

THEJO ENGINEERING LIMITED
Regd. Office: Aysha Building, 41, Whites Road,
Chennai – 600 014.

NOTICE TO MEMBERS

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Thejo Engineering Limited will be held at 11.00 A.M on Friday, the 21st September, 2012 at the Corporate Office of the Company at VDS House, III Floor, 41, Cathedral Road, Chennai 600086 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the audited accounts for the year ended 31st March, 2012 and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Sri. K.J.Joseph who retires by rotation and being eligible, offers himself for reappointment
4. To appoint and fix the remuneration of Auditors. The retiring auditors, M/s.Joseph & Rajaram (ICAI Regn.No.001375S), Chartered Accountants, are eligible for reappointment.

SPECIAL BUSINESS:

5. To appoint Sri. N. Ganga Ram as a Director of the Company in respect of whom, the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Sri N. Ganga Ram as a candidate for the office of Director and to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Sri N. Ganga Ram be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To appoint Sri. V.K. Srivastava as a Director of the Company in respect of whom, the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Sri V.K. Srivastava as a candidate for the office of Director and to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Sri V.K. Srivastava be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To appoint Sri. A.Satyaseelan as a Director of the Company in respect of whom, the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Sri. A.Satyaseelan as a candidate for the office of Director and to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Sri. A.Satyaseelan be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To appoint Sri. M.P. Vijay Kumar as a Director of the Company in respect of whom, the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Sri. M.P. Vijay Kumar as a candidate for the office of Director and to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Sri. M.P. Vijay Kumar be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To appoint Dr. C.N. Ramchand as a Director of the Company in respect of whom, the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Dr. C.N. Ramchand as a candidate for the office of Director and to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Dr. C.N. Ramchand be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. To appoint Sri. Rajesh John as a Director of the Company in respect of whom, the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Sri. Rajesh John as a candidate for the office of Director and to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Sri. Rajesh John be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Sections 198, 269, 309 and all other applicable provisions, if any, (including any statutory modification or re-enactment thereof, for the time being in force), and conditions stipulated in Schedule XIII of the Companies Act, 1956 and subject to such other approvals as may be required, approval of the Company be and is hereby accorded to the re-appointment of Sri. Manoj Joseph as Whole-time Director of the Company with effect from 20th June, 2012 for a period of three years on the terms and conditions as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting."

By order of the Board
For Thejo Engineering Limited

Place: Chennai
Date: 27th August, 2012

M.D.Ravikanth
Finance Controller & Secretary

NOTES:

1. An Explanatory Statement in respect of the Special Business is annexed to this Notice pursuant to Section 173(2) of the Companies Act, 1956.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member.
3. The form of proxy duly completed in all respects shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

By order of the Board
For Thejo Engineering Limited

Place: Chennai
Date: 27th August, 2012

M.D.Ravikanth
Finance Controller & Secretary

Explanatory Statement annexed to the Notice of the Annual General Meeting of the Company dated 27th August, 2012 pursuant to Section 173(2) of the Companies Act, 1956

Item No.5:

Sri. N. Ganga Ram, who has been appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, w.e.f. 16th January, 2012, holds office upto the date of the ensuing Annual General Meeting and a notice along with requisite deposit as required by Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Sri. N. Ganga Ram as a candidate for the office of Director.

Sri. N. Ganga Ram holds a Masters degree in Economics from the University of Madras. He is a Certified Associate of the Indian Institute of Banking & Finance and a Fellow of Economic Development Institute of the World Bank, Washington. He has served in a commercial bank as an executive for more than 8 years. He has worked for RBI/IDBI for more than 27 years and retired as Executive Director of IDBI. He was a Consultant to the World Bank, Washington and the Asian Development Bank, Manila. He has been an Advisor to UTI and ICRA. He has been on the Boards of companies like L&T and TVS Motor. He is currently on the Boards of 5 companies including Sundaram BNP Paribas Home Finance Ltd. and Chemfab Alkalies Ltd. Besides, he is on four committees of NSE including as Chairman of Committee on New Listings and Listing Advisory Committee. Appointment of Sri. N. Ganga Ram as a Director under Independent Director Category will bring in immense value to the Company in various facets of management.

The Directors recommend the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except Sri. N. Ganga Ram is either directly or indirectly concerned or interested in the resolution.

Item No.6:

Sri. V.K. Srivastava, who has been appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, w.e.f. 16th January, 2012, holds office upto the date of the ensuing Annual General Meeting and a notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Sri. V.K. Srivastava as a candidate for the office of Director.

Sri. V.K. Srivastava is a Mechanical Engineer from the University of Roorkee and an Industrial Engineering Graduate from IIIE, Bombay. He has qualified in the intermediate examinations of the Institute of Cost & Works Accountants of India and holds a diploma in Management from AIMA, New Delhi. He has served Bokaro Steel Plant of SAIL for more than three decades. He started his career with the Steel Plant as a Graduate Engineer and retired as its Managing Director having served at Board level during the last seven years of his service. He has also been on the Boards of various PSUs as Chairman/Director. Appointment of Sri. V.K. Srivastava as a Director under Independent Director Category will bring in immense value to the Company in the operations and related domain.

The Directors recommend the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except Sri. V.K. Srivastava is either directly or indirectly concerned or interested in the resolution.

Item No.7:

Sri. A.Satyaseelan, who has been appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, w.e.f. 16th January, 2012, holds office upto the date of the ensuing Annual General Meeting and a notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Sri. A.Satyaseelan as a candidate for the office of Director.

Sri. A. Satyaseelan is a Law graduate from the Madras Law College. He has more than 35 years of experience in legal domain including 20 years in Industry. He has served the Legal Department of a leading manufacturing company and has been the Head of its Legal Department. Currently, he is a practising Advocate at the High Court of Madras. Appointment of Sri. A. Satyaseelan as a Director under Independent Director category will add immense value to the Company in legal and related fields.

The Directors recommend the resolution for the approval of the Memebrs.

Interest of Directors:

None of the Directors of the Company except Sri. A. Satyaseelan is either directly or indirectly concerned or interested in the resolution.

Item No.8:

Sri. M.P. Vijay Kumar, who has been appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, w.e.f. 16th January, 2012, holds office upto the date of the ensuing Annual General Meeting and a notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Sri. M.P. Vijay Kumar as a candidate for the office of Director.

Sri. M.P. Vijay Kumar is a Chartered Accountant, Company Secretary and Cost Accountant with rich experience of more than twenty years in Industry as well as in professional practice. He has been a Member of various boards and committees of ICAI especially on Accounting Standards, Audit Assurance Standards and Corporate Law. He is a regular speaker at many a forum and has authored books for professionals and students of Chartered Accountancy. Currently, he holds the position of Chief Financial Officer at Sify Technologies Limited. Appointment of Sri. M.P. Vijay Kumar as a Director under Independent Director Category will bring in immense value to the Company in finance, accounts, taxation and allied areas.

The Directors recommend the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except Sri. M.P. Vijay Kumar is either directly or indirectly concerned or interested in the resolution.

Item No.9:

Dr. C.N. Ramchand, who has been appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, w.e.f. 16th January, 2012, holds office upto the date of the ensuing Annual General Meeting and a notice along with requisite deposit has been received as required by Section 257 of the Companies Act, 1956, from a Member signifying his intention to propose Dr. C.N. Ramchand as a candidate for the office of Director.

Dr. C.N. Ramchand is a Post-Graduate in Chemistry from the University of Kerala. Besides, he is a Ph.D. in Biochemistry and M.Phil. from MS University, Baroda. He has won the Young Scientist Award from Charring Cross & Westminster Medical School, UK. He has more than 25 years of rich experience in teaching, research, drug discovery programmes, disease mechanism and setting up of Research Facilities with various entities in US, UK and India. He has published more than 70 peer review papers in International Journals. Dr. Ramchand is currently the CEO of Laila Pharmaceuticals P Ltd. He is a senior visiting fellow at University of Sheffield, University of New Castle and Slovakian Academy of Sciences. Appointment of Dr. C.N. Ramchand as a Director under Independent Director Category will bring in immense value to the Company in Research & Development and allied areas.

The Directors recommend the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except Dr. C.N. Ramchand is either directly or indirectly concerned or interested in the resolution.

Item No.10:

Sri. Rajesh John, who has been appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, w.e.f. 16th January, 2012, holds office upto the date of the ensuing Annual General Meeting and a notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Sri. Rajesh John as a candidate for the office of Director.

Sri. Rajesh John is a Mechanical Engineer from Sree Venkateswara College of Engineering, Chennai and PGDBM, Finance from XLRI, Jamshedpur. In his previous employment, he has mentored and implemented productivity improvement and controllership projects at GE Capital and was responsible for vendor relationship and inventory management at TAFE Limited. He is associated with the Company for the past ten years, handling Marketing, Finance and Accounts functions. Considering his long standing experience and credentials, it is proposed to induct him into the Board.

The Directors recommend the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except Sri. Rajesh John and Sri. Thomas John, Managing Director who is a relative of Sri. Rajesh John is either directly or indirectly concerned or interested in the resolution.

Item No.11

The Board of Directors of the Company at their meeting held on 29th June, 2012 reappointed Sri. Manoj Joseph as Whole-time Director for a period of 3 years under the provisions of Section 269 of the Companies Act, 1956 with effect from 20th June, 2012.

Remuneration:

The Remuneration Committee at its meeting held on 29th June, 2012 considered the matter of payment of remuneration to Sri. Manoj Joseph, Whole-time Director. The Committee recommended the following terms of remuneration, duly endorsed by the Board.

Remuneration:

a) **Salary:** Rs. 76,000/- (Rupees Seventy Six Thousand Only) per month in the scale of Rs 76,000 – 6,000³ - 94,000 with annual increment to take effect from 1st April of the succeeding year.

b) Allowances:

- i) Dearness Allowance: 30% of the salary
- ii) House Rent Allowance: 50% of the salary and DA.

c) Performance Incentive

A sum not exceeding 50% of the annual salary as may be decided by the Board on the recommendation of the Remuneration Committee, payable every year after the finalization of Annual Accounts of the Company.

d) Perquisites:

In addition to the salary, the following perquisites shall be paid to Sri. Manoj Joseph, the value of perquisites to be evaluated as per the Income Tax Rules, 1962:

i) **Medical Expenses & Insurance:** Reimbursement of medical expenses including hospitalization and surgical charges of self and family, or direct payment by the Company against actual medical bills, receipts and/or cash memos, up to a total of 8.33% of basic annual salary and DA. Medical Insurance to self and spouse as per the policy of the company.

ii) **Leave Travel Assistance:** Entitlement for Leave Travel Assistance for self and family, once in two year, equivalent to two month's salary and DA. Family means wife and dependent children and parents. Such entitlement may be accumulated upto 4 years.

iii) **Club Fees:** Entitlement for reimbursement of fees and expenses for membership of one clubs other than life membership fees.

iv) Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund shall be as per the Schemes of the Company.

v) **Gratuity:** Entitlement to gratuity equivalent to half month's salary for each completed year of service as per the Gratuity Scheme in operation for the Management Group Personnel.

vi) Sri. Manoj Joseph shall be entitled to reimbursement of entertainment expenses actually and properly incurred by him in the course of the legitimate business of the Company and travelling, hotel and other expenses incurred by him in India and abroad, exclusively for the business of the Company, as per the rules and regulations of the Company or as approved by the Board of Directors.

e) Amenities:

(i) Provision of Car: The Company shall provide car with chauffeur for official use.

(ii) Communication Facilities: Cell phone and laptop, with expenses to be borne by the Company.

f) Minimum Remuneration

If in any financial year during the tenure of appointment, the Company has no profits or its profits are inadequate, payment of salary and perquisites and other allowances stated herein shall be paid as minimum remuneration for that year, subject, however, to the extent allowed under the relevant provisions of the Companies Act, 1956.

g) Other Terms and Conditions:

As long as Sri. Manoj Joseph functions as Whole-time Director of the Company, no sitting fees shall be paid to him for attending the meetings of the Board of Directors and/or any Committee thereof.

The Directors recommend the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except Sri. Manoj Joseph and Sri. K.J. Joseph, a relative of Sri. Manoj Joseph is directly or indirectly concerned or interested in the resolution.

By Order of the Board
For Thejo Engineering Limited

Place : Chennai
Date : 27th August, 2012

M.D.Ravikanth
Finance Controller & Secretary

THEJO ENGINEERING LIMITED

Regd. Office: Aysha Building, 41, Whites Road,
Chennai – 600014.

DIRECTORS' REPORT

The Directors have pleasure in presenting their 26th Annual Report together with Audited Accounts for the year ended 31.03.2012. The summarized financial results for the year are given below:

	Amount (₹ in lakhs)
Profit before Exceptional Items, Interest, Depreciation and Tax	1529.81
Add: Exceptional Item	284.00
Profit before Interest, Depreciation and Tax	1813.81
Less: Interest	367.07
Profit before Depreciation and Tax	1446.74
Less: Depreciation	161.48
Net Profit before Taxes	1285.26
Less: Taxation (Including Deferred Tax)	384.65
Add: Brought forward from previous year	1180.27
Net Profit After Tax	900.61
Balance Available for Appropriations	2080.88
Appropriations	
Transfer to General Reserve	90.23
Proposed Dividend	47.39
Dividend Distribution Tax	7.69
Balance Carried over to Balance Sheet	1935.57

REVIEW OF PERFORMANCE

The Company's Sales turnover in the year under review aggregated ₹ 115.36 crores, constituting a growth of 20.14% over the previous year (₹ 95.22 crores), on which it made a net profit of ₹ 9.01 crores up 135.17% (over ₹ 3.83 crores in 2010-11). The net profit as above included exceptional item of sale of land which fetched a PAT of ₹2.29 crores.

DIVIDEND

The Directors are pleased to recommend payment of dividend of 40% for the financial year ended 31st March, 2012 (35% in the previous year), subject to the approval of the Members at the ensuing Annual General Meeting. The dividend amount of ₹47.39 lakhs together with dividend distribution tax of ₹ 7.69 lakhs will absorb a sum of ₹ 55.08 lakhs.

MATERIAL CHANGES AFTER BALANCE SHEET DATE (31st March 2012)

The Members at their meeting held on 3rd January, 2012 have approved the issue of shares to public aggregating to an amount not exceeding Rs. 25 crores. The Company has appointed IDBI Capital Market Services Limited as its Merchant Banker and Cameo Corporate Services Limited as the Registrar in relation to the public issue. The Company has also appointed other intermediaries in relation to the issue. The public issue is expected to open shortly. Please refer to section titled "Future Plans" for details on proposed utilization of proceeds from IPO.

FUTURE OUTLOOK

The India Economy has grown at just 6.5% during the financial year 2011-12 against the impressive growth of 8.4% registered during the financial year 2010-11. The domestic economic growth has hit the lowest growth rate in the last nine years during the first quarter of 2012-13 by registering a growth of 5.3% during the quarter. The forecast for the year 2012-13 has been scaled down in view of rising downside risk from recession in Eurozone, political uncertainty, slow pace of economic reforms, muted domestic investment demand & high inflation.

Though the market was not positive, the company could achieve a growth of 21% during the financial year 2011-12. For the financial year 2012-13, despite the lower growth rate at which India's economy is expected to grow, the company is expecting a healthy growth in its business riding on the back of increased service contracts and Operation & Maintenance Contracts. The company is expected to grow well in export segment as the targeted new geographies have high growth potential. The new geographies that are being targeted by the company are Ghana (which had registered a 13.5% GDP growth in 2011), Chile (which has registered a 6.5% GDP growth in 2011) and Brazil apart from the West Australian mining markets. Once the company establishes its footprints in these new geographies, the opportunities in these market are huge in the medium term and the same can be tapped with the additional capacity that is proposed to be added.

FUTURE PLANS

On the back of good growth in turnover as well as profitability over the last five years, the Company has drawn up expansion plans as under:

1. Expansion of the existing Unit I in Chennai;
2. Setting up Lining Plant in Chennai;
3. Setting up Polyurethane Unit in Chennai and
4. Setting up R&D Unit in Chennai.

Expansion of Unit I

The Company has undertaken geographical diversification with procurement of orders from Ghana (West Africa), South America, Australia and other countries during the last two years. In addition, the growth in demand for products from existing markets has necessitated the establishment of improved shop floor and finished goods stores both in terms of space, facility, and capacity by addition of mills, presses and other balancing equipments. The finished goods stores are being

planned to be moved to a more spacious facility, which would be able to accommodate the increased business volume.

Lining Plant

Till recently, the revenue generated from Lining Division was moderate, mainly because the Company did not go in for aggressive marketing of lining due to infrastructural constraints in Unit-I, where these products are being manufactured. With increased marketing focus and budget allocation for this Division in the last two years, there has been a spurt in orders, accentuating the need for the setting up of a separate lining facility. The Marketing Department envisages the growth in orders to continue in the future. Considering the increased orders and the expected future business, the existing work-space of the Lining Department would be inadequate. The methods, operations and processes that have been involved in this Division require more space with optimized plant layout and automation. Accordingly, the Company has identified and taken on lease land in the vicinity of the existing factory premises. The Lining Plant is being established with increased automation and is expected to handle large number of orders with enhanced logistics capabilities.

Polyurethane Plant

Till recently, the Company was importing polyurethane blades for use in belt cleaners, screens, liners, pump parts, mineral processing applications and various types of customized cast polyurethane products. With the increase in demand, the Company had outsourced some products to local suppliers. The sustained increase in orders and the requirement of shorter lead times necessitated the setting up of an in-house facility for the manufacture of polyurethane products. To meet this requirement, a polyurethane plant over an area of 600 sq. ft. was set up in 2010 within the existing Unit 2 premises. To cope with the growing volume of orders, it is proposed to establish a new polyurethane plant on an area measuring 5,000 sq. ft., for which land has already been taken on lease. The Company has also procured automatic polyurethane pouring and casting machine to improve quality and turnover by increasing automation and reducing manual intervention.

R&D Unit

Currently, the Company has an in-house research and development team to understand and deliver as per our customer requirements. The team is located in the manufacturing unit. With the expansion of production facilities and foray into new geographies, the role of R&D is bound to increase manifold. Keeping this in view, the Company proposes to establish a separate and exclusive R&D Unit as per the standards of Department of Scientific & Industrial Research, India, paving the way for in-house innovation which will further strengthen our brand.

As approved by the Members at their Extraordinary General Meeting held on 3rd January, 2012, the Company is in the process of raising funds from the public through an Initial Public Offer (IPO). The funds mobilized from the IPO will be used to fund the above expansion plans and to make further investment in the Wholly-Owned Subsidiary, Thejo Australia Pty Limited. (For further details about Thejo Australia Pty Limited, refer to "Subsidiary Companies" section given below).

SUBSIDIARY COMPANIES

Thejo Hatcon Industrial Services Company WLL, Kingdom of Saudi Arabia, in which the Company has 51% shareholding, has obtained all the statutory approvals and it has commenced its own operations. The Audited Consolidated Financial Statements of the Company for the year ended 31st March, 2012 are enclosed with the financial statements of the Company prepared as per Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

As part of its goal to explore new geographies for business expansion, the Company has identified Western Australia with huge mineral resources and mining activities to foray into servicing as well as product supply. Establishment of a subsidiary company has been identified as the best course to foray into the Western Australian belt servicing market. Accordingly, your Company has also established a Wholly-Owned Subsidiary in Australia under the name and style, "Thejo Australia Pty Limited." The Company has started making investments in this subsidiary during the current financial year (2012-13). The subsidiary will provide conveyor maintenance services and take up conveyor belt sales activities in the potential rich Industrial areas of Western Australia. The products will continue to be directly supplied by the Company.

INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

Your Company is doing its best to consciously utilize the energy optimally, avoiding any known wastages. The Company does not fall under any of the industries listed under Rule 2 of The Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and hence disclosure as per Form A is not applicable

There is no technological absorption by the Company during the year under review.

Foreign Exchange Earnings and Outgo are as follows:

(₹)

a) Imports made during the year

<i>Imports at CIF Value</i>	<i>2011-12</i>	<i>2010-11</i>
Raw Materials	4,71,22,963	2,13,53,573
Capital goods	39,81,039	0.00

b) Expenditure in Foreign Currency During the year

<i>Expenditure in Foreign currency</i>	<i>2011-12</i>	<i>2010-11</i>
Royalty	3,60,160	23,42,066
Commission paid	36,92,230	20,18,960
Professional and consultation fees	25,58,516	0.00
Foreign Tour	9,48,985	11,53,895
Sales promotion	2,55,080	0.00

c) Earnings in Foreign Currency

<i>Earnings in foreign exchange</i>	<i>2011-12</i>	<i>2010-11</i>
Exports - Products	23,41,56,699	13,90,54,870
Exports - Services	19,30,033	42,98,682

DIRECTORS

Sri. S.P. George resigned as Whole-time Director and Director with effect from 9th December, 2012. The Directors place on record their appreciation of the valuable contribution made by Sri. S.P. George during his tenure with the Company.

Sri. Anand T. Pethe resigned as Whole-time Director and Director with effect from 9th December, 2012. The Directors wish to record their appreciation of the valuable contribution made by Sri. Anand T. Pethe during his tenure with the Company.

Smt. Rosamma Joseph resigned as Whole-time Director and Director with effect from 9th December, 2012. The Directors place on record their appreciation of the valuable contribution made by Smt. Rosamma Joseph during her tenure with the Company.

Smt. Celinamma John resigned as Whole-time Director and Director with effect from 9th December, 2012. The Directors wish to record their appreciation of the valuable contribution made by Smt. Celinamma John during her tenure with the Company.

Sri. N. Ganga Ram, Sri. V.K. Srivastava, Sri. A. Satyaseelan, Sri. M.P. Vijay Kumar, Dr. C.N. Ramchand and Sri. Rajesh John were appointed by the Board as Additional Directors with effect from 16th January, 2012. As per Section 260 of Companies Act, 1956, they will hold office upto the date of the ensuing Annual General Meeting. Resolutions for their election as Directors of the Company have been included in the Notice dated 27th August, 2012 convening the Annual General Meeting.

Sri. Manoj Joseph has been re-appointed by the Board as Whole-time Director for a period of three years with effect from 20th June, 2012 on the terms recommended by the Remuneration Committee and approved by the Board. A resolution for the approval of the appointment as Whole-time Director has been included in the Notice dated 27th August, 2012 convening the Annual General Meeting.

Sri. K.J. Joseph, Chairman retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm --

i. that in the preparation of the accounts for the year ended 31st March 2012, the applicable Accounting Standards have been followed and there has been no material departure;

ii. that the Directors have selected such accounting policies (as mentioned in Significant Accounting Policies under Note 25 of the Annual Accounts) 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 31st March 2012 and profit of the Company for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

iv. that the annual accounts for the year ended 31st March 2012, have been prepared on a going concern basis

PERSONNEL

As the Company had no employee who was in receipt of remuneration of ₹ 60,00,000 per annum or more throughout the year or ₹ 5,00,000 per month if employed for a part of the year, there are no particulars to disclose under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS' REPORT

The Auditors' Report for the year ended 31st March, 2012 does not contain any qualification.

AUDITORS

M/s. Joseph & Rajaram, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

COST AUDITORS

The Ministry of Corporate Affairs vide its order No.52/26/CAB-2010 Dt. 24th January, 2012 has made it mandatory for companies with turnover of more than Rs.100 crores during the previous financial year and manufacturing any of the products mentioned in the order to get their cost accounting records audited by a Cost Accountant. As the afore mentioned Order covers engineering machinery(including electrical and electronic products), the company has to get its cost accounting records audited by a Cost Accountant or firm of Cost Accountants from Financial Year commencing on or after 1st April, 2012.

Based on the recommendation of the Audit Committee, the Board at its meeting held on 29th June, 2012 has approved the appointment of Sri. S. Gopalan as the Cost Auditor of the company for the financial year 2012-13.

ACKNOWLEDGEMENT

The Directors wish to thank the Company's bankers for their continued support. The Directors also wish to thank the Company's customers and stake- holders for their patronage.

Your Directors place on record their appreciation of the good work done by the employees of the Company at all levels.

For and on behalf of the Board

Place: Chennai
27th August 2012

Manoj Joseph
Director

Thomas John
Managing Director

**AUDITORS' REPORT
TO
THE MEMBERS OF THEJO ENGINEERING LIMITED**

1. We have audited the attached Balance Sheet of M/s. THEJO ENGINEERING LIMITED as on 31st March 2012 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books.

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub – section (3C) of section 211 of the Companies Act, 1956.

e) On the basis of the information and explanations received from the Directors of the company and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012;

ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
ICAI Regn No: 001375S**

**R LAKSHMI NARAYANAN
PARTNER
Membership No:016246**

Place: Chennai
Date: 27th August, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date of Thejo Engineering Ltd
for the year ended 31st March 2012)

1. a) The Company has maintained proper records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion the verification is reasonable, having regard to the size of the company, and the nature of its business.
c) As per the records and information and explanations given to us, no substantial part of fixed assets has been disposed off during the year affecting the going concern status of the company.
2. a) Physical verification of inventory has been conducted by the management at intervals, which in our opinion is reasonable.
b) The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory. No material discrepancies have been reported on such physical verification.
3. According to the information and explanations given to us, the company has not granted loans, secured or unsecured to companies, firms and other parties covered under section 301 of the Companies Act, 1956. Accordingly paragraph 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors Report) Order 2003, (as amended) are not applicable.
4. In our opinion and according to the information and explanations furnished to us, there are adequate Internal Control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and

fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any, continuing failure to correct major weaknesses in internal control system..

5. According to the information and explanations given to us, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in Sec.301 of the Companies Act that need to be entered into the register maintained under section 301.
6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of Sections 58A, 58AA and other relevant provisions of the Companies Act 1956 and rules framed there under.
7. In our opinion the company has its own Internal Audit System commensurate with its size and nature of its business.
8. We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.

9.

- a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable;
- b) According to the information and explanations given to us, the details of disputed sales-tax, customs duty, excise duty and income-tax which have not been deposited either in full or partially as at 31st March, 2012 on account of any dispute, are as under:

<u>Name of statute</u>	<u>Amount of Dispute</u>	<u>Amount Deposited</u>	<u>Period to Which it relates</u>	<u>Forum where dispute is pending</u>
Service Tax	556394	NIL	April 2007 - June 2007	Additional Commissioner of Service Tax, Chennai
Central Excise	66394	NIL	Jan 2007 - April 2007	CESTAT, Bangalore
Central Excise	44858	22179	Sep 2005 - March 2006	CESTAT, Bangalore
Central Excise	135902	67614	April 2006 - Dec. 2006	CESTAT, Bangalore
Central Excise	2969000	NIL	1996 - 2000	High Court of Madras
Customs	1249529	NIL	Oct- 2001	Commissioner of Customs
Central Excise	1825288	NIL	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	349038	NIL	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	123243	NIL	Feb 2005 - Aug 2005	CESTAT, Bangalore
CST	96071	NIL	2003 - 04	Deputy Commissioner, Commerical Tax

<u>Name of statute</u>	<u>Amount of Dispute</u>	<u>Amount Deposited</u>	<u>Period to Which it relates</u>	<u>Forum where dispute is pending</u>
APGST	441168	220584	2000 -01	Commerical Tax Officer, Naidupet
CST	1617852	BG for Rs. 808926.	2000 -01	High Court of Judicature at Andhra Pradesh
CST	236043	NIL	2002 - 03	Commerical Tax Officer, Naidupet
APGST	840496	NIL	2002 - 03	Commerical Tax Officer, Naidupet
APGST	510772	255386	2001-02	Commerical Tax Officer, Naidupet
CST	2507272	10,00,000	2001-02	Commerical Tax Officer, Naidupet
APGST	991921	NIL	2003-04	Commerical Tax Officer, Naidupet
Jharakhand Sales Tax	530792	NIL	2004 - 05	Joint Commissioner of Commerical Taxes (Appeals)
Jharakhand CST	42137	NIL	2004 - 05	Joint Commissioner of Commerical Taxes (Appeals)
APGST	11813775	NIL	2004-05	Appellate Deputy Commissioner
Income Tax	5847531	30,00,000	A.Y 2001-02	CIT(A)
Income Tax(TDS)	53767	NIL	AY 2011-12	TDS – AO
Total	32849243	4565763		

:

10. The company does not have accumulated losses or cash losses as at the end of the financial year.
11. Based on our audit procedures and on the information given by the management, the company has not defaulted in repayment of dues to any financial institutions or bank.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities.

13. The Company is not a Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society, therefore the provisions of clause 4 (xiii) of the Order are not applicable to the company.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions relating to maintenance of records pertaining to such transactions are not applicable to it.
15. According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
16. According to the information and explanations given to us, the funds raised on short term basis, have not been used during the year for long term investment.
17. During the year under audit, there is no preferential allotment of shares to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
18. The company has not issued any debentures during the year under audit.
19. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

**For JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
Firm Regn No: 001375S**

**R LAKSHMI NARAYANAN
PARTNER
Membership No: 016246**

Place: Chennai
Date: 27th August, 2012

THEJO ENGINEERING LIMITED
Registered Office: No.41, Whites Road, Chennai - 600 014

Balance Sheet as at 31st March 2012

(₹)

Particulars		Note No.	As at 31 st March	
			2012	2011
I.	EQUITY AND LIABILITIES			
	1 Shareholders' funds			
(a)	Share capital	3	1,18,47,400	1,18,47,400
(b)	Reserves and surplus	4	24,56,32,554	16,10,79,626
	2 Share application money pending allotment		-	-
	3 Non-current liabilities			
(a)	Long-term borrowings	5	66,86,582	1,79,23,063
(b)	Deferred tax liabilities (Net)	25.6	31,13,471	19,09,351
	4 Current liabilities			
(a)	Short-term borrowings	6	20,67,83,241	16,70,79,280
(b)	Trade payables	7	13,92,23,138	10,28,95,891
(c)	Other current liabilities	8	7,43,92,056	7,79,95,144
(d)	Short-term provisions	9	10,99,25,678	8,03,97,359
	TOTAL		79,76,04,120	62,11,27,114
II.	ASSETS			
	1 Non-current assets			
(a)	Fixed assets	10		
(i)	Tangible assets		10,73,67,898	8,79,64,716
(ii)	Intangible assets		42,296	49,131
(iii)	Capital work-in-progress		57,99,894	25,40,075
(iv)	Intangible assets under development		-	-
(b)	Non-current investments	11	32,98,242	32,98,242
(c)	Long-term loans and advances	12	1,87,40,686	1,41,37,960
(d)	Other non-current assets		-	-
	2 Current assets			
(a)	Current investments		-	-
(b)	Inventories	13	11,64,83,526	8,12,74,856
(c)	Trade receivables	14	33,19,33,188	25,74,16,078
(d)	Cash and cash equivalents	15	4,36,07,682	4,85,63,492
(e)	Short-term loans and advances	16	8,42,06,961	6,40,63,395
(f)	Other current assets	17	8,61,23,747	6,18,19,169
	TOTAL		79,76,04,120	62,11,27,114
	Notes including significant accounting policies	1-26		
The notes referred to above form an integral part of the financial statements				
In terms of our report of even date annexed		For and on behalf of the Board		
For Joseph & Rajaram				
Chartered Accountants				
ICAI Registration no. 001375S				
R.Lakshminarayanan	Manoj Joseph	Thomas John		
Partner	Director	Managing Director		
Membership no. 16246				
Place: Chennai	M.D. Ravikanth	V.A. George		
Date: 27 th August, 2012	Financial Controller & Secretary	President & CEO		

THEJO ENGINEERING LIMITED
Registered Office: No.41, Whites Road, Chennai - 600 014

Profit and Loss Statement for the Year ended 31st March 2012

(₹)

	Particulars	Note No.	2011-12	2010-11
I.	Revenue from operations	18	1,15,36,44,047	95,21,94,912
II.	Other income	19	2,49,63,314	98,61,132
III.	Total Revenue (I + II)		1,17,86,07,361	96,20,56,044
IV.	Expenses:			
	Cost of materials consumed	20	41,94,51,717	38,15,68,810
	Changes in inventories of Finished Goods Work-in-Progress and Stock-in-Trade	21	(1,32,37,111)	(85,63,801)
	Employee benefits expense	22	31,83,74,016	23,95,58,589
	Finance costs	23	3,67,07,059	2,77,32,108
	Depreciation and amortization expense	10	1,61,48,057	1,48,21,157
	Other expenses	24	30,10,37,525	24,91,64,841
	Total expenses		1,07,84,81,263	90,42,81,704
V.	Profit before exceptional and extraordinary items and tax (III-IV)		10,01,26,098	5,77,74,340
VI.	Exceptional items:			
	Profit on Sale of Land		2,84,00,000	-
VII.	Profit before extraordinary items and tax (V + VI)		12,85,26,098	5,77,74,340
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		12,85,26,098	5,77,74,340
X	Tax expense:			
	(1) Current tax		3,70,86,000	1,98,03,000
	(2) Deferred tax	25.6	12,04,124	(3,24,755)
	(3) Prior period Tax		1,75,308	-
XI	Profit (Loss) for the period (IX-X)		9,00,60,666	3,82,96,095
XII	Earnings per equity share (including exceptional items):			
	(1) Basic		76.02	32.32
	(2) Diluted		76.02	32.32
	Earnings per equity share (excluding exceptional items):			
	(1) Basic		56.71	32.32
	(2) Diluted		56.71	32.32
	Notes Including significant accounting policies	1-26		

The notes referred to above form an integral part of the financial statements

In terms of our report of even date annexed

For Joseph & Rajaram
Chartered Accountants
ICAI Registration no. 001375S

For and on behalf of the Board

R.Lakshminarayanan
Partner
Membership no. 16246

Manoj Joseph
Director

Thomas John
Managing Director

Place : Chennai
Date : 27th August, 2012

M.D. Ravikanth
Financial Controller & Secretary

V.A. George
President & CEO

THEJO ENGINEERING LIMITED
Cash flow Statement for the year ended 31st March, 2012

(₹)

<i>Particulars</i>	<i>Year Ended</i> <i>March 31, 2012</i>	<i>Year Ended</i> <i>March 31, 2011</i>
<u>Cash flow from Operating Activities</u>		
Profit before tax as per P & L Account	12,85,26,098	5,77,74,341
Adjustment for:		
Depreciation	1,61,48,057	1,48,21,157
Loss/(Profit) on sale of asset	(2,94,04,245)	(3,87,816)
Interest Paid	3,67,07,059	2,77,32,108
Interest on Fixed Deposit	(13,94,449)	(10,27,480)
Operating Profit before working capital changes	15,05,82,520	9,89,12,311
Adjustment for:		
Trade and Other Receivables	(10,00,40,019)	(9,07,97,539)
Inventories	(3,52,08,670)	(1,71,94,058)
Trade Payables and Other Liabilities	2,02,69,826	7,48,87,657
Cash Generated from Operations	3,56,03,657	6,58,08,371
Direct Taxes Paid	(2,35,27,961)	(1,45,12,604)
Net Cash from Operating Activities (A)	1,20,75,696	5,12,95,766
<u>Cash flow from Investing Activities</u>		
Purchase of Fixed Assets	(4,06,05,248)	(1,65,52,286)
Sale of assets	3,12,05,269	5,30,612
Investments made	-	-
Bank Fixed Deposits	(14,36,666)	(20,03,438)
Interest on Fixed Deposit	13,94,449	10,27,480
Net cash from Investing Activities (B)	(94,42,196)	(1,69,97,632)
<u>Cash Flow from Financing Activities</u>		
Increase in Share Capital & Premium	-	-
Increase in Term Loan & Other credit facilities	2,85,61,083	(32,11,747)
Increase in Unsecured loans from Related parties	(8,80,000)	-
Interest paid	(3,67,07,059)	(2,77,32,108)
Net Cash from Financing Activities (C)	(90,25,976)	(3,09,43,855)
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	(63,92,476)	33,54,280
Opening Cash & Cash Equivalents	3,30,47,928	2,96,93,648
Closing Cash & Cash Equivalents	2,66,55,452	3,30,47,928

In terms of our report of even date annexed

For Joseph & Rajaram
Chartered Accountants
Firm Regn No.001375S

For & On behalf of the Board

R.Lakshminarayanan
Partner
Membership no. 16246

Manoj Joseph
Director

Thomas John
Managing Director

Place : Chennai
Date : 27th August, 2012

M.D. Ravikanth
Financial Controller & Secretary

V.A. George
President & CEO

THEJO ENGINEERING LIMITED
Registered Office: No.41, Whites Road, Chennai - 600 014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note - 1

Corporate Information

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26th March, 1986 as a private limited company. The name of the Company was changed to Thejo Engineering Private Limited vide a fresh certificate of incorporation dated 17th June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering limited vide special resolution passed by the members at their meeting held on 20th June, 2008. The Registered Office of the Company is situated at Aysha Building, No.41, Whites Road, Royapettah, Chennai, 600014, India. The Company is engaged in the business of manufacturing a wide variety of rubber and polyurethane products used in mining, bulk material handling and corrosion protection applications. The Company is the leader in the bulk material handling and conveyor systems solutions and pioneers in the cold vulcanizing process. The Company in general is engaged in manufacturing, sales and servicing of belt conveyor systems.

The Company has one subsidiary outside India namely, Thejo Hatcon Industrial Services LLC, Saudi Arabia.

Note - 2

Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. Presentation and disclosure of financial statements

Pursuant to applicability of Revised Schedule VI of Companies Act, 1956 on presentation of financial statements for the financial year 2011-12, the Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Financial Statements.

c. Fixed Assets

Fixed Assets are capitalised at acquisition cost and cost of bringing the assets to their working condition for the intended use.

d. Depreciation

Depreciation on Fixed Assets has been charged under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being ready for use. The company is consistently following the policy of writing off Assets costing less than Rs.5000/- in the year of acquisition.

e. Inventories

Inventories are valued at lower of cost and net realisable value.

f. Investments

Each category/item of investment is valued as follows:

(a) Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

(b) Current investments are carried at the lower of cost and fair value

The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investments made in shares or debentures of another company to promote the trade or business of the company is categorized as Trade Investment. Accordingly, investment in Thejo Hatcon Industrial Services Company LLC is categorized as Trade Investment.

g. Cash and Cash Equivalents

(a) Cash comprises cash on hand and demand deposits with bank.

(b) Cash equivalents are short term , highly liquid investment that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

h. Revenue Recognition

a) In respect of sale of products, revenue is recognised at the point of despatch to customers.

b) In respect of services rendered revenue is recognised as and when invoices are raised.

c) Exports sales are accounted at the rate of exchange prevailing as on the date of invoicing.

i. Sales, Works Contracts and Services Income

The amount shown in Profit and Loss Statement is net of excise duty and inclusive of all other duties and taxes.

j. Employee Benefits

Defined Contribution Schemes: Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Super Annuation Fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Profit & Loss Statement, for the year. Salaries, Leave Encashment, Leave Travel Allowance and Medical Reimbursement are accounted and provided for as per the Accounting Standard 15 on Employee Benefits.

Defined Benefit Scheme: The Company extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund in accordance with the scheme framed and administered by the Corporation.

k. Foreign Currency Transactions

Transactions in foreign currency are recorded at exchange rate prevailing on date of transaction. The difference in the rate of exchange, if any, is accounted at the time of realization or settlement is recognized in statement of Profit and Loss.

l. Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being difference between taxable income and the accounting income that originates in one year. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry forward of business loss is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

m. Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard.

n. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be readily estimated. Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Even if there is certainty of the obligation not falling on the Company, the same is considered as contingent liability. Contingent assets are neither recognized nor disclosed.

o. Dividend

Provision is made in the accounts for the dividend payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Provision for Dividend Distribution Tax is made at appropriate rate on the amount of provision made for dividend.

Note 3**Share capital****(₹)**

Share Capital	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
Authorised				
20,00,000 Equity Shares of ₹ 10/- each (PY 2,00,000 Equity Shares of Rs.100/- each)	20,00,000	2,00,00,000	2,00,000	2,00,00,000
Issued				
11,84,740 Equity Shares of ₹ 10/- each (PY 1,18,474 Equity Shares of Rs.100/- each)	11,84,740	1,18,47,400	1,18,474	1,18,47,400
Subscribed & Paid-up				
11,84,740 Equity Shares of ₹ 10/- each (PY 1,18,474 Equity Shares of Rs.100/- each)	11,84,740	1,18,47,400	1,18,474	1,18,47,400
Total	11,84,740	1,18,47,400	1,18,474	1,18,47,400

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	11,84,740	1,18,47,400	11,84,740	1,18,47,400
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	11,84,740	1,18,47,400.00	11,84,740	1,18,47,400.00

3.2 Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mrs. Rosamma Joseph	46,620	3.94%	15,402	13.00%
Mr. K.J. Joseph	1,77,690	15.00%	8,729	7.37%
Mr. Manoj Joseph	82,930	7.00%	8,293	7.00%
Mr. Manesh Joseph	82,930	7.00%	8,293	7.00%
Mrs. Meena Roy	71,080	6.00%	7,108	6.00%
Mrs. Maya Joseph	77,010	6.50%	7,701	6.50%
Mr. Thomas John	2,37,830	20.07%	24,717	20.86%
Mr. Rajesh John	75,270	6.35%	7,527	6.35%
Mr. S.P. George	62,000	5.23%	6,200	5.23%

Note 4**Reserves and surplus**

	As at 31st March	
	2012	2011
	₹	₹
a. Securities Premium Account		
Opening Balance	1,88,22,390	1,88,22,390
Add : Securities premium credited on Share issue	-	-
<u>Less : Premium Utilised for various reasons</u>	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	1,88,22,390	1,88,22,390
b. General Reserve		
Opening Balance	2,42,30,087	2,03,99,087
(+) Current Year Transfer	90,23,000	38,31,000
(-) Written Back in Current Year	-	-
Closing Balance	3,32,53,087	2,42,30,087
c. Surplus		
Opening balance	11,80,27,149	8,83,81,326
(+) Net Profit/(Net Loss) For the current year	9,00,60,666	3,82,96,094
(+) Transfer from Reserves	-	-
(-) Proposed Dividend	47,38,960	41,46,590
(-) Dividend Distribution Tax	7,68,778	6,72,681
(-) Transfer to General Reserve	90,23,000	38,31,000
Closing Balance	19,35,57,077	11,80,27,149
Total	24,56,32,554	16,10,79,626

Note 5**Long Term Borrowings**

	As at 31st March	
	2012	2011
	₹	₹
Secured		
(a) Term loans		
From Banks	1,70,43,063	2,81,85,941
Limit/Liability Terms of Repayment/Security	-	-
State Bank of Mysore		
Date of Sanction: 18.10.2011 Ref No. IFB/C/ADV/Thejo/2011-12		
Sanctioned Limit - ₹2,61,00,000/-		
Liability (incl Int Not due) - ₹95,04,616/- (₹1,55,51,947/-)		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursement	-	-
Amount of Instalment - ₹4,35,000/- per month + interest		
Repayable within one year	53,31,039	61,58,270
Security: Fixed Assets & Guaranteed by Directors		
Overdues - Nil (Nil)	-	-
South Indian Bank Ltd		
Date of Sanction: Facilities cancelled as on 08.12.2011		
Sanctioned Limit - Not Applicable	-	-
Liability - Nil (₹1,26,33,995/-)		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursement		
Amount of Instalment: ₹4,40,000/- + Interest		
Repayable within one year	-	49,84,608
Security: Not Applicable	-	-
Overdues - Nil (Nil)		
Remarks: Term Loans of South Indian Bank were taken over by Axis Bank		
Axis Bank Ltd	-	-
Date of Sanction: 28.11.2011 Ref No. AXIS/SME/CHN-MEG/58/2011-12		
Sanctioned Limit: ₹90,96,030/-		
Liability - ₹75,38,448/- (Nil)		
Period of Repayment : Remainder of term as per Repayment schedule of South Indian Bank (Refer above)		
Amount of Instalment - ₹4,11,439/- per month + interest		
Repayable within one year	50,25,442	-
Security: Fixed Assets & Guaranteed by Directors		
Overdues - Nil (Nil)		
Remarks: Term Loans of South Indian Bank were taken over by Axis Bank		
	66,86,582	1,70,43,063
Unsecured		
(a) Loans and advances from related parties	-	8,80,000
	-	8,80,000
Total	66,86,582	1,79,23,063

Note 6**Short Term Borrowings**

	As at 31st March	
	2012	2011
	₹	₹
Secured		
(a) Loans repayable on demand		
From banks	20,67,83,241	16,70,79,280
Limit/Liability Terms of Repayment/Security		
State Bank of Mysore		
Date of Sanction:18.10.2011 Ref No.IFB/C/ADV/Thejo/2011-12		
Limit: Cash Credit of ₹15 Crore+Stand by ₹1.50 Crore		
Liability - ₹12,39,95,256/-(₹8,95,96,594/-)		
Period of Repayment: On Demand		
Security: All Current Assets of the Company and personal guarantee of directors		
Overdues: Nil (Nil)		
South Indian Bank Ltd		
Date of Sanction: Facilities cancelled as on 08.12.2011		
Limit: Not Applicable		
Liability - Nil(₹5,09,25,746/-)		
Period Of Repayment: Not Applicable		
Security: Not Applicable		
Overdues: Nil (Nil)		
Axis Bank Ltd		
Date of Sanction:28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12		
Limit: Cash Credit of ₹10 Crore+Stand by ₹1 Crore		
Liability - ₹8,27,87,986/- (₹2,65,56,940/-)		
Period Of Repayment: On Demand		
Security: All Current Assets of the Company and personal guarantee of directors		
Overdues: Nil (Nil)		
Total	20,67,83,241	16,70,79,280

Note 7**Trade payables**

	As at 31st March	
	2012	2011
	₹	₹
Trade payables:		
Other than Acceptances	13,92,23,138	10,28,95,891
Total	13,92,23,138	10,28,95,891

Note 8**Other Current Liabilities**

	As at 31st March	
	2012	2011
	₹	₹
Other payables		
Salary and Other Employee Benefits	3,23,35,483	2,36,88,560
Statutory Dues		
Commercial Tax liability	13,65,803	8,02,963
Service Tax Liability	18,46,170	1,26,11,749
ESI Payable	3,76,791	3,52,259
EPF	23,26,766	16,69,327
Profession Tax	3,44,927	59,158
TDS	14,29,796	10,29,801
Others	13,01,757	30,40,350
Outstanding Liabilities	2,27,08,082	2,35,98,099
Term Loan Instalments Repayable within 12 months	1,03,56,481	1,11,42,878
Total	7,43,92,056	7,79,95,144

Note 9**Short Term Provisions**

	As at 31st March	
	2012	2011
	₹	₹
(a) Provision for employee benefits		
Provision for Bonus / Ex-gratia	1,10,07,256	1,16,73,089
(b) Others		
Income Tax	8,51,53,684	5,56,47,999
Proposed Dividend	47,38,960	41,46,590
Dividend Distribution Tax	7,68,778	6,72,681
Provision for Fringe Benefit Tax	82,57,000	82,57,000
Total	10,99,25,678	8,03,97,359

Note 10

FIXED ASSETS

NAME OF THE ASSETS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	AS AT 31.03.2011	ADDITION FOR THE YEAR	DEDUCTION	AS AT 31.03.2012	Rate of Depreciation	UPTO 31.03.2011	ADDITION	DEDUCTION	UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
	(₹)	(₹)	(₹)	(₹)	%	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
TANGIBLE ASSETS											
Land	32,76,464	48,95,100	16,00,000	65,71,564	-	-	-	-	-	65,71,564	32,76,464
Factory Building	3,35,96,786	-	-	3,35,96,786	10.00	1,33,71,838	20,22,495	-	1,53,94,333	1,82,02,453	2,02,24,948
Office Building	31,00,487	-	-	31,00,487	5.00	11,35,425	98,253	-	12,33,678	18,66,809	19,65,062
Plant & Machinery											
Plant & Machinery AT Factories	6,26,40,263	1,42,23,227	1,20,000	7,67,43,490	13.91	3,76,58,337	44,19,276	1,12,459	4,19,65,154	3,47,78,336	2,49,81,927
Plant & Machinery AT HO, Branches & Sites	2,82,65,703	90,72,653	-	3,73,38,356	13.91	1,65,05,549	22,08,295	-	1,87,13,843	1,86,24,512	1,17,60,154
Boiler	37,72,522	-	-	37,72,522	40.00	35,50,089	88,973	-	36,39,062	1,33,460	2,22,433
Dyes & Moulds	26,48,832	9,35,900	-	35,84,732	30.00	24,62,702	1,26,776	-	25,89,478	9,95,254	1,86,130
Vehicle	2,79,15,424	38,63,087	24,84,913	2,92,93,598	25.89	1,89,45,026	29,17,421	22,91,430	1,95,71,017	97,22,581	89,70,398
Office Equipments	24,52,262	1,65,807	-	26,18,069	13.91	15,77,171	1,34,834	-	17,12,005	9,06,064	8,75,091
Electrical Fittings	1,06,71,825	5,15,839	-	1,11,87,664	20.00	61,70,569	9,29,186	-	70,99,755	40,87,909	45,01,256
Furniture & Fittings	1,13,80,348	7,26,943	-	1,21,07,291	18.10	44,83,138	13,11,949	-	57,95,087	63,12,203	68,97,210
Computer	1,18,08,031	29,46,873	-	1,47,54,904	40.00	85,72,748	17,62,976	-	1,03,35,724	44,19,180	32,35,283
Generator	24,94,326	-	-	24,94,326	13.91	16,25,963	1,20,789	-	17,46,753	7,47,573	8,68,361
Total Tangible Assets(Current Year)	20,40,23,272	3,73,45,429	42,04,913	23,71,63,788		11,60,58,555	1,61,41,223	24,03,889	12,97,95,890	10,73,67,898	8,79,64,716
Total Tangible Assets(Previous Year)	19,15,69,902	1,40,12,211	15,58,841	20,40,23,272		10,26,61,383	1,48,13,218	14,16,046	11,60,58,555	8,79,64,716	8,89,08,519
INTANGIBLE ASSETS											
Technical Knowhow	1,75,000	-	-	1,75,000	13.91	1,25,870	6,834	-	1,32,704	42,296	49,131
Total Intangible Assets(Current Year)	1,75,000	-	-	1,75,000		1,25,870	6,834	-	1,32,704	42,296	49,131
Total Intangible Assets(Previous Year)	1,75,000	-	-	1,75,000		1,17,931	7,938	-	1,25,870	49,131	57,069
CAPITAL WORK IN PROGRESS											
Assets Under Construction	25,40,075	57,99,894	25,40,075	57,99,894	-	-	-	-	-	57,99,894	25,40,075
Total Capital Work In Progress(Current Year)	25,40,075	57,99,894	25,40,075	57,99,894		-	-	-	-	57,99,894	25,40,075
Total Capital Work In Progress(Previous Year)	-	25,40,075	-	25,40,075		-	-	-	-	25,40,075	-
GRAND TOTAL	20,67,38,347	4,31,45,323	67,44,988	24,31,38,682		11,61,84,425	1,61,48,057	24,03,889	12,99,28,594	11,32,10,088	9,05,53,922
PREVIOUS YEAR	19,17,44,902	1,65,52,286	15,58,841	20,67,38,347		10,27,79,314	1,48,21,157	14,16,046	11,61,84,425	9,05,53,922	8,89,65,588

Note 11**Non-current investments****(₹)**

	Particulars	2011-12	2010-11
A	Trade Investments	32,98,242	32,98,242
	(a) Investments in Equity instruments	32,98,242	32,98,242
B	Other Investments (Refer B below)	-	-
	(a) Investments in Equity instruments	-	-
	Grand Total (A + B)	32,98,242	32,98,242
	Less : Provision for dimunition in the value of Investments	-	-
	Total	32,98,242	32,98,242

Particulars	2011-12	2010-11
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	32,98,242	32,98,242

Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes / No
			2011-12	2010-11			2011-12	2010-11	2011-12	2010-11	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Investment in Equity Instruments										
1	Thejo Hatcon Industrial Services LLC	Subsidiary	255	255	Unquoted	Fully Paid	51%	51%	32,98,242	32,98,242	Yes
	Total								32,98,242	32,98,242	

Note 12**Long Term Loans and Advances**

	As at 31st March	
	2012	2011
	₹	₹
a. EMD and Security Deposits		
Unsecured, considered good	84,66,215	65,06,669
b. Other Deposits		
Unsecured, considered good		
Rental Deposit	67,78,311	50,35,168
Deposit with Government Agencies	1,72,934	1,76,807
Others	33,23,226	24,19,316
	1,02,74,471	76,31,291
Total	1,87,40,686	1,41,37,960

Note 13**Inventories (As certified by Management)**

	As at 31st March	
	2012	2011
	₹	₹
a. Raw Materials and components	5,95,44,438	3,75,72,879
b. Work-in-progress	2,52,69,258	1,47,67,008
c. Finished goods	3,16,69,830	2,89,34,969
(All Inventories valued at Cost or Net Realisable Value, whichever is less)		
Total	11,64,83,526	8,12,74,856

Note 14**Trade Receivables**

	As at 31st March	
	2012	2011
	₹	₹
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Unsecured, considered good	31,57,70,294	24,87,15,770
	31,57,70,294	24,87,15,770
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,61,62,894	87,00,308
	1,61,62,894	87,00,308
Total	33,19,33,188	25,74,16,078

Note 15**Cash and Cash Equivalents**

	As at 31st March	
	2012	2011
	₹	₹
a. Balances with banks		
(i) In Current Accounts	2,44,37,410	2,72,85,538
(ii) In Deposit Accounts (Held as Margin Money for BG & LC)	1,69,52,230	1,55,15,564
b. Cheques, drafts on hand	6,80,250	40,35,055
c. Cash on hand	15,37,792	17,27,335
Total	4,36,07,682	4,85,63,492

Note 16**Short-term loans and advances**

	As at 31st March	
	2012	2011
	₹	₹
Others (unsecured, considered good)		
EMD & Security deposits	2,53,98,647	1,95,20,007
Others	5,88,08,314	4,45,43,388
Total	8,42,06,961	6,40,63,395

Note 17**Other Current Assets**

	As at 31st March	
	2012	2011
	₹	₹
Income Tax payments	7,26,38,616	4,91,10,655
Advance FBT	86,33,357	86,33,357
Balance with Central Excise Authority	48,51,774	40,75,157
Total	8,61,23,747	6,18,19,169

Note 18**Revenue from operations**

	2011-12	2010-11
	₹	₹
Sales, Service & Works Contract	1,18,24,90,226	98,01,26,096
Other operating revenues	-	-
Less:	-	-
Excise duty	2,88,46,179	2,79,31,184
Total	1,15,36,44,047	95,21,94,912

Note 19**Other income**

	2011-12	2010-11
	₹	₹
Interest Income	13,94,449	10,27,480
Miscellaneous Income	59,18,261	35,76,671
Packing charges recovered	8,58,954	14,36,169
Freight charges recovered	8,26,026	6,95,448
Income from sale of DEPB License & Duty Drawback	1,49,61,379	27,37,548
Profit on sale of assets	10,04,245	3,87,816
Total	2,49,63,314	98,61,132

Note 20**Cost of materials consumed**

	2011-12	2010-11
	₹	₹
Opening Stock of Raw Materials	3,75,72,879	2,89,42,622
Add: Purchases made during the year	40,61,82,813	35,30,97,830
	44,37,55,692	38,20,40,452
Less: Closing Stock of Raw Materials	5,95,44,438	3,75,72,879
	38,42,11,254	34,44,67,573
Add: Consumables	3,52,40,463	3,71,01,237
Total	41,94,51,717	38,15,68,810
Purchase of Traded Goods included in Purchases above	4,41,10,178	7,15,02,801

Note 21**Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

	2011-12	2010-11
	₹	₹
Opening Stock :		
Work-in-Process	1,47,67,008	1,21,89,579
Finished Goods	2,89,34,969	2,29,48,597
Closing Stock :		
Work-in-Process	2,52,69,258	1,47,67,008
Finished Goods	3,16,69,830	2,89,34,969
Total	(1,32,37,111)	(85,63,801)

Note 22**Employee Benefits Expense**

	2011-12	2010-11
	₹	₹
(a) Salaries and incentives	25,15,83,459	18,62,33,102
(b) Contributions to PF, Superannuation, Gratuity, ESI & other Funds	1,93,02,400	1,64,00,896
(c) Staff welfare expenses	4,03,25,653	2,99,42,867
(d) LTA, Ex-gratia, & Leave Encashment	71,62,504	69,81,724
Total	31,83,74,016	23,95,58,589

Note 23**Finance costs**

	2011-12	2010-11
	₹	₹
Interest expense	2,96,98,119	2,29,71,065
Other finance costs	70,08,940	47,61,043
Total	3,67,07,059	2,77,32,108

Note 24**Other expenses**

	2011-12	2010-11
	₹	₹
<i>A. Manufacturing & Other Direct Expenses</i>		
Power and fuel	2,61,31,295	2,13,50,009
Labour Charges	1,76,41,138	1,76,12,191
Repairs to machinery	12,95,766	10,68,772
Factory Maintenance	14,48,316	21,07,690
Electrical maintenance	10,899	27,770
Repairs to tools	1,05,258	1,45,922
Testing charges	4,03,984	3,41,895
Dyes & Moulding charges	1,44,741	2,68,864
Cartage, Coolie & Freight charges	2,26,82,217	1,70,17,440
Packing materials & charges	93,60,816	1,04,29,181
Service charges	1,92,66,963	1,60,31,840
Royalty paid	28,19,885	23,42,066
Machinery Leasing expenses	19,07,803	22,21,798
<i>Total Manufacturing & Other Direct Expenses</i>	<i>10,32,19,081</i>	<i>9,09,65,438</i>
<i>B. Administrative & Selling Expenses</i>		
Professional Service Charges	1,84,07,279	1,12,24,554
Rent	1,04,82,560	77,30,168
Repairs & Maintenance	35,30,041	26,45,927
Travelling & Conveyance	2,51,08,989	2,11,27,472
Foreign Travel expenses	34,05,111	8,98,473
Vehicle Maintenance	1,00,34,149	93,00,126
Vehicle hire charges	29,53,936	15,90,517
Telephone, Telex & Postage	63,14,574	60,15,362
Printing & Stationery	29,49,864	29,11,740
Office Maintenance	26,68,104	20,65,340
Books & Periodicals	3,23,634	2,46,575
Computer Maintenance	14,73,832	8,19,276
Seminar & Conference	5,98,731	11,42,868
Electricity	13,23,307	11,26,805
Legal Fee & Charges	6,53,218	3,81,004
Donation	10,63,859	3,80,606
Recruitment, Training & Development	4,85,902	42,16,624
ECGC Premium	3,38,463	2,09,722
ISO Certification Charges	1,12,000	40,811
Provision for diminution in Mutual Fund	-	-
Insurance .	10,63,096	9,35,430
Rates and taxes, excluding, taxes on income.	5,23,831	3,83,164
Directors Sitting Fees	1,55,000	-
Commission	43,01,468	32,31,598
Advertisement	6,99,077	5,03,167
Sales Promotion Expenses	25,18,437	19,52,818
Freight on Exports	12,82,661	17,47,728
Loading & Unloading charges	31,99,636	27,34,204
Late Delivery Charges	15,23,482	5,52,067
Bad Debts	96,81,815	95,92,377
Payments to the Auditors		
a. Statutory Audit	2,50,000	1,75,000
b. Tax Audit	50,000	50,000
c. For certification & other services	97,350	18,025
Miscellaneous expenses	4,60,002	2,36,183
<i>Total Administration & Selling Expenses</i>	<i>11,80,33,408</i>	<i>9,61,85,731</i>
<i>Sales Tax, Service Tax, & Other Indirect Tax Expenses</i>	<i>7,97,85,036</i>	<i>6,20,13,672</i>
Total	30,10,37,525	24,91,64,841

Note 25 Additional information to Financial statements.

Note 25.1 Contingent Liabilities (to the extent not provided for)

(₹)

Particulars	2011-12	2010-11
(a) Claims against the company not acknowledged as debts	-	-
(b) Guarantees issued by the Banks	66,014,602	41,287,000
	66,014,602	41,287,000

(c) Others

All Amounts in ₹

Name of statute	Amount of Dispute (31/3/12)	Amount of Dispute (31/3/11)	Amount Deposited (31/3/12)	Period to Which it relates	Forum where dispute is pending
Service Tax	5,56,394	5,56,394	NIL	April 2007 - June 2007	Additional Commissioner of Service Tax, Chennai
Central Excise	66,394	66,394	NIL	Jan 2007 - April 2007	CESTAT, Banglore
Central Excise	44,858	44,858	22,179	Sep 2005 - March 2006	CESTAT, Banglore
Central Excise	1,35,902	1,35,902	67,614	April 2006 - Dec. 2006	CESTAT, Banglore
Central Excise	29,69,000	29,69,000	NIL	1996 - 2000	High Court of Madras
Customs	12,49,529	12,49,529	NIL	Oct- 2001	Commissioner of Customs
Central Excise	18,25,288	18,25,288	NIL	July 2000 - June 2004	CESTAT, Banglore
Central Excise	3,49,038	3,49,038	NIL	July 2001 - Jan 2005	CESTAT, Banglore
Central Excise	1,23,243	1,23,243	NIL	Feb 2005 - Aug 2005	CESTAT, Banglore
CST	96,071	96,071	NIL	2003 - 04	Deputy Commisssoner, Commerical Tax
APGST	4,41,168	4,41,168	2,20,584	2000 -01	Commerical Tax Officer, Naidupet
CST	16,17,852	16,17,852	BG for 8,08,926	2000 -01	High Court of Judicature at Andhra Pradesh
CST	2,36,043	2,36,043	NIL	2002 - 03	Commerical Tax Officer, Naidupet
APGST	8,40,496	8,40,496	NIL	2002 - 03	Commerical Tax Officer, Naidupet
APGST	5,10,772	5,10,772	2,55,386	2001-02	Commerical Tax Officer, Naidupet
CST	25,07,272	25,07,272	10,00,000	2001-02	Commerical Tax Officer, Naidupet
APGST	9,91,921	9,91,921	NIL	2003-04	Commerical Tax Officer, Naidupet
Jharakhand Sales Tax	5,30,792	5,30,792	NIL	2004 - 05	Joint Commissioner of Commerical Taxes (Appeals)
Jharakhand CST	42,137	42,137	NIL	2004 - 05	Joint Commissioner of Commerical Taxes (Appeals)
APGST	1,18,13,775	1,18,13,775	NIL	2004-05	Appellate Deputy Commissioner
Income Tax	58,47,531	58,47,531	30,00,000	A.Y 2001-02	CIT(A)
Income Tax(TDS)	53,767	NA	NIL	AY 2011-12	TDS - AO
Total	3,28,49,243	3,27,95,476	45,65,763		

Note. 25.2 Foreign currency transactions

(₹)

d) Imports made during the year

Imports at CIF Value	2011-12	2010-11
Raw Materials	4,71,22,963	2,13,53,573
Capital goods	39,81,039	0.00

e) Expenditure in Foreign Currency During the year

Expenditure in Foreign currency	2011-12	2010-11
Royalty	3,60,160	23,42,066
Commission paid	36,92,230	20,18,960
Professional and consultation fees	25,58,516	0.00
Foreign Tour	9,48,985	11,53,895
Sales promotion	2,55,080	0.00

f) Earnings in Foreign Currency

Earnings in foreign exchange	2011-12	2010-11
Exports - Products	23,41,56,699	13,90,54,870
Exports - Services	19,30,033	42,98,682

g) Net Gain or Loss on Foreign Currency Translation

Description	2011-12	2010-11
Profit on Foreign Currency Translation	49,57,956	28,16,902

Note. 25.3 Employee Benefits

The Company has accounted for the Long term defined benefits and contribution schemes as under:

A. Defined Contribution Schemes

Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Super Annuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Profit & Loss statement for the year.

B. Defined Benefit Scheme

The company has defined benefit scheme in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund as per the scheme framed by the Corporation. The disclosure under AS -15(Revised) in this regard is given hereunder:

Assumptions	2011-12	2010-11
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

Table Showing Changes In Present Value Of Obligations

(₹)

	As at 31 st March	
	2012	2011
Present value of obligations at the beginning of the year	1,29,10,047	98,95,475
Interest Cost	10,32,804	7,91,638
Current Service Cost	20,97,120	11,96,637
Benefits Paid	(18,61,441)	(10,49,544)
Actuarial (Gain) / Loss on obligations	(1,78,310)	20,75,841
Present value of obligations as at end of the year	1,40,00,220	1,29,10,047

Table Showing Changes In Fair Value Of Plan Assets**(₹)**

	As at 31 st March	
	2012	2011
Fair value of plan assets at the beginning of the year	98,69,697	1,00,39,691
Expected return on plan assets	12,07,428	8,79,550
Contributions	49,66,089	0.00
Benefits Paid	(18,61,441)	(10,49,544)
Actuarial Gain / (Loss) on plan assets	0	0
Fair value of plan assets at the end of the year	1,41,81,773	98,69,697

Table Showing Fair Value Of Plan Assets**(₹)**

	As at 31 st March	
	2012	2011
Fair value of plan assets at the beginning of the year	98,69,697	1,00,39,691
Actual return on plan assets	12,07,428	8,79,550
Contributions	49,66,089	0
Benefits Paid	(18,61,441)	(10,49,544)
Fair value of plan assets at the end of the year	1,41,81,773	98,69,697
Funded Status	1,81,553	(30,40,350)
Excess of Actual over Estimated return on plan assets (Actual rate of return - Estimated rate of return as ARD falls on 31 st March, 2012)	0	0

Actuarial Gain / Loss Recognized**(₹)**

	As at 31 st March	
	2012	2011
Actuarial (gain) / loss on obligations	(1,78,310)	20,75,841
Actuarial (gain) / loss for the year - plan assets	0	0
Total (gain) / loss for the year	(1,78,310)	20,75,841
Actuarial (gain) / loss recognized in the year	(1,78,310)	20,75,841

Amounts To Be Recognized In Balance Sheet And Statement Of Profit And Loss**(₹)**

	As at 31 st March	
	2012	2011
Present value of obligations as at the end of the year	1,40,00,220	1,29,10,047
Fair value of plan assets as at the end of the year	1,41,81,773	98,69,697
Funded Status	1,81,553	(30,40,350)
Net asset / (liability) recognized in balance sheet	1,81,553	(30,40,350)

Expenses Recognized In Profit & Loss Statement**(₹)**

	As at 31 st March	
	2012	2011
Current Service Cost	20,97,120	11,96,637
Interest Cost	10,32,804	7,91,638
Expected return on plan assets	(12,07,428)	(8,79,550)
Net Actuarial (gain) / loss recognized in the year	(1,78,310)	20,75,841
Expenses recognized in statement of profit and loss	17,44,186	31,84,566

Note: Entire plan assets are lying in the Gratuity Fund administered through Life Insurance Corporation of India (P & GS Department)

Note 25.4 Segment Reporting

The Company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipments, whose risks and rewards do not vary much. Secondary segmental reporting on the basis of geographical location, is applicable in view of the business operations with the subsidiary company in Saudi Arabia but the details are not furnished on account of the size of operation being less than 10% of the total business.

Note 25.5 Related Party Disclosures

List of Related Parties

<i>Name of the Party</i>	<i>Relationship</i>
Thejo Hatcon Industrial Services Co LLC, KSA	Subsidiary
Sri. K.J. Joseph	Key Management Personnel
Sri. Thomas John	Key Management Personnel
Sri. Anand T. Pethe*	Key Management Personnel
Sri. S.P. George*	Key Management Personnel
Sri. Manoj Joseph	Key Management Personnel
Smt. Celinamma John*	Key Management Personnel
Smt. Rosamma Joseph*	Key Management Personnel
Sri. Rajesh John^^	Key Management Personnel
Smt. Mercy Sunny	Relative of Key Management Personnel
Sri. Manesh Joseph	Relative of Key Management Personnel
Smt. Maya Joseph	Relative of Key Management Personnel
Kum. Rithu Johnson	Relative of Key Management Personnel

Note:

* - Ceased to be Director w.e.f. 10th December, 2011

^^ - Appointed as Additional Director w.e.f 16th January, 2012

Related Party Transaction Details:

All fig ₹

<i>Related Party</i>	<i>Nature of Payment</i>	<i>Current Year Transaction</i>	<i>Outstanding as on 31st March, 2012*</i>
Subsidiary	Share Capital	0.00	32,98,242
Subsidiary	Advance	36,46,704	3,36,21,912
Subsidiary	Sales/Expense Reimbursement	25,44,076	28,23,088
Key Management Personnel	Remuneration	1,23,25,756	0.00
Key Management Personnel	Unsecured Loans	1,50,000	0.00
Key Management Personnel	Interest on Unsecured Loans	9,516	0.00
Relative of Key Management Personnel	Remuneration	3,38,262	0.00
Relative of Key Management Personnel	Unsecured Loans	7,30,000	0.00
Relative of Key Management Personnel	Interest on Unsecured Loans	41,416	0.00

Note 25.6 Calculation of Deferred Tax

All fig ₹

<i>Particulars</i>	<i>DTA</i>		<i>DTL</i>	
	31 st March, 2012		31 st March, 2011	
Opening Balance	0.00	19,09,348	0.00	22,34,102
On account of change in tax rates	44,293	0.00	0.00	0.00
Timing Difference in Depreciation	0.00	9,22,589	4,53,577	0.00
Profit on sale of asset	0.00	3,25,827	0.00	1,28,823
Total	44,293	31,57,764	4,53,577	23,62,925
Net Deferred Tax Liability/ (Asset)	0.00	31,13,471	0.00	19,09,348

Note 25.7 Particulars of Stock**Purchase of Goods (including Trading)**

(₹)

Items	2011-12	2010-11
Rubber Items	21,93,48,445	17,97,75,680
Others	22,20,74,831	21,04,23,387
Total	44,14,23,276	39,01,99,067

Raw Materials Consumed (including Trading)

(₹)

Items	2011-12	2010-11
Rubber Items	22,12,89,178	16,86,38,592
Others	19,81,62,539	21,29,30,218
Total	41,94,51,717	38,15,68,810

Stock Particulars Raw Materials, WIP & Finished Goods (including Trading)

(₹)

Items	2011-12	2010-11
<u>Opening Stock</u>		
Rubber Items	5,95,88,763	4,92,01,238
Others	2,16,86,093	1,48,79,560
Total	8,12,74,856	6,40,80,798
<u>Closing Stock</u>		
Rubber Items	8,62,37,634	5,95,88,763
Others	3,02,45,892	2,16,86,093
Total	11,64,83,526	8,12,74,856

Value of Raw Materials, Spare part and components consumed

Value - ₹

Items	2011-12		2010-11	
	% of Consumption	Value	% of Consumption	Value
Imported	11.58%	4,85,75,624	4.34%	1,65,68,172
Indigenous	88.42%	37,08,76,093	95.66%	36,50,00,638
Total		41,94,51,717		38,15,68,810

Note 25.8 Payment to Auditors:

(₹)

Description	2011-12	2010-11
For Audit	2,50,000	1,75,000
For Tax Audit	50,000	50,000
For Other Services	97,350	18,025
Total	3,97,350	2,43,025

Note 25.9 Other Disclosures

- Confirmation of balances from Debtors and Creditors has not been obtained.
- The Company has not received any communication from its suppliers claiming them to be micro, medium or small scale enterprises.
- As the estimated recoverable amounts of the cash generating assets of the Company are higher than their carrying amount, no impairment of assets has been recognized in the accounts of the Company in line with AS - 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

Note 26 Previous Year Figures/Revised Schedule VI

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

*As per our Report of even date
For JOSEPH & RAJARAM
(ICAI Registration no.001375S)
CHARTERED ACCOUNTANTS*

For & on behalf of the Board

R. Lakshminarayanan
Partner
Membership no. 16246

Manoj Joseph
Director

Thomas John
Managing Director

Place : Chennai
Date : 27th August, 2012

M.D. Ravikanth
Financial Controller & Secretary

V.A. George
President & CEO

Auditors' Report to the Board of Directors of Thejo Engineering Limited on Consolidated Financial Statements for the year ended 31st March 2012

We have examined the attached Consolidated Balance Sheet of Thejo Engineering Limited and its subsidiary, as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of the lone subsidiary Thejo Hatcon Industrial Services Company LLC, Saudi Arabia, we did not carry out the audit. For the purposes of our examination we have placed reliance on the Audited financial statements of Subsidiary for the financial year ended on 31st December 2011, conducted by H.EL – SERAFI & S.AHMED, Certified Accountants, Dammam, Saudi Arabia. The financial statements reflect the Subsidiary's share of total assets of Rs. 82.21 million and net assets of Rs.45.69 million as at December 31, 2011, total revenue of Rs.3.03 million for the year then ended.

We report that, the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited/certified financial statements of the Subsidiary included in the consolidated financial statements. Though the Financial statements of the Parent and Subsidiary Company stand drawn up to different reporting dates, as per the information from the management there are no significant transactions, or other events that occurred between the date of the Audited financial statement of the subsidiary and the date of the parent's financial statement, which may require significant adjustments to be made in the consolidated financial statements.

We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report of the Subsidiary, we are of the opinion that the said consolidated financial statements, read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of Thejo Engineering Limited and its Subsidiary as at 31st March 2012.
- b) in the case of the Consolidated Statement of Profit and Loss of the consolidated results of operations of Thejo Engineering Limited and its Subsidiary for the year ended on that date and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Thejo Engineering Limited and its Subsidiary for the year ended on that date.

Joseph & Rajaram
Chartered Accountants
ICAI registration no.001375S

Chennai, 27th August 2012.

R. Lakshminarayanan
Partner
Membership no. 16246

THEJO ENGINEERING LIMITED
Registered Office: No.41, Whites Road, Chennai - 600 014

Consolidated Balance Sheet as at 31st March 2012

	Particulars	Note No.	As at 31 st March	
			2012	2011
			₹	₹
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
(a)	Share capital	3	1,18,47,400	1,18,47,400
(b)	Reserves and surplus	4	24,96,60,159	15,98,28,521
2	Minority Interest	5	30,83,499	27,50,346
3	Non-current liabilities			
(a)	Long-term borrowings	6	4,24,74,201	4,79,97,354
(b)	Deferred tax liabilities (Net)	27.5	28,84,735	17,94,618
4	Current liabilities			
(a)	Short-term borrowings	7	20,67,83,241	16,70,79,280
(b)	Trade payables	8	13,98,67,867	10,28,95,891
(c)	Other current liabilities	9	7,44,62,798	7,88,92,965
(d)	Short-term provisions	10	10,99,51,994	8,03,97,359
	TOTAL		84,10,15,894	65,34,83,734
II.	ASSETS			
	Non-current assets			
1 (a)	Fixed assets	11		
(i)	Tangible assets		16,21,23,354	13,34,79,388
(ii)	Intangible assets		42,296	49,131
(iii)	Capital work-in-progress		57,99,894	25,40,075
(iv)	Intangible assets under development		-	-
(b)	Non-current investments	12	-	-
(c)	Long-term loans and advances	13	1,87,40,686	1,41,37,960
(d)	Other non-current assets	14	2,25,37,015	1,02,28,957
2	Current assets			
(a)	Current investments			
(b)	Inventories	15	11,69,05,556	8,12,74,856
(c)	Trade receivables	16	33,24,89,236	25,70,02,726
(d)	Cash and cash equivalents	17	4,56,10,812	5,18,33,184
(e)	Short-term loans and advances	18	5,06,43,298	4,11,18,288
(f)	Other current assets	19	8,61,23,747	6,18,19,169
	TOTAL		84,10,15,894	65,34,83,734
	Notes including significant accounting policies	1-28		
The notes referred to above form an integral part of the financial statements				
In terms of our report of even date annexed For Joseph & Rajaram Chartered Accountants ICAI Registration no. 001375S		For and on behalf of the Board		
R.Lakshminarayanan Partner Membership no. 16246	Manoj Joseph Director	Thomas John Managing Director		
Place : Chennai Date : 27 th August, 2012	M.D. Ravikanth Financial Controller & Secretary	V.A. George President & CEO		

THEJO ENGINEERING LIMITED
Registered Office: No.41, Whites Road, Chennai - 600 014

Consolidated Profit and Loss Statement for the year ended 31st March 2012

	Particulars	Note No.	2011-12 ₹	2010-11 ₹
I.	Revenue from operations	20	1,15,54,09,626	95,21,94,912
II.	Other income	21	2,49,63,314	98,61,132
III.	Total Revenue (I + II)		1,18,03,72,940	96,20,56,044
IV.	Expenses:			
	Cost of materials consumed	22	41,99,79,254	38,15,68,810
	Changes in inventories of Finished Goods Work-in-Progress and Stock-in-Trade	23	(1,36,59,141)	(85,63,801)
	Employee benefits expense	24	31,87,04,528	23,95,62,553
	Finance costs	25	3,67,07,059	2,77,33,475
	Depreciation and amortization expense	11	1,63,77,760	1,50,33,065
	Other expenses	26	30,25,83,214	24,93,09,357
	Total expenses		1,08,06,92,675	90,46,43,459
V.	Profit before exceptional and extraordinary items and tax (III-IV)		9,96,80,265	5,74,12,585
VI.	Exceptional items:			
	Profit on Sale of Land		2,84,00,000	-
VII.	Profit before extraordinary items and tax (V + VI)		12,80,80,265	5,74,12,585
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		12,80,80,265	5,74,12,585
X	Tax expense:			
	(1) Current tax		3,70,86,000	1,98,03,000
	(2) Deferred tax	27.5	10,90,119	(4,39,487)
	(3) Prior period Tax		1,75,308	-
XI	Profit (Loss) for the period (IX-X)		8,97,28,838	3,80,49,073
XII	Transfer to Minority Interest		(1,66,758)	(1,77,259)
XIII	Profit (Loss) for the period after tax and transfer to Minority Interest (XI - XII)		8,98,95,596	3,82,26,332
XIV	Earnings per equity share(including exceptional items):			
	(1) Basic		75.88	32.27
	(2) Diluted		75.88	32.27
	Earnings per equity share(excluding exceptional items):			
	(1) Basic		56.57	32.27
	(2) Diluted		56.57	32.27
	Notes including significant accounting policies	1-28		
The notes referred to above form an integral part of the financial statements				
In terms of our report of even date annexed				
For Joseph & Rajaram Chartered Accountants ICAI Registration no. 001375S		For and on behalf of the Board		
R.Lakshminarayanan Partner Membership no. 16246	Manoj Joseph Director	Thomas John Managing Director		
Place : Chennai	M.D. Ravikanth	V.A. George		
Date : 27 th August, 2012	Financial Controller & Secretary	President & CEO		

THEJO ENGINEERING LIMITED
Consolidated Cash flow Statement for the year ended 31st March, 2012

<i>Particulars</i>	<i>Year Ended</i> <i>March 31, 2012</i>	<i>Year Ended</i> <i>March 31, 2011</i>
	₹	₹
<i>Cash flow from Operating Activities</i>		
Profit before tax as per P & L Account	12,80,80,265	5,74,12,585
Adjustment for:		
Depreciation	1,63,77,760	1,50,33,065
Loss/(Profit) on sale of asset	(2,94,04,245)	(3,87,816)
Interest Paid	3,67,07,059	2,77,33,475
Interest on Fixed Deposit	(13,94,449)	(10,27,480)
Share of Minority Interest in current year profit	1,66,758	1,77,259
Foreign Currency Translation Reserve for the year	54,43,779	(11,81,343)
Foreign Currency Translation Reserve Adjustments	(84,89,168)	(8,613)
Operating Profit before working capital changes	14,74,87,760	9,77,51,132
Adjustment for:		
Trade and Other Receivables	(9,03,90,863)	(6,09,71,938)
Inventories	(3,56,30,700)	(1,71,94,058)
Trade Payables and Other Liabilities	2,01,13,794	7,57,85,481
Cash Generated from Operations	4,15,79,991	9,53,70,617
Direct Taxes Paid	(2,35,27,961)	(1,45,12,603)
<i>Net Cash from Operating Activities (A)</i>	<i>1,80,52,030</i>	<i>8,08,58,014</i>
<i>Cash flow from Investing Activities</i>		
Purchase of Fixed Assets	(4,15,86,567)	(6,22,70,256)
Sale of assets	3,12,05,269	5,30,612
Investments made	-	-
Bank Fixed Deposits	(14,36,666)	(20,03,438)
Interest on Fixed Deposit	13,94,449	10,27,480
(Inc)/Dec Pre-operative Expenses to the extent not written off	(1,23,08,058)	(1,02,28,957)
<i>Net cash from Investing Activities (B)</i>	<i>(2,27,31,573)</i>	<i>(7,29,44,558)</i>
<i>Cash Flow from Financing Activities</i>		
Increase in Share Capital & Premium	-	-
Increase in Term Loan & Other credit facilities	2,85,61,083	(32,11,746)
Increase in Unsecured loans from Related parties	48,33,328	3,00,74,291
Increase in Minority Interest	3,33,153	(4,18,554)
Interest paid	(3,67,07,059)	(2,77,33,475)
<i>Net Cash from Financing Activities (C)</i>	<i>(29,79,495)</i>	<i>(12,89,484)</i>
<i>Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)</i>	<i>(76,59,038)</i>	<i>66,23,971</i>
Opening Cash & Cash Equivalents	3,63,17,620	2,96,93,648
Closing Cash & Cash Equivalents	2,86,58,582	3,63,17,620

In terms of our report of even date annexed

For Joseph & Rajaram
Chartered Accountants
ICAI Registration no. 001375S

For & On behalf of the Board

R.Lakshminarayanan
Partner
Membership no. 16246

Manoj Joseph
Director

Thomas John
Managing Director

Place : Chennai
Date : 27th August, 2012

M.D. Ravikanth
Financial Controller & Secretary

V.A. George
President & CEO

THEJO ENGINEERING LIMITED
Registered Office: No.41, Whites Road, Chennai - 600 014

**Notes to Consolidated Financial Statements for the year ended 31st March,
2012**

Note - 1

Corporate Information (Parent & Subsidiary Company/ies)

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26th March, 1986 as a private limited company. The name of the Company was changed to Thejo Engineering Private Limited vide a fresh certificate of incorporation dated 17th June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering limited vide special resolution passed by the members at their meeting held on 20th June, 2008. The Registered Office of the Company is situated at Aysha Building, No.41, Whites Road, Royapettah, Chennai, 600014, India. The Company is engaged in the business of manufacturing a wide variety of rubber and polyurethane products used in mining, bulk material handling and corrosion protection applications. The Company is the leader in the bulk material handling and conveyor systems solutions and pioneers in the cold vulcanizing process. The Company in general is engaged in manufacturing, sales and servicing of belt conveyor systems.

The Company has one subsidiary outside India namely, Thejo Hatcon Industrial Services LLC, Saudi Arabia.

Note - 2

Significant Accounting Policies

A. Basis of Accounting

The Consolidated financial statements relate to Thejo Engineering Ltd(The parent company) , its subsidiary company/ies. The Consolidated financial statements of the Subsidiary company/ies are drawn upto the date of the last audited annual financial statements of the subsidiary company/ies as prescribed under Sec.212 of the Companies Act,1956.

They have been prepared under the historical cost convention on an accrual basis

The financial statements of all Indian subsidiaries and associates are prepared in compliance with the Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act, 1956 and those of the foreign subsidiaries and associates, are prepared in compliance with the local laws applicable.

B. Principles of Consolidation

(a) The financial statements of the Parent Company and its subsidiary/ies are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting therefrom and are presented to the extent possible, in the same manner as the Company's independent financial statements.

(b) The financial statements of the Parent Company and its subsidiary/ies have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

(c) The excess of cost to the Parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial statements as 'goodwill on consolidation' and carried in the balance sheet as an asset. Where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the company, it is recognised as 'capital reserve' and shown under the head Reserves and Surplus, in the consolidated financial statements.

(d) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

(e) Sales made by parent company to subsidiary -Downstream. The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases. The unrealized profit on the closing inventory held by the subsidiary company out of the sales made by the parent company is reduced from the closing inventory on consolidation as per AS 21.

(f) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

C. Foreign currency transactions

(a) The reporting currency is Indian Rupee.

(b) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(c) Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

(d) Financial statements of foreign operations are treated as integral operations and translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translations are recognized as income or expenses of the period in which they arise.

(e) Financial statements of foreign subsidiaries are treated as non-integral operations, their financial statements are translated at the following exchange rates:

(1) Share capital: At the original rate when the capital was infused

(2) Fixed assets: Exchange rate prevailing at the end of the year

(3) Current/Non current assets and current/Non current liabilities: Exchange rate prevailing at the end of the year

(4) Revenues and expenses: At the average rate during the year.

The resultant exchange difference is accounted as foreign currency translation reserve until the disposal of the net investment.

D. Presentation and disclosure of Consolidated financial statements

The Consolidated Balance Sheet and Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule VI to the Companies Act, 1956. The Cash

Flow Statement has been prepared and presented as prescribed in Accounting Standard 3(AS 3) "Cash Flow Statements" issued by ICAI.

Pursuant to applicability of Revised Schedule VI of Companies Act, 1956 on presentation of financial statements for the financial year 2011-12, the Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Financial Statements.

E. Fixed Assets

Fixed Assets are capitalised at acquisition cost and cost of bringing the assets to their working condition for the intended use.

F. Depreciation

a. Indian holding Company

Depreciation on Fixed Assets has been charged under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being put to use. The company is consistently following the policy of writing off Assets costing less than Rs.5000/- in the year of acquisition.

b. Foreign Subsidiary/(ies)

Depreciation has been provided on methods and at the rates required/permissible by the local laws.

G. Inventories

Inventories are valued at lower of cost and net realizable value.

H. Revenue Recognition

d) In respect of sale of products, revenue is recognised at the point of despatch to customers and In respect of services rendered revenue is recognised as and when invoices are raised.

e) Exports sales are accounted at the rate of exchange prevailing as on the date of invoicing. The difference in the rate of exchange if any, is accounted at the time of realization.

f) Sales made by parent company to subsidiary -Downstream. The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases.

I. Sales, Works Contracts and Services Income

The amount shown in Consolidated Profit and Loss Statement is net of excise duty and inclusive of all other duties and taxes.

J. Employee Benefits

Defined Contribution Schemes: Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Super Annuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Consolidated Profit & Loss statement for the year. Salaries, Leave Encashment, Leave Travel Allowance and Medical Reimbursement are accounted and provided for as per the Accounting Standard 15 on Employee Benefits.

Defined Benefit Scheme: The Company extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of

India through the Gratuity Fund in accordance with the scheme framed and administered by the Corporation.

Employee benefits in respect of subsidiary/ies are provided as per the applicable laws of the country where the subsidiary/ies is/are situated.

K. Taxes on Income

Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences, being difference between taxable income and the accounting income that originates in one year. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry forward of business loss is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The breakup of the major components of the Deferred Tax Assets and Liabilities as at Balance Sheet date of the subsidiary company/ies is arrived at after setting off deferred tax assets and liabilities where the respective companies have a legally enforceable right to set off assets against liabilities where such assets and liabilities relate to taxes on income levied by the same governing taxation laws. The calculation of the deferred tax asset/liability in respect of subsidiary Company/ies is done as per AS 22 and rate of tax as applicable in the respective Country/ies.

L. Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard.

M. Investments

Each category/item of investment is valued as follows:

(a) Long-term investments are carried at cost , after providing for any diminution in value , if such diminution is other than temporary in nature.

(b) Current investments are carried at the lower of cost and fair value

The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

N. Cash and Cash Equivalents

(a) Cash comprises cash on hand and demand deposits with bank.

(b) Cash equivalents are short term , highly liquid investment that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

O. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event and it is probable that outflows will be required to settle the obligation, which can be readily estimated. Contingent liabilities are disclosed after an evaluation of the fact and legal aspects of the matter involved. Even if there is certainty of the obligation not falling on the Company, the same is considered as contingent liability. Contingent assets are neither recognized nor disclosed.

P. Dividend

Provision is made in the accounts for the dividend payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Provision for Dividend Distribution Tax is made at appropriate rate on the amount of provision made for dividend.

Note 3**Share capital**

Share Capital	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount ₹	Number	Amount ₹
Authorised				
20,00,000 Equity Shares of ₹ 10/- each (PY 2,00,000 Equity Shares of Rs.100/- each)	20,00,000	2,00,00,000	2,00,000	2,00,00,000
Issued				
11,84,740 Equity Shares of ₹ 10/- each (PY 1,18,474 Equity Shares of Rs.100/- each)	11,84,740	1,18,47,400	1,18,474	1,18,47,400
Subscribed & Paid up				
11,84,740 Equity Shares of ₹ 10/- each (PY 1,18,474 Equity Shares of Rs.100/- each)	11,84,740	1,18,47,400	1,18,474	1,18,47,400
(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 338550 shares (108520 shares - 22/2/94; 230030 shares -4/10/01) were allotted as fully paid-up bonus shares by transferring ₹ 3385500/- from Profit & Loss Account)				
Total	11,84,740	1,18,47,400	1,18,474	1,18,47,400

3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount ₹	Number	Amount ₹
Shares outstanding at the beginning of the year	11,84,740	1,18,47,400	11,84,740	1,18,47,400
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	11,84,740	1,18,47,400	11,84,740	1,18,47,400

3.2 Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mrs. Rosamma Joseph	46,620	3.94%	15,402	13.00%
Mr. K.J. Joseph	1,77,690	15.00%	8,729	7.37%
Mr. Manoj Joseph	82,930	7.00%	8,293	7.00%
Mr. Manesh Joseph	82,930	7.00%	8,293	7.00%
Mrs. Meena Roy	71,080	6.00%	7,108	6.00%
Mrs. Maya Joseph	77,010	6.50%	7,701	6.50%
Mr. Thomas John	2,37,830	20.07%	24,717	20.86%
Mr. Rajesh John	75,270	6.35%	7,527	6.35%
Mr. S.P. George	62,000	5.23%	6,200	5.23%

Note 4**Reserves and surplus**

	As at 31 st March	
	2012	2011
	₹	₹
a. Securities Premium Account		
Opening Balance	1,88,22,390	1,88,22,390
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	1,88,22,390	1,88,22,390
b. General Reserve		
Opening Balance	2,42,30,087	2,03,99,087
(+) Current Year Transfer	90,23,000	38,31,000
(-) Written Back in Current Year	-	-
Closing Balance	3,32,53,087	2,42,30,087
c. Surplus		
Opening balance	11,67,76,044	8,83,81,326
(+) Net Profit/(Net Loss) For the current year	8,98,95,596	3,82,26,332
(+) Transfer from Reserves	-	-
(-) Proposed Dividend	47,38,960	41,46,590
(-) Dividend Distribution Tax	7,68,778	6,72,681
(-) Transfer to General Reserve	90,23,000	38,31,000
Foreign currency translation reserve	54,43,779	(11,81,343)
Closing Balance	19,75,84,682	11,67,76,044
	24,96,60,159	15,98,28,521

Note 5**Minority Interest**

	As at 31 st March	
	2012	2011
	₹	₹
Opening Balance	27,50,346	
Additions during the year		
a.Share capital		31,68,900
b.Share of (Loss)/profit of the year	(1,66,758)	(1,77,259)
c.Foreign currency translation adjustment for the year	4,99,911	(2,41,295)
Closing balance	30,83,499	27,50,346

Note 6**Long Term Borrowings**

	As at 31 st March	
	2012	2011
	₹	₹
Secured		
(a) Term loans		
From Banks	1,70,43,063	2,81,85,941
Limit/Liability Terms of Repayment/Security	-	-
State Bank of Mysore		
Date of Sanction: 18.10.2011 Ref No. IFB/C/ADV/Thejo/2011-12		
Sanctioned Limit - ₹2,61,00,000/-		
Liability (incl Int Not due) - ₹95,04,616/- (₹1,55,51,947/-)		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursement	-	-
Amount of Instalment - ₹4,35,000/- per month + interest		
Repayable within one year	53,31,039	61,58,270
Security: Fixed Assets & Guaranteed by Directors		
Overdues - Nil (Nil)	-	-
South Indian Bank Ltd		
Date of Sanction: Facilities cancelled as on 08.12.2011		
Sanctioned Limit - Not Applicable	-	-
Liability - Nil (₹1,26,33,995/-)		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursement		
Amount of Instalment: ₹4,40,000/- + Interest		
Repayable within one year	-	49,84,608
Security: Not Applicable	-	-
Overdues - Nil (Nil)		
Remarks: The Term Loans of South Indian Bank were taken over by Axis Bank		
Axis Bank Ltd	-	-
Date of Sanction: 28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12		
Sanctioned Limit: ₹90,96,030/-		
Liability - ₹75,38,448/- (Nil)		
Period of Repayment: Remainder of term as per Repayment schedule of South Indian Bank (Refer above)		
Amount of Instalment - ₹4,11,439/- per month + interest		
Repayable within one year	50,25,442	-
Security: Fixed Assets & Guaranteed by Directors		
Overdues - Nil (Nil)		
Remarks: The Term Loans of South Indian Bank were taken over by Axis Bank		
	66,86,582	1,70,43,063
Unsecured		
(a) Loans and advances from related parties	3,57,87,619	3,09,54,291
	3,57,87,619	3,09,54,291
Total	4,24,74,201	4,79,97,354

Note 7**Short Term Borrowings**

	As at 31 st March	
	2012	2011
	₹	₹
Secured		
(a) Loans repayable on demand		
From banks	20,67,83,241	16,70,79,280
Limit/Liability Terms of Repayment/Security		
State Bank of Mysore		
Date of Sanction:18.10.2011 Ref No.IFB/C/ADV/Thejo/2011-12		
Limit: Cash Credit of ₹15 Crore+Stand by ₹1.50 Crore		
Liability - ₹12,39,95,256/- (₹8,95,96,594/-)		
Period of Repayment: On Demand		
Security: All Current Assets of the Company and personal guarantee of directors		
Overdues: Nil (Nil)		
South Indian Bank Ltd		
Date of Sanction: Facilities cancelled as on 08.12.2011		
Limit: Not Applicable		
Liability - Nil (₹5,09,25,746/-)		
Period of Repayment: Not Applicable		
Security: Not Applicable		
Overdues: Nil (Nil)		
Axis Bank Ltd		
Date of Sanction:28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12		
Limit: Cash Credit of ₹10 Crore+Stand by ₹1 Crore		
Liability - ₹8,27,87,986/- (₹2,65,56,940/-)		
Period of Repayment: On Demand		
Security: All Current Assets of the Company and personal guarantee of directors		
Overdues: Nil (Nil)		
Total	20,67,83,241	16,70,79,280

Note 8**Trade payables**

	As at 31 st March	
	2012	2011
	₹	₹
Trade payables:		
Other than Acceptances	13,98,67,867	10,28,95,891
Total	13,98,67,867	10,28,95,891

Note 9**Other Current Liabilities**

	As at 31 st March	
	2012	2011
	₹	₹
Other payables		
Salary and Other Employee Benefits	3,23,35,483	2,36,88,560
Statutory Dues		
Commercial Tax liability	13,65,803	8,02,963
Service Tax Liability	18,46,170	1,26,11,749
ESI Payable	3,76,791	3,52,259
EPF	23,26,766	16,69,327
Profession Tax	3,44,927	59,158
TDS	14,29,797	10,29,801
Others	13,72,501	39,38,171
Outstanding Liabilities	2,27,08,080	2,35,98,099
Term Loan Instalments Repayable within 12 months	1,03,56,481	1,11,42,878
Total	7,44,62,798	7,88,92,965

Note 10**Short Term Provisions**

	As at 31 st March	
	2012	2011
	₹	₹
(a) Provision for employee benefits		
Provision for Bonus / Ex-gratia	1,10,33,572	1,16,73,089
(b) Others		
Income Tax	8,51,53,684	5,56,47,999
Proposed Dividend	47,38,960	41,46,590
Dividend Distribution Tax	7,68,778	6,72,681
Provision for Fringe Benefit Tax	82,57,000	82,57,000
Total	10,99,51,994	8,03,97,359

Note 11

FIXED ASSETS

NAME OF THE ASSETS	GROSS BLOCK				DEPRECIATION						NET BLOCK	
	AS AT 31.03.2011	ADDITION FOR THE YEAR	DEDUCTION	AS AT 31.03.2012	Rate of Depreciation %	UPTO 31.03.2011	ADDITION	DEDUCTION	Diff in forex excg conversion	UPTO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
	(₹)	(₹)	(₹)	(₹)		(₹)	(₹)	(₹)		(₹)	(₹)	(₹)
TANGIBLE ASSETS												
Land	32,76,464	48,95,100	16,00,000	65,71,564	-	-	-	-	-	-	65,71,564	32,76,464
Factory Building	3,35,96,786	-	-	3,35,96,786	10.00	1,33,71,838	20,22,495	-	-	1,53,94,333	1,82,02,453	2,02,24,948
Office Building	4,67,58,417	2,57,501	-	4,70,15,918	5.00	11,35,425	98,253	-	-	12,33,678	4,57,82,240	73,29,408
Plant & Machinery												
Plant & Machinery AT Factories	6,26,40,263	1,42,23,227	1,20,000	7,67,43,490	13.91	3,76,58,337	44,19,276	1,12,459	-	4,19,65,154	3,47,78,336	2,49,81,927
Plant & Machinery AT HO, BRANCHES & SITES	3,47,63,059	91,00,242	-	4,38,63,301	13.91	1,66,35,714	23,38,460	-	10,249	1,89,74,173	2,48,89,127	1,51,28,758
Boiler	37,72,522	-	-	37,72,522	40.00	35,50,089	88,973	-	-	36,39,062	1,33,460	2,22,433
Dyes & Moulds	26,48,832	9,35,900	-	35,84,732	30.00	24,62,702	1,26,776	-	-	25,89,478	9,95,254	1,86,130
Vehicle	2,79,15,424	38,63,087	24,84,913	2,92,93,598	25.89	1,89,45,026	29,17,421	22,91,430	-	1,95,71,017	97,22,581	89,70,398
Office Equipments	24,52,262	1,65,807	-	26,18,069	13.91	15,77,171	1,34,834	-	-	17,12,005	9,06,064	8,75,091
Electrical Fittings	1,06,71,825	5,15,839	-	1,11,87,664	20.00	61,70,569	9,29,186	-	-	70,99,755	40,87,909	45,01,256
Furniture & Fittings	1,54,89,836	14,23,172	-	1,69,13,008	18.10	45,94,274	14,31,121	-	9,384	60,25,395	1,08,87,612	4,36,78,933
Computer	1,18,08,031	29,46,873	-	1,47,54,904	40.00	85,72,748	17,62,976	-	-	1,03,35,724	44,19,180	32,35,283
Generator	24,94,326	-	-	24,94,326	13.91	16,25,963	1,20,789	-	-	17,46,753	7,47,573	8,68,361
Total Tangible Assets(Current Year)	25,82,88,046	3,83,26,748	42,04,913	29,24,09,881		11,62,99,856	1,63,90,559	24,03,889	19,633	13,02,86,527	16,21,23,354	13,34,79,389
Total Tangible Assets(Previous Year)	19,15,69,902	1,40,12,211	15,58,841	20,40,23,272		10,26,61,383	1,48,13,218	14,16,046	-	11,60,58,555	13,34,79,388	8,89,08,519
INTANGIBLE ASSETS												
Tehnicla Knowhow	1,75,000	-	-	1,75,000	13.91	1,25,870	6,834	-	-	1,32,704	42,296	49,131
Total Intangible Assets(Current Year)	1,75,000	-	-	1,75,000		1,25,870	6,834	-	-	1,32,704	42,296	49,131
Total Intangible Assets(Previous Year)	1,75,000	-	-	1,75,000		1,17,931	7,938	-	-	1,25,870	49,131	57,069
CAPITAL WORK IN PROGRESS												
Assets Under Construction	25,40,075	57,99,894	25,40,075	57,99,894	-	-	-	-	-	-	57,99,894	25,40,075
Total Capital Work In Progress(Current Year)	25,40,075	57,99,894	25,40,075	57,99,894		-	-	-	-	-	57,99,894	25,40,075
Total Capital Work In Progress(Previous Year)	-	25,40,075	-	25,40,075		-	-	-	-	-	25,40,075	-
GRAND TOTAL	26,10,03,121	4,41,26,642	67,44,988	29,83,84,775		11,64,25,726	1,63,97,393	24,03,889	19,633	13,04,19,231	16,79,65,544	13,60,68,594
PREVIOUS YEAR	19,17,44,902	1,65,52,286	15,58,841	26,10,03,121		10,27,79,314	1,50,33,065	14,16,046	-	11,64,25,726	13,60,68,594	8,89,65,588

Note 12**Non-current investments****(₹)**

	Particulars	2011-12	2010-11
A	Trade Investments	-	-
B	Other Investments (Refer B below)	-	-
	(a) Investments in Equity instruments	-	-
	Grand Total (A + B)	-	-
	Less : Provision for dimunition in the value of Investments	-	-
	Total	-	-

Particulars	2011-12	2010-11
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	-	-

Note 13**Long Term Loans and Advances**

	As at 31 st March	
	2012	2011
	₹	₹
a. EMD and Security Deposits		
Unsecured, considered good	84,66,215	65,06,669
b. Other Deposits		
Unsecured, considered good		
Rental Deposit	67,78,311	50,35,168
Deposit with Government Agencies	1,72,934	1,76,807
Others	33,23,226	24,19,316
	1,02,74,471	76,31,291
Total	1,87,40,686	1,41,37,960

Note 14**Other non-current assets**

	As at 31 st March	
	2012	2011
	₹	₹
Pre-Operative Expenses not written off	2,25,37,015	1,02,28,957
Total	2,25,37,015	1,02,28,957

Note 15**Inventories (As certified by Management)**

	As at 31 st March	
	2012	2011
	₹	₹
a. Raw Materials and components	5,95,44,438	3,75,72,879
b. Work-in-progress	2,52,69,258	1,47,67,008
c. Finished goods	3,21,97,367	2,89,34,969
	11,70,11,063	8,12,74,856
Less: Unrealised gain on stock sold by parent to subsidiary	1,05,507	0
(All Inventories valued at Cost or Net Realisable Value, whichever is less)		
Total	11,69,05,556	8,12,74,856

Note 16**Trade Receivables**

	As at 31 st March	
	2012	2011
	₹	₹
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Unsecured, considered good	31,63,26,342	24,83,02,418
	31,63,26,342	24,83,02,418
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,61,62,894	87,00,308
	1,61,62,894	87,00,308
Total	33,24,89,236	25,70,02,726

Note 17**Cash and Cash Equivalents**

	As at 31 st March	
	2012	2011
	₹	₹
a. Balances with banks		
(i) In Current Accounts	2,60,73,715	3,05,37,433
(ii) In Deposit Accounts (Held as Margin Money for BG & LC)	1,69,52,230	1,55,15,564
b. Cheques, drafts on hand	6,80,250	40,35,055
c. Cash on hand	19,04,617	17,45,132
Total	4,56,10,812	5,18,33,184

Note 18**Short-term loans and advances**

	As at 31 st March	
	2012	2011
	₹	₹
Others (unsecured, considered good)		
EMD & Security deposits	2,53,98,647	1,95,20,007
Others	2,52,44,651	2,15,98,281
Total	5,06,43,298	4,11,18,288

Note 19**Other Current Assets**

	As at 31 st March	
	2012	2011
	₹	₹
Income Tax payments	7,26,38,616	4,91,10,655
Advance FBT	86,33,357	86,33,357
Balance with Central Excise Authority	48,51,774	40,75,157
Total	8,61,23,747	6,18,19,169

Note 20**Revenue from operations**

	2011-12	2010-11
	₹	₹
Sales, Service & Works Contract	1,18,42,55,805	98,01,26,096
Other operating revenues	-	-
Less:	-	-
Excise duty	2,88,46,179	2,79,31,184
Total	1,15,54,09,626	95,21,94,912

Note 21**Other income**

	2011-12	2010-11
	₹	₹
Interest Income (in case of a company other than a finance company)	13,94,449	10,27,480
Miscellaneous Income	59,18,261	35,76,671
Packing charges recovered	8,58,954	14,36,169
Freight charges recovered	8,26,026	6,95,448
Income from sale of DEPB License & Duty Drawback	1,49,61,379	27,37,548
Profit on sale of assets	10,04,245	3,87,816
Total	2,49,63,314	98,61,132

Note 22**Cost of materials consumed**

	2011-12	2010-11
	₹	₹
Opening Stock of Raw Materials	3,75,72,879	2,89,42,622
Add: Purchases made during the year	40,67,10,350	35,30,97,830
	44,42,83,229	38,20,40,452
Less: Closing Stock of Raw Materials	5,95,44,438	3,75,72,879
	38,47,38,791	34,44,67,573
Add: Consumables	3,52,40,463	3,71,01,237
Total	41,99,79,254	38,15,68,810
Purchases of Traded Goods included in Purchase above	4,41,10,178	7,15,02,801

Note 23**Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

	2011-12	2010-11
	₹	₹
Opening Stock :		
Work-in-Process	1,47,67,008	1,21,89,579
Finished Goods	2,89,34,969	2,29,48,597
(-) Unrealised gain in stock sold from parent to subsidiary	-	-
Closing Stock :		
Work-in-Process	2,52,69,258	1,47,67,008
Finished Goods	3,21,97,367	2,89,34,969
(-) Unrealised gain in stock sold by parent to subsidiary	1,05,507	-
Total	(1,36,59,141)	(85,63,801)

Note 24**Employee Benefits Expense**

	2011-12	2010-11
	₹	₹
(a) Salaries and incentives	25,18,14,989	18,62,33,102
(b) Contributions to PF, Superannuation, Gratuity, ESI & other Funds	1,93,02,400	1,64,00,896
(c) Staff welfare expenses	4,04,24,635	2,99,46,831
(d) LTA, Ex-gratia, & Leave Encashment	71,62,504	69,81,724
Total	31,87,04,528	23,95,62,553

Note 25**Finance costs**

	2011-12	2010-11
	₹	₹
Interest expense	2,96,98,119	2,29,71,065
Other finance costs	70,08,940	47,62,410
Total	3,67,07,059	2,77,33,475

Note 26**Other expenses**

	2011-12	2010-11
	₹	₹
<i>A. Manufacturing & Other Direct Expenses</i>		
Power and fuel	2,61,31,295	2,13,50,009
Labour Charges	1,76,41,138	1,76,28,965
Repairs to machinery	12,95,766	10,68,772
Factory Maintenance	14,48,316	21,07,690
Electrical maintenance	10,899	27,770
Repairs to tools	1,05,258	1,45,922
Testing charges	4,03,984	3,41,895
Dyes & Moulding charges	1,44,741	2,68,864
Cartage, Coolie & Freight charges	2,26,82,217	1,70,17,440
Packing materials & charges	93,60,816	1,04,29,181
Service charges	1,92,66,963	1,60,31,840
Royalty paid	28,19,885	23,42,066
Machinery Leasing expenses	19,07,803	22,21,798
<i>Total Manufacturing & Other Direct Expenses</i>	<i>10,32,19,081</i>	<i>9,09,82,212</i>
<i>B. Administrative & Selling Expenses</i>		
Professional Service Charges	1,84,92,001	1,12,86,679
Rent	1,04,82,560	77,30,168
Repairs & Maintenance	35,93,518	26,45,927
Travelling & Conveyance	2,55,21,300	2,11,72,761
Foreign Travel expenses	34,05,111	8,98,473
Vehicle Maintenance	1,00,80,329	93,00,126
Vehicle hire charges	29,53,936	15,90,517
Telephone, Telex & Postage	66,54,975	60,15,362
Printing & Stationery	29,49,864	29,11,740
Office Maintenance	27,03,700	20,65,340
Exchange Difference	-	1
Books & Periodicals	3,23,634	2,46,575
Computer Maintenance	14,77,156	8,27,004
Seminar & Conference	5,98,731	11,42,868
Electricity	13,23,307	11,26,805
Legal Fee & Charges	6,53,218	3,81,004
Donation	10,63,859	3,80,606
Recruitment, Training & Development	4,85,902	42,16,624
ECGC Premium	3,38,463	2,09,722
ISO Certification Charges	1,12,000	40,811
Provision for diminution in Mutual Fund	-	-
Insurance .	13,24,562	9,35,430
Rates and taxes, excluding, taxes on income.	6,35,990	3,83,164
Directors Sitting Fees	1,55,000	-
Commission	43,01,468	32,31,598
Advertisement	6,99,077	5,09,380
Sales Promotion Expenses	25,65,921	19,58,832
Freight on Exports	12,82,661	17,47,728
Loading & Unloading charges	31,99,636	27,34,204
Late Delivery Charges	15,23,482	5,52,067
Bad Debts	96,81,815	95,92,377
Payments to the Auditors		
a. Statutory Audit	2,50,000	1,75,000
b. Tax Audit	50,000	50,000
c. For certification & other services	97,350	18,025
Miscellaneous expenses	5,98,571	2,36,555
<i>Total Administration & Selling Expenses</i>	<i>11,95,79,097</i>	<i>9,63,13,473</i>
<i>Sales Tax, Service Tax, & Other Indirect Tax Expenses</i>	<i>7,97,85,036</i>	<i>6,20,13,672</i>
Total	30,25,83,214	24,93,09,357

Note 27 Additional information to Consolidated Financial statements.

Note 27.1 Contingent Liabilities (to the extent not provided for)

(₹)

Particulars	2011-12	2010-11
(a) Claims against the company not acknowledged as debt	-	-
(b) Guarantees issued by the Banks	66,014,602	41,287,000
	66,014,602	41,287,000

(c) Others

All Amounts in ₹

<u>Name of statute</u>	<u>Amount of Dispute (31/3/12)</u>	<u>Amount of Dispute (31/3/11)</u>	<u>Amount Deposited (31/3/12)</u>	<u>Period to Which it relates</u>	<u>Forum where dispute is pending</u>
Service Tax	5,56,394	5,56,394	NIL	April 2007 - June 2007	Additional Commissioner of Service Tax, Chennai
Central Excise	66,394	66,394	NIL	Jan 2007 - April 2007	CESTAT, Banglore
Central Excise	44,858	44,858	22,179	Sep 2005 - March 2006	CESTAT, Banglore
Central Excise	1,35,902	1,35,902	67,614	April 2006 - Dec. 2006	CESTAT, Banglore
Central Excise	29,69,000	29,69,000	NIL	1996 - 2000	High Court of Madras
Customs	12,49,529	12,49,529	NIL	Oct- 2001	Commissioner of Customs
Central Excise	18,25,288	18,25,288	NIL	July 2000 - June 2004	CESTAT, Banglore
Central Excise	3,49,038	3,49,038	NIL	July 2001 - Jan 2005	CESTAT, Banglore
Central Excise	1,23,243	1,23,243	NIL	Feb 2005 - Aug 2005	CESTAT, Banglore
CST	96,071	96,071	NIL	2003 - 04	Deputy Commissioner, Commerical Tax
APGST	4,41,168	4,41,168	2,20,584	2000 -01	Commerical Tax Officer, Naidupet
CST	16,17,852	16,17,852	BG for 8,08,926	2000 -01	High Court of Judicature at Andhra Pradesh
CST	2,36,043	2,36,043	NIL	2002 - 03	Commerical Tax Officer, Naidupet
APGST	8,40,496	8,40,496	NIL	2002 - 03	Commerical Tax Officer, Naidupet
APGST	5,10,772	5,10,772	2,55,386	2001-02	Commerical Tax Officer, Naidupet
CST	25,07,272	25,07,272	10,00,000	2001-02	Commerical Tax Officer, Naidupet
APGST	9,91,921	9,91,921	NIL	2003-04	Commerical Tax Officer, Naidupet
Jharakhand Sales Tax	5,30,792	5,30,792	NIL	2004 - 05	Joint Commissioner of Commerical Taxes (Appeals)
Jharakhand CST	42,137	42,137	NIL	2004 - 05	Joint Commissioner of Commerical Taxes (Appeals)
APGST	1,18,13,775	1,18,13,775	NIL	2004-05	Appellate Deputy Commissioner
Income Tax	58,47,531	58,47,531	30,00,000	A.Y 2001-02	CIT(A)
Income Tax(TDS)	53,767	NA	NIL	AY 2011-12	TDS - AO
Total	3,28,49,243	3,27,95,476	45,65,763		

Note. 27.2 Employee Benefits

The company has accounted for the Long term defined benefits and contribution schemes as under:

A. Defined Contribution Schemes

Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Super Annuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Consolidated Profit & Loss statement for the year.

B. Defined Benefit Scheme

The company has defined benefit scheme in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund as per the scheme framed by the Corporation. The disclosure under AS -15(Revised) in this regard is given hereunder:

Assumptions	2011-12	2010-11
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

Table Showing Changes In Present Value Of Obligations (₹)

	As at 31 st March	
	2012	2011
Present value of obligations at the beginning of the year	1,29,10,047	98,95,475
Interest Cost	10,32,804	7,91,638
Current Service Cost	20,97,120	11,96,637
Benefits Paid	(18,61,441)	(10,49,544)
Actuarial (Gain) / Loss on obligations	(1,78,310)	20,75,841
Present value of obligations as at end of the year	1,40,00,220	1,29,10,047

Table Showing Changes In Fair Value Of Plan Assets (₹)

	As at 31 st March	
	2012	2011
Fair value of plan assets at the beginning of the year	98,69,697	1,00,39,691
Expected return on plan assets	12,07,428	8,79,550
Contributions	49,66,089	0.00
Benefits Paid	(18,61,441)	(10,49,544)
Actuarial Gain / (Loss) on plan assets	0	0
Fair value of plan assets at the end of the year	1,41,81,773	98,69,697

Table Showing Fair Value Of Plan Assets (₹)

	As at 31 st March	
	2012	2011
Fair value of plan assets at the beginning of the year	98,69,697	1,00,39,691
Actual return on plan assets	12,07,428	8,79,550
Contributions	49,66,089	0
Benefits Paid	(18,61,441)	(10,49,544)
Fair value of plan assets at the end of the year	1,41,81,773	98,69,697
Funded Status	1,81,553	(30,40,350)
Excess of Actual over Estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 st March, 2012)	0	0

Actuarial Gain / Loss Recognized	(₹)	
	As at 31 st March	
	2012	2011
Actuarial (gain) / loss on obligations	(1,78,310)	20,75,841
Actuarial (gain) / loss for the year - plan assets	0	0
Total (gain) / loss for the year	(1,78,310)	20,75,841
Actuarial (gain) / loss recognized in the year	(1,78,310)	20,75,841

Amounts To Be Recognized In Balance Sheet And Statement Of Profit And Loss

	(₹)	
	As at 31 st March	
	2012	2011
Present value of obligations as at the end of the year	1,40,00,220	1,29,10,047
Fair value of plan assets as at the end of the year	1,41,81,773	98,69,697
Funded Status	1,81,553	(30,40,350)
Net asset / (liability) recognized in balance sheet	1,81,553	(30,40,350)

Expenses Recognized In Profit & Loss Statement

	(₹)	
	As at 31 st March	
	2012	2011
Current Service Cost	20,97,120	11,96,637
Interest Cost	10,32,804	7,91,638
Expected return on plan assets	(12,07,428)	(8,79,550)
Net Actuarial (gain) / loss recognized in the year	(1,78,310)	20,75,841
Expenses recognized in statement of profit and loss	17,44,186	31,84,566

Note: Entire plan assets are lying in the Gratuity Fund administered through Life Insurance Corporation of India (P & GS Department)

Note 27.3 Segment Reporting

The company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipments, whose risks and rewards do not vary much. Secondary segmental reporting on the basis of geographical location, though applicable in view of the business operations with the subsidiary company in Saudi Arabia the details are not furnished on account of the size of operation being less than 10% of the total business.

Note 27.4 Related Party Disclosure

List of Related Parties

<i>Name of the Party</i>	<i>Relationship</i>
Thejo Hatcon Industrial Services Co LLC, KSA	Subsidiary
Sri. K.J. Joseph	Key Management Personnel
Sri. Thomas John	Key Management Personnel
Sri. Anand T. Pethe*	Key Management Personnel
Sri. S.P. George*	Key Management Personnel
Sri. Manoj Joseph	Key Management Personnel
Smt. Celinamma John*	Key Management Personnel
Smt. Rosamma Joseph*	Key Management Personnel
Sri. Rajesh John^^	Key Management Personnel
Smt. Mercy Sunny	Relative of Key Management Personnel
Sri. Manesh Joseph	Relative of Key Management Personnel
Smt. Maya Joseph	Relative of Key Management Personnel
Kum. Rithu Johnson	Relative of Key Management Personnel

Note:

* - Ceased to be Director w.e.f. 10th December, 2011

^^ - Appointed as Additional Director w.e.f 16th January, 2012

Related Party Transaction Details:

All fig ₹

<i>Related Party</i>	<i>Nature of Payment</i>	<i>Current Year Transaction</i>	<i>Outstanding as on 31st March, 2012*</i>
Subsidiary	Share Capital	0.00	32,98,242
Subsidiary	Advance	36,46,704	3,36,21,912
Subsidiary	Sales/Expense Reimbursement	25,44,076	28,23,088
Key Management Personnel	Remuneration	1,23,25,756	0.00
Key Management Personnel	Unsecured Loans	1,50,000	0.00
Key Management Personnel	Interest on Unsecured Loans	9,516	0.00
Relative of Key Management Personnel	Remuneration	3,38,262	0.00
Relative of Key Management Personnel	Unsecured Loans	7,30,000	0.00
Relative of Key Management Personnel	Interest on Unsecured Loans	41,416	0.00

Note 27.5 Calculation of Deferred Tax

(₹)

<i>Particulars</i>	<i>DTA</i>	<i>DTL</i>	<i>DTA</i>	<i>DTL</i>
	31 st March, 2012		31 st March, 2011	
Opening Balance	0.00	17,94,618	0.00	22,34,102
On account of change in tax rates	44,293	0.00	0.00	0.00
Timing Difference in Depreciation	0.00	9,22,589	4,53,577	0.00
On account of carry forward of subsidiary losses including depreciation (20%)	1,14,005	0.00	1,14,732	0.00
Profit on sale of asset	0.00	3,25,826	0.00	1,28,825
Total	1,58,298	30,43,033	5,68,309	23,62,927
Net Deferred Tax Liability/(Asset)	0.00	28,84,735	0.00	17,94,618

Note 27.6 Payment to Auditors:

(₹)

<i>Description</i>	<i>2011-12</i>	<i>2010-11</i>
For Audit	3,34,722	2,37,125
For Tax Audit	50,000	50,000
For Other Services	97,350	18,025
Total	4,82,072	3,05,150

Note 27.7 Other Disclosures

- d. Confirmation of balances from Debtors and Creditors has not been obtained.
- e. The Company has not received any communication from its suppliers claiming them to be micro, medium or small scale enterprises.
- f. As the estimated recoverable amounts of the cash generating assets of the Company are higher than their carrying amount, no impairment of assets has been recognized in the accounts of the company in line with AS - 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.
- g. The Company has invested Australian dollars 250000/- in its subsidiary Thejo Australia Pty Ltd subsequent to the date of Balance sheet.

- h. The method of depreciation adopted by the subsidiary company has been retained for the purpose of consolidation, in respect of subsidiary company.
- i. Employee benefits in respect of subsidiary are provided as per the applicable laws of the country where the subsidiary is situated.

Note 28 Previous Year Figures/Revised Schedule VI

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

*As per our Report of even date
For JOSEPH & RAJARAM
(ICAI Registration No.001375S)
CHARTERED ACCOUNTANTS*

For & on behalf of the Board

*R. Lakshminarayanan
Partner
Membership No. 16246*

*Manoj Joseph
Director*

*Thomas John
Managing Director*

Place : Chennai
Date : 27th August, 2012

*M.D. Ravikanth
Financial Controller & Secretary*

*V.A. George
President & CEO*

ATTENDANCE SLIP

THEJO ENGINEERING LIMITED
Regd. Office: Aysha Building, 41, Whites Road,
Chennai – 600 014.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Attendance Slip on request at the venue of the meeting.

D.P. Id* Master Folio No.

Client Id*.....

NAME AND ADDRESS OF THE SHAREHOLDER:

No. of Share(s) held :

I/We hereby record my/our presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company held on Friday, the 21st day of September, 2012 at 11:00 A.M. the Corporate Office of the Company at VDS House, III Floor, 41, Cathedral Road, Chennai 600086.

Signature of the shareholder or proxy
*Applicable for investors holding shares in electronic form.

PROXY FORM

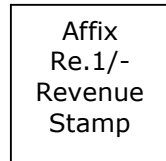
THEJO ENGINEERING LIMITED
Regd. Office: Aysha Building, 41, Whites Road,
Chennai – 600 014.

D.P. Id* Master Folio No.

Client Id*.....

I/We..... of being a member/members of Thejo Engineering Limited hereby appointof.....or failing him of or failing him of as my/our proxy to vote for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting to be held on Friday, the 21st day of September, 2012 at 11:00 A.M.or at any adjournment thereof.
Signed this day of 2012.

*Applicable for investors holding shares in electronic form.



Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company