



***Annual Report***  
**2018-19**



The logo consists of two components viz., Symbol and Logotype. The symbol is an asymmetrical composition comprising of three diagonal linear lines symbolising Dynamism, Futurism and Professionalism, encased in Marigold Orange parallelogram exhibiting Energy and Enthusiasm. This arrangement is supported by Steel Grey casing indicating the Strength, Will and Determination of the organisation. The logotype 'Thejo' appearing as Platinum Grey emphasizing the company's Stability and Solidity.

**BOARD OF DIRECTORS**

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

**REGISTERED OFFICE**

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

**FACTORIES**

**Unit – I:**

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

**Unit – II:**

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

**Unit – III:**

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

**Polyurethane Division:**

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

**Lining Division:**

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

**R&D CENTRE:**

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

**SUBSIDIARY COMPANIES**

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

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**FINANCIAL HIGHLIGHTS**

₹ in lakhs unless specified otherwise

Details	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Sales <sup>1</sup>	<b>18925.39</b>	17404.09	14927.65	14449.23	15603.02	13868.65	12440.65	10899.42	9012.59	6089.17
Other Income	<b>235.75</b>	160.82	173.88	123.44	112.31	144.68	211.58	249.63	98.61	164.15
Total Income <sup>1</sup>	<b>19161.14</b>	17564.91	15101.53	14572.67	15715.33	14013.33	12652.23	11149.05	9111.20	6253.32
Profit before interest, depreciation, amortisation and tax <sup>2</sup>	<b>2756.56</b>	2176.62	1777.04	1807.91	1774.59	2067.52	2020.66	1529.81	1003.28	757.31
Profit before interest & tax <sup>2</sup>	<b>2312.44</b>	1801.33	1385.05	1389.77	1322.00	1792.58	1817.79	1368.33	855.06	608.46
Profit before tax <sup>2</sup>	<b>1915.64</b>	1263.30	822.75	812.01	805.32	1342.36	1437.63	1001.26	577.74	350.93
Profit after tax <sup>2</sup>	<b>1357.14</b>	870.76	560.89	559.03	546.67	895.79	974.78	671.83	382.96	226.98
Net fixed assets	<b>2400.18</b>	2425.42	2068.21	2144.80	2239.75	2338.04	1504.89	1132.10	905.54	889.66
Share Capital	<b>343.70</b>	343.36	343.36	343.36	343.36	343.36	171.68	118.47	118.47	118.47
Reserves and Surplus	<b>9022.09</b>	7813.88	7065.30	6474.13	6059.73	5718.23	5159.45	2456.33	1610.80	1276.03
Networth	<b>9365.79</b>	8157.24	7408.66	6817.49	6403.09	6061.59	5331.13	2574.80	1729.27	1394.50
Total borrowings	<b>2167.07</b>	2185.97	3707.87	3694.18	3515.91	3092.85	2582.83	2134.70	1961.45	1993.57
Earnings per share <sup>3&amp;4</sup> (in ₹)	<b>39.51</b>	25.36	16.34	16.28	15.92	25.37	32.93	28.35	16.16	9.58
Dividend per share <sup>3</sup> (in ₹)	<b>5.00</b>	4.00	3.50	3.50	3.50	3.50	5.00	4.00	3.50	3.00
Book value per share <sup>3&amp;4</sup> (in ₹)	<b>272.50</b>	237.57	215.77	198.55	186.48	176.54	155.27	108.67	72.98	58.86
EBITDA / Total Income (%)	<b>14.39</b>	12.39	11.77	12.41	11.29	14.75	15.97	13.72	11.01	12.11
Profit before tax / Total Income (%)	<b>10.00</b>	7.19	5.45	5.57	5.12	9.58	11.36	8.98	6.34	5.61
Return on capital employed (%)	<b>20.05</b>	17.42	12.46	13.22	13.33	19.58	22.97	29.05	23.17	17.96
Return on closing net worth (%)	<b>14.49</b>	10.67	7.57	8.20	8.54	14.78	18.28	26.09	22.15	16.28

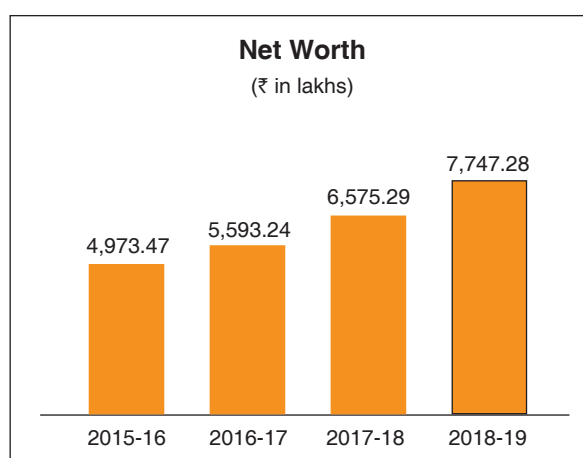
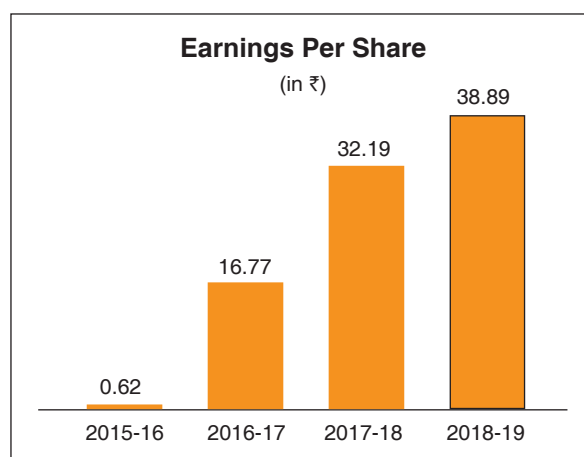
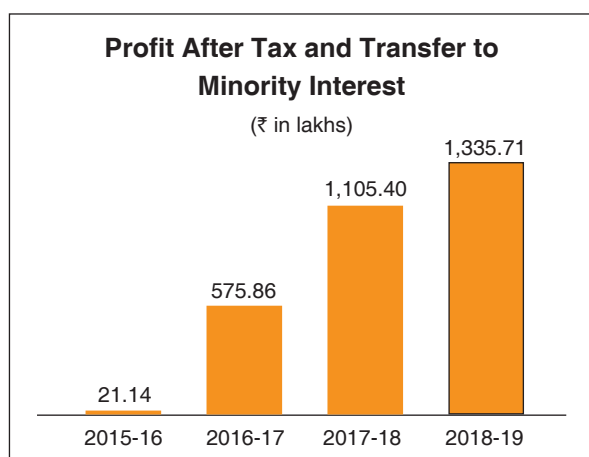
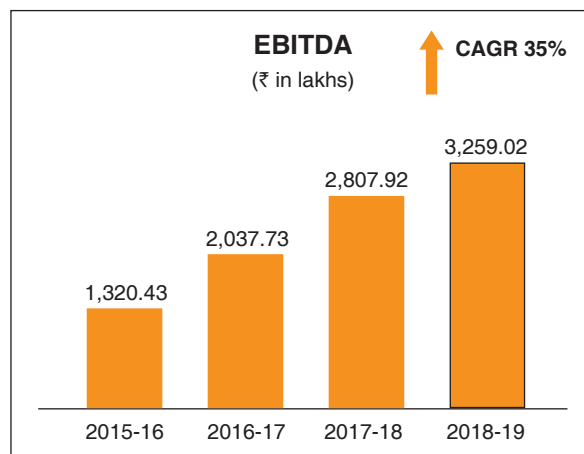
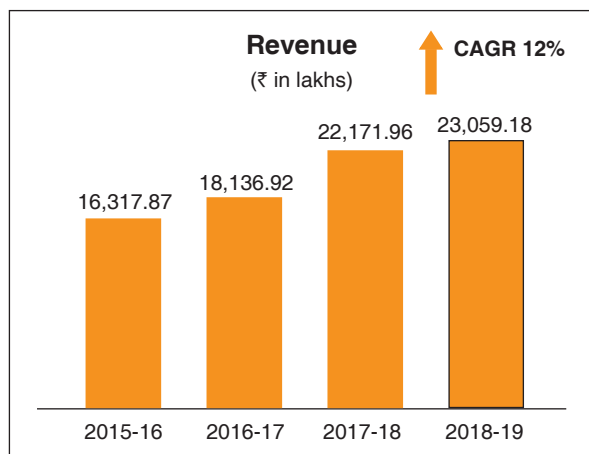
 Notes: <sup>1</sup> Net of excise duty and all other duties and taxes.

<sup>2</sup> Excluding exceptional items.

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

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

## KEY PERFORMANCE INDICATORS (Consolidated)



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**THEJO ENGINEERING LIMITED**

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

CIN : L27209TN1986PLC012833

Phone : 044 - 42221900 Fax : 044 - 42221910

E-mail : investor@thejo-engg.com

Website : www.thejo-engg.com

**NOTICE TO MEMBERS**

**NOTICE** is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of Thejo Engineering Limited will be held at 10 AM on Monday, the 19<sup>th</sup> August, 2019 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014, Tamil Nadu, India, to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt (a) the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019 together with the Reports of the Board of Directors and the Auditors thereon and (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019 together with the Report of the Auditors thereon and, in this regard, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March, 2019, together with the Reports of the Board of Directors and the Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.

**“RESOLVED FURTHER THAT** the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019, together with the Report of the Auditors thereon as circulated to the Members, be and are hereby considered and adopted.”

2. To declare dividend on Equity Shares for the Financial Year ended 31<sup>st</sup> March, 2019 and, in this regard, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT,** pursuant to the recommendation of the Board of Directors, dividend at the rate of ₹ 5 /- (Rupees Five Only) per equity share of the Company of the face value of ₹ 10/- (Rupees Ten Only) each fully paid-up be and is hereby declared for the Financial Year ended 31<sup>st</sup> March, 2019 and be paid out of the profits of the Company for the year 2018-19 to the Members whose names appear in the Register of Members of the Company or as beneficial owner in the records of the Depositories as on 12<sup>th</sup> August, 2019.”

3. To appoint a Director in place of Mr. V.A. George (DIN 01493737), who retires by rotation and, being eligible, seeks re-appointment as a Director and in this regard, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. V.A. George (DIN 01493737), who retires by rotation at this Meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

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**NOTICE TO MEMBERS**

4. To appoint a Director in place of Mr. Manoj Joseph (DIN 00434579), who retires by rotation and, being eligible, seeks re-appointment as a Director and in this regard, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Manoj Joseph (DIN 00434579), who retires by rotation at this Meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

**SPECIAL BUSINESS**

5. To re-appoint Mrs. Sujatha Jayarajan (DIN 00633989) as an Independent Director and, in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Sujatha Jayarajan (DIN 00633989), who was appointed as an Independent Director of the Company and who holds office of Independent Director up to 31<sup>st</sup> March, 2020 and being eligible, and in respect of whom the Compensation / Nomination and Remuneration Committee has recommended re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years on the Board of the Company with effect from 1<sup>st</sup> April, 2020 and not liable to retirement by rotation.

**“RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Sujatha Jayarajan (DIN 00633989) be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time, subject to such limits as prescribed or as may be prescribed from time to time.

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

By Order of the Board  
For THEJO ENGINEERING LIMITED

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

M.D. RAVIKANTH  
CFO & Secretary

**NOTES:**

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member.
2. The form of proxy duly completed in all respects shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting (“the



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**NOTICE TO MEMBERS**

Meeting"). A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.

3. Members / Proxies are requested to bring the duly filled Attendance Slip along with their copy of Annual Report to the Meeting.
  4. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays, Sundays and Public Holidays up to the date of the Meeting and at the venue of the Meeting.
  5. The Register of Members and Share Transfer Books will remain closed from 13<sup>th</sup> August, 2019 to 19<sup>th</sup> August, 2019 (both days inclusive).
  6. Additional information pursuant to Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and under Secretarial Standard on General Meetings (SS-2), in respect of the Directors seeking appointment / re-appointment at the Meeting is furnished in the Explanatory Statement annexed to this Notice. The Directors have furnished their consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules there under.
  7. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution, authorising their representatives to attend and vote on their behalf at the Meeting and/or at any adjournment thereof.
  8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited.
  9. Members may also note that the Notice of the 33<sup>rd</sup> Annual General Meeting and the Annual Report for the Financial Year 2018-19 are available on the Company's website [www.thejo-engg.com](http://www.thejo-engg.com) for download. The physical copies of the aforesaid documents are open for inspection at the Company's Registered Office during normal business hours on working days except Saturdays, Sundays and Public Holidays up to the date of the Meeting. They will also be available for inspection by the Members at the venue of the Meeting. Members may also send their request for physical copies of the aforesaid documents to the Company's designated email id: [investor@thejo-engg.com](mailto:investor@thejo-engg.com)
  10. Members having any query or desiring any information pertaining to Annual Accounts are requested to write to the Company at an early date to enable the Company to answer the queries at the Meeting.
  11. The Company is pleased to offer e-voting facility which will enable the Members to cast their votes electronically on all the Resolutions set out in the Notice.
  12. E-Voting Facility:
    - (i) The e-voting period commences on Friday, 16<sup>th</sup> August, 2019 (9 a.m.) and ends on Sunday, 18<sup>th</sup> August, 2019 (5 p.m.). The cut-off date for determining the eligibility of Members for the remote e-voting and poll is Monday, 12<sup>th</sup> August, 2019. The e-voting module shall be disabled for voting after the end of the e-voting period.
    - (ii) During the e-voting period, the Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 12<sup>th</sup> August, 2019, may cast their vote electronically.
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### NOTICE TO MEMBERS

Once the vote on the resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- (iii) The Company has engaged Central Depository Services (India) Limited ("CDSL") to offer E-voting facility to all the Members to enable them to cast their vote electronically.
- (iv) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/ Beneficial Owner (in case of shares held in dematerialized form) as on the cut-off date i.e., 12<sup>th</sup> August, 2019. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories on the aforesaid cut-off date shall only be entitled to avail the facility of remote e-voting/ poll.
- (v) E-voting is optional for Members. Members who have voted electronically through remote e-voting shall not be allowed to vote at the Annual General Meeting.
- (vi) Members desiring to exercise their vote by using e-voting facility should follow carefully the instructions given below:
  - a) The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - b) Click on Shareholders/Members tab.
  - c) Now Enter your User ID
  - d) For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - e) Next enter the Image Verification as displayed and Click on Login.
  - f) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - g) If you are a first time user, follow the steps given below:

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

- h) After entering these details appropriately, click on "SUBMIT" tab.
- i) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu

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**NOTICE TO MEMBERS**

wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- j) For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- k) Click on the relevant EVSN of Thejo Engineering Limited on which you choose to vote.
- l) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- n) After selecting the Resolution you have decided to vote on, click on “SUBMIT.” A confirmation box will be displayed. If you wish to confirm your vote, click on “OK” or else to change your vote, click on “CANCEL” and accordingly modify your vote.
- o) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- p) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- q) If a demat account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- r) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for Android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store, respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- s) Note for Non-Individual Shareholders and Custodians
  - i. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - iii. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - iv. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and, on approval of the accounts, they would be able to cast their vote.
  - v. A scanned copy each of the Board Resolution and the Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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**NOTICE TO MEMBERS**

- t) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
13. Pursuant to Section 107 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, there will not be any voting by show of hands on any of the Agenda items at the Meeting and the Company will conduct polling at the Meeting.
14. The Board of Directors have appointed Mr. G. Porselvam, Practising Company Secretary (FCS 9322, CP 3187) as Scrutinizer for conducting the remote electronic voting process in a fair and transparent manner.
15. The Scrutinizer shall submit his report to the Chairman of the Company, on the votes cast in favour or against, after scrutiny.
16. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the website of the Company [www.thejo-engg.com](http://www.thejo-engg.com) The results shall simultaneously be communicated to the Stock Exchange(s).

By Order of the Board  
For THEJO ENGINEERING LIMITED

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

M.D. RAVIKANTH  
CFO & Secretary

## NOTICE TO MEMBERS

**Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to the Notice dated 28<sup>th</sup> May, 2019 convening the 33<sup>rd</sup> Annual General Meeting of the Company**

### Item No. 5

Mrs. Sujatha Jayarajan was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014. She holds office as an Independent Director of the Company up to 31<sup>st</sup> March, 2020 ("first term" in line with the explanation to Sections 149 (10) and 149 (11) of the Companies Act, 2013).

Pursuant to Sections 149, 152, 160 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Compensation / Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended the re-appointment of Mrs. Sujatha Jayarajan as an Independent Director on the Board of the Company for a second term of 5 (five) consecutive years.

The Board, in accordance with the recommendation of the Compensation / Nomination and Remuneration Committee, considers that, given her experience and contribution made during her tenure, the continued association of Mrs. Sujatha Jayarajan will be beneficial to the Company and it is desirable to continue to avail of her services as an Independent Director. Accordingly, it is proposed to re-appoint Mrs. Sujatha Jayarajan as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Mrs. Sujatha Jayarajan is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

A brief profile with other details of Mrs. Sujatha Jayarajan is given below:

Name of the Director	Mrs. Sujatha Jayarajan
Age	64 years
Director Identification Number	00633989
Date of joining of the Board	6 <sup>th</sup> March, 2015
Profile of the Director	Mrs. Sujatha Jayarajan is a Post Graduate in English. She has more than 33 years of experience in the financial sector, IT and electronics, of which she was in a public sector bank for more than 15 years. She has served in senior management positions of various Companies such as EC Media International Pvt. Ltd., California Software Company Ltd. and India Cements Capital Ltd., besides State Bank of Mysore. She has also served on the Boards of three Companies.
Terms and conditions of re-appointment	As per the proposed Resolution at Item No. 5 of the Notice of AGM dated 28 <sup>th</sup> May, 2019 convening the 33 <sup>rd</sup> Annual General Meeting.
Remuneration last drawn	Sitting fees of ₹ 4.75 lakhs during the Financial Year 2018-19.
Remuneration proposed to be paid	As per the proposed Resolution at Item No. 5 of the Notice of AGM dated 28 <sup>th</sup> May, 2019 convening the 33 <sup>rd</sup> Annual General Meeting.
Number of Meetings of the Board attended during the year(FY18-19)	4 (Four)
No. of shares held in the Company	Nil

### NOTICE TO MEMBERS

Directorships of other Boards as on 31 <sup>st</sup> March, 2019	1. Chemfab Alkalies Limited
Membership / Chairmanship of Committees of other Boards as on 31 <sup>st</sup> March, 2019	1. Chemfab Alkalies Limited, Member – Audit Committee

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

In the opinion of the Board, Mrs. Sujatha Jayarajan, fulfills the conditions specified in Sections 149,152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and is independent of the Company's Management. Further, Mrs. Sujatha Jayarajan has given a declaration to the Board of Directors to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Your Directors recommend the Special Resolution set out at Item No. 5 of the Notice for the approval of the Members.

Other than Mrs. Sujatha Jayarajan and her relatives, none of the Directors, Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the proposed Special Resolution as set out in Item No.5 of the Notice. This Explanatory Statement may also be regarded as disclosure under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard on General Meeting (SS-2).

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

#### Information on Mr. V.A. George:

Name of the Director	Mr. V.A. George
Age	69 years
Director Identification Number	01493737
Date of joining of the Board	15 <sup>th</sup> July, 2013
Profile of the Director	Mr. V.A. George is a Mechanical Engineer and he holds a Post Graduate Diploma in Management, in addition to being a Certified Associate of the Indian Institute of Banking and Finance. He has experience of more than four decades in the Corporate and Banking Sectors (both, in public and private), out of which more than 25 years in Senior Management positions.
Terms and conditions of re-appointment	Mr. V.A. George is proposed to be re-appointed as a Director, liable to retire by rotation. As per the Resolution passed by the Members at the Annual General Meeting held on 20 <sup>th</sup> August, 2018, Mr. V.A. George was re-appointed as Managing Director for a period of three years up to 14 <sup>th</sup> July, 2021 as per the terms and conditions contained therein.
Remuneration last drawn	Rs. 90 lakhs during the Financial Year 2018-19.
Remuneration proposed to be paid	As per existing terms and conditions.
Number of Meetings of the Board attended during the year(FY18-19)	4 (Four)

## NOTICE TO MEMBERS

No. of shares held in the Company	50,000 equity shares as on 31 <sup>st</sup> March, 2019
Directorships of other Boards as on 31 <sup>st</sup> March, 2019	1. Ghatfresh Private Limited 2. Belstar Investment and Finance Private Limited
Membership / Chairmanship of Committees of other Boards as on 31 <sup>st</sup> March, 2019	Nil

Mr. V.A. George is not related to any other Director / Key Managerial Personnel.

**Information on Mr. Manoj Joseph:**

Name of the Director	Mr. Manoj Joseph
Age	49 years
Director Identification Number	00434579
Date of joining of the Board	04 <sup>th</sup> October, 2001
Profile of the Director	Mr. Manoj Joseph is currently a Whole-time Director of the Company. He is a Graduate in Electrical and Electronics Engineering with a Post Graduate Diploma in Business Administration. He joined Thejo Engineering Limited in 1991 and has worked in various Departments such as Materials, Planning, Manufacturing and Sales. He was Head of Manufacturing till 2007, when he assumed charge as Head of Marketing.
Terms and conditions of re-appointment	Mr. Manoj Joseph is proposed to be re-appointed as a Director, liable to retire by rotation. As per the Resolution passed by the Members at the Annual General Meeting held on 26 <sup>th</sup> August, 2015, Mr. Manoj Joseph was re-appointed as a Whole-time Director for a period of five years upto 19 <sup>th</sup> June, 2020 as per the terms and conditions contained therein.
Remuneration last drawn	Rs. 37.02 lakhs (excluding retirement benefits and commission) during the Financial Year 2018-19
Remuneration proposed to be paid	As per existing terms and conditions.
Number of Meetings of the Board attended during the year (FY18-19)	4 (Four)
No. of shares held in the Company	1,65,860 equity shares as on 31 <sup>st</sup> March, 2019
Directorships of other Boards as on 31 <sup>st</sup> March, 2019	Nil
Membership / Chairmanship of Committees of other Boards as on 31 <sup>st</sup> March, 2019	Nil

Mr. Manoj Joseph, Whole-time Director, is the son of Mr. K.J. Joseph, Chairman and is not related to any other Director / Key Managerial Personnel.

By Order of the Board  
For THEJO ENGINEERING LIMITED

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

M.D. RAVIKANTH  
CFO & Secretary



### BOARD'S REPORT

The Board of Directors are pleased to present the Thirty Third Annual Report of the Company and its audited financial statements (standalone and consolidated) for the Financial Year ended March 31, 2019. The summarized financial results for the year ended March 31, 2019 are given below:

₹ in lakhs

	Standalone		Consolidated	
	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
Profit before Exceptional Items, Interest, Depreciation and Tax	<b>2,756.56</b>	2,176.62	<b>3,259.02</b>	2,807.92
Less: Exceptional Item	-	-	-	-
Profit before Interest, Depreciation and Tax	<b>2,756.56</b>	2,176.62	<b>3,259.02</b>	2,807.92
Less: Interest	<b>396.80</b>	538.03	<b>452.59</b>	559.42
Profit before Depreciation and Tax	<b>2,359.76</b>	1,638.59	<b>2,806.43</b>	2,248.50
Less: Depreciation	<b>444.12</b>	375.29	<b>646.80</b>	541.77
Net Profit before Taxes	<b>1,915.64</b>	1,263.30	<b>2,159.63</b>	1,706.73
Less: Taxation (Including Deferred Tax)	<b>558.50</b>	392.54	<b>676.90</b>	396.64
Net Profit After Tax before Transfer to Minority Interest	<b>1,357.14</b>	870.76	<b>1,482.73</b>	1,310.09
Less: Transfer to Minority Interest	-	-	<b>147.02</b>	204.69
Net Profit After Tax and Transfer to Minority Interest	<b>1,357.14</b>	870.76	<b>1,335.71</b>	1,105.40
Add: Brought forward from previous year	<b>5,288.11</b>	4,561.99	<b>3,706.27</b>	2,766.72
Balance Available for Appropriations	<b>6,645.25</b>	5,432.75	<b>5,041.98</b>	3,872.12
Appropriations:				
Transfer to General Reserve	-	-	-	-
Dividend	<b>137.34</b>	120.18	<b>137.34</b>	120.18
Dividend Distribution Tax	<b>28.23</b>	24.46	<b>28.23</b>	24.46
Transfer to Statutory Reserve/FCTR	-	-	<b>31.18</b>	21.21
Balance Carried over to Balance Sheet	<b>6,479.68</b>	5,288.11	<b>4,845.23</b>	3,706.27

Note: Dividend and Dividend Distribution tax represent dividend declared at the 32<sup>nd</sup> AGM held on August 20, 2018. No appropriation for dividend and dividend distribution tax has been made in the Accounts for the dividend recommended for the Financial Year 2018-19, pending approval by the Members at the ensuing Annual General Meeting in line with Accounting Standard (AS) 4.



## BOARD'S REPORT

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

Your Company has continued to focus on profitability of operations by enhancing the share of value-added products and services which have contributed to significant increase in the profitability.

### STANDALONE

Your Company recorded revenue (from operations) of ₹ 19,032.84 lakhs for the year ended March 31, 2019 as against ₹ 17,425.30 lakhs in the previous year. It achieved EBITDA of ₹ 2,756.56 lakhs (previous year ₹ 2,176.62 lakhs), resulting in net profit of ₹ 1,357.14 lakhs as against ₹ 870.76 lakhs in 2017-18, registering a growth of 27% and 56% in terms of EBITDA and net profit, respectively.

### CONSOLIDATED

The Consolidated Financial Statements of the Company have been prepared as per Accounting Standard 21 of the Institute of Chartered Accountants of India. The Company's consolidated revenue from operations in the year under review aggregated ₹ 22,946.89 lakhs (previous year ₹ 22,094.30 lakhs) on which it made EBITDA of ₹ 3,259.02 lakhs (previous year ₹ 2,807.92 lakhs) and net profit (after transfer to Minority Interest) of ₹ 1,335.71 lakhs as against ₹ 1,105.40 lakhs in 2017-18, registering a growth of 16% and 21% in terms of EBITDA and net profit (after transfer to Minority Interest), respectively.

### DIVIDEND

The Board of Directors are pleased to recommend payment of dividend of 50% i.e. ₹ 5/- per equity share of ₹ 10/- each for the Financial Year ended March 31, 2019 (previous year – 40%). The dividend amount of ₹ 171.85 lakhs (previous year - ₹ 137.34 lakhs) together with dividend distribution tax of ₹ 34.98 lakhs (previous year – ₹ 27.95 lakhs) will absorb a sum of ₹ 206.83 lakhs (previous year – ₹ 165.29 lakhs) based on the number of shares outstanding as on March 31, 2019. The dividend payment is subject to the approval of the Members at the ensuing Annual General Meeting.

### EMPLOYEES STOCK OPTION SCHEME

The Members of the Company at their 29<sup>th</sup> Annual General Meeting held on August 26, 2015 had approved the Thejo Employee Stock Option Plan 2015 ("ESOP 2015"), with a view to attracting and retaining the best talent and promoting increased participation by the employees in the growth of the Company.

The Compensation / Nomination and Remuneration Committee of the Board *inter alia* administers and monitors the Employees' Stock Option Scheme, 2015 of the Company.

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 24.10 forming part of the Financial Statements. As per Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular dated June 16, 2015, the details of the ESOPs are uploaded on the Company's website [http://www.thejo-engg.com/thejo-admin/upload/esop/esop\\_2018\\_19.pdf](http://www.thejo-engg.com/thejo-admin/upload/esop/esop_2018_19.pdf)

During the year under review, the total shareholding of the Company changed due to the allotment made under ESOP 2015. The details of movement in shareholding are as follows:

Date	Details	No. of equity shares allotted	No. of equity shares after allotment
April 1, 2019	Opening Balance		34,33,552
September 7, 2018	Allotment under ESOP	1000	34,34,552
December 14, 2018	Allotment under ESOP	1000	34,35,552
February 4, 2019	Allotment under ESOP	1400	34,36,952

## BOARD'S REPORT

A Certificate from the Auditors of the Company as required under Regulation 13 of Securities & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, is attached to the Board's Report.

### CREDIT RATING

CRISIL Limited (CRISIL) has retained the Fundamental Grade of 5/5 and has assigned the Current Market Price Grade of 4/5 for the equity shares of the Company under SME IER (Independent Equity Research) vide its latest report dated January 14, 2019. The historical details of Grades assigned to the Company by CRISIL under SME IER are given in the table below:

Date	Nature of Report	Fundamental Grade	Current Market Price Grade (on the date of report)
<b>January 14, 2019</b>	<b>Detailed Report</b>	<b>5/5</b>	<b>4/5</b>
October 19, 2018	H2FY18 Result Update	5/5	3/5
January 2, 2018	H1FY18 Result Update	5/5	3/5
September 14, 2017	H2FY17 Result Update	5/5	2/5
January 11, 2017	H1FY17 Result Update	5/5	5/5
September 27, 2016	Detailed Report	5/5	4/5
January 5, 2016	H1FY16 Result Update	5/5	3/5
July 13, 2015	H2FY15 Result Update	5/5	3/5
December 8, 2014	Detailed Report	5/5	4/5
June 27, 2014	H2FY14 Result Update	5/5	3/5
May 9, 2014	Detailed Report	5/5	3/5

Fundamentals Grading: 5/5 – Excellent Fundamentals

Valuation Grading: 4/5 – CMP has upside

During the Financial Year 2018-19, CRISIL has upgraded the long-term rating on the bank facilities of the Company from CRISIL BBB/Positive to CRISIL BBB+/Stable and short-term rating from CRISIL A3+ to CRISIL A2.

### REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS ENVIRONMENT

During the current Financial Year (FY 2018-19), core sector industries grew by 4.3% against 4.8% in the previous year. Steel sector, one of the key sectors catered by the Company, fared well during FY 2018-19 aided by good performance during H1 FY19. This helped the Company to get continuous orders from the major companies in the sector which assisted the Domestic Services and Products Division considerably. Some of the key steel sector assets like Essar Steel and Bhushan Steel have been taken over by successful bidders under the Insolvency and Bankruptcy Code, 2016 (IBC). We expect the sector to continue to perform well in the short to medium term, though there will be constant pressure on account of commodity prices.

Internationally, the mining industry in Western Australia has stabilized. This has helped our subsidiary in Australia to continue its profitable operations. We expect the trend to continue into FY 20. The oil prices have also increased and remained at reasonable levels during FY19. This has assisted the industries in Saudi Arabia to some extent, which in turn has enabled Thejo Hatcon to increase its turnover and profitability. The Brazilian economy grew by about 1% during 2018 and remained steady. The growth of the Chile economy

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## **BOARD'S REPORT**

was fluctuating during the year and there was some rebound in the Mining industry. The operations of Brazil and Chile remained steady and poised for growth in the medium term.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The core sector industries to which the Company caters, registered reasonable growth during the year under review. Steel sector continued its good performance during the year despite some drag during H2 FY19 on account of price pressure. The power sector showed moderate growth. During the year, banks have initiated corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 in a number of cases. The impact of such cases and their ultimate outcome will have an overall bearing on the business environment and conduct and it would be known in the medium term.

The Company has focussed its attention on value-added products and on increasing services business. This has resulted in increase in the Company's overall margins 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 cyclical 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 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 the Research and Development Team have 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 despite price pressures 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.

In the long run, Operation and Maintenance (O&M) contracts would become key for the Company's domestic business with services and products being supplied to customers as part of such contract. Currently, the

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**BOARD'S REPORT**

O&M sector continues to border on manpower supply and is viewed as a commodity with consequent price pressures. There are only a few projects where O&M contracts are being given purely based on performance parameters. The Company consciously decided to stay away from O&M contracts in the nature of manpower supply. As a result, the Division did not bag any substantial orders during FY19 as the 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 reasonable growth and it expects to gain momentum in the coming years. 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 and reference of many companies for resolution under IBC 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 outgoing Central Government has returned to power with an absolute majority in the General Elections held in 2019. This will ensure a stable Government with continuity in the existing policies and further building upon them. The renewed mandate will facilitate the new Government to bring in key industrial reforms in labour, land acquisition, etc as well as to create conducive environment for economic growth and ease of doing business. Moreover, the expected focus on infrastructure and power will assist the core sector industries in the medium term.

**FINANCIAL PERFORMANCE**

The financial performance of the Company in the year under review has shown continued growth momentum. The Manufacturing Division has recorded an increase in turnover and profitability on account of increase in 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. Exports have shown a growth of about 19% 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 1057 tonnes during 2018-19, registering a growth of 3% over the previous year (1028 tonnes). The production of adhesives during the year under review was 356 tonnes, showing a growth of 13% over the previous year (316 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 24.4, 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, fluctuations in forex, cases pending under the 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 up gradation, 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.

### SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the Financial Year 2018-19, continued focus on value-added products enabled the Company to increase its net profit to ₹ 1357.14 lakhs from ₹ 870.76 lakhs in the previous year. Similarly, the efforts taken in respect of receivables management helped the Company to reduce the utilization of fund based working capital during the year, resulting in substantial reduction in finance cost. These factors contributed to significant change in the key financial ratios and return on net worth as contained in the table below:

Ratio	FY 2018-19	FY 2017-18
Interest Coverage Ratio (Times)	5.83	3.35
Net Profit Margin (%)	7.17	4.97
Return on Net worth (%)	15.49	11.19

### 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

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**BOARD'S REPORT**

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.

**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 99.80% shareholding.

**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, April 1, 2018 to March 31, 2019, Thejo Hatcon achieved a turnover of SAR 8.11 million (₹ 1,453.31 lakhs) on which it made a net profit of SAR 1.40 million (₹ 264.63 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, April 1, 2018 to March 31, 2019, Thejo Australia achieved a turnover of AUD 6.02 million (₹ 2,985.29 lakhs) with a profit of AUD 0.17 million (₹ 69.69 lakhs).

Thejo Brasil Comercio E Servicos Ltda (Thejo Brasil) is mainly engaged in selling of materials used in core sector industries for bulk material handling, mineral processing and corrosion protection. During the period, April 1, 2018 to March 31, 2019, Thejo Brasil achieved a turnover of BRL 0.53 million (₹ 98.11 lakhs) and incurred a loss of BRL 0.02 million (₹ 5.21 lakhs).

Thejo Engineering LatinoAmerica SpA (Thejo Chile) is primarily engaged in selling materials used in core sector industries for bulk material handling, mineral processing and corrosion protection. During the period, April 1, 2018 to March 31, 2019, Thejo Chile achieved a turnover of USD 0.73 million (₹ 487.37 lakhs) and had incurred a loss of USD 0.15 million (₹ 83.75 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), with Mr. V.K. Srivastava as Chairman and Mr. K.J. Joseph, Mr. Thomas John and Mr. V.A. George as Members.



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**BOARD'S REPORT**

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, recommending the amount to be spent on CSR activities and monitoring the implementation of the framework of the CSR Policy. The CSR Policy is provided in the Corporate Governance Report.

During the year 2018-19, the Company was required to incur CSR expenditure of ₹ 19.32 lakhs being 2% of the average net profits for the immediately preceding three Financial Years. In compliance with this requirement, the Company spent ₹ 19.50 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. Brief particulars of the CSR projects undertaken are given in Annexure 2, forming part of the Board's Report.

**EXTRACT OF ANNUAL RETURN**

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 extract is uploaded on the Company's website [http://www.thejo-engg.com/thejo-admin/upload/allstatutory/mgt9\\_fy1819.pdf](http://www.thejo-engg.com/thejo-admin/upload/allstatutory/mgt9_fy1819.pdf)

**NUMBER OF MEETINGS OF BOARD**

Four meetings of the Board of Directors were held during year. Particulars of the meetings held and the Directors present are given in the Corporate Governance Report, which forms 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 March 31, 2019, 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 March 31, 2019 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 March 31, 2019 does not contain any qualification.

**AUDITORS**

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

## BOARD'S REPORT

### SECRETARIAL AUDIT

The Board appointed Mr. G. Porselvam, Practising Company Secretary, to conduct Secretarial Audit for the Financial Year 2018-19. 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

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 five Committees of the Board of Directors, namely, the Audit Committee, Compensation/Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Shareholders' and Investors' Grievance Committee and Allotment 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
Allotment Committee	Mr. A Satyaseelan Mr. K J Joseph Mr. Thomas John Mr. V A George Mr. Manoj Joseph Mr. Rajesh John	Independent Director, Chairman Non-Executive Director, Member Non-Executive Director, Member Managing Director, Member Whole-time Director, Member Whole-time Director, Member

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



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**BOARD'S REPORT****VIGIL MECHANISM**

The Company has put in place Whistle Blower Policy and has 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. V A George (DIN 01493737), Managing Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

Mr. Manoj Joseph (DIN 00434579), Whole-time Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mrs. Sujatha Jayarajan (DIN 00633989), 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 March 31, 2020 ("first term"), at the 29<sup>th</sup> Annual General Meeting of the Company. The Board of Directors on the recommendation of the Compensation / Nomination and Remuneration Committee have recommended the re-appointment of Mrs. Sujatha Jayarajan 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 Director. Section 178(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 duly 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.

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**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. Receipt of remuneration or commission by the Managing Director or the Whole-time Directors of the Company from any of its subsidiaries.
4. 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

Chennai  
28<sup>th</sup> May, 2019

K J JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

V.A. GEORGE  
Managing Director  
DIN 01493737

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

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

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

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

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

- Improved efficiency by use of diesel generators in case of emergency and as stand-by.

**iii. Capital Investments on energy conservation equipment**

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

**B) TECHNOLOGY ABSORPTION**

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

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

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

**c) Benefits derived as a result of R&D**

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

**d) Expenditure on R&D**

₹ in lakhs

Particulars	2018-19
Capital	0.27
Revenue (excluding depreciation)	95.13
Total	95.40
Total R&D expenditure as a % of total turnover	0.50%

## ANNEXURE TO BOARD'S REPORT

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

## a) Payments in foreign currency towards Imports

₹ in lakhs

Imports at CIF Value	2018-19	2017-18
Raw Materials and Traded Goods	690.02	332.26
Capital Goods	0.14	40.44
Total	690.16	372.70

## b) Payments in foreign currency towards Expenditure

₹ in lakhs

Expenditure in foreign currency	2018-19	2017-18
Professional and consultation fees	9.81	9.11
Foreign Tour	6.06	10.17
Salaries & Incentives of Perth Branch	335.40	388.00
Other Expenditure of Perth Branch	268.14	251.63
Others	13.58	52.31
Total	632.99	711.22

## c) Earnings in foreign currency on Accrual basis

₹ in lakhs

Earnings in foreign exchange	2018-19	2017-18
Exports – Products	3,225.54	2,714.36
Exports – Services	0.33	146.56
Total	3,225.87	2,860.92

## d) Net Gain or Loss on Foreign Currency Translation

₹ in lakhs

Description	2018-19	2017-18
Profit/(Loss) on Foreign Currency Translation	65.36	24.62

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

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

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

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

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

<http://www.thejo-engg.com/thejo-admin/upload/allstatutory/CSR%20Activities%202018-19.pdf>

### ANNEXURE TO BOARD'S REPORT

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

**Average Net Profits of the Company for the last three Financial Years:** ₹ 966.02 lakhs

**Prescribed CSR Expenditure (2% of the above amount):** ₹ 19.32 lakhs

**Details of CSR spend during the Financial Year**

- a) Total amount to be spent for the Financial Year : ₹ 19.32 lakhs  
b) Amount spent : ₹ 19.50 lakhs  
c) Amount unspent, if any : Nil

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

₹ in Lakhs

CSR Project/ activity/ beneficiary	Sector	Location of the project / program	Amount outlay (Budget)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent directly / implementing agency
Madras Egmore Lions Blood Bank and Research Foundation	Preventive Health Care	Chennai	5.00	5.00	5.00	Directly
Rehabilitation during Gaja Cyclone	Disaster Relief	Tamil Nadu	0.37	0.37	0.37	Directly
Rotary District 3232 Charitable Trust	Preventive Health Care	Chennai	0.50	0.50	0.50	Directly
Rehabilitation during Gaja Cyclone	Disaster Relief	Chennai	1.00	1.00	1.00	Directly
Congregation of the Sisters of St. Joseph of Cluny	Promoting Education	Karaikal	1.00	1.00	1.00	Directly
The Akshaya Patra Foundation	Malnutrition and hunger eradication	Chennai	5.00	5.00	5.00	Directly
Mellow Circle Prathyasha Trust	Setting up homes and hostels for women and orphans	Kancheepuram	1.00	1.00	1.00	Directly
Dean Foundation	Preventive Health Care	Chennai	1.00	1.00	1.00	Directly
Rotary Club of Madras Marina	Promoting Education	Chennai	1.00	1.00	1.00	Directly
National Defence Fund	National Defence Fund	National Defence Fund	3.63	3.63	3.63	Directly
<b>Total</b>			<b>19.50</b>	<b>19.50</b>	<b>19.50</b>	

### 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 : 28<sup>th</sup> May, 2019

V.A. GEORGE  
Managing Director  
DIN 01493737

V.K. SRIVASTAVA  
Chairman of CSR Committee  
DIN 00611678

## ANNEXURE TO BOARD'S REPORT

### ANNEXURE 3 TO BOARD'S REPORT

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

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31<sup>st</sup> March, 2019

[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 <sup>th</sup> 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	VDS House, No. 41 Cathedral Road, Chennai – 600 086, 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	38.88%
2	Other Rubber Products	2219	12.46%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Thejo Hatcon Industrial Services Company	P.O. Box No. 991, Alkhobar 31952, Kingdom of Saudi Arabia.	N.A	Subsidiary	51	2(87)
2	Thejo Australia Pty Ltd	No. 5, Kalmia Road, Bibra Lake, WA - 6163	N.A	Subsidiary	74	2(87)
3	Thejo Brasil Comercio E Servicos Ltda	AV Brasil, 839, Sala:4, Vinhedo, CEP 13280-000, SP, Brasil.	N.A	Subsidiary	99.99	2(87)
4	Thejo Engineering LatinoAmerica SpA	La Dehesa Avenue, No 181 – Office 312, District: Lo Barnechea, Santiago, Chile.	N.A	Subsidiary	99.80	2(87)

## ANNEXURE TO BOARD'S REPORT

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

## i. Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2019)				% change during the year
		Demat	Physical	Total	% of total shares <sup>(1)</sup>	Demat	Physical	Total	% of total shares <sup>(2)</sup>	
A.	Promoters									
(1)	Indian									
a)	Individual/HUF	19,46,940	-	19,46,940	56.70	19,46,340	-	19,46,340	56.63	(0.07)
b)	Central Govt.	-	-	-	-	-	-	-	-	-
c)	State Govt (s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	-	-	-	-	-	-	-	-	-
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>19,46,940</b>	<b>-</b>	<b>19,46,940</b>	<b>56.70</b>	<b>19,46,340</b>	<b>-</b>	<b>19,46,340</b>	<b>56.63</b>	<b>(0.07)</b>
(2)	Foreign									
a)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)	Other-Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>19,46,940</b>	<b>-</b>	<b>19,46,940</b>	<b>56.70</b>	<b>19,46,340</b>	<b>-</b>	<b>19,46,340</b>	<b>56.63</b>	<b>(0.07)</b>
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks/FI	-	-	-	-	-	-	-	-	-
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	3,17,072	-	3,17,072	9.23	3,16,672	-	3,16,672	9.21	(0.02)
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others	97,200	-	97,200	2.83	69,600	-	69,600	2.03	(0.80)
	<b>Sub-total (B)(1)</b>	<b>4,14,272</b>	<b>-</b>	<b>4,14,272</b>	<b>12.06</b>	<b>3,86,272</b>	<b>-</b>	<b>3,86,272</b>	<b>11.24</b>	<b>(0.82)</b>

ANNEXURE TO BOARD'S REPORT

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

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01 <sup>st</sup> April, 2018)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2019)				% change during the year
		Demat	Physical	Total	% of total shares <sup>(1)</sup>	Demat	Physical	Total	% of total shares <sup>(2)</sup>	
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	26,540	-	26,540	0.77	20,800	-	20,800	0.61	(0.16)
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,15,860	2,000	2,17,860	6.35	2,10,200	2,000	2,12,200	6.17	(0.18)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4,49,800	93,140	5,42,940	15.81	5,45,600	43,140	5,88,740	17.13	1.32
c)	Others (specify)									
i)	Clearing Members	600	-	600	0.02	800	-	800	0.02	-
ii)	Hindu Undivided Family	2,80,200	-	2,80,200	8.17	2,77,600	-	2,77,600	8.08	(0.09)
iii)	Non-resident Indians	4,200	-	4,200	0.12	4,200	-	4,200	0.12	-
	<b>Sub-total (B)(2)</b>	<b>9,77,200</b>	<b>95,140</b>	<b>10,72,340</b>	<b>31.24</b>	<b>10,59,200</b>	<b>45,140</b>	<b>11,04,340</b>	<b>32.13</b>	<b>0.89</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>13,91,472</b>	<b>95,140</b>	<b>14,86,612</b>	<b>43.30</b>	<b>14,45,472</b>	<b>45,140</b>	<b>14,90,612</b>	<b>43.37</b>	<b>0.07</b>
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>33,38,412</b>	<b>95,140</b>	<b>34,33,552</b>	<b>100</b>	<b>33,91,812</b>	<b>45,140</b>	<b>34,36,952</b>	<b>100</b>	<b>-</b>

(1) Percentage calculated on the paid-up share capital (34,33,552) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (34,36,952) as at the end of the year.



## ANNEXURE TO BOARD'S REPORT

ii. *Shareholding of Promoters*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2018)			Shareholding at the end of the year (As on 31 <sup>st</sup> March, 2019)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company <sup>(1)</sup>	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company <sup>(2)</sup>	% of Shares pledged / encumbered to total shares	
1	Mr. K. J. Joseph	2,50,000	7.28	-	2,49,400	7.26	-	(0.02)
2	Mr. Thomas John	2,16,868	6.32	-	2,16,868	6.31	-	(0.01)
3	Mr. Manoj Joseph	1,65,860	4.83	-	1,65,860	4.83	-	-
4	Mr. Rajesh John	2,16,866	6.31	-	2,16,866	6.31	-	-
5	Mrs. Rosamma Joseph	1,80,320	5.25	-	1,80,320	5.25	-	-
6	Mrs. Celinamma John	2,16,866	6.31	-	2,16,866	6.31	-	-
7	Mr. Manesh Joseph	1,65,860	4.83	-	1,65,860	4.83	-	-
8	Mrs. Meena Kavil	1,42,160	4.14	-	1,42,160	4.14	-	-
9	Mrs. Maya Philip	1,54,020	4.49	-	1,54,020	4.48	-	(0.01)
10	Mrs. Rithu Johnson	1,47,600	4.30	-	1,47,600	4.29	-	(0.01)
11	Mr. Sebastian Thomas	88,520	2.58	-	88,520	2.58	-	-
12	Mrs. Rosamma Joseph	2,000	0.06	-	2,000	0.06	-	-

(1) Percentage calculated on the paid-up share capital (34,33,552) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (34,36,952) as at the end of the year.

iii. *Change in Promoters' Shareholding*

Particulars	No. of shares	% of total shares of the Company <sup>(1) (2)</sup>	Cumulative Shareholding during the year (01 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
			No. of shares	% of total shares of the Company <sup>(1) (2)</sup>
At the beginning of the year	19,46,940	56.70	19,46,940	56.70
Changes in Promoters Shareholding during the year	(600)	(0.07)	19,46,340	56.63
At the end of the year	19,46,340	56.63	19,46,340	56.63

(1) Percentage calculated on the paid-up share capital (34,33,552) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (34,36,952) as at the end of the year.

ANNEXURE TO BOARD'S REPORT

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

Sl. No.	Name	No. of shares	% of total shares of the Company (1) (2)	Cumulative Shareholding during the year (01 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
				No. of shares	% of total shares of the Company (1) (2)
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	(400)	(0.02)	3,16,672	9.21
	At the end of the year	3,16,672	9.21	3,16,672	9.21
2	M/s. GIRISH GULATI HUF				
	At the beginning of the year	2,65,200	7.72	2,65,200	7.72
	Changes in Shareholding during the year	-	-	2,65,200	7.72
	At the end of the year	2,65,200	7.72	2,65,200	7.72
3	Mr. S. P. GEORGE				
	At the beginning of the year	1,24,000	3.61	1,24,000	3.61
	Changes in Shareholding during the year	-	-	1,24,000	3.61
	At the end of the year	1,24,000	3.61	1,24,000	3.61
4	M/s. IDBI CAP MKT SERV LTD				
	At the beginning of the year	97,200	2.83	97,200	2.83
	Changes in Shareholding during the year	(27,000)	(0.79)	70,200	2.04
	At the end of the year	70,200	2.04	70,200	2.04
5	Mr. O. J. LUKOSE				
	At the beginning of the year	63,280	1.84	63,280	1.84
	Changes in Shareholding during the year	-	-	63,280	1.84
	At the end of the year	63,280	1.84	63,280	1.84
6	Mr. ANAND T. PETHE				
	At the beginning of the year	62,420	1.82	62,420	1.82
	Changes in Shareholding during the year	-	-	62,420	1.82
	At the end of the year	62,420	1.82	62,420	1.82
7	Mr. PANKAJ PRASOON				
	At the beginning of the year	41,400	1.21	41,400	1.21
	Changes in Shareholding during the year	5,400	0.15	46,800	1.36
	At the end of the year	46,800	1.36	46,800	1.36

## ANNEXURE TO BOARD'S REPORT

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

Sl. No.	Name	No. of shares	% of total shares of the Company (1) (2)	Cumulative Shareholding during the year (01 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
				No. of shares	% of total shares of the Company (1) (2)
8	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
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

(1) Percentage calculated on the paid-up share capital (34,33,552) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (34,36,952) as at the end of the year.

v. *Shareholding of Directors and Key Managerial Personnel*

Sl. No.	Name	No. of shares	% of total shares of the Company (1) (2)	Cumulative Shareholding during the year (01 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
				No. of shares	% of total shares of the Company (1) (2)
1	Mr. K.J. JOSEPH CHAIRMAN				
	At the beginning of the year	2,50,000	7.28	2,50,000	7.28
	Changes in Shareholding during the year	(600)	(0.02)	2,49,400	7.26
	At the end of the year	2,49,400	7.26	2,49,400	7.26
2	Mr. THOMAS JOHN VICE CHAIRMAN				
	At the beginning of the year	2,16,868	6.32	2,16,868	6.32
	Changes in Shareholding during the year	-	-	2,16,868	6.32
	At the end of the year	2,16,868	6.31	2,16,868	6.31

## ANNEXURE TO BOARD'S REPORT

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

Sl. No.	Name	No. of shares	% of total shares of the Company (1) (2)	Cumulative Shareholding during the year (01 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
				No. of shares	% of total shares of the Company (1) (2)
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	1.45	50,000	1.45
4	Mr. MANOJ JOSEPH EXECUTIVE DIRECTOR				
	At the beginning of the year	1,65,860	4.83	1,65,860	4.83
	Changes in Shareholding during the year	-	-	1,65,860	4.83
	At the end of the year	1,65,860	4.83	1,65,860	4.83
5	Mr. RAJESH JOHN EXECUTIVE DIRECTOR				
	At the beginning of the year	2,16,866	6.32	2,16,866	6.32
	Changes in Shareholding during the year	-	-	2,16,866	6.32
	At the end of the year	2,16,866	6.31	2,16,866	6.31
6	Mr. M.D. RAVIKANTH CFO & SECRETARY				
	At the beginning of the year	-	-	-	-
	Changes in Shareholding during the year				
	Exercise of ESOP	400			
	Sale of ESOP shares	(400)	-	-	-
	At the end of the year	-	-	-	-

(1) Percentage calculated on the paid-up share capital (34,33,552) as at the beginning of the year.

(2) Percentage calculated on the paid-up share capital (34,36,952) as at the end of the year.

The following directors / key managerial personnel (KMP) did not hold any shares during the Financial Year 2018 -19:

- Mr. N. Ganga Ram - Independent Director
- Mr. V. K. Srivastava - Independent Director
- Mr. A. Satyaseelan - Independent Director
- Mr. M. P. Vijay Kumar - Independent Director
- Dr. C. N. Ramchand - Independent Director
- Mrs. Sujatha Jayarajan - Independent Director

## ANNEXURE TO BOARD'S REPORT

## V INDEBTEDNESS

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

₹ in lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year (01<sup>st</sup> April, 2018)</b>				
i) Principal Amount	2,635.24	-	-	2,635.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7.24	-	-	7.24
<b>Total (i+ii+iii)</b>	<b>2,642.48</b>	<b>-</b>	<b>-</b>	<b>2,642.48</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	240.06	-	-	240.06
• Reduction	559.53	-	-	559.53
<b>Net Change</b>	<b>(319.47)</b>	<b>-</b>	<b>-</b>	<b>(319.47)</b>
<b>Indebtedness at the end of the Financial Year (31<sup>st</sup> March, 2019)</b>				
i) Principal Amount	2,320.15	-	-	2,320.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.86	-	-	2.86
<b>Total (i+ii+iii)</b>	<b>2,323.01</b>	<b>-</b>	<b>-</b>	<b>2,323.01</b>

## 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	90.00	37.02	27.27	154.29
(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 <sup>(1)</sup>				
	- as % of profit	-	8.00	6.00	14.00
	- others, specify	-	-	-	-
5.	Others, Retirement benefits	-	7.50	5.56	13.06
	<b>Total (A)</b>	<b>90.00</b>	<b>52.52</b>	<b>38.83</b>	<b>181.35</b>
	Remuneration excluding retirement benefits				168.29
	Ceiling as per the Act				191.56

1. Commission of ₹ 8 lakhs to Mr. Manoj Joseph and ₹ 6 lakhs to Mr. Rajesh John was approved by the Board at its Meeting held on 28<sup>th</sup> May, 2019.

### ANNEXURE TO BOARD'S REPORT

#### B. Remuneration to other Directors:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. K.J. Joseph	Mr. Thomas John	Mr. N. Ganga Ram	Mr. V.K. Srivastava	Mr. A. Satyaseelan	Mr. M.P. Vijay Kumar	Dr. C.N. Ramchand	Mrs. Sujatha Jayarajan	
<b>1</b>	<b>Independent Directors</b>									
	Fee for attending board / committee meetings	-	-	4.75	4.00	4.50	4.75	3.25	4.75	26.00
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	<b>4.75</b>	<b>4.00</b>	<b>4.50</b>	<b>4.75</b>	<b>3.25</b>	<b>4.75</b>	<b>26.00</b>
<b>2</b>	<b>Other Non-Executive Directors</b>									
	Fee for attending board / committee meetings	3.50	3.50	-	-	-	-	-	-	7.00
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>3.50</b>	<b>3.50</b>	-	-	-	-	-	-	<b>7.00</b>
	<b>Total (B)=(1+2)</b>	<b>3.50</b>	<b>3.50</b>	<b>4.75</b>	<b>4.00</b>	<b>4.50</b>	<b>4.75</b>	<b>3.25</b>	<b>4.75</b>	<b>33.00</b>
	<b>Total Managerial Remuneration<sup>1</sup></b>									<b>168.29</b>
	Overall Ceiling as per the Act									229.23

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

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

₹ in lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Mr. M.D. Ravikanth, CFO & Secretary	
1.	Gross Salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	32.34	32.34
(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961 <sup>(1)</sup>	2.10	2.10
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5.	Others, Retirement benefits	3.64	3.64
	<b>Total</b>	<b>38.08</b>	<b>38.08</b>

Note: 1) During the year, 400 stock options were exercised by the KMP.

#### VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the year ended 31<sup>st</sup> March, 2019.

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**ANNEXURE TO BOARD'S REPORT**

**ANNEXURE 4 TO BOARD'S REPORT**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31/03/2019**

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

To,

The Members,  
THEJO ENGINEERING LIMITED  
Chennai

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

Based on my verification of M/s. THEJO ENGINEERING LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on 31/03/2019 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 31/03/2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;  
The company has duly complied with the procedure laid under The Companies Act 2013 and forms, returns in this connection have been duly filed, and there are no adverse remarks or qualification in this aspect.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (e) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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**ANNEXURE TO BOARD'S REPORT**

As the company is listed under SME Platform, filing of Secretarial Compliance Report under Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 does not arise.

(vi) The Management has identified and confirmed the following Laws as specifically applicable to the Company:

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 Contract Labour (Regulation and Abolition) Act, 1970
12. The Maternity benefit Act, 1961
13. The Child Labour Prohibition and Regulation Act, 1986
14. The Industrial Employment (Standing Order) Act, 1946
15. The Employee Compensation Act, 1923
16. The Apprentices Act, 1961

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, including One Women Director. There is no change in the composition of the Board of Directors during the period under review.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

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



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**ANNEXURE TO BOARD'S REPORT**
**ANNEXURE 5 TO BOARD'S REPORT***[Pursuant to Section 186 of the Companies Act, 2013]***DETAILS OF LOANS GIVEN, INVESTMENT MADE OR GUARANTEE GIVEN OR SECURITY PROVIDED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013**The particulars of loans given as at 31<sup>st</sup> March, 2019 are as follows:

₹ in lakhs

<b>Name of the Company</b>	<b>As at 31<sup>st</sup> March, 2019</b>	<b>Purpose</b>
Thejo Hatcon Industrial Services Company, Saudi Arabia	83.52	Working Capital Requirement

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

₹ in lakhs

<b>Name of the Company</b>	<b>During FY 18-19</b>	<b>As at 31<sup>st</sup> March, 2019</b>
Thejo Hatcon Industrial Services Company, Saudi Arabia	-	333.72
Thejo Australia Pty Ltd, Australia	-	1,202.45
Thejo Brasil Comercio E Servicos Ltda, Brazil	22.37	98.62
Thejo Engineering LatinoAmerica SpA, Chile	149.60	491.26

The details of guarantee given as at 31<sup>st</sup> March, 2019: Nil

## ANNEXURE TO BOARD'S REPORT

**ANNEXURE 6 TO BOARD'S REPORT**

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

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

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

There were no contracts or arrangements entered into by the Company with the related parties during the Financial Year 2018-19, 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 2018-19, are as follows: ₹ in lakhs

Name of related Party	Nature of relationship	Duration	Nature of Contract & Salient Terms, if any	Amount
Thejo Hatcon Industrial Services Company, Saudi Arabia	Subsidiary	Based on Orders	Purchases & Sales	228.21
		Based on Repayment Schedule	Loan Repayment	(73.42)
		Till repayment of loan	Interest charged	13.98
Thejo Australia Pty Ltd, Australia	Subsidiary	Based on Orders	Purchase & Sales	507.89
		Based on requirement	Expenses Reimbursement	53.93
Thejo Brasil Comercio E Servicos Ltda, Brazil	Subsidiary	Based on Orders	Purchase & Sales	42.30
Thejo Engineering LatinoAmerica SpA, Chile	Subsidiary	Based on Orders	Purchase & Sales	331.63
Mr. V. A. George, Managing Director	Key Managerial Personnel	14 <sup>th</sup> July, 2021	Remuneration	90.00
Mr. Manoj Joseph	Executive Director	19 <sup>th</sup> June, 2020	Remuneration <sup>(1)</sup>	37.02
Mr. Rajesh John	Executive Director	15 <sup>th</sup> January, 2022	Remuneration <sup>(1)</sup>	27.27
Mr. M. D. Ravikanth, CFO & Secretary	Key Managerial Personnel	Not Applicable	Remuneration <sup>(1)</sup>	34.44
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 <sup>(1)</sup>	29.66

Note: (1) Remuneration excludes retirement benefits.

For and on behalf of the Board

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

K J JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

V.A. GEORGE  
Managing Director  
DIN 01493737

## ANNEXURE TO BOARD'S REPORT

### ANNEXURE 7a TO BOARD'S REPORT

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

- i. The details of remuneration of each Director and KMP during the Financial Year 2018-19, the percentage increase in remuneration of each Director and KMP and ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year 2018-19 are as follows:

Name of the Director / KMP	Remuneration of Director / KMP for the F.Y 2018-19 (₹ in lakhs)	% increase in Remuneration in the F.Y. 2018-19	Ratio of Remuneration of each director to median remuneration of employees	Remuneration of Director / KMP for the F.Y 2017-18 (₹ in lakhs)
Mr. K. J. Joseph	3.50	133.33	1.32	1.50
Mr. Thomas John	3.50	79.49	1.32	1.95
Mr. V. A. George	90.00	87.50	33.96	48.00
Mr. Manoj Joseph	52.52	6.36	19.82	49.38
Mr. Rajesh John	38.83	(6.86)	14.66	41.69
Mr. N. Ganga Ram	4.75	66.67	1.79	2.85
Mr. V. K. Srivastava	4.00	66.67	1.50	2.40
Mr. A. Satyaseelan	4.50	76.47	1.70	2.55
Mr. M. P. Vijay Kumar	4.75	66.67	1.79	2.85
Dr. C. N. Ramchand	3.25	116.67	1.23	1.50
Mrs. Sujatha Jayarajan	4.75	66.67	1.79	2.85
Mr. M. D. Ravikanth	38.08	38.62	Not Applicable	27.47

- ii. The median remuneration of employees of the Company for the Financial Year was ₹ 2.65 lakhs.
- iii. There was an increase of 12.47% in the median remuneration of employees in the Financial Year.
- iv. There were 1,111 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2019.
- v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2018-19 was 15.64% whereas the managerial remuneration increased by 30.40% (from ₹ 139.07 lakhs in 2017-18 to ₹ 181.35 lakhs in 2018-19) due to increased net profits of the Company during the year.
- vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

### ANNEXURE 7b TO BOARD'S REPORT

#### STATEMENT OF PARTICULARS OF EMPLOYEES:

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

## ANNEXURE TO BOARD'S REPORT

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

Name	Designation	Remuneration* (₹ in lakhs)	Nature of Employment	Qualification	Experience (Years)	Date of employment commencement	Age	Previous Employment
M. G Baskar	Sr. Vice President (Head-O&M Division)	35.93	Regular	B.E. Mech, Exec MBA	26	02-11-2016	49	FL Smidth Private Limited
M.D. Ravikanth	CFO & Secretary	34.44	Regular	CA., ACS	16	03-03-2008	39	India Cements Capital Limited
Manesh Joseph	Senior VP – Manufacturing	29.66	Regular	B.com	22	02-01-2012	45	Own Business
S. Premjith	VP - Services	27.19	Regular	B.Com, PGDPM	19	05-01-2005	46	RKHS, Chennai
Thomas K. Abraham	VP - HR & Admin	26.51	Regular	M.A.(Economics), PGDPMIR	29	01-03-2008	51	India Cements Capital Limited
G. Radhakrishnan	Head – Commercial & Receivables	24.14	Contractual	M.A., PGDGC	42	11-04-2016	67	India Cements Capital Limited
S. Sathish	VP – Commercial	23.81	Regular	B.Com, PG- Management	22	01-11-2011	47	Spectra Management
D. Ravichandran	VP – CPD	22.60	Regular	DME	35	01-07-1997	53	MIL Industries Limited
B. Vivekanandan	Head – Operations, O&M Division	20.36	Regular	BE ( Mech )	25	06-11-2014	47	Tecpro Systems Limited
S. Venkataramanan	DGM- Business Development	18.41	Regular	DEEE	29	09-10-2009	48	Hofincons Infotech & Industrial Services Private Limited

\* - Excluding Retirement benefits and including value of perquisites, if any.

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

## ANNEXURE TO BOARD'S REPORT

### ANNEXURE 8 TO BOARD'S REPORT

#### CORPORATE GOVERNANCE REPORT

##### I. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

The Code lays strong emphasis on transparency, accountability, community engagement and quick business decisions.

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

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

The Company has adopted various codes and policies which include Code for Board of Directors and Senior Managers, Code of Conduct to regulate, monitor and report trading by Designated Persons, Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information, Policies and Procedures for inquiry in case of leak of Unpublished Price Sensitive Information or suspected leak 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 31<sup>st</sup> March, 2019, 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
<b>Promoters &amp; Non-executive Directors</b>	Mr. K.J. Joseph, Chairman	00434410
	Mr. Thomas John, Vice Chairman	00435035
<b>Executive Directors</b>	Mr. V.A. George, Managing Director	01493737
	Mr. Manoj Joseph, Whole-time Director	00434579
	Mr. Rajesh John, Whole-time Director	05161087
<b>Independent Directors</b>	Mr. N. Ganga Ram, Independent Director	00001246
	Mr. V.K. Srivastava, Independent Director	00611678
	Mr. A. Satyaseelan, Independent Director	05158896
	Mr. M.P. Vijay Kumar, Independent Director	05170323
	Dr. C.N. Ramchand, Independent Director	05166709
	Mrs. Sujatha Jayarajan, Independent Director	00633989

### ANNEXURE TO BOARD'S REPORT

The details of Directorship held in other Companies/Board Committees by each Member of the Board of Directors of the Company as on 31<sup>st</sup> March, 2019 were as under –

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

**Notes:**

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

**Relationship between Directors**

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

**Shareholding of Directors**

None of the Directors has any shareholding in our Company as on 31<sup>st</sup> March, 2019 except as disclosed below:

S.No.	Name of the Director	No. of Shares	% of Equity Share Capital
1	Mr. K.J. Joseph	2,49,400	7.26
2	Mr. Thomas John	2,16,868	6.31
3	Mr. V.A. George	50,000	1.45
4	Mr. Manoj Joseph	1,65,860	4.83
5	Mr. Rajesh John	2,16,866	6.31

## ANNEXURE TO BOARD'S REPORT

### Meetings and Attendance

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

During the year, the Board met 4 times. The Meetings of the Board of Directors were held on 28<sup>th</sup> May, 2018, 20<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 06<sup>th</sup> March, 2019. The attendance of each Director at the Board Meetings and at the last Annual General Meeting was as under:

S.No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last Annual General Meeting held on 20 <sup>th</sup> August, 2018
1	Mr. K.J. Joseph	4	4	Yes
2	Mr. Thomas John	4	4	Yes
3	Mr. V.A. George	4	4	Yes
4	Mr. Manoj Joseph	4	4	Yes
5	Mr. Rajesh John	4	4	Yes
6	Mr. N. Ganga Ram	4	4	Yes
7	Mr. V.K. Srivastava	4	4	Yes
8	Mr. A. Satyaseelan	4	4	Yes
9	Mr. M.P. Vijay Kumar	4	4	Yes
10	Dr. C.N. Ramchand	4	4	Yes
11	Mrs. Sujatha Jayarajan	4	4	Yes

### III. COMMITTEES

#### i) Audit Committee

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

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Audit Committee of the Board were held on 28<sup>th</sup> May, 2018, 20<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 06<sup>th</sup> March, 2019.

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## ANNEXURE TO BOARD'S REPORT

### Terms of Reference

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

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



### ANNEXURE TO BOARD'S REPORT

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

#### Other information

Executives from Accounts, Finance and Secretarial Departments and representatives of Statutory and Internal Auditors attend Audit Committee Meetings.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 20<sup>th</sup> August, 2018.

#### ii) Compensation / Nomination and Remuneration Committee

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

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Compensation / Nomination and Remuneration Committee of the Board were held on 28<sup>th</sup> May, 2018 and 06<sup>th</sup> March, 2019.

#### Terms of Reference

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

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

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**ANNEXURE TO BOARD'S REPORT**

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

**Directors' Appointment Criteria/Policy**

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

## ANNEXURE TO BOARD'S REPORT

Details of Remuneration paid to the Directors during the Financial Year 2018 – 19 were as follows

₹ in Lakhs

Name of Director	Sitting Fee	Salary	Contribution to Statutory & Other Funds	Performance Linked Incentive	Total
Promoters / Non-executive Directors					
Mr. K.J. Joseph	3.50	-	-	-	3.50
Mr. Thomas John	3.50	-	-	-	3.50
Executive Directors					
Mr. V.A. George	-	90.00	-	-	90.00
Mr. Manoj Joseph	-	37.02	7.50	8.00	52.52
Mr. Rajesh John	-	27.27	5.56	6.00	38.83
Independent Directors					
Mr. N. Ganga Ram	4.75	-	-	-	4.75
Mr. V.K. Srivastava	4.00	-	-	-	4.00
Mr. A. Satyaseelan	4.50	-	-	-	4.50
Mr. M.P. Vijay Kumar	4.75	-	-	-	4.75
Dr. C.N. Ramchand	3.25	-	-	-	3.25
Mrs. Sujatha Jayarajan	4.75	-	-	-	4.75

## Notes:

1. Sitting Fees exclude GST Paid on Sitting Fees under Reverse Charge by the Company.
2. Performance linked incentive represents commission approved by the Board at its Meeting held on May 28, 2019.

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 <sup>th</sup> July, 2018 to 14 <sup>th</sup> July, 2021	Not Applicable	Commission of upto 2% of annual profit	Nil
Mr. Manoj Joseph	20 <sup>th</sup> June, 2015 to 19 <sup>th</sup> June, 2020	Not Applicable	Commission of upto 2% of annual profit	Nil
Mr. Rajesh John	16 <sup>th</sup> January, 2017 to 15 <sup>th</sup> January, 2022	Not Applicable	Commission of upto 2% of annual profit	Nil

## ANNEXURE TO BOARD'S REPORT

### iii) Shareholders' and Investors' Grievance Committee

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

S.No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Dr. C.N. Ramchand	Independent Director, Chairman	4	4
2	Mr. V. K. Srivastava	Independent Director, Member	4	4
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 were held on 28<sup>th</sup> May, 2018, 20<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 06<sup>th</sup> March, 2019.

### 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 certificates, 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 the 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 Designated persons.

### 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 2018-19, the Company has not received any complaints from the Members. There were no complaints outstanding as on 31<sup>st</sup> March, 2019.

## 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
2017-18	20 <sup>th</sup> August, 2018	10.00 AM	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 600 014.	a) Re-appointment of Mr. V.A. George as Managing Director for a period of three years.

## ANNEXURE TO BOARD'S REPORT

Year	Date	Time	Location	Special Resolutions Passed
				b) Re-appointment of Mr. N. Ganga Ram as an Independent Director c) Re-appointment of Mr. V.K. Srivastava as an Independent Director d) Re-appointment of Mr. A. Satyaseelan as an Independent Director e) Re-appointment of Mr. M.P. Vijay Kumar as an Independent Director f) Re-appointment of Dr. C.N. Ramchand as an Independent Director.
2016-17	16 <sup>th</sup> August, 2017	10.00 AM	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 600 014.	Nil
2015-16	03 <sup>rd</sup> August, 2016	10.00 AM	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 600 014.	Nil

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

The Company did not pass any special resolution through Postal Ballot during the Financial Year 2018-19.

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

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

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

None of the related party transactions was in potential conflict with the interest of the Company at large. Shareholders can refer to the details of Transactions with related parties as set out in Note 24.5 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.

## ANNEXURE TO BOARD'S REPORT

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

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

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

Employees may also report to the Chairman of the Audit Committee. It is further affirmed that during the year, no personnel has been denied access to the Audit Committee.

### Compensation / Nomination and Remuneration Committee

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

### Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, all Companies having a net worth of ₹ 500 Crore or more or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore or more during the immediately preceding 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 20<sup>th</sup> May, 2014. The status of the Directors and their attendance at the meetings were as follows:

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

The Company Secretary acts as the Secretary of the Committee.

Meeting of the Corporate Social Responsibility Committee of the Board of Directors was held on 28<sup>th</sup> May, 2018.

The terms of reference of the CSR Committee include:

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

## ANNEXURE TO BOARD'S REPORT

### Independent Directors Meeting

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made there under, 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 the attendance of Non-Independent Directors and members of the Management, was held on 06<sup>th</sup> March, 2019 and it reviewed the performance of the Chairperson, Non-Independent Directors and the Board as a whole as also the flow of information between the Company Management and the Board.

### Audit Qualifications

The Financial Statements of the Company for the Financial Year 2018-19 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.

### Designated Exclusive email-id

The Company has designated exclusive email-id for investor servicing, viz., [investor@thejo-engg.com](mailto:investor@thejo-engg.com)

## VI. MEANS OF COMMUNICATION

### (i) Half-yearly Results

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

### (ii) Dissemination of information through Website

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

## VII. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting (Day, Date, Time and Venue)

Monday, 19<sup>th</sup> August, 2019 at 10.00 AM  
The Music Academy, Kasturi Srinivasan Hall (Mini Hall),  
New No. 168 (Old No. 306), T.T.K Road,  
Royapettah, Chennai – 600 014, Tamil Nadu, India.

**Financial Year:** April to March

**Date of Book Closure:** Tuesday, 13<sup>th</sup> August, 2019 to Monday, 19<sup>th</sup> August, 2019 (both days inclusive) for payment of dividend and Monday, 12<sup>th</sup> August, 2019 will be the Record Date for the purpose of payment of dividend.

**Dividend Payment:** Credit / Dispatch of dividend warrants will be completed on or before 9<sup>th</sup> September, 2019.

### Listing on Stock Exchanges & Stock Code:

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

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

## ANNEXURE TO BOARD'S REPORT

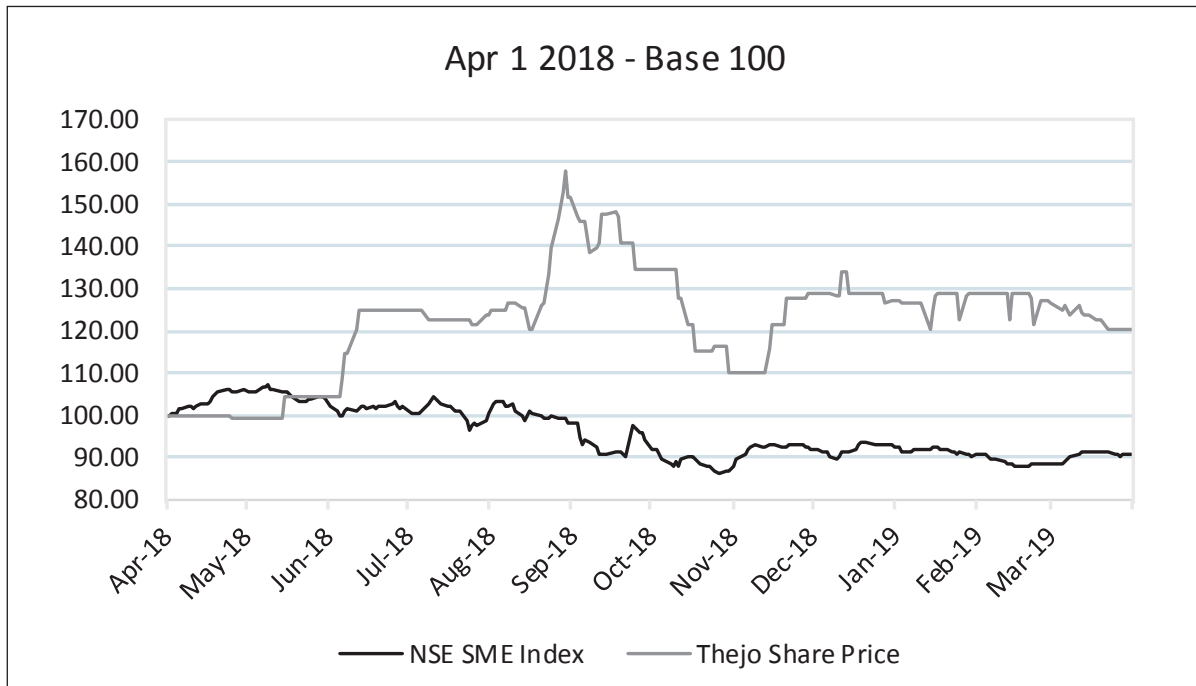
## Market Price Data:

(in ₹ per share)

Month	National Stock Exchange of India Limited - SME Platform (NSE Emerge)	
	Month's High Price*	Month's Low Price*
April 2018	465.00	462.00
May 2018	485.00	485.00
June 2018	582.00	508.00
July 2018	575.00	565.00
August 2018	735.00	560.00
September 2018	688.00	625.00
October 2018	625.00	513.00
November 2018	600.00	538.00
December 2018	622.00	590.00
January 2019	600.00	559.55
February 2019	600.00	564.15
March 2019	588.80	559.95

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

## Performance in comparison to the NSE SME index:





### ANNEXURE TO BOARD'S REPORT

**Registrar and Transfer Agents :**

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

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

**Distribution of Shareholding as on 31<sup>st</sup> March, 2019:**

Nominal Value of Shares (in ₹)		Number of Holders	% of Total Holders	Total Face Value (in ₹)	% of Total Face Value
From	To				
10	5,000	22	8.73	66,000	0.19
5,001	10,000	142	56.35	8,60,000	2.50
10,001	20,000	33	13.10	4,94,000	1.44
20,001	30,000	11	4.37	2,84,000	0.83
30,001	40,000	1	0.40	36,000	0.10
40,001	50,000	3	1.19	1,38,000	0.40
50,001	1,00,000	9	3.57	6,40,000	1.86
1,00,001	Above	31	12.29	3,18,51,520	92.68
<b>Total</b>		<b>252</b>	<b>100.00</b>	<b>3,43,69,520</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2019:**

Sl. No.	Category	No. of Shares	As a percentage of (A+B)
A	Promoters' & Promoter Group Holding		
	Individuals	19,46,340	56.63
B	Non-Promoters' Holding		
	Venture Capital Funds	3,16,672	9.21
	Bodies Corporate	91,200	2.66
	Individuals	8,00,940	23.30
	Hindu Undivided Family	2,77,600	8.08
	Non-Resident Indians	4,200	0.12
	<b>Total</b>	<b>34,36,952</b>	<b>100.00</b>

### ANNEXURE TO BOARD'S REPORT

#### Dematerialisation of Shares and Liquidity as on 31<sup>st</sup> March, 2019:

Sl. No.	Mode of Holding	No. of Shares	% to total equity shares
1	NSDL	25,23,665	73.43
2	CDSL	8,68,147	25.26
3	Physical	45,140	1.31
	<b>Total</b>	<b>34,36,952</b>	<b>100.00</b>

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

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

#### Plant Locations and Research & Development Centre

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

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**ANNEXURE TO BOARD'S REPORT**

**DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT**

To The Members of THEJO ENGINEERING LIMITED

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

For Thejo Engineering Limited

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

V.A. GEORGE  
Managing Director  
DIN 01493737

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**CEO AND CFO CERTIFICATION**

The Board of Directors,  
Thejo Engineering Limited,  
Chennai.

Dear Members of the Board,

We have reviewed the Financial Statements and the cash flow statement of Thejo Engineering Limited for the year ended 31<sup>st</sup> March, 2019 and to the best of our knowledge and belief:

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

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

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

We have indicated to the Auditors and the Audit Committee:

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

For Thejo Engineering Limited

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

M.D. RAVIKANTH  
CFO & Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737

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**ANNEXURE TO BOARD'S REPORT**

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

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

1. No options were granted pursuant to the aforesaid scheme during the Financial Year 2018-19.
2. During the Financial Year 2018-19, 37,744 options were vested under the concerned scheme and 3,400 Options were exercised and shares were allotted to the respective employees.
3. The Scheme has been implemented in accordance with these Regulations and in accordance with the resolution of the Company in the general meeting.

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

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

P. BABU  
Partner  
Membership No. : 203358

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THEJO ENGINEERING LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### 1. Opinion

We have audited the financial statements of **Thejo Engineering Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and Profit and its cash flows for the year ended on that date.

##### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

##### 4. Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon..

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## INDEPENDENT AUDITORS' REPORT

### 5. Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### 6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial Statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

## INDEPENDENT AUDITORS' REPORT

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### 7. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" to this report a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- ii) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended :
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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**INDEPENDENT AUDITORS' REPORT**

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24.1.4 to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

P. BABU  
Partner  
Membership No. : 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019



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**“ANNEXURE-A” TO THE AUDITORS’ REPORT****Referred to in Paragraph 7 of Our Report of Even Date**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets
  - (b) Fixed assets have been physically verified by the Management during the year, in accordance with an annual plan of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of the fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
  - (c) The Title deeds of immovable properties owned by the company are held in the name of the Company.
  - (ii) The inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records which were not material, have been properly dealt with in the books of account.
  - (iii) The Company has granted an unsecured advance, to one of its subsidiary company, covered in the Register maintained under section 189 of the Act for which there are no terms of repayment of advance or payment of interest. The Company has also granted unsecured loan to one subsidiary, covered in the Register maintained under section 189 of the Act.
    - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
    - (b) The repayment of principal and payment of interest has been stipulated and the repayments and receipts are regular
    - (c) There is no overdue amount in respect of the loans mentioned in para (a) above.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Company has not given any loan or made any investment covered under section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.
  - (v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.
  - (vi) The Maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act in respect of the products manufactured by the Company and we have broadly reviewed the cost records and are of the opinion that, prima facie, the prescribed cost records have been so made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs and other, dues outstanding as at 31 March 2019 for a period of more than six months from the date they became payable.
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### “ANNEXURE-A” TO THE AUDITORS’ REPORT

- (b) According to the information and explanations given to us, in case dues of income tax or sales tax or service tax or duty of customs or goods and service tax or duty of excise or value added tax or cess have not been deposited on account of any dispute, the amounts involved and the forum where dispute is pending are mentioned below:

₹ in Lakhs

Name of statute	Amount of Dispute (31/3/19)	Period to which it relates	Forum where dispute is pending
APGST	7.4	2002-03	Commercial Tax Officer
APGST	9.92	2003-04	Commercial Tax Officer
CST	1.36	2002-03	Commercial Tax Officer
CST	16.18	2000-01	High Court of Judicature at Andhra Pradesh
Customs	12.5	Oct -2001	Commissioner of Customs
Income Tax	5.43	AY 2003-04 to 2008-09	Assessing Officer
Income Tax	28.47	AY 2001-02	Income Tax Appellate Tribunal
IT – TDS – Salary	0.45	AY 2010-11	Assessing Officer – TDS
Jharkhand VAT	12.21	2010-11	Deputy Commissioner of Commercial Tax
Jharkhand VAT	22.03	2011-12	Deputy Commissioner of Commercial Tax
Income Tax	4.95	AY 2014-15	Assessing Officer
Jharkhand Sales Tax	16.73	2013 – 14	Commissioner of Commercial Tax
Jharkhand Sales Tax	2.67	2014 – 15	Deputy Commissioner of Commercial Tax
Jharkhand CST	0.62	2014 – 15	Deputy Commissioner of Commercial Tax
Service Tax	11.15	2011-12 to 2015-16	Commissioner of Service Tax

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks and financial institutions during the year. The Company has not taken any loans or borrowing from Government or raised any money through placement of debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to information and explanations given to us, money raised through term loans during the year has been utilised for the purpose for which there were raised.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees were noticed or reported during the course of our audit.

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**“ANNEXURE-A” TO THE AUDITORS’ REPORT**

- (xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, managerial remuneration to Directors has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

P. BABU  
Partner  
Membership No. : 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

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## **“ANNEXURE-B” TO THE AUDITORS’ REPORT**

**Referred to in Paragraph 7 of Our Report of Even Date**

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

We have audited the internal financial controls over financial reporting of **Thejo Engineering Limited** (“the Company”) as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (“the Act”).

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to

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**“ANNEXURE-B” TO THE AUDITORS’ REPORT**

permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P. BABU  
Partner  
Membership No. : 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

**THEJO ENGINEERING LIMITED**
**Balance Sheet as at 31<sup>st</sup> March, 2019**

		₹ in lakhs	
Particulars	Note No.	As at 31-03-2019	As at 31-03-2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	343.70	343.36
(b) Reserves and surplus	4	9,022.09	7,813.88
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	175.42	373.82
(b) Deferred tax liabilities (Net)	24.6	-	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings	6	1,991.65	1,812.15
(b) Trade payables	7		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,878.79	1,697.91
(c) Other current liabilities	8	1,936.72	2,381.10
(d) Short-term provisions	9	450.45	345.98
<b>TOTAL</b>		<b>15,798.82</b>	<b>14,768.20</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, Plant and Equipment	10		
(i) Tangible assets		2,355.85	2,284.05
(ii) Intangible assets		21.72	14.75
(iii) Capital work-in-progress		22.61	126.62
(b) Non-current investments	11	2,126.05	1,954.57
(c) Deferred Tax Asset	24.6	52.15	39.75
(d) Long-term loans and advances	12	458.65	609.51
<b>2. Current assets</b>			
(a) Inventories	13	2,210.38	1,665.03
(b) Trade receivables	14	6,048.82	6,247.98
(c) Cash and cash equivalents	15	1,125.89	630.33
(d) Short-term loans and advances	16	1,376.70	1,195.61
(e) Other current assets		-	-
<b>TOTAL</b>		<b>15,798.82</b>	<b>14,768.20</b>
Notes including significant accounting policies	1-25		

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

In terms of our report of even date annexed

For BRAHMAYYA & CO.

For and on behalf of the Board of Directors

Chartered Accountants  
ICAI Registration No. 000511S

K.J. JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

P. BABU  
Partner  
Membership No. 203358

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

**THEJO ENGINEERING LIMITED**
**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019**

		₹ in lakhs	
Particulars	Note No.	Year ended 31-03-2019	Year ended 31-03-2018
I. Revenue from operations	17	19,032.84	17,425.30
II. Other income	18	128.30	139.61
III. Total Revenue (I + II)		<u>19,161.14</u>	<u>17,564.91</u>
IV. Expenses:			
Cost of materials consumed	19	3,958.00	3,203.69
Purchase of Traded Goods	19	633.84	632.55
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	(414.16)	200.11
Employee benefits expense	21	6,896.94	6,179.43
Finance costs	22	396.80	538.03
Depreciation and amortization expense	10	444.12	375.29
Other expenses	23	5,329.96	5,172.51
Total expenses		<u>17,245.50</u>	<u>16,301.61</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,915.64	1,263.30
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		1,915.64	1,263.30
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		1,915.64	1,263.30
X Tax expense:			
(1) Current tax		570.90	414.75
(2) Deferred tax	24.6	(12.40)	(22.21)
XI Profit (Loss) for the period (IX-X)		<u>1,357.14</u>	<u>870.76</u>
XII Earnings per equity share of face value of ₹ 10/- each fully paid up (before & after extraordinary items)			
(1) Basic (in ₹)		39.51	25.36
(2) Diluted (in ₹)		39.51	25.36
Notes Including significant accounting policies	1-25		

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

In terms of our report of even date annexed

For BRAHMAYYA & CO.

Chartered Accountants  
ICAI Registration No. 000511S

P. BABU  
Partner  
Membership No. 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737

**THEJO ENGINEERING LIMITED**
**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019**

	₹ in lakhs	
Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>Cash flow from Operating Activities</b>		
Profit before tax as per Statement of Profit and Loss	1,915.64	1,263.30
Adjustment for:		
Depreciation	444.12	375.29
Employee Stock Option Expense	11.75	22.46
Loss/(Profit) on sale of asset	(8.65)	(4.07)
Interest Paid	396.80	538.03
Unrealized foreign exchange (gain)/loss (net)	(8.14)	(40.10)
Interest Received	(52.04)	(95.53)
Operating Profit before working capital changes	2,699.48	2,059.38
Adjustment for:		
Trade and Other Receivables	121.35	(701.73)
Inventories	(545.35)	10.44
Trade Payables and Other Liabilities	99.46	1,120.36
Cash Generated from Operations	2,374.94	2,488.45
Direct Taxes Paid	(530.88)	(367.26)
<b>Net Cash from Operating Activities (A)</b>	<b>1,844.06</b>	<b>2,121.19</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(431.61)	(733.34)
Sale of assets	21.36	4.90
Investments disposed	0.50	0.07
Investments made	(171.98)	-
Repayment of loans by subsidiaries	81.69	616.07
Interest Received	45.16	95.53
<b>Net cash used in Investing Activities (B)</b>	<b>(454.88)</b>	<b>(16.77)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital/Premium on account of issue of shares	5.23	-
Increase/(Decrease) in short-term credit facilities/borrowings	179.50	(1,428.48)
Term Loan availed	60.56	435.93
Repayments of Term Loan	(560.33)	(417.10)
Interest paid	(401.18)	(538.03)
Dividend (including Dividend Distribution Tax) Paid	(165.57)	(144.64)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(881.79)</b>	<b>(2,092.32)</b>
<b>Exchange Difference on translation of cash and cash equivalents (D)</b>	<b>(11.83)</b>	<b>(1.27)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)+(D)</b>	<b>495.56</b>	<b>10.83</b>
Opening Cash & Cash Equivalents	630.33	619.50
Closing Cash & Cash Equivalents	1,125.89	630.33
Note: Closing Cash and Cash Equivalents includes ₹ 373.63 lakhs (Previous Year: ₹ 220.53 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC/Security		

In terms of our report of even date annexed  
For BRAHMAYYA & CO.

Chartered Accountants  
ICAI Registration No. 000511S

P. BABU  
Partner  
Membership No. 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737



## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

#### Note - 1

##### Corporate Information

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

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

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

#### Note – 2

##### Significant Accounting Policies

##### 2.1 Basis of Accounting

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards as specified in the Annexure to the Companies (Accounting Standards) Rules, 2006 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 of the Ministry of Corporate Affairs. The cash flow statement has been prepared in accordance with AS 3 on "Cash flow statements" issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

##### 2.2 Presentation and disclosure of financial statements

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

##### 2.3 Use of estimates

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

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of any changes in the

## THEJO ENGINEERING LIMITED

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### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### 2.4 Fixed Assets

##### Tangible Assets (Property, Plant and Equipment)

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

##### Intangible Assets

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

#### 2.5 Depreciation

##### Tangible Assets (Property, Plant and Equipment)

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

##### Intangible Assets

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

#### 2.6 Inventories

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

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

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

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

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

#### 2.7 Investments

Each category/item of investment is valued as follows:

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

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

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

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

## THEJO ENGINEERING LIMITED

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### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

#### 2.8 Cash and Cash Equivalents

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

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

#### 2.9 Revenue Recognition

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

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

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

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

#### 2.10 Sales, Works Contracts and Services Income

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

#### 2.11 Employee Benefits

2.11.1 Short term employee benefits:

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

2.11.2 Post employment benefits:

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

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

#### 2.12 Foreign Currency Transactions

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

#### 2.13 Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being difference between taxable income and the accounting income that originates in one year and reverses in another. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry forward of business loss is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## THEJO ENGINEERING LIMITED

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### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

#### 2.14 Impairment of Assets

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

#### 2.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be readily estimated. Contingent liabilities are disclosed after an evaluation of the facts and legal aspects of the matter involved. Contingent assets are neither recognized nor disclosed.

#### 2.16 Dividend

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

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

#### Note 3

#### Share capital

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount ₹ in Lakhs	Number	Amount ₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
<b>Issued</b>				
Equity Shares of ₹ 10/- each	34,36,952	343.70	34,33,552	343.36
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each	34,36,952	343.70	34,33,552	343.36
(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 & 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Statement of Profit & Loss and ₹ 171.68 lakhs from Securities Premium Account)				
<b>Total</b>	<u>34,36,952</u>	<u>343.70</u>	<u>34,33,552</u>	<u>343.36</u>

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

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount ₹ in Lakhs	Number	Amount ₹ in Lakhs
Shares outstanding at the beginning of the year	34,33,552	343.36	34,33,552	343.36
Shares Issued during the year	3,400	0.34	0	0.00
Shares outstanding at the end of the year	<u>34,36,952</u>	<u>343.70</u>	<u>34,33,552</u>	<u>343.36</u>

#### 3.2 Shares in the Company held by each shareholder holding more than 5 percent shares as on 31/3/2019

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	Number	Percentage	Number	Percentage
SIDBI Venture Capital Ltd. A/c India Opportunities Fund	3,16,672	9.21%	3,17,072	9.23%
Girish Gulati HUF	2,65,200	7.72%	2,65,200	7.72%
Mr. K.J. Joseph	2,49,400	7.26%	2,50,000	7.28%
Mr. Thomas John	2,16,868	6.31%	2,16,868	6.32%
Mrs. Celinamma John	2,16,866	6.31%	2,16,866	6.32%
Mr. Rajesh John	2,16,866	6.31%	2,16,866	6.32%
Mrs. Rosamma Joseph	1,80,320	5.25%	1,80,320	5.25%

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 4</b>		
<b>Reserves and surplus</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	1,845.32	1,845.32
Add: Share premium of shares issued under ESOP	6.63	0.00
<b>Closing Balance</b>	<b>1,851.95</b>	<b>1,845.32</b>
<b>b. Share Option Outstanding Account</b>		
Opening Balance	52.74	30.28
(+) Employee Compensation Cost for the year	11.75	22.46
(-) Capitalized on Exercise of Options	1.74	0.00
<b>Closing Balance</b>	<b>62.75</b>	<b>52.74</b>
<b>c. Surplus (Balance in Statement of Profit and Loss)</b>		
Opening balance	5,288.11	4,561.99
(+) Net Profit/(Net Loss) For the current year	1,357.14	870.76
(-) Dividend Distributed	137.34	120.18
(-) Dividend Distribution Tax	28.23	24.46
(-) Transfer to General Reserve	0.00	0.00
<b>Closing Balance</b>	<b>6,479.68</b>	<b>5,288.11</b>
<b>d. Others</b>		
<b>i) General Reserve</b>		
Opening Balance	627.71	627.71
(+) Transfer from Surplus	0.00	0.00
<b>Closing Balance</b>	<b>627.71</b>	<b>627.71</b>
<b>Total</b>	<b>9,022.09</b>	<b>7,813.88</b>

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018

#### Note 5

#### Long Term Borrowings

#### Secured

#### Term loans

From Banks	242.31	741.75
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#### Limit/Liability, Terms of Repayment & Security

#### State Bank of India

Date of Sanction: 28.07.2017 Ref No. RM1/62

Sanctioned Limit - ₹ 200 Lakhs

Purpose: Acquisition of Capital Assets

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

Amount of Instalment: ₹ 4.20 Lakhs + Interest

#### Security:

First hypothecation charge over all machinery and equipment purchased under the Term Loan. First charge on Pari-passu basis with Axis & SIB over immovable properties under Equitable Mortgage.

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

Liability (Incl interest not due) - ₹ 82.37 Lakhs (₹126.03 Lakhs)

Repayable within one year - ₹ 51.33 Lakhs (₹ 50.40 Lakhs)

Overdues/Defaults - Nil (Nil)

#### Axis Bank Limited

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

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

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

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

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

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

#### Amount of Instalment -

1. ₹ 1.67 Lakhs per month + interest;
2. ₹ 3.33 Lakhs per month + interest &
3. ₹ 5.00 Lakhs per month+interest

#### Security (For all loans):

First hypothecation charge over all machinery and equipment purchased under the Term Loan. First charge on Pari-passu basis with SBI & SIB over immovable properties under Equitable Mortgage.

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

Liability (Incl interest not due) - ₹ 159.94 Lakhs (₹ 277.61 Lakhs)

Repayable within one year - ₹ 65.09 Lakhs (₹ 119.41 Lakhs)

Overdues/Defaults - Nil (Nil)

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Export Import Bank of India</b>		
Date of Sanction: 20.01.2014 Ref. CBG: OIF-715: 321		
Sanctioned Limit: USD 1.25 million (Equi ₹ 753.48 Lakhs)		
Purpose: Onward lending to Thejo Australia Pty Ltd and Thejo Hatcon Industrial Services Company to meet their long term working capital requirements.		
Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice.		
Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period.		
Security:		
Pari-passu first charge on the fixed assets of the Company and second charge on the current assets of the Company		
Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph and Mr. Rajesh John		
Liability (Incl interest not due) - Nil (₹ 329.65 Lakhs)		
Repayable within one year - Nil (₹ 248.38 Lakhs)		
Overdues/Defaults - Nil (Nil)		
<b>ICICI Bank Limited - Auto Loan</b>		
Date of Sanction: 03.06.2014		
Sanctioned Limit: ₹ 28 Lakhs		
Purpose: Acquisition of Vehicle		
Period of Repayment : 60 Equated Monthly Instalments(including interest) from July 2014.		
EMI Payable - ₹ 0.60 Lakhs per month		
Security:		
Hypothecation of Vehicle purchased under the loan		
Liability (Incl interest not due) - Nil (₹ 8.46 Lakhs)		
Repayable within one year - Nil (₹ 6.70 Lakhs)		
Overdues/Defaults - Nil (Nil)		
<b>From Others</b>		
<b>Financial Institutions</b>	<b>89.06</b>	<b>88.59</b>
<b>Sundaram Finance Limited</b>		
Date of Sanction: 12.09.2014		
Sanctioned Limit: ₹ 100 Lakhs		
Purpose: Acquisition of Vehicles		
Period of Repayment : 35 Equated Monthly Instalments(including interest) from date of each loan		
Amount of Instalment - ₹ 3.04 Lakhs per month for loan outstanding		
Security:		
Hypothecation of Vehicle purchased under the loan		
Personal guarantee of: Mr. Thomas John		
Liability (Incl interest not due) - ₹ 48.46 Lakhs (₹ 35.13 Lakhs)		
Repayable within one year - ₹ 27.15 Lakhs (₹ 19.61 Lakhs)		
Overdues/Defaults - Nil (Nil)		



## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Toyota Finance Australia Ltd</b>		
Date of Sanction: November 2016 & October 2017		
Sanctioned Limit: AUD 127176 (Equi ₹ 64.26 Lakhs)		
Purpose: Acquisition of Vehicles		
Period of Repayment : 60 Equated Monthly Instalments(including interest) from date of the loan		
Amount of Instalment - AUD 2393 (₹ 1.21 Lakhs per month)		
Security:		
Hypothecation of Vehicle purchased under the loan		
Liability (Incl interest not due) - ₹ 40.60 Lakhs (₹ 53.46 Lakhs)		
Repayable within one year - ₹ 12.38 Lakhs (₹ 12.02 Lakhs)		
Overdues/Defaults - Nil (Nil)		
Less: Current Maturities (incl interest accrued but not due)		
Banks	(116.42)	(424.89)
Financial Institutions	(39.53)	(31.63)
<b>Total</b>	<b>175.42</b>	<b>373.82</b>

#### Note 6

#### Short Term Borrowings

#### Secured

#### Loans repayable on demand

From Banks

1,991.65

1,812.15

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

#### Limit/Liability, Terms of Repayment & Security

#### State Bank of India

Date of Sanction: 20.11.2017 Ref No. RM1/123

Limit: Cash Credit of ₹ 1,675 Lakhs +Stand by CC ₹ 150 Lakhs (Non-fund based limit: Letter of Credit - ₹ 500 lakhs & Bank Guarantee - ₹ 700 lakhs)

Period Of Repayment: On Demand

Security:

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

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

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

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

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

Rate of Interest - 2.00% above One Year MCLR

Margin - Cash credit - 25%

LC and BG - 15%

Liability - ₹ 501.37 Lakhs (₹ 223.71 Lakhs)

Overdues/Defaults: Nil (Nil)

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Axis Bank Limited</b>		
Date of Sanction:23.02.2018 Ref No. AXISB/SME/S/CHN3/MEG/2017-18/108		
Limit: Cash Credit of ₹ 1,262.50 Lakhs +Stand by CC ₹ 112.50 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 lakhs & Bank Guarantee - ₹ 525 lakhs)		
Period of Repayment: On Demand		
Security: Same as given to State Bank of India		
Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph		
Rate of Interest - 2.00% above 3 Month MCLR		
Margin - Cash credit - 25%		
LC and BG - 15%		
Liability - ₹ 652.89 Lakhs (₹ 823.37 Lakhs)		
Overdues/Defaults: Nil (Nil)		
<b>Indian Overseas Bank</b>		
Date of Sanction:18.04.2017		
Limit: Nil		
Period Of Repayment: Not Applicable		
Liability - Nil (₹ 773.26 Lakhs)		
Overdues/Defaults: Nil (Nil)		
<b>The South Indian Bank Limited</b>		
Date of Sanction:21.06.2018 Ref No. 83/2018-19		
Limit: Cash Credit of ₹ 1,263.00 Lakhs +Stand by CC ₹ 112.00 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 lakhs & Bank Guarantee - ₹ 525 lakhs)		
Period Of Repayment: On Demand		
Security:		
Same as given to State Bank of India		
Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph		
Rate of Interest - 1.15% above One Year MCLR		
Margin - Cash credit - 25%		
LC and BG - 15%		
Liability - ₹ 837.39 Lakhs (Nil)		
Overdues/Defaults: Nil (Nil)		
<b>Total</b>	<b>1,991.65</b>	<b>1,812.15</b>

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 7</b>		
<b>Trade payables</b>		
Trade payables:		
Acceptances	350.33	433.29
Other than Acceptances	1,528.46	1,264.62
(Payables to micro and small enterprises - Nil (PY: Nil))		
<b>Total</b>	<b>1,878.79</b>	<b>1,697.91</b>
<b>Note 8</b>		
<b>Other Current Liabilities</b>		
Current Maturities on Long Term Debt (Refer Note 5 for details of security extended)	153.09	449.28
Interest accrued but not due on Term Loan	2.86	7.24
<b>Other payables</b>		
Salary and Other Employee Benefits	845.84	726.81
Statutory Dues	556.81	467.73
Others	20.82	105.14
Outstanding Liabilities	357.30	624.90
<b>Total</b>	<b>1,936.72</b>	<b>2,381.10</b>
<b>Note 9</b>		
<b>Short Term Provisions</b>		
<b>(a) Provision for employee benefits</b>		
Provision for Leave Encashment	149.73	119.33
Gratuity Liability (Net)	87.30	53.25
<b>(b) Others</b>		
Direct Taxes (Net)	213.42	173.40
<b>Total</b>	<b>450.45</b>	<b>345.98</b>

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

#### Note 10 PROPERTY, PLANT AND EQUIPMENT

NATURE OF ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2018	Addition for the year	Deduction	As at 31.03.2019	Useful Life	Upto 31.03.2018	Addition	Deduction	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	in years	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>TANGIBLE ASSETS</b>											
Land	65.72	0.00	0.00	<b>65.72</b>	NA	0.00	0.00	0.00	<b>0.00</b>	<b>65.72</b>	65.72
Factory Building	1419.44	37.73	0.00	<b>1457.17</b>	30	451.37	92.12	0.00	<b>543.49</b>	<b>913.68</b>	968.07
Office Building	39.72	0.00	0.00	<b>39.72</b>	30	25.56	2.04	0.00	<b>27.60</b>	<b>12.12</b>	14.15
Plant & Machinery	2417.35	182.31	21.52	<b>2578.14</b>	1-15	1661.47	181.68	12.47	<b>1830.68</b>	<b>747.46</b>	755.89
Boiler	71.13	0.00	0.00	<b>71.13</b>	15	53.26	3.15	0.00	<b>56.41</b>	<b>14.72</b>	17.87
Dyes & Moulds	312.67	79.79	0.00	<b>392.46</b>	15	139.02	37.86	0.00	<b>176.88</b>	<b>215.58</b>	173.64
Vehicle Four Wheelers	456.23	88.19	22.22	<b>522.20</b>	8	313.26	62.07	18.67	<b>356.66</b>	<b>165.54</b>	142.99
Vehicle Two Wheelers	38.95	2.52	0.00	<b>41.47</b>	10	27.66	3.09	0.00	<b>30.75</b>	<b>10.72</b>	11.29
Office Equipments	53.98	12.99	0.08	<b>66.89</b>	2-5	44.89	6.39	0.08	<b>51.20</b>	<b>15.69</b>	9.08
Electrical Fittings	203.57	15.73	0.22	<b>219.08</b>	10	166.35	8.91	0.11	<b>175.15</b>	<b>43.93</b>	37.22
Furniture & Fittings	247.40	72.90	0.00	<b>320.30</b>	10	186.13	20.62	0.00	<b>206.75</b>	<b>113.55</b>	61.27
Computer	179.45	24.62	0.00	<b>204.07</b>	3	159.47	12.66	0.00	<b>172.13</b>	<b>31.94</b>	19.98
Computer Server	7.97	0.00	0.00	<b>7.97</b>	6	7.11	0.32	0.00	<b>7.43</b>	<b>0.54</b>	0.86
Generator	43.18	0.00	0.00	<b>43.18</b>	10	37.18	1.34	0.00	<b>38.52</b>	<b>4.66</b>	6.00
<i>Total Tangible Assets (Current Year)</i>	<i>5556.76</i>	<i>516.78</i>	<i>44.04</i>	<i><b>6029.50</b></i>		<i>3272.73</i>	<i>432.25</i>	<i>31.33</i>	<i><b>3673.65</b></i>	<i><b>2355.85</b></i>	<i>2284.05</i>
<i>Total Tangible Assets (Previous Year)</i>	<i>4864.54</i>	<i>710.27</i>	<i>18.05</i>	<i><b>5556.76</b></i>		<i>2925.60</i>	<i>364.35</i>	<i>17.22</i>	<i><b>3272.73</b></i>	<i><b>2284.05</b></i>	<i>1938.99</i>
<b>INTANGIBLE ASSETS</b>											
Technical Knowhow	1.75	0.00	0.00	<b>1.75</b>		1.75	0.00	0.00	<b>1.75</b>	<b>0.00</b>	0.00
Computer Software	104.69	18.84	0.00	<b>123.53</b>		89.94	11.87	0.00	<b>101.81</b>	<b>21.72</b>	14.75
<i>Total Intangible Assets (Current Year)</i>	<i>106.44</i>	<i>18.84</i>	<i>0.00</i>	<i><b>125.28</b></i>		<i>91.69</i>	<i>11.87</i>	<i>0.00</i>	<i><b>103.56</b></i>	<i><b>21.72</b></i>	<i>14.75</i>
<i>Total Intangible Assets (Previous Year)</i>	<i>103.67</i>	<i>2.77</i>	<i>0.00</i>	<i><b>106.44</b></i>		<i>80.74</i>	<i>10.95</i>	<i>0.00</i>	<i><b>91.69</b></i>	<i><b>14.75</b></i>	<i>22.93</i>
<b>CAPITAL WORK IN PROGRESS</b>											
Assets Under Construction	126.62	4.16	108.17	<b>22.61</b>	NA	0.00	0.00	0.00	<b>0.00</b>	<b>22.61</b>	126.62
<i>Total Capital Work In Progress (Current Year)</i>	<i>126.62</i>	<i>4.16</i>	<i>108.17</i>	<i><b>22.61</b></i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i><b>0.00</b></i>	<i><b>22.61</b></i>	<i>126.62</i>
<i>Total Capital Work In Progress (Previous Year)</i>	<i>106.37</i>	<i>95.26</i>	<i>75.00</i>	<i><b>126.62</b></i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i><b>0.00</b></i>	<i><b>126.62</b></i>	<i>106.37</i>
<b>GRAND TOTAL</b>	<b>5789.82</b>	<b>539.78</b>	<b>152.21</b>	<b>6177.39</b>		<b>3364.42</b>	<b>444.12</b>	<b>31.33</b>	<b>3777.21</b>	<b>2400.18</b>	<b>2425.43</b>
PREVIOUS YEAR	5074.58	808.30	93.05	5789.83		3006.35	375.29	17.22	3364.42	2425.43	2068.28

Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019

## Note 11

## NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31-03-19	As at 31-03-18
<b>A Trade Investments (Unquoted)</b>	<b>2,126.05</b>	<b>1,954.57</b>
Investments in Equity Instruments	2,126.05	1,954.57
<b>Total</b>	<b>2,126.05</b>	<b>1,954.57</b>

## Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes / No
			As at 31/03/19	As at 31/03/18			As at 31/03/19	As at 31/03/18	As at 31/03/19	As at 31/03/18	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	<b>Investment in Equity Instruments</b>								₹ in Lakhs	₹ in Lakhs	
1	Thejo Hatcon Industrial Services Company	Subsidiary	2,040	2,040	Unquoted	Fully Paid	51%	51%	333.72	333.72	Yes
2	Thejo Australia Pty Ltd	Subsidiary	22,20,000	22,20,000	Unquoted	Fully Paid	74%	74%	1,202.45	1,202.45	Yes
3	Thejo Brasil Comercio E Servicos Ltda	Subsidiary	5,01,406	3,76,233	Unquoted	Fully Paid	99.99%	99.99%	98.62	76.24	Yes
4	Thejo Engineering LatinoAmerica SpA	Subsidiary	509	364	Unquoted	Fully Paid	99.80%	99.73%	491.26	341.66	Yes
5	Saks Power P Ltd	Others	0	5,000	Unquoted	Fully Paid	0.00%	5.00%	0.00	0.50	Yes
	<b>Total</b>								<b>2,126.05</b>	<b>1,954.57</b>	

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 12</b>		
<b>Long Term Loans and Advances</b>		
<b>a. EMD and Security Deposits</b>		
Unsecured, considered good	237.66	339.81
<b>b. Other Deposits</b>		
Unsecured, considered good		
Rental Deposit	130.98	110.93
Deposit with Government Agencies	6.00	9.88
Others	64.62	52.19
<b>c. Long Term Loans &amp; Advances to related parties</b>		
Unsecured, considered good		
Thejo Hatcon Industrial Services Company	19.39	96.70
<b>Total</b>	<b>458.65</b>	<b>609.51</b>
<b>Note 13</b>		
<b>Inventories (As certified by Management)</b>		
a. Raw Materials and components	991.19	860.00
b. Work-in-progress	308.01	207.57
c. Finished goods	774.02	493.40
d. Stock-in-Trade	111.84	49.73
e. Stock in Transit	25.32	54.33
<b>Total</b>	<b>2,210.38</b>	<b>1,665.03</b>
<b>Note 14</b>		
<b>Trade Receivables</b>		
Unsecured, considered good		
Outstanding for more than six months from the date they are due	1,076.33	1,053.18
Others	4,972.49	5,194.80
<b>Total</b>	<b>6,048.82</b>	<b>6,247.98</b>

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements as at 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 15</b>		
<b>Cash and Cash Equivalents</b>		
a. Balances with banks		
(i) In Current Accounts	484.41	250.31
(ii) In Deposit Accounts (₹ 373.63 lakhs (PY ₹ 220.53 lakhs) Held as Margin Money for BG & LC/security. Deposits maturing after 12 months - ₹ 49.98 lakhs (PY ₹ 55.92 lakhs))	616.64	365.04
b. Cheques, drafts on hand	8.29	0.18
c. Cash on hand	16.55	14.80
<b>Total</b>	<b>1,125.89</b>	<b>630.33</b>

**Note 16**
**Short-term loans and advances**
**Others (unsecured, considered good)**

EMD & Security deposits	442.01	357.01
Advance to Suppliers	205.98	220.97
Advance and Current Maturities on Loan to Related Party (Thejo Hatcon Industrial Services Company)	235.15	222.61
Indirect taxes Asset (input tax credit, TDS, etc)	341.90	277.93
Prepaid expenses	95.61	83.47
Staff advance	28.08	14.74
Others	27.97	18.88
<b>Total</b>	<b>1,376.70</b>	<b>1,195.61</b>

**THEJO ENGINEERING LIMITED**

**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**

	<b>₹ in Lakhs</b>	
<b>Particulars</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
<b>Note 17</b>		
<b>Revenue from operations</b>		
Sale of Products	9,808.82	8,670.24
Sale of Services & Works Contract	9,116.57	8,840.39
Other Operating Income	107.45	21.21
Less:		
Excise duty	0.00	106.54
<b>Total</b>	<b>19,032.84</b>	<b>17,425.30</b>
<b>Note 18</b>		
<b>Other income</b>		
Interest	52.04	95.53
Difference in foreign exchange (gain)	65.36	24.62
Miscellaneous Income	2.25	15.39
Profit on sale of assets	8.65	4.07
<b>Total</b>	<b>128.30</b>	<b>139.61</b>
<b>Note 19</b>		
<b>Cost of materials consumed</b>		
Opening Stock of Raw Materials	860.00	670.33
Add: Purchases made during the year	3,700.98	3,006.23
	4,560.98	3,676.56
Less: Closing Stock of Raw Materials	991.19	860.00
	3,569.79	2,816.56
Add: Consumables	388.21	387.13
<b>Total</b>	<b>3,958.00</b>	<b>3,203.69</b>
Purchase of Traded Goods	633.84	632.55



**THEJO ENGINEERING LIMITED**

**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**

	<b>₹ in Lakhs</b>	
<b>Particulars</b>	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
<b>Note 20</b>		
<b>Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock :</b>		
Work-in-Progress	207.57	327.33
Finished Goods	493.40	611.83
Stock-in-Trade	49.73	59.38
Stock in Transit	54.33	6.60
	<u>805.03</u>	<u>1,005.14</u>
<b>Closing Stock :</b>		
Work-in-Progress	308.01	207.57
Finished Goods	774.02	493.40
Stock-in-Trade	111.84	49.73
Stock in Transit	25.32	54.33
	<u>1,219.19</u>	<u>805.03</u>
<b>Total</b>	<u>(414.16)</u>	<u>200.11</u>
<b>Note 21</b>		
<b>Employee Benefits Expense</b>		
(a) Salaries and incentives	5,279.54	4,763.94
(b) Contributions to PF, Superannuation, Gratuity & ESI	655.51	583.09
(c) Staff welfare expenses	771.71	660.14
(d) LTA, Ex-gratia, & Leave Encashment	178.43	149.80
(e) Employee Stock Option Expense	11.75	22.46
<b>Total</b>	<u>6,896.94</u>	<u>6,179.43</u>
<b>Note 22</b>		
<b>Finance costs</b>		
Interest	315.27	425.37
Other finance costs	81.53	112.66
<b>Total</b>	<u>396.80</u>	<u>538.03</u>

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	Year ended 31-03-2019	Year ended 31-03-2018
<b>Note 23</b>		
<b>Other expenses</b>		
<b>A. Manufacturing &amp; Other Direct Expenses</b>		
Power and fuel	308.38	255.91
Machinery Maintenance	129.87	143.34
Factory Maintenance	31.11	28.60
Electrical maintenance	12.88	14.34
Testing charges	3.32	3.13
Dyes & Moulding charges	52.29	33.34
Cartage, Coolie & Freight charges	384.55	380.40
Packing materials & charges	220.73	203.74
Service & Labour charges	2,129.88	2,257.46
Total Manufacturing & Other Direct Expenses	<u>3,273.01</u>	<u>3,320.26</u>
<b>B. Administrative &amp; Selling Expenses</b>		
Professional Service Charges	166.95	136.91
Rent	244.78	214.63
Repairs & Maintenance	88.02	50.20
Travelling, Conveyance & Vehicle hire charges	451.27	409.97
Foreign Travel expenses	46.60	73.70
Vehicle Maintenance	182.28	154.76
Telephone, Telex & Postage	52.99	63.01
Printing & Stationery	34.04	32.75
Office Maintenance	61.15	45.95
Books & Periodicals	3.85	3.54
Computer Maintenance	16.42	23.01
Seminar & Conference	16.58	25.71
Electricity	21.37	20.11
Legal Fee & Charges	6.44	4.82
Donation	10.53	9.71
Recruitment, Training & Development	2.08	9.21
ECGC Premium	3.23	1.72

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	Year ended 31-03-2019	Year ended 31-03-2018
CSR Expenses	19.50	16.50
Insurance	33.34	51.32
Rates and taxes	31.07	19.25
Directors Sitting Fees	33.00	18.45
Commission	17.71	31.57
Advertisement	3.90	4.85
Sales Promotion Expenses	19.04	20.56
Freight on Exports	70.63	82.84
Loading & Unloading charges	15.52	14.47
Late Delivery Charges	17.96	9.00
Bad Debts	292.17	148.29
Payments to the Auditors		
a. Statutory Audit	8.50	8.50
b. Tax Audit	1.50	1.50
c. For certification & other services	6.00	0.00
Miscellaneous expenses	2.15	4.38
Total Administration & Selling Expenses	1,980.57	1,711.19
Sales Tax, Service Tax, & Other Indirect Tax Expenses	76.38	141.06
<b>Total</b>	<b>5,329.96</b>	<b>5,172.51</b>

## THEJO ENGINEERING LIMITED

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### Note 24 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

#### Note 24.1 Contingent Liabilities (to the extent not provided for)

		₹ in lakhs
Particulars	2018-19	2017-18
24.1.1 Claims against the Company not acknowledged as debts	-	-
24.1.2 Guarantees issued by the Banks	911.16	920.60
24.1.3 Stand-by Letter of Credit issued by bank (for loan availed by Thejo Australia Pty Ltd)	1,091.00	1,091.00
	<u>2,002.16</u>	<u>2,011.60</u>

#### 24.1.4 Others ₹ in lakhs

Name of Statute	Amount of Dispute (31/3/19)	Amount of Dispute (31/3/18)	Amount Deposited (31/3/19)	Period to which it relates	Forum where dispute is pending
Commercial Taxes	97.89	88.52	8.75	Various	Various
Customs	12.50	12.50	0.00	2001	Commissioner of Customs
Excise	0.00	25.45	0.00	Not Applicable	Not Applicable
Service Tax	11.15	10.95	0.00	2012-15	Commissioner of Service tax
Income-tax	69.31	69.31	30.00	Various	Various
<b>Total</b>	<b>190.85</b>	<b>206.73</b>	<b>38.75</b>		

#### 24.1.5 Commitments

Estimated amount of contracts remaining to be executed on capital account: ₹ 25.65 lakhs (Previous Year - ₹ 3.50 lakhs)

		₹ in lakhs
Particulars	2018-19	2017-18

#### Note. 24.2 Foreign currency transactions

##### 24.2.1 Payments in foreign currency towards Imports

###### Imports at CIF Value

Raw Materials and Traded goods	690.02	332.26
Capital goods	0.14	40.44
<b>Total</b>	<u>690.16</u>	<u>372.70</u>

##### 24.2.2 Payments in foreign currency towards Expenditure

Expenditure in Foreign currency	2018-19	2017-18
Professional and consultation fees	9.81	9.11
Foreign Tour	6.06	10.17
Salaries & Incentives of Perth Branch	335.40	388.00
Other Expenditure of Perth Branch	268.14	251.63
Others	13.58	52.31
<b>Total</b>	<u>632.99</u>	<u>711.22</u>

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

	₹ in lakhs	
Particulars	2018-19	2017-18
<b>24.2.3 Earnings in foreign currency on Accrual basis</b>		
<b>Earnings in foreign exchange</b>		
Exports – Products	3,225.54	2,714.36
Exports – Services	0.33	146.56
<b>Total</b>	<b>3,225.87</b>	<b>2,860.92</b>
Description	2018-19	2017-18

<b>24.2.4 Net Gain or Loss on Foreign Currency Translation</b>		
Profit/(Loss) on Foreign Currency Translation	65.36	24.62

#### Note. 24.3 Employee Benefits

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

##### 24.3.1 Defined Contribution Schemes

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

##### 24.3.2 Defined Benefit Scheme

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

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

Assumptions	2018-19	2017-18
Discount Rate	7.55%	7.69%
Salary Escalation	6.00%	5.00%
Attrition Rate	5.00%	5.00%
Expected return on plan assets	8.00%	8.00%

	₹ in Lakhs	
Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Table Showing Changes In Present Value Of Obligations</b>		
Present value of obligations at the beginning of the year	435.29	311.25
Interest Cost	32.73	23.31
Current Service Cost/Past Service Cost(Vested)	44.89	49.96
Benefits Paid	(19.30)	(39.71)
Actuarial (Gain) / Loss on obligations	95.29	90.48
<b>Present value of obligations as at end of the year</b>	<b>588.90</b>	<b>435.29</b>
<b>Table Showing Changes In Fair Value Of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	382.03	290.39
Expected return on plan assets	33.99	25.84
Contributions	105.06	104.97
Benefits Paid	(19.30)	(39.71)
Actuarial Gain / (Loss) on plan assets	(0.19)	0.54
<b>Fair value of plan assets at the end of the year</b>	<b>501.59</b>	<b>382.03</b>

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
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#### Table Showing Fair Value Of Plan Assets

Fair value of plan assets at the beginning of the year	382.03	290.39
Actual return on plan assets	33.80	26.38
Contributions	105.06	104.97
Benefits Paid	(19.30)	(39.71)
Fair value of plan assets at the end of the year	501.59	382.03
Funded Status	(87.31)	(53.26)
Excess of Actual over Estimated return on plan assets	(0.19)	0.54

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
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#### Actuarial Gain / Loss Recognized

Actuarial gain / (loss) on obligations	(95.29)	(90.47)
Actuarial gain / (loss) for the year – plan assets	(0.19)	0.54
Total gain / (loss) for the year	(95.48)	(89.93)
<b>Actuarial gain / (loss) recognized in the year</b>	<b>(95.48)</b>	<b>(89.93)</b>

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
-------------	--------------------------------------	--------------------------------------

#### Amounts To Be Recognized In Balance Sheet & Statement of Profit and Loss

Present value of obligations as at the end of the year	588.90	435.29
Fair value of plan assets as at the end of the year	501.59	382.03
Funded Status	(87.31)	(53.26)
<b>Net asset / (liability) recognized in balance sheet</b>	<b>(87.31)</b>	<b>(53.26)</b>

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
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#### Expenses Recognized In Statement of Profit and Loss

Current Service Cost/Past Service Cost(Vested)	44.89	49.96
Interest Cost	32.73	23.31
Expected return on plan assets	(33.99)	(25.84)
Net Actuarial (gain) / loss recognized in the year	95.48	89.93
<b>Expenses recognized in profit and loss statement</b>	<b>139.11</b>	<b>137.36</b>

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

## THEJO ENGINEERING LIMITED

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### Note 24.4 Segment Reporting

#### 24.4.1 Primary Segment Information (Business Segment)

₹ in Lakhs

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others			
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Segment Revenue	10,924.07	8,231.38	10,253.57	9,413.16	1,632.47	2,056.89	22,810.11	19,701.43
Less: Inter segment Revenue	3,741.83	2,262.52	35.44	0.94	0.00	12.67	3,777.27	2,276.13
Total Revenue	7,182.24	5,968.86	10,218.13	9,412.21	1,632.47	2,044.22	19,032.84	17,425.30
Segment Results	2,660.79	1,710.88	1,205.66	1,292.69	(88.81)	253.66	3,777.64	3,257.23
Less : Finance Cost							396.80	538.03
Un allocable Expenses (net of income)							1,465.20	1,455.90
Total Profit Before Tax							1,915.64	1,263.30
Tax Expenses							558.50	392.54
Profit after Tax							1,357.14	870.76
Segment Assets	6,446.69	5,919.77	5,374.84	4,892.49	443.55	884.21	12,265.08	11,696.47
Segment Liabilities	1,623.37	1,613.06	1,316.81	1,220.49	61.54	257.23	3,001.72	3,090.78
Capital Employed	4,823.32	4,306.71	4,058.03	3,672.00	382.01	626.98	9,263.36	8,605.69
Un allocated Capital Employed							102.43	(448.45)
Total Capital Employed							9,365.79	8,157.24

#### 24.4.2 Secondary Segment (Geographic Segment):

₹ in Lakhs

Particulars	India		Outside India		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue from external customers	15,806.96	14,564.38	3,225.88	2,860.92	19,032.84	17,425.30
Carrying amount of Segment Assets	10,332.19	9,799.52	1,932.89	1,896.95	12,265.08	11,696.47
Cost incurred to acquire tangible and intangible fixed assets	265.17	659.13	4.40	40.44	269.57	699.57

## THEJO ENGINEERING LIMITED

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

### Note 24.5 Related Party Disclosures

#### List of Related Parties

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

#### Related Party Transaction Details:

₹ in Lakhs

Related Party	Nature of Payment	Current Year Transaction	Outstanding as on 31 <sup>st</sup> March, 2019
Thejo Hatcon Industrial Services Company	Share Capital	0.00	333.72
Thejo Australia Pty Ltd	Share Capital	0.00	1202.45
Thejo Brasil Comercio E Servicos Ltda	Share Capital	22.37	98.62
Thejo Engineering LatinoAmerica SpA	Share Capital	149.60	491.26
Thejo Hatcon Industrial Services Company	Loan	(73.42)	83.52
Thejo Hatcon Industrial Services Company	Interest on Loan	13.98	2.60
Thejo Hatcon Industrial Services Company	Advance	0.00	114.15
Thejo Hatcon Industrial Services Company	Purchase & Sales	228.21	71.43
Thejo Australia Pty Ltd	Purchase & Sales	507.89	381.03
Thejo Brasil Comercio E Servicos Ltda	Purchase & Sales	42.30	73.48
Thejo Engineering LatinoAmerica SpA	Purchase & Sales	331.63	587.07
Thejo Australia Pty Ltd	Expense Reimbursement	53.93	5.25
Mr. K.J. Joseph	Sitting Fee	3.50	0.00
Mr. Thomas John	Sitting Fee	3.50	0.00
Mr. V.A. George	Remuneration	90.00	5.21
Mr. Manoj Joseph	Remuneration	37.02	2.06
Mr. Rajesh John	Remuneration	27.27	1.70
Mr. M.D. Ravikanth	Remuneration	34.44	0.20
Mr. Manesh Joseph	Remuneration	29.66	0.13
Mrs. Rosamma Joseph	Remuneration	12.09	0.87
Mrs. Celinamma John	Remuneration	11.95	0.99

Note: Remuneration excludes retirement benefits



**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**
**₹ in Lakhs**

Related Party	Nature of Payment	Previous Year Transaction	Outstanding as on 31 <sup>st</sup> March, 2018
Thejo Hatcon Industrial Services Company	Share Capital	0.00	333.72
Thejo Australia Pty Ltd	Share Capital	0.00	1,202.45
Thejo Brasil Comercio E Servicos Ltda	Share Capital	0.00	76.24
Thejo Engineering LatinoAmerica SpA	Share Capital	0.00	341.66
Thejo Hatcon Industrial Services Company	Loan	(41.96)	156.94
Thejo Australia Pty Ltd	Loan	(494.94)	0.00
Thejo Hatcon Industrial Services Company	Interest on Loan	18.57	8.64
Thejo Australia Pty Ltd	Interest on Loan	52.73	0.00
Thejo Hatcon Industrial Services Company	Advance	0.00	114.15
Thejo Hatcon Industrial Services Company	Purchase & Sales	321.09	144.93
Thejo Australia Pty Ltd	Purchase & Sales	5.92	41.14
Thejo Brasil Comercio E Servicos Ltda	Purchase & Sales	35.83	71.58
Thejo Engineering LatinoAmerica SpA	Purchase & Sales	347.79	448.34
Thejo Australia Pty Ltd	Expense Reimbursement	27.26	0.30
Thejo Australia Pty Ltd	Other Income	0.97	0.97
Mr. K.J. Joseph	Sitting Fee	1.50	0.00
Mr. Thomas John	Sitting Fee	1.95	0.00
Mr. V.A. George	Remuneration	48.00	1.00
Mr. Manoj Joseph	Remuneration	42.37	1.36
Mr. Rajesh John	Remuneration	36.49	1.04
Mr. M.D. Ravikanth	Remuneration	24.16	0.36
Mr. Manesh Joseph	Remuneration	27.63	0.97
Mrs. Rosamma Joseph	Remuneration	12.09	0.86
Mrs. Celinamma John	Remuneration	11.95	0.53

Note: Remuneration excludes retirement benefits

**Note 24.6 Calculation of Deferred Tax**
**₹ in Lakhs**

Particulars	DTA	DTL	DTA	DTL
	31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018	
Opening Balance	39.75	0.00	17.54	0.00
Timing Difference in Depreciation	7.06	0.00	2.20	0.00
Profit on sale of asset	0.00	2.52	0.00	1.41
Timing Difference on provision for leave encashment	2.30	0.00	41.30	0.00
Previous deferred tax reversed on account of tax rate changes/others	5.56	0.00	0.00	19.88
Total	54.67	2.52	61.04	21.29
Net Deferred Tax Liability/(Asset)	52.15	0.00	39.75	0.00

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

#### Note 24.7 Leases

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

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

#### Note 24.8 Particulars of Stock

₹ in Lakhs

Items	2018-19	2017-18
<b>Purchase of Goods (including Trading)</b>		
Rubber Items	2,162.77	1,895.94
Others	2,560.26	2,129.99
<b>Total</b>	<b>4,723.03</b>	<b>4,025.93</b>

#### Raw Materials Consumed (including Trading)

Rubber Items	2,089.28	1,866.01
Others	2,440.45	1,979.88
<b>Total</b>	<b>4,529.73</b>	<b>3,845.89</b>

#### Stock Particulars Raw Materials, WIP & Finished Goods (including Trading)

##### Opening Stock

Rubber Items	860.81	1,025.47
Others	749.89	643.40
<b>Total</b>	<b>1,610.70</b>	<b>1,668.87</b>

##### Closing Stock

Rubber Items	1,333.37	860.81
Others	851.69	749.89
<b>Total</b>	<b>2,185.06</b>	<b>1,610.70</b>

#### Value of Raw Materials, Spare Parts and Components consumed

Value – ₹ in Lakhs

Items	2018-19	2017-18
	% of Consumption	% of Consumption
Imported	13.55%	7.28%
Indigenous	86.45%	92.72%
<b>Total</b>	<b>4,529.73</b>	<b>3,845.89</b>

₹ in Lakhs

Items	2018-19	2017-18
<b>Income from services</b>		
Maintenance & Repair Services	7,359.22	5,719.89
Manpower Supply Services	1,676.78	2,427.09
Others	80.57	693.41
<b>Total</b>	<b>9,116.57</b>	<b>8,840.39</b>

## THEJO ENGINEERING LIMITED

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

₹ in Lakhs

Items	2018-19	2017-18
<b>Stock Particulars Work In Progress</b>		
<b>Opening Stock</b>		
Rubber Items	185.40	290.47
Others	22.17	36.86
<b>Total</b>	<b>207.57</b>	<b>327.33</b>
<b>Closing Stock</b>		
Rubber Items	228.13	185.40
Others	79.88	22.17
<b>Total</b>	<b>308.01</b>	<b>207.57</b>

### Note 24.9 Earnings Per Share

#### Basic & Diluted:

Particulars	2018-19	2017-18
Net Profit after Tax (₹ in Lakhs)	1357.14	870.76
Weighted Average Number of Equity Shares during the year (Nos.)	3434627	3433552
Earnings per Share (FV of ₹ 10/- each fully paid up) (₹)	39.51	25.36

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

### Note 24.10 Thejo Employee Stock Option Plan 2015

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

Name of the Plan	Thejo Employee Stock Option Plan 2015 ("ESOP 2015")
Date of Shareholders' Approval	August 26, 2015
Number of options approved under the Scheme	3,00,000 options equivalent to 3,00,000 Equity shares of ₹ 10/- each.
Vesting Schedule	1/6 <sup>th</sup> of Options granted on completion of one year of grant; balance in 6 equal instalments on completion of 18, 24, 30, 36, 42 and 48 months of grant.
Pricing Formula	The Members have approved the Board to decide the Pricing in line with SEBI guidelines. The Board has decided that the pricing will be not less than 75% of the prevailing market value of the Shares on the date of grant of Options as fixed by Compensation/Nomination and Remuneration Committee based on the closing market price one day prior to date of grant.
Maximum Term of Options granted	60 Months from the date of granting of the Options.
Source of Shares	Primary
Method of Settlement	Equity Shares
Variation in terms of Options	None
Method used for accounting	Intrinsic Value Method

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Impact of Fair Value Method	Had the Company used Fair Value Method (under Black Scholes Method) to expense the employee compensation cost, the Employee Stock Option Expense would have been ₹ 18.01 lakhs, which is ₹ 6.26 lakhs higher than the expense under Intrinsic Value Method of ₹ 11.75 lakhs. Had fair value been considered for expensing ESOP cost, the profit for the year and EPS (Basic and Diluted, FV of ₹ 10/- each fully paid) would have been ₹ 1,350.88 lakhs and ₹ 39.33/- respectively (as against ₹ 1,357.14 lakhs and ₹ 39.51/- under intrinsic value method).			
Option Movement during the year	Number of Options at the beginning of the period – 1,35,867 Number of Options Granted during the year – Nil Number of Options forfeited/lapsed during the year – Nil Number of Options vested during the year – 37,744 Number of Options exercised during the year – 3,400 Number of Shares arising as a result of exercise of options – 3,400 Money Realized by exercise of Option – ₹ 5.23 lakhs Loan Repaid by the Trust from exercise price received – NA Number of Options outstanding at the end of the year – 1,32,467 Number of Options exercisable at the end of the year – 75,859			
Weighted Average Exercise Price	₹ 153.75/- per share			
Weighted Average Fair Value/Option	₹ 88.87/-			
Details of Options Granted to specified employees during the year	(A) Senior Managerial Personnel: Nil (B) Any other employee granted options amounting to 5% or more of option granted during the year: Nil (C) Identified employee who was granted option during the year equal to or exceeding 1% of issued capital: Nil			
Method and Significant Assumptions to estimate fair value	Method Used: Black Scholes Method Significant Assumptions Used: Weighted Average Value of Share Price: ₹ 205/- Weighted Average Price of Exercise Price: ₹ 153.75/- Expected Volatility: 35.40%-38.50% Expected Option Life: 1-2.5 years Expected Dividends: 1.81% Risk-free interest rate: 6.93%-7.07% Method to determine Expected Volatility: Standard deviation of the continuously compounded rate of return of the stock during the expected option life based on historic value.			
Status of Options				
Particulars	As at 31/3/2019		As at 31/3/2018	
	No. of Options	WAEP (₹)	No. of Options	WAEP(₹)
Outstanding at the beginning of the year	1,35,867	153.75	1,39,556	153.75
Add: Granted during the year	0	NA	0	NA
Less: Forfeited/Lapsed during the year	0	NA	3,689	153.75
Less: Exercised during the year	3400	153.75	0	NA
Outstanding at the end of the year	1,32,467	153.75	1,35,867	153.75
Exercisable at the end of the year	75,859	153.75	41,515	153.75
WAEP – Weighted Average Exercise Price / Option NA – Not Applicable				

**THEJO ENGINEERING LIMITED**
**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Summary of Options Outstanding: Thejo ESOP 2015					
As at 31/3/2019			As at 31/3/2018		
No. of Options outstanding	Exercise Price (₹)	Weighted Average Remaining contractual Life	No. of Options outstanding	Exercise Price (₹)	Weighted Average Remaining contractual Life
1,32,467	153.75	26 Months	1,35,867	153.75	38 Months
NA – Not Applicable					
Diluted EPS as per AS 20		Diluted EPS (Per Equity Share of face value of ₹ 10/- each fully paid) – ₹ 39.51/-			
Price of underlying shares in Market at the time of grant of option		₹ 205/- per Equity Share			

**Note 24.11 Payment to Auditors**
**₹ in Lakhs**

Description	2018-19	2017-18
For Audit	8.50	8.50
For Taxation Matters	1.50	1.50
For Company Law Matters	0.00	0.00
For Management Services	0.00	0.00
For Other Services	6.00	0.00
For Reimbursement of Expenses	0.00	0.00
<b>Total</b>	<b>16.00</b>	<b>10.00</b>

**Note 24.12 Corporate Social Responsibility**

The Company has spent ₹ 19.50 lakhs for various CSR activities.

**Note 24.13 Other Disclosures**

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

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

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

Residual value:

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

## THEJO ENGINEERING LIMITED

### Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

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

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

**24.13.5** During the FY 2018-19, the Company has incurred a revenue expenditure (excluding depreciation) of ₹ 95.13 lakhs and capital expenditure of ₹ 0.27 lakhs in relation to Research & Development. (FY 2017-18: ₹ 111.65 lakhs and ₹ 3.60 lakhs respectively).

**24.13.6** The Board has recommended a dividend of ₹ 5/- per equity share of face value of ₹ 10/- each (fully paid) for the FY 2018-19. Dividend and Dividend Distribution Tax will be treated as an appropriation from Reserves & Surplus during the period in which it is approved by the Members. No provision is being made in the accounts for the current financial year in respect of dividend recommended by the Board after the balance sheet date.

### Note 25 Previous Year Figures

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

As per our Report of even date  
For BRAHMAYYA & CO.

Chartered Accountants  
ICAI Registration No. 000511S

P. BABU  
Partner  
Membership No. 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737

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## **Consolidated Financial Statements 2018-19**

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THEJO ENGINEERING LIMITED

Report on the Audit of the Consolidated Financial Statements

#### 1. Opinion

We have audited the accompanying Consolidated financial statements of **Thejo Engineering Limited** ("the Holding Company") and its subsidiaries (together referred as "Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2019, of consolidated profit and its consolidated cash flows for the year then ended.

#### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

#### 4. Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **5. Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## **6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 7. Other Matters

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs. 4647.25 lakhs as at 31st March, 2019, total revenues of Rs.5057.94 lakhs and net cash outflow amounting to Rs. 3.17 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

#### 8. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure A**”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended :  
  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 27.1.4 to the consolidated financial statements.
  - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

P. BABU  
Partner  
Membership No. : 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

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## **“ANNEXURE-A” TO THE AUDITORS’ REPORT**

**Referred to in Paragraph 8 of Our Report of Even Date**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Thejo Engineering Limited** (“hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated outside India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Holding company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

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timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

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

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

P. BABU  
Partner  
Membership No. : 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2019

		₹ in lakhs	
Particulars	Note No.	As at 31-03-2019	As at 31-03-2018
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	343.70	343.36
(b) Reserves and surplus	4	7,403.59	6,231.94
<b>2 Share application money pending allotment</b>		-	-
<b>3 Minority Interest</b>	5	621.04	453.50
<b>4 Non-current liabilities</b>			
(a) Long-term borrowings	6	756.04	976.35
(b) Deferred tax liabilities (Net)	27.6	-	-
(c) Other non-current liabilities	7	49.82	36.80
<b>5 Current liabilities</b>			
(a) Short-term borrowings	8	2,070.58	1,812.15
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	9	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9	2,517.65	2,100.33
(c) Other current liabilities	10	2,419.99	2,892.41
(d) Short-term provisions	11	497.59	341.61
<b>TOTAL</b>		<b>16,680.00</b>	<b>15,188.45</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		3,328.86	3,190.63
(ii) Intangible assets		32.18	25.67
(iii) Capital work-in-progress		22.61	126.62
(b) Non-current investments	13	-	0.50
(c) Deferred Tax Asset (Net)	27.6	52.15	39.75
(d) Long-term loans and advances	14	480.41	509.27
(e) Other non-current assets	15	-	100.31
<b>2 Current assets</b>			
(a) Inventories	16	3,624.43	2,555.65
(b) Trade receivables	17	6,389.92	6,529.69
(c) Cash and cash equivalents	18	1,506.28	1,013.88
(d) Short-term loans and advances	19	1,243.16	1,096.48
(e) Other current assets		-	-
<b>TOTAL</b>		<b>16,680.00</b>	<b>15,188.45</b>
Notes including significant accounting policies	1-28		

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

In terms of our report of even date annexed

For BRAHMAYYA & CO.

For and on behalf of the Board of Directors

Chartered Accountants  
ICAI Registration No. 000511S

K.J. JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

P. BABU  
Partner  
Membership No. 203358

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

**Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019**

₹ in lakhs

Particulars	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
I. <b>Revenue from operations</b>	20	<b>22,946.89</b>	<b>22,094.30</b>
II. Other income	21	<b>112.30</b>	77.66
III. Total Revenue (I + II)		<b>23,059.19</b>	<b>22,171.96</b>
IV. Expenses:			
Cost of materials consumed	22	<b>5,293.13</b>	4,563.05
Purchase of Traded Goods	22	<b>633.84</b>	632.55
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	<b>(1,091.07)</b>	138.35
Employee benefits expense	24	<b>8,521.20</b>	7,819.21
Finance costs	25	<b>452.59</b>	559.42
Depreciation and amortization expense	12	<b>646.80</b>	541.77
Other expenses	26	<b>6,443.07</b>	6,210.88
Total expenses		<b>20,899.56</b>	<b>20,465.23</b>
V. <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>2,159.63</b>	1,706.73
VI. Exceptional items		-	-
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		<b>2,159.63</b>	1,706.73
VIII. Extraordinary Items		-	-
IX. <b>Profit before tax (VII- VIII)</b>		<b>2,159.63</b>	1,706.73
X Tax expense:			
(1) Current tax		<b>689.30</b>	417.12
(2) Deferred tax	27.6	<b>(12.40)</b>	(20.48)
XI <b>Profit (Loss) for the period (IX-X)</b>		<b>1,482.73</b>	<b>1,310.09</b>
XII Transfer to Minority Interest		147.02	204.69
XIII Profit (Loss) for the period after tax and transfer to Minority Interest (XI - XII)		<b>1,335.71</b>	1,105.40
XIV Earnings per equity share of face value of ₹ 10/- each fully paid up (before & after extraordinary items)			
(1) Basic (in ₹)		<b>38.89</b>	32.19
(2) Diluted (in ₹)		<b>38.89</b>	32.19
Notes Including significant accounting policies	1-28		

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

In terms of our report of even date annexed

For BRAHMAYYA & CO.

For and on behalf of the Board of Directors

Chartered Accountants  
ICAI Registration No. 000511S

P. BABU  
Partner  
Membership No. 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

K.J. JOSEPH  
Chairman  
DIN 00434410

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

THOMAS JOHN  
Vice Chairman  
DIN 00435035

V.A. GEORGE  
Managing Director  
DIN 01493737



### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

	₹ in lakhs	
Particulars	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>Cash flow from Operating Activities</b>		
Profit before tax as per Consolidated Statement of Profit and Loss	2,159.63	1,706.73
Adjustment for:		
Depreciation	646.80	541.77
Pre-operative Expenses written off	100.31	48.10
Employee Stock Option Expense	11.75	22.45
Loss/(Profit) on sale of asset	(8.65)	(4.02)
Interest Paid	452.59	559.42
Unrealized foreign exchange (gain)/loss (net)	17.14	(8.06)
Interest Received	(38.08)	(24.95)
Operating Profit before working capital changes	3,341.49	2,841.44
Adjustment for:		
Trade and Other Receivables	19.24	(842.33)
Inventories	(1,068.78)	(204.78)
Trade Payables and Other Liabilities	347.98	936.83
Cash Generated from Operations	2,639.93	2,731.16
Direct Taxes Paid	(644.96)	(374.98)
<b>Net Cash from Operating Activities (A)</b>	<b>1,994.97</b>	<b>2,356.18</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(677.28)	(829.76)
Sale of assets	21.36	4.90
Investments disposed	0.50	0.07
Interest Received	25.16	24.95
<b>Net cash used in Investing Activities (B)</b>	<b>(630.26)</b>	<b>(799.84)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital/Premium on account of issue of shares	5.23	-
Increase/(Decrease) in short-term credit facilities/borrowings	258.43	(1,428.48)
Term Loan availed	181.18	1,086.38
Repayments of Term Loan	(682.78)	(434.21)
Interest paid	(456.97)	(559.42)
Dividend (including Dividend Distribution Tax) Paid	(165.57)	(144.64)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(860.48)</b>	<b>(1,480.37)</b>
<b>Exchange Difference on translation of cash and cash equivalents (D)</b>	<b>(11.83)</b>	<b>(1.27)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)+(D)</b>	<b>492.40</b>	<b>74.70</b>
Opening Cash & Cash Equivalents	1,013.88	939.18
Closing Cash & Cash Equivalents	1,506.28	1,013.88
Note: Closing Cash and Cash Equivalents includes ₹ 373.63 lakhs (Previous Year: ₹ 220.53 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC/Security		

In terms of our report of even date annexed  
For BRAHMAYYA & CO.

Chartered Accountants  
ICAI Registration No. 000511S

P. BABU  
Partner  
Membership No. 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman  
DIN 00434410

THOMAS JOHN  
Vice Chairman  
DIN 00435035

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737



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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**


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**Note - 1****Corporate Information (Parent and Subsidiary Companies)**

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

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

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

**Note – 2****Significant Accounting Policies****2.1 Basis of Accounting**

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards as specified in the Annexure to the Companies (Accounting Standards) Rules, 2006 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 of Ministry of Corporate Affairs. The cash flow statement has been prepared in accordance with AS 3 on "Cash flow statements" issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

**2.2 Principles of Consolidation**

- (i) The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements".
  - (ii) The financial statements of the Parent Company and its subsidiaries are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting therefrom and are presented to the extent possible, in the same manner as the Company's independent financial statements.
  - (iii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except the method of depreciation as adopted by the subsidiary companies has been retained for the purpose of consolidation.
  - (iv) The excess of cost to the Parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial
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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**

statements as 'goodwill on consolidation' and carried in the consolidated balance sheet as an asset. Where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the company, it is recognised as 'capital reserve' and shown under the head Reserves and Surplus, in the consolidated financial statements.

- (v) Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- (vi) The transactions of sale and purchase between the Parent Company and the Subsidiaries are eliminated by reducing both sales and purchases/expenses. The unrealized profit on the closing inventory and fixed assets held by the Subsidiaries out of the sales made by the Parent Company is reduced from the closing inventory and fixed assets on consolidation as per AS 21.
- (vii) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

**2.3 Use of estimates**

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

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

**2.4 Foreign currency transactions**

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

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

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**
**2.5 Presentation and disclosure of Consolidated financial statements**

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

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

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

Intangible Assets

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

**2.7 Depreciation****a. Parent Company**Tangible Assets (Property, Plant and Equipment)

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

Intangible Assets

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

**b. Foreign Subsidiaries**

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

**2.8 Inventories**

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

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

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

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

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

**2.9 Revenue Recognition****2.9.1** In respect of sale of products, revenue is recognised at the point of despatch to the customers, when the effective control passes on to the buyer and in respect of services rendered, revenue is recognised based

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**

on proportionate completion method, when there is no significant uncertainty regarding the amount of consideration.

2.9.2 Exports sales are accounted at the rate of exchange prevailing as on the date of invoicing.

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

2.9.4 The transactions of sale and purchase between the Parent company and the Subsidiaries are eliminated by reducing both sales and purchases.

## **2.10 Sales, Works Contracts and Services Income**

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

## **2.11 Employee Benefits**

### **Parent Company**

#### **2.11.1 Short term employee benefits:**

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

#### **2.11.2 Post employment benefits:**

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

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

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

## **2.12 Taxes on Income**

### **Parent Company**

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being difference between taxable income and the accounting income that originates in one year and reverses in another. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry forward of business loss is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **Subsidiaries**

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

## **2.13 Impairment of Assets**

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

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019****2.14 Investments**

Each category/item of investment is valued as follows:

- 2.14.1 Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.
- 2.14.2 Current investments are carried at the lower of cost and fair value.  
The carrying amount of such investments are determined on the basis of weighted average cost of each individual investment.

**2.15 Cash and Cash Equivalents**

- 2.15.1 Cash comprises cash on hand and demand deposits with bank.
- 2.15.2 Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.16 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be readily estimated. Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Contingent assets are neither recognized nor disclosed.

**2.17 Dividend**

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

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

## Note 3

## Share capital

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount ₹ in Lakhs	Number	Amount ₹ in Lakhs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
<b>Issued</b>				
Equity Shares of ₹ 10/- each	34,36,952	343.70	34,33,552	343.36
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each	34,36,952	343.70	34,33,552	343.36
(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 and 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Profit & Loss Account and ₹ 171.68 lakhs from Securities Premium Account)				
<b>Total</b>	<u>34,36,952</u>	<u>343.70</u>	<u>34,33,552</u>	<u>343.36</u>

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

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Amount ₹ in Lakhs	Number	Amount ₹ in Lakhs
Shares outstanding at the beginning of the year	34,33,552	343.36	34,33,552	343.36
Shares Issued during the year	3,400	0.34	0	0.00
Shares outstanding at the end of the year	<u>34,36,952</u>	<u>343.70</u>	<u>34,33,552</u>	<u>343.36</u>

## 3.2 Shares in the Company held by each shareholder holding more than 5 percent shares as on 31/3/2019

Name of the Shareholder	As at 31st March 2019		As at 31st March 2018	
	Number	Percentage	Number	Percentage
SIDBI Venture Capital Ltd. A/c India Opportunities Fund	3,16,672	9.21%	3,17,072	9.23%
Girish Gulati HUF	2,65,200	7.72%	2,65,200	7.72%
Mr. K.J. Joseph	2,49,400	7.26%	2,50,000	7.28%
Mr. Thomas John	2,16,868	6.31%	2,16,868	6.32%
Mrs. Celinamma John	2,16,866	6.31%	2,16,866	6.32%
Mr. Rajesh John	2,16,866	6.31%	2,16,866	6.32%
Mrs. Rosamma Joseph	1,80,320	5.25%	1,80,320	5.25%

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 4</b>		
<b>Reserves and surplus</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	1,845.31	1,845.31
Add: Share premium of shares issued under ESOP	6.63	0.00
<b>Closing Balance</b>	<b>1,851.94</b>	<b>1,845.31</b>
<b>b. Share Option Outstanding Account</b>		
Opening Balance	52.73	30.28
(+) Employee Compensation Cost for the year	11.75	22.45
(-) Capitalized on Exercise of Options	1.74	0.00
<b>Closing Balance</b>	<b>62.74</b>	<b>52.73</b>
<b>c. Surplus (Balance in Statement of Profit and Loss)</b>		
Opening balance	3,706.27	2,766.72
(+) Net Profit/(Net Loss) For the current year	1,335.71	1,105.40
(-) Dividend Distributed	137.34	120.18
(-) Dividend Distribution Tax	28.23	24.46
(-) Transfer to Statutory Reserve	31.18	21.21
<b>Closing Balance</b>	<b>4,845.23</b>	<b>3,706.27</b>
<b>d. Others</b>		
<b>i) General Reserve</b>		
Opening Balance	627.71	627.71
(+) Transfer from Surplus	0.00	0.00
<b>Closing Balance</b>	<b>627.71</b>	<b>627.71</b>
<b>ii) Statutory Reserve</b>		
Opening Balance	21.21	0.00
(+) Transfers from Surplus	31.18	21.21
<b>Closing Balance</b>	<b>52.39</b>	<b>21.21</b>
<b>iii) Foreign Currency Translation Reserve</b>		
Opening Balance	(21.29)	(20.14)
Add: Foreign Currency Translation Reserve during the year	(15.13)	(1.15)
<b>Closing Balance</b>	<b>(36.42)</b>	<b>(21.29)</b>
<b>Total</b>	<b>7,403.59</b>	<b>6,231.94</b>

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 5</b>		
<b>Minority Interest</b>		
<b>Opening Balance</b>	<b>453.50</b>	248.35
<b>Additions during the year</b>		
a.Share of (Loss)/profit of the year	<b>147.02</b>	204.69
b.Foreign currency translation adjustment for the year	<b>20.52</b>	0.46
<b>Closing balance</b>	<b>621.04</b>	453.50

**Note 6****Long Term Borrowings****Secured****Term loans**

From Banks	<b>906.74</b>	1,392.20
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**Limit/Liability, Terms of Repayment & Security****State Bank of India**

Date of Sanction: 28.07.2017 Ref No. RM1/62

Sanctioned Limit - ₹ 200 Lakhs

Purpose: Acquisition of Capital Assets

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

Amount of Instalment: ₹ 4.20 Lakhs + Interest

Security:

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

First charge on Pari-passu basis with Axis &amp; SIB over immovable properties under Equitable Mortgage.

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

Liability (Incl interest not due) - ₹ 82.37 Lakhs (₹126.03 Lakhs)

Repayable within one year - ₹ 51.33 Lakhs (₹ 50.40 Lakhs)

Overdues/Defaults - Nil (Nil)

**Axis Bank Limited**

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

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

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

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

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

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



Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
Amount of Instalment -		
1. ₹ 1.67 Lakhs per month + interest;		
2. ₹ 3.33 Lakhs per month + interest &		
3. ₹ 5.00 Lakhs per month+interest		
Security (For all loans):		
First hypothecation charge over all machinery and equipment purchased under the Term Loan.		
First charge on Pari-passu basis with SBI & SIB over immovable properties under Equitable Mortgage.		
Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mr. Manesh Joseph		
Liability (Incl interest not due) - ₹ 159.94 Lakhs (₹ 277.61 Lakhs)		
Repayable within one year - ₹ 65.09 Lakhs (₹ 119.41 Lakhs)		
Overdues/Defaults - Nil (Nil)		
<b>Export Import Bank of India</b>		
Date of Sanction: 20.01.2014 Ref. CBG: OIF-715: 321		
Sanctioned Limit: USD 1.25 million (Equi ₹ 753.48 Lakhs)		
Purpose: Onward lending to Thejo Australia Pty Ltd and Thejo Hatcon Industrial Services Company to meet their long term working capital requirements.		
Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice.		
Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period.		
Security:		
Pari-passu first charge on the fixed assets of the Company and second charge on the current assets of the Company		
Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph and Mr. Rajesh John		
Liability (Incl interest not due) - Nil (₹ 329.65 Lakhs)		
Repayable within one year - Nil (₹ 248.38 Lakhs)		
Overdues/Defaults - Nil (Nil)		
<b>ICICI Bank Limited - Auto Loan</b>		
Date of Sanction: 03.06.2014		
Sanctioned Limit: ₹ 28 Lakhs		
Purpose: Acquisition of Vehicle		
Period of Repayment : 60 Equated Monthly Instalments (including interest) from July 2014.		
EMI Payable - ₹ 0.60 Lakhs per month		
Security:		
Hypothecation of Vehicle purchased under the loan		
Liability (Incl interest not due) - Nil (₹ 8.46 Lakhs)		
Repayable within one year - Nil (₹ 6.70 Lakhs)		
Overdues/Defaults - Nil (Nil)		

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Westpac Banking Corporation Term Loan (Thejo Australia Pty Ltd)</b>		
Date of Sanction: March 2018		
Sanctioned Limit: AUD 13,00,000		
Purpose: Term Loan for repayment of Long-term loan from Parent Company		
Period of Repayment : 36 monthly instalments of AUD 15000 per month with balloon payment at the end		
Amount of Instalment - AUD 15000 per month (₹ 7.50 Lakhs per month)		
Security:		
Stand-by Letter of credit from bankers of Parent Company (State Bank of India).		
General Security agreement over the entire assets of Thejo Australia Pty Ltd.		
Liability (Incl interest not due) - ₹ 550.01 Lakhs (₹ 650.45 Lakhs)		
Repayable within one year - ₹ 88.40 Lakhs (₹ 90.06 Lakhs)		
Overdues/Defaults - Nil (Nil)		
<b>Westpac Banking Corporation Equipment Finance (Thejo Australia Pty Ltd)</b>		
Date of Sanction: March 2018		
Sanctioned Limit: AUD 7,50,000		
Purpose: Acquisition of equipment		
Period of Repayment : 60 monthly instalments from date of loan		
Amount of Instalment - AUD 4712 per month (₹ 2.31 Lakhs per month)		
Security:		
Equipments purchased under the loan		
Liability (Incl interest not due) - ₹ 114.42 Lakhs (₹ Nil )		
Repayable within one year - ₹ 21.22 Lakhs (₹ Nil)		
Overdues/Defaults - Nil (Nil)		
<b>From Others</b>		
Financial Institutions	130.42	145.78
Sundaram Finance Limited		
Date of Sanction: 12.09.2014		
Sanctioned Limit: ₹ 100 Lakhs		
Purpose: Acquisition of Vehicles		
Period of Repayment : 35 Equated Monthly Instalments (including interest) from date of each loan		
Amount of Instalment - ₹ 3.04 Lakhs per month for loan outstanding		
Security:		
Hypothecation of Vehicle purchased under the loan		
Personal guarantee of: Mr.Thomas John		
Liability (Incl interest not due) - ₹ 48.46 Lakhs (₹ 35.13 Lakhs)		
Repayable within one year - ₹ 27.15 Lakhs (₹ 19.61 Lakhs)		
Overdues/Defaults - Nil (Nil)		

**Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Toyota Finance Australia Ltd</b>		
Date of Sanction: November 2016 & October 2017		
Sanctioned Limit: AUD 127176 (Equi ₹ 64.26 Lakhs)		
Purpose: Acquisition of Vehicles		
Period of Repayment : 60 Equated Monthly Instalments(including interest) from date of the loan		
Amount of Instalment - AUD 2393 (₹1.21 Lakhs per month)		
Security:		
Hypothecation of Vehicle purchased under the loan		
Liability (Incl interest not due) - ₹ 40.60 Lakhs (₹ 53.46 Lakhs)		
Repayable within one year - ₹ 12.38 Lakhs (₹ 12.02 Lakhs)		
Overdues/Defaults - Nil (Nil)		
<b>Toyota Finance Australia Ltd (Thejo Australia Pty Ltd)</b>		
Date of Sanction: March 2017		
Sanctioned Limit: AUD 179184 (Equi ₹ 88.79 Lakhs)		
Purpose: Acquisition of Vehicles		
Period of Repayment : 28 to 60 Equated Monthly Instalments(including interest) from date of each loan		
Amount of Instalment - AUD 4361 (₹ 2.16 Lakhs per month)		
Security:		
Hypothecation of Vehicle purchased under the loan		
Liability (Incl interest not due) - ₹ 41.36 Lakhs (₹ 57.19 Lakhs)		
Repayable within one year - ₹ 15.55 Lakhs (₹ 15.05 Lakhs)		
Overdues/Defaults - Nil (Nil)		
Less: Current Maturities (incl interest accrued but not due)		
Banks	(226.04)	(514.95)
Financial Institutions	(55.08)	(46.68)
<b>Total</b>	<b>756.04</b>	<b>976.35</b>
<b>Note 7</b>		
<b>Other Non-Current Liabilities</b>		
Terminal Provision	49.82	36.80
<b>Total</b>	<b>49.82</b>	<b>36.80</b>

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018

**Note 8****Short Term Borrowings****Secured****Loans repayable on demand**

From Banks	2,070.58	1,812.15
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The Company was sanctioned Working capital facilities by consortium of bankers namely, State Bank of India, Axis Bank Limited and The South Indian Bank Limited.

**Limit/Liability, Terms of Repayment & Security****State Bank of India**

Date of Sanction: 20.11.2017 Ref No. RM1/123

Limit: Cash Credit of ₹ 1,675 Lakhs +Stand by CC ₹ 150 Lakhs (Non-fund based

limit: Letter of Credit - ₹ 500 lakhs & Bank Guarantee - ₹ 700 lakhs)

Period Of Repayment: On Demand

Security:

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

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

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

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

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

Rate of Interest - 2.00% above One Year MCLR

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

Liability - ₹ 501.37 Lakhs (₹ 223.71 Lakhs)

Overdues/Defaults: Nil (Nil)

**Axis Bank Limited**

Date of Sanction: 23.02.2018 Ref No. AXISB/SME/S/CHN3/MEG/2017-18/108

Limit: Cash Credit of ₹ 1,262.50 Lakhs +Stand by CC ₹ 112.50 Lakhs (Non-fund

based limit: Letter of Credit - ₹ 375 lakhs & Bank Guarantee - ₹ 525 lakhs)

Period Of Repayment: On Demand

Security: Same as given to State Bank of India

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

Rate of Interest - 2.00% above 3 Month MCLR

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

Liability - ₹ 652.89 Lakhs (₹ 823.37 Lakhs)

Overdues/Defaults: Nil (Nil)

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Indian Overseas Bank</b>		
Date of Sanction: 18.04.2017		
Limit: Nil		
Period Of Repayment: Not Applicable		
Liability - Nil (₹ 773.26 Lakhs)		
Overdues/Defaults: Nil (Nil)		
<b>The South Indian Bank Limited</b>		
Date of Sanction: 21.06.2018 Ref No. 83/2018-19		
Limit: Cash Credit of ₹ 1,263.00 Lakhs +Stand by CC ₹ 112.00 Lakhs (Non-fund based limit: Letter of Credit - ₹ 375 lakhs & Bank Guarantee - ₹ 525 lakhs)		
Period Of Repayment: On Demand		
Security:		
Same as given to State Bank of India		
Personal guarantee of: Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph		
Mr. Rajesh John and Mr. Manesh Joseph		
Rate of Interest - 1.15% above One Year MCLR		
Margin - Cash credit - 25% LC and BG - 15%		
Liability - ₹ 837.39 Lakhs (Nil)		
Overdues/Defaults: Nil (Nil)		
<b>Westpac Banking Corporation (Thejo Australia Pty Ltd)</b>		
Date of Sanction: March 2018		
Sanctioned Limit: AUD 3,00,000		
Period of Repayment : On Demand		
Security:		
Stand-by Letter of credit from bankers of Parent Company (State Bank of India).		
General Security agreement over the entire assets of Thejo Australia Pty Ltd.		
Rate of Interest - 7.25%		
Liability - ₹ 78.93 Lakhs (Nil)		
Overdues/Defaults - Nil (Nil)		
<b>Total</b>	<b>2,070.58</b>	<b>1,812.15</b>
<b>Note 9</b>		
<b>Trade payables</b>		
Trade payables:		
Acceptances	<b>350.33</b>	433.29
Other than Acceptances	<b>2,167.32</b>	1,667.04
(Payables to micro and small enterprises - Nil (PY: Nil))		
<b>Total</b>	<b>2,517.65</b>	<b>2,100.33</b>

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**Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019**


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Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 10</b>		
<b>Other Current Liabilities</b>		
Current Maturities on Long Term Debt (Refer Note 6 for details of security extended)	<b>278.26</b>	554.39
Interest accrued but not due on Term Loan	<b>2.86</b>	7.24
<b>Other payables</b>		
Salary and Other Employee Benefits	<b>855.78</b>	774.25
Statutory Dues	<b>621.14</b>	618.99
Others	<b>20.82</b>	105.14
Outstanding Liabilities	<b>641.13</b>	832.40
<b>Total</b>	<b><u>2,419.99</u></b>	<u>2,892.41</u>
<b>Note 11</b>		
<b>Short Term Provisions</b>		
<b>(a) Provision for employee benefits</b>		
Provision for Leave Encashment	<b>196.91</b>	119.33
Gratuity Liability (Net)	<b>87.30</b>	53.25
<b>(b) Others</b>		
Direct Taxes (Net)	<b>213.38</b>	169.03
<b>Total</b>	<b><u>497.59</u></b>	<u>341.61</u>

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Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

## Note 12 FIXED ASSETS

NATURE OF ASSETS	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	As at 01.04.2018	Addition for the year	Deduction	Diff in forex rate conversion	As at 31.03.2019	Upto 31.03.2018	Addition	Deduction	Diff in forex rate conversion	Unrealized profit	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>TANGIBLE ASSETS</b>													
Land	65.72	0.00	0.00	0.00	65.72	0.00	0.00	0.00	0.00	0.00	0.00	65.72	65.72
Factory Building	1486.14	49.10	0.00	-1.34	1533.90	458.38	94.29	0.00	-0.15	0.00	552.52	981.38	1027.75
Office Building	606.37	0.00	0.00	35.31	641.68	272.85	60.47	0.00	17.17	0.00	350.49	291.19	333.53
<b>Plant &amp; Machinery</b>													
Plant & Machinery	3082.42	379.02	21.54	4.18	3444.08	1985.26	256.44	12.47	0.53	12.18	2241.94	1202.14	1097.17
Boiler	71.13	0.00	0.00	0.00	71.13	53.26	3.15	0.00	0.00	0.00	56.41	14.72	17.87
Dyes & Moulds	312.67	79.79	0.00	0.00	392.46	139.02	37.86	0.00	0.00	0.00	176.88	215.58	173.64
Vehicle Four Wheelers	692.40	98.41	22.22	6.78	775.37	439.91	96.26	18.68	5.33	0.00	522.82	252.55	252.48
Vehicle Two Wheelers	38.94	2.52	0.00	0.00	41.46	27.66	3.09	0.00	0.00	0.00	30.75	10.71	11.28
Office Equipments	54.97	12.99	0.08	-0.10	67.78	44.99	6.52	0.08	-0.02	0.00	51.41	16.37	9.97
Electrical Fittings	203.57	15.73	0.22	0.00	219.08	166.35	8.91	0.11	0.00	0.00	175.15	43.93	37.22
Furniture & Fittings	360.78	88.53	0.00	3.54	452.85	234.02	33.19	0.00	2.14	0.00	269.35	183.50	126.76
Computer	206.51	36.31	0.00	-0.50	242.32	176.13	20.63	0.00	-0.33	0.00	196.43	45.89	30.39
Computer Server	7.97	0.00	0.00	0.00	7.97	7.11	0.32	0.00	0.00	0.00	7.43	0.54	0.86
Generator	43.18	0.00	0.00	0.00	43.18	37.18	1.36	0.00	0.00	0.00	38.54	4.64	6.00
Total Tangible Assets (Current Year)	7232.77	762.40	44.06	47.87	7998.98	4042.12	622.49	31.34	24.67	12.18	4670.12	3328.86	3190.63
Total Tangible Assets (Previous Year)	6441.98	806.49	27.46	11.76	7232.77	3533.12	540.21	26.59	5.02	-9.62	4042.14	3190.63	2908.86
<b>INTANGIBLE ASSETS</b>													
Technical Knowhow	1.75	0.00	0.00	0.00	1.75	1.75	0.00	0.00	0.00	0.00	1.75	0.00	0.00
Computer Software	115.87	18.85	0.00	-0.21	134.51	90.21	12.13	0.00	-0.01	0.00	102.33	32.18	25.67
Total Intangible Assets (Current Year)	117.62	18.85	0.00	-0.21	136.26	91.96	12.13	0.00	-0.01	0.00	104.08	32.18	25.67
Total Intangible Assets (Previous Year)	114.50	3.02	0.00	0.11	117.63	80.78	11.18	0.00	0.00	0.00	91.96	25.67	33.72
<b>CAPITAL WORK IN PROGRESS</b>													
Assets Under Construction	126.62	4.16	108.17	0.00	22.61	0.00	0.00	0.00	0.00	0.00	0.00	22.61	126.62
Total Capital Work In Progress (Current Year)	126.62	4.16	108.17	0.00	22.61	0.00	0.00	0.00	0.00	0.00	0.00	22.61	126.62
Total Capital Work In Progress (Previous Year)	106.37	95.25	75.00	0.00	126.62	0.00	0.00	0.00	0.00	0.00	0.00	126.62	106.37
<b>GRAND TOTAL</b>	<b>7477.02</b>	<b>785.41</b>	<b>152.23</b>	<b>47.66</b>	<b>8157.85</b>	<b>4134.08</b>	<b>634.62</b>	<b>31.34</b>	<b>24.66</b>	<b>12.18</b>	<b>4774.19</b>	<b>3383.65</b>	<b>3342.92</b>
PREVIOUS YEAR	6662.85	904.76	102.46	11.87	7477.02	3613.90	551.39	26.59	5.02	-9.62	4134.10	3342.92	3048.96

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

## Note 13

## NON-CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31-03-19	As at 31-03-18
<b>A Trade Investments (Unquoted)</b>	<b>2,126.05</b>	<b>1,954.57</b>
Investments in Equity Instruments	2,126.05	1,954.57
Less : Adjusted on Consolidation of subsidiaries	2,126.05	1,954.07
<b>Total</b>	<b>0.00</b>	<b>0.50</b>

## Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes / No
			As at 31/03/19	As at 31/03/18			As at 31/03/19	As at 31/03/18	As at 31/03/19	As at 31/03/18	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	<b>Investment in Equity Instruments</b>								₹ in Lakhs	₹ in Lakhs	
1	Thejo Hatcon Industrial Services Company	Subsidiary	2,040	2,040	Unquoted	Fully Paid	51%	51%	333.72	333.72	Yes
2	Thejo Australia Pty Ltd	Subsidiary	22,20,000	22,20,000	Unquoted	Fully Paid	74%	74%	1,202.45	1,202.45	Yes
3	Thejo Brasil Comercio E Servicos Ltda	Subsidiary	5,01,406	3,76,233	Unquoted	Fully Paid	99.99%	99.99%	98.62	76.24	Yes
4	Thejo Engineering LatinoAmerica SpA	Subsidiary	509	364	Unquoted	Fully Paid	99.80%	99.73%	491.26	341.66	Yes
5	Saks Power P Ltd	Others	0	5,000	Unquoted	Fully Paid	0.00%	5.00%	0.00	0.50	Yes
	<b>Total</b>								<b>2,126.05</b>	<b>1,954.57</b>	



Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 14</b>		
<b>Long Term Loans and Advances</b>		
<b>a. EMD and Security Deposits</b>		
Unsecured, considered good	237.66	339.81
<b>b. Other Deposits</b>		
Unsecured, considered good		
Rental Deposit	171.39	111.59
Deposit with Government Agencies	6.00	9.88
Others	65.36	47.99
<b>Total</b>	<b>480.41</b>	<b>509.27</b>
<b>Note 15</b>		
<b>Other non-current assets</b>		
Pre-Operative & Deferred Expenses to the extent not written off	0.00	100.31
<b>Total</b>	<b>0.00</b>	<b>100.31</b>
<b>Note 16</b>		
<b>Inventories (As certified by Management)</b>		
a. Raw Materials and components	991.19	860.00
b. Work-in-progress	308.01	207.57
c. Finished goods	2,039.29	1,488.29
d. Stock in Trade	111.84	49.73
e. Stock in Transit	386.01	54.33
Less: Profit element on stock transfer to subsidiary	211.91	104.27
<b>Total</b>	<b>3,624.43</b>	<b>2,555.65</b>
<b>Note 17</b>		
<b>Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for more than six months from the date they are due	610.14	896.62
Others	5,779.78	5,633.07
<b>Total</b>	<b>6,389.92</b>	<b>6,529.69</b>

Notes forming part of the Consolidated Financial Statements as at 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31-03-2019	As at 31-03-2018
<b>Note 18</b>		
<b>Cash and Cash Equivalents</b>		
a. Balances with banks		
(i) In Current Accounts	854.63	567.09
(ii) In Deposit Accounts (₹ 373.63 lakhs (PY ₹ 220.53 lakhs) Held as Margin Money for BG & LC. Deposits maturing after 12 months - ₹ 49.98 lakhs (PY ₹ 55.92 lakhs))	622.00	428.50
b. Cheques, drafts on hand	8.29	0.18
c. Cash on hand	21.36	18.11
<b>Total</b>	<b>1,506.28</b>	<b>1,013.88</b>

**Note 19****Short-term loans and advances****Others (unsecured, considered good)**

EMD & Security deposits	442.01	357.01
Advance to Suppliers	205.98	220.97
Indirect taxes Asset (input tax credit, TDS, etc)	364.10	281.48
Prepaid expenses	133.51	192.84
Staff advance	34.54	23.72
Others	63.02	20.46
<b>Total</b>	<b>1,243.16</b>	<b>1,096.48</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>Note 20</b>		
<b>Revenue from operations</b>		
Sale of Products	11,199.82	10,873.62
Sale of Services & Works Contract	11,639.63	11,306.36
Other Operating Income	107.44	20.86
Less: Excise duty	0.00	106.54
<b>Total</b>	<b>22,946.89</b>	<b>22,094.30</b>
<b>Note 21</b>		
<b>Other income</b>		
Interest	38.08	24.95
Difference in foreign exchange (gain)	63.71	21.06
Miscellaneous Income	1.86	27.63
Profit on sale of assets	8.65	4.02
<b>Total</b>	<b>112.30</b>	<b>77.66</b>
<b>Note 22</b>		
<b>Cost of materials consumed</b>		
Opening Stock of Raw Materials	860.00	670.33
Add: Purchases made during the year	5,028.87	4,363.27
	<b>5,888.87</b>	<b>5,033.60</b>
Less: Closing Stock of Raw Materials	991.19	860.00
	<b>4,897.68</b>	<b>4,173.60</b>
Add: Consumables	395.45	389.45
<b>Total</b>	<b>5,293.13</b>	<b>4,563.05</b>
Purchase of Traded Goods	633.84	632.55

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>Note 23</b>		
<b>Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock :</b>		
Work-in-Progress	207.57	327.32
Finished Goods	1,334.82	1,335.90
Stock-in-Trade	49.73	59.38
Stock in Transit	54.33	6.60
Less: Unrealised gain in stock sold from parent to subsidiary	104.28	48.68
	<u>1,542.17</u>	<u>1,680.52</u>
<b>Closing Stock :</b>		
Work-in-Progress	308.01	207.57
Finished Goods	2,039.29	1,334.82
Stock-in-Trade	111.84	49.73
Stock in Transit	386.01	54.33
Less: Unrealised gain in stock sold by parent to subsidiary	211.91	104.28
	<u>2,633.24</u>	<u>1,542.17</u>
<b>Total</b>	<u><u>(1,091.07)</u></u>	<u><u>138.35</u></u>
<b>Note 24</b>		
<b>Employee Benefits Expense</b>		
(a) Salaries and incentives	6,651.50	6,149.99
(b) Contributions to PF, Superannuation, Gratuity & ESI	798.47	727.73
(c) Staff welfare expenses	855.07	750.14
(d) LTA, Ex-gratia, & Leave Encashment	204.41	168.90
(e) Employee Stock Option Expense	11.75	22.45
<b>Total</b>	<u><u>8,521.20</u></u>	<u><u>7,819.21</u></u>
<b>Note 25</b>		
<b>Finance costs</b>		
Interest	334.04	434.58
Other finance costs	118.55	124.84
<b>Total</b>	<u><u>452.59</u></u>	<u><u>559.42</u></u>

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**


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Particulars	₹ in Lakhs	
	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>Note 26</b>		
<b>Other expenses</b>		
<b>A. Manufacturing &amp; Other Direct Expenses</b>		
Power and fuel	308.38	256.01
Machinery Maintenance	199.35	207.45
Factory Maintenance	33.32	28.60
Electrical maintenance	12.88	14.34
Testing charges	3.32	3.13
Dyes & Moulding charges	52.29	33.34
Cartage, Coolie & Freight charges	474.75	446.33
Packing materials & charges	220.73	203.74
Service & Labour charges	2,360.39	2,448.57
Total Manufacturing & Other Direct Expenses	3,665.41	3,641.51
<b>B. Administrative &amp; Selling Expenses</b>		
Professional Service Charges	205.17	182.20
Rent	440.03	395.34
Repairs & Maintenance	104.11	83.10
Travelling, Conveyance & Vehicle hire charges	544.66	506.99
Foreign Travel expenses	46.60	73.70
Vehicle Maintenance	238.03	210.81
Telephone, Telex & Postage	69.14	76.12
Printing & Stationery	38.45	35.96
Office Maintenance	68.26	63.10
Books & Periodicals	3.85	3.54
Computer Maintenance	33.01	29.94
Seminar & Conference	16.58	25.71
Electricity	35.85	35.75
Legal Fee & Charges	70.56	47.17
Donation	11.03	10.35
Recruitment, Training & Development	22.32	25.91
ECGC Premium	3.23	1.72

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**


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Particulars	₹ in Lakhs	
	For the year ended 31-03-2019	For the year ended 31-03-2018
CSR Expenses	19.50	16.50
Insurance	63.23	105.21
Rates and taxes	45.66	39.16
Directors Sitting Fees	33.00	18.45
Commission	17.71	31.57
Advertisement	12.33	9.34
Sales Promotion Expenses	21.86	24.18
Freight on Exports	70.63	82.84
Loading & Unloading charges	24.50	24.22
Late Delivery Charges	17.96	9.00
Bad Debts	292.17	152.69
Payments to the Auditors		
a. Statutory Audit	8.50	8.50
b. Tax Audit	1.50	1.50
c. For certification & other services	8.60	2.12
Miscellaneous expenses	9.83	46.84
Total Administration & Selling Expenses	2,597.86	2,379.53
Sales Tax, Service Tax, & Other Indirect Tax Expenses	76.38	141.06
Preliminary Expenses Amortized/Written off	103.42	48.78
<b>Total</b>	<b>6,443.07</b>	<b>6,210.88</b>

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**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**  
**Note 27 ADDITIONAL INFORMATION TO CONDOLATED FINANCIAL STATEMENTS**

**Note 27.1 Contingent Liabilities (to the extent not provided for)**

₹ in lakhs

Particulars	2018-19	2017-18
27.1.1 Claims against the Company not acknowledged as debts	-	-
27.1.2 Guarantees issued by the Banks	911.16	920.60
27.1.3 Stand-by Letter of Credit issued by bank (for loan availed by Thejo Australia Pty Ltd)	1,091.00	1,091.00
	<b>2,002.16</b>	<b>2,011.60</b>

27.1.4 Others

All amounts in ₹ in lakhs

Name of Statute	Amount of Dispute (31/3/19)	Amount of Dispute (31/3/18)	Amount Deposited (31/3/19)	Period to which it relates	Forum where dispute is pending
Commercial Taxes	97.89	88.52	8.75	Various	Various
Customs	12.50	12.50	0.00	2001	Commissioner of Customs
Excise	0.00	25.45	0.00	Not Applicable	Not Applicable
Service Tax	11.15	10.95	0.00	2012-15	Commissioner of Service tax
Income-tax	69.31	69.31	30.00	Various	Various
<b>Total</b>	<b>190.85</b>	206.73	<b>38.75</b>		

**27.1.5 Commitments**

Estimated amount of contracts remaining to be executed on capital account: ₹ 25.65 lakhs (Previous Year - ₹ 3.50 lakhs)

**Note 27.2 Employee Benefits**

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

**Parent Company:**

27.2.1 Defined Contribution Schemes

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

27.2.2 Defined Benefit Scheme

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

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

Assumptions	2018-19	2017-18
Discount Rate	7.55%	7.69%
Salary Escalation	6.00%	5.00%
Attrition Rate	5.00%	5.00%
Expected return on plan assets	8.00%	8.00%

Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019

Particulars	₹ in Lakhs	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Table Showing Changes In Present Value Of Obligations</b>		
Present value of obligations at the beginning of the year	435.29	311.25
Interest Cost	32.73	23.31
Current Service Cost	44.89	49.96
Benefits Paid	(19.30)	(39.71)
Actuarial (Gain) / Loss on obligations	95.29	90.48
<b>Present value of obligations as at end of the year</b>	<b>588.90</b>	<b>435.29</b>

**Table Showing Changes In Fair Value Of Plan Assets**

Fair value of plan assets at the beginning of the year	382.03	290.39
Expected return on plan assets	33.99	25.84
Contributions	105.06	104.97
Benefits Paid	(19.30)	(39.71)
Actuarial Gain / (Loss) on plan assets	(0.19)	0.54
<b>Fair value of plan assets at the end of the year</b>	<b>501.59</b>	<b>382.03</b>

**Table Showing Fair Value Of Plan Assets**

Fair value of plan assets at the beginning of the year	382.03	290.39
Actual return on plan assets	33.80	26.38
Contributions	105.06	104.97
Benefits Paid	(19.30)	(39.71)
Fair value of plan assets at the end of the year	501.59	382.03
Funded Status	(87.31)	(53.26)
Excess of Actual over Estimated return on plan assets	(0.19)	0.54

Particulars	₹ in Lakhs	
	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Actuarial Gain / Loss Recognized</b>		
Actuarial gain / (loss) on obligations	(95.29)	(90.47)
Actuarial gain / (loss) for the year – plan assets	(0.19)	0.54
Total gain / (loss) for the year	(95.48)	(89.93)
<b>Actuarial gain / (loss) recognized in the year</b>	<b>(95.48)</b>	<b>(89.93)</b>

Particulars	₹ in Lakhs	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Amounts To Be Recognized In Consolidated Balance Sheet &amp; Statement of Profit and Loss</b>		
Present value of obligations as at the end of the year	588.90	435.29
Fair value of plan assets as at the end of the year	501.59	382.03
Funded Status	(87.31)	(53.26)
<b>Net asset / (liability) recognized in balance sheet</b>	<b>(87.31)</b>	<b>(53.26)</b>



**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Particulars	₹ in Lakhs	
	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Expenses Recognized In Statement of Profit and Loss</b>		
Current Service Cost/Past Service Cost(Vested)	44.89	49.96
Interest Cost	32.73	23.31
Expected return on plan assets	(33.99)	(25.84)
Net Actuarial (gain) / loss recognized in the year	95.48	89.93
<b>Expenses recognized in statement of profit and loss</b>	<b>139.11</b>	<b>137.36</b>

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

**Subsidiaries**

Contribution towards superannuation/other statutory contributions have been deposited/dealt with in accordance with statutory requirements of respective countries.

**Note 27.3 Segment Reporting**
**Primary Segment Information (Business Segment)**

Particulars	Business Segments						₹ in Lakhs	
	Manufacturing Units		Service Units		Others		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Segment Revenue	10,924.07	8,231.38	14,692.17	14,213.07	2,217.96	2,638.28	27,834.20	25,082.73
Less: Inter segment Revenue	4,794.11	2,950.56	40.30	8.35	52.90	29.52	4887.31	2,988.43
<b>Total Revenue</b>	<b>6,129.96</b>	<b>5,280.82</b>	<b>14,651.87</b>	<b>14,204.72</b>	<b>2,165.06</b>	<b>2,608.76</b>	<b>22,946.89</b>	<b>22,094.30</b>
Segment Results	2,660.79	1,710.88	1,641.80	1,934.23	(211.23)	149.13	4,091.36	3,794.24
Less : Finance Cost							452.59	559.42
Un allocable Expenses (net of income)							1,479.14	1,528.09
Total Profit Before Tax							2,159.63	1,706.73
Tax Expenses							676.90	396.64
Profit after Tax							1,482.73	1,310.09
Segment Assets	6,446.69	5,919.77	9,221.66	8,042.00	1,032.08	1,248.99	16,700.43	15,210.76
Segment Liabilities	1,623.37	1,613.06	3,778.75	3,338.31	838.10	817.42	6,240.22	5,768.79
Capital Employed	4,823.32	4,306.71	5,442.91	4,703.69	193.98	431.57	10,460.21	9,441.97
Un allocated Capital Employed							(2,712.92)	(2,866.67)
Total Capital Employed							7,747.29	6,575.30

**Secondary Segment (Geographic Segment):**

Particulars	India		Outside India		Total	
	2018-19		2017-18		2018-19	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Revenue from external customers	15,806.96	14,564.38	7,139.93	7,529.92	22,946.89	22,094.30
Carrying amount of Segment Assets	10,332.19	9,799.52	6,368.24	5,411.24	16,700.43	15,210.76
Cost incurred to acquire tangible and intangible fixed assets	265.17	659.13	248.85	136.87	514.02	796.00

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**
**Note 27.4 Related Party Disclosures**
**List of Related Parties**

<b>Name of the Party</b>	<b>Relationship</b>
Mr. K.J. Joseph	Key Management Personnel
Mr. Thomas John	Key Management Personnel
Mr.V.A.George	Key Management Personnel
Mr. Manoj Joseph	Key Management Personnel
Mr. Rajesh John	Key Management Personnel
Mr. M.D. Ravikanth	Key Management Personnel
Mr. Manesh Joseph	Relative of Key Management Personnel
Mrs. Rosamma Joseph	Relative of Key Management Personnel
Mrs. Celinamma John	Relative of Key Management Personnel

**Related Party Transaction Details:**
**₹ in Lakhs**

<b>Related Party</b>	<b>Nature of Payment</b>	<b>Current Year Transaction</b>	<b>Outstanding as on 31<sup>st</sup> March, 2019</b>
Mr. K.J. Joseph	Sitting Fee	3.50	0.00
Mr. Thomas John	Sitting Fee	3.50	0.00
Mr. V.A. George	Remuneration	90.00	5.21
Mr. Manoj Joseph	Remuneration	37.02	2.06
Mr. Rajesh John	Remuneration	27.27	1.70
Mr. M.D. Ravikanth	Remuneration	34.44	0.20
Mr. Manesh Joseph	Remuneration	29.66	0.13
Mrs. Rosamma Joseph	Remuneration	12.09	0.87
Mrs. Celinamma John	Remuneration	11.95	0.99

Note: Remuneration excludes retirement benefits

<b>Related Party</b>	<b>Nature of Payment</b>	<b>Previous Year Transaction</b>	<b>Outstanding as on 31<sup>st</sup> March, 2018</b>
Mr. K.J. Joseph	Sitting Fee	1.50	0.00
Mr. Thomas John	Sitting Fee	1.95	0.00
Mr. V.A. George	Remuneration	48.00	1.00
Mr. Manoj Joseph	Remuneration	42.37	1.36
Mr. Rajesh John	Remuneration	36.49	1.04
Mr. M.D. Ravikanth	Remuneration	24.16	0.36
Mr. Manesh Joseph	Remuneration	27.63	0.97
Mrs. Rosamma Joseph	Remuneration	12.09	0.86
Mrs. Celinamma John	Remuneration	11.95	0.53

Note: Remuneration excludes retirement benefits

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**
**Note 27.5 Details of Subsidiaries**

Name	Ownership by the Parent Company	Minority Interest	Relationship	Reporting Date	Different Accounting policies applied	Reason for not consolidating the accounts of the subsidiary, if any
Thejo Hatcon Industrial Services Company	51% (51%)	49% (49%)	Direct Control	31 <sup>st</sup> March, 2019	Depreciation on Fixed Assets – Computed on SLM over the estimated useful life of the asset	Not Applicable
Thejo Australia Pty Ltd	74% (74%)	26% (26%)	Direct Control	31 <sup>st</sup> March, 2019	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	Not Applicable
Thejo Brasil Comercio E Servicos Ltda	99.99% (99.99%)	0.01% (0.01%)	Direct Control	31 <sup>st</sup> March, 2019	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	Not Applicable
Thejo Engineering LatinoAmerica SpA	99.80% (99.73%)	0.20% (0.27%)	Direct Control	31 <sup>st</sup> March, 2019	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	Not Applicable

**Note 27.6 Calculation of Deferred Tax**
**₹ in Lakhs**

Particulars	DTA	DTL	DTA	DTL
	31 <sup>st</sup> March, 2019		31 <sup>st</sup> March, 2018	
Opening Balance	39.75	0.00	19.27	0.00
Timing Difference in Depreciation	7.06	0.00	2.20	0.00
Profit on sale of asset	0.00	2.52	0.00	1.41
Timing Difference on provision for leave encashment	2.30	0.00	41.30	0.00
Previous deferred tax reversed on account of tax rate changes/others	5.56	0.00	0.00	19.86
On account of reversal of DTA of subsidiaries	0.00	0.00	(1.75)	0.00
Total	54.67	2.52	61.02	21.27
Net Deferred Tax Liability/Asset	52.15	0.00	39.75	0.00

**Note 27.7 Earnings Per Share**
**Basic & Diluted:**

Particulars	2018-19	2017-18
Net Profit after Tax (₹ in Lakhs)	1,335.71	1,105.40
Weighted Average Number of Equity Shares during the year (Nos.)	3434627	3433552
Earnings per Share (FV of ₹ 10/- each fully paid up) (₹)	38.89	32.19

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

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**
**Note 27.8 Thejo Employee Stock Option Plan 2015**

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

Name of the Plan	Thejo Employee Stock Option Plan 2015 ("ESOP 2015")
Date of Shareholders' Approval	August 26, 2015
Number of options approved under the Scheme	3,00,000 options equivalent to 3,00,000 Equity shares of ₹ 10/- each.
Vesting Schedule	1/6 <sup>th</sup> of Options granted on completion of one year of grant; balance in 6 equal instalments on completion of 18, 24, 30, 36, 42 and 48 months of grant.
Pricing Formula	The Members have approved the Board to decide the Pricing in line with SEBI guidelines. The Board has decided that the pricing will be not less than 75% of the prevailing market value of the Shares on the date of grant of Options as fixed by Compensation/Nomination and Remuneration Committee based on the closing market price one day prior to date of grant.
Maximum Term of Options granted	60 Months from the date of granting of the Options.
Source of Shares	Primary
Method of Settlement	Equity Shares
Variation in terms of Options	None
Method used for accounting	Intrinsic Value Method
Impact of Fair Value Method	Had the Company used Fair Value Method (under Black Scholes Method) to expense the employee compensation cost, the Employee Stock Option Expense would have been ₹ 18.01 lakhs, which is ₹ 6.26 lakhs higher than the expense under Intrinsic Value Method of ₹ 11.75 lakhs. Had fair value been considered for expensing ESOP cost, the profit for the year and EPS (Basic and Diluted FV of ₹ 10/- each fully paid) would have been ₹ 1,329.45 lakhs and ₹ 38.71/- respectively (as against ₹ 1,335.71 lakhs and ₹ 38.89/- under intrinsic value method).
Option Movement during the year	Number of Options at the beginning of the period – 1,35,867 Number of Options Granted during the year – Nil Number of Options forfeited/lapsed during the year – Nil Number of Options vested during the year – 37,744 Number of Options exercised during the year – 3,400 Number of Shares arising as a result of exercise of options – 3,400 Money Realized by exercise of Option – ₹ 5.23 lakhs Loan Repaid by the Trust from exercise price received – NA Number of Options outstanding at the end of the year – 1,32,467 Number of Options exercisable at the end of the year – 75,859
Weighted Average Exercise Price	₹ 153.75/- per share
Weighted Average Fair Value/Option	₹ 88.87/-
Details of Options Granted to specified employees during the year	(A) Senior Managerial Personnel: Nil (B) Any other employee granted options amounting to 5% or more of option granted during the year: Nil (C) Identified employee who was granted option during the year equal to or exceeding 1% of issued capital: Nil

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2019**

Method and Significant Assumptions to estimate fair value	Method Used: Black Scholes Method Significant Assumptions Used: Weighted Average Value of Share Price: ₹ 205/- Weighted Average Price of Exercise Price: ₹ 153.75/- Expected Volatility: 35.40%-38.50% Expected Option Life: 1-2.5 years Expected Dividends: 1.81% Risk-free interest rate: 6.93%-7.07% Method to determine Expected Volatility: Standard deviation of the continuously compounded rate of return of the stock during the expected option life based on historic value.				
Status of Options					
Particulars	As at 31/3/2019		As at 31/3/2018		
	No. of Options	WAEP (₹)	No. of Options	WAEP(₹)	
Outstanding at the beginning of the year	1,35,867	153.75	1,39,556	153.75	
Add: Granted during the year	0	NA	0	NA	
Less: Forfeited/Lapsed during the year	0	NA	3,689	153.75	
Less: Exercised during the year	3400	153.75	0	NA	
Outstanding at the end of the year	1,32,467	153.75	1,35,867	153.75	
Exercisable at the end of the year	75,859	153.75	41,515	153.75	
WAEP – Weighted Average Exercise Price / Option NA – Not Applicable					
Summary of Options Outstanding: Thejo ESOP 2015					
As at 31/3/2019			As at 31/3/2018		
No. of Options outstanding	Exercise Price (₹)	Weighted Average Remaining contractual Life	No. of Options outstanding	Exercise Price (₹)	Weighted Average Remaining contractual Life
1,32,467	153.75	26 Months	1,35,867	153.75	38 Months
NA – Not Applicable					
Diluted EPS as per AS 20	Diluted EPS (Per Equity Share of face value of ₹ 10/- each fully paid) – ₹ 38.89/-				
Price of underlying shares in Market at the time of grant of option	₹ 205/- per Equity Share				

**Note 27.9 Payment to Auditors****₹ in Lakhs**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
For Audit	8.50	8.50
For Tax Audit	1.50	1.50
For Other Services	8.60	2.12
<b>Total</b>	<b>18.60</b>	<b>12.12</b>

**Note 27.10 Other Disclosures**

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

**27.10.2** Additional Information, as required under Schedule III to the Companies Act, 2013 in respect of subsidiaries whose accounts are consolidated.

Amount ₹ In Lakhs

Name of the Enterprise	Net Assets i.e. Total assets minus total liabilities		Share in profit or (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>				
Thejo Engineering Limited	111.92%	9,365.79	91.53%	1,357.13
<b>Subsidiaries</b>				
<b>Foreign</b>				
1 Thejo Hatcon Industrial Services Company	6.31%	528.25	9.10%	134.96
2. Thejo Australia Pty Ltd	3.86%	323.04	3.48%	51.57
3. Thejo Brasil Comercio E Servicos Ltda	0.19%	16.06	(0.35%)	(5.21)
4. Thejo Engineering LatinoAmerica SpA	(1.52%)	(126.80)	(5.65%)	(83.75)
Minority Interest	7.42%	621.04	9.92%	147.02
Inter-company eliminations	(28.18%)	(2,359.05)	(8.03%)	(118.99)
<b>Total</b>	100.00%	8,368.33	100.00%	1,482.73

**27.10.3** In respect of taxes on income, Deferred Tax Asset has not been considered in respect of the Subsidiaries.

**27.10.4** Dividend and Dividend Distribution Tax will be treated as an appropriation from Reserves & Surplus during the period in which it is approved by the Members. No provision is being made in the accounts for the current financial year in respect of dividend recommended by the Board after the balance sheet date.

**Note 28 Previous Year Figures**

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

As per our report of even date  
For BRAHMAYYA & CO.  
Chartered Accountants  
ICAI Registration No. 000511S

P. BABU  
Partner  
Membership No. 203358

Place : Chennai  
Date : 28<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman  
DIN 00434410

M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

THOMAS JOHN  
Vice Chairman  
DIN 00435035

V.A. GEORGE  
Managing Director  
DIN 01493737

**SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013**

[Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014 -AOC 1]

₹ in lakhs

Sr. No.	Name of Subsidiary Company	Reporting Period	Reporting Currency and Exchange rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend	% of Share-holding
1	Thejo Hatcon Industrial Services Company	01 <sup>st</sup> April '18 to 31 <sup>st</sup> March '19	1 SAR = ₹ 18.4540	654.35	330.99	1,836.02	1,836.02	-	1,453.31	382.06	117.44	264.62	-	51.00
2	Thejo Australia Pty Ltd	01 <sup>st</sup> April '18 to 31 <sup>st</sup> March '19	1 AUD = ₹ 49.1087	1,624.94	(1,169.72)	2,145.41	2,145.41	-	2,985.29	69.69	-	69.69	-	74.00
3	Thejo Brasil Comercio E Servicos Ltda	01 <sup>st</sup> April '18 to 31 <sup>st</sup> March '19	1 BRL = ₹ 17.6386	98.62	(83.82)	91.96	91.96	-	98.11	(4.23)	0.98	(5.21)	-	99.99
4	Thejo Engineering LatinoAmerica SpA	01 <sup>st</sup> April '18 to 31 <sup>st</sup> March '19	1 USD = ₹ 69.2024	492.29	(569.53)	573.86	573.86	-	487.37	(83.75)	-	(83.75)	-	99.80

For and on behalf of the Board of Directors

For BRAHMAYYA &amp; CO.

Chartered Accountants

ICAI Registration No. 000511S

P. BABU

Partner

Membership No. 203358

K.J. JOSEPH

Chairman

DIN 00434410

THOMAS JOHN

Vice Chairman

DIN 00435035

V.A. GEORGE

Managing Director

DIN 01493737

M.D. RAVIKANTH

CFO &amp; Secretary

Place :Chennai

Date : 28<sup>th</sup> May, 2019

[illegible]



**Thejo Engineering Limited**

Regd. Office: 3<sup>rd</sup> Floor, VDS House, 41, Cathedral Road, Chennai - 600 086.  
CIN: L27209TN1986PLC012833

Ph: 044 42221900 Fax: 044 42221910 E-mail: [investor@thejo-engg.com](mailto:investor@thejo-engg.com) Website: [www.thejo-engg.com](http://www.thejo-engg.com)

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail ID :

Folio No. / \*Client ID :

\*DP ID :

\* Applicable for investors holding shares in electronic form.

I/We, being the member(s) of ..... shares of Thejo Engineering Limited, hereby appoint:

Name: ..... Email ID: .....

Address: .....

Signature: ..... or failing him / her

Name: ..... Email ID: .....

Address: .....

Signature: ..... or failing him / her

Name: ..... Email ID: .....

Address: .....

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **33<sup>rd</sup> Annual General Meeting** of the Company, to be held on Monday, 19<sup>th</sup> August, 2019 at 10:00 A.M. at the "The Music Academy", Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Refer Note 3 I wish my above appointed proxy to vote in the manner as indicated overleaf:

Signed this ..... day of ..... 2019. Signature of shareholder .....

Affix  
Revenue  
Stamp

Signature of first Proxy holder

Signature of second Proxy holder

Signature of third Proxy holder

Notes: 1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time of commencement of the aforesaid meeting.

2. The Proxy need not be a member of the Company.

3. It is optional to indicate your preference. If you leave the for or against column blank against any or all the resolutions, your Proxy can vote either for or against the resolution as he/she deems appropriate.

**Thejo Engineering Limited**

Regd. Office: 3<sup>rd</sup> Floor, VDS House, 41, Cathedral Road, Chennai - 600 086.  
CIN: L27209TN1986PLC012833

Ph: 044 42221900 Fax: 044 42221910 E-mail: [investor@thejo-engg.com](mailto:investor@thejo-engg.com) Website: [www.thejo-engg.com](http://www.thejo-engg.com)

**ATTENDANCE SLIP**

Regd. Folio No./ DP Client ID :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of shares held:

--	--	--	--	--	--	--

I certify that I am member / proxy for the member of the Company.

I hereby record my presence at the THIRTY THIRD ANNUAL GENERAL MEETING of the Company held on Monday, the 19<sup>th</sup> August, 2019 at 10.00 A.M. at the "The Music Academy", Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India.

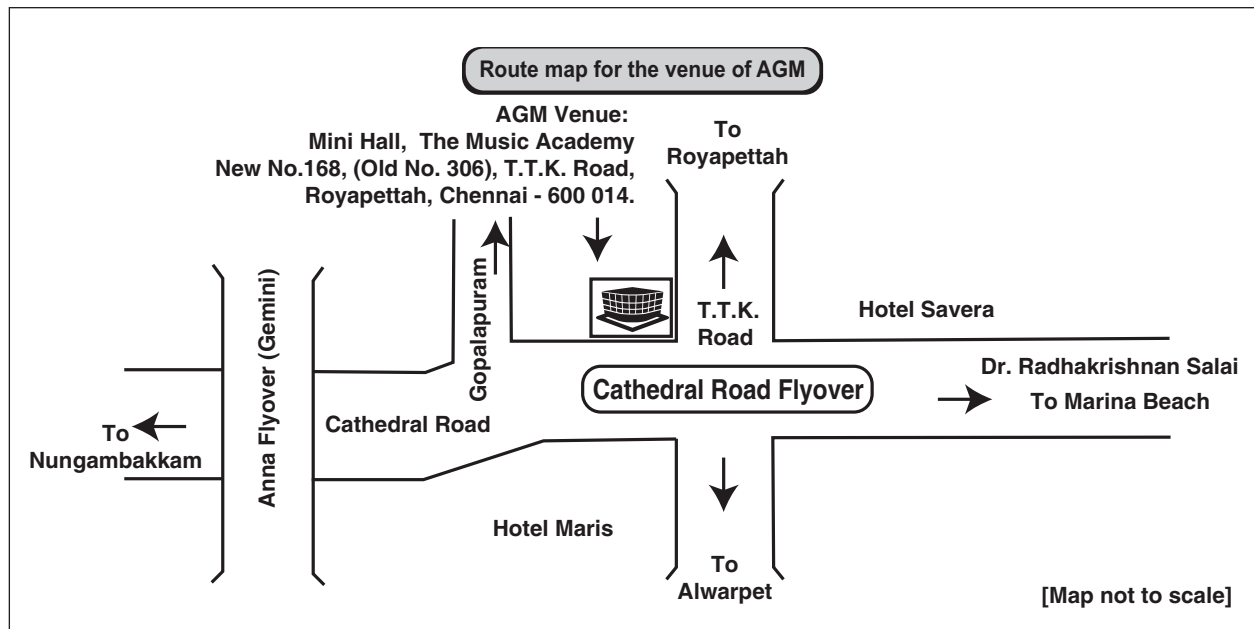
.....  
Name of the Member / Proxy

.....  
Signature of the Member / Proxy

Notes: 1. Please fill attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report 2018-19 for the meeting.

2. Joint shareholders may obtain additional Attendance Slip on request at the venue of the meeting.

Resolutions	For	Against
1. Consider and adopt:		
a) the Audited Financial Statements of the Company for the Financial Year ended 31 <sup>st</sup> March, 2019, the Reports of the Board of Directors and Auditors thereon		
b) the Audited Consolidated Financial Statements of the Company together with Report of Auditors thereon for the Financial Year ended 31 <sup>st</sup> March, 2019		
2. Declaration of Dividend on Equity Shares for the Financial Year ended 31 <sup>st</sup> March, 2019		
3. Re-appointment of Mr. V.A. George (DIN 01493737) as a Director of the Company.		
4. Re-appointment of Mr. Manoj Joseph (DIN 00434579) as a Director of the Company.		
5. Re-appointment of Mrs. Sujatha Jayarajan (DIN 00633989) as an Independent Director of the Company.		





Manufacturing Unit – I



**Thejo Engineering Limited**

CIN : L27209TN1986PLC012833

3rd Floor, VDS House, No. 41,  
Cathedral Road, Chennai – 600 086,  
Tamil Nadu, India.

Phone: +91-44-42221900, Fax : +91-44-42221910

Email: [investor@thejo-engg.com](mailto:investor@thejo-engg.com)

Website: [www.thejo-engg.com](http://www.thejo-engg.com)