

DIRECTORS' REPORT

The Directors have pleasure in presenting their 29th Annual Report together with Audited Accounts for the year ended 31st March, 2015. The summarized financial results for the year are given below:

₹ in Lakhs

| | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Year Ended 31 st March, 2015 | Year Ended 31 st March, 2014 | Year Ended 31 st March, 2015 | Year Ended 31 st March, 2014 |
| Profit before Exceptional Items, Interest, Depreciation and Tax | 1,774.59 | 2,067.52 | 1,204.18 | 1,480.58 |
| Less : Exceptional Item | - | 24.74 | - | 24.74 |
| Profit before Interest, Depreciation and Tax | 1,774.59 | 2,042.78 | 1,204.18 | 1,455.84 |
| Less : Interest | 516.68 | 450.22 | 563.04 | 451.55 |
| Profit before Depreciation and Tax | 1,257.91 | 1,592.56 | 641.12 | 1,004.29 |
| Less : Depreciation | 452.59 | 274.94 | 621.11 | 370.42 |
| Net Profit before Taxes | 805.32 | 1,317.62 | 20.01 | 633.87 |
| Less : Taxation (Including Deferred Tax) | 258.65 | 446.57 | 248.67 | 501.57 |
| Net Profit After Tax before Transfer to Minority Interest | 546.67 | 871.05 | (228.66) | 132.30 |
| Less : Transfer to Minority Interest | - | - | (205.56) | (181.14) |
| Net Profit After Tax and Transfer to Minority Interest | 546.67 | 871.05 | (23.10) | 313.44 |
| Add: Brought forward from previous year | 3,355.78 | 2,712.43 | 2,631.87 | 2,493.94 |
| Balance Available for Appropriations | 3,902.45 | 3,583.48 | 2,608.77 | 2,807.38 |
| Appropriations: | | | | |
| Adjustments relating to Fixed Assets | 60.54 | - | 60.54 | - |
| Transfer to General Reserve | 54.67 | 87.11 | 54.67 | 87.11 |
| Proposed Dividend | 120.17 | 120.17 | 120.17 | 120.17 |
| Dividend Distribution Tax | 24.46 | 20.42 | 24.46 | 20.42 |
| Acquisition by minority interest shareholders | - | - | - | (59.54) |
| Foreign Currency Translation Reserve | - | - | (7.49) | 7.35 |
| Balance Carried over to Balance Sheet | <u>3,642.61</u> | <u>3,355.78</u> | <u>2,356.42</u> | <u>2,631.87</u> |

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

STANDALONE

The Company's sales turnover in the year ended 31st March, 2015 amounted to ₹ 16,854.97 lakhs, up by 13.23% over the previous year (₹ 14,885.98 lakhs), on which it made an EBITDA of ₹ 1,774.59 lakhs (Previous Year: ₹ 2,067.52 lakhs) and a net profit (excluding exceptional item) of ₹ 546.67 lakhs as against ₹ 895.79 lakhs in 2013-14.

CONSOLIDATED

The Company's consolidated sales turnover in the year under review aggregated ₹ 18,552.20 lakhs, up by 16.60% over the previous year (₹ 15,910.89 lakhs), on which it made an EBITDA of ₹ 1,204.18 lakhs (Previous Year: ₹ 1,480.58 lakhs) and a net loss (after transfer to Minority Interest) of ₹ 23.10 lakhs as against net profit (excluding exceptional item) of ₹ 338.18 lakhs in 2013-14 and the small loss was mainly

DIRECTORS' REPORT

on account of the initial promotional expenses and the time taken for achieving breakthrough in the expansion of business overseas.

DIVIDEND

Your Directors are pleased to recommend payment of dividend of 35% i.e. ₹ 3.50 per Equity Share of ₹ 10 each for the Financial Year ended 31st March, 2015 (same as in the previous year). The dividend amount of ₹ 120.17 lakhs (same as in the previous year) together with dividend distribution tax of ₹ 24.46 lakhs (₹ 20.42 lakhs in the previous year) will absorb a sum of ₹ 144.63 lakhs (₹ 140.59 lakhs in the previous year).

TRANSFER TO RESERVES

Your Directors propose to transfer ₹ 54.67 lakhs to the General Reserve (i.e., 10% of Net Profit after Tax). Surplus retained after Appropriations amounts to ₹ 3,642.61 lakhs (₹ 3,355.78 lakhs).

EMPLOYEES STOCK OPTION SCHEME

Your Directors have proposed to introduce Stock Based Compensation Plan to the employees by way of Employees Stock Option Scheme (ESOP), subject to the provisions of Section 62(1)(b) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 of Chapter IV of the Companies Act, 2013 (including any statutory modification or re-enactment thereof from time to time), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the approval of the Members at the ensuing Annual General Meeting *vide* Items 9 and 10 of the Notice dated 27th May, 2015 convening the Meeting.

CREDIT RATING

CRISIL has given your Company a rating of SME IER which reflects the strong fundamentals of the Company:

| Date | Nature of Report | Fundamental Grade | Current Market Price Grade (on the date of report) |
|---------------------------------|----------------------|-------------------|--|
| 09 th May, 2014 | Detailed Report | 5/5 | 3/5 |
| 27 th June, 2014 | H2FY14 Result Update | 5/5 | 3/5 |
| 08 th December, 2014 | Detailed Report | 5/5 | 4/5 |

Fundamentals Grading: 5/5 – Excellent Fundamentals

Valuation Grading: 4/5 – Upside (10-25% from CMP)

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENT

The year 2014-15 witnessed divergent trends with a slow-down in the developing countries and better recovery of the US economy than expected, but emerging countries continued to be less vibrant compared to the past. Overall, the year under review continued to witness the signs of slowdown of the economy as compared to the last year.

India's economic growth had improved from 6.90% in 2013-14 to 7.30% in 2014-15. While the recent policy reforms, consequent pick-up in investment and lower oil prices can positively impact the future growth, a weak monsoon, delay in enacting pending legislations and the Eurozone situation can dampen the growth expectations.

DIRECTORS' REPORT**INDUSTRY STRUCTURE AND DEVELOPMENTS**

During the year 2014-15, Mining, Manufacturing and Electricity sectors recorded growth of only 1.4%, 2.3% and 8.4%, respectively as compared to the previous year. The core sector industry was adversely affected by coal blocks issues, pending projects and consequent finance stress.

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 and maintenance of conveyor belts and allied services such as belt splicing, pulley lagging, belt reconditioning, rubber lining, etc. 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.

EXPANSION OF BUSINESS

During the year 2014-15, your Company incorporated two subsidiaries, viz. Thejo Brasil Comercio E Servicos Ltda, Brazil and Thejo Engineering LatinoAmerica SpA, Chile. These subsidiaries will focus on selling various transfer point solutions, conveyor care and wear and abrasion resistance products. Further, your Company started a separate foreign branch in Perth, Australia, to sell the products of Thejo India under the brand name of "THEJO."

STATUS OF UTILIZATION OF PROCEEDS RAISED FROM IPO

The funds raised by the Company from IPO to the extent of ₹ 2,100.65 lakhs are to be utilized for the following purposes (apart from meeting General Corporate needs and IPO expenses):

- Setting up of in-house R&D Centre
- Setting up of Polyurethane Unit
- Investment in Australian Subsidiary, Thejo Australia Pty Ltd.
- Setting up of Lining Unit
- Expansion of existing manufacturing Unit

The Company has completed all the above mentioned schemes except the expansion of existing manufacturing Unit. The expansion is currently in progress and is expected to be completed by the first half of the current Financial Year, 2015-16. As on 31st March, 2015, an amount of ₹ 165.19 lakhs remained to be utilized from the IPO proceeds.

The scheme-wise utilization of IPO proceeds is summarized in Note 25.12.1, forming part of the Financial Statements.

RESEARCH AND DEVELOPMENT

The R&D Centre will focus on developing new and innovative products as well as bringing 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 under varied conditions such as rubberizing of T 72 battle tank tyres, mill liners, and high tension belt splicing compounds capable of withstanding some of the hardest working conditions in leading mines.

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 audit on regular basis and takes appropriate steps based on the audit findings.

DIRECTORS' REPORT**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.

Despite the current sluggishness in the domestic core sector, the prospects of the core sector industries are bright. Moreover, the Company's portfolio includes installation and maintenance services and products catering to both the categories. As a result, even during the period of sluggishness, any loss of business in installation-related work will be compensated to a fair extent by increased maintenance works as the maintenance of existing systems would be given due importance during periods of slow-down.

The Company has started its Operations & Maintenance Division under which it offers comprehensive services. There is a perceptible momentum in favour of the concept of Operations & Maintenance and the market is expected to grow exponentially. The Company expects to tap a sizeable portion of the increasing demand for Operations & Maintenance Services.

On the export front, the Company has explored International Markets and has accordingly set up its branch office in Perth, Australia and subsidiaries in Brazil and Chile. It takes considerable time to achieve breakthrough in these markets and we expect good business and returns from them in the medium term.

THREATS

There are only limited number of organized players in the segment in which the Company operates. However, competition from the unorganized sector is a challenge for the services business of the Company.

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

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 new Government during last year is expected to create a conducive environment for the growth of commerce and industry in our country. However, speedy and successful implementation of key components such as GST, Land Acquisition Amendment Bill, etc will determine the pace at which the impact will be felt at the grass root level.

FINANCIAL PERFORMANCE

The financial performance of the Company in the year under review has shown an overall growth of 13.23% in terms of turnover compared to the previous year. The increase in turnover has been contributed primarily by the Services and Trading Divisions. The Services Division has grown by about 22% in terms of turnover as against 2% in Manufacturing and Trading Division. Export has shown a negative growth of about 10% on product front compared to the previous year. Your Company is expanding its business in overseas markets through its subsidiaries and branch, which is expected to improve the export turnover.

The production of moulded and extruded rubber products was 1,091 tonnes during 2014-15, registering a negative growth of 14.16% over the previous year (1,271 tonnes). The production of adhesives during the year was 273 tonnes, showing a growth of 17.67% over the previous year (232 tonnes).

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.

DIRECTORS' REPORT**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, continuing uncertainty in domestic and global markets, constraints in infrastructure, recent developments in the price of gold and iron ore adversely affecting gold and iron ore mining activities across the globe and latest developments in global mining activities are causes for concern in the immediate 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 with documented policies and procedures.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

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 would help them to add to their professional knowledge and skills. The Company has also conducted in-house skill development programme for workers in association with National Skill Development Corporation of India.

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

The Company continues to invest 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 statement. 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 in the shares of the Company.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has in place adequate internal financial controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weaknesses were observed.

DIRECTORS' REPORT**SUBSIDIARY COMPANIES**

As on 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 Brazil) with 99.99% shareholding and Thejo Engineering LatinoAmerica SpA, Chile (Thejo Chile) with 97.50% shareholding.

The Audited Consolidated Financial Statements of the Company for the year ended 31st March, 2015 are annexed to the Financial Statements. 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, 2014 to 31st March, 2015, Thejo Hatcon achieved a turnover of SAR 3.01 million (₹ 490.38 lakhs) with a loss of SAR 0.48 million (₹ 75.07 lakhs).

Thejo Australia Pty Ltd (Thejo Australia) is a servicing Company, primarily engaged in belt splicing, belt jointing and related activities. During the period 01st April, 2014 to 31st March, 2015, Thejo Australia achieved a turnover of AUD 2.78 million (₹ 1,434.64 lakhs) with a loss of AUD 1.22 million (₹ 645.89 lakhs).

Thejo Brasil Comercio E Servicos Ltda (Thejo Brazil) is primarily engaged in selling of bulk material handling products. During the period 08th September, 2014 (date of incorporation) to 31st March, 2015, Thejo Brazil is yet to commence the business operations and it incurred a loss of BRL 0.14 million (₹ 31.58 lakhs).

Thejo Engineering LatinoAmerica Spa (Thejo Chile) is primarily engaged in selling bulk material handling products. The Company was incorporated on 14th November, 2014 and as on 31st March, 2015, it had not yet commenced business operations and had incurred a loss of USD 0.06 million (₹ 34.53 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 Financial Year, on the recommendation of the CSR Committee, the Board of Directors approved expenditure of ₹ 27.01 lakhs on CSR Schemes, more than fulfilling the prescribed target of ₹ 26.94 lakhs being 2% of its average net profits of the last three Financial Years. The Annual Report on the Company's CSR activities is attached as Annexure 2 forming part of the 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.

DIRECTORS' REPORT

NUMBER OF MEETINGS OF BOARD

The Board of Directors met five times during the Financial Year 2014-15. Further details are given in the Corporate Governance Report forming part of the Board's Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2015, 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, 2015 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, 2015 does not contain any qualification.

AUDITORS

M/s. Joseph & Rajaram, Chartered Accountants, Chennai, retire at ensuing Annual General Meeting and are eligible for re-appointment.

SECRETARIAL AUDIT

The Board appointed Mr. G. Porselvam, Practising Company Secretary, to conduct Secretarial Audit for the Financial Year 2014-15. 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.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Full 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.

DIRECTORS' 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 | Independent Director, Chairman |
| | Mr. N. Ganga Ram | Independent Director, Member |
| | Mr. A. Satyaseelan | Independent Director, Member |
| Nomination and Remuneration Committee *** | Mr. N. Ganga Ram | Independent Director, Chairman |
| | Mr. V.K. Srivastava | Independent Director, Member |
| | Mr. M.P. Vijay Kumar | Independent Director, Member |
| Corporate Social Responsibility Committee | Mr. V.K. Srivastava | Independent Director, Chairman |
| | Mr. K.J. Joseph | Non-executive Director, Member |
| | Mr. Thomas John | Non-executive Director, Member |
| | Mr. V.A. George | Managing Director, Member |
| Shareholders' and Investors' Grievance Committee | Dr. C.N. Ramchand | Independent Director, Chairman |
| | Mr. V.K. Srivastava | Independent Director, Member |
| | Mr. K.J. Joseph | Non-executive Director, Member |
| | Mr. Thomas John | Non-executive Director, Member |

*** The Committee has since been re-designated as "Compensation/Nomination & Remuneration Committee." 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. Premjit - Head EMD & Mr. Thomas K Abraham - Head 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

On the recommendation of the Compensation / Nomination and Remuneration Committee, Mrs. Sujatha Jayarajan was appointed by the Board as Additional Director with effect from 06th March, 2015. As per Section 161 of Companies Act, 2013, Mrs. Sujatha Jayarajan will hold office upto the date of the ensuing Annual General Meeting. The Members may consider Mrs. Sujatha Jayarajan for appointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31st March, 2020 *vide* Item 6 of the Notice dated 27th May, 2015 convening the ensuing Annual General Meeting. None of the Company's Directors have any family relationships with Mrs. Sujatha Jayarajan.

On the recommendation of the Compensation / Nomination and Remuneration Committee, Mr. Manoj Joseph was reappointed by the Board as Whole-time Director for a period of five years with effect from 20th June, 2015, subject to the approval of the Members at the ensuing Annual General Meeting *vide*

DIRECTORS' REPORT

Item 7 of the Notice dated 27th May, 2015 convening the ensuing Annual General Meeting. None of the Company's Directors have any family relationship with him, save and except that Mr. K.J. Joseph and Mr. Manoj Joseph are related as father and son.

Mr. K.J. Joseph, Chairman, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Rajesh John, Director – Sales, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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 and Clause 52 of the SME Listing Agreement.

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

On the recommendation of the Audit Committee, Mr. M.D. Ravikanth was appointed as CFO & Secretary by the Board of Directors at their meeting held on 20th May, 2015.

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. 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 performance evaluation was done by the Board of Directors during the year under review. 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.

PERSONNEL

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 pertaining to the 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 attached as Annexure 7b to the Board's Report.

CORPORATE GOVERNANCE

Your Company has complied with the requirements of Corporate Governance stipulated under Clause 52 of the SME Listing Agreement entered into with the National Stock Exchange of India Ltd. (NSE). A report on Corporate Governance is attached as Annexure 8 to the Board's Report.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance stipulated under Clause 52 of the SME Listing Agreement, and have certified due compliance with the requirements by the Company. The Certificate of the Auditors is reproduced in the Corporate Governance Report forming part of the Board's Report.

DIRECTORS' 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 stake-holders 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 : 27th May, 2015

THOMAS JOHN
Vice Chairman
DIN 00435035

V.A. GEORGE
Managing Director
DIN 01493737

MANOJ JOSEPH
Director
DIN 00434579

ANNEXURE TO DIRECTORS' REPORT
ANNEXURE 1 TO DIRECTORS' 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 usage of diesel generator in case of emergencies situation and as stand-by.
- The Manufacturing Units utilised about 23% of the energy requirement from Wind Energy.

iii. Capital Investments on energy conservation equipment

During the Financial Year, your Company has not invested on 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
- 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 | 2014-15 |
|--|----------------|
| Capital | 0.85 |
| Revenue (excluding depreciation) | 72.34 |
| Total | 73.19 |
| Total R&D expenditure as a % of total turnover | 0.43% |

ANNEXURE TO DIRECTORS' REPORT

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Payments in foreign currency towards Imports

₹ in lakhs

| Imports at CIF Value | 2014-15 | 2013-14 |
|--------------------------------|---------|---------|
| Raw Materials and Traded goods | 318.80 | 602.73 |
| Capital goods | - | 124.99 |

b) Payments in foreign currency towards Expenditure

₹ in lakhs

| Expenditure in Foreign currency | 2014-15 | 2013-14 |
|---------------------------------------|---------|---------|
| Professional and consultation fees | 245.66 | 78.75 |
| Foreign Tour | 13.74 | 17.64 |
| Salaries & Incentives of Perth Branch | 131.54 | - |
| Other Expenditure of Perth Branch | 154.99 | - |
| Others | 4.94 | - |

c) Earnings in foreign currency on Accrual basis

₹ in lakhs

| Earnings in foreign currency | 2014-15 | 2013-14 |
|------------------------------|---------|---------|
| Exports – Products | 1032.86 | 1149.18 |
| Exports – Services | 7.70 | 106.95 |
| Sale of Fixed Asset | - | 24.78 |

d) Net Gain or Loss on Foreign Currency Translation

₹ in lakhs

| Description | 2014-15 | 2013-14 |
|--|---------|---------|
| Profit on Foreign Currency Translation | (47.71) | 52.13 |

ANNEXURE 2 TO DIRECTORS' REPORT

[Pursuant to Section 135 of the Companies Act, 2013]

Brief outline of the Company's CSR policy, projects and programs proposed to be undertaken with web-link to CSR policy and Projects or programs:

Thejo in its continuous efforts to positively impact the society, especially the areas around its factories and sites, has formulated policies for social development that are 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> 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%20Activity>.

ANNEXURE TO DIRECTORS' 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: ₹ 1,346.84 lakhs

Prescribed CSR Expenditure (2% of the above amount): ₹ 26.94 lakhs

Details of CSR spent during the Financial Year

- a) Total amount to be spent for the Financial Year : ₹ 26.94 lakhs
 b) Amount spent : ₹ 27.01 lakhs
 c) Amount unspent, if any : Nil

The manner in which the amount spent during the Financial Year is detailed as follows: ₹ 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 |
|--------------------------------------|--------------|---------------------------------------|------------------------|--|---|---|
| Medical Camp | Health Care | Alinjivakkam and Jagannathapuram | 3.69 | 3.69 | 3.69 | Directly |
| Government Kinder Garden School | Education | Alinjivakkam | 2.60 | 2.60 | 2.60 | Directly |
| Government Primary School | Education | Alinjivakkam | 1.64 | 1.64 | 1.64 | Directly |
| St. Joseph's Hospice | Old Age Care | Tambaram | 7.50 | 7.50 | 7.50 | Directly |
| National Relief Fund | Contribution | Prime Minister's National Relief Fund | 11.58 | 11.58 | 11.58 | Directly |
| Total | | | 27.01 | 27.01 | 27.01 | |

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 : 27th May, 2015

V.A. GEORGE
 Managing Director
 DIN 01493737

V.K. SRIVASTAVA
 Chairman of CSR Committee
 DIN 00611678

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE 3 TO DIRECTORS' 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 RETURN

as on the Financial Year ended on 31st March, 2015

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 | Aysha Building, No. 41, Whites Road, Chennai – 600 014, Tamil Nadu, India 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 | 53% |
| 2 | Other Rubber Products | 2219 | 15% |

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, Kalima 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 | Hernando de Aguirre 128, Providencia, Santiago de Chile. | N.A | Subsidiary | 97.50 | 2(87) |

ANNEXURE TO DIRECTORS' 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, 2014) | | | | No. of Shares held at the end of the year (As on 31 st March, 2015) | | | | % change during the year |
|--------------------------|---|--|-----------------|------------------|-------------------|--|-----------------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| a) | Individual/HUF | 18,23,080 | 1,42,160 | 19,65,240 | 57.24 | 18,23,080 | 1,42,160 | 19,65,240 | 57.24 | - |
| b) | Central Govt. | - | - | - | - | - | - | - | - | - |
| c) | State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) | Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) | Banks/FI | - | - | - | - | - | - | - | - | - |
| f) | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-total (A)(1) | 18,23,080 | 1,42,160 | 19,65,240 | 57.24 | 18,23,080 | 1,42,160 | 19,65,240 | 57.24 | - |
| (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) | 18,23,080 | 1,42,160 | 19,65,240 | 57.24 | 18,23,080 | 1,42,160 | 19,65,240 | 57.24 | - |
| B. | Public Shareholding | | | | | | | | | |
| 1. | Institutions | | | | | | | | | |
| a) | Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) | Banks/FI | 11,400 | - | 11,400 | 0.33 | - | - | - | - | (0.33) |
| c) | Central Govt. | - | - | - | - | - | - | - | - | - |
| d) | State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) | Venture Capital Funds | 5,65,472 | - | 5,65,472 | 16.47 | 5,65,472 | - | 5,65,472 | 16.47 | - |
| f) | Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) | FIs | - | - | - | - | - | - | - | - | - |
| h) | Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) | Market Makers | 2,25,000 | - | 2,25,000 | 6.55 | 2,25,600 | - | 2,25,600 | 6.57 | 0.02 |
| | Sub-total (B)(1) | 8,01,872 | - | 8,01,872 | 23.35 | 7,91,072 | - | 7,91,072 | 23.04 | (0.31) |

ANNEXURE TO DIRECTORS' 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, 2014) | | | | No. of Shares held at the end of the year (As on 31 st March, 2015) | | | | % change during the year |
|---|--|-----------------|------------------|-------------------|--|-----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 42,600 | - | 42,600 | 1.24 | 45,000 | - | 45,000 | 1.31 | 0.07 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 1,66,200 | 2,000 | 1,68,200 | 4.90 | 1,62,550 | 2,000 | 1,64,550 | 4.79 | (0.11) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1,99,860 | 2,43,180 | 4,43,040 | 12.90 | 2,74,880 | 1,80,760 | 4,55,640 | 13.27 | 0.37 |
| c) Others (specify) | | | | | | | | | |
| i) Clearing Members | 600 | - | 600 | 0.02 | - | - | - | - | (0.02) |
| ii) Hindu Undivided Family | 10,200 | - | 10,200 | 0.30 | 10,850 | - | 10,850 | 0.32 | 0.02 |
| iii) Non-resident Indians | 1,800 | - | 1,800 | 0.05 | 1,200 | - | 1,200 | 0.03 | (0.02) |
| Sub-total (B)(2) | 4,21,260 | 2,45,180 | 6,66,440 | 19.41 | 4,94,480 | 1,82,760 | 6,77,240 | 19.72 | 0.31 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 12,23,132 | 2,45,180 | 14,68,312 | 42.76 | 12,85,552 | 1,82,760 | 14,68,312 | 42.76 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 30,46,212 | 3,87,340 | 34,33,552 | 100 | 31,08,632 | 3,24,920 | 34,33,552 | 100 | - |

ANNEXURE TO DIRECTORS' REPORT

ii. Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 01 st April, 2014) | | | Shareholding at the end of the year (As on 31 st March, 2015) | | | % 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 | 3,55,380 | 10.35 | - | 3,55,380 | 10.35 | - | - |
| 2 | Mr. Thomas John | 4,75,660 | 13.85 | - | 4,75,660 | 13.85 | - | - |
| 3 | Mr. Manoj Joseph | 1,65,860 | 4.83 | - | 1,65,860 | 4.83 | - | - |
| 4 | Mr. Rajesh John | 1,50,540 | 4.38 | - | 1,50,540 | 4.38 | - | - |
| 5 | Mrs. Rosamma Joseph | 93,240 | 2.72 | - | 93,240 | 2.72 | - | - |
| 6 | Mrs. Celinamma John | 84,400 | 2.46 | - | 84,400 | 2.46 | - | - |
| 7 | Mr. Manesh Joseph | 1,65,860 | 4.83 | - | 1,65,860 | 4.83 | - | - |
| 8 | Mrs. Meena Roy | 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 | 87,600 | 2.55 | - | 87,600 | 2.55 | - | - |
| 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

| | Shareholding at the beginning of the year (As on 01 st April, 2014) | | Cumulative Shareholding during the year (01 st April, 2014 to 31 st March, 2015) | |
|---|--|----------------------------------|--|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| At the beginning of the year | 19,65,240 | 57.24 | 19,65,240 | 57.24 |
| Changes in Promoters Shareholding during the year | - | - | 19,65,240 | 57.24 |
| At the end of the year | 19,65,240 | 57.24 | 19,65,240 | 57.24 |

ANNEXURE TO DIRECTORS' REPORT

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

| Sl. No. | Name | Shareholding at the beginning of the year (As on 01 st April, 2014) | | Cumulative Shareholding during the year (01 st April, 2014 to 31 st March, 2015) | |
|---------|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | 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. 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 | - | - | 2,48,400 | 7.23 |
| | At the end of the year | 2,48,400 | 7.23 | 2,48,400 | 7.23 |
| 3 | M/s. IDBI CAP MKT SERV LTD | | | | |
| | At the beginning of the year | 2,25,000 | 6.55 | 2,25,000 | 6.55 |
| | 04-Apr-2014 - Purchase | 1,200 | 0.04 | 2,26,200 | 6.59 |
| | 11-Apr-2014 - Purchase | 600 | 0.02 | 2,26,800 | 6.61 |
| | 18-Apr-2014 - Purchase | 600 | 0.02 | 2,27,400 | 6.63 |
| | 25-Apr-2014 - Purchase | 600 | 0.02 | 2,28,000 | 6.65 |
| | 30-Jun-2014 - Sales | (600) | (0.02) | 2,27,400 | 6.63 |
| | 12-Sep-2014 - Sales | (600) | (0.02) | 2,26,800 | 6.61 |
| | 06-Feb-2015 - Purchase | 600 | 0.02 | 2,27,400 | 6.63 |
| | 20-Mar-2015 - Sales | (1,800) | (0.06) | 2,25,600 | 6.57 |
| | At the end of the year | 2,25,600 | 6.57 | 2,25,600 | 6.57 |
| 4 | 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 |
| 5 | 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 |
| 6 | Mr. O.J. LUKOSE | | | | |
| | At the beginning of the year | 62,080 | 1.81 | 62,080 | 1.81 |
| | Changes in Shareholding during the year | - | - | 62,080 | 1.81 |
| | At the end of the year | 62,080 | 1.81 | 62,080 | 1.81 |

ANNEXURE TO DIRECTORS' REPORT

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

| Sl. No. | Name | Shareholding at the beginning of the year (As on 01 st April, 2014) | | Cumulative Shareholding during the year (01 st April, 2014 to 31 st March, 2015) | |
|---------|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 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 |
| 8 | M/s. N R GOLD PRIVATE LTD. | | | | |
| | At the beginning of the year | 37,800 | 1.10 | 37,800 | 1.10 |
| | 30-Jun-2014 – Sale | (600) | (0.02) | 37,200 | 1.08 |
| | At the end of the year | 37,200 | 1.08 | 37,200 | 1.08 |
| 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 |

v. *Shareholding of Directors and Key Managerial Personnel*

| Sl. No. | Name | Shareholding at the beginning of the year (As on 01 st April, 2014) | | Cumulative Shareholding during the year (01 st April, 2014 to 31 st March, 2015) | |
|---------|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Mr. K.J. JOSEPH CHAIRMAN | | | | |
| | At the beginning of the year | 3,55,380 | 10.35 | 3,55,380 | 10.35 |
| | Changes in Shareholding during the year | - | - | 3,55,380 | 10.35 |
| | At the end of the year | 3,55,380 | 10.35 | 3,55,380 | 10.35 |
| 2 | Mr. THOMAS JOHN VICE CHAIRMAN | | | | |
| | At the beginning of the year | 4,75,660 | 13.85 | 4,75,660 | 13.85 |
| | Changes in Shareholding during the year | - | - | 4,75,660 | 13.85 |
| | At the end of the year | 4,75,660 | 13.85 | 4,75,660 | 13.85 |

ANNEXURE TO DIRECTORS' REPORT

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

| Sl. No. | Name | Shareholding at the beginning of the year (As on 01 st April, 2014) | | Cumulative Shareholding during the year (01 st April, 2014 to 31 st March, 2015) | |
|---------|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | 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 | 1,50,540 | 4.38 | 1,50,540 | 4.38 |
| | Changes in Shareholding during the year | - | - | 1,50,540 | 4.38 |
| | At the end of the year | 1,50,540 | 4.38 | 1,50,540 | 4.38 |

The following directors / key managerial personnel (KMP) did not hold any shares during the Financial Year 2014-15 :

- 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 – Additional Director
- Mr. M.D. Ravikanth – CFO & Secretary

ANNEXURE TO DIRECTORS' 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, 2014) | | | | |
| i) Principal Amount | 3,139.54 | - | - | 3,139.54 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 3.50 | - | - | 3.50 |
| Total (i+ii+iii) | 3,143.04 | - | - | 3,143.04 |
| Change in Indebtedness during the Financial Year | | | | |
| • Addition | 891.27 | - | - | 891.27 |
| • Reduction | 409.58 | - | - | 409.58 |
| Net Change | 481.69 | - | - | 481.69 |
| Indebtedness at the end of the Financial Year (31st March, 2015) | | | | |
| i) Principal Amount | 3,618.42 | - | - | 3,618.42 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 6.31 | - | - | 6.31 |
| Total (i+ii+iii) | 3,624.73 | - | - | 3,624.73 |

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 | 40.94 | 21.81 | 17.93 | 80.69 |
| (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, Retiral benefits | - | 4.26 | 3.68 | 7.94 |
| | Total (A) | 40.94 | 26.07 | 21.61 | 88.62 |
| | Ceiling as per the Act | | | | 89.39 |

ANNEXURE TO DIRECTORS' 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 | |
| 1 | Independent Directors | | | | | | | | | |
| | Fee for attending board / committee meetings | - | - | 2.40 | 1.90 | 2.10 | 2.40 | 1.10 | 0.20 | 10.10 |
| | Commission | - | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - | - |
| | Total (1) | - | - | 2.40 | 1.90 | 2.10 | 2.40 | 1.10 | 0.20 | 10.10 |
| 2 | Other Non-Executive Directors | | | | | | | | | |
| | Fee for attending board / committee meetings | 1.60 | 1.60 | - | - | - | - | - | - | 3.20 |
| | Commission | - | - | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - | - | - | - |
| | Total (2) | 1.60 | 1.60 | - | - | - | - | - | - | 3.20 |
| | Total (B)=(1+2) | 1.60 | 1.60 | 2.40 | 1.90 | 2.10 | 2.40 | 1.10 | 0.20 | 13.30 |
| | Total Managerial Remuneration² | | | | | | | | | 88.62 |
| | Overall Ceilings as per the Act | | | | | | | | | 98.92 |

1. Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06th March, 2015.

2. Pursuant to Section 197(2) of the Companies Act, 2013, the Sitting Fees paid to the Directors was 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 | | |
| | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 17.73 | 17.73 |
| | Value of perquisites under Section 17(2) of the Income-tax Act, 1961 | - | - |
| | 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, Retiral benefits | 2.05 | 2.05 |
| | Total (A) | 19.78 | 19.78 |

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2015.

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE 4 TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2015

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

To,

The Members,
THEJO ENGINEERING LIMITED

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 the 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 31/03/2015 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 31/03/2015 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 1956 / 2013, forms, returns in this connection have been duly filed, there are no adverse remarks or qualification in this aspect.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

ANNEXURE TO DIRECTORS' REPORT

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

1. Factories Act, 1948
2. Industrial dispute 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 Contact 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 SME Listing Agreements 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, One Women Director on the Board are properly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 : 27/05/2015

Name : G. PORSELVAM
C P No. : 3187

ANNEXURE TO DIRECTORS' REPORT
ANNEXURE 5 TO DIRECTORS' 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 loan given as at 31st March, 2015 are as follows: ₹ in lakhs

| Name of the Company | As at 31 st March, 2015 | Purpose |
|------------------------------------|------------------------------------|-----------------------------|
| Thejo Australia Pty Ltd, Australia | 178.38 | Working Capital Requirement |

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

| Name of the Company and Country | As at 31 st March, 2015 |
|--|------------------------------------|
| Thejo Hatcon Industrial Services Company, Saudi Arabia | 333.72 |
| Thejo Australia Pty Ltd, Australia | 1,202.45 |
| Thejo Brasil Comercio E Servicos Ltda, Brazil | 31.40 |
| Thejo Engineering LatinoAmerica SpA, Chile | 37.62 |

The details of guarantee given during the Financial Year are as follows:

| Name of the Company | As at 31 st March, 2015 | Purpose |
|------------------------------------|------------------------------------|--|
| Thejo Australia Pty Ltd, Australia | Upto USD 10,00,000 | An irrevocable and unconditional corporate guarantee given in favour of Exim Bank towards Buyers Credit facility extended to Thejo Australia Pty Ltd for purchase of capital equipments. |

The Company has created a *pari passu* first charge by way of hypothecation of entire movable assets and second *pari passu* charge over entire current assets including receivables in favour of Exim Bank.

ANNEXURE TO DIRECTORS' REPORT
ANNEXURE 6 TO DIRECTORS' 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 2014-15, 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 2014-15, 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 | Subsidiary | Not Applicable | Investments | 300.74 |
| | | Based on Orders | Sale of Products | 66.28 |
| | | Based on requirement | Advances (converted to equity) | (222.07) |
| Thejo Australia Pty Ltd, Australia | Subsidiary | Not Applicable | Investments | 317.71 |
| | | Based on Orders | Sale of Products | 109.40 |
| | | Based on requirement | Loan (net of conversion to equity) | (24.97) |
| | | Till repayment of loan | Interest Received | 40.35 |
| Thejo Brasil Comercio E Servicos Ltda, Brazil | Subsidiary | Not Applicable | Investments | 31.40 |
| Thejo Engineering LatinoAmerica SpA, Chile | Subsidiary | Not Applicable | Investments | 37.62 |
| | | Based on Orders | Sale of Products | 5.97 |
| Mr. V.A. George, Managing Director | Key Managerial Personnel | 14 th July, 2018 | Remuneration | 40.94 |
| Mr. Manoj Joseph | Executive Director | 19 th June, 2015 | Remuneration | 26.07 |
| Mr. Rajesh John | Executive Director | 15 th July, 2018 | Remuneration | 21.61 |
| Mr. M.D. Ravikanth, CFO & Secretary | Key Managerial Personnel | Not Applicable | Remuneration | 19.78 |
| 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 | 19.90 |

For and on behalf of the Board

Place : Chennai
Date : 27th May, 2015

THOMAS JOHN
Vice Chairman
DIN 00435035

V.A. GEORGE
Managing Director
DIN 01493737

MANOJ JOSEPH
Director
DIN 00434579

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE 7a TO DIRECTORS' 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 2014-15 and the percentage increase in remuneration of each Director and KMP, ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year 2014-15 and the comparison of remuneration of each KMP against the performance of the Company are as follows:

| Name of the Director / KMP | Remuneration of Director / KMP for the F.Y 2014-15 | % increase in Remuneration in the F.Y. 14-15 | Ratio of Remuneration of each director to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company | Remuneration of Director / KMP for the F.Y 2013-14 |
|----------------------------|--|--|--|--|--|
| Mr. K.J. Joseph | 1.60 | (61.72) | 0.89 | | 4.18 |
| Mr. Thomas John | 1.60 | (61.45) | 0.89 | | 4.15 |
| Mr. V.A. George | 40.94 | (31.66)* | 22.66 | Profit before tax decreased by 38.88% and Profit after tax decreased by 37.24% in Financial Year 2014-15 | 59.91 |
| Mr. Manoj Joseph | 26.07 | (6.16) | 14.43 | | 27.78 |
| Mr. Rajesh John | 21.61 | (5.55) | 11.96 | | 22.88 |
| Mr. N. Ganga Ram | 2.40 | 50.00 | 1.33 | | 1.60 |
| Mr. V.K. Srivastava | 1.90 | 22.58 | 1.05 | | 1.55 |
| Mr. A. Satyaseelan | 2.10 | 35.48 | 1.16 | | 1.55 |
| Mr. M.P. Vijay Kumar | 2.40 | 50.00 | 1.33 | | 1.60 |
| Dr. C.N. Ramchand | 1.10 | 15.79 | 0.61 | | 0.95 |
| Mrs. Sujatha Jayarajan | 0.20 | # | # | | Not Applicable |
| Mr. M.D. Ravikanth | 19.78 | 6.86 | Not Applicable | Profit before tax decreased by 38.88% and Profit after tax decreased by 37.24% in Financial Year 2014-15 | 18.51 |

* Mr. V.A. George was President & CEO till 14th July, 2013 and was appointed as Managing Director with effect from 15th July, 2013.

Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06th March, 2015.

- ii. The median remuneration of employees of the Company for the Financial Year was ₹ 1.81 lakhs.
- iii. There was an increase of 8.93% in the median remuneration of employees in the Financial Year.
- iv. There were 1,837 permanent employees on the rolls of the Company as on 31st March, 2015.
- v. Relationship between average increase in remuneration and company performance: Profit before tax decreased by 38.88% in the Financial Year 2014-15, whereas the Company retained the talented employees with an average increase in remuneration of 5.86% in line with Company's Policy.
- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: The total remuneration of Key Managerial Personnel has declined by about 23% from ₹ 78.42 lakhs in 2013-14 to ₹ 60.72 lakhs in 2014-15 and the Profit before tax has decreased by 38.88% in the Financial Year 2014-15.

ANNEXURE TO DIRECTORS' REPORT

- vii. Variations in the market Capitalisation: The market capitalisation as at 31st March 2015 was ₹ 6,695.43 lakhs (₹ 7,038.78 lakhs as at 31st March, 2014)
- viii. Price earnings ratio of the Company were 12.25X as at 31st March, 2015 and 8.08X as at 31st March, 2014.
- ix. The Closing price of the Company's equity share on the NSE Emerge Platform as of 31st March, 2015 was ₹ 195, which was lower by 2.98% than the IPO Price of ₹ 201, adjusted for the issue of bonus shares.
- x. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2014-15 was 7.12% whereas the managerial remuneration decreased by 10.84% (from ₹ 99.39 lakhs in 2013-14 to ₹ 88.62 lakhs in 2014-15).
- xi. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Compensation/Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- xii. During the Financial Year, no employee received remuneration in excess of the highest-paid Director.
- xiii. 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 DIRECTORS' 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 DIRECTORS' REPORT
ANNEXURE 8 TO DIRECTORS' 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 amended various 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, 2015, 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 ¹ | 00633989 |

Notes:

- 1) Mrs. Sujatha Jayarajan was appointed as Additional Director of the Company with effect from 06th March, 2015 under the category of Woman Director.

ANNEXURE TO DIRECTORS' 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, 2015 were as under –

| Sl. 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 | 4 | 1 |
| 7 | Mr. V.K. Srivastava | 1 | 1 | Nil |
| 8 | Mr. M.P. Vijay Kumar | Nil | Nil | Nil |
| 9 | Mr. A. Satyaseelan | Nil | Nil | Nil |
| 10 | Dr. C.N. Ramchand | Nil | Nil | Nil |
| 11 | Mrs. Sujatha Jayarajan | 1 | Nil | Nil |

Notes:

- 1) None of the Directors hold chairmanship of the Board Committees in excess of the maximum ceiling of five and Membership in excess of the maximum ceiling of ten as specified in Clause 52 of the SME Listing Agreement with NSE.
- 2) For the purpose of reckoning the ceiling, Chairmanship/Membership of the Audit Committee and the Shareholders' and Investors' Grievance Committee 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 have 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 have any shareholding in our Company as on 31st March, 2015 except as disclosed below:

| Sl. No. | Name of the Director | No. of Shares | % of Equity Share Capital |
|---------|----------------------|---------------|---------------------------|
| 1 | Mr. K.J. Joseph | 3,55,380 | 10.35 |
| 2 | Mr. Thomas John | 4,75,660 | 13.85 |
| 3 | Mr. V.A. George | 50,000 | 1.46 |
| 4 | Mr. Manoj Joseph | 1,65,860 | 4.83 |
| 5 | Mr. Rajesh John | 1,50,540 | 4.38 |

ANNEXURE TO DIRECTORS' REPORT

Meetings and Attendance

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

During the year, the Board met 5 times. The meetings of the Board of Directors were held on 20th May, 2014, 02nd July, 2014, 15th October, 2014, 11th November, 2014 and 06th March, 2015. The attendance of each Director at the Board Meetings and at the last Annual General Meeting is as under:

| Sl. No. | Name of the Director | No. of Board Meetings held | No. of Board Meetings attended | Last Annual General Meeting held on 25 th August, 2014 |
|---------|-------------------------------------|----------------------------|--------------------------------|---|
| 1 | Mr. K.J. Joseph | 5 | 5 | Yes |
| 2 | Mr. Thomas John | 5 | 5 | Yes |
| 3 | Mr. V.A. George | 5 | 5 | Yes |
| 4 | Mr. Manoj Joseph | 5 | 3 | Yes |
| 5 | Mr. Rajesh John | 5 | 4 | Yes |
| 6 | Mr. N. Ganga Ram | 5 | 5 | Yes |
| 7 | Mr. V.K. Srivastava | 5 | 5 | Yes |
| 8 | Mr. M.P. Vijay Kumar | 5 | 5 | Yes |
| 9 | Mr. A. Satyaseelan | 5 | 5 | No |
| 10 | Dr. C.N. Ramchand | 5 | 4 | Yes |
| 11 | Mrs. Sujatha Jayarajan ¹ | 5 | 1 | Not Applicable |

Note:

1. Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06th March, 2015.

III. COMMITTEES

i) Audit Committee

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, the Audit Committee of the Board of Directors was constituted on 16th January, 2012. The Committee consists of three Independent Directors. The status of the Independent Directors and attendance at the meetings were as follows:

| Sl. No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|---------|----------------------|--------------------------------|----------------------|--------------------------|
| 1 | Mr. M.P. Vijay Kumar | Independent Director, Chairman | 5 | 5 |
| 2 | Mr. N. Ganga Ram | Independent Director, Member | 5 | 5 |
| 3 | Mr. A. Satyaseelan | Independent Director, Member | 5 | 5 |

The Company Secretary acts as the Secretary of the Committee. Meetings of the Audit Committee of the Board were held on 20th May, 2014, 02nd July, 2014, 15th October, 2014, 11th November, 2014 and 06th March, 2015.

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.

ANNEXURE TO DIRECTORS' REPORT

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. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
 - 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 audit commences, about 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 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.
 15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
-

ANNEXURE TO DIRECTORS' REPORT

16. To review the following information:
- Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The 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 cost auditors attend the Audit Committee Meetings when their reports are considered by the Committee.

The due date for filing the cost audit report for the Financial Year ended 31st March, 2014 was 27th September, 2014 and the cost audit report was filed with MCA in xbrl format on 23rd October, 2014.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 25th August, 2014.

ii) Compensation / Nomination and Remuneration Committee

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, the Compensation/ Nomination and Remuneration Committee of the Board was formed on 16th January, 2012 and the Committee consists of three Independent Directors. The Committee 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:

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Compensation / Nomination and Remuneration Committee of the Board were held on 20th May, 2014, 02nd July, 2014 and 06th March, 2015.

Terms of Reference

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

- 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;
 - Determining / recommending the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
-

ANNEXURE TO DIRECTORS' 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 DIRECTORS' REPORT

Details of Remuneration paid to the Directors for the year 2014-15 were as follows:

₹ in lakhs

| Name of Director | Sitting Fee ¹ | Salary | Contribution to Statutory & Other Funds | Performance Linked Incentive | Total |
|--|--------------------------|--------|---|------------------------------|-------|
| Promoters / Non-executive Directors | | | | | |
| Mr. K.J. Joseph | 1.60 | - | - | - | 1.60 |
| Mr. Thomas John | 1.60 | - | - | - | 1.60 |
| Executive Directors | | | | | |
| Mr. V.A. George | - | 40.94 | - | - | 40.94 |
| Mr. Manoj Joseph | - | 21.81 | 4.26 | - | 26.07 |
| Mr. Rajesh John | - | 17.93 | 3.68 | - | 21.61 |
| Independent Directors | | | | | |
| Mr. N. Ganga Ram | 2.40 | - | - | - | 2.40 |
| Mr. V.K. Srivastava | 1.90 | - | - | - | 1.90 |
| Mr. A. Satyaseelan | 2.10 | - | - | - | 2.10 |
| Mr. M.P. Vijay Kumar | 2.40 | - | - | - | 2.40 |
| Dr. C.N. Ramchand | 1.10 | - | - | - | 1.10 |
| Mrs. Sujatha Jayarajan ² | 0.20 | - | - | - | 0.20 |

Notes:

1. Excludes Service Tax Paid on Sitting Fees under Reverse Charge by the Company.
2. Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06th March, 2015.

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 ¹ | 20 th June, 2012 to 19 th June, 2015 | Not Applicable | Nil | Nil |
| Mr. Rajesh John | 16 th January, 2012 to 15 th January, 2017 | Not Applicable | Nil | Nil |

Notes

1. The Board of Directors at their Meeting held on 27th May, 2015, recommended the re-appointment of Mr. Manoj Joseph as a whole-time director for a period of five years commencing from 20th June, 2015, subject to the approval of the Members at the ensuing Annual General Meeting

ANNEXURE TO DIRECTORS' REPORT
iii) Shareholders' and Investors' Grievance Committee

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, 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:

| Sl. 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 | 3 |
| 3 | Mr. K.J. Joseph | Promoter & Non-executive Non-Independent Director, Member | 4 | 4 |
| 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 20th May, 2014, 15th October, 2014, 06th March, 2015 and 27th March, 2015.

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 2014-15, the Company has not received any complaints from the Shareholders. There were no complaints outstanding as on 31st March, 2015.

ANNEXURE TO DIRECTORS' REPORT
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 |
|---------|----------------------------------|----------|---|--|
| 2013-14 | 25 th August, 2014 | 10.00 AM | The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14. | Alteration of Memorandum of Association of the Company |
| 2012-13 | 30 th August, 2013 | 10.00 AM | The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14. | Payment of commission to the Non-executive Directors |
| 2011-12 | 21 st September, 2012 | 11.00 AM | VDS House, III Floor, Cathedral Road, Chennai 86. | Nil |

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

The Company did not pass any special resolution through Postal Ballot during the Financial Year 2014-15.

(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 were 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.

ANNEXURE TO DIRECTORS' REPORT

This 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.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 52.

The Company has complied with all the mandatory requirements of Clause 52 of SME Listing Agreement with NSE and has adopted the following non-mandatory requirements of Clause 52:

Compensation / Nomination and Remuneration Committee

As already stated, the Company has constituted Compensation / Nomination and Remuneration Committee and it consists of three 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 comprising:

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Corporate Social Responsibility Committee of the Board of Directors were held on 20th May, 2014, and 06th March, 2015.

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 specified by the Companies Act, 2013 from time to time.

ANNEXURE TO DIRECTORS' REPORT

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 06th March, 2015 and reviewed the performance of the Chairperson, non-independent directors and the Board as a whole, the flow of information between the Company management and the Board.

Audit Qualifications

The Financial Statements of the Company for the Financial Year 2014-15 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 SME 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)

Wednesday, 26th August, 2015 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: Saturday, 25th July, 2015 to Tuesday, 28th July, 2015 (both days inclusive) for payment of dividend.

Dividend Payment: Credit / Dispatch of dividend warrants will be completed on or before 18th September, 2015.

ANNEXURE TO DIRECTORS' REPORT

Listing on Stock Exchanges & Stock Code:

| Shares | Code | Stock Exchanges |
|--|-------|--|
| 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.

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 2014 | 200 | 200 |
| May 2014 | 209 | 209 |
| June 2014 | 208.75 | 208.75 |
| July 2014 | N.A. ¹ | N.A. ¹ |
| August 2014 | 200 | 200 |
| September 2014 | 210 | 205 |
| October 2014 | N.A. | N.A. |
| November 2014 | 195 | 164 |
| December 2014 | 200 | 195 |
| January 2015 | 200 | 188 |
| February 2015 | 206 | 206 |
| March 2015 | 210 | 190 |

Notes:

1. There were no trading in the equity shares of the Company during the month of July 2014 and October 2014.

Performance in comparison to broad-based indices: Not Applicable, since NSE – SME Index is yet to be launched by NSE.

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

ANNEXURE TO DIRECTORS' REPORT

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, 2015:

| Nominal Value of Shares (in ₹) | | Number of Holders | % of Total Holders | Total Face Value (in ₹) | % of Total Face Value |
|-----------------------------------|----------|----------------------|-----------------------|----------------------------|--------------------------|
| From | To | | | | |
| 1 | 5,000 | 8 | 3.29 | 6,000 | 0.02 |
| 5,001 | 10,000 | 171 | 70.37 | 10,26,000 | 2.99 |
| 10,001 | 20,000 | 24 | 9.88 | 3,40,000 | 0.99 |
| 20,001 | 30,000 | 8 | 3.29 | 2,04,000 | 0.59 |
| 30,001 | 40,000 | 1 | 0.41 | 36,000 | 0.10 |
| 40,001 | 50,000 | 1 | 0.41 | 42,000 | 0.12 |
| 50,001 | 1,00,000 | 3 | 1.23 | 2,10,000 | 0.61 |
| 1,00,001 | Above | 27 | 11.12 | 3,24,71,520 | 94.58 |
| Total | | 243 | 100.00 | 3,43,35,520 | 100.00 |

Shareholding Pattern as on 31st March, 2015:

| Sl. No. | Category | No. of Shares | As a percentage of (A+B) |
|---------|-------------------------------------|------------------|-----------------------------|
| A | Promoters' & Promoter Group Holding | | |
| | Individuals | 19,65,240 | 57.24 |
| B | Non-Promoters' Holding | | |
| | Venture Capital Funds | 5,65,472 | 16.47 |
| | Market Makers | 2,25,600 | 6.57 |
| | Bodies Corporate | 45,000 | 1.31 |
| | Individuals | 6,20,190 | 18.06 |
| | Hindu Undivided Family | 10,850 | 0.32 |
| | Non-Resident Indians | 1,200 | 0.03 |
| | Total | 34,33,552 | 100.00 |

Dematerialisation of Shares and Liquidity as on 31st March, 2015:

| Sl. No. | Mode of Holding | No. of Shares | % to total equity shares |
|---------|-----------------|------------------|--------------------------|
| 1 | NSDL | 27,00,960 | 78.67 |
| 2 | CDSL | 4,07,672 | 11.87 |
| 3 | Physical | 3,24,920 | 9.46 |
| | Total | 34,33,552 | 100.00 |

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

ANNEXURE TO DIRECTORS' REPORT

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

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To The Members of THEJO ENGINEERING LIMITED

Pursuant to Clause 52 I (D) (ii) of the SME Listing Agreement, 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 : 27th May, 2015

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 Financial Statements and the cash flow statement of Thejo Engineering Limited for the year ended 31st March, 2015 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 Company's internal control systems pertaining to financial reporting. 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 : 27th May, 2015

M.D. RAVIKANTH
CFO & Secretary

V.A. GEORGE
Managing Director
DIN 01493737

CERTIFICATE

To The Members of **THEJO ENGINEERING LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **THEJO ENGINEERING LIMITED** for the year ended on 31st March, 2015, as stipulated in clause 52 of the SME Listing Agreement entered into by the Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 52 of the above-mentioned Listing Agreement.

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

For Joseph & Rajaram,
Chartered Accountants
Firm Reg. No. 001375S

R. Lakshminarayanan
Partner
M. No. 016246

Date : 27.05.2015
Place : Chennai