

BOARDS' REPORT

To,
The Members,
Transport Corporation of India Ltd.

The Board of Directors presents the Company's Annual Report together with the audited financial statements for the financial year ended 31st March, 2019.

1. FINANCIAL HIGHLIGHTS- STANDALONE & CONSOLIDATED

(₹ in Lakhs)

Particulars	Standalone			Consolidated		
	31 st March, 2019	31 st March, 2018	(% Growth)	31 st March, 2019	31 st March, 2018	(% Growth)
Total Revenues	258,514	220,227	17.4%	277,316	236,431	17.3%
Profit before Tax	16,028	13,156	21.8%	17,863	15,248	17.2%
Tax	3,264	2,782	17.3%	3,334	2,866	16.3%
Profit After Tax	12,764	10,374	23.0%	14,529	12,382	17.3%
Earning per Share	16.65	13.55	22.9%	18.84	16.08	17.2%

2. CHANGE IN CAPITAL STRUCTURE

During the year under review, 84,525 Equity Shares were allotted to the eligible employees of the Company upon exercise of stock options. Consequently, the paid up share capital stood increased from ₹ 153,154,900 divided into 76,577,450 Equity Shares of ₹ 2/- each to 153,323,950 divided into 76,661,975 shares of ₹ 2/- each.

The Company has not issued any Equity Share with differential rights, sweat equity shares or bonus shares. The Company has only one class of Equity Shares with face value of ₹ 2/- each, ranking pari-passu.

3. DIVIDEND

During the year under review, the Board has declared dividends as under:

Date of Declaration	Dividend Type	%age of Dividend Declared	Dividend per Share
2 nd November, 2018	1 st Interim	40%	0.80
12 th February, 2019	2 nd Interim	50%	1.00

Since the total dividend outflow has already achieved the targets in line with the Dividend Policy of the Company, your Board do not recommend any final dividend for the Financial Year 2018-19.

In terms of Securities and Exchange Board of India (SEBI) Circular No. SEBI/LAD-NRO/6N/2016-17/008, the Dividend Policy of the Company is available on the website of the Company (www.tcil.com).

4. TRANSFER TO RESERVES

During the year, ₹ 8,000 lacs were transferred to the General Reserves.

5. CHANGE IN NATURE OF BUSINESS

During FY 2018-19, there was no change in the nature of Company's business.

6. MATERIAL CHANGES AND COMMITMENTS

No material change and/or commitment affecting the financial position of your Company has occurred between 1st April, 2019 and the date of signing of this Report.

7. TRANSFER OF UNPAID & UNCLAIMED DIVIDENDS & SHARES TO IEPF

The details of unpaid or unclaimed dividend(s) & shares transferred to IEPF during the year and the dividend(s) which are due for transfer to

IEPF in the forthcoming years, are provided in the Corporate Governance Report forming part of this report.

8. SUBSIDIARIES, JOINT VENTURES & ASSOCIATE COMPANIES

The Company has 11 subsidiaries including step down subsidiaries & 01 associate/Joint Venture Company.

During FY 2018-19, TCI Global (Shanghai) Co. Ltd., a wholly owned subsidiary & TCI Transportation Co. Nigeria Ltd., a Joint Venture of the Company have been liquidated.

Further, during the year under review, the Company acquired TCI Cold Chain Solutions Ltd. (Formerly known as SCM Logfocus India Ltd.) for hiving off Cold Chain unit of the Company into it.

The Company shall make available the annual accounts of the subsidiary companies to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and respective subsidiary companies.

Further, the annual accounts of the subsidiaries are also available on the website of the Company viz. www.tcil.com. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies.

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 (the Act) read with the Companies (Accounts) Rules, 2014, a statement in Form AOC-1 containing the salient features of the financial statements of the Subsidiaries, Joint Ventures and Associate companies form part of this Annual Report.

The Company's Policy on Material Subsidiaries may be accessed on the website at the following link: <http://www.tcil.com/tcil/tci-policies.html>.

9. ABRIDGED ANNUAL REPORT

In line with the provisions of the Act, the Abridged Annual Report is being sent to all shareholders who have not registered their email address(es). The comprehensive Annual Report for the year 2018-19 is being sent via email to all shareholders who have registered their email address(es) and is also available at the website of the Company. It is also available for inspection at the Registered Office of the Company during working hours upto the date of ensuing Annual General Meeting (AGM).

Any member requiring full Annual Report may write to the Company Secretary.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with related parties as defined under Section 188 of the Act, during the financial year under review, were in the ordinary course of business and on arm's length basis.

As there were no transactions during the year under review attracting the provisions of section 188(1). Hence information in Form AOC-2 is not applicable.

Further, details on the policy of the Company with respect to the transactions with related parties are given in the Corporate Governance Report and are also available on the website of the Company.

11. DIRECTORS & KEY MANAGERIAL PERSONNEL (KMPs)

Mr. S M Datta, Mr. O Swaminatha Reddy and Mr. M P Sarawagi, Non-Executive Directors resigned with effect from closing business hours of 31st March, 2019 in line with the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations' or 'the Regulations'). Board places on record its appreciation for their invaluable contribution and guidance provided by them.

During the year, Mr. S Madhavan was appointed as an Additional and Independent Director with effect from 12th February, 2019 subject to approval of the shareholders in the ensuing AGM.

Further, in the meeting held on 24th May, 2019, Ms. Gita Nayyar has been appointed as an Additional and Independent Director subject to approval of the shareholders in the ensuing AGM.

Furthermore, Mr. S N Agarwal will attain the age of 75 years in January, 2020. Citing his experience & invaluable contribution to the Board, it is proposed to continue his tenure as Non-Executive Director post attaining the age of 75 years.

As per the provisions of Section 152 of the Act, Mr. S N Agarwal and Mr. Chander Agarwal retire by rotation and being eligible, offer themselves for re-appointment.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164 of the Act.

The Independent Directors of the Company have furnished the declaration under the Act and SEBI Listing Regulations that each of them meets the criteria of independence as provided in the Act/ Regulations and during the year, there has been no change in the circumstances which may affect their position as Independent Director.

Brief resume of directors seeking appointment/ re-appointment alongwith other details as stipulated under the SEBI Listing Regulations are provided in the Notice for convening the AGM.

The terms & conditions of appointment of the Independent Directors are placed on the Company's website <http://cdn.tcil.in/website/tcil/corporate-governance/terms-and-conditions-of-independent-directors/terms-and-conditions-of-independent-directors.pdf>

The Company has also placed the Director's familiarisation programme on its website & it can be accessed at <http://cdn.tcil.in/website/tcil/corporate-governance/familiarisation-programme-of-independent-directors/familiarisation-programme-for-independent-directors.pdf>

As on 31st March, 2019, pursuant to the provisions of Section 203 of the Act, Mr. Jasjit Singh Sethi- CEO, TCI Supply Chain Solutions Division, Mr. Ishwar Singh Sigar- CEO, TCI Freight Division, Mr. Ashish Tiwari, Group CFO & Ms. Archana Pandey, Company Secretary were the KMPs of the Company. In the Board Meeting held on 24th May, 2019, Mr. R U Singh-CEO, TCI Seaways Division has been designated as a KMP in addition to the existing KMPs.

12. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, a separate report on Corporate Governance is enclosed herewith and forms part of this report.

13. EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act, the extract of the annual return is given in **Annexure -I** in the prescribed Form No. MGT-9, which is a part of this report & is also available on the weblink: <http://cdn.tcil.in/website/tcil/financial-reports/annual-reports/2018-2019/Extract%20of%20Annual%20return.pdf>

14. MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the provisions of Regulation 34 of SEBI Listing Regulations, a report on the Management's Discussion and Analysis is appended hereto and forms part of this report.

15. MEETINGS OF THE BOARD

The Board meets at regular intervals to discuss and decide on Company's business policies and strategy apart from other businesses. The Board met four times during the year, details of which are given in the Corporate Governance report forming part of this report.

16. MEETING OF INDEPENDENT DIRECTORS

For the FY 2018-19, 01 separate meeting of Independent Directors was held, the details of which are given in the Corporate Governance Report.

17. BOARD EVALUATION

In line with the Corporate Governance Requirements, Annual Performance Evaluation was conducted for all Board Members as well as of the Board & its Committees with specific focus on the performance and effective functioning of the Board. The Board evaluation framework has been designed in compliance with the requirements under the Act and the SEBI Listing Regulations and in consonance with Guidance Note on Board Evaluation issued by SEBI.

The manner in which the annual performance evaluation has been carried out, is explained in the Corporate Governance Report which forms part of this report.

18. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Compensation/Nomination and Remuneration Committee of the Board of Directors has framed a policy for selection and appointment of Directors including determining qualification and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Act.

The policy is provided in the Corporate Governance report. We affirm that the remuneration paid to Directors is as per the remuneration policy of the Company.

19. AUDIT & RISK MANAGEMENT COMMITTEE

The details pertaining to the composition of the Audit & Risk Management Committee are included in the Corporate Governance Report, which is part of this report.

20. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- 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 profit and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. the Directors have prepared the annual accounts on a going concern basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f. adequate systems and processes, commensurate with the size of the Company and the nature of its business, have been put in place by the Company, to ensure compliance with the provisions of all applicable laws and that such systems and processes are operating effectively.

21. INTERNAL FINANCIAL CONTROL SYSTEMS & THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

22. STATUTORY AUDITORS

Members in their 22nd AGM had appointed M/s. Brahmayya & Co., Chartered Accountants, (Firm Registration No. 000511S) as Statutory Auditors of the Company to hold office for a period of upto 5 (Five) years i.e. till the conclusion of the 27th AGM of the Company to be held in the Financial Year 2022, subject to ratification by the Members at every AGM of the Company.

Pursuant to the notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Act, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, the Notice of ensuing AGM does not include the proposal for seeking Members approval for ratification of appointment of Statutory Auditors of the Company.

The Statutory Auditors' Report for FY 2018-19 does not contain any qualification, reservation or adverse remark.

The Statutory Auditors have not reported any frauds under Section 143(12) of the Act.

23. SECRETARIAL AUDITORS

M/s. Vinod Kothari & Associates, Company Secretaries were appointed as Secretarial Auditors to conduct Secretarial Audit of your Company for FY 2018-19.

The Secretarial Audit Report for FY 2018-19 is attached to this report as **Annexure-II** and does not contain any qualification, reservation or adverse remark.

24. INTERNAL AUDIT

Pursuant to Section 138 of the Act & rules made thereunder, Mr. Naveen Gupta, a qualified Chartered Accountant professional in whole time employment of the Company, acts as Chief Internal Auditor of the Company.

25. COST AUDIT AND RECORDS

Company is complying with the requirements of section 148 of the Act and rules made thereunder.

26. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

27. LISTING INFORMATION

The equity shares of your Company are presently listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

28. CONSERVATION OF ENERGY & RESEARCH AND DEVELOPMENT

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached with this report as **Annexure - III**.

29. RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company. The Board of Directors and the Audit & Risk Management Committee periodically reviews the risk assessment and mitigation procedures and ensures that executive management controls risk through means of a properly defined framework. The risk management framework adopted by the Company is discussed in detail in the Management Discussion & Analysis report forming part of this report.

Further, the provisions relating to the Risk Management Committee under Regulation 21 of the SEBI Listing Regulations have become applicable on the Company with effect from 1st April, 2019 and accordingly, the Company has renamed the Audit Committee as Audit & Risk Management Committee, and has also revised the terms of reference of the Committee to include provisions related to risk management in a compressive manner. The details of the Committee are given in the Corporate Governance Report.

30. WHISTLE BLOWER MECHANISM

The Company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provides a channel to the employees and Directors to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or policy of the Company, as framed/ adopted from time to time.

The mechanism provides for adequate safeguards against victimisation of employees & Directors to avail of the mechanism & also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

31. DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of section 73 of the Act.

32. DETAILS OF LOANS/GUARANTEES/ INVESTMENT MADE

Pursuant to Section 186 of the Act and Schedule V of the SEBI Listing Regulations, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

33. EMPLOYEE STOCK OPTION SCHEME

During the year under review, pursuant to Employee Stock Option Scheme-2006, Part IX, the Share Transfer Committee of the Board allotted 84,525 Equity Shares to the eligible employees of the Company.

Further, 281,250 options were granted under Employee Stock Option Plan 1st Tranche.

With regard to the above Employees Stock Option Scheme/Plan, the disclosures stipulated under the SEBI Regulations as on 31st March, 2019 are provided in **Annexure-IV** to this report.

34. PARTICULARS OF EMPLOYEES

The information required under Section 197 is given under **Annexure-V** to this Report.

The statement as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part

of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

35. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Committee to build awareness in this area, the Company holds workshops and training programs at regular intervals.

During the year under review, no case was filed under the POSH Act.

36. HUMAN RESOURCES

The country's logistics industry is estimated to worth around USD 160 Bn and provides employment to more than 22 Mn people. The industry has grown at a compounded annual growth rate of 7.8% during the last five years and is expected to touch USD 215 Bn in next two years post implementation of GST. The Global Ranking of the World Bank's 2016 Logistics Performance Index shows that India improved to 44th rank in 2018 from 54th rank in 2014 in terms of overall logistics performance.

Considering the huge scope of growth organised industry, we are putting our best efforts to cater to such developments in a much more planned way when it comes to dealing with our employee base. A continuous effort is being made to make TCI a great place of work by providing a platform to employees where they feel empowered & engaged. At TCI, we always strive for continuous improvement and believe in our strong foundation which gets reflected in our values and systems in the form of "CORE".

37. CORPORATE SOCIAL RESPONSIBILITY

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-VI**.

For other details regarding the CSR Committee, please refer to the Corporate Governance Report.

38. SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no material litigations outstanding as on 31st March, 2019. Details of litigations on tax matters are disclosed in the financial statements.

39. ACKNOWLEDGEMENT

The Board of Directors would like to express their sincere thanks to the shareholders & investors of the Company for the trust reposed on the Company over the past several years.

Your Directors would also like to thank the Central Government, State Governments, financial institutions, banks, customers, employees & other stakeholders for their co-operation and assistance and look forward to their continued patronage in future.

For and on behalf of Board of Directors

Date: 24th May, 2019
Place: Gurugram

D P Agarwal
Chairman and Managing Director