



**DIRECTORS REPORT**

To,  
The Members of  
**INTEGRATED THERMOPLASTICS LIMITED**

We hereby present the 25<sup>th</sup> Annual Report and the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS:**

(Amount .Rs)

PART ICULARS	FY 2018-19	FY 2017-18
Revenue from Operations	73,48,44,160	52,80,44,974
Other Income	12,45,339	9,68,635
Total Revenue	73,60,89,499	52,90,13,609
Total Expenses	87,14,79,154	55,01,05,333
Loss Before tax	(13,53,89,655)	(2,10,91,724)
Less: Current Tax	--	19,70,065
Less: Deferred Tax	(79,85,058)	72,71,919
Loss after tax	(12,83,04,597)	(1,57,89,870)

**REVIEW OF OPERATIONS:**

During the year under review, the company has made revenue of Rs. 73,48,44,160/- from operations and Rs. 12,45,339/- from other Income aggregating to Rs. 73,60,89,499/- and posted a net loss of Rs. 12,83,04,597/- for the financial year 2018-19.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Industry has been comfortable in the past few years and has been able to enlarge its areas of supplies to priority sector like rural water supply schemes and housing taken up by different state governments and local authorities.

**OPPORTUNITIES AND THREATS:**

The company has been able to establish itself in the PVC market in south India. The company is making every effort to work closely with the major players in the domestic industry to realize better sales. The company sees a demand for its products in the years to come.

**SEGMENT WISE OR PRODUCT WISE PERFORMANCE:**

Since the company does not operate in different sectors, the segment wise performance of the financials is not applicable.

**OUTLOOK:**

The outlook for the company's products appears to be better.

## RISKS AND CONCERNS:

There is stiff competition for the company's products in the market. However by implementing cost control methods, your company is confident of overcoming the possible risks and concerns.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

No new employees have been employed during the year under review. The company has not made significant development in human resources.

## DIVIDEND:

As the company incurred loss during the financial year 2018-19, your Board of directors has not recommended any dividend.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

As per the provisions of section 152 of the Companies Act, 2013, Mrs. Aravinda Rani Vemuri, who retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The board recommends her re-appointment.

As per the provisions of sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and also pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Sreenivasulureddy Angitapalli, whose term as an Independent Director of the company expired on 31.03.2019 and being eligible offers himself for re-appointment as an Independent Director of the company and was re-appointed by the board of directors in their meeting held on 14.02.2019 subject to the approval of the members for further period of five consecutive years. The board recommends his appointment.

During the year under review, Mr. Suresh Kumar Shastry Vemuri was re-appointed as Whole Time Director of the company for further period of five years w.e.f. 13.08.2018, without remuneration, not liable by rotation.

During the year under review, Mr. V. Venkata Rao was appointed as Chief Financial Officer of the company w.e.f. 28.05.2018.

During the year under review, Mr. Venkata Lakshmi Reddy Sajjala, Ms. Tulasi Sajjala and Ms. Aruna Sajjala were appointed as Independent Directors of the company for a period of five years w.e.f. 28.05.2018.

## BOARD MEETINGS:

Four (04) meetings of the Board of Directors were held during the financial year and the details are given in paragraph 2 (d) of Corporate Governance report attached to this Annual Report.

## COMPLIANCE OF SECRETARIAL STANDARDS:

During the period under review, the company has complied with all the applicable secretarial standards, notified under section 118 (10) of the Companies Act, 2013.

## EXTRACT OF ANNUAL RETURN:

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and Rule 12(1) of the Companies (Management



and Administration) Rules, 2014, extract of annual return in form MGT-9 is enclosed as Annexure-I. The copy of extract of annual return is available at [www.integratedthermo.com](http://www.integratedthermo.com).

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not granted any loans or given any guarantees or made any investments covered under the provisions of section 186 of the Companies Act, 2013.

**RELATED PARTY TRANSACTIONS:**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and regulation 23 of SEBI (LODR) Regulations, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards has been made in the notes to the financial statements. The details of related party transactions for the financial year 2018-19 is enclosed as Annexure-II.

**CORPORATE SOCIAL RESPONSIBILITY:**

In terms of section 135 of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute CSR Committee and formulate a Corporate Social Responsibility (CSR) Policy. Since, the company does not fall under the said criteria during the immediately preceding financial year, the provisions of section 135 of the Companies Act, 2013, Schedule VII and the rules made thereunder are not applicable to the company.

Accordingly, a report on CSR activities as per rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is not applicable.

**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:**

Details of Energy Conservation, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo as required as per section 134(3)(m) of the Companies Act 2013, are given in Annexure - III to the Directors Report.

**PARTICULARS OF EMPLOYEES:**

The company has not employed any individual whose remuneration exceeds the limits prescribed under the provisions of section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**STATUTORY AUDITORS:**

M/s. Deva & Co., Chartered Accountants, Hyderabad, have been appointed as statutory auditors of company for a period of five years in the Annual General Meeting held for the F.Y. 2016-17. Accordingly, they will continue as auditors of the company till the conclusion of the annual general meeting to be held in the year 2021. The Board has recommended the remuneration of auditors for the FY 2019-20 to the members at the ensuring annual general meeting.

**INTERNAL AUDITORS:**

Pursuant to section 138 of the Companies Act, 2013, the Board in its meeting held on 28.05.2018 has appointed M/s. Primespace Management Consulting LLP, Hyderabad, as Internal Auditors of the company for the financial year 2018-19.

**SECRETARIAL AUDITOR:**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s. SGP & Associates, Company Secretaries, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the company and the Report on the Secretarial Audit for the financial year 2018-19 is enclosed herewith as Annexure-IV.

**DETAILS OF FRAUDS REPORTED BY AUDITORS U/S 143:**

The auditors have not reported any frauds pursuant to section 143 (12) of the Companies Act, 2013. Hence, the information to be provided pursuant to section 134 (3) (ca) of the Companies Act, 2013, may be treated as NIL.

**INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating systems, accounting procedures and policies of the company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**CORPORATE GOVERNANCE:**

As a listed company, necessary measures have been taken to comply with the Listing obligatory Disclosure Requirements (LODR Regulations) with the BSE Ltd, Mumbai. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report as Annexure- V.

**STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:**

Pursuant to section 134 (3) (d) of the Companies Act, 2013, a statement shall be made on declaration given by Independent Directors under section 149 (6) of the Companies Act, 2013 in the Board report.

The Board has received declarations from the Independent Directors, as required under section 149 (7) of the Companies Act, 2013 stating the fulfillment of criteria mentioned in the Section 149(6) of the Companies Act, 2013 and the rules made thereunder and recorded the same in the board meeting held on 30.05.2019.

**NOMINATION AND REMUNERATION POLICY CRITERIA FOR SELECTION AND REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES:**

The Nomination and Remuneration Committee of the Board, comprises of three Independent Non-Executive Directors namely Mr. A. Sreenivasulu Reddy, Mr. Venkata Lakshmi Reddy Sajjala and Ms. Tulasi Sajjala.

The key features of the Nomination and Remuneration Policy as framed by the Nomination and Remuneration Committee of the company are set out below:

Selection criteria for Directors:



The company shall consider the following aspects while appointing a person as a Director on the Board of the company:

**Skills and Experience:** The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other discipline related to the company's business.

**Age Limit:** The candidate should have completed the age of twenty-one (21) years and should not have attained the age of seventy (70) years for appointment as Managing Director or Whole Time Director.

**Conflict of Interest:** The candidate should not hold Directorship in any competitor company, and should not have any conflict of interest with the company.

**Directorship:** The number of companies in which the candidate holds Directorship should not exceed the number prescribed under the Act.

**Independence:** The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the company and must satisfy the requirements imposed under the Act.

The policy provides that while appointing a Director to the Board, due consideration will be given to approvals of the Board and/or shareholders of the company in accordance with the Act.

**Remuneration for Directors, KMP and other Employees**

The policy provides that the remuneration to Directors, KMP and other employees shall be based on the following key principles:

- **Pay for performance:** Remuneration of Executive Directors, KMP and other employees is a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goal. The remuneration of Non-Executive Directors shall be decided by the Board based on the profits of the company and industry benchmarks.
- **Balanced rewards to create sustainable value:** The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors and employees of the company and encourage behavior that is aligned to sustainable value creation.
- **Competitive compensation:** Total target compensation and benefits are comparable to peer companies in the industry and commensurate to the qualifications and experience of the concerned individual.
- **Business Ethics:** Strong governance processes and stringent risk management policies are adhered to, in order to safeguard our stakeholders' interest.

The Nomination and Remuneration Policy may be accessed on the Company's website at the link: [www.integratedthermo.com](http://www.integratedthermo.com).

**REPLIES TO THE QUALIFICATIONS OF THE AUDITORS UNDER 134 (3) (f):**

The replies of Board of Directors to the qualification of Statutory & Secretarial Audit reports are given as Annexure VI to this report.

**TRANSFER TO RESERVES :**

During the financial year under review, no amount has been transferred to the general reserves.

**MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There were no material changes from the end of the financial year till the date of this report, affecting the financial position of the company.

**DETAILS OF DEPOSITS UNDER CHAPTER V:**

The company has not accepted deposits from the members/public falling within the meaning of section 73 and/or section 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rule, 2014. Accordingly, furnishing of the details of deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013 does not arise.

**MAINTENANCE OF COST RECORDS:**

The requirement of maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company. Accordingly, the Company has not maintained such accounts and records for the financial year under review.

**FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS:**

Keeping in view the various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, dealing with powers, duties and functions of the Board of the company, your company has adopted criteria for evaluating the performance of its Board, Committees and other said criteria contemplates evaluation of Directors including Independent Directors applicable from the financial year 2018-19. The said criteria contemplates evaluation of Directors based on their performance as directors apart from their specific role as independent, non-executive and executive directors as mentioned below:

- a. Executive Directors, being evaluated as Directors as mentioned above, will also be evaluated on the basis of targets / Criteria given to Executive Directors by the Board from time to time as well as per their terms of appointment.
- b. Independent Directors, being evaluated as a Director, will also be evaluated on meeting their obligations connected with their independence criteria as well as adherence with the requirements of professional conduct, roles, functions and duties specifically applicable to Independent Directors as contained in Schedule IV to the Companies Act, 2013.
- c. The criteria also specifies that the Board would evaluate each committees performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of the responsibilities of the said committee. The Board of Directors of your company has made annual evaluation of its performance, its committees and directors for the financial year 2018-19 based on afore stated criteria.

**DISCLOSURES:****Enquiry Committee:**

The Enquiry Committee comprises three members namely Mr. A. Sreenivasulu Reddy (Chairman & Independent Director), Mr. Venkata Lakshmi Reddy Sajjala (Independent Director) and Mrs. Aravinda Rani Vemuri (Non-Independent Director).



**Audit Committee:**

The Audit Committee comprises of three members namely, Mr. A. Sreenivasulu Reddy (Non- Executive Independent Director), Mr. Venkata Lakshmi Reddy Sajjala (Non-Executive Independent Director) and Ms. Tulasi Sajjala (Non-Executive Independent Director). All the recommendations made by the Audit Committee were accepted by the board.

**Vigil Mechanism:**

The Vigil Mechanism of the company, which also incorporates a whistle blower policy in terms of SEBI (LODR) Regulations, 2015, includes vigilance and Ethics officer, senior executive of the company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the officer or to the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.integratedthermo.com>

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER 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 percentage increase in remuneration of each Director and Chief Financial Officer during the financial year 2018-19 and ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2018-19, are as under:

Sl.No.	Name & Director / KMP and Designation	Remuneration of Director/KMP for Financial Year 2018-19	% Increase in Remuneration in the Financial Year 2018-19	Ratio of Remuneration of each Director/to Median remuneration of employees
1.	Mr. Suresh Kumar Shastry Vemuri Whole Time Director	Nil	Not Applicable	Not Applicable
2.	Mr. A. Sreenivasulu Reddy Non-Executive Independent Director	Nil	Not Applicable	Not Applicable
3.	Mr. Venkata Lakshmi Reddy Sajjala Non-Executive Independent Director	Nil	Not Applicable	Not Applicable
4.	Mrs. Tulasi Sajjala Non-Executive Independent Director	Nil	Not Applicable	Not Applicable
5.	Mrs. Aruna Sajjala Non-Executive Independent Director	Nil	Not Applicable	Not Applicable
6.	Mrs. Aravinda Rani Vemuri Non-Executive Director	Nil	Not Applicable	Not Applicable
7.	Mr. Vydana Venkata Rao Chief Financial Officer	Nil	Not Applicable	Not Applicable

As the Company is not paying any remuneration to the directors/KMP's, the medium remuneration of employees of the company is not relevance for comparison.

**GENERAL:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the financial year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of Employee stock option Scheme.
4. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
5. Neither the Whole Time Director nor the Directors of the Company receive any remuneration or commission from any of its subsidiaries.
6. No significant or material orders were 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 financial year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of section 134(3) (c) of the Companies Act, 2013 the Board of Directors of your Company hereby certifies and confirms that:

- a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 at the end of the financial year and of the loss of the Company for that year;
- c. The Directors have taken proper and sufficient care 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 Directors have prepared the Annual accounts on a going concern basis;
- e. The Directors, in the case of listed company, has laid down internal financial control to be followed by the company and that such internal financial control or adequate and operating effectively;
- 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.

**ACKNOWLEDGEMENTS:**

Your Directors gratefully acknowledge the support and co-operation extended by all the shareholders, customers, bankers, mutual funds, share brokers to your company during the year and look forward to their continued support.

Your Directors also place on record their appreciation of the dedication and commitment displayed by the employees of the company.

//By Order of the Board//

For INTEGRATED THERMOPLASTICS LIMITED

ARAVINDA RANI VEMURI  
DIRECTOR  
DIN: 01241976

SURESHKUMAR SHASTRY VEMURI  
WHOLE TIME DIRECTOR  
DIN: 01788268

Place: Hyderabad  
Date : 13.08.2018