



Chairman's Speech at the 38th Annual General Meeting of the Company

Dear Shareholders,

Good Morning to all.

I am honoured to address you today as Chairman of a Company that continues to demonstrate resilience, innovation, and agility in a rapidly evolving landscape. Financial Year 2023-24 was a remarkable one with your Company migrating the trading in the Equity Shares from the SME platform (EMERGE) to the Main Board (Capital Market Segment) of NSE with effect from 10th October, 2023. Your Company incorporated its Subsidiary "TE Global FZ-LLC" ("TE Global") at Ras Al-Khaimah, UAE on 12th October, 2023. TE Global shall be selling various products that are being manufactured by Thejo Engineering Limited to various customers in the Middle East and other nearby/related geographies and shall also be rendering related service activities, enhancing connectivity to European and African markets.

As the Members are aware, the Company caters primarily to the core sector industries and has a balanced portfolio of products and services, which helps the Company to tap the business opportunity all through the business cycle of a customer. Your Company looks at taking services business to the international markets and expanding the distributorship for its products in overseas geographies as the key areas of opportunity for the future. With the expansion of operations and penetration into the UAE market, connectivity to international clients is likely to enhance, resulting in newer business opportunities and growth in exports over the medium term.

The Company has been offering bundled products and is taking various measures to establish its products and services in the overseas markets as well. Mill liners and pipe conveyor maintenance are other areas where the Company believes that there will be good growth opportunities. Improved distributorship networks, sustainable operations with concern for Environment, Social and Governance (ESG) aspects would provide competitive edge in the market in the medium and long run.

Financial Performance and Dividend

The financial performance of the Company in the year under review has shown good growth in terms of turnover and profitability. The turnover from Manufacturing Division has increased. The Services Division also witnessed a better performance with increase in turnover. With expansion in manufacturing facilities and increase in operations, corresponding increase is witnessed in depreciation costs. Marginal increase in other costs is commensurate to the increase in operations. The Company has also stepped up its Information Technology spending focussing on enhanced



digitization and digitalization. Exports registered a marginal dip of about 5% compared to the previous year.

At standalone level, the revenue from operations during FY24 was Rs. 391.57 crore with an EBITDA of Rs. 71.05 crore and a net profit of Rs. 38.05 crore, registering a growth of 45.49% in terms of EBITDA and 37.95% in terms of net profit.

At consolidated level, the revenue from operations during the year was Rs. 559.40 crore with an EBITDA of Rs. 103.50 crore and a net profit (attributable to the Owners of Company) of Rs. 55.64 crore, registering a growth of 65.41% and 71.63 % in terms of EBITDA and net profit (attributable to the Owners of the Company), respectively

The order book position of the Company as at the end of last month is about Rs. 224 crores out of which some of the medium-term contracts will spill over beyond the current financial year.

Now, I request Mr. Manoj Joseph, Managing Director to give an overview of our operations including a brief about our operational performance during the year.

<Overview of Operations by Mr. Manoj Joseph, Managing Director>

Respected Chairman, Vice Chairman, my co-Directors, Chairman Emeritus, Shareholders, colleagues, and friends, it's my privilege and pleasure in addressing this 38th Annual General Meeting of your Company.

As mentioned by our Chairman, financial year 2023-24 was a remarkable year for us as we migrated from the SME platform (EMERGE) to the Main Board (Capital Market Segment) of NSE and incorporated our Subsidiary TE Global FZ-LLC at Ras Al-Khaimah, UAE.

Just to contextualize things, I shall say a few words about the historical journey of the operations of the Company before I share my thoughts on the current operational position and way forward. Thejo began its journey as a service provider and is the pioneer for cold belt conveyor splicing in India. The service vertical of Thejo covers all related services like belt splicing, belt repairs, pulley lagging, etc. for installation, commissioning, and upkeep of various types of belt conveyors.

Aided by the expertise and exposure in the components that gets into conveyor belt related services, and the reliance of customers on our capabilities, we initially started to manufacture various rubber related products used in our services offering.

As a natural progression of our business, with the knowledge and expertise that we gained by our continuous presence in the mining industry, we made inroads into



manufacturing and supply of various engineered products for the mining, mineral processing, bulk material handling and corrosion protection industry.

I would like to give you a brief about the key divisions and their performance during the Financial Year 2023-24.

I shall start with our services division.

Technical Services

Thejo is the pioneer of cold vulcanizing technology for belt conveyors in the domestic market. We have established leadership position and maintained market share in the technical services for belt conveyor maintenance within the country. Despite the competition, we retain majority market share with steady growth in services segment. To retain our leadership position and to increase the revenue from the services vertical, we constantly look for devising new offerings that would add value to customers. In the past few years, we have introduced new offerings like 'Triple S' and belt scanning, about which I have explained in my address during the previous AGM.

When it comes to the challenges that we face in Technical Services, as we have indicated in the past, finding the right talent in terms of technical competency, culture, and efficiency is a challenging area. Our focus is on optimizing the cost through multiskilled manpower with focus on safety and continuous skill upgradation. International market has good potential for services sector with skilled manpower, for the Company to capitalise. However, developing the business in new geographies in a manpower intensive business will involve patience and ability to sustain during the initial phase of market development till we reach a critical mass.

Operations & Maintenance services (O&M)

As part of our service offerings, we started Operation and Maintenance services (O&M) to our customers some years back. Our original idea of O&M was more of an umbrella offering under which the full bouquet of relevant services and products could be combined together and offered to the customers so that the Customer gets an optimal Total Cost of Ownership. However, we still find that the market is yet to view the offering in the intended light. This line of activity continues to be viewed as a commodity and as a tool to outsource manpower with a sizeable trade credit by many customers.

As a result, the Company's bet on Operation and Maintenance (O&M) as the pivot for the future is yet to materialize on the ground as O&M continues to be viewed as a commodity with consequent price pressures bordering on manpower contract. Under these circumstances, the Company continued its approach to focus primarily on such O&M contracts that would add value to the Company as well as to the



customers. The Company continues to expect good potential in O&M in the long term as and when the market matures.

The services division aided by continuous relationship with customers, new offerings together with reasonable and measured growth in O&M, registered an increase in turnover of about 19% during the year.

Now, let me move to the products division.

Our product solutions are engineered to meet the requirement of the customers. Our products are designed based on our knowledge and understanding of the user requirements, aided by our longstanding relationship with them and the continuous presence of our service crew at their sites. Our product solutions broadly fall under five verticals namely, Conveyor Care, Transfer point solutions, Wear abrasion and separation, Filtration, and Corrosion protection. Barring very few, all the products have been designed by our R&D initiative and manufactured at our own manufacturing units. The manufacturing plants cater to rubber moulding and extrusions, polyurethane castings, industrial adhesives and coatings, metal fabrications, rubber lining activities, production of mill liners, rubber screens, diaphragms, shell lifter bars, pinch valves, splicing kits, rubber sheets, etc. During the year under review, the production of moulded and extruded products was 2,648 tonnes, which represents a growth of 16% over the previous year (2,289 tonnes). The production of adhesives during FY24 was 438 tonnes, which is a 19% growth over the previous year (369 tonnes). We expect the volumes to increase further in the medium term. Focus is on higher productivity and automation of processes, to gear up to meet the short and mid-term growth requirement.

In the above background, our product sales registered a growth of about 16% during the year under review.

The R&D Centre of the Company continues to play a key role in developing new and innovative products, as well as bringing about continuous improvement of existing products. Through the activities at our R&D Centre, we continuously look at ways to improve efficiency, reduce environmental impact, and enhance safety in our operations. As at the end of the financial year, the Company had applied for 33 product patents and three design protections, of which 25 product patents have been awarded and the balance are in process.

I hope that I was able to give a broad perspective about our operations, some of the latest developments and our views on our offerings.

Thank you and I hand this back to the Chairman.



<Continuation of Chairman's speech>

Thank you, Manoj.

I will now get into the performance of our subsidiaries.

Performance of Subsidiary Companies

During the year under review, the Company incorporated TE Global FZ-LLC ("TE Global") at Ras Al-Khaimah, UAE and subscribed 1000 shares of AED 1000 each in TE Global at face value (total value of investment is Rs. 2.27 crore), representing 100% stake.

As on date, the Company has five overseas subsidiaries. These subsidiaries are located in Saudi Arabia, Australia, Brazil, Chile and Ras Al-Khaimah, UAE. The subsidiaries have contributed significantly during the FY 2023-24.

Let me give a small brief about each of our five subsidiaries and their performance during FY24.

Thejo Hatcon Industrial Services Company (Thejo Hatcon) is our subsidiary located in Saudi Arabia. In this subsidiary, your Company holds 51% stake with the balance being held by Hatcon Industrial Services W.L.L. Thejo Hatcon has established a market for its service offerings and continued with its profitable operations during the year. During FY24, Thejo Hatcon registered a turnover of SAR 10.61 million (Rs.23.42 crore) with a net profit of SAR 2.66 million (Rs.5.88 crore).

Thejo Australia Pty Ltd (Thejo Australia) is our subsidiary in Australia where your Company was holding 74% stake with the balance being held by Bridgestone. As the Members are aware, the Board of your Company in November, 2022 approved the proposal of Bridgestone Mining Solutions Australia Pty Ltd to sell its entire stake in Thejo Australia Pty Ltd at the book value as on 31st March, 2022 with the shares being purchased by the Company or bought back by Thejo Australia Pty Ltd or as a combination of both through one of more tranches/transactions to be completed on or before 31st March 2025, subject to all necessary statutory compliances. Accordingly, the Company had purchased 16% stake in Thejo Australia during FY24 (for about AUD 7.98 lakhs, which is about Rs. 4.45 Crore). With this, the Company currently holds 90% stake in Thejo Australia. During the year, Thejo Australia achieved a turnover of AUD 25.40 million (Rs.138.89 crore) with a profit of AUD 0.73 million (Rs. 4.01 crore).

Thejo Brasil Comercio E Servicos Ltda (Thejo Brasil) is our subsidiary in Brasil, where we hold 99.99% stake. On the back of the steady establishment of our products and



our brand in the market, and with focus on mill lining, the operations of our subsidiary in Brasil, recorded substantial growth with good profits during the year. Thejo Brasil achieved a turnover of BRL 10.85 million (Rs. 17.76 Crore) and made a profit of BRL 6.24 million (Rs. 10.22 crore).

Thejo Engineering LatinoAmerica SpA (Thejo Chile) is our subsidiary located in Chile. Thejo Chile is primarily engaged in selling materials used in core sector industries for bulk material handling, mineral processing and corrosion protection. Our subsidiary in Chile achieved a turnover of CLP 1582.76 million (Rs. 14.96 Crore) with a profit of CLP 198.98 million (Rs. 1.88 Crore).

TE Global FZ-LLC (TE Global) is our new subsidiary incorporated at Ras Al-Khaimah, UAE, during FY24. TE Global is primarily engaged in selling various products that are manufactured by Thejo Engineering Limited to various customers in the Middle East and other nearby/ related geographies. During the period from its incorporation till 31st March, 2024, being a newly incorporated entity, TE Global did not register sales and reported a loss of AED 0.28 million (Rs. 0.63 Crore). (TE Global has received orders and starting billing from Q1 of this year).

The consistent performance of all our subsidiaries has resulted in good growth in revenue and profits achieved by the Company at the consolidated level.

Corporate Social Responsibility

During the year 2023-24, your Company spent Rs. 70.00 lakhs towards various CSR activities especially in the areas of preventive health care, promotion of education, hunger eradication, promotion of sports, etc.

Opportunities and Future Outlook

The last two years have seen the global economy struggling to deal with various challenges caused due to geopolitical issues, climate adaptation, digital and AI related transformation and the fragmentation of global trade. The ongoing two wars are also adding to the uncertainties. While the impact appears to have been reasonably contained, these uncertainties continue to undermine the confidence among consumers and businesses to spend, and therefore adversely impacting economic growth. Brighter prospects are expected to be around the corner with modest growth.

India has been one of the fastest-growing major economies over the past two decades. The strategy appears to have been effective and estimates suggest that India's GDP can continue to grow at 6.7% per year on average over the next decade. The expectation on the Indian economy continues to remain positive and so is the Company and the Management.



The recent order of the Hon'ble Supreme Court permitting states to levy royalty and tax on mineral bearing lands on retrospective basis from 1st April 2005 is expected to have some impact on mining industry. Though a staggered payment over a twelve-year period had been permitted, the impact of the same on mining players, their ability to pass on this burden to their customers, the impact that such pass-on would have on the customer industry would only evolve as more clarity emerge over time. Since the mining industry and some of the user industries are key customer of the Company, there could be some impact of this on the Company in the domestic business, though we expect the same to be minimal.

The impact of the crisis in China has resulted in the export of minerals and ores from Australia to China see a drastic drop in the recent past. The mining sector in Australia is expected to take some hit in the near future till things stabilize. Though the impact had been mainly on mining of nickel, lithium and iron ore, some of these sectors are our customers for our subsidiary in Australia. Our subsidiary in Australia is doing its best to overcome the challenges posed by the business environment.

Sustainability management with focus on environment will play a crucial role in future. Digitisation driven by AI is expected to replace manpower globally. AI-powered automation and IOT is being deployed to streamline processes, reduce operational costs, improve the quality of products and services, and enhance productivity and efficiency in various industries. Despite geopolitical crises, supply chain reorientations, global inflation, and climate change, in the overall balance, the outlook for the future is one of cautious optimism. The Company and the Management are prepared to take swift decisions based on emerging situation, keeping the interest of all stakeholders in mind.

Sustainability Initiatives

Your Company has commenced some initiatives under ESG. During my address at the last AGM, I had mentioned that the Company would be looking at alternate source of energy other than fossil fuels. Am happy to report to you, the Company is in the process of using solar power at its manufacturing unit. The Company has signed power purchase agreement with a supplier for installation of roof-top solar facility and supply solar power on an opex basis. Once the solar facility is established by the vendor, a major portion of the power requirement of our main plant will be met from sustainable source resulting in lesser carbon footprint. We are also keeping the environment in mind while developing new processes and products. Your Company has been presenting the Business Responsibility and Sustainability Report (BRSR) even when it was listed on the SME Exchange and is in the continuous process of identifying areas where we can make positive impact on ESG factors in our operations.



Our Core Values continue to pivot around:

- Satisfying the ever-changing demands of Customers through Creative Solutions
- Respecting and Protecting the Environment
- Encouraging Professionalism and Meritocracy
- Valuing and Nurturing Relationships with all Stakeholders
- Practicing High Ethical Standards

The Company has been making sincere efforts in adopting the best practices in Corporate Governance. We have a very competent Board with highly talented and experienced Directors with diversified skills.

To conclude, we would like to reaffirm our commitment to good governance, quick and swift business decisions based on emerging situation and above all keeping the interest of all stakeholders in mind in all our decisions and actions.

I take this opportunity to thank all our employees for their commitment, dedication and hard work. Your contributions are the cornerstone of our achievements.

I also thank all our stakeholders for the support extended to us and I look forward to your continued support as we embark on exciting years ahead.

Thank you.

Chennai
29th August, 2024

V.A. George
Executive Chairman

Note: This does not purport to be a record of the proceedings of the Annual General Meeting of the Company