

**DIRECTORS' REPORT**

Your Directors present the 33rd Annual Report together with audited accounts for the year ended 31st March, 2019. The summarised financial results of the company are furnished below:

	(Amount ₹ in Lakhs)	
	<u>2019</u>	<u>2018</u>
Gross Turnover	49646.03	37918.52
Gross Income	430.76	491.63
Profit before depreciation and tax	36.03	106.92
Less: Depreciation	8.92	10.20
Profit before Tax	27.11	96.72
Less : Taxation	6.90	24.91
Profit After Tax	20.21	71.81
Other Comprehensive Income	1.22	(1.35)
Total Comprehensive Income for the year	21.43	70.46

SURRENDERING OF CERTIFICATE OF REGISTRATION WITH RESERVE BANK OF INDIA

The Company has surrendered the certificate of Registration as "Non Banking Finance Company without accepting public deposits" voluntarily with Reserve Bank of India for cancellation as the Company presently is not engaged in NBFC business vide its letter dated 05.05.2017. The Reserve Bank of India after obtaining necessary clarifications, has approved our surrendering of certificate vide their letter dated 18.01.2019.

INDIAN ACCOUNTING STANDARDS

As per Ministry of Corporate Affairs (MCA) notification dated 16.02.2015 and in consequence of surrendering of NBFC License, the Indian Accounting Standards (Ind AS) have become mandatory for the Company for the Financial year ending 31.03.2019. Accordingly the Company has adopted Ind AS from 01.04.2018 and the financial statements for the year ended 31.03.2019 are prepared in accordance with the principles laid down in the said Ind AS. The financial statements for the corresponding year ended 31.03.2018 is restated under Ind AS.

DIVIDEND

In view of the accumulated losses of earlier years, the Board of Directors are unable to recommend any dividend for the year ended 31st March, 2019.

REVIEW OF PERFORMANCE**FUND BASED ACTIVITY****FOR'XCHANGE**

The gross Turnover and gross income for the period ended 31st March 2019 were ₹ 49646 lakhs and ₹ 411 lakhs respectively as against ₹ 37919 lakhs and ₹ 460 lakhs during the previous year. Despite a significant increase in gross turn over, there was a considerable drop in the income during the year due to reduction in incentive offered by the banks as also due to withdrawal of certain services by banks for certain segment of clients serviced by your Company. In view of the restrictions imposed by banks, the company is exploring alternate arrangements for servicing these segments. The division operates from 16 centres.

FEE BASED ACTIVITIES

Besides main business of foreign exchange, your Company is engaged in a small way in various fee based activities like travels, forex advisory, etc. These fee based activities are volume based business and showed a mixed results during the year.

COROMANDEL TRAVELS

The gross billing for the year ended 31st March, 2019 are ₹ 135.21 lakhs as against ₹ 81.53 lakhs during the previous year. The Operating Income for the year ended 31st March, 2019 is ₹ 0.40 lakhs as against ₹ 1.57 lakhs during the previous year. This division earned other income of ₹ 0.64 lakhs for the year ended 31st March, 2019 as against ₹ 0.63 lakhs during the previous year. This division is presently operating at only one center.

FOREX ADVISORY SERVICES

MIDAS FOREX

Midas Forex, the forex advisory division of the Company has earned a gross income of ₹ 7.47 lakhs during the year ended 31st March, 2019 as against ₹ 6.46 lakhs during the previous year. This division earned other income of ₹ 0.54 lakhs for the year ended 31st March, 2019 as against ₹ 0.55 lakhs during the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34(2) of Securities and Exchange Board of India [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015, a Management Discussion and Analysis Report is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 134(5) of the Companies Act, 2013:

"We confirm

1. that in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. that such Accounting Policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date.
3. that 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.
4. that the annual accounts for the year ended 31st March, 2019 have been prepared on a going concern basis.
5. that internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and are operating effectively.
6. that proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively."

POLICY ON DETERMINATION OF MATERIAL SUBSIDIARIES

Policy on material subsidiary is available on Company's website. India Cements Capital Limited has two subsidiaries viz. India Cements Investment Services Limited (ICISL) which is a material subsidiary and its step down subsidiary ICIS Commodities Limited.

SUBSIDIARIES

INDIA CEMENTS INVESTMENT SERVICES LIMITED

The turnover and income for the year ended 31st March, 2019 were ₹ 224749 lakhs and ₹ 108.45 lakhs as against ₹ 235890 lakhs and ₹ 138.27 lakhs respectively for the previous year. The Company has handled a turnover in the cash market segment ₹ 72405 lakhs during the year ended 31st March, 2019 as against ₹ 101099 lakhs during the previous year. The turnover in the Futures & Options segment was ₹ 142731 lakhs during the year ended 31st March, 2019 as against ₹ 134791 lakhs during the previous year. The turnover in the Currency Segment is ₹ 9613 lakhs during the year ended 31st March, 2019 as against nil during the previous year. The significant reduction in the volume in cash market segment has impacted the income earned by the Company.

The Company has earned other operating income of ₹ 19.07 lakhs during the twelve months period ended 31st March, 2019 as against ₹ 17.01 lakhs during the previous year. The Company has also earned other income of ₹ 24.31 lakhs during the twelve months period ended 31st March, 2019 as against ₹ 18.10 lakhs during the previous year.

During the period under review, this division has been operating with 4 branches and 7 business associates.

ICIS COMMODITIES LIMITED

ICIS Commodities Limited was incorporated as a wholly owned subsidiary of India Cements Investment Services Limited to undertake the activity of commodities broking. There were no operations in this Company. During the year its holding company India Cements Investment Services Limited has been granted unified license to carry on the business of commodities. Hence the Company has voluntarily made an application with the Registrar of Companies (ROC), Chennai, Ministry of Corporate Affairs, for striking off its name from the records of ROC, the status of which is currently "under the process of striking off".

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, drawn up in accordance with the provisions of Section 129(3) of the Companies Act, 2013 forms part of the Annual Report.



A separate statement containing the salient features of the financial statements of subsidiary for the financial year ended 31st March, 2019 in Form AOC - 1 is attached to the Annual Report as Annexure 5.

DIRECTORS

Sri.N.R.Krishnan resigned as Director with effect from 01.04.2019. The Board expresses its appreciation of the valuable contribution made by Sri.N.R.Krishnan during his tenure of Office as Director and Chairman.

Sri V.M. Mohan retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Smt.Lakshmi Aparna Sreekumar was appointed as an Independent Director by the Board of Directors at its meeting held on 01.04.2019 on the recommendations of the Nomination and Remuneration Committee and a resolution for the election of Smt.Lakshmi Aparna Sreekumar as an Independent Director for a term of 5 years from 01.04.2019 to 31.03.2024 is included under special business in the Notice convening the 33rd Annual General Meeting of the Company.

Under Section 149 of the Companies Act, 2013, Sri.V.Manickam was appointed as Independent Director of the Company for a term of four years and his present term of office as Independent Director concludes on 25th September, 2019. The Board, based on the recommendation of the Nomination and Remuneration Committee reappointed Sri.V.Manickam as an Independent Director of the Company to hold office for a second and final term of three years from 26th September, 2019 to 25th September, 2022 subject to the approval of the shareholders and a special resolution for his reappointment as an Independent Director of the Company is included in the Notice convening the 33rd Annual General Meeting of the Company.

Brief particulars of Directors eligible for re-appointment / appointment are annexed to the Notice convening the 33rd Annual General Meeting of the Company. No director is related to each other. The details of shares held by non-executive directors are given in Corporate Governance Report.

Pursuant to Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014, other than the above, there have been no changes in the Directors during the year.

INDEPENDENT DIRECTORS

The declarations given by independent directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, have been received by the Company. The details of familiarisation programme for independent directors are available on the Company's website www.iccaps.com.

ANNUAL EVALUATION

Pursuant to the provisions of Section 134(3)(p) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of the directors individually as well as evaluation of the working of its Audit, Nomination and Remuneration and other Committees.

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a Policy for selection and appointment of Directors, Key Managerial Personnel and other employees and their remuneration for implementation.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company are Mr.K.Suresh (Chief Executive Officer and Chief Financial Officer) and Ms. E.Jayashree (Company Secretary).

BOARD MEETINGS

During the year, four Board Meetings were held. The details of board meetings and its Committees are given in the Corporate Governance Report.

AUDIT COMMITTEE

The details of composition of the Audit Committee are given in the Corporate Governance Report. There has been no instances, where the Board had not accepted any recommendation of Audit Committee.

AUDITORS

STATUTORY AUDITORS

M/s. P.S.Subramania Iyer & Co, Chartered Accountants, Chennai, have carried out the audit of the Accounts for the year ended 31st March, 2019 and gave their report thereon. Their audit report does not contain any qualification.

The Shareholders of the Company at the 31st Annual General Meeting (AGM) held on 15th September, 2017, appointed M/s P.S.Subramania Iyer & Co. Chennai, as Statutory Auditors of the Company, to hold office for a period of 5 years from the conclusion of the 31st AGM until conclusion of 36th AGM, subject to ratification of their appointment by the Shareholders at every AGM held after

the 31st AGM of the Company. In terms of the provisions of Section 139(1) of the Companies Act, 2013 which was amended by the Companies (Amendment) Act, 2017, notified by the Ministry of Corporate Affairs on 7th May, 2018, the requirement of ratification of appointment of Auditors by the Shareholders at every AGM is dispensed with and accordingly, the resolution for ratification of appointment of Auditors is not included in the Notice convening the 33rd Annual General Meeting of the Company.

INTERNAL AUDITORS

Messrs Gopalaiyer & Subramanian, Chennai have been appointed as Internal Auditors for the year 2019-20.

SECRETARIAL AUDITOR

Mr. G.Porselvam, Company Secretary in Practice, has been appointed as Secretarial Auditor of the Company for the year 2019-20. The Secretarial Audit Report in Form MR-3 for the Financial Year 2018-19, is attached as Annexure 1. The report does not contain any qualification, reservation or adverse remarks.

CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) of SEBI (LODR) Regulations 2015, a report on Corporate Governance along with Auditors' Certificate of its compliance forms part of the Annual Report and is given in Annexure 2. Further a declaration on Code of Conduct signed by the President & CEO also forms part of the Annual Report.

PUBLIC DEPOSITS

Your Company has not accepted deposits from public and shareholders during the year. There are no outstanding deposits at the end of the year.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report other than those disclosed in the financial statements.

RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and mitigation thereof.

INTERNAL FINANCIAL CONTROLS

The Company has defined standard operating procedures covering all functional areas like Money Changing and Forex Advisory services, etc. The Company has engaged the services of a Chartered Accountant firm for carrying out internal audit. The internal auditors have been given the specific responsibility to verify and report on compliance of standard operating procedures. The auditors have reported that there are adequate financial controls in place and are being followed by the Company.

ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that during the year 2018-2019, no Orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

INFORMATION AS PER SECTION 134(3)(m) and 134(3)(o)

The furnishing of information as required under Section 134(3)(m) and 134(3)(o) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT-9 is attached as Annexure 3 which forms part of this Board's Report.

REMUNERATION

As prescribed under Section 197(12) of the Companies Act, 2013 ("Act") and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are given in Annexure 4. In terms of provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing names of the employees and other particulars, drawing remuneration in terms of the said Rules forms part of this report. However, in terms of first proviso to Section 136(1) of the Act, the Annual Report, excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member who is interested in obtaining these particulars may write to the Company.



POLICY ON DEALING WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company.

Particulars of contracts or arrangements with related parties in Form AOC-2 as required under Section 134(3)(h) of the Companies Act, 2013 is attached as part of this report vide Annexure 6.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company, during the year has not given any loans or guarantees or provided security to any person or other body corporate attracting the provisions of Section 186 of the Companies Act, 2013.

VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company has established a vigil mechanism for directors and employees to report genuine concerns. The policy is available on the Company's website.

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 captioned Act and Rules made thereunder. There was no complaint of harassment, reported during the year.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 read with applicable Rules are not applicable to the Company as it does not fall under the threshold limit.

ACKNOWLEDGEMENT

Your Directors thank the Company's Bankers and The India Cements Limited, for their continued support. The Directors also thank the customers for their continued association. They are also thankful to the shareholders for their understanding.

For and on behalf of the Board

Place : Chennai
Date : 07.08.2019

V. MANICKAM
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE ECONOMY

The World economy, after a strong recovery in 2017 with GDP growth of 3.7% in 2017, witnessed a slowdown in 2018, notably in the second half of last year. As per IMF estimates, during 2018, global growth softened to 3.6% mainly due to slower expansion in the second half of 2018 caused by US-China trade tensions, macro-economic stress and financial tightening.

INDIAN ECONOMY

At the beginning of last year the Indian economy was expected to sustain a GDP growth of 7.2%. While the economy started on a brisk note with a healthy GDP growth of over 8% in the first quarter, the growth momentum slackened in the following quarters resulting in the GDP slipped to 5 year low of 5.8%. The Indian economy continued to remain as one of the fastest growing major economies, but, however the slow down in last year was traced to factors like declining growth in private consumption, increase in fixed investments and muted exports.

While the Indian economy has got over the structural reforms such as demonetization and GST undertaken between 2016 and 2018, which in turn have started to bear fruits, there were two recent developments which have affected the sentiments of both investors and consumers in FY19 – the liquidity crunch in NBFCs and shutting down of one of the major airlines operating in the country. The Indian economy with its strong fundamentals is expected to overcome these hurdles and regain the growth momentum sooner than later.

OUTLOOK

The Travel and Tourism industry is witnessing unprecedented growth due to increasing disposable incomes, larger awareness and further travel has become more accessible and affordable in the recent past. This trend is expected to continue in the years to come. IMF has projected that India is expected to grow at 7.3% in FY 20 and 7.5% in FY21. With the larger role India is playing in the global market resulting in increased travel requirement, Travel and Tourism industry is expected to benefit considerably.

COMPANY BUSINESS

The Company is a RBI registered Authorized Dealer Category-II for money changing and one of the Principal Agents of overseas money transfer entities for international inbound money transfer business.

In money changing, the Company provides an array of products and services including buying and selling of foreign currency notes, issuance of travellers' cheques and outward telegraphic remittances, including outbound remittances towards student fees, tour remittances etc. and also extends to forex prepaid cards.

The Company's strength is its service, its brand image and number of allied products being made available to its valuable customers.

OPPORTUNITIES AND THREATS

India is now one of the fastest growing outbound tourism markets in the world, second only to China. The United Nations World Tourism Organization estimates that India will account for 50 million outbound tourists by 2020. Hence, this augurs well for the Company business as this will give a boost to Company's Money changing business. Further, the increased support given by the Government for improving travel and tourism industry in India augurs well for the companies operating in this segment, including the company.

Travel and Tourism industry in India faces temporary challenges due to suspension of operations of one of the India's largest air carriers, causing industry wide apprehension. The industry is also facing challenges from restrictions imposed by banks in servicing certain segments of clients.

OPERATING AND FINANCIAL PERFORMANCE

This along with the segment wise performance has been covered in detail in the Directors' Report.

RISKS AND CONCERNS

Company has laid down a detailed risk management policy, customer identification and acceptance procedure. Credit procedure envisaged by the Company's credit policy ensures identification of the operational and business risk while entering into any transactions with the prospective customers. The financial risks involved are evaluated through a well laid down procedure.

Exchange rate volatility is an industry wide phenomenon and to mitigate this risk, the Company hedges its liability by taking forward covers from the banking system. The inherent business risks of the Company are covered through insurance.

The company's business is also subjected to a regulatory framework established by RBI & FIU, which calls for periodical reporting to guard the inherent risks associated with the Money Exchange & Money Transfer business activities. Thus, there are regulatory controls in addition to the self control on the operations of the Company which warrant continuous upgrading of its controls systems to mitigate different forms of risks.

INTERNAL CONTROL SYSTEM

The Company has already put in place an elaborate Internal Control and Internal Audit systems. The system ensures adequate periodical checks and balances are exercised. Continuous monitoring by the Internal Audit team of these checks and balances due to the inherent risks associated with the nature of Company's activities, ensures compliance of the regulatory framework of RBI & FIU. The Audit team is suitably guided and updated by the Audit Committee of the various regulatory requirements from time to time.

The Company has put in place a strict credit policy for extending credit to its corporate customers. The same is continuously monitored and reviewed periodically for any updations to ensure funds at Company's disposal are being judiciously utilised and efficiently managed vis-à-vis the business requirements.

The Management Discussion and Analysis explaining the objectives of the Company, the opportunities and threats, the outlook for the future, the risks and concerns have to be read with the meaning of relevant applicable laws and regulations. The actual performance may differ materially from those explained herein above. As in any other business the performance of the Company is totally dependent on the market conditions of demand and supply, the volatility in exchange rate, the Government policy & regulations, the economy of the country and other factors.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company being in the services sector, human resource play a critical role in the performance of the company. Sustained growth of the Company depends on customer satisfaction and to ensure this the Company has ensured that all the employees receive continuous training and are incentivised suitably based on the performance. The overall number of employees on the rolls of the company as at the end of the year under review was 90.

On behalf of the Board

V. MANICKAM
CHAIRMAN

Place : Chennai
Date : 07th August 2019