



***PRICOL LIMITED***

*Passion to Excel*

# Annual Report 2019

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**BOARD OF DIRECTORS**

Mrs. Vanitha Mohan, Chairman	(DIN: 00002168)
Mr. Vikram Mohan, Managing Director	(DIN: 00089968)
Mr. V. Balaji Chinnappan, Chief Operating Officer - From 15th June 2019	(DIN: 08014402)
Mr. Suresh Jagannathan	(DIN: 00011326)
Mr. R. Vidhya Shankar	(DIN: 00002498)
Mrs. Sriya Chari	(DIN: 07383240)
Mr. S.K. Sundararaman	(DIN: 00002691)
Mr. P. Shanmugasundaram - From 15th June 2019	(DIN: 00119411)
Mr. K. Ilango - From 15th June 2019	(DIN: 00124115)
Mr. G. Soundararajan - upto 31st July 2019	(DIN: 00037995)

**BOARD COMMITTEES****AUDIT COMMITTEE**

Mr. R. Vidhya Shankar  
 Mrs. Sriya Chari  
 Mr. S.K. Sundararaman  
 Mr. P. Shanmugasundaram - From 15th June 2019  
 Mrs. Vanitha Mohan

**NOMINATION & REMUNERATION COMMITTEE**

Mr. R. Vidhya Shankar  
 Mrs. Sriya Chari  
 Mr. P. Shanmugasundaram - From 15th June 2019  
 Mr. G. Soundararajan - Upto 15th June 2019

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

Mr. R. Vidhya Shankar  
 Mrs. Vanitha Mohan  
 Mr. Vikram Mohan  
 Mr. S.K. Sundararaman - From 15th June 2019

**INVESTMENT AND BORROWING COMMITTEE**

Mrs. Vanitha Mohan  
 Mr. Vikram Mohan  
 Mr. R. Vidhya Shankar  
 Mr. P. Shanmugasundaram - From 15th June 2019

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Mrs. Vanitha Mohan  
 Mr. Vikram Mohan  
 Mr. K. Ilango - From 15th June 2019  
 Mr. G. Soundararajan - Upto 15th June 2019

**CHIEF FINANCIAL OFFICER**

Mr. K. Ramesh

**STATUTORY AUDITOR**

M/s. VKS Aiyer & Co.,  
Chartered Accountants,  
No. 380, VGR Puram, Off Alagesan Road,  
Saibaba Colony, Coimbatore - 641 011

**COST AUDITOR**

Mr. G. Sivagurunathan  
Cost Accountant  
812/E, First Floor, K.S. Towers  
VKK Menon Road, New Sidhapudur  
Coimbatore - 641 044

**REGISTERED OFFICE**

109, Race Course,  
Coimbatore - 641 018, India.  
Ph: +91 422 4336000 Fax: +91 422 4336299  
E-mail: cs@pricol.co.in Website: www.pricol.com  
CIN: L34200TZ2011PLC022194

**FACTORIES**

**Plant I**

132, Mettupalayam Road,  
Perianaickenpalayam,  
Coimbatore - 641 020,  
Tamilnadu, India.

**Plant II**

Plot No.34 & 35, Sector 4,  
IMT Manesar, Gurugram - 122 050,  
Haryana, India.

**Plant III**

4/558, Mettupalayam Road,  
Chinnamathampalayam,  
Billichi Village, Press Colony Post,  
Coimbatore - 641 019, Tamilnadu, India.

**COMPANY SECRETARY**

Mr. T.G. Thamizhanban

**SECRETARIAL AUDITOR**

M/s. P. Eswaramoorthy and Company,  
Company Secretaries,  
44, 5th Street, Ramalinga Jothi Nagar,  
Ramanathapuram, Coimbatore - 641 045

**BANKERS**

State Bank of India  
ICICI Bank Limited  
HDFC Bank Limited  
Bank of Bahrain and Kuwait B.S.C.  
The South Indian Bank Limited  
IndusInd Bank Limited

**Plant V**

Global - Raisoni, Industrial Park,  
Gat No.180-187, Alandi - Markal Road,  
Phulgaon, Haveli Taluka,  
Pune - 412 216, Maharashtra, India.

**Plant VII**

Plot No.45, Sector 11,  
Integrated Industrial Estate,  
Pantnagar, SIDCUL, Rudrapur - 263 153, Uttarakhand, India.

**Plant IX**

Plot No. 120, Sector -8,  
IMT Manesar, Gurugram - 122 050, Haryana, India.

**Plant X**

650, Benjamin Road,  
Sri City - 517 646, Andhra Pradesh, India.

## DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Eighth Annual Report and audited accounts for the financial year ended 31st March, 2019.

### FINANCIAL RESULTS

The summarised financial results are:		₹ Lakhs
	2018-19	2017-18
Net Sales & Services		
- Domestic	1,22,195.63	1,09,564.18
- Export	7,593.97	8,107.26
Other Operating Revenue	6,825.62	5,793.55
Other Income	592.53	667.46
<b>Total Revenue excluding Excise Duty &amp; Sale of Land held as Stock-in-Trade</b>	<b>1,37,207.75</b>	<b>1,24,132.45</b>
Profit from Operations before Finance Cost, Depreciation and Amortisation Expense & Exceptional Items	9,074.62	10,499.90
Less : Finance Costs	1,808.74	1,139.39
: Depreciation	5,757.67	4,894.46
Profit from Operations before Amortisation Expense, Exceptional Items & Tax	1,508.21	4,466.05
Less : Amortisation Expense	2,262.07	2,262.07
Add : Sale of Land held as stock-in-trade	1,010.36	7,129.77
Less : Impairment of Land and Building - Provision for / (Reversal)	(133.99)	1,911.93
Profit from Operations before Exceptional Items & Tax	390.49	7,421.82
Less : Exceptional Items #	23,197.75	—
<b>Profit / (Loss) Before Tax</b>	<b>(22,807.26)</b>	<b>7,421.82</b>
Less : Tax Expense		
Current Tax	95.80	2,015.62
Deferred Tax	(14.31)	1,669.54
MAT Credit	(95.80)	(1,610.70)
<b>Profit / (Loss) for the year (A)</b>	<b>(22,792.95)</b>	<b>5,347.36</b>
Other Comprehensive Income	47.79	245.65
Income tax relating to these items	(16.70)	(85.01)
<b>Other Comprehensive Income for the year after tax (B)</b>	<b>31.09</b>	<b>160.64</b>
<b>Total Comprehensive Income for the year (A) + (B)</b>	<b>(22,761.86)</b>	<b>5,508.00</b>

### # Exceptional Items

The Board has, subject to shareholders, lenders and regulatory approvals, taken a considered decision to hive off its investment in its wholly owned subsidiary, Pricol Espana S.L., Spain, primarily to hive off the step down subsidiary unit at Brazil which requires continuous investments for its day to day operations. The Board is necessitated to hive off its other step down subsidiaries, Pricol Wiping Systems Czech s.r.o and Pricol Wiping Systems Mexico S.A. de C.V. along with the Investment in Pricol Wiping Systems India Limited as a strategic / bundled offer, reckoning commonality of customer base and in order to minimise the financial impact of the disposal. The decision was taken to arrest further flow of funds into markets which are not conducive for sustaining the business at the current levels and also which does not seem to revive in the near future. Consequently, these investments have been classified as Non-current Investments held for sale in accordance with Ind AS 105 - "Non Current Assets held for sale and Discontinued Operations". A provision of ₹ 23,197.75 Lakhs, including an estimated devolvement on account of guarantee, has been made in Standalone Financial Statements based on a preliminary assessment of estimated realisable value of the Investments less cost to sell and an Impairment of Goodwill on Consolidation of ₹ 5,170.67 Lakhs has been provided in the Consolidated Financial Statements. Any additional provision to be made or excess provision to be reversed will be appropriately dealt with in the year in which the transaction reaches finality.

### DIVIDEND & RESERVES

In view of loss in this financial year, your Directors do not recommend any dividend and not transferred any amount to reserves for the year 2018-19.

### AUTO INDUSTRY

During the year, the Auto Industry's domestic market grew by 5% and exports by 14%. The overall Auto Industry growth was 6% as against 14% in the previous financial year.

Segment	Vehicle Production *			Pricol Sale to OEM
	2018-19	2017-18	Growth %	Growth %
2 Wheeler / 3 Wheeler	2,57,71,809	2,41,77,019	7 %	12 %
Commercial Vehicle	11,12,176	8,95,448	24 %	30 %
Tractors	7,82,350	7,11,400	10 %	2 %
4 Wheeler	40,26,047	40,20,267	-	- 18 %
<b>Total</b>	<b>316,92,382</b>	<b>2,98,04,134</b>	<b>6 %</b>	<b>11 %</b>

\* As per Society of Indian Automobile Manufacturers (SIAM)

## DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

### OPERATIONS

In domestic market, Company primarily caters to Two wheelers, Commercial Vehicles, Tractors and Off-road vehicles.

The Company's sales to OEM grew by 11% and overall Company's sales by 10.3% compared to the previous year.

The profit from operations before Amortisation expense, Exceptional items & Tax decreased from ₹ 4,466.05 Lakhs to ₹ 1,508.21 Lakhs. The profit before Exceptional item & tax decreased from ₹ 7,421.82 Lakhs to ₹ 390.49 Lakhs. Decrease in sale of land held as stock-in-trade, Increase in borrowings and corresponding increase in Finance cost are the key factors for decrease in profit, when compared to previous year.

The new plant at Hosur, Tamilnadu will not commence operations due to change in business strategy of the Company in line with customer expectations. The Company is in the process of sale of land & building located at Hosur.

### SUBSIDIARY COMPANIES

#### PT Pricol Surya Indonesia

The Company is supplying Instrument Clusters to the 2-Wheeler manufacturers in Indonesia & Thailand.

In the financial year 2018-19, the company has achieved a sales of Indonesian Rupiah 5,94,134 Lakhs (₹ 2,860.75 Lakhs) as against the previous year sales of Indonesian Rupiah 8,41,700 Lakhs (₹ 4,044.37 Lakhs) a decrease of 29.41% in Indonesian Rupiah & 29.27% in INR terms.

The decrease in sales is mainly on account of phasing out of vehicle models for which the company is supplying. The Company had a profit before tax of Indonesian Rupiah 55,603 Lakhs (₹ 267.73 Lakhs) as against the profit before tax of Indonesian Rupiah 56,023 Lakhs (₹ 269.19 Lakhs) of previous year.

#### Pricol Asia Pte Limited, Singapore

This purchasing arm of our Company mainly assists in global procurement of raw materials and components to supply our Company and associate companies.

In the financial year 2018-19, the Company achieved sales of USD 313.27 Lakhs (₹ 21,086.83 Lakhs) as against the previous year sales of USD 294.05 Lakhs (₹ 19,106.67 Lakhs). The company made a profit of USD 5,15,948 (₹ 347.30 Lakhs) during the year 2018-19 as against USD 8,42,338 (₹ 547.33 Lakhs) in 2017-18.

#### Pricol Espana Sociedad Limitada, Spain

It is an investment arm of Pricol to acquire companies in Europe and the Americas. During the financial year, the company has incurred a loss of EURO 14.92 Lakhs (INR 1,179.86 Lakhs) as against loss of EURO 11.28 Lakhs (INR 845.13 Lakhs) in 2017-18, which is mainly due to exchange fluctuations, especially on the borrowings amounting to USD 200 Lakhs.

The company's wholly owned subsidiary companies are 1) Pricol do Brasil Componentes Automotivos Ltda, 2) Pricol Wiping Systems Czech s.r.o. and 3) Pricol Wiping Systems Mexico S.A. de C.V.

#### Pricol do Brasil Componentes Automotivos Ltda

Pricol do Brasil Componentes Automotivos Ltda (PdB) manufactures and sells Pumps & Mechanical products to wide range of Domestic and International customers such as Volkswagen, Fiat, Fiat Power train, General Motors, Mack Trucks etc.

During the financial year 2018-19, PdB has achieved a sales of BRL 533.56 Lakhs (INR 9,990.00 Lakhs) as against the previous year sales of BRL 631.50 Lakhs (INR 12,781.46 Lakhs). PdB incurred a loss of BRL 391.10 Lakhs (INR 7,322.74 Lakhs) during the year 2018-19 as against BRL 451.63 Lakhs (INR 9,140.92 Lakhs) in 2017-18.

#### Pricol Wiping Systems Czech s.r.o.

During the financial year 2018-19, PWS Czech has achieved a sales of CZK 12,480.54 Lakhs (INR 38,625.67 Lakhs) as against sales of CZK 6,739.75 Lakhs (INR 19,657.09 Lakhs) in 2017-18 (From Sep 2017 onwards) and registered losses before taxes of CZK 948.68 Lakhs (INR 2,936.04 Lakhs) in 2018-19 as against loss of CZK 166.12 Lakhs (INR 484.51 Lakhs) in 2017-18 (From Sep 2017 onwards).

#### Pricol Wiping Systems Mexico S.A. de C.V.

During the financial year 2018-19, PWS Mexico had revenue of MXN 344.64 Lakhs (INR 1,234.75 Lakhs) as against revenue of MXN 256.10 Lakhs (INR 887.80 Lakhs) in 2017-18 (From Sep 2017 onwards) and incurred loss of MXN 87.78 Lakhs (INR 314.48 Lakhs) as against loss of MXN 171.55 Lakhs (INR 594.68 Lakhs) in 2017-18 (From Sep 2017 onwards).

#### Pricol Wiping Systems India Limited

During the financial year 2018-19, the company has achieved sales of INR 3,142.69 Lakhs as against sales of INR 2,238.31 Lakhs in 2017-18 (from Sep 2017 onwards). The company incurred losses to the extent of

## DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

INR 554.47 Lakhs in 2018-19 as against loss of INR 192.86 Lakhs in 2017-18 (From Sep 2017 onwards).

### PT Sripri Wiring Systems, Indonesia

During the financial year 2018-19, the Company has achieved sales of IDR 1,07,587 Lakhs (INR 518.03 Lakhs) as against sales of IDR 36,711 Lakhs (INR 174.56 Lakhs) in 2017-18. The Company incurred loss to the extent of IDR 32,456 Lakhs (INR 156.28 Lakhs) in 2018-19 as against loss of IDR 14,699 Lakhs (INR 69.89 Lakhs) in 2017-18.

### SALE OF SUBSIDIARY COMPANY (S)

Pricol Wiping Systems India Limited, India (PWS India) and Pricol Espana Sociedad Limitada, Spain (Pricol Espana) are the Wholly Owned Subsidiary Companies of Pricol Limited.

Pricol Espana's Wholly Owned Subsidiary Companies are : 1) Pricol do Brasil Componentes Automotivos Ltd A (Pricol do Brasil), 2) Pricol Wiping Systems Czech s.r.o (Pricol Czech) and 3) Pricol Wiping Systems Mexico S.A.de C.V (Pricol Mexico).

Pricol Limited, through Pricol Espana acquired Pricol do Brasil in January 2015 mainly to expand its market in the auto four-wheeler segment and Brazil was a growing economy at that time. The company had good facilities and technology in the variable flow oil pump, which was the next generation oil Pump. The company had good customer base with customers like Fiat, General Motors, Volkswagen, Harley Davidson, etc. The acquisition was envisaged to provide a solid base for Pricol to enter into the Americas. However within a span of few months of our takeover, the Brazilian economy went through a crisis mainly due to various political scams and socio-economic factors and the market suffered a steep fall. The sales nearly went down by 50%. This was totally unforeseen.

Pricol Limited had to keep the operations funded, over and above what was originally envisaged. In order to overcome this situation, it was decided to move to a place where the labour cost will be cheaper, Pricol do Brasil moved to a new location in 2017-18. Pricol do Brasil also won two new programs from General Motors (GM) and Volkswagen (VW) during this time. The new business from GM will commence at the end of FY 2019-20 and from VW in the beginning of FY 2020-21.

In the meanwhile, in August 2017 Pricol Limited acquired Wiping Business from the Piramal Group with manufacturing facilities located in Prague, Czech

Republic, Puebla, Mexico and one small plant in Satara, India. The main customer was Volkswagen which was common to pump business in Brazil. This business was envisaged to expand the footprint of Pricol both in terms of product profile and territory.

Even after shifting the business to a new location in Brazil, the business was not picking up and there were no signs of recovery in the immediate future. In the meanwhile Pricol has been pumping in funds to keep the operations running.

While so, during 2018-19 Indian business also went through tough period with rupee weakening, combined with shortage of electronic components which is critical to Pricol. Pricol Limited was also expanding to meet the customer needs in 2020-21 to meet the BS VI norms which will be implemented from April 1, 2020. This requires huge Capex and Pricol has to invest in the same.

In this situation, it was decided by the Board of Pricol that it is best to divest Pricol do Brasil to avoid further losses in the said operations. Pricol appointed Alvarez & Marsal, who are the leading M&A advisors in Brazil. There were nearly five to six probable buyers, who went through the profile and visited the plants. But none of them other than discussions with Chroma GP LLC, Delaware, USA (Chroma) progressed to transaction level. Chroma has good expertise in turning around stressed assets and has significant interest in Auto component industry in Brazil.

Chroma GP LLC, Delaware, USA (Chroma) is a US-based General Partnership in charge of managing Limited Partnerships and their respective Holding and Operational companies, mainly dedicated to Auto-parts Manufacturing. Chroma GP LLC manages several plants and hundreds of employees in the Americas, producing high-quality auto-parts. Its clients are among the main brands in the global vehicles production market. Chroma is not a related party to the company or its promoters.

Chroma is in the process of conducting a detailed due diligence and in the meanwhile expressed difficulty for them to take over Brasil asset on a standalone basis, and approached Pricol for a bundled offer for purchase along with Wiping Systems facilities in all locations. It was in this context decided by the Board of directors of Pricol, keeping in mind the interest of standalone Pricol, that Pricol will sell its subsidiary in Spain namely Pricol



## DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

Espana, which holds the shares of Pricol do Brasil, Pricol Czech and Pricol Mexico, along with PWS India, which is a wholly owned subsidiary of Pricol Limited.

Further to detailed discussions, it was agreed that Chroma will acquire 80.5% of Pricol Espana and 74% of PWS India, for a consideration of Euro 100,000 net of specified loans taken over. The buyer will take over around ₹ 250 crores of specified loan in Pricol Espana and its subsidiaries, subject to adjustment if any resulting from any obligation of Pricol to indemnify for any unforeseen liabilities / due diligence, and further subject to the approval of specified lenders. Pricol India will continue as a minority shareholder with an option to exit at a future date.

The proposed sale will help to reduce the cash outflow for Pricol in the coming years. Pricol's senior members team can concentrate on the operations of Pricol, which has good order books for the coming years. This will help to enhance the value of Pricol for all its stake holders. The major gain is in arresting further cash flow to subsidiaries in the next few years.

Accordingly, the Board of Directors of the Company, at its meeting held on 21st June, 2019 has resolved, subject to the approval of shareholders, lenders, Reserve Bank of India and any other requisite approval(s), if any, to sell 80.5% shareholding of Pricol Espana Sociedad Limitada, Spain and 74% shareholding of Pricol Wiping Systems India Limited, to Chroma GP LLC, Delaware, USA or its affiliates.

The transaction with Chroma is subject to due diligence, subject to finalisation of terms and conditions of transaction documents, approval of shareholders, lenders and Reserve Bank of India, which approval are conditions precedent to the closing of the transaction. If for any reason the Board is required to re-negotiate the terms with Chroma or explore any other option including for sale to any other party, who is not a related party, will be explored by the Board.

### OUTLOOK, OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

#### India

The automotive industry ended up with a marginal growth rate in 2018-19 compared to 2017-18. The major reasons for the flat growth was due to higher bank interest rates coupled with low sentiments in the rural segments. Also there were few mandatory regulations which was implemented in the two wheeler segment

which made the end price more expensive, thereby contributing to reduction in sale.

The outlook for 2019-20 is that the automotive industry is expected to grow by 4-5% max compared to 2018-19 due to pre buying of BS IV vehicles (current vehicles produced) before BS VI vehicles gets implemented by April' 2020. The BS VI vehicles are expected to be around 7% to 15% more expensive compared to current BS IV vehicles produced due to stricter emission norms.

The business outlook for Pricol for 2019-20 is totally based on the BS-VI implementation from April 1, 2020. The second half of 2019-20 may witness slowdown in production due to inventory reduction by all OE manufacturers, but at the same time starting January, 2020 there will be requirement for BS-VI components and due to production commencing for BS VI platform across all segments of market (2W, 3W, 4W, CV and tractor). Based on the above along with new business wins by Pricol in products like connected Vehicle Clusters, TFT clusters, Fuel Pump module for 2W for meeting BS VI regulations are the major contributors for growth for Pricol starting January, 2020. Nevertheless, overall industry will see major growth only post July 2020 as per industry experts, based on how the market reacts for increased prices for vehicles in all segments consequent to implementation of BS VI.

#### International

2018 saw the first decline in global auto sales after eight consecutive years of growth, with demand posting 93.66 million units, down 0.6% (provisional figures). Things could get worse before they get better, with 2019 off to a slow January & February, 2019 demand posted 13.52 million units, down 7.2%. The auto industry faces significant headwinds, especially challenging tariff / trade conditions, the policy riddle of Brexit, opaque US policy intentions, US-Sino trade tensions, the confusing EU28 Worldwide Harmonised Light Vehicle Test Procedure (WLTP/CO2) rules, and particular concerns for the health of key auto markets (especially China).

#### Brazil

In South America, volumes have been slightly downgraded in the short term owing to a combination of the Argentinian crisis' enduring impact and of some product changes themselves. The Brazil forecast is for a moderate domestic-led recovery. This puts full-year 2019 Brazil production levels (estimated) at 2.98 million units, or 7.3% ahead of 2018 levels. Overall, the South American region will see output grow by 3.8% to 3.56 million units led by Brazil. As it has been the case for



## DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

most of the recent recovery period, the positivity is rooted in the interior market health. Even though there has been a positive growth in Brazilian market for 4W, we have to wait and see as to how the growth translates for the year.

### Europe

European light vehicle production was down by 1% in 2018, with a 5% decrease during the second half of the year. The Seasonally Adjusted Annual Rate (SAAR) of production for the region had dropped by more than 1 million units during the last 12 months and is at a three-year low. Given that the basis of year-on-year comparisons will get more favorable as we go through 2019, production is expected to fall 6% in the first half and increase 2% during the second half.

The eurozone economy started the second quarter (Calendar year) on a disappointing footing, with the flash PMI falling below consensus expectations to one of the lowest levels since 2014. The data add to worries that the economy has failed to rebound with any conviction from one-off factors that dampened activity late last year, and continues to show only very modest growth in the face of headwinds from slower global demand growth and subdued economic sentiment.

### RISK MANAGEMENT

Risk Management Policy for identifying and managing risk, at the strategic, operational and tactical level, has been adopted by the Company. Our risk management practices are designed to be responsive to the ever-changing Industry dynamics. At present the Company has not identified any element of risk which may threaten the existence of the Company.

The Risk Management policy has been placed on the website of the Company and the web link there to is <http://www.pricol.com/Data/Policy/Risk-Management-Policy.pdf>.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems have been strengthened taking into account the nature of business and size of operations to provide for:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and assets;
- Compliance with applicable statutes, policies, listing requirements and management policies and procedures.

The Company, through its own Corporate Internal Audit

Department, carries out periodic audits at all locations and all functions and brings out any deviation to internal control procedures. The observations arising from audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations is submitted to the Audit Committee. The Audit Committee at its meetings regularly reviews the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring / operating departments are present for the Audit Committee meetings to answer queries from the Audit Committee.

### FINANCE

During the year the Company has not accepted / renewed any fixed deposit from public. The total deposits remained unpaid or unclaimed as at 31st March, 2019 is Nil. There is no default in repayment of deposits or payment of interest thereon during the year.

The Company undertook several steps to keep a control over borrowings and cost of borrowings. ICRA has revised credit rating for Long term fund based facilities to 'BBB (Negative)' and for short term fund based & non fund based facilities to 'A3+'. Previous year 2017-18 credit rating for long term fund based facilities 'A-' and for short term fund based & non fund based facilities 'A2+'.

### RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. During the year, there were no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company.

### DIRECTORS

As per the provisions of Section 149 of the Companies Act, 2013, Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members appointed Independent Directors as mentioned below:

Name of Independent Director	Period of Appointment
Mr. Suresh Jagannathan	Upto 31st July 2019
Mr. R.Vidhya Shankar	Upto 31st July 2019
Mr. G.Soundararajan	Upto 31st July 2019
Mrs.Sriya Chari	Upto 26th May 2021
Mr.S.K.Sundararaman	Upto 29th May 2023

## DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

Mr.R.Vidhya Shankar and Mr.Suresh Jagannathan, Independent Directors have given their consent for their reappointment as Independent Director, for the second term of 5 years, from 1st August 2019 to 31st July 2024. The Board recommends their reappointment as Independent Directors. Approval of the members for reappointment of the said directors by special resolutions were sought through postal ballot notice dated 30th May 2019. The results of the voting by postal ballot will be announced on or before 23rd July 2019.

Mr.G.Soundararajan, due to his other unavoidable commitments and pre-occupations, informed his inability to continue as a Director and did not opt for the reappointment. The Board wish to place its appreciation for the valuable services rendered by him during his tenure of office as Independent Director of the Company.

Mr.P.Shanmugasundaram was appointed as an Additional Director (Independent) of the Company by the Board of Directors at their meeting held on 15th June 2019 and whose term of office expires at this Annual General Meeting ('AGM'). The Board recommends the appointment of Mr.P.Shanmugasundaram as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 15th June 2019 to 14th June 2024 and suitable resolution is included in the AGM notice.

Mr.K.Ilango was appointed as an Additional Director (Independent) of the Company by the Board of Directors at their meeting held on 15th June 2019 and whose term of office expires at this Annual General Meeting ('AGM'). The Board recommends the appointment of Mr.K.Ilango as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 15th June 2019 to 14th June 2024 and suitable resolution is included in the AGM notice.

Mr.V.Balaji Chinnappan was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 15th June 2019 and whose term of office expires at this Annual General Meeting ('AGM'). The Board recommends the appointment of Mr.V.Balaji Chinnappan as a Director, liable to retire by rotation.

The Board of Directors, at the aforesaid meeting appointed Mr.V.Balaji Chinnappan as Chief Operating Officer (Whole Time Director) for a period with effect from 15th June 2019 to 31st March 2022 and fixed the remuneration payable to him as set out in the text of the resolution in the AGM notice, subject to the approval of

the shareholders. The Board recommends the appointment & remuneration payable to him.

Mr. Vikram Mohan, a Non- Independent Director retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

The Board of Directors, at their meeting held on 19th March 2019 reappointed Mr.Vikram Mohan as Managing Director for a period of three years with effect from 1st April 2019 to 31st March 2022 and fixed the remuneration payable to him as set out in the text of the resolution in the AGM notice, subject to the approval of the shareholders. The Board recommends the appointment & remuneration payable to him.

### EVALUATION BY THE BOARD

The Board has made a formal annual evaluation of its own performance, Committees of the Board, Independent Directors and Individual Directors of the Company.

The Board's performance was evaluated based on the criteria like Structure, Governance, Dynamics & Functioning, Approval & Review of Operations, Financials, Internal Controls etc.

The performance of the Independent Directors as well as Individual Directors including the Chairman of the Board were evaluated based on the evaluation criteria laid down under the Nomination and Remuneration Policy and the Code of Conduct as laid down by the Board.

The Committees of the Board were evaluated individually based on the terms of reference specified by the Board to the said Committee. The Board of Directors were satisfied with the evaluation process which ensured that the performance of the Board, its Committees, Independent Directors and Individual Directors adhered to their applicable criteria.

### KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as stipulated under Companies Act, 2013 are Mr. Vikram Mohan, Managing Director, Mr.K.Ramesh, Chief Financial Officer & Mr.T.G.Thamizhanban, Company Secretary.

Mr.K.Ramesh, Chief Financial Officer had been appointed as Key Managerial Personnel with effect from 7th February 2019, in place of Mr.J.Sridhar.