



Annual Report 2017-18



**TECHNOFAB ENGINEERING
LIMITED**

An Engineering Procurement & Construction Company

EPC Services
Thermal Power (BOP)
Nuclear Power (BOP)
Water & Waste Water
Electrical Distribution/Substation
Oil & Gas

— Pursuit of Excellence Through Customer Satisfaction —



PAC Dosing System at Sumbawanga WTP, Tanzania



Pipeline at Tema oil Refinery, Ghana



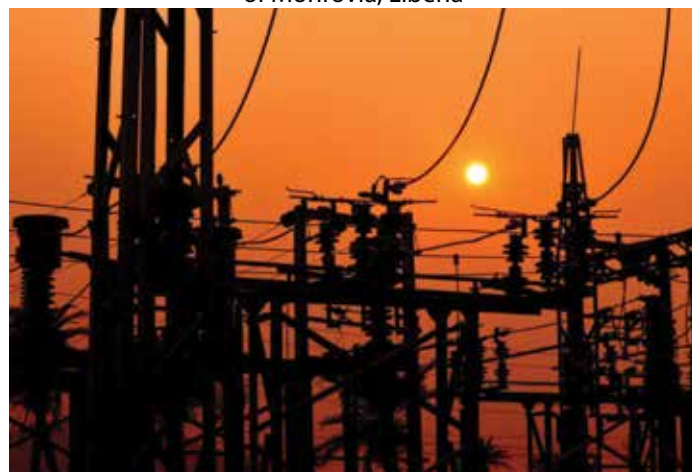
Sewage Treatment Plant, Fiji



Piling under the Sea Bed at Fuel Unloading Facility at Free Port of Monrovia, Liberia



100KL Elevated Storage Reservoir Jawai, Rajasthan, India



33 KV Sub-Station, Banka, Bihar, India

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CORPORATE INFORMATION

Mr. Avinash Chander Gupta	Managing Director		
Mr. Arjun Gupta	Whole-time Director		
Mr. Arun Mitter	Independent Director		
Mr. Pawan Chopra	Independent Director		
Ms. Anju Banerjee	Independent Director		
Audit Committee		CSR Committee	
Mr. Arun Mitter	Chairman	Mr. Avinash Chander Gupta	Chairman
Mr. Pawan Chopra	Member	Mr. Arjun Gupta	Member
Ms. Anju Banerjee	Member	Mr. Pawan Chopra	Member
Mr. Arjun Gupta	Member	Ms. Anju Banerjee	Member
Stakeholders Relationship Committee		Nomination & Remuneration Committee	
Ms. Anju Banerjee	Chairperson	Mr. Pawan Chopra	Chairman
Mr. Arun Mitter	Member	Mr. Arun Mitter	Member
Mr. Pawan Chopra	Member	Ms. Anju Banerjee	Member
CIN		Bankers	
L74210DL1971PLC005712		Bank of India Bank of Baroda State Bank of India AXIS Bank IDBI Bank Limited United Bank of India	
Registered Office		Corporate Office	
507 Eros Apartments, 56 Nehru Place New Delhi-110019 Tel: +91-11-26411931, 26415961 Fax: +91-11-26221521 Email: info@technofabengineering.com		Plot No 5, Sector-27C, Mathura Road Faridabad-121003, Haryana, Tel: +91-129-227-0202, 227-5310 Fax: +91-129-227-0201 Email: info@technofabengineering.com	
Subsidiary Companies		Registrar and Transfer Agent	
<ul style="list-style-type: none">M/s Arihant Flour Mills Private LimitedM/s Woodlands Instruments Private LimitedM/s Rivu Infrastructural Developers Private Limited		M/s Link Intime India Pvt. Ltd. 44, Community Centre, 2 nd Floor Naraina Industrial Area, Phase-I Near PVR Naraina New Delhi-110028	
Chief Financial Officer		Website	Statutory Auditors
Mr. Sandeep Kumar Vij		www.technofabengineering.com	M/s G.C. Agarwal & Associates Chartered Accountants 240, Ghalib Apartments Parwana Road Pitampura Delhi 110034
Company Secretary & Compliance Officer		Investor Services E-Mail ID	
Mr. Suman Kumar Verma		investors@technofabengineering.com	

Chairmans Message

Dear Members,

It gives me a great pleasure to welcome you all to the Forty Seventh Annual General Meeting of Technofab Engineering Limited. On behalf of Technofab Engineering's Board of Directors, I thank each one of you for joining us.

I take this opportunity to brief you about your Company's performance amongst other things.

Amid the positive macro environment, and led by our continuing efforts, your Company's operating results for FY18 have shown a distinct improvement over the previous years during which, the Company has had to deal with a stressful economic environment. This year's performance has reinforced our belief that your Company has what it takes to successfully deliver both top line and bottom line growth.

Needless to say, there are constraints related to the nature of the Company's business, but given the substantial order backlog and good L1 position, we expect this growth trend to continue in the coming years. Going forward, your Company will continue to focus on its core strength of efficient project management of Turnkey Engineering, Procurement and Construction projects in the water, electrical and industrial sectors both in India and Overseas and at the same time effectively managing working capital cycles.

I would also like to thank all stakeholders, including our vendors, customers, bankers, financial institutions, Central and State government bodies, foreign Government, dealers, business associates, for their continued trust and support.

Sincerely,

Avinash C Gupta
Chairman

BOARDS' REPORT

Dear Members,

The Directors have pleasure in presenting the Forty Sixth Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended 31 March 2018.

FINANCIAL HIGHLIGHTS

The financial results of the Company for the year ended 31 March 2018 are summarized below:

	(₹ in Million)	
Particulars	2017-18	2016-17
Revenue From Operations	4348.50	4021.71
Other Income	23.57	13.35
Total revenue	4372.07	4035.06
Earnings before Interest (Finance Costs), Tax, Depreciation and Amortisation (EBITDA)	546.59	395.07
Less: Finance costs	295.83	204.44
Profit/ (Loss) before Tax, Depreciation and Amortisation	250.76	190.63
Less: Depreciation and Amortisation expenses	41.43	49.27
Profit/ (Loss) before Tax (PBT)	209.33	141.36
Less: Tax expenses [net of deferred tax effect and Tax adjustment for Earlier years (net)]	73.83	52.80
Profit/ (Loss) after taxation (PAT)	135.50	88.56
Other Comprehensive Income for the year	1.75	1.19
Total Comprehensive Income for the year	137.25	89.75
Retained Earnings- Opening Balance	1063.33	999.77
Add: Profit for the Year	135.50	88.56
Less: Transferred to General Reserve	40.00	25.00
Retained Earnings- Closing Balance	1158.83	1063.33

DIVIDEND & APPROPRIATIONS

Your Directors are pleased to recommend a dividend of ₹ 2/- per equity share (i.e. @ 20%) on the Equity Shares of face value of ₹ 10/- each for the Financial Year ended March 31, 2018, subject to the approval of shareholders at the ensuing Annual General Meeting which would result in cash outflow of ₹ 25.25 Million as mentioned below:

(₹. in Million)

Particulars	Amount
Proposed Dividend on Equity Shares	20.98
Dividend Distribution Tax (Including Surcharge and Education Cess) on Proposed Dividend	4.27
Total Cash Outflow	25.25

REVIEW OF BUSINESS OPERATIONS

Your Company is focussed on improving operational efficiencies and these efforts have started to reap in the benefits. During the current year, the Company clock an operational profit (EBITDA) of ₹ 54.66 crore compared to that of ₹ 39.51 crore reported in previous year and the revenues also grew by 8.35% to ₹437.21 crore and this trend is expected to continue and gradually accelerate in years to come. The profit after tax in the period under review was ₹135.50 Million as compared to ₹88.56 Million in the previous year, which represents an excellent growth of 53% as compared to the previous year. The Sectoral wise business review/operational performance are detailed in Management Discussion & Analysis.

The net worth of the Company, which has been steadily increasing, stands at ₹278 Crore as on 31st March 2018.

SUBSIDIARIES

The Company has three subsidiaries viz. Arihant Flour Mills Private Limited, Woodlands Instruments Private Limited and Rivu Infrastructural Developers Private Limited which are wholly owned by the Company. These companies are much smaller and they don't come under the category material subsidiary.

The financial statements of the subsidiaries and related information are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company. The financial statements including the consolidated financial statements, financial statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of the Company. (www.technofabengineering.com).

As required under the provisions of Section 129 of the Companies Act, 2013, a statement containing the salient features of financial statements of all subsidiaries in Form AOC-1 is annexed with the financial statements as "Annexure [A]" and forms part of this Report which covers the performance and financial position of the subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the financial year 2017-18 have been prepared on the basis of audited financial statements of the Company and its subsidiaries, as approved by their respective Board of Directors keeping in view the provisions of Section 129 of the Companies Act, 2013, applicable Accounting Standards and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

RESERVES

During the year, the Board of Directors of your Company has decided to transfer ₹ 40 Million which amounts to 29.52 % of the profits after tax, to the General Reserves of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE DATE OF END OF FINANCIAL YEAR AND THE DATE OF REPORT

No material changes and commitments affecting the

financial position of the Company between the end of financial year viz. 31 March 2018 and the date of this Report have occurred.

CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of the Company.

CHANGES IN SHARE CAPITAL

During the year under review, there was no change in the total share capital of the Company.

UNPAID / UNCLAIMED DIVIDEND

Pursuant to the circular issued by Ministry of Corporate Affairs (MCA) with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, your Company has uploaded on its website www.technofabengineering.com under Investor Relation Section as well as on the Ministry's website the information regarding Unpaid / Unclaimed Dividend amount lying with the Company as on 29 September, 2017 (date of last Annual General Meeting).

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, your Company was not required to transfer unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to the provisions of Section 125 of the Companies Act, 2013

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors and its composition

During the year under review, there is no change in the Board of Directors of the Company except resignation of Mr. Nakul Gupta w.e.f. closing hours of 8th March 2018. As on date, the Company has five Directors with an Executive Chairman. Of the 5 Directors, 2 are Executive Directors and 3 are Non-Executive Independent Directors including one Woman Director. The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Director on the Board is a Director in more than 10 Public Companies or a member of more than 10 Committees or a Chairman of more than 5 Committees across all listed companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other Public Limited Companies as on 31st March, 2018 have been made by all the Directors of the Company.

None of the Company's Directors are disqualified from being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013.

Directors liable to retire by rotation

As per the provisions of the Companies Act, 2013, Mr. Avinash C Gupta retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment in the ensuing Annual General Meeting.

The details of Director being recommended for re-appointment as required under Regulation 36 of Listing Regulations is contained in the accompanying Notice convening ensuing Annual General Meeting of the Company.

Key Managerial Persons (KMPs)

In terms of the provisions of Section 203 of the Act, Mr. Avinash C. Gupta, Managing Director; Mr. Arjun Gupta, Whole-time Director, Mr. Sandeep Kumar Vij, Chief Financial Officer and Mr. Suman Kumar Verma, Company Secretary are the Key Managerial Personnel of your Company.

During the period under review, there is no change in the Key Managerial Personnel (KMP) except resignation of Mr. Nakul Gupta from the office of Whole-time Director.

None of the Whole-time Key Managerial Personnel (KMP) of the Company is holding office in any other Company as a Key Managerial Personnel.

Further, none of the Directors / KMP of the Company is disqualified under any of the provisions of the Companies Act, 2013 and relevant Regulations of Listing Regulations

Declaration by Independent Directors

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) and Regulation 25 of the Listing Regulations.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Arun Mitter, Mr. Pawan Chopra, Ms. Anju Banerjee, and Mr. Arjun Gupta. The Committee comprises of three of Independent Directors and one Executive Director with Mr. Arun Mitter as the Chairman. The Chief Financial Officer and the Auditors of the Company are the permanent invitees of the Committee.

Further details relating to the Audit Committee are provided in the Corporate Governance Report, forming part of this Annual Report. During the year under review, all recommendations made by the Audit Committee were accepted by the Board.

QUALITY (QMS), HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Company believes that "Quality is a state of mind" and is committed to a continuous ongoing initiative in this direction and is committed "To provide and maintain safe and healthy work environment for all personnel within the organization and to continually improve in safe working conditions to make incident free work zone." Accordingly the Company has always laid emphasis on HSE and made efforts to evolve this as a critical brand differentiator for the Company in the market place. This has been possible due to the dedicated work put in by the team members and support provided by all the employees of the organization. The Company is committed towards ensuring safe working and eliminating hazards and in protecting the environment including reduction in paper & power consumption and proper disposal of construction & electronic waste.

The Company is accredited to ISO 9001:2004 and ISO 14001:2004 for Health, Safety and Environment and OHSAS 18001:2007 for Occupational Health and Safety Assessment series. The Company is in the process of merging these three standards into single document i.e. IMS (Integrated Management System) that will combine all the three standards into single standard based on the latest revisions of 2015 standards.

MANAGEMENT DISCUSSION AND ANALYSIS INCLUDING BUSINESS REVIEW

As stipulated under Regulation 34 of the Listing Regulations, the Management Discussion and Analysis for the period under review has been given separately and forms an integral part of this Report which includes a detailed business review of the Company.

PUBLIC DEPOSITS

During the financial year 2017-18, the Company has not accepted any deposit within the meaning of Chapter V of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

CORPORATE GOVERNANCE REPORT

In compliance with the provisions specified in the Listing Regulations, a separate report on Corporate Governance along with the requisite certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid regulations forms an integral part of this Report. The Auditors' Certificate does not contain any qualification, reservation and adverse remark.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL

In accordance with Section 178 and other applicable provisions if any, of the Companies Act, 2013 read with the Rules issued there under and Part D of Schedule II as specified in the Listing Regulations, the Board of Directors has formulated the Nomination and Remuneration Policy of the Company on the recommendations of the Nomination and Remuneration Committee. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a Director and other matters have been outlined in the Corporate Governance Report which forms part of this Report.

The Managing Director/Whole-time Directors of the Company do not receive remuneration from any of the subsidiaries of the Company.

PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of the Company is set out in "Annexure [B]". In accordance with the provisions of Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms are set out in "Annexure [B]" which forms part of this Report.

However, in line with the provisions of Section 136(1) of

the Act, the Report and Accounts as set out therein, are being sent to all Members of your Company excluding the aforesaid information. Any Member, who is interested in obtaining these particulars, may write to the Company Secretary at the Registered Office of your Company.

ANNUAL PERFORMANCE EVALUATION OF BOARD AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations including circular issued by SEBI, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee based on need and new compliance requirements.

In line with the abovementioned framework, the Independent Directors at their separate meeting held on 28 February 2018 without participation of the Non-Independent Directors and Management, have considered and evaluated the Boards' performance and performance of the Chairman, Non-Independent Directors and the Board as a whole. The Independent Directors in the said meeting have also assessed the quality, quantity and timeliness of the flow of information between the Company Management and the Board.

During the period under review, the Board in its meeting held on 20 May 2017, have evaluated the performance of each of the Independent Directors without participation of the Director who was subject to evaluation.

The details of evaluation process of the Board, its Committees, Chairman and individual Directors, including Independent Directors have been provided under the Corporate Governance Report which forms part of this Report.

MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the year, six (6) Board Meetings and five (5) Audit Committee meetings were held and the dates of the Board Meetings are 20 May 2017, 29 August 2017, 14 September 2017, 13 October 2017, 12 December 2017 and 9 February 2018. The details of Board Meetings including other Committee Meetings are provided in the Corporate Governance Report which forms part of this Annual Report. The maximum interval between the

two Board Meetings/ Audit Committee Meetings did not exceed 120 days as prescribed under the Companies Act, 2013 and the Listing Regulations.

The Board of Directors have accepted all the recommendations made by the Audit Committee.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Internal Complaint Committee ("ICC") has been set up to redress complaints received regarding sexual harassment. During the period under review, no complaint was received by the ICC.

COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Company is in absolute compliance with all notified Secretarial Standards as issued by the Institute of Company Secretaries of India (including amendment(s) and subsequent modification(s) therein).

COMPLIANCE WITH THE LISTING AGREEMENT

The Company has listed its securities on both Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE"). The Company is in compliance with the Regulations of SEBI (LODR) Regulations, 2015 applicable to the Company in accordance with the listing agreements entered with both the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

The audited accounts for the year under review are in conformity with the requirements of the Act and the applicable Accounting Standards. The financial statements reflect fairly the form and substance of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations. Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31 March 2018, the applicable accounting standards and Schedule III of the Companies Act, 2013, 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 judgments 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 31 March 2018 and of the profit and loss of the Company for the financial year ended 31 March 2018;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a 'going concern' basis;
- e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT:

I. Statutory Auditors

At the Forty Sixth Annual General Meeting ("AGM") of the Company held on 29 September 2017, M/s. G.C. Agarwal & Associates, Chartered Accountants (Firm Registration No. 017851N) were appointed as the Statutory Auditors of the Company to hold office for a period of five (5) consecutive years commencing from the financial year 2017-18 subject to ratification at every AGM on a remunerations including terms of payment to be fixed by the Board of Directors on the recommendation of the Audit Committee. However as per the provisions of Section 40 Companies (Amendment) Act, 2017 which is now in force vide MCA notification No. S.O. 1833 (E) dated 7 May 2018, first proviso of Section 139(1) of the Companies Act, 2013 with respect to ratification of appointment of Statutory Auditors at every AGM has been done away with. In view of the fact that the appointment of auditors in the forty sixth annual general meeting was subject to ratification at every AGM, a resolution is proposed to be passed at the ensuing Forty Seventh AGM to the effect that no further ratification in any forthcoming AGM is required for continuation of his office during the remaining period of his tenure apart from ratification of his appointment in this AGM.

The Auditors' Report for the financial year 2017-18, does not contain any qualification, reservation, adverse remark or disclaimer.