

BOARD'S REPORT

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

₹ in lakhs

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

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

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

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

STANDALONE

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

CONSOLIDATED

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

DIVIDEND

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

EMPLOYEES STOCK OPTION SCHEME

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

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

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

CREDIT RATING

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

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

Fundamentals Grading: 5/5 – Excellent Fundamentals

Valuation Grading: 3/5 – CMP is aligned

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS
ENVIRONMENT

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

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

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

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

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

COMPANY PERFORMANCE AND KEY DEVELOPMENTS

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

RESEARCH AND DEVELOPMENT

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

SAFETY

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

OPPORTUNITIES AND THREATS**OPPORTUNITIES**

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

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

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

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

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

THREATS

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

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

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

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

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

FUTURE OUTLOOK

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

FINANCIAL PERFORMANCE

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

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

BOARD'S REPORT**SEGMENT WISE PERFORMANCE**

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

RISK AND CONCERNS

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

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

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

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

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

CAUTIONARY STATEMENT

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

INTERNAL FINANCIAL CONTROL SYSTEM

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

BOARD'S REPORT**SUBSIDIARY COMPANIES**

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

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

PERFORMANCE OF SUBSIDIARY COMPANIES

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

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

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

NUMBER OF MEETINGS OF BOARD

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

AUDITORS' REPORT

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

AUDITORS

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

SECRETARIAL AUDIT

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

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PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

COMMITTEES OF THE BOARD

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

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

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

VIGIL MECHANISM

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

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

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

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

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

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

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

BOARD EVALUATION

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

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

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

CORPORATE GOVERNANCE

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

GENERAL

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

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

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place : Chennai
Date : 28th May, 2018

K J JOSEPH
Chairman
DIN 00434410

THOMAS JOHN
Vice Chairman
DIN 00435035

V.A. GEORGE
Managing Director
DIN 01493737