Tax Department |
| Central Excise | 0.23 | Sep 2005 - March 2006 | CESTAT, Bangalore |
| CST | 0.42 | 2004 – 05 | Joint Commissioner of Commercial Taxes (Appeals), Jharkhand |
| Central Excise | 0.68 | April - Dec. 2006 | CESTAT, Bangalore |
| Jharkhand Sales Tax | 5.31 | 2004 – 05 | Joint Commissioner of Commercial Taxes (Appeals), Jharkhand |
| Income Tax | 28.47 | AY 2001-02 | CIT(A) |
| MP Sales Tax | 1.04 | 2013-14 | Commissioner of Commercial Taxes |
| IT – TDS – Salary | 0.45 | AY 2010-11 | TDS – AO |
| Service Tax | 5.62 | Apr-Sep 2014 | Assistant Commissioner – Service Tax |
| West Bengal VAT | 2.95 | 2015-16 | VAT Tribunal |
| Uttar Pradesh VAT | 3.91 | 2011-12 | Assistant Commissioner – Appeals |
| Jharkhand VAT | 12.21 | 2010-11 | Deputy Commissioner – Appeals |
| Jharkhand VAT | 22.03 | 2011-12 | Deputy Commissioner – Appeals |
| Income Tax | 4.95 | AY 2014-15 | CIT (Appeals) |

ANNEXURE-A TO THE AUDITORS' REPORT

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks and financial institutions. The Company has not taken any loans or borrowing from Government or through placement of debentures during the year.
- (ix) The Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has availed term loans during the year and utilized for the purpose for which they have been obtained.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, managerial remuneration including sitting fees to Directors has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

Place : Chennai
Date : 28.05.2018

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn. No. : 000511S

P. BABU
Partner
Membership No. : 203358

ANNEXURE-B TO THE AUDITORS' REPORT

Referred to in Paragraph 5 of Our Report of Even Date

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 **Thejo Engineering Limited** ("the Company") as of 31 March 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). 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 ("the Act").

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 judgment, including the assessment of the risks of material misstatement of the AS financial statements, whether due to fraud or error.

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

ANNEXURE-B TO THE AUDITORS' REPORT

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 31 March 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.

Place : Chennai
Date : 28.05.2018

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn. No. : 000511S

P. BABU
Partner
Membership No. : 203358

Balance Sheet as at 31st March, 2018

| Particulars | Note No. | ₹ in lakhs | |
|---|----------|------------------|------------------|
| | | As at 31-03-2018 | As at 31-03-2017 |
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' funds | | | |
| (a) Share capital | 3 | 343.36 | 343.36 |
| (b) Reserves and surplus | 4 | 7,813.88 | 7,065.30 |
| 2. Share application money pending allotment | | | |
| | | - | - |
| 3. Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 373.82 | 467.24 |
| (b) Deferred tax liabilities (Net) | 25.6 | - | - |
| 4. Current liabilities | | | |
| (a) Short-term borrowings | 6 | 1,812.15 | 3,240.63 |
| (b) Trade payables | 7 | 1,697.91 | 1,240.75 |
| (c) Other current liabilities | 8 | 2,381.10 | 1,652.29 |
| (d) Short-term provisions | 9 | 345.98 | 250.46 |
| TOTAL | | 14,768.20 | 14,260.03 |
| II. ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 2,284.05 | 1,938.91 |
| (ii) Intangible assets | | 14.75 | 22.93 |
| (iii) Capital work-in-progress | | 126.62 | 106.37 |
| (b) Non-current investments | 11 | 1,954.57 | 1,954.64 |
| (c) Deferred Tax Asset | 25.6 | 39.75 | 17.54 |
| (d) Long-term loans and advances | 12 | 609.51 | 1,097.75 |
| 2. Current assets | | | |
| (a) Inventories | 13 | 1,665.03 | 1,675.47 |
| (b) Trade receivables | 14 | 6,247.98 | 5,627.79 |
| (c) Cash and cash equivalents | 15 | 630.33 | 619.50 |
| (d) Short-term loans and advances | 16 | 1,195.61 | 1,185.16 |
| (e) Other current assets | 17 | - | 13.97 |
| TOTAL | | 14,768.20 | 14,260.03 |
| Notes including significant accounting policies | 1-26 | | |

The notes referred to above form an integral part of the financial statements.

In terms of our report of even date annexed

For BRAHMAYYA & CO.

Chartered Accountants

ICAI Registration No. 000511S

P. BABU

Partner

Membership No. 203358

Place : Chennai

Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH

Chairman

DIN 00434410

M.D. RAVIKANTH

Chief Financial Officer &

Secretary

THOMAS JOHN

Vice Chairman

DIN 00435035

V.A. GEORGE

Managing Director

DIN 01493737

Statement of Profit and Loss for the year ended 31st March, 2018

| Particulars | Note No. | ₹ in lakhs | |
|--|----------|-----------------------|-----------------------|
| | | Year ended 31-03-2018 | Year ended 31-03-2017 |
| I. Revenue from operations | 18 | 17,425.30 | 14,990.03 |
| II. Other income | 19 | 139.61 | 111.50 |
| III. Total Revenue (I+II) | | <u>17,564.91</u> | <u>15,101.53</u> |
| IV. Expenses: | | | |
| Cost of materials consumed | 20 | 3,203.69 | 2,735.38 |
| Purchase of Traded Goods | 20 | 632.55 | 853.07 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 21 | 200.11 | 83.45 |
| Employee benefits expense | 22 | 6,179.43 | 5,591.75 |
| Finance costs | 23 | 538.03 | 562.30 |
| Depreciation and amortization expense | 10 | 375.29 | 391.99 |
| Other expenses | 24 | 5,172.51 | 4,060.84 |
| Total expenses | | <u>16,301.61</u> | <u>14,278.78</u> |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 1,263.30 | 822.75 |
| VI. Exceptional items | | - | - |
| VII. Profit before extraordinary items and tax (V-VI) | | 1,263.30 | 822.75 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII-VIII) | | 1,263.30 | 822.75 |
| X. Tax expense: | | | |
| (1) Current tax | | 414.75 | 283.52 |
| (2) Deferred tax | 25.6 | (22.21) | (21.66) |
| XI. Profit / (Loss) for the period (IX-X) | | <u>870.76</u> | <u>560.89</u> |
| XII. Earnings per equity share of face value of ₹ 10/- each fully paid up (before & after extraordinary items) | | | |
| (1) Basic (in ₹) | | 25.36 | 16.34 |
| (2) Diluted (in ₹) | | 25.36 | 16.34 |
| Notes Including significant accounting policies | 1-26 | | |

The notes referred to above form an integral part of the financial statements.

In terms of our report of even date annexed

For BRAHMAYYA & CO.

Chartered Accountants

ICAI Registration No. 000511S

P. BABU

Partner

Membership No. 203358

Place : Chennai

Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH

Chairman

DIN 00434410

M.D. RAVIKANTH

Chief Financial Officer &

Secretary

THOMAS JOHN

Vice Chairman

DIN 00435035

V.A. GEORGE

Managing Director

DIN 01493737

Cash Flow Statement for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31-03-2018 | Year ended 31-03-2017 |
| Cash Flow from Operating Activities | | |
| Profit before tax as per Profit and Loss Statement | 1,263.30 | 822.75 |
| Adjustment for: | | |
| Depreciation | 375.29 | 391.99 |
| Employee Stock Option Expense | 22.46 | 30.28 |
| Loss/(Profit) on sale of asset | (4.07) | (2.56) |
| Interest Paid | 538.03 | 562.30 |
| Unrealized foreign exchange (gain)/loss (net) | (40.10) | 35.93 |
| Interest Received | (95.53) | (106.27) |
| Operating Profit before working capital changes | 2,059.38 | 1,734.42 |
| Adjustment for: | | |
| Trade and Other Receivables | (701.73) | (563.68) |
| Inventories | 10.44 | 26.59 |
| Trade Payables and Other Liabilities | 975.72 | (154.73) |
| Cash Generated from Operations | 2,343.81 | 1,042.60 |
| Direct Taxes Paid | (367.26) | (284.36) |
| Net Cash from Operating Activities (A) | 1,976.55 | 758.24 |
| Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (733.34) | (317.21) |
| Sale of assets | 4.90 | 4.32 |
| Investments disposed/(made) | 0.07 | (99.53) |
| Repayment of loans by subsidiaries | 616.07 | - |
| Interest Received | 95.53 | 106.27 |
| Net cash used in Investing Activities (B) | (16.77) | (306.15) |
| Cash Flow from Financing Activities | | |
| Increase/(Decrease) in short-term credit facilities/borrowings | (1,428.48) | 348.60 |
| Term Loan availed | 435.93 | 125.81 |
| Repayments of Term Loan | (417.10) | (296.77) |
| Interest paid | (538.03) | (562.30) |
| Net Cash from/(used in) Financing Activities (C) | (1,947.68) | (384.66) |
| Exchange difference on translation of Cash & Cash Equivalents (D) | (1.27) | (6.23) |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D) | 10.83 | 61.20 |
| Opening Cash & Cash Equivalents | 619.50 | 558.30 |
| Closing Cash & Cash Equivalents | 630.33 | 619.50 |

Note: Closing Cash and Cash Equivalents includes ₹ 220.53 lakhs (Previous Year: ₹ 252.93 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC.

In terms of our report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
ICAI Registration No. 000511S

P. BABU
Partner
Membership No. 203358

Place : Chennai
Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH
Chairman
DIN 00434410
M.D. RAVIKANTH
Chief Financial Officer &
Secretary

THOMAS JOHN
Vice Chairman
DIN 00435035
V.A. GEORGE
Managing Director
DIN 01493737

Notes forming part of the Financial Statements for the year ended 31st March, 2018**Note - 1****CORPORATE INFORMATION**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (“the Company”) was incorporated on 26th March, 1986 as a private limited company, with its Registered Office at Aysha Building, No. 41, Whites Road, Royapettah, Chennai, 600014. The name of the Company was changed to Thejo Engineering Private Limited *vide* Certificate of Incorporation dated 17th June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering Limited *vide* special resolution passed by the Members at their meeting held on 20th June, 2008. Thejo Engineering Limited made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012 and the shares got listed on the EMERGE SME platform of NSE. The share capital of the Company increased to ₹ 171.68 lakhs in the Financial Year 2012-13. During the year 2013-14, the Company issued Bonus Shares to the existing shareholders in the ratio of 1:1 and the paid-up capital of the Company further increased to ₹ 343.36 lakhs. The Company shifted its Registered Office to VDS House, 41, Cathedral Road, Chennai 600086 with effect from 28th May, 2018 *vide* a resolution passed by the Board of Directors at their meeting held on that date.

The Company is an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports and fertilizers. The Company’s services include belt conveyor installation, maintenance and operations, while its product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection.

The Company has a Branch in Perth, Australia and four overseas subsidiaries namely, Thejo Hatcon Industrial Services Company, Saudi Arabia, Thejo Australia Pty Ltd, Australia, Thejo Brasil Comercio E Servicos Ltda, Brazil and Thejo Engineering Latinoamerica SpA, Chile. Thejo Hatcon Industrial Services Company is primarily engaged in rubber lagging and industrial services, Thejo Australia Pty Ltd in conveyor splicing, maintenance and related services, Thejo Brasil Comercio E Servicos Ltda and Thejo Engineering Latinoamerica SpA in sale of products used in core sector industries for Bulk Material Handling, Mineral Processing and Corrosion Protection.

Note – 2**SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards as specified in the Annexure to the Companies (Accounting Standards) Rules, 2006 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 of the Ministry of Corporate Affairs. The cash flow statement has been prepared in accordance with AS 3 on “Cash flow statements” issued by the Institute of Chartered Accountants of India. 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.

2.2 Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Balance Sheet.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, future obligations under employee retirement benefit plans, provisions for doubtful debts, income-tax, post-sales customer support and the useful lives of fixed tangible assets.

Notes forming part of the Financial Statements for the year ended 31st March, 2018

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of any changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.4 Fixed Assets*Tangible Assets (Property, Plant and Equipment)*

The Company follows Cost model for its Tangible Assets. Tangible Assets are capitalised at acquisition cost of bringing the assets to their working condition for their intended use. Subsequent expenses related to an item of tangible assets are added to its book value if they increase the future benefits from the existing assets beyond its previously assessed standard of performance. Assets which are not ready for intended use are disclosed under capital work-in-progress.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. The cost comprises purchase price, permissible borrowing cost and any cost directly attributable to bring the asset to its working condition for its intended use.

2.5 Depreciation*Tangible Assets (Property, Plant and Equipment)*

Pursuant to the enactment of the Companies Act, 2013, depreciation on Tangible Assets is charged under written down value method based on the useful life of individual asset as prescribed in Schedule II of the Act, retaining a residual value of 5% of the cost of the assets. The estimated useful life of some of the assets is arrived at on the basis of technical evaluation/advice. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being ready for use.

Intangible Assets

They are amortized/ depleted over the useful life of the underlying assets and/ or as prescribed under Accounting Standards.

2.6 Inventories

Inventories are valued at lower of cost and net realisable value based on FIFO Basis.

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase consist of the purchase price including duties and taxes, freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs of materials used in production, direct labour, and production overheads.

Other costs are included in the cost of inventories only to the extent they are incurred in bringing the inventories to the present location and condition.

2.7 Investments

Each category/item of investment is valued as follows:

2.7.1 Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

2.7.2 Current investments are carried at the lower of cost and fair value.

The carrying amount of such investments is determined on the basis of weighted average cost of each individual investment.

Notes forming part of the Financial Statements for the year ended 31st March, 2018

Investments made in shares or debentures of another company to promote the trade or business of the Company are categorized as Trade Investments.

2.8 Cash and Cash Equivalents

2.8.1 Cash comprises cash on hand and demand deposits with bank.

2.8.2 Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 Revenue Recognition

2.9.1 Revenue from sale of goods is recognised at the point of despatch to the customers, when the effective control passes on to the buyer.

2.9.2 Revenue from services rendered is recognised based on proportionate completion method, when there is no significant uncertainty regarding the amount of consideration.

2.9.3 Revenue from exports is accounted at the rate of exchange prevailing as on the date of invoicing.

2.9.4 Revenue from export benefits (like Duty Drawback) is accounted at the time of receipt.

2.10 Sales, Works Contracts and Services Income

The amount shown in the Statement of Profit and Loss is net of excise duty and all other duties and taxes charged.

2.11 Employee Benefits

2.11.1 Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages and short term compensated absences as also the expected cost of bonus and ex-gratia are recognised in the period in which the employee renders the related service.

2.11.2 Post employment benefits:

2.11.2.1 *Defined Contribution Schemes:* Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Superannuation Fund for eligible employees is made by way of premium to Life Insurance Corporation of India through the Trust and charged to the Statement of Profit and Loss, for the year.

2.11.2.2 *Defined Benefit Scheme:* The Company extends defined benefit plan in the form of gratuity to eligible employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund in accordance with the scheme framed and administered by the Corporation. The present value of the obligation is determined based on actuarial valuation using Projected Unit Credit Method as per the report obtained from independent actuary/given by the Corporation.

2.12 Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or the average of opening and closing rates. The difference in the rate of exchange, if any, is accounted at the time of realisation or settlement and is recognized in the Statement of Profit and Loss. Monetary Assets and Liabilities denominated in foreign currencies are translated at year-end rates. The exchange differences for the period end balances are recorded at a group level and are reversed at the beginning of the next accounting period.

2.13 Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being difference between taxable income and the accounting income that originates in one year and reverses in another. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry

Notes forming part of the Financial Statements for the year ended 31st March, 2018

forward of business loss is recognized only to the extent that 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.

2.14 Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

2.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be readily estimated. Contingent liabilities are disclosed after an evaluation of the facts and legal aspects of the matter involved. Even if there is certainty of the obligation not falling on the Company, the same is disclosed as contingent liability. Contingent assets are neither recognized nor disclosed.

2.16 Dividend

Dividend is provided/paid after it is approved by the Members at the Annual General Meeting.

Notes forming part of the Financial Statements as at 31st March, 2018
Note 3
SHARE CAPITAL

| Particulars | As at 31-03-2018 | | As at 31-03-2017 | |
|---|---------------------|----------------------|---------------------|----------------------|
| | Number | Amount ₹ in lakhs | Number | Amount ₹ in lakhs |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each | 1,00,00,000 | 1,000.00 | 1,00,00,000 | 1,000.00 |
| Issued | | | | |
| Equity Shares of ₹ 10/- each | 34,33,552 | 343.36 | 34,33,552 | 343.36 |
| Subscribed & Paid up | | | | |
| Equity Shares of ₹ 10/- each | 34,33,552 | 343.36 | 34,33,552 | 343.36 |
| (Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 & 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Statement of Profit & Loss and ₹ 171.68 lakhs from Securities Premium Account) | | | | |
| Total | <u>34,33,552</u> | <u>343.36</u> | <u>34,33,552</u> | <u>343.36</u> |

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

| | | | | |
|---|------------------|---------------|------------------|---------------|
| Shares outstanding at the beginning of the year | 34,33,552 | 343.36 | 34,33,552 | 343.36 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | <u>34,33,552</u> | <u>343.36</u> | <u>34,33,552</u> | <u>343.36</u> |

3.2 Shares in the Company held by each shareholder holding more than 5 percent shares as on 31-03-2018

| Name of the Shareholder | As at 31-03-2018 | | As at 31-03-2017 | |
|--|---------------------|------------|---------------------|------------|
| | Number | Percentage | Number | Percentage |
| SIDBI Venture Capital Ltd. A/c India Opportunities Fund | 3,17,072 | 9.23% | 3,17,072 | 9.23% |
| Girish Gulati HUF | 2,65,200 | 7.72% | - | - |
| Mr. K.J. Joseph | 2,50,000 | 7.28% | 2,50,000 | 7.28% |
| Mr. Thomas John | 2,16,868 | 6.32% | 2,16,868 | 6.32% |
| Mrs. Celinamma John | 2,16,866 | 6.32% | 2,16,866 | 6.32% |
| Mr. Rajesh John | 2,16,866 | 6.32% | 2,16,866 | 6.32% |
| Mrs. Rosamma Joseph | 1,80,320 | 5.25% | 1,80,320 | 5.25% |

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Note 4 | | |
| RESERVES AND SURPLUS | | |
| a. Securities Premium Account | | |
| Opening Balance | 1,845.32 | 1,845.32 |
| Add / Less: Adjustment | - | - |
| Closing Balance | <u>1,845.32</u> | <u>1,845.32</u> |
| b. Share Option Outstanding Account | | |
| Opening Balance | 30.28 | - |
| (+) Employee Compensation Cost for the year | 22.46 | 30.28 |
| Closing Balance | <u>52.74</u> | <u>30.28</u> |
| c. Surplus (Balance in Statement of Profit and Loss) | | |
| Opening balance | 4,561.99 | 4,001.10 |
| (+) Net Profit/(Net Loss) For the current year | 870.76 | 560.89 |
| (-) Dividend Distributed | 120.18 | - |
| (-) Dividend Distribution Tax | 24.46 | - |
| (-) Transfer to General Reserve | - | - |
| Closing Balance | <u>5,288.11</u> | <u>4,561.99</u> |
| d. Others | | |
| i) General Reserve | | |
| Opening Balance | 627.71 | 627.71 |
| (+) Transfer from Surplus | - | - |
| Closing Balance | <u>627.71</u> | <u>627.71</u> |
| Total | <u>7,813.88</u> | <u>7,065.30</u> |

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|-------------|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |

Note 5

LONG TERM BORROWINGS

Secured

Term loans

From Banks

741.75

741.25

Limit/Liability, Terms of Repayment & Security

State Bank of India

Date of Sanction: 28.07.2017 Ref No. RM1/62

Sanctioned Limit - ₹ 200 Lakhs

Purpose: Acquisition of Capital Assets

Period of Repayment - 48 months with Principal moratorium of 5 months from date of Sanction

Amount of Instalment: ₹ 4.20 Lakhs + Interest

Security:

First hypothecation charge over all machinery and equipment purchased under the Term Loan.

First charge on Pari-passu basis with SBI & IOB over immovable properties under Equitable Mortgage.

Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph

Liability (Incl interest not due) - ₹ 126.03 Lakhs (₹ Nil)

Repayable within one year - ₹ 50.40 Lakhs (₹ Nil)

Overdues/Defaults - Nil (Nil)

Axis Bank Limited

1. Date of Sanction: 15.03.2013 Ref No. AXISB/SME/S/CHN/12-13/642

2. Date of Sanction: 03.02.2015 Ref No. AXISB/SME/S/MEG/CHN/14-15/69 &

3. Date of Sanction: 16.03.2016 Ref No. AXISB/SME/S/MEG/CHN/15-16/65

Sanctioned Limit: 1. ₹ 100 Lakhs 2. ₹ 170 Lakhs & 3. ₹ 300 Lakhs

Purpose: Acquisition of Capital Assets & Take over of Term Loan from State Bank of Mysore.

Period of Repayment :

1. 60 monthly instalments of ₹ 1.67 lakhs commencing from 3 months from the date of last drawdown.

2. 51 monthly instalments of ₹ 3.33 lakhs per month.

3. 60 monthly instalments of ₹ 5.00 lakh commencing from 6 months of first drawdown. For all loans, interest to be paid as and when debited.

Amount of Instalment -

1. ₹ 1.67 Lakhs per month + interest;

2. ₹ 3.33 Lakhs per month + interest &

3. ₹ 5.00 Lakhs per month + interest

Security (For all loans):

First hypothecation charge over all machinery and equipment purchased under the Term Loan.

First charge on Pari-passu basis with SBI & IOB over immovable properties under Equitable Mortgage.

Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph

Liability (Incl interest not due) - ₹ 277.61 Lakhs (₹ 154.06 Lakhs)

Repayable within one year - ₹ 119.41 Lakhs (₹ 121.73 Lakhs)

Overdues/Defaults - Nil (Nil)

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Export Import Bank of India | | |
| Date of Sanction:20.01.2014 Ref. CBG: OIF-715: 321 | | |
| Sanctioned Limit: USD 1.25 million (Equi ₹ 753.48 Lakhs) | | |
| Purpose: Onward lending to Thejo Australia Pty Ltd and Thejo Hatcon Industrial Services Company to meet their long term working capital requirements. | | |
| Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice. | | |
| Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period. | | |
| Security: | | |
| Pari-passu first charge on the fixed assets of the Company and second charge on the current assets of the Company. | | |
| Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph and Mr. Rajesh John | | |
| Liability (Incl interest not due) - ₹ 329.65 Lakhs (₹ 572.70 Lakhs) | | |
| Repayable within one year - ₹ 248.38 Lakhs (₹ 187.97 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |
| ICICI Bank Limited - Auto Loan | | |
| Date of Sanction: 03.06.2014 | | |
| Sanctioned Limit: ₹ 28 Lakhs | | |
| Purpose: Acquisition of Vehicle | | |
| Period of Repayment : 60 Equated Monthly Instalments(including interest) from July 2014. Last Instalment June 2019 | | |
| EMI Payable - ₹ 0.60 Lakhs per month | | |
| Security: | | |
| Hypothecation of Vehicle purchased under the loan | | |
| Liability (Incl interest not due) - ₹ 8.46 Lakhs (₹ 14.49 Lakhs) | | |
| Repayable within one year - ₹ 6.70 Lakhs (₹ 6.10 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |
| From Others | | |
| Financial Institutions | 88.59 | 78.72 |
| Sundaram Finance Limited | | |
| Date of Sanction: 12.09.2014 | | |
| Sanctioned Limit: ₹ 100 Lakhs | | |
| Purpose: Acquisition of Vehicles | | |
| Period of Repayment : 35 Equated Monthly Instalments(including interest) from date of each loan | | |
| Amount of Instalment - ₹ 3.06 Lakhs per month for loan outstanding | | |
| Security: | | |
| Hypothecation of Vehicle purchased under the loan | | |
| Personal guarantee of: Mr.Thomas John | | |
| Liability (Incl interest not due) - ₹ 35.13 Lakhs (₹ 47.77 Lakhs) | | |
| Repayable within one year - ₹ 19.61 Lakhs (₹ 30.88 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|----------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Toyota Finance Australia Ltd | | |
| Date of Sanction: November 2016 & October 2017 | | |
| Sanctioned Limit: AUD 1,27,176 (Equi ₹ 64.26 Lakhs) | | |
| Purpose: Acquisition of Vehicles | | |
| Period of Repayment : 60 Equated Monthly Instalments(including interest) from date of the loan | | |
| Amount of Instalment - AUD 2,393 (₹1.21 Lakhs per month) | | |
| Security: | | |
| Hypothecation of Vehicle purchased under the loan | | |
| Liability (Incl interest not due) - ₹ 53.46 Lakhs (₹ 30.95 Lakhs) | | |
| Repayable within one year - ₹ 12.02 Lakhs (₹ 6.05 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |
| Less: Current Maturities (incl interest accrued but not due) | | |
| Banks | (424.89) | (315.80) |
| Financial Institutions | (31.63) | (36.93) |
| Total | <u>373.82</u> | <u>467.24</u> |

Note 6

SHORT TERM BORROWINGS

Secured

Loans repayable on demand

| | | |
|------------|-----------------|----------|
| From Banks | 1,812.15 | 3,240.63 |
|------------|-----------------|----------|

The Company was sanctioned Working capital facilities by consortium of bankers namely, State Bank of India, Axis Bank Limited and Indian Overseas Bank.

Limit/Liability, Terms of Repayment & Security

State Bank of India

Date of Sanction: 12.01.2017 Ref No. RM1/179A

Limit: Cash Credit of ₹ 1,500 Lakhs + Stand by CC ₹ 150 Lakhs (Non-fund based limit: Letter of Credit - ₹ 500 lakhs & Bank Guarantee - ₹ 700 lakhs)

Period Of Repayment: On Demand

Security:

First Charge on all the current assets on pari-passu basis with Axis Bank Limited and Indian Overseas Bank.

EM of immovable properties belonging to the Company. (First charge on pari passu basis with Axis Bank Ltd, Indian Overseas Bank and EXIM Bank).

Extension of Second Hypothecation Charge on pari passu basis over fixed assets purchased out of term loan from Axis Bank Ltd.

Extension of First Hypothecation Charge on pari passu basis over Company's fixed assets (other than those on exclusive charge for the Term Loans).

Personal guarantee of: Mr.K.J.Joseph, Mr.Thomas John, Mr.Manoj Joseph, Mr.Rajesh John and Mr.Manesh Joseph

Rate of Interest - 2.00% above One Year MCLR

Margin - Cash credit - 25%
LC and BG - 15%

Liability - ₹ 223.71 Lakhs (₹ 1,302.13 Lakhs)

Overdues/Defaults: Nil (Nil)

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Axis Bank Limited | | |
| Date of Sanction: 22.03.2017 Ref No. AXISB/SME/S/CHN3/MEG/2016-17/69 | | |
| Limit: Cash Credit of ₹ 1,125 Lakhs +Stand by CC ₹ 112.50 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 Lakhs & Bank Guarantee - ₹ 525 Lakhs) | | |
| Period of Repayment: On Demand | | |
| Security: Same as given to State Bank of India | | |
| Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph Mr. Rajesh John and Mr. Manesh Joseph | | |
| Rate of Interest - 2.85% above 3 Month MCLR | | |
| Margin - Cash credit - 25% LC and BG - 15% | | |
| Liability - ₹ 823.37 Lakhs (₹ 1,056.05 Lakhs) | | |
| Overdues/Defaults: Nil (Nil) | | |
| Indian Overseas Bank | | |
| Date of Sanction: 18.04.2017 | | |
| Limit: Cash Credit of ₹ 1,237.50 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 Lakhs & Bank Guarantee - ₹ 450 Lakhs) | | |
| Period Of Repayment: On Demand | | |
| Security: | | |
| Same as given to State Bank of India | | |
| Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr.Rajesh John and Mr. Manesh Joseph | | |
| Rate of Interest - 3.25% above One Year MCLR | | |
| Margin - Cash credit - 25% LC and BG - 15% | | |
| Liability - ₹ 773.26 Lakhs (₹ 882.45 Lakhs) | | |
| Overdues/Defaults: Nil (Nil) | | |
| Total | 1,812.15 | 3,240.63 |

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Note 7 | | |
| TRADE PAYABLES | | |
| Trade payables: | | |
| Acceptances | 433.29 | 518.39 |
| Other than Acceptances | 1,264.62 | 722.36 |
| Total | <u>1,697.91</u> | <u>1,240.75</u> |
| Note 8 | | |
| OTHER CURRENT LIABILITIES | | |
| Current Maturities on Long Term Debt (Refer Note 5 for details of security extended) | 449.28 | 344.89 |
| Interest accrued but not due on Term Loan | 7.24 | 7.84 |
| Other payables | | |
| Salary and Other Employee Benefits | 726.81 | 696.64 |
| Statutory Dues | 467.73 | 122.98 |
| Others | 105.14 | 32.10 |
| Outstanding Liabilities | 624.90 | 447.84 |
| Total | <u>2,381.10</u> | <u>1,652.29</u> |
| Note 9 | | |
| SHORT TERM PROVISIONS | | |
| (a) Provision for employee benefits | | |
| Provision for Leave Encashment | 119.33 | 103.69 |
| Gratuity Liability (Net) | 53.25 | 20.86 |
| (b) Others | | |
| Direct Taxes (Net) | 173.40 | 125.91 |
| Total | <u>345.98</u> | <u>250.46</u> |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

Note 10 FIXED ASSETS ₹ in lakhs

| NATURE OF ASSETS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | | |
|---|------------------|-----------------------|--------------|------------------|----------------------|-----------------|---------------|--------------|-----------------|------------------|------------------|
| | As at 01.04.2017 | Addition for the year | Deduction | As at 31.03.2018 | Useful Life in years | Upto 31.03.2017 | Addition | Deduction | Upto 31.03.2018 | As at 31.03.2018 | As at 31.03.2017 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| Land | 65.72 | - | - | 65.72 | NA | - | - | - | - | 65.72 | 65.72 |
| Factory Building | 1,101.59 | 317.87 | - | 1,419.46 | 30 | 381.92 | 69.45 | - | 451.37 | 968.09 | 719.67 |
| Office Building | 39.72 | - | - | 39.72 | 30 | 23.29 | 2.28 | - | 25.57 | 14.15 | 16.43 |
| Plant & Machinery | | | | | | | | | | | |
| Plant & Machinery | 2,188.26 | 229.09 | - | 2,417.36 | 1-15 | 1,497.77 | 163.72 | - | 1,661.48 | 755.87 | 690.51 |
| Boiler | 71.13 | - | - | 71.13 | 15 | 49.41 | 3.85 | - | 53.26 | 17.87 | 21.72 |
| Dyes & Moulds | 250.58 | 62.09 | - | 312.67 | 15 | 109.36 | 29.66 | - | 139.02 | 173.65 | 141.22 |
| Vehicle Four Wheelers | 421.54 | 52.75 | 18.05 | 456.24 | 8 | 282.13 | 48.34 | 17.21 | 313.26 | 142.98 | 139.41 |
| Vehicle Two Wheelers | 34.32 | 4.63 | - | 38.95 | 10 | 24.97 | 2.69 | - | 27.66 | 11.29 | 9.35 |
| Office Equipments | 48.29 | 5.69 | - | 53.98 | 2-5 | 41.51 | 3.38 | - | 44.89 | 9.09 | 6.78 |
| Electrical Fittings | 195.53 | 8.04 | - | 203.57 | 10 | 155.35 | 11.00 | - | 166.35 | 37.22 | 40.18 |
| Furniture & Fittings | 233.37 | 14.03 | - | 247.40 | 10 | 167.39 | 18.74 | - | 186.13 | 61.27 | 65.98 |
| Computer | 163.33 | 16.13 | - | 179.46 | 3 | 150.76 | 8.71 | - | 159.47 | 19.99 | 12.57 |
| Computer Server | 7.97 | - | - | 7.97 | 6 | 6.59 | 0.52 | - | 7.11 | 0.86 | 1.38 |
| Generator | 43.18 | - | - | 43.18 | 10 | 35.18 | 2.00 | - | 37.18 | 6.00 | 8.00 |
| Total Tangible Assets(Current Year) | 4,864.53 | 710.32 | 18.05 | 5,556.80 | | 2,925.62 | 364.34 | 17.21 | 3,272.75 | 2,284.05 | 1,938.91 |
| Total Tangible Assets(Previous Year) | 4,652.15 | 229.73 | 17.35 | 4,864.53 | | 2,569.09 | 372.12 | 15.59 | 2,925.62 | 1,938.91 | 2,083.11 |
| INTANGIBLE ASSETS | | | | | | | | | | | |
| Technical Knowhow | 1.75 | - | - | 1.75 | | 1.75 | - | - | 1.75 | - | - |
| Computer Software | 101.92 | 2.77 | - | 104.69 | | 78.99 | 10.95 | - | 89.94 | 14.75 | 22.93 |
| Total Intangible Assets(Current Year) | 103.67 | 2.77 | - | 106.44 | | 80.74 | 10.95 | - | 91.69 | 14.75 | 22.93 |
| Total Intangible Assets(Previous Year) | 91.19 | 12.48 | - | 103.67 | | 60.87 | 19.87 | - | 80.74 | 22.93 | 30.32 |
| CAPITAL WORK IN PROGRESS | | | | | | | | | | | |
| Assets Under Construction | 106.37 | 95.25 | 75.00 | 126.62 | NA | - | - | - | - | 126.62 | 106.37 |
| Total Capital Work In Progress(Current Year) | 106.37 | 95.25 | 75.00 | 126.62 | | - | - | - | - | 126.62 | 106.37 |
| Total Capital Work In Progress(Previous Year) | 31.37 | 75.00 | - | 106.37 | | - | - | - | - | 106.37 | 31.37 |
| GRAND TOTAL | 5,074.57 | 808.34 | 93.05 | 5,789.86 | | 3,006.36 | 375.29 | 17.21 | 3,364.44 | 2,425.42 | 2,068.21 |
| PREVIOUS YEAR | 4,774.71 | 317.21 | 17.35 | 5,074.57 | | 2,629.96 | 391.99 | 15.59 | 3,006.36 | 2,068.21 | 2,144.80 |

Notes forming part of the Financial Statements as at 31st March, 2018

**Note 11
NON-CURRENT INVESTMENTS**

| Particulars | ₹ in lakhs | |
|---------------------------------------|------------------------|------------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| A Trade Investments (Unquoted) | 1,954.57 | 1,954.64 |
| Investments in Equity Instruments | <u>1,954.57</u> | <u>1,954.64</u> |
| Total | <u>1,954.57</u> | <u>1,954.64</u> |

Details of Trade Investments

| Sr. No. | Name of the Body Corporate | Subsidiary/ Associate / JV / Controlled Entity / Others | No. of Shares / Units As at 31-3-2018 | As at 31-3-2017 | Quoted / Unquoted | Partly paid / Fully paid | Extent of Holding (%) | | Amount | | Whether stated at cost Yes / No |
|---|--|---|---|--------------------|----------------------|-----------------------------|-----------------------|--------------------|--------------------|--------------------|--|
| | | | | | | | As at 31-3-2018 | As at 31-3-2017 | As at 31-3-2018 | As at 31-3-2017 | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| Investment in Equity Instruments | | | | | | | | | | | |
| 1 | Thejo Hatcon Industrial Services Company | Subsidiary | 2,040 | 2,040 | Unquoted | Fully Paid | 51% | 51% | 333.72 | 333.72 | Yes |
| 2 | Thejo Australia Pty Ltd | Subsidiary | 22,20,000 | 22,20,000 | Unquoted | Fully Paid | 74% | 74% | 1,202.45 | 1,202.45 | Yes |
| 3 | Thejo Brasil Comercio E Servicos Ltda | Subsidiary | 3,76,233 | 3,76,233 | Unquoted | Fully Paid | 99.99% | 99.99% | 76.24 | 76.24 | Yes |
| 4 | Thejo Engineering LatinoAmerica SpA | Subsidiary | 364 | 364 | Unquoted | Fully Paid | 99.73% | 99.73% | 341.66 | 341.66 | Yes |
| 5 | Saks Power P Ltd | Others | 5,000 | 5,700 | Unquoted | Fully Paid | 5.00% | 5.70% | 0.50 | 0.57 | Yes |
| Total | | | | | | | | | 1,954.57 | 1,954.64 | |

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Note 12 | | |
| LONG TERM LOANS AND ADVANCES | | |
| a. EMD and Security Deposits | | |
| Unsecured, considered good | 339.81 | 177.57 |
| b. Other Deposits | | |
| Unsecured, considered good | | |
| Rental Deposit | 110.93 | 113.30 |
| Deposit with Government Agencies | 9.88 | 14.90 |
| Others | 52.19 | 50.82 |
| c. Long Term Loans & Advances to related parties | | |
| Unsecured, considered good | | |
| Thejo Australia Pty Ltd | - | 583.96 |
| Thejo Hatcon Industrial Services Company | 96.70 | 157.20 |
| Total | 609.51 | 1,097.75 |

Note 13
INVENTORIES
(As certified by Management)

| | | |
|---------------------------------|-----------------|-----------------|
| a. Raw Materials and components | 860.00 | 670.33 |
| b. Work-in-progress | 207.57 | 327.33 |
| c. Finished goods | 493.40 | 611.83 |
| d. Stock-in-Trade | 49.73 | 59.38 |
| e. Stock in Transit | 54.33 | 6.60 |
| Total | 1,665.03 | 1,675.47 |

Note 14
TRADE RECEIVABLES
Unsecured, considered good

| | | |
|---|-----------------|-----------------|
| Outstanding for more than six months from the date they are due | 1,053.18 | 1,007.32 |
| Others | 5,194.80 | 4,620.47 |
| Total | 6,247.98 | 5,627.79 |

Notes forming part of the Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Note 15 | | |
| CASH AND CASH EQUIVALENTS | | |
| a. Balances with banks | | |
| (i) In Current Accounts | 250.31 | 282.45 |
| (ii) In Deposit Accounts (₹ 220.53 lakhs (PY ₹ 252.93 lakhs) Held as Margin Money for BG & LC. Deposits with maturity of more than 12 months - ₹ 68.91 lakhs (PY ₹ 38.34 lakhs)) | 365.04 | 317.18 |
| b. Cheques, drafts on hand | 0.18 | 3.00 |
| c. Cash on hand | 14.80 | 16.87 |
| Total | 630.33 | 619.50 |

Note 16

SHORT-TERM LOANS AND ADVANCES

Others (unsecured, considered good)

| | | |
|--|-----------------|-----------------|
| EMD & Security deposits | 357.01 | 532.70 |
| Advance to Suppliers | 220.97 | 127.18 |
| Advance and Current Maturities on Loan to Related Party (Thejo Hatcon Industrial Services Company) | 222.61 | 196.42 |
| Others | 395.02 | 328.86 |
| Total | 1,195.61 | 1,185.16 |

Note 17

OTHER CURRENT ASSETS

| | | |
|---------------------------------------|----------|--------------|
| Balance with Central Excise Authority | - | 13.97 |
| Total | - | 13.97 |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|--------------------------------------|--------------------------|--------------------------|
| | Year ended 31-03-2018 | Year ended 31-03-2017 |
| Note 18 | | |
| REVENUE FROM OPERATIONS | | |
| Sale of Products | 8,670.24 | 8,091.68 |
| Sale of Services & Works Contract | 8,840.39 | 7,252.54 |
| Other Operating Income | 21.21 | 62.38 |
| Less: | | |
| Excise duty | 106.54 | 416.57 |
| Total | <u><u>17,425.30</u></u> | <u><u>14,990.03</u></u> |
| Note 19 | | |
| OTHER INCOME | | |
| Interest | 95.53 | 106.27 |
| Miscellaneous Income | 40.01 | 2.67 |
| Profit on sale of assets | 4.07 | 2.56 |
| Total | <u><u>139.61</u></u> | <u><u>111.50</u></u> |
| Note 20 | | |
| COST OF MATERIALS CONSUMED | | |
| Opening Stock of Raw Materials | 670.33 | 613.47 |
| Add: Purchases made during the year | 3,006.23 | 2,419.84 |
| | <u>3,676.56</u> | <u>3,033.31</u> |
| Less: Closing Stock of Raw Materials | 860.00 | 670.33 |
| | <u>2,816.56</u> | <u>2,362.98</u> |
| Add: Consumables | 387.13 | 372.40 |
| Total | <u><u>3,203.69</u></u> | <u><u>2,735.38</u></u> |
| Purchase of Traded Goods | 632.55 | 853.07 |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|--------------------------|--------------------------|
| | Year ended 31-03-2018 | Year ended 31-03-2017 |
| Note 21 | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Opening Stock : | | |
| Work-in-Progress | 327.33 | 389.27 |
| Finished Goods | 611.83 | 620.01 |
| Stock-in-Trade | 59.38 | 50.81 |
| Stock in Transit | 6.60 | 28.50 |
| | <u>1,005.14</u> | <u>1,088.59</u> |
| Closing Stock : | | |
| Work-in-Progress | 207.57 | 327.33 |
| Finished Goods | 493.40 | 611.83 |
| Stock-in-Trade | 49.73 | 59.38 |
| Stock in Transit | 54.33 | 6.60 |
| | <u>805.03</u> | <u>1,005.14</u> |
| Total | <u><u>200.11</u></u> | <u><u>83.45</u></u> |
| Note 22 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| (a) Salaries and incentives | 4,763.94 | 4,430.24 |
| (b) Contributions to PF, Superannuation, Gratuity & ESI | 583.09 | 430.98 |
| (c) Staff welfare expenses | 660.14 | 580.72 |
| (d) LTA, Ex-gratia, & Leave Encashment | 149.80 | 119.53 |
| (e) Employee Stock Option Expense | 22.46 | 30.28 |
| Total | <u><u>6,179.43</u></u> | <u><u>5,591.75</u></u> |
| Note 23 | | |
| FINANCE COSTS | | |
| Interest | 425.37 | 453.27 |
| Other finance costs | 112.66 | 109.03 |
| Total | <u><u>538.03</u></u> | <u><u>562.30</u></u> |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|--------------------------|--------------------------|
| | Year ended 31-03-2018 | Year ended 31-03-2017 |
| Note 24 | | |
| OTHER EXPENSES | | |
| A. Manufacturing & Other Direct Expenses | | |
| Power and fuel | 255.91 | 226.60 |
| Machinery Maintenance | 143.34 | 110.78 |
| Factory Maintenance | 28.60 | 20.21 |
| Electrical maintenance | 14.34 | 7.90 |
| Testing charges | 3.13 | 2.38 |
| Dyes & Moulding charges | 33.34 | 24.44 |
| Cartage, Coolie & Freight charges | 380.40 | 308.31 |
| Packing materials & charges | 203.74 | 199.42 |
| Service & Labour charges | 2,257.46 | 1,491.17 |
| Total Manufacturing & Other Direct Expenses | 3,320.26 | 2,391.21 |
| B. Administrative & Selling Expenses | | |
| Professional Service Charges | 136.91 | 103.51 |
| Rent | 214.63 | 211.99 |
| Repairs & Maintenance | 50.20 | 45.43 |
| Travelling, Conveyance & Vehicle hire charges | 409.97 | 371.57 |
| Foreign Travel expenses | 73.70 | 69.69 |
| Vehicle Maintenance | 154.76 | 140.38 |
| Difference in foreign exchange (Loss) | - | 23.43 |
| Telephone, Telex & Postage | 63.01 | 76.95 |
| Printing & Stationery | 32.75 | 28.36 |
| Office Maintenance | 45.95 | 47.95 |
| Books & Periodicals | 3.54 | 2.24 |
| Computer Maintenance | 23.01 | 15.24 |
| Seminar & Conference | 25.71 | 15.89 |
| Electricity | 20.11 | 18.10 |
| Legal Fee & Charges | 4.82 | 3.00 |
| Donation | 9.71 | 8.54 |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31-03-2018 | Year ended 31-03-2017 |
| OTHER EXPENSES (Contd.) | | |
| Recruitment, Training & Development | 9.21 | 11.34 |
| ECGC Premium | 1.72 | 1.72 |
| CSR Expenses | 16.50 | 20.00 |
| Insurance | 51.32 | 30.49 |
| Rates and taxes | 19.25 | 15.29 |
| Directors Sitting Fees | 18.45 | 10.40 |
| Commission | 31.57 | 13.76 |
| Advertisement | 4.85 | 3.70 |
| Sales Promotion Expenses | 20.56 | 11.17 |
| Freight on Exports | 82.84 | 51.15 |
| Loading & Unloading charges | 14.47 | 12.71 |
| Late Delivery Charges | 9.00 | 17.15 |
| Bad Debts | 148.29 | 0.90 |
| Payments to the Auditors | | |
| a. Statutory Audit | 8.50 | 6.00 |
| b. Tax Audit | 1.50 | 1.00 |
| c. For certification & other services | - | 5.42 |
| Miscellaneous expenses | 4.38 | 3.55 |
| Total Administration & Selling Expenses | <u>1,711.19</u> | <u>1,398.02</u> |
| Sales Tax, Service Tax, & Other Indirect Tax Expenses | 141.06 | 271.61 |
| Total | <u><u>5,172.51</u></u> | <u><u>4,060.84</u></u> |

Notes forming part of the Financial Statements for the year ended 31st March, 2018
Note 25 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS
Note 25.1 Contingent Liabilities (to the extent not provided for)

| Particulars | ₹ in lakhs | |
|--|-----------------|-----------------|
| | 2017-18 | 2016-17 |
| 25.1.1 Claims against the company not acknowledged as debts | - | - |
| 25.1.2 Guarantees issued by the Banks | 920.60 | 1,233.12 |
| 25.1.3 Stand-by Letter of Credit issued by bank (for loan availed by Thejo Australia Pty Ltd) | 1,091.00 | - |
| | <u>2,011.60</u> | <u>1,233.12</u> |

25.1.4 Others

| ₹ in lakhs | | | | | |
|---------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|---|
| Name of Statute | Amount of Dispute (31/3/18) | Amount of Dispute (31/3/17) | Amount Deposited (31/3/18) | Period to which it relates | Forum where dispute is pending |
| APGST | 8.40 | 8.40 | 1.00 | 2002-03 | Commercial Tax Officer, Naidupet |
| APGST | 9.92 | 9.92 | | 2003-04 | Commercial Tax Officer, Naidupet |
| Central Excise | 18.25 | 18.25 | | Jul 2000 - Jun 2004 | CESTAT, Bangalore |
| Central Excise | 3.49 | 3.49 | | Jul 2004 - Jan 2005 | CESTAT, Bangalore |
| Central Excise | 1.23 | 1.23 | | Feb 2005 - Aug 2005 | CESTAT, Bangalore |
| Central Excise | 0.66 | 0.66 | | Jan 2007 - Apr 2007 | CESTAT, Bangalore |
| CST | 2.36 | 2.36 | 1.00 | 2002 – 03 | Commercial Tax Officer, Naidupet |
| CST | 16.18 | 16.18 | | 2000 - 01 | High Court of Judicature at Andhra Pradesh |
| Customs | 12.50 | 12.50 | | Oct – 01 | Commissioner of Customs |
| Income Tax | 5.43 | 5.43 | | AY 2003-04 to 2008-09 | Income Tax Department |
| Service Tax | 5.33 | 5.33 | | 2011-12 | Service Tax Department |
| Central Excise | 0.45 | 0.45 | 0.22 | Sep 2005 - Mar 2006 | CESTAT, Bangalore |
| CST | 0.42 | 0.42 | | 2004 – 05 | Joint Commissioner of Commercial Taxes (Appeals), Jharkhand |
| Central Excise | 1.36 | 1.36 | 0.68 | Apr - Dec 2006 | CESTAT, Bangalore |
| Jharkhand Sales Tax | 5.31 | 5.31 | | 2004 – 05 | Joint Commissioner of Commercial Taxes (Appeals), Jharkhand |
| Income Tax | 58.47 | 58.47 | 30.00 | AY 2001-02 | CIT(A) |
| MP Sales Tax | 1.04 | 1.04 | | 2013-14 | Commissioner of Commercial Taxes |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| Name of Statute | Amount of Dispute (31/3/18) | Amount of Dispute (31/3/17) | Amount Deposited (31/3/18) | Period to which it relates | Forum where dispute is pending |
|----------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|--------------------------------------|
| IT – TDS –Salary | 0.45 | 0.58 | | AY 2010-11 | TDS – AO |
| IT – TDS –Non-Salary | - | 1.31 | | AY 2008-09 to 2014-15 | TDS – AO |
| Service Tax | 5.62 | 5.62 | | Apr-Sep 2014 | Assistant Commissioner – Service Tax |
| West Bengal VAT | 2.95 | 2.95 | 2.95 | 2015-16 | VAT Tribunal |
| Uttar Pradesh VAT | 3.91 | 3.91 | | 2011-12 | Assistant Commissioner - Appeals |
| Jharkhand VAT | 13.57 | 13.57 | 1.36 | 2010-11 | Deputy Commissioner |
| Jharkhand VAT | 24.48 | 24.48 | 2.45 | 2011-12 | Deputy Commissioner |
| Income Tax | 4.95 | 28.91 | | AY 2014-15 | ITAT |
| Total | 206.73 | 232.13 | 39.66 | | |

25.1.5.Commitments

Estimated amount of contracts remaining to be executed on capital account: ₹ 3.50 lakhs (Previous Year - ₹ 106.37 lakhs)

| Particulars | ₹ in lakhs | |
|-------------|------------|---------|
| | 2017-18 | 2016-17 |

Note 25.2 Foreign currency transactions
25.2.1 Payments in foreign currency towards Imports
Imports at CIF Value

| | | |
|--------------------------------|----------------------|---------------|
| Raw Materials and Traded goods | 332.26 | 380.33 |
| Capital goods | 40.44 | 33.34 |
| Total | <u>372.70</u> | <u>413.67</u> |

25.2.2 Payments in foreign currency towards Expenditure
Expenditure in Foreign currency

| | | |
|---------------------------------------|----------------------|---------------|
| Professional and consultation fees | 9.11 | 8.93 |
| Foreign Tour | 10.17 | 10.01 |
| Salaries & Incentives of Perth Branch | 388.00 | 259.04 |
| Other Expenditure of Perth Branch | 251.63 | 224.48 |
| Others | 52.31 | 56.46 |
| Total | <u>711.22</u> | <u>558.92</u> |

25.2.3 Earnings in foreign currency on Accrual basis
Earnings in foreign exchange

| | | |
|--------------------|------------------------|-----------------|
| Exports - Products | 2,714.36 | 2,267.07 |
| Exports - Services | 146.56 | 26.63 |
| Total | <u>2,860.92</u> | <u>2,293.70</u> |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|--|------------|---------|
| | 2017-18 | 2016-17 |
| 25.2.4 Net Gain or Loss on Foreign Currency Translation | | |
| Profit/(Loss) on Foreign Currency Translation | 24.62 | (23.43) |

Note 25.3 Employee Benefits

The Company has accounted for the Long term defined benefits and contribution schemes as under:

25.3.1 Defined Contribution Schemes

Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Superannuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India through the Trust and charged to the Statement Profit and Loss for the year.

25.3.2 Defined Benefit Scheme

The Company has defined benefit scheme in the form of gratuity to employees.

Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund as per the scheme framed by the Corporation. The disclosure under AS -15(Revised) in this regard is given hereunder:

| Assumptions | 2017-18 | 2016-17 |
|-------------------|---------|---------|
| Discount Rate | 7.69% | 8.00% |
| Salary Escalation | 5.00% | 5.00% |

| Particulars | ₹ in lakhs | |
|-------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2018 | As at 31 st March, 2017 |

Table Showing Changes in Present Value of Obligations

| | | |
|---|---------------|---------------|
| Present value of obligations at the beginning of the year | 311.25 | 257.17 |
| Interest Cost | 23.31 | 20.57 |
| Current Service Cost/Past Service Cost(Vested) | 49.96 | 26.21 |
| Benefits Paid | (39.71) | (18.52) |
| Actuarial (Gain) / Loss on obligations | 90.48 | 25.82 |
| Present value of obligations as at end of the year | <u>435.29</u> | <u>311.25</u> |

Table Showing Changes in Fair Value of Plan Assets

| | | |
|--|---------------|---------------|
| Fair value of plan assets at the beginning of the year | 290.39 | 233.35 |
| Expected return on plan assets | 25.84 | 22.71 |
| Contributions | 104.97 | 52.85 |
| Benefits Paid | (39.71) | (18.52) |
| Actuarial Gain / (Loss) on plan assets | 0.54 | - |
| Fair value of plan assets at the end of the year | <u>382.03</u> | <u>290.39</u> |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|---|--|
| | As at 31 st March, 2018 | As at 31 st March, 2017 |
| Table Showing Fair Value of Plan Assets | | |
| Fair value of plan assets at the beginning of the year | 290.39 | 233.35 |
| Actual return on plan assets | 26.38 | 22.71 |
| Contributions | 104.97 | 52.85 |
| Benefits Paid | (39.71) | (18.52) |
| Fair value of plan assets at the end of the year | 382.03 | 290.39 |
| Funded Status | (53.26) | (20.86) |
| Excess of Actual over Estimated return on plan assets | 0.54 | - |
| | For the year ended 31st March, 2018 | For the year ended 31 st March, 2017 |
| Actuarial Gain / Loss Recognized | | |
| Actuarial (gain) / loss on obligations | (90.47) | (25.82) |
| Actuarial (gain) / loss for the year - plan assets | (0.54) | - |
| Total (gain) / loss for the year | (89.93) | 25.82 |
| Actuarial (gain) / loss recognized in the year | 89.93 | 25.82 |
| | As at 31st March, 2018 | As at 31 st March, 2017 |
| Amounts to be Recognized in Balance Sheet & Statement of Profit & Loss | | |
| Present value of obligations as at the end of the year | 435.29 | 311.25 |
| Fair value of plan assets as at the end of the year | 382.03 | 290.39 |
| Funded Status | (53.26) | (20.86) |
| Net asset / (liability) recognized in balance sheet | (53.26) | (20.86) |
| | For the year ended 31st March, 2018 | For the year ended 31 st March, 2017 |
| Expenses Recognized in Statement of Profit & Loss | | |
| Current Service Cost/Past Service Cost(Vested) | 49.96 | 26.21 |
| Interest Cost | 23.31 | 20.57 |
| Expected return on plan assets | (25.84) | (22.71) |
| Net Actuarial (gain) / loss recognized in the year | 89.93 | 25.82 |
| Expenses recognized in profit and loss statement | <u>137.36</u> | <u>49.89</u> |

Note: Entire plan assets are lying in the Gratuity Fund administered through Life Insurance Corporation of India (P & GS Department).

Notes forming part of the Financial Statements for the year ended 31st March, 2018
Note 25.4 Segment Reporting
Primary Segment Information (Business Segment)
₹ in lakhs

| Particulars | Business Segments | | | | | | Total | |
|---------------------------------------|---------------------|----------|-----------------|----------|-----------------|----------|------------------|-----------|
| | Manufacturing Units | | Service Units | | Others | | | |
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Segment Revenue | 8,231.38 | 7,415.78 | 9,413.16 | 8,053.03 | 2,056.89 | 1,798.84 | 19,701.43 | 17,267.65 |
| Less: Inter segment Revenue | 2,262.52 | 2,229.38 | 0.94 | 21.52 | 12.67 | 26.72 | 2,276.13 | 2,277.62 |
| Total Revenue | 5,968.86 | 5,186.40 | 9,412.21 | 8,031.51 | 2,044.22 | 1,772.12 | 17,425.30 | 14,990.03 |
| Segment Results | 1,710.88 | 1,376.69 | 1,292.69 | 1,038.69 | 253.66 | 139.47 | 3,257.23 | 2,554.85 |
| Less : Finance Cost | | | | | | | 538.03 | 562.30 |
| Un allocable Expenses (net of income) | | | | | | | 1,455.90 | 1,169.80 |
| Total Profit Before Tax | | | | | | | 1,263.30 | 822.75 |
| Tax Expenses | | | | | | | 392.54 | 261.86 |
| Profit after Tax | | | | | | | 870.76 | 560.89 |
| Segment Assets | 5,919.77 | 5,209.79 | 4,892.49 | 3,606.12 | 884.21 | 250.11 | 11,696.47 | 9,066.02 |
| Segment Liabilities | 1,613.06 | 789.89 | 1,220.49 | 319.35 | 257.23 | 78.73 | 3,090.78 | 1,187.97 |
| Capital Employed | 4,306.71 | 4,419.90 | 3,672.00 | 3,286.77 | 626.98 | 171.38 | 8,605.69 | 7,878.05 |
| Less: Un allocated Capital Employed | | | | | | | (448.45) | (469.39) |
| Total Capital Employed | | | | | | | 8,157.24 | 7,408.66 |

Secondary Segment (Geographic Segment):
₹ in lakhs

| Particulars | India | | Outside India | | Total | |
|---|---------------------------------|------------------|---------------|-----------------|------------------|------------------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| | Revenue from external customers | 14,564.38 | 12,696.33 | 2,860.92 | 2,293.70 | 17,425.30 |
| Carrying amount of Segment Assets | 10,819.27 | 8,829.47 | 877.20 | 236.55 | 11,696.47 | 9,066.02 |
| Cost incurred to acquire tangible and intangible fixed assets | 659.13 | 233.36 | 40.44 | 33.34 | 699.57 | 266.70 |

Notes forming part of the Financial Statements for the year ended 31st March, 2018
Note 25.5 Related Party Disclosures

List of Related Parties

| Name of the Party | Relationship |
|--|--------------------------------------|
| Thejo Hatcon Industrial Services Company | Subsidiary |
| Thejo Australia Pty Ltd | Subsidiary |
| Thejo Brasil Comercio E Servicos Ltda | Subsidiary |
| Thejo Engineering LatinoAmerica SpA | Subsidiary |
| Mr. K.J. Joseph | Key Management Personnel |
| Mr. Thomas John | Key Management Personnel |
| Mr. V.A. George | Key Management Personnel |
| Mr. Manoj Joseph | Key Management Personnel |
| Mr. Rajesh John | Key Management Personnel |
| Mr. M.D. Ravikanth | Key Management Personnel |
| Mr. Manesh Joseph | Relative of Key Management Personnel |
| Mrs. Rosamma Joseph | Relative of Key Management Personnel |
| Mrs. Celinamma John | Relative of Key Management Personnel |

Related Party Transaction Details:
₹ in lakhs

| Related Party | Nature of Payment | Current Year Transaction | Outstanding as on 31st March, 2018 |
|--|--------------------------|---------------------------------|--|
| Thejo Hatcon Industrial Services Company | Share Capital | - | 333.72 |
| Thejo Australia Pty Ltd | Share Capital | - | 1,202.45 |
| Thejo Brasil Comercio E Servicos Ltda | Share Capital | - | 76.24 |
| Thejo Engineering LatinoAmerica SpA | Share Capital | - | 341.66 |
| Thejo Hatcon Industrial Services Company | Loan | (41.96) | 156.94 |
| Thejo Australia Pty Ltd | Loan | (494.94) | - |
| Thejo Hatcon Industrial Services Company | Interest on Loan | 18.57 | 8.64 |
| Thejo Australia Pty Ltd | Interest on Loan | 52.73 | - |
| Thejo Hatcon Industrial Services Company | Advance | - | 114.15 |
| Thejo Hatcon Industrial Services Company | Purchase & Sales | 321.09 | 144.93 |
| Thejo Australia Pty Ltd | Purchase & Sales | 5.92 | 41.14 |
| Thejo Australia Pty Ltd | Expense Reimbursement | 27.26 | 0.30 |
| Thejo Brasil Comercio E Servicos Ltda | Purchase & Sales | 35.83 | 71.58 |
| Thejo Engineering LatinoAmerica SpA | Purchase & Sales | 347.79 | 448.34 |
| Thejo Australia Pty Ltd | Other Income | 0.97 | 0.97 |
| Mr. K.J. Joseph | Sitting Fee | 1.50 | - |
| Mr. Thomas John | Sitting Fee | 1.95 | - |
| Mr. V.A. George | Remuneration | 48.00 | 1.00 |
| Mr. Manoj Joseph | Remuneration | 42.37 | 1.36 |
| Mr. Rajesh John | Remuneration | 36.49 | 1.04 |
| Mr. M.D. Ravikanth | Remuneration | 24.16 | 0.36 |
| Mr. Manesh Joseph | Remuneration | 27.63 | 0.97 |
| Mrs. Rosamma Joseph | Remuneration | 12.09 | 0.86 |
| Mrs. Celinamma John | Remuneration | 11.95 | 0.53 |

Note: Remuneration excludes retirement benefits.

Notes forming part of the Financial Statements for the year ended 31st March, 2018
Note 25.6 Calculation of Deferred Tax

₹ in lakhs

| Particulars | DTA | DTL | DTA | DTL |
|--|------------------------------|--------------|------------------------------|------|
| | 31 st March, 2018 | | 31 st March, 2017 | |
| Opening Balance | 17.54 | - | - | 4.12 |
| Timing Difference in Depreciation | 2.20 | - | 22.50 | - |
| Profit on sale of asset | - | 1.41 | - | 0.84 |
| Timing Difference on provision for leave encashment | 41.30 | - | - | - |
| Previous deferred tax reversed on account of tax rate changes / others | - | 19.88 | - | - |
| Total | 61.04 | 21.29 | 22.50 | 4.96 |
| Net Deferred Tax Liability / (Asset) | 39.75 | - | 17.54 | - |

Note 25.7 Leases

The Company has taken various commercial premises under cancellable leases. These lease agreements are normally renewed on expiry.

The rentals are expensed with reference to the lease terms and conditions.

Note 25.8 Particulars of Stock

₹ in lakhs

| Items | 2017-18 | 2016-17 |
|--|-----------------|-----------------|
| Purchase of Goods (including Trading) | | |
| Rubber Items | 1,895.94 | 1,774.30 |
| Others | 2,129.99 | 1,871.01 |
| Total | 4,025.93 | 3,645.31 |
| Raw Materials Consumed (including Trading) | | |
| Rubber Items | 1,866.01 | 1,769.23 |
| Others | 1,979.88 | 1,810.65 |
| Total | 3,845.89 | 3,579.88 |
| Stock Particulars Raw Materials, WIP & Finished Goods (including Trading) | | |
| Opening Stock | | |
| Rubber Items | 1,025.47 | 1,066.36 |
| Others | 643.40 | 607.20 |
| Total | 1,668.87 | 1,673.56 |
| Closing Stock | | |
| Rubber Items | 860.81 | 1,025.47 |
| Others | 749.89 | 643.40 |
| Total | 1,610.70 | 1,668.87 |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Value of Raw Materials, Spare Parts and Components consumed | | | Value – ₹ in lakhs | |
|---|------------------|-----------------|--------------------|-----------------|
| Items | 2017-18 | | 2016-17 | |
| | % of Consumption | Value | % of Consumption | Value |
| Imported | 7.28% | 279.93 | 10.64% | 380.95 |
| Indigenous | 92.72% | 3,565.96 | 89.36% | 3,198.93 |
| Total | | 3,845.89 | | 3,579.88 |

| Items | ₹ in lakhs | |
|-------------------------------|-----------------|-----------------|
| | 2017-18 | 2016-17 |
| Income from services | | |
| Maintenance & Repair Services | 5,719.89 | 6,930.06 |
| Manpower Supply Services | 2,427.09 | 199.95 |
| Others | 693.41 | 122.53 |
| Total | 8,840.39 | 7,252.54 |

Stock Particulars Work In Progress
Opening Stock

| | | |
|--------------|---------------|---------------|
| Rubber Items | 290.47 | 350.56 |
| Others | 36.86 | 38.71 |
| Total | 327.33 | 389.27 |

Closing Stock

| | | |
|--------------|---------------|---------------|
| Rubber Items | 185.40 | 290.47 |
| Others | 22.17 | 36.86 |
| Total | 207.57 | 327.33 |

Note 25.9 Earnings Per Share
Basic & Diluted:

| | | |
|---|---------|---------|
| Net Profit after Tax (₹ in Lakhs) | 870.76 | 560.89 |
| Weighted Average Number of Equity Shares during the year (Nos.) | 3433552 | 3433552 |
| Earnings per Share (FV of ₹ 10/- each fully paid up) (₹) | 25.36 | 16.34 |

The Employee stock options are anti-dilutive for the year. Hence, Diluted Earnings Per Share is same as Basic Earnings Per Share.

Note 25.10 Thejo Employee Stock Option Plan 2015

Information in respect of Options granted under Thejo Employee Stock Option Plan 2015

| | |
|---|---|
| Name of the Plan | Thejo Employee Stock Option Plan 2015 ("ESOP 2015") |
| Date of Shareholders' Approval | August 26, 2015 |
| Number of options approved under the Scheme | 3,00,000 options equivalent to 3,00,000 Equity shares of ₹ 10/- each. |
| Vesting Schedule | 1/6 th of Options granted on completion of one year of grant; balance in 6 equal instalments on completion of 18, 24, 30, 36, 42 and 48 months of grant. |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| | |
|---|---|
| Pricing Formula | The Members have approved the Board to decide the Pricing in line with SEBI guidelines. The Board has decided that the pricing will be not less than 75% of the prevailing market value of the Shares on the date of grant of Options as fixed by Compensation / Nomination and Remuneration Committee based on the closing market price one day prior to date of grant. |
| Maximum Term of Options granted | 60 Months from the date of granting of the Options. |
| Source of Shares | Primary |
| Method of Settlement | Equity Shares |
| Variation in terms of Options | None |
| Method used for accounting | Intrinsic Value Method |
| Impact of Fair Value Method | Had the Company used Fair Value Method (under Black Scholes Method) to expense the employee compensation cost, the Employee Stock Option Expense would have been ₹ 39.18 lakhs, which is ₹ 16.73 lakhs higher than the expense under Intrinsic Value Method of ₹ 22.45 lakhs. Had fair value been considered for expensing ESOP cost, the profit for the year and EPS (Basic and Diluted, FV of ₹ 10/- each fully paid) would have been ₹ 854.03 lakhs and ₹ 24.87/- respectively (as against ₹ 870.76 lakhs and ₹ 25.36/- under intrinsic value method). |
| Option Movement during the year | Number of Options at the beginning of the period – 1,39,556 Number of Options Granted during the year – Nil Number of Options forfeited/lapsed during the year – 3,689 Number of Options vested during the year – 42,642 Number of Options exercised during the year – Nil Number of Shares arising as a result of exercise of options – Nil Money Realized by exercise of Option – Nil Loan Repaid by the Trust from exercise price received – NA Number of Options outstanding at the end of the year – 1,35,867 Number of Options exercisable at the end of the year – 41,515 |
| Weighted Average Exercise Price | ₹ 153.75/- per share |
| Weighted Average Fair Value/Option | ₹ 88.87/- |
| Details of Options Granted to specified employees during the year | (A) Senior Managerial Personnel: Nil (B) Any other employee granted options amounting to 5% or more of option granted during the year: Nil (C) Identified employee who was granted option during the year equal to or exceeding 1% of issued capital: Nil |
| Method and Significant Assumptions to estimate fair value | Method Used: Black Scholes Method Significant Assumptions Used: Weighted Average Value of Share Price: ₹ 205/- Weighted Average Price of Exercise Price: ₹ 153.75/- Expected Volatility: 35.40%-38.50% Expected Option Life:2-3.5 years Expected Dividends: 1.81% Risk-free interest rate:6.93%-7.07% Method to determine Expected Volatility: Standard deviation of the continuously compounded rate of return of the stock during the expected option life based on historic value. |

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Status of Options | | | | | |
|--|--|---|----------------------------|--------------------|---|
| Particulars | As at 31/3/2018 | | | As at 31/3/2017 | |
| | No. of Options | WAEP (₹) | | No. of Options | WAEP(₹) |
| Outstanding at the beginning of the year | 1,39,556 | 153.75 | | - | - |
| Add: Granted during the year | - | NA | | 1,50,007 | 153.75 |
| Less: Forfeited/Lapsed during the year | 3,689 | 153.75 | | 10,451 | 153.75 |
| Less: Exercised during the year | - | NA | | - | NA |
| Outstanding at the end of the year | 1,35,867 | 153.75 | | 1,39,556 | 153.75 |
| Exercisable at the end of the year | 41,515 | 153.75 | | - | NA |
| WAEP – Weighted Average Exercise Price/Option NA – Not Applicable | | | | | |
| Summary of Options Outstanding: | | | | | |
| Thejo ESOP 2015 | | | | | |
| As at 31/3/2018 | | | As at 31/3/2017 | | |
| No. of Options outstanding | Exercise Price (₹) | Weighted Average Remaining contractual Life | No. of Options outstanding | Exercise Price (₹) | Weighted Average Remaining contractual Life |
| 1,35,867 | 153.75 | 38 Months | 1,39,556 | 153.75 | 50 Months |
| NA – Not Applicable | | | | | |
| Diluted EPS as per AS 20 | Diluted EPS (Per Equity Share of face value of ₹ 10/- each fully paid) – ₹ 25.36/- | | | | |
| Price of underlying shares in Market at the time of grant of option | ₹ 205/- per Equity Share | | | | |

Note 25.11 Payment to Auditors

| Description | ₹ in lakhs | |
|-------------------------------|--------------|--------------|
| | 2017-18 | 2016-17 |
| For Audit | 8.50 | 6.00 |
| For Taxation Matters | 1.50 | 1.00 |
| For Company Law Matters | - | - |
| For Management Services | - | - |
| For Other Services | - | 5.42 |
| For Reimbursement of Expenses | - | - |
| Total | 10.00 | 12.42 |

Note 25.12 Corporate Social Responsibility

The Company has spent ₹ 16.50 lakhs for various CSR activities.

Note 25.13 Other Disclosures

25.13.1 The Company has sent letters for confirmation to debtors, based on materiality. While a few parties have confirmed the balance, confirmations from the remaining parties are awaited.

25.13.2 The estimated useful life of the following assets has been arrived at on the basis of technical evaluation/ advice different from prescribed useful life as given in Schedule II and, as approved by the Management.

Notes forming part of the Financial Statements for the year ended 31st March, 2018

| Asset | Useful Life as Evaluated | Useful Life as per Schedule II |
|--|---------------------------------|---------------------------------------|
| Hardness tester, Welding machines and similar assets | 5 years | 15 years |
| Chain Pulley Blocks | 4 years | 15 years |
| Wire Ropes and similar assets | 3 years | 15 years |
| Pulling lifting machine, Hook chook, drilling, buffing, grinding & sander machines, Hot air gun and similar assets | 1 year | 15 years |
| Air / Water Cooler and similar assets | 2 years | 5 years |

Residual value:

In respect of Fixed Assets which have completed the useful life, the carrying amount as on 01.04.2014 or 5% of the cost, whichever is lower, is retained as residual value in the books.

25.13.3 The Company has not received any communication from its suppliers claiming that they are micro, small scale or medium enterprises.

25.13.4 As the estimated recoverable amounts of the assets/cash generating units of the Company are higher than their carrying amount, no impairment of assets has been recognized in the accounts of the Company in line with AS - 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

25.13.5 During the FY 2017-18, the Company has incurred a revenue expenditure (excluding depreciation) of ₹ 111.65 lakhs and capital expenditure of ₹ 3.60 lakhs in relation to Research & Development. (FY 2016-17: ₹ 96.07 lakhs and ₹ 1.78 lakhs respectively).

25.13.6 The Board has recommended a dividend of ₹ 4/- per equity share of face value of ₹ 10/- each (fully paid) for the FY 2017-18 aggregating to ₹ 137.34 lakhs on the total number of shares outstanding as on 31/3/2018. Dividend and Dividend Distribution Tax will be treated as an appropriation from Reserves & Surplus during the period in which it is approved by the Members. No provision is being made in the accounts for the current financial year in respect of dividend recommended by the Board after the balance sheet date.

Note 26 Previous Year Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our Report of even date

For BRAHMAYYA & CO.

Chartered Accountants

ICAI Registration No. 000511S

P. BABU

Partner

Membership No. 203358

Place : Chennai

Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH

Chairman

DIN 00434410

M.D. RAVIKANTH

Chief Financial Officer &

Secretary

THOMAS JOHN

Vice Chairman

DIN 00435035

V.A. GEORGE

Managing Director

DIN 01493737

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THEJO ENGINEERING LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Thejo Engineering Limited** ("the Holding Company"), its subsidiaries, (together referred as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 Group as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

5. Other Matters

We did not audit the financial statements of four overseas subsidiaries, whose financial statements reflect total assets of ₹ 3,618.56 lakhs as at 31st March, 2018, total revenues of ₹ 5,420.71 lakhs and net cash outflow amounting to ₹ 63.87 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other overseas auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

6. Report on Other Legal and Regulatory Requirements

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended.
- e. With respect to the internal financial controls with reference to financial statements of the Company and the Operating Effectiveness of such controls, refer to our separate report in “**Annexure – A**”
- 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:

INDEPENDENT AUDITORS' REPORT

- i) The Consolidated financial statements disclose the effect of pending litigations on the financial position of the Group as referred to in note 28.1.4 to the Consolidated financial statements.
- ii) The Group 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 Holding Company.

Place : Chennai
Date : 28.05.2018

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn. No. : 000511S

P. BABU
Partner
Membership No. : 203358

“ANNEXURE-A” TO THE AUDITORS’ REPORT

Referred to in Paragraph 6 of Our Report of Even Date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **Thejo Engineering Limited** (hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated outside India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, are 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 (ICAI). 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 the respective 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

ANNEXURE-A TO THE AUDITORS' REPORT

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 Holding 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 31 March 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.

Other Matters

The reporting under Section 143(3)(i) of the Act is not applicable to all the four subsidiary companies incorporated outside India.

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn. No. : 000511S

P. BABU
Partner
Membership No. : 203358

Place : Chennai
Date : 28.05.2018

Consolidated Balance Sheet as at 31st March, 2018

| Particulars | Note No. | ₹ in lakhs | |
|---|----------|------------------|------------------|
| | | As at 31-03-2018 | As at 31-03-2017 |
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' funds | | | |
| (a) Share capital | 3 | 343.36 | 343.36 |
| (b) Reserves and surplus | 4 | 6,231.94 | 5,249.88 |
| 2. Share application money pending allotment | | | |
| | | - | - |
| 3. Minority Interest | | | |
| | 5 | 453.50 | 248.35 |
| 4. Non-current liabilities | | | |
| (a) Long-term borrowings | 6 | 976.35 | 523.89 |
| (b) Deferred tax liabilities (Net) | 28.6 | - | - |
| (c) Other non-current liabilities | 7 | 36.80 | 23.64 |
| 5. Current liabilities | | | |
| (a) Short-term borrowings | 8 | 1,812.15 | 3,240.63 |
| (b) Trade payables | 9 | 2,100.33 | 2,007.30 |
| (c) Other current liabilities | 10 | 2,892.41 | 1,908.68 |
| (d) Short-term provisions | 11 | 341.61 | 251.44 |
| TOTAL | | 15,188.45 | 13,797.17 |
| II. ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Fixed assets | 12 | | |
| (i) Tangible assets | | 3,190.63 | 2,908.86 |
| (ii) Intangible assets | | 25.67 | 33.72 |
| (iii) Capital work-in-progress | | 126.62 | 106.37 |
| (b) Non-current investments | 13 | 0.50 | 0.57 |
| (c) Deferred Tax Asset (Net) | 28.6 | 39.75 | 19.27 |
| (d) Long-term loans and advances | 14 | 509.27 | 403.95 |
| (e) Other non-current assets | 15 | 100.31 | 148.41 |
| 2. Current assets | | | |
| (a) Inventories | 16 | 2,555.65 | 2,350.86 |
| (b) Trade receivables | 17 | 6,529.69 | 5,884.10 |
| (c) Cash and cash equivalents | 18 | 1,013.88 | 939.18 |
| (d) Short-term loans and advances | 19 | 1,096.48 | 987.93 |
| (e) Other current assets | 20 | - | 13.95 |
| TOTAL | | 15,188.45 | 13,797.17 |
| Notes including significant accounting policies | 1-29 | | |

The notes referred to above form an integral part of the financial statements.

In terms of our report of even date annexed

For BRAHMAYYA & CO.

Chartered Accountants

ICAI Registration No. 000511S

P. BABU

Partner

Membership No. 203358

Place : Chennai

Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH

Chairman

DIN 00434410

M.D. RAVIKANTH

Chief Financial Officer &

Secretary

THOMAS JOHN

Vice Chairman

DIN 00435035

V.A. GEORGE

Managing Director

DIN 01493737

Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

| Particulars | Note No. | ₹ in lakhs | |
|--|----------|-------------------------------|-------------------------------|
| | | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
| I. Revenue from operations | 21 | 22,094.30 | 18,102.82 |
| II. Other income | 22 | 77.66 | 34.10 |
| III. Total Revenue (I+II) | | <u>22,171.96</u> | <u>18,136.92</u> |
| IV. Expenses: | | | |
| Cost of materials consumed | 23 | 4,563.05 | 3,521.78 |
| Purchase of Traded Goods | 23 | 632.55 | 853.07 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 24 | 138.35 | (43.18) |
| Employee benefits expense | 25 | 7,819.21 | 6,914.28 |
| Finance costs | 26 | 559.42 | 574.56 |
| Depreciation and amortization expense | 12 | 541.77 | 534.82 |
| Other expenses | 27 | 6,210.88 | 4,853.24 |
| Total expenses | | <u>20,465.23</u> | <u>17,208.57</u> |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 1,706.73 | 928.35 |
| VI. Exceptional items | | - | - |
| VII. Profit before extraordinary items and tax (V-VI) | | 1,706.73 | 928.35 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII-VIII) | | 1,706.73 | 928.35 |
| X. Tax expense: | | | |
| (1) Current tax | | 417.12 | 283.51 |
| (2) Deferred tax | 28.6 | (20.48) | 27.18 |
| XI. Profit / (Loss) for the period (IX-X) | | 1,310.09 | 617.66 |
| XII. Transfer to Minority Interest | | 204.69 | 41.80 |
| XIII. Profit / (Loss) for the period after tax and transfer to Minority Interest (XI-XII) | | <u>1,105.40</u> | <u>575.86</u> |
| XIV. Earnings per equity share of face value of ₹ 10/- each fully paid up (before & after extraordinary items) | | | |
| (1) Basic (in ₹) | | 32.19 | 16.77 |
| (2) Diluted (in ₹) | | 32.19 | 16.77 |
| Notes Including significant accounting policies | 1-29 | | |

The notes referred to above form an integral part of the financial statements.

In terms of our report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
ICAI Registration No. 000511S

P. BABU
Partner
Membership No. 203358

Place : Chennai
Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH
Chairman
DIN 00434410
M.D. RAVIKANTH
Chief Financial Officer &
Secretary

THOMAS JOHN
Vice Chairman
DIN 00435035
V.A. GEORGE
Managing Director
DIN 01493737

Consolidated Cash Flow Statement for the year ended 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31-03-2018 | Year ended 31-03-2017 |
| Cash Flow from Operating Activities | | |
| Profit before tax as per Consolidated Statement of Profit and Loss | 1,706.73 | 928.35 |
| Adjustment for: | | |
| Depreciation | 541.77 | 534.82 |
| Pre-operative Expenses written off | 48.10 | 67.46 |
| Employee Stock Option Expense | 22.45 | 30.28 |
| Loss/(Profit) on sale of asset | (4.02) | (2.56) |
| Interest Paid | 559.42 | 574.56 |
| Unrealized foreign exchange (gain)/loss (net) | (8.06) | 47.82 |
| Interest Received | (24.95) | (28.44) |
| Operating Profit before working capital changes | 2,841.44 | 2,152.29 |
| Adjustment for: | | |
| Trade and Other Receivables | (842.33) | (629.80) |
| Inventories | (204.78) | (100.04) |
| Trade Payables and Other Liabilities | 792.19 | 23.79 |
| Cash Generated from Operations | 2,586.52 | 1,446.24 |
| Direct Taxes Paid | (374.98) | (283.37) |
| Net Cash from Operating Activities (A) | 2,211.54 | 1,162.87 |
| Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | (829.76) | (531.30) |
| Sale of assets | 4.90 | 4.32 |
| Investments disposed/(made) | 0.07 | (0.15) |
| Interest Received | 24.95 | 28.44 |
| Net Cash used in Investing Activities (B) | (799.84) | (498.69) |
| Cash Flow from Financing Activities | | |
| Increase/(Decrease) in short-term credit facilities/borrowings | (1,428.48) | 309.90 |
| Term Loan availed | 1,086.38 | 197.37 |
| Repayments of Term Loan | (434.21) | (305.08) |
| Interest paid | (559.42) | (574.56) |
| Net Cash from/(used in) Financing Activities (C) | (1,335.73) | (372.37) |
| Exchange difference on translation of Cash & Cash Equivalents (D) | (1.27) | (6.23) |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A)+(B)+(C)+(D) | 74.70 | 285.58 |
| Opening Cash & Cash Equivalents | 939.18 | 653.60 |
| Closing Cash & Cash Equivalents | 1,013.88 | 939.18 |

Note : Closing Cash and Cash Equivalents includes ₹ 220.53 lakhs (Previous Year: ₹ 252.93 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC

In terms of our report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
ICAI Registration No. 000511S

P. BABU
Partner
Membership No. 203358

Place : Chennai
Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH
Chairman
DIN 00434410
M.D. RAVIKANTH
Chief Financial Officer &
Secretary

THOMAS JOHN
Vice Chairman
DIN 00435035
V.A. GEORGE
Managing Director
DIN 01493737

Note 1**CORPORATE INFORMATION (PARENT AND SUBSIDIARY COMPANIES)**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (“the Company” / “Parent Company”) was incorporated on 26th March, 1986 as a private limited company, with its Registered Office at Aysha Building, No. 41, Whites Road, Royapettah, Chennai, 600014. The name of the Company was changed to Thejo Engineering Private Limited *vide* Certificate of Incorporation dated 17th June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering Limited *vide* special resolution passed by the Members at their meeting held on 20th June, 2008. Thejo Engineering Limited made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012 and the shares got listed on the EMERGE SME platform of NSE. The share capital of the Company increased to ₹ 171.68 lakhs in the Financial Year 2012-13. During the year 2013-14, the Company issued Bonus Shares to the existing shareholders in the ratio of 1:1 and the paid-up capital of the Company further increased to ₹ 343.36 lakhs. The Company shifted its Registered Office to VDS House, 41, Cathedral Road, Chennai 600086 with effect from 28th May, 2018 *vide* a resolution passed by the Board of Directors at their meeting held on that date.

The Company is an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports and fertilizers. The Company’s services include belt conveyor installation, maintenance and operations, while its product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection.

The Company has a Branch in Perth, Australia and four overseas subsidiaries namely, Thejo Hatcon Industrial Services Company, Saudi Arabia, Thejo Australia Pty Ltd, Australia, Thejo Brasil Comercio E Servicos Ltda, Brazil and Thejo Engineering Latinoamerica SpA, Chile. Thejo Hatcon Industrial Services Company is primarily engaged in rubber lagging and industrial services, Thejo Australia Pty Ltd in conveyor splicing, maintenance and related services, Thejo Brasil Comercio E Servicos Ltda and Thejo Engineering Latinoamerica SpA in sale of products used in core sector industries for Bulk Material Handling, Mineral Processing and Corrosion Protection.

Note 2**SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards as specified in the Annexure to the Companies (Accounting Standards) Rules, 2006 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 of Ministry of Corporate Affairs. The cash flow statement has been prepared in accordance with AS 3 on “Cash flow statements” issued by the Institute of Chartered Accountants of India. 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.

2.2 Principles of Consolidation

- (i) The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, “Consolidated Financial Statements”.
- (ii) The financial statements of the Parent Company and its subsidiaries are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting therefrom and are presented to the extent possible, in the same manner as the Company’s independent financial statements.
- (iii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except the method of depreciation as adopted by the subsidiary companies has been retained for the purpose of consolidation.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

- (iv) The excess of cost to the Parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial statements as 'goodwill on consolidation' and carried in the consolidated balance sheet as an asset. Where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the company, it is recognised as 'capital reserve' and shown under the head Reserves and Surplus, in the consolidated financial statements.
- (v) Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- (vi) The transactions of sale and purchase between the Parent Company and the Subsidiaries are eliminated by reducing both sales and purchases/expenses. The unrealized profit on the closing inventory and fixed assets held by the Subsidiaries out of the sales made by the Parent Company is reduced from the closing inventory and fixed assets on consolidation as per AS 21.
- (vii) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, future obligations under employee retirement benefit plans, provisions for doubtful debts, income-tax, post-sales customer support and the useful lives of fixed tangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of any changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.4 Foreign currency transactions

- (a) The reporting currency is Indian Rupees.
- (b) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (c) Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.
- (d) Where financial statements of the foreign operations are treated as integral operations, they are translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translations are recognized as income or expenses of the period in which they arise.
- (e) Where financial statements of foreign subsidiaries are treated as non-integral operations, their financial statements are translated at the following exchange rates:
 - (i) Share capital: At the original rate when the capital was infused.
 - (ii) Fixed assets: Exchange rate prevailing at the end of the year.
 - (iii) Current/Non current assets and current/Non current liabilities: Exchange rate prevailing at the end of the year.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

(iv) Revenues and expenses: At the average rate during the year.

The resultant exchange difference is accounted as foreign currency translation reserve until the disposal of the net investment.

2.5 Presentation and disclosure of Consolidated financial statements

The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Balance Sheet.

2.6 Fixed Assets

Tangible Assets (Property, Plant and Equipment)

The Company follows Cost model for its Tangible Assets. Tangible Assets are capitalised at acquisition cost of bringing the assets to their working condition for their intended use. Subsequent expenses related to an item of tangible assets are added to its book value if they increase the future benefits from the existing assets beyond its previously assessed standard of performance. Assets which are not ready for intended use are disclosed under capital work-in-progress.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. The cost comprises purchase price, permissible borrowing cost and any cost directly attributable to bring the asset to its working condition for its intended use.

2.7 Depreciation**a. Parent Company**

Tangible Assets (Property, Plant and Equipment)

Pursuant to the enactment of the Companies Act, 2013, depreciation on Tangible Assets is charged under written down value method based on the useful life of individual asset as prescribed in Schedule II of the Act, retaining a residual value of 5% of the cost of the assets. The estimated useful life of some of the assets is arrived at on the basis of technical evaluation/advice. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being ready for use.

Intangible Assets

They are amortized/ depleted over the useful life of the underlying assets and/ or as prescribed under Accounting Standards.

b. Foreign Subsidiaries

Depreciation has been provided on written down value or straight line method at the rates or on the basis of useful life of assets as evaluated and estimated by the Management.

2.8 Inventories

Inventories are valued at lower of cost and net realisable value under FIFO basis.

The cost of inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase consist of the purchase price including duties and taxes, freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.

The costs of conversion of inventories include costs of materials used in production, direct labour, and production overheads.

Other costs are included in the cost of inventories only to the extent they are incurred in bringing the inventories to the present location and condition.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018
2.9 Revenue Recognition

- 2.9.1 In respect of sale of products, revenue is recognised at the point of despatch to the customers, when the effective control passes on to the buyer and in respect of services rendered, revenue is recognised based on proportionate completion method, when there is no significant uncertainty regarding the amount of consideration.
- 2.9.2 Exports sales are accounted at the rate of exchange prevailing as on the date of invoicing.
- 2.9.3 Revenue from export benefits (like Duty Drawback) is accounted at the time of receipt.
- 2.9.4 The transactions of sale and purchase between the Parent company and the Subsidiaries are eliminated by reducing both sales and purchases.

2.10 Sales, Works Contracts and Services Income

The amount shown in the Consolidated Statement of Profit and Loss is net of excise duty all other duties and taxes charged.

2.11 Employee Benefits***Parent Company*****2.11.1 *Short term employee benefits:***

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages and short term compensated absences as also the expected cost of bonus and ex-gratia are recognised in the period in which the employee renders the related service.

2.11.2 *Post employment benefits:*

2.11.2.1 *Defined Contribution Schemes:* Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Superannuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India through the Trust and charged to the Consolidated Statement of Profit and Loss for the year.

2.11.2.2 *Defined Benefit Scheme:* The Company extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund in accordance with the scheme framed and administered by the Corporation. The present value of the obligation is determined based on actuarial valuation using Projected Unit Credit Method as per the report obtained from independent actuary/given by the Corporation.

Employee benefits in respect of subsidiaries are provided as per the applicable laws of the country where the subsidiaries are situated.

2.12 Taxes on Income***Parent Company***

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being difference between taxable income and the accounting income that originates in one year and reverses in another. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry forward of business loss is recognized only to the extent that 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.

Subsidiaries

Generally, the breakup of the major components of the Deferred Tax Assets and Liabilities as at Balance Sheet date of the subsidiary companies is arrived at after setting off deferred tax assets and liabilities where the respective companies have a legally enforceable right to set off assets against liabilities where such assets and liabilities relate to taxes on income levied by the same governing taxation laws of the country concerned.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018**2.13 Impairment of Assets**

Fixed Assets are reviewed for impairment by the Parent Company whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard.

2.14 Investments

Each category/item of investment is valued as follows:

2.14.1 Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

2.14.2 Current investments are carried at the lower of cost and fair value.

The carrying amount of such investments are determined on the basis of weighted average cost of each individual investment.

2.15 Cash and Cash Equivalents

2.15.1 Cash comprises cash on hand and demand deposits with bank.

2.15.2 Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be readily estimated. Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Even if there is certainty of the obligation not falling on the Company, the same is disclosed as contingent liability. Contingent assets are neither recognized nor disclosed.

2.17 Dividend

Dividend is provided/paid after it is approved by the Members at the Annual General Meeting.

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018
Note 3
SHARE CAPITAL

| Particulars | As at 31-03-2018 | | As at 31-03-2017 | |
|--|---------------------|----------------------|---------------------|----------------------|
| | Number | Amount ₹ in lakhs | Number | Amount ₹ in lakhs |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each | 1,00,00,000 | 1,000.00 | 1,00,00,000 | 1,000.00 |
| Issued | | | | |
| Equity Shares of ₹ 10/- each | 34,33,552 | 343.36 | 34,33,552 | 343.36 |
| Subscribed & Paid up | | | | |
| Equity Shares of ₹ 10/- each | 34,33,552 | 343.36 | 34,33,552 | 343.36 |
| (Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 and 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Profit & Loss Account and ₹ 171.68 lakhs from Securities Premium Account) | | | | |
| Total | <u>34,33,552</u> | <u>343.36</u> | <u>34,33,552</u> | <u>343.36</u> |

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

| | | | | |
|---|------------------|---------------|------------------|---------------|
| Shares outstanding at the beginning of the year | 34,33,552 | 343.36 | 34,33,552 | 343.36 |
| Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | <u>34,33,552</u> | <u>343.36</u> | <u>34,33,552</u> | <u>343.36</u> |

3.2 Shares in the Company held by each shareholder holding more than 5 percent shares as on 31/3/2018

| Name of the Shareholder | As at 31-03-2018 | | As at 31-03-2017 | |
|---|---------------------|------------|---------------------|------------|
| | Number | Percentage | Number | Percentage |
| SIDBI Venture Capital Ltd. A/c India Opportunities Fund | 3,17,072 | 9.23% | 3,17,072 | 9.23% |
| Girish Gulati HUF | 2,65,200 | 7.72% | - | - |
| Mr. K.J. Joseph | 2,50,000 | 7.28% | 2,50,000 | 7.28% |
| Mr. Thomas John | 2,16,868 | 6.32% | 2,16,868 | 6.32% |
| Mrs. Celinamma John | 2,16,866 | 6.32% | 2,16,866 | 6.32% |
| Mr. Rajesh John | 2,16,866 | 6.32% | 2,16,866 | 6.32% |
| Mrs. Rosamma Joseph | 1,80,320 | 5.25% | 1,80,320 | 5.25% |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

₹ in lakhs

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

Note 4
RESERVES AND SURPLUS
a. Securities Premium Account

| | | |
|------------------------|------------------------|------------------------|
| Opening Balance | 1,845.31 | 1,845.31 |
| Add/Less: Adjustments | - | - |
| Closing Balance | <u>1,845.31</u> | <u>1,845.31</u> |

b. Share Option Outstanding Account

| | | |
|---|---------------------|---------------------|
| Opening Balance | 30.28 | - |
| (+) Employee Compensation Cost for the year | 22.45 | 30.28 |
| Closing Balance | <u>52.73</u> | <u>30.28</u> |

c. Surplus (Balance in Statement of Profit and Loss)

| | | |
|--|------------------------|------------------------|
| Opening balance | 2,766.72 | 2,157.09 |
| (+) Net Profit/(Net Loss) For the current year | 1,105.40 | 575.86 |
| (-) Dividend Distributed | 120.18 | - |
| (-) Dividend Distribution Tax | 24.46 | - |
| (-) Transfer to Statutory Reserve | 21.21 | - |
| (-) Transfer to Foreign Currency Translation Reserve | - | (33.77) |
| Closing Balance | <u>3,706.27</u> | <u>2,766.72</u> |

d. Others
i) General Reserve

| | | |
|---------------------------|----------------------|----------------------|
| Opening Balance | 627.71 | 627.71 |
| (+) Transfer from Surplus | - | - |
| Closing Balance | <u>627.71</u> | <u>627.71</u> |

ii) Statutory Reserve

| | | |
|----------------------------|---------------------|-----------------|
| Opening Balance | - | - |
| (+) Transfers from Surplus | 21.21 | - |
| Closing Balance | <u>21.21</u> | <u>-</u> |

iii) Foreign Currency Translation Reserve

| | | |
|---|------------------------|------------------------|
| Opening Balance | (20.14) | - |
| Add: Transfer from Surplus | - | (33.77) |
| Add: Foreign Currency Translation Reserve during the year | (1.15) | 13.63 |
| Closing Balance | <u>(21.29)</u> | <u>(20.14)</u> |
| Total | <u>6,231.94</u> | <u>5,249.88</u> |

Note 5
MINORITY INTEREST

| | | |
|---|----------------------|----------------------|
| Opening Balance | 248.35 | 215.93 |
| Additions during the year | | |
| a. Share of (loss) / profit of the year | 204.69 | 41.80 |
| b. Foreign currency translation adjustment for the year | 0.46 | (9.38) |
| Closing balance | <u>453.50</u> | <u>248.35</u> |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

₹ in lakhs

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

Note 6

LONG TERM BORROWINGS

Secured

Term loans

| | | |
|------------|----------|--------|
| From Banks | 1,392.20 | 741.25 |
|------------|----------|--------|

Limit/Liability, Terms of Repayment & Security

State Bank of India

Date of Sanction: 28.07.2017 Ref No. RM1/62

Sanctioned Limit - ₹ 200 Lakhs

Purpose: Acquisition of Capital Assets

Period of Repayment - 48 months with Principal moratorium of 5 months from date of Sanction

Amount of Instalment: ₹ 4.20 Lakhs + Interest

Security:

First hypothecation charge over all machinery and equipment purchased under the Term Loan.

First charge on Pari-passu basis with SBI & IOB over immovable properties under Equitable Mortgage.

Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph

Liability (Incl interest not due) - ₹ 126.03 Lakhs (₹ Nil)

Repayable within one year - ₹ 50.40 Lakhs (₹ Nil)

Overdues/Defaults - Nil (Nil)

Axis Bank Limited

1. Date of Sanction: 15.03.2013 Ref No. AXISB/SME/S/CHN/12-13/642

2. Date of Sanction: 03.02.2015 Ref No. AXISB/SME/S/MEG/CHN/14-15/69 &

3. Date of Sanction: 16.03.2016 Ref No. AXISB/SME/S/MEG/CHN/15-16/65

Sanctioned Limit: 1. ₹ 100 Lakhs 2. ₹ 170 Lakhs and 3. ₹ 300 Lakhs

Purpose: Acquisition of Capital Assets & Take over of Term Loan from State Bank of Mysore.

Period of Repayment : 1. 60 monthly instalments of ₹ 1.67 lakhs commencing from 3 months from the date of last drawdown. 2. 51 monthly instalments of ₹ 3.33 lakhs per month. 3. 60 monthly instalments of ₹ 5.00 lakh commencing from 6 months of first drawdown. For all loans, interest to be paid as and when debited.

Amount of Instalment - 1. ₹ 1.67 Lakhs per month + interest; 2. ₹ 3.33 Lakhs per month + interest & 3. ₹ 5.00 Lakhs per month+interest

Security (For all loans):

First hypothecation charge over all machinery and equipment purchased under the Term Loan.

First charge on Pari-passu basis with SBI & IOB over immovable properties under Equitable Mortgage.

Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph

Liability (Incl interest not due) - ₹ 277.61 Lakhs (₹ 154.06 Lakhs)

Repayable within one year - ₹ 119.41 Lakhs (₹ 121.73 Lakhs)

Overdues/Defaults - Nil (Nil)

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|-------------|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |

Export Import Bank of India

Date of Sanction: 20.01.2014 Ref. CBG: OIF-715: 321

Sanctioned Limit: USD 1.25 million (Equi ₹ 753.48 Lakhs)

Purpose: Onward lending to Thejo Australia Pty Ltd and Thejo Hatcon Industrial Services Company to meet their long term working capital requirements.

Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice.

Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period.

Security:

Pari-passu first charge on the fixed assets of the Company and second charge on the current assets of the Company.

Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph and Mr. Rajesh John

Liability (Incl interest not due) - ₹ 329.65 Lakhs (₹ 572.70 Lakhs)

Repayable within one year - ₹ 248.38 Lakhs (₹ 187.97 Lakhs)

Overdues/Defaults - Nil (Nil)

ICICI Bank Limited - Auto Loan

Date of Sanction: 03.06.2014

Sanctioned Limit: ₹ 28 Lakhs

Purpose: Acquisition of Vehicle

Period of Repayment : 60 Equated Monthly Instalments (including interest) from July 2014. Last Instalment June 2019

EMI Payable - ₹ 0.60 Lakhs per month

Security:

Hypothecation of Vehicle purchased under the loan

Liability (Incl interest not due) - ₹ 8.46 Lakhs (₹ 14.49 Lakhs)

Repayable within one year - ₹ 6.70 Lakhs (₹ 6.10 Lakhs)

Overdues/Defaults - Nil (Nil)

Westpac Banking Corporation (Thejo Australia Pty Ltd)

Date of Sanction: March 2018

Sanctioned Limit: AUD 13,00,000

Purpose: Term Loan for repayment of Long-term loan from Parent Company

Period of Repayment : 36 monthly instalments of AUD 15,000 per month with balloon payment at the end

Amount of Instalment - AUD 15,000 per month (₹ 7.50 Lakhs per month)

Security:

Stand-by Letter of credit from bankers of Parent Company (State Bank of India)

Liability (Incl interest not due) - ₹ 650.45 Lakhs (₹ Nil)

Repayable within one year - ₹ 90.06 Lakhs (₹ Nil)

Overdues/Defaults - Nil (Nil)

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|----------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| From Others | | |
| Financial Institutions | 145.79 | 153.04 |
| Sundaram Finance Limited | | |
| Date of Sanction: 12.09.2014 | | |
| Sanctioned Limit: ₹ 100 Lakhs | | |
| Purpose: Acquisition of Vehicles | | |
| Period of Repayment : 35 Equated Monthly Instalments(including interest) from date of each loan | | |
| Amount of Instalment - ₹ 3.06 Lakhs per month for loan outstanding | | |
| Security: | | |
| Hypothecation of Vehicle purchased under the loan | | |
| Personal guarantee of: Mr.Thomas John | | |
| Liability (Incl interest not due) - ₹ 35.13 Lakhs (₹ 47.77 Lakhs) | | |
| Repayable within one year - ₹ 19.61 Lakhs (₹ 30.88 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |
| Toyota Finance Australia Ltd | | |
| Date of Sanction: November 2016 & October 2017 | | |
| Sanctioned Limit: AUD 1,27,176 (Equi ₹ 64.26 Lakhs) | | |
| Purpose: Acquisition of Vehicles | | |
| Period of Repayment : 60 Equated Monthly Instalments(including interest) from date of the loan | | |
| Amount of Instalment - AUD 2,393 (₹ 1.21 Lakhs per month) | | |
| Security: | | |
| Hypothecation of Vehicle purchased under the loan | | |
| Liability (Incl interest not due) - ₹ 53.46 Lakhs (₹ 30.95 Lakhs) | | |
| Repayable within one year - ₹ 12.02 Lakhs (₹ 6.05 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |
| Toyota Finance Australia Ltd (Thejo Australia Pty Ltd) | | |
| Date of Sanction: March 2017 | | |
| Sanctioned Limit: AUD 1,79,184 (Equi ₹ 88.79 Lakhs) | | |
| Purpose: Acquisition of Vehicles | | |
| Period of Repayment : 28 to 60 Equated Monthly Instalments(including interest) from date of each loan | | |
| Amount of Instalment - AUD 4,361 (₹ 2.16 Lakhs per month) | | |
| Security: | | |
| Hypothecation of Vehicle purchased under the loan | | |
| Liability (Incl interest not due) - ₹ 57.19 Lakhs (₹ 74.32 Lakhs) | | |
| Repayable within one year - ₹ 15.05 Lakhs (₹ 17.67 Lakhs) | | |
| Overdues/Defaults - Nil (Nil) | | |
| Less: Current Maturities (incl interest accrued but not due) | | |
| Banks | (514.95) | (315.80) |
| Financial Institutions | (46.68) | (54.60) |
| Total | <u>976.35</u> | <u>523.89</u> |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|--------------------------------------|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Note 7 | | |
| OTHER NON-CURRENT LIABILITIES | | |
| Terminal Provision | 36.80 | 23.64 |
| Total | 36.80 | 23.64 |

Note 8

SHORT TERM BORROWINGS

Secured

Loans repayable on demand

| | | |
|------------|----------|----------|
| From Banks | 1,812.15 | 3,240.63 |
|------------|----------|----------|

The Company was sanctioned Working capital facilities by consortium of bankers namely, State Bank of India, Axis Bank Limited and Indian Overseas Bank.

Limit/Liability, Terms of Repayment & Security

State Bank of India

Date of Sanction: 12.01.2017 Ref No. RM1/179A

Limit: Cash Credit of ₹ 1,500 Lakhs +Stand by CC ₹ 150 Lakhs
(Non-fund based limit: Letter of Credit - ₹ 500 lakhs &
Bank Guarantee - ₹ 700 lakhs)

Period Of Repayment: On Demand

Security:

First Charge on all the current assets on pari-passu basis with Axis Bank Limited and Indian Overseas Bank.

EM of immovable properties belonging to the Company. (First charge on pari passu basis with Axis Bank Ltd, Indian Overseas Bank and EXIM Bank).

Extension of Second Hypothecation Charge on pari passu basis over fixed assets purchased out of term loan from Axis Bank Ltd.

Extension of First Hypothecation Charge on pari passu basis over Company's fixed assets (other than those on exclusive charge for the Term Loans).

Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph

Rate of Interest - 2.00% above One Year MCLR

Margin - Cash credit - 25%

LC and BG - 15%

Liability - ₹ 223.71 Lakhs (₹ 1,302.13 Lakhs)

Overdues/Defaults: Nil (Nil)

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

| Particulars | ₹ in lakhs | |
|---|------------------------|------------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| Axis Bank Limited | | |
| Date of Sanction:22.03.2017 Ref No. AXISB/SME/S/CHN3/MEG/2016-17/69 | | |
| Limit: Cash Credit of ₹ 1,125 Lakhs +Stand by CC ₹ 112.50 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 lakhs & Bank Guarantee - ₹ 525 lakhs) | | |
| Period Of Repayment: On Demand | | |
| Security: Same as given to State Bank of India | | |
| Personal guarantee of: Mr. K.J. Joseph, Mr.Thomas John, Mr. Manoj Joseph, Mr.Rajesh John and Mr. Manesh Joseph | | |
| Rate of Interest - 2.85% above 3 Month MCLR | | |
| Margin - Cash credit - 25% | | |
| LC and BG - 15% | | |
| Liability - ₹ 823.37 Lakhs (₹ 1,056.05 Lakhs) | | |
| Overdues/Defaults: Nil (Nil) | | |
| Indian Overseas Bank | | |
| Date of Sanction:18.04.2017 | | |
| Limit: Cash Credit of ₹ 1,237.50 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 lakhs & Bank Guarantee - ₹ 450 lakhs) | | |
| Period Of Repayment: On Demand | | |
| Security: | | |
| Same as given to State Bank of India | | |
| Personal guarantee of: Mr. K.J. Joseph, Mr.Thomas John, Mr. Manoj Joseph, Mr.Rajesh John and Mr. Manesh Joseph | | |
| Rate of Interest - 3.25% above One Year MCLR | | |
| Margin - Cash credit - 25% | | |
| LC and BG - 15% | | |
| Liability - ₹ 773.26 Lakhs (₹ 882.45 Lakhs) | | |
| Overdues/Defaults: Nil (Nil) | | |
| Total | <u>1,812.15</u> | <u>3,240.63</u> |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

₹ in lakhs

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

Note 9**TRADE PAYABLES**

Trade payables:

| | | |
|------------------------|------------------------|------------------------|
| Acceptances | 433.29 | 518.39 |
| Other than Acceptances | 1,667.04 | 1,488.91 |
| Total | <u>2,100.33</u> | <u>2,007.30</u> |

Note 10**OTHER CURRENT LIABILITIES**

| | | |
|--|--------|--------|
| Current Maturities on Long Term Debt (Refer Note 6 for details of security extended) | 554.39 | 362.56 |
| Interest accrued but not due on Term Loan | 7.24 | 7.84 |

Other payables

| | | |
|------------------------------------|------------------------|------------------------|
| Salary and Other Employee Benefits | 774.25 | 736.09 |
| Statutory Dues | 618.99 | 178.41 |
| Others | 105.14 | 32.10 |
| Outstanding Liabilities | 832.40 | 591.68 |
| Total | <u>2,892.41</u> | <u>1,908.68</u> |

Note 11**SHORT TERM PROVISIONS****(a) Provision for employee benefits**

| | | |
|--------------------------------|--------|--------|
| Provision for Leave Encashment | 119.33 | 103.69 |
| Gratuity Liability (Net) | 53.25 | 20.86 |

(b) Others

| | | |
|--------------------|----------------------|----------------------|
| Direct Taxes (Net) | 169.03 | 126.89 |
| Total | <u>341.61</u> | <u>251.44</u> |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

Note 12

FIXED ASSETS

₹ in lakhs

| NATURE OF ASSETS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | | | |
|--|------------------|-----------------------|---------------|--------------------------------|------------------|-----------------|---------------|--------------------------------|---------------------|-----------------|------------------|------------------|
| | As at 01.04.2017 | Addition for the year | Deduct- tion | Diff. in forex rate conversion | As at 31.03.2018 | Addition | Deduct- tion | Diff. in forex rate conversion | Unrea- lized profit | Upto 31.03.2018 | As at 31.03.2018 | As at 31.03.2017 |
| TANGIBLE ASSETS | | | | | | | | | | | | |
| Land | 65.72 | - | - | - | 65.72 | - | - | - | - | - | 65.72 | 65.72 |
| Factory Building | 1,165.69 | 319.82 | - | 0.63 | 1,486.14 | 387.22 | 71.10 | 0.06 | - | 458.38 | 1,027.76 | 778.47 |
| Office Building | 603.32 | - | - | 3.05 | 606.37 | 212.88 | 58.79 | 1.18 | - | 272.85 | 333.52 | 390.44 |
| Plant & Machinery | | | | | | | | | | | | |
| Plant & Machinery | 2,829.16 | 247.85 | - | 5.41 | 3,082.43 | 1,764.04 | 228.39 | 2.45 | (9.62) | 1,985.24 | 1,097.17 | 1,065.14 |
| Boiler | 71.13 | - | - | - | 71.13 | 49.41 | 3.85 | - | - | 53.26 | 17.87 | 21.72 |
| Dyes & Moulds | 250.58 | 62.09 | - | - | 312.67 | 109.36 | 29.66 | - | - | 139.02 | 173.65 | 141.22 |
| Vehicle Four Wheelers | 624.75 | 92.40 | 26.37 | 1.62 | 692.40 | 377.50 | 87.27 | 0.71 | - | 439.94 | 252.46 | 247.25 |
| Vehicle Two Wheelers | 34.31 | 4.63 | - | - | 38.94 | 24.97 | 2.69 | - | - | 27.66 | 11.28 | 9.34 |
| Office Equipments | 48.30 | 6.68 | - | (0.03) | 54.96 | 41.51 | 3.49 | - | - | 45.00 | 9.96 | 6.79 |
| Electrical Fittings | 195.53 | 8.04 | - | - | 203.57 | 155.35 | 11.00 | - | - | 166.35 | 37.22 | 40.18 |
| Furniture & Fittings | 323.14 | 36.94 | - | 0.69 | 360.77 | 204.82 | 28.91 | 0.29 | - | 234.02 | 126.75 | 118.32 |
| Computer | 179.20 | 28.03 | 1.09 | 0.39 | 206.53 | 164.30 | 12.54 | 0.33 | - | 176.12 | 30.41 | 14.90 |
| Computer Server | 7.97 | - | - | - | 7.97 | 6.59 | 0.52 | - | - | 7.11 | 0.86 | 1.38 |
| Generator | 43.18 | - | - | - | 43.18 | 35.18 | 2.00 | - | - | 37.18 | 6.00 | 8.00 |
| Total Tangible Assets(Current Year) | 6,441.98 | 806.49 | 27.46 | 11.76 | 7,232.77 | 3,533.12 | 540.21 | 5.02 | (9.62) | 4,042.14 | 3,190.63 | 2,908.86 |
| Total Tangible Assets(Previous Year) | 6,051.26 | 443.42 | 17.35 | (35.35) | 6,441.98 | 3,045.98 | 524.52 | (12.17) | (9.62) | 3,533.12 | 2,908.86 | 3,005.28 |
| INTANGIBLE ASSETS | | | | | | | | | | | | |
| Technical Knowhow | 1.75 | - | - | - | 1.75 | 1.75 | - | - | - | 1.75 | - | - |
| Computer Software | 112.75 | 3.02 | - | 0.11 | 115.88 | 79.03 | 11.18 | - | - | 90.21 | 25.67 | 33.72 |
| Total Intangible Assets(Current Year) | 114.50 | 3.02 | - | 0.11 | 117.63 | 80.78 | 11.18 | - | - | 91.96 | 25.67 | 33.72 |
| Total Intangible Assets(Previous Year) | 101.90 | 12.88 | - | (0.28) | 114.50 | 60.86 | 19.92 | - | - | 80.78 | 33.72 | 41.05 |
| CAPITAL WORK IN PROGRESS | | | | | | | | | | | | |
| Assets Under Construction | 106.37 | 95.25 | 75.00 | - | 126.62 | - | - | - | - | - | 126.62 | 106.37 |
| Total Capital Work In Progress(Current Year) | 106.37 | 95.25 | 75.00 | - | 126.62 | - | - | - | - | - | 126.62 | 106.37 |
| Total Capital Work In Progress(Previous Year) | 31.37 | 75.00 | - | - | 106.37 | - | - | - | - | - | 106.37 | 31.37 |
| GRAND TOTAL | 6,662.85 | 904.76 | 102.46 | 11.87 | 7,477.02 | 3,613.90 | 551.39 | 5.02 | (9.62) | 4,134.10 | 3,342.92 | 3,048.96 |
| PREVIOUS YEAR | 6,184.53 | 531.30 | 17.35 | (35.63) | 6,682.85 | 3,106.94 | 544.44 | (12.17) | (9.62) | 3,613.90 | 3,048.95 | 3,077.70 |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

Note 13

NON-CURRENT INVESTMENTS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31-03-2018 | As at 31-03-2017 |
| A Trade Investments (Unquoted) | 1,954.57 | 1,954.64 |
| Investments in Equity Instruments | 1,954.57 | 1,954.64 |
| Less : Adjusted on Consolidation of subsidiaries | 1,954.07 | 1,954.07 |
| Total | 0.50 | 0.57 |

Details of Trade Investments

| Sr. No. | Name of the Body Corporate | Subsidiary/ Associate / JV / Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly paid / Fully paid | | Extent of Holding (%) | | Amount | | Whether stated at cost Yes / No |
|---|--|---|-----------------------|--------------------|----------------------|-----------------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|--|
| | | | As at 31-3-2018 | As at 31-3-2017 | | As at 31-3-2018 | As at 31-3-2017 | As at 31-3-2018 | As at 31-3-2017 | As at 31-3-2018 | As at 31-3-2017 | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | |
| Investment in Equity Instruments | | | | | | | | | | | | |
| 1 | Thejo Hatcon Industrial Services Company | Subsidiary | 2,040 | 2,040 | Unquoted | Fully Paid | 51% | 51% | 333.72 | 333.72 | Yes | |
| 2 | Thejo Australia Pty Ltd | Subsidiary | 22,20,000 | 22,20,000 | Unquoted | Fully Paid | 74% | 74% | 1,202.45 | 1,202.45 | Yes | |
| 3 | Thejo Brasil Comercio E Servicos Ltda | Subsidiary | 3,76,233 | 3,76,233 | Unquoted | Fully Paid | 99.99% | 99.99% | 76.24 | 76.24 | Yes | |
| 4 | Thejo Engineering LatinoAmerica SpA | Subsidiary | 364 | 364 | Unquoted | Fully Paid | 99.73% | 99.73% | 341.66 | 341.66 | Yes | |
| 5 | Saks Power P Ltd | Others | 5,000 | 5,700 | Unquoted | Fully Paid | 5.00% | 5.70% | 0.50 | 0.57 | Yes | |
| Total | | | | | | | | | 1,954.57 | 1,954.64 | | |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018

₹ in lakhs

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

Note 14
LONG TERM LOANS AND ADVANCES
a. EMD and Security Deposits

| | | |
|----------------------------|--------|--------|
| Unsecured, considered good | 339.81 | 177.57 |
|----------------------------|--------|--------|

b. Other Deposits

| | | |
|----------------------------------|---------------|---------------|
| Unsecured, considered good | | |
| Rental Deposit | 111.59 | 113.30 |
| Deposit with Government Agencies | 9.88 | 14.90 |
| Others | 47.99 | 98.18 |
| Total | 509.27 | 403.95 |

Note 15
OTHER NON-CURRENT ASSETS

| | | |
|---|---------------|---------------|
| Pre-Operative & Deferred Expenses to the extent not written off | 100.31 | 148.41 |
| Total | 100.31 | 148.41 |

Note 16
INVENTORIES
(As certified by Management)

| | | |
|--|-----------------|-----------------|
| a. Raw Materials and components | 860.00 | 670.33 |
| b. Work-in-progress | 207.57 | 327.33 |
| c. Finished goods | 1,488.29 | 1,335.90 |
| d. Stock in Trade | 49.73 | 59.38 |
| e. Stock in Transit | 54.33 | 6.60 |
| Less: Profit element on stock transfer to subsidiary | 104.27 | 48.68 |
| Total | 2,555.65 | 2,350.86 |

Note 17
TRADE RECEIVABLES

| | | |
|---|-----------------|-----------------|
| Unsecured, considered good | | |
| Outstanding for more than six months from the date they are due | 896.62 | 912.96 |
| Others | 5,633.07 | 4,971.14 |
| Total | 6,529.69 | 5,884.10 |

Notes forming part of the Consolidated Financial Statements as at 31st March, 2018
₹ in lakhs

| Particulars | As at 31-03-2018 | As at 31-03-2017 |
|-------------|---------------------|---------------------|
|-------------|---------------------|---------------------|

Note 18
CASH AND CASH EQUIVALENTS

a. Balances with banks

| | | |
|-------------------------|--------|--------|
| (i) In Current Accounts | 567.09 | 537.95 |
|-------------------------|--------|--------|

| | | |
|--|--------|--------|
| (ii) In Deposit Accounts (₹ 220.53 lakhs (PY ₹ 252.93 lakhs) Held as Margin Money for BG & LC. Deposits with maturity of more than 12 months - ₹ 68.91 lakhs (PY ₹ 38.34 lakhs)) | 428.50 | 363.50 |
|--|--------|--------|

| | | |
|----------------------------|------|------|
| b. Cheques, drafts on hand | 0.18 | 3.00 |
|----------------------------|------|------|

| | | |
|-----------------|-------|-------|
| c. Cash on hand | 18.11 | 34.73 |
|-----------------|-------|-------|

| | | |
|--------------|------------------------|----------------------|
| Total | <u>1,013.88</u> | <u>939.18</u> |
|--------------|------------------------|----------------------|

Note 19
SHORT-TERM LOANS AND ADVANCES
Others (unsecured, considered good)

| | | |
|-------------------------|--------|--------|
| EMD & Security deposits | 357.01 | 532.70 |
|-------------------------|--------|--------|

| | | |
|----------------------|--------|--------|
| Advance to Suppliers | 220.97 | 127.18 |
|----------------------|--------|--------|

| | | |
|--------|--------|--------|
| Others | 518.50 | 328.05 |
|--------|--------|--------|

| | | |
|--------------|------------------------|----------------------|
| Total | <u>1,096.48</u> | <u>987.93</u> |
|--------------|------------------------|----------------------|

Note 20
OTHER CURRENT ASSETS

| | | |
|---------------------------------------|---|-------|
| Balance with Central Excise Authority | - | 13.95 |
|---------------------------------------|---|-------|

| | | |
|--------------|-----------------|---------------------|
| Total | <u>-</u> | <u>13.95</u> |
|--------------|-----------------|---------------------|

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| Particulars | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|-------------|----------------------------------|----------------------------------|
|-------------|----------------------------------|----------------------------------|

Note 21

REVENUE FROM OPERATIONS

| | | |
|-----------------------------------|-------------------------|-------------------------|
| Sale of Products | 10,873.62 | 9,409.58 |
| Sale of Services & Works Contract | 11,306.36 | 9,047.43 |
| Other Operating Income | 20.86 | 62.38 |
| Less: | | |
| Excise duty | 106.54 | 416.57 |
| Total | <u><u>22,094.30</u></u> | <u><u>18,102.82</u></u> |

Note 22

OTHER INCOME

| | | |
|--------------------------|---------------------|---------------------|
| Interest | 24.95 | 28.44 |
| Miscellaneous Income | 48.69 | 3.10 |
| Profit on sale of assets | 4.02 | 2.56 |
| Total | <u><u>77.66</u></u> | <u><u>34.10</u></u> |

Note 23

COST OF MATERIALS CONSUMED

| | | |
|--------------------------------------|------------------------|------------------------|
| Opening Stock of Raw Materials | 670.33 | 613.47 |
| Add: Purchases made during the year | 4,363.27 | 3,205.09 |
| | <u>5,033.60</u> | <u>3,818.56</u> |
| Less: Closing Stock of Raw Materials | 860.00 | 670.33 |
| | <u>4,173.60</u> | <u>3,148.23</u> |
| Add: Consumables | 389.45 | 373.55 |
| Total | <u><u>4,563.05</u></u> | <u><u>3,521.78</u></u> |
| Purchase of Traded Goods | 632.55 | 853.07 |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| | | |
|-------------|----------------------------------|----------------------------------|
| Particulars | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|-------------|----------------------------------|----------------------------------|

Note 24
**CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE**
Opening Stock :

| | | |
|---|----------|----------|
| Work-in-Progress | 327.33 | 389.27 |
| Finished Goods | 1,335.90 | 1,187.96 |
| Stock-in-Trade | 59.38 | 50.81 |
| Stock in Transit | 6.60 | 63.91 |
| Less: Unrealised gain in stock sold from parent to subsidiary | 48.68 | 54.60 |
| | 1,680.53 | 1,637.36 |

Closing Stock :

| | | |
|---|---------------|----------------|
| Work-in-Progress | 207.57 | 327.33 |
| Finished Goods | 1,334.82 | 1,335.90 |
| Stock-in-Trade | 49.73 | 59.38 |
| Stock in Transit | 54.33 | 6.60 |
| Less: Unrealised gain in stock sold by parent to subsidiary | 104.27 | 48.68 |
| | 1,542.17 | 1,680.53 |
| Total | 138.35 | (43.18) |

Note 25
EMPLOYEE BENEFITS EXPENSE

| | | |
|---|-----------------|-----------------|
| (a) Salaries and incentives | 6,149.99 | 5,553.42 |
| (b) Contributions to PF, Superannuation, Gratuity & ESI | 727.73 | 547.87 |
| (c) Staff welfare expenses | 750.14 | 643.53 |
| (d) LTA, Ex-gratia, & Leave Encashment | 168.90 | 139.18 |
| (e) Employee Stock Option Expense | 22.45 | 30.28 |
| Total | 7,819.21 | 6,914.28 |

Note 26
FINANCE COSTS

| | | |
|---------------------|---------------|---------------|
| Interest | 434.58 | 457.61 |
| Other finance costs | 124.84 | 116.95 |
| Total | 559.42 | 574.56 |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| Particulars | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|-------------|----------------------------------|----------------------------------|
|-------------|----------------------------------|----------------------------------|

Note 27
OTHER EXPENSES
A. Manufacturing & Other Direct Expenses

| | | |
|--|-----------------|-----------------|
| Power and fuel | 256.01 | 226.67 |
| Machinery Maintenance | 207.45 | 194.79 |
| Factory Maintenance | 28.60 | 21.69 |
| Electrical maintenance | 14.34 | 7.90 |
| Testing charges | 3.13 | 2.38 |
| Dyes & Moulding charges | 33.34 | 24.44 |
| Cartage, Coolie & Freight charges | 446.33 | 347.05 |
| Packing materials & charges | 203.74 | 199.42 |
| Service & Labour charges | 2,448.57 | 1,626.57 |
| Total Manufacturing & Other Direct Expenses | 3,641.51 | 2,650.91 |

B. Administrative & Selling Expenses

| | | |
|---|--------|--------|
| Professional Service Charges | 182.20 | 145.63 |
| Rent | 395.34 | 389.53 |
| Repairs & Maintenance | 83.10 | 60.24 |
| Travelling, Conveyance & Vehicle hire charges | 506.99 | 457.68 |
| Foreign Travel expenses | 73.70 | 69.69 |
| Vehicle Maintenance | 210.81 | 170.17 |
| Difference in foreign exchange (Loss) | - | 23.69 |
| Telephone, Telex & Postage | 76.12 | 91.10 |
| Printing & Stationery | 35.96 | 37.97 |
| Office Maintenance | 63.10 | 52.31 |
| Books & Periodicals | 3.54 | 2.71 |
| Computer Maintenance | 29.94 | 19.26 |
| Seminar & Conference | 25.71 | 15.89 |
| Electricity | 35.75 | 32.19 |
| Legal Fee & Charges | 47.17 | 4.65 |
| Donation | 10.35 | 9.04 |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| Particulars | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|---|----------------------------------|----------------------------------|
| OTHER EXPENSES (Contd.) | | |
| Recruitment, Training & Development | 25.91 | 27.34 |
| ECGC Premium | 1.72 | 1.72 |
| CSR Expenses | 16.50 | 20.00 |
| Insurance | 105.21 | 45.78 |
| Rates and taxes | 39.16 | 39.45 |
| Directors Sitting Fees | 18.45 | 10.40 |
| Commission | 31.57 | 13.76 |
| Advertisement | 9.34 | 5.12 |
| Sales Promotion Expenses | 24.18 | 12.06 |
| Freight on Exports | 82.84 | 51.15 |
| Loading & Unloading charges | 24.22 | 20.89 |
| Late Delivery Charges | 9.00 | 17.15 |
| Bad Debts | 152.69 | 0.90 |
| Payments to the Auditors | | |
| a. Statutory Audit | 8.50 | 6.00 |
| b. Tax Audit | 1.50 | 1.00 |
| c. For certification & other services | 2.12 | 8.05 |
| Miscellaneous expenses | 46.84 | 4.84 |
| Total Administration & Selling Expenses | 2,379.53 | 1,867.36 |
| Sales Tax, Service Tax, & Other Indirect Tax Expenses | 141.06 | 271.61 |
| Preliminary Expenses Amortized/Written off | 48.78 | 63.36 |
| Total | 6,210.88 | 4,853.24 |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018
Note 28 ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

Note 28.1 Contingent Liabilities (to the extent not provided for)

| Particulars | ₹ in lakhs | |
|--|-----------------|-----------------|
| | 2017-18 | 2016-17 |
| 28.1.1 Claims against the company not acknowledged as debts | - | - |
| 28.1.2 Guarantees issued by the Banks | 920.60 | 1,233.12 |
| 28.1.3 Stand-by Letter of Credit issued by bank (for loan availed by Thejo Australia Pty Ltd) | 1,091.00 | - |
| | <u>2,011.60</u> | <u>1,233.12</u> |

28.1.4 Others

₹ in lakhs

| Name of statute | Amount of Dispute (31/3/18) | Amount of Dispute (31/3/17) | Amount Deposited (31/3/18) | Period to which it relates | Forum where dispute is pending |
|----------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|---|
| APGST | 8.40 | 8.40 | 1.00 | 2002-03 | Commercial Tax Officer, Naidupet |
| APGST | 9.92 | 9.92 | | 2003-04 | Commercial Tax Officer, Naidupet |
| Central Excise | 18.25 | 18.25 | | Jul 2000 - Jun 2004 | CESTAT, Bangalore |
| Central Excise | 3.49 | 3.49 | | Jul 2004 - Jan 2005 | CESTAT, Bangalore |
| Central Excise | 1.23 | 1.23 | | Feb 2005 - Aug 2005 | CESTAT, Bangalore |
| Central Excise | 0.66 | 0.66 | | Jan 2007 - Apr 2007 | CESTAT, Bangalore |
| CST | 2.36 | 2.36 | 1.00 | 2002 – 03 | Commercial Tax Officer, Naidupet |
| CST | 16.18 | 16.18 | | 2000 - 01 | High Court of Judicature at Andhra Pradesh |
| Customs | 12.50 | 12.50 | | Oct – 01 | Commissioner of Customs |
| Income Tax | 5.43 | 5.43 | | AY 2003-04 to 2008-09 | Income Tax Department |
| Service Tax | 5.33 | 5.33 | | 2011-12 | Service Tax Department |
| Central Excise | 0.45 | 0.45 | 0.22 | Sep 2005 - Mar 2006 | CESTAT, Bangalore |
| CST | 0.42 | 0.42 | | 2004 – 05 | Joint Commissioner of Commercial Taxes (Appeals), Jharkhand |
| Central Excise | 1.36 | 1.36 | 0.68 | Apr - Dec. 2006 | CESTAT, Bangalore |
| Jharkhand Sales Tax | 5.31 | 5.31 | | 2004 – 05 | Joint Commissioner of Commercial Taxes (Appeals), Jharkhand |
| Income Tax | 58.47 | 58.47 | 30.00 | AY 2001-02 | CIT(A) |
| MP Sales Tax | 1.04 | 1.04 | | 2013-14 | Commissioner of Commercial Taxes |
| IT – TDS –Salary | 0.45 | 0.58 | | AY 2010-11 | TDS – AO |
| IT – TDS –Non-Salary | - | 1.31 | | AY 2008-09 to 2014-15 | TDS – AO |
| Service Tax | 5.62 | 5.62 | | Apr-Sep 2014 | Assistant Commissioner – Service Tax |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| Name of statute | Amount of Dispute (31/3/18) | Amount of Dispute (31/3/17) | Amount Deposited (31/3/18) | Period to which it relates | Forum where dispute is pending |
|-------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------------|
| West Bengal VAT | 2.95 | 2.95 | 2.95 | 2015-16 | VAT Tribunal |
| Uttar Pradesh VAT | 3.91 | 3.91 | | 2011-12 | Assistant Commissioner - Appeals |
| Jharkhand VAT | 13.57 | 13.57 | 1.36 | 2010-11 | Deputy Commissioner |
| Jharkhand VAT | 24.48 | 24.48 | 2.45 | 2011-12 | Deputy Commissioner |
| Income Tax | 4.95 | 28.91 | | AY 2014-15 | ITAT |
| Total | 206.73 | 232.13 | 39.66 | | |

28.1.5 Commitments

Estimated amount of contracts remaining to be executed on capital account: ₹ 3.50 lakhs (Previous Year - ₹ 106.37 lakhs)

Note 28.2 Employee Benefits

The Company has accounted for the Long term defined benefits and contribution schemes as under:

Parent Company:
28.2.1 Defined Contribution Schemes

Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Superannuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India through the Trust and charged to the Consolidated Statement of Profit and Loss for the year.

28.2.2 Defined Benefit Scheme

The Parent Company has defined benefit scheme in the form of gratuity to employees.

Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund as per the scheme framed by the Corporation. The disclosure under AS -15 (Revised) in this regard is given hereunder:

| Assumptions | 2017-18 | 2016-17 |
|--------------------|----------------|----------------|
| Discount Rate | 7.69% | 8.00% |
| Salary Escalation | 5.00% | 5.00% |

| Particulars | ₹ in lakhs | |
|-------------|--|--|
| | As at 31st March, 2018 | As at 31st March, 2017 |

Table Showing Changes in Present Value of Obligations

| | | |
|---|----------------------|---------------|
| Present value of obligations at the beginning of the year | 311.25 | 257.17 |
| Interest Cost | 23.31 | 20.57 |
| Current Service Cost | 49.96 | 26.21 |
| Benefits Paid | (39.71) | (18.52) |
| Actuarial (Gain) / Loss on obligations | 90.48 | 25.82 |
| Present value of obligations as at end of the year | <u>435.29</u> | <u>311.25</u> |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

₹ in lakhs

| Particulars | As at 31 st March, 2018 | As at 31 st March, 2017 |
|-------------|---------------------------------------|---------------------------------------|
|-------------|---------------------------------------|---------------------------------------|

Table Showing Changes in Fair Value of Plan Assets

| | | |
|--|---------------|---------------|
| Fair value of plan assets at the beginning of the year | 290.39 | 233.35 |
| Expected return on plan assets | 25.84 | 22.71 |
| Contributions | 104.97 | 52.85 |
| Benefits Paid | (39.71) | (18.52) |
| Actuarial Gain / (Loss) on plan assets | 0.54 | - |
| Fair value of plan assets at the end of the year | <u>382.03</u> | <u>290.39</u> |

Table Showing Fair Value of Plan Assets

| | | |
|--|---------|---------|
| Fair value of plan assets at the beginning of the year | 290.39 | 233.35 |
| Actual return on plan assets | 26.38 | 22.71 |
| Contributions | 104.97 | 52.85 |
| Benefits Paid | (39.71) | (18.52) |
| Fair value of plan assets at the end of the year | 382.03 | 290.39 |
| Funded Status | (53.26) | (20.86) |
| Excess of Actual over Estimated return on plan assets | 0.54 | - |

| | |
|---|--|
| For the year ended 31st March, 2018 | For the year ended 31 st March, 2017 |
|---|--|

Actuarial Gain / Loss Recognized

| | | |
|--|---------|---------|
| Actuarial (gain) / loss on obligations | (90.47) | (25.82) |
| Actuarial (gain) / loss for the year - plan assets | (0.54) | - |
| Total (gain) / loss for the year | (89.93) | 25.82 |
| Actuarial (gain) / loss recognized in the year | 89.93 | 25.82 |

| | |
|--|---------------------------------------|
| As at 31st March, 2018 | As at 31 st March, 2017 |
|--|---------------------------------------|

Amounts to be Recognized in Consolidated Balance Sheet & Statement of Profit & Loss

| | | |
|--|---------|---------|
| Present value of obligations as at the end of the year | 435.29 | 311.25 |
| Fair value of plan assets as at the end of the year | 382.03 | 290.39 |
| Funded Status | (53.26) | (20.86) |
| Net asset / (liability) recognized in balance sheet | (53.26) | (20.86) |

| | |
|---|--|
| For the year ended 31st March, 2018 | For the year ended 31 st March, 2017 |
|---|--|

Expenses Recognized In Consolidated Statement of Profit & Loss

| | | |
|---|---------------|--------------|
| Current Service Cost | 49.96 | 26.21 |
| Interest Cost | 23.31 | 20.57 |
| Expected return on plan assets | (25.84) | (22.71) |
| Net Actuarial (gain) / loss recognized in the year | 89.93 | 25.82 |
| Expenses recognized in statement of profit and loss | <u>137.36</u> | <u>49.89</u> |

Note: Entire plan assets are lying in the Gratuity Fund administered through Life Insurance Corporation of India (P & GS Department).

Subsidiaries

Contribution towards superannuation/other statutory contributions have been deposited/dealt with in accordance with statutory requirements of respective countries.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018
Note 28.3 Segment Reporting
Primary Segment Information (Business Segment)
₹ in lakhs

| Particulars | Business Segments | | | | | | Total | |
|---------------------------------------|---------------------|----------|------------------|-----------|-----------------|----------|-------------------|------------|
| | Manufacturing Units | | Service Units | | Others | | 2017-18 | 2016-17 |
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | | |
| Segment Revenue | 8,231.38 | 7,570.18 | 14,213.07 | 12,636.83 | 2,638.28 | 2,127.94 | 25,082.73 | 22,334.95 |
| Less: Inter segment Revenue | 2,950.56 | 2,774.50 | 8.35 | 26.76 | 29.52 | 110.59 | 2,988.43 | 2,911.85 |
| Total Revenue | 5,280.82 | 4,795.68 | 14,204.72 | 12,610.07 | 2,608.76 | 2,017.35 | 22,094.30 | 19,423.10 |
| Segment Results | 1,710.88 | 1,376.69 | 1,934.23 | 1,388.16 | 149.13 | (13.81) | 3,794.24 | 2,751.04 |
| Less : Finance Cost | | | | | | | 559.42 | 574.56 |
| Un allocable Expenses (net of income) | | | | | | | 1,528.09 | 1,248.13 |
| Total Profit Before Tax | | | | | | | 1,706.73 | 928.35 |
| Tax Expenses | | | | | | | 396.64 | 310.69 |
| Profit after Tax | | | | | | | 1,310.09 | 617.66 |
| Segment Assets | 5,919.77 | 5,209.79 | 8,042.00 | 6,516.71 | 1,248.99 | 383.86 | 15,210.76 | 12,110.36 |
| Segment Liabilities | 1,613.06 | 789.89 | 3,338.31 | 2,738.27 | 817.42 | 298.53 | 5,768.79 | 3,826.69 |
| Capital Employed | 4,306.71 | 4,419.90 | 4,703.69 | 3,778.44 | 431.57 | 85.33 | 9,441.97 | 8,283.67 |
| Less: Un allocated Capital Employed | | | | | | | (2,866.67) | (2,690.43) |
| Total Capital Employed | | | | | | | 6,575.30 | 5,593.24 |

Secondary Segment (Geographic Segment):
₹ in lakhs

| Particulars | India | | Outside India | | Total | |
|---|---------------------------------|------------------|-----------------|-----------------|------------------|------------------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| | Revenue from external customers | 14,564.38 | 12,696.33 | 7,529.92 | 6,726.77 | 22,094.30 |
| Carrying amount of Segment Assets | 10,819.27 | 8,829.47 | 4,391.49 | 3,280.89 | 15,210.76 | 12,110.36 |
| Cost incurred to acquire tangible and intangible fixed assets | 659.13 | 233.36 | 136.87 | 247.42 | 796.00 | 480.78 |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018
Note 28.4 Related Party Disclosures

List of Related Parties

| Name of the Party | Relationship |
|--------------------------|--------------------------------------|
| Mr. K.J. Joseph | Key Management Personnel |
| Mr. Thomas John | Key Management Personnel |
| Mr. V.A.George | Key Management Personnel |
| Mr. Manoj Joseph | Key Management Personnel |
| Mr. Rajesh John | Key Management Personnel |
| Mr. M.D. Ravikanth | Key Management Personnel |
| Mr. Manesh Joseph | Relative of Key Management Personnel |
| Mrs. Rosamma Joseph | Relative of Key Management Personnel |
| Mrs. Celinamma John | Relative of Key Management Personnel |

Related Party Transaction Details:

₹ in lakhs

| Related Party | Nature of Payment | Current Year Transaction | Outstanding as on 31st March, 2018 |
|----------------------|--------------------------|---------------------------------|--|
| Mr. K.J. Joseph | Sitting Fee | 1.50 | - |
| Mr. Thomas John | Sitting Fee | 1.95 | - |
| Mr. V.A. George | Remuneration | 48.00 | 1.00 |
| Mr. Manoj Joseph | Remuneration | 42.37 | 1.36 |
| Mr. Rajesh John | Remuneration | 36.49 | 1.04 |
| Mr. M.D. Ravikanth | Remuneration | 24.16 | 0.36 |
| Mr. Manesh Joseph | Remuneration | 27.63 | 0.97 |
| Mrs. Rosamma Joseph | Remuneration | 12.09 | 0.86 |
| Mrs. Celinamma John | Remuneration | 11.95 | 0.53 |

Note: Remuneration excludes retirement benefits

Note 28.5 Details of Subsidiaries

| Name | Ownership by the Parent Company | Minority Interest | Relation-ship | Reporting Date | Different Accounting policies applied | Reason for not consolidating the accounts of the subsidiary, if any |
|--|--|--------------------------|----------------------|------------------------------|---|--|
| Thejo Hatcon Industrial Services Company | 51% (51%) | 49% (49%) | Direct Control | 31 st March, 2018 | Depreciation on Fixed Assets – Computed on SLM over the estimated useful life of the asset | Not Applicable |
| Thejo Australia Pty Ltd | 74% (74%) | 26% (26%) | Direct Control | 31 st March, 2018 | Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset | Not Applicable |
| Thejo Brasil Comercio E Servicos Ltda | 99.99% (99.99%) | 0.01% (0.01%) | Direct Control | 31 st March, 2018 | Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset | Not Applicable |
| Thejo Engineering LatinoAmerica SpA | 99.73% (99.73%) | 0.27% (0.27%) | Direct Control | 31 st March, 2018 | Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset | Not Applicable |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018
Note 28.6 Calculation of Deferred Tax

₹ in lakhs

| Particulars | DTA | DTL | DTA | DTL |
|--|------------------------------|--------------|------------------------------|-------------|
| | 31 st March, 2018 | | 31 st March, 2017 | |
| Opening Balance | 19.27 | - | 46.45 | - |
| Timing Difference in Depreciation | 2.20 | - | 22.50 | - |
| Profit on sale of asset | - | 1.41 | - | 0.84 |
| Timing Difference on provision for leave encashment | 41.30 | - | - | - |
| Previous deferred tax reversed on account of tax rate changes/others | - | 19.86 | - | - |
| On account of reversal of DTA of subsidiaries | (1.75) | - | (48.84) | - |
| Total | 61.02 | 21.27 | 20.11 | 0.84 |
| Net Deferred Tax Liability/Asset | 39.75 | - | 19.27 | - |

Note 28.7 Earnings Per Share

| Particulars | 2017-18 | 2016-17 |
|---|----------|---------|
| Basic & Diluted: | | |
| Net Profit after Tax (₹ in Lakhs) | 1,105.40 | 575.86 |
| Weighted Average Number of Equity Shares during the year (Nos.) | 3433552 | 3433552 |
| Earnings per Share (FV of ₹ 10/- each fully paid up) (₹) | 32.19 | 16.77 |

The Employee stock options are anti-dilutive for the year. Hence, Diluted Earnings Per Share is same as Basic Earnings Per Share.

Note 28.8 Thejo Employee Stock Option Plan 2015

Information in respect of Options granted under Thejo Employee Stock Option Plan 2015

| | |
|---|--|
| Name of the Plan | Thejo Employee Stock Option Plan 2015 ("ESOP 2015") |
| Date of Shareholders' Approval | August 26, 2015 |
| Number of options approved under the Scheme | 3,00,000 options equivalent to 3,00,000 Equity shares of ₹ 10/- each. |
| Vesting Schedule | 1/6th of Options granted on completion of one year of grant; balance in 6 equal instalments on completion of 18, 24, 30, 36, 42 and 48 months of grant. |
| Pricing Formula | The Members have approved the Board to decide the Pricing in line with SEBI guidelines. The Board has decided that the pricing will be not less than 75% of the prevailing market value of the Shares on the date of grant of Options as fixed by Compensation / Nomination and Remuneration Committee based on the closing market price one day prior to date of grant. |
| Maximum Term of Options granted | 60 Months from the date of granting of the Options. |
| Source of Shares | Primary |
| Method of Settlement | Equity Shares |
| Variation in terms of Options | None |
| Method used for accounting | Intrinsic Value Method |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

| | | | | |
|--|---|----------|----------------|----------|
| Impact of Fair Value Method | Had the Company used Fair Value Method (under Black Scholes Method) to expense the employee compensation cost, the Employee Stock Option Expense would have been ₹ 39.18 lakhs, which is ₹ 16.73 lakhs higher than the expense under Intrinsic Value Method of ₹ 22.45 lakhs. Had fair value been considered for expensing ESOP cost, the profit for the year and EPS (Basic and Diluted FV of ₹ 10/- each fully paid) would have been ₹ 1,088.67 lakhs and ₹ 31.70/- respectively (as against ₹ 1,105.40 lakhs and ₹ 32.19/- under intrinsic value method). | | | |
| Option Movement during the year | Number of Options at the beginning of the period – 1,39,556 Number of Options Granted during the year – Nil Number of Options forfeited/lapsed during the year – 3,689 Number of Options vested during the year – 42,642 Number of Options exercised during the year – Nil Number of Shares arising as a result of exercise of options – Nil Money Realized by exercise of Option – Nil Loan Repaid by the Trust from exercise price received – NA Number of Options outstanding at the end of the year – 1,35,867 Number of Options exercisable at the end of the year – 41,515 | | | |
| Weighted Average Exercise Price | ₹ 153.75/- per share | | | |
| Weighted Average Fair Value/Option | ₹ 88.87/- | | | |
| Details of Options Granted to specified employees during the year | (A) Senior Managerial Personnel: Nil (B) Any other employee granted options amounting to 5% or more of option granted during the year: Nil (C) Identified employee who was granted option during the year equal to or exceeding 1% of issued capital: Nil | | | |
| Method and Significant Assumptions to estimate fair value | Method Used: Black Scholes Method Significant Assumptions Used: Weighted Average Value of Share Price: ₹ 205/- Weighted Average Price of Exercise Price: ₹ 153.75/- Expected Volatility: 35.40%-38.50% Expected Option Life: 2-3.5 years Expected Dividends: 1.81% Risk-free interest rate: 6.93%-7.07% Method to determine Expected Volatility: Standard deviation of the continuously compounded rate of return of the stock during the expected option life based on historic value. | | | |
| Status of Options | | | | |
| Particulars | As at 31/3/18 | | As at 31/3/17 | |
| | No. of Options | WAEP (₹) | No. of Options | WAEP (₹) |
| Outstanding at the beginning of the year | 1,39,556 | 153.75 | - | - |
| Add: Granted during the year | - | NA | 1,50,007 | 153.75 |
| Less: Forfeited/Lapsed during the year | 3,689 | 153.75 | 10,451 | 153.75 |
| Less: Exercised during the year | - | NA | - | NA |
| Outstanding at the end of the year | 1,35,867 | 153.75 | 1,39,556 | 153.75 |
| Exercisable at the end of the year | 41,515 | 153.75 | - | NA |
| WAEP – Weighted Average Exercise Price/Option NA – Not Applicable | | | | |

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018

| Summary of Options Outstanding: | | | | | |
|---|--------------------|--|----------------------------|--------------------|---|
| Thejo ESOP 2015 | | | | | |
| As at 31/3/2018 | | | As at 31/3/2017 | | |
| No. of Options outstanding | Exercise Price (₹) | Weighted Average Remaining contractual Life | No. of Options outstanding | Exercise Price (₹) | Weighted Average Remaining contractual Life |
| 1,35,867 | 153.75 | 38 Months | 1,39,556 | 153.75 | 50 Months |
| NA – Not Applicable | | | | | |
| Diluted EPS as per AS 20 | | Diluted EPS (Per Equity Share of face value of ₹ 10/- each fully paid) – ₹ 32.19/- | | | |
| Price of underlying shares in Market at the time of grant of option | | ₹ 205/- per Equity Share | | | |

₹ in lakhs

| Particulars | 2017-18 | 2016-17 |
|-------------|---------|---------|
|-------------|---------|---------|

Note 28.9 Payment to Auditors

| | | |
|--------------------|--------------|--------------|
| For Audit | 8.50 | 6.00 |
| For Tax Audit | 1.50 | 1.00 |
| For Other Services | 2.12 | 8.05 |
| Total | 12.12 | 15.05 |

Note 28.10 Other Disclosures

28.10.1 As the estimated recoverable amounts of the assets/cash generating units of the Company and its subsidiaries are higher than their carrying amount, no impairment of assets has been recognized in the consolidated accounts of the Company in line with AS - 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

28.10.2 Additional Information, as required under Schedule III to the Companies Act, 2013 in respect of subsidiaries whose accounts are consolidated.

Amount ₹ in lakhs

| Name of the Enterprise | Net Assets i.e. Total assets minus Total liabilities | | Share in profit or (loss) | |
|---|--|-----------------|-------------------------------------|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| Parent | | | | |
| Thejo Engineering Limited | 116.05% | 8,157.24 | 66.47% | 870.76 |
| Subsidiaries | | | | |
| Foreign | | | | |
| 1. Thejo Hatcon Industrial Services Company | 5.33% | 374.39 | 9.50% | 124.46 |
| 2. Thejo Australia Pty Ltd | 3.80% | 267.20 | 18.12% | 237.43 |
| 3. Thejo Brasil Comercio E Servicos Ltda | (0.03%) | (2.38) | 0.47% | 6.13 |
| 4. Thejo Engineering LatinoAmerica SpA | (2.17%) | (152.21) | (6.68%) | (87.48) |
| Minority Interest | 6.45% | 453.50 | 15.62% | 204.69 |
| Inter-company eliminations | (29.44%) | (2,068.94) | (3.50%) | (45.90) |
| Total | 100.00% | 7,028.80 | 100.00% | 1,310.09 |

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2018

28.10.3 In respect of taxes on income, Deferred Tax Asset has not been considered in respect of the Subsidiaries.

28.10.4 Dividend and Dividend Distribution Tax will be treated as an appropriation from Reserves & Surplus during the period in which it is approved by the Members. No provision is being made in the accounts for the current financial year in respect of dividend recommended by the Board after the balance sheet date.

Note 29 Previous Year Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For BRAHMAYYA & CO.

Chartered Accountants

ICAI Registration No. 000511S

P. BABU

Partner

Membership No. 203358

Place : Chennai

Date : 28th May, 2018

For and on behalf of the Board of Directors

K.J. JOSEPH

Chairman

DIN 00434410

M.D. RAVIKANTH

Chief Financial Officer &

Secretary

THOMAS JOHN

Vice Chairman

DIN 00435035

V.A. GEORGE

Managing Director

DIN 01493737

| SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT , 2013 | | | | | | | | | | | | | | |
|---|--|--|--------------------------------------|---------------|--------------------|--------------|-------------------|-------------|-------------------------|--------------------------------|------------------------|--------------------------------|-------------------|-------------------|
| [Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014 -AOC 1] | | | | | | | | | | | | | | |
| | | | | | | | | | | | | ₹ in lakhs | | |
| Sr. No. | Name of Subsidiary Company | Reporting Period | Reporting Currency and Exchange rate | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover / Total Income | Profit/ (Loss) Before Taxation | Provision for Taxation | Profit / (Loss) After Taxation | Proposed Dividend | % of Shareholding |
| 1 | Thejo Hatcon Industrial Services Company | 01 st April '17 to 31 st March '18 | 1 SAR = ₹ 17.3715 | 654.35 | 68.10 | 1,471.21 | 1,471.21 | - | 1,385.46 | 247.48 | - | 247.48 | - | 51.00 |
| 2 | Thejo Australia Pty Ltd | 01 st April '17 to 31 st March '18 | 1 AUD = ₹ 50.0348 | 1,624.94 | (1,239.41) | 1,741.76 | 1,741.76 | - | 3,414.45 | 320.85 | - | 320.85 | - | 74.00 |
| 3 | Thejo Brasil Comercio E Servicos Ltda | 01 st April '17 to 31 st March '18 | 1 BRL = ₹ 19.7111 | 76.24 | (78.61) | 74.31 | 74.31 | - | 107.92 | 7.02 | 0.89 | 6.13 | - | 99.99 |
| 4 | Thejo Engineering LatinoAmerica Spa | 01 st April '17 to 31 st March '18 | 1 USD = ₹ 65.1431 | 342.69 | (485.78) | 331.29 | 331.29 | - | 473.46 | (86.01) | 1.47 | (87.48) | - | 99.73 |

For and on behalf of the Board of Directors

For BRAHMAYYA & CO.

Chartered Accountants
ICAI Registration No. 000511S

P. BABU

Partner
Membership No. 203358

K.J. JOSEPH
Chairman
DIN 00434410

THOMAS JOHN
Vice Chairman
DIN 00435035

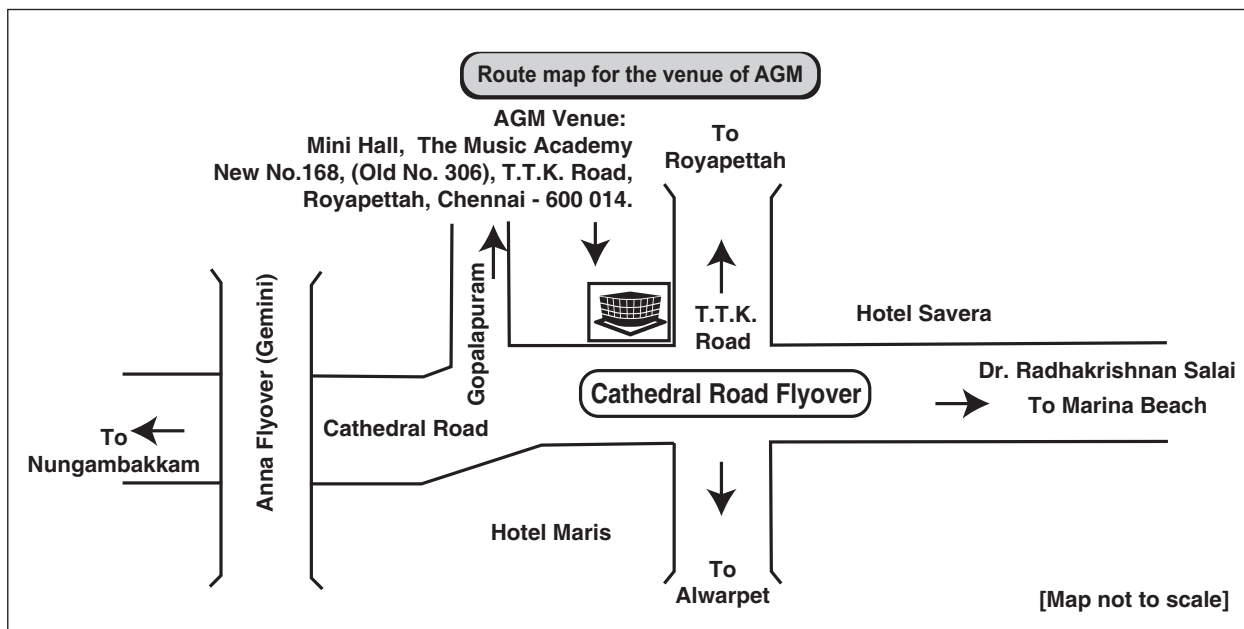
V.A. GEORGE
Managing Director
DIN 01493737

M.D. RAVIKANTH
CFO & Secretary

Place : Chennai

Date : 28th May, 2018

| Resolutions | For | Against |
|--|-----|---------|
| 1. Consider and adopt: | | |
| a) the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018, the Reports of the Board of Directors and Auditors thereon | | |
| b) the Audited Consolidated Financial Statements of the Company together with Report of Auditors thereon for the Financial Year ended 31st March, 2018 | | |
| 2. Declaration of Dividend on Equity Shares for the Financial Year ended 31st March, 2018 | | |
| 3. Re-appointment of Mr. Rajesh John (DIN 05161087) as a Director of the Company. | | |
| 4. Re-appointment of Mr. Thomas John (DIN 00435035) as a Director of the Company. | | |
| 5. Re-appointment of Mr. V.A. George (DIN 01493737) as Managing Director of the Company. | | |
| 6. Re-appointment of Mr. N. Ganga Ram (DIN 00001246) as an Independent Director of the Company. | | |
| 7. Re-appointment of Mr. V.K. Srivastava (DIN 00611678) as an Independent Director of the Company. | | |
| 8. Re-appointment of Mr. A. Satyaseelan (DIN 05158896) as an Independent Director of the Company. | | |
| 9. Re-appointment of Mr. M.P. Vijay Kumar (DIN 05170323) as an Independent Director of the Company. | | |
| 10. Re-appointment of Dr. C.N. Ramchand (DIN 05166709) as an Independent Director of the Company. | | |





New production bay at our manufacturing facility at Ponneri, Chennai



Administrative Offices of Thejo Engineering Limited and Thejo Australia Pty Ltd, Perth



Thejo Engineering Limited

CIN : L27209TN1986PLC012833

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Email: investor@thejo-engg.com

Website: www.thejo-engg.com