



***Annual Report  
2013-14***



The new state of the art Lining Unit. (Inset: Clients visit & get-together during inauguration of Lining Unit.)

**BOARD OF DIRECTORS**

<b>Chairman</b>	K.J. JOSEPH
<b>Vice Chairman</b>	THOMAS JOHN
<b>Managing Director</b>	V.A. GEORGE
<b>Whole-time Directors</b>	MANOJ JOSEPH RAJESH JOHN
<b>Directors</b>	N. GANGA RAM V.K. SRIVASTAVA A. SATYASEELAN M.P. VIJAY KUMAR C.N. RAMCHAND
<b>Chief Financial Officer &amp; Secretary</b>	M.D. RAVIKANTH
<b>Audit Committee</b>	M.P. VIJAY KUMAR N. GANGA RAM A. SATYASEELAN
<b>Shareholders' Grievance Committee</b>	C.N. RAMCHAND V.K. SRIVASTAVA K.J. JOSEPH THOMAS JOHN
<b>Auditors</b>	M/s. JOSEPH & RAJARAM Chartered Accountants, Chennai.
<b>Internal Auditors</b>	M/s. S. VISWANTHAN Chartered Accountants, Chennai
<b>Cost Auditor</b>	M/s. GOPALAN & ASSOCIATES Cost Accountants, Chennai.
<b>Registrar and Share Transfer Agents</b>	M/s. Cameo Corporate Services Limited Subramanian Building No. 1 Club House Road, Chennai - 600 002.
<b>Main Bankers</b>	State Bank of Mysore, IFB, Chennai Axis Bank Ltd., Chennai

**REGISTERED OFFICE**

Aysha Building, No. 41, Whites Road,  
Royapettah, Chennai - 600 014.  
CIN: L27209TN1986PLC012833  
Phone : 044 - 42221900 Fax : 044 - 42221910  
E-mail : investor@thejo-engg.com  
Website: www.thejo-engg.com

**CORPORATE OFFICE**

VDS House,  
III Floor, 41, Cathedral Road,  
Chennai - 600 086.

**FACTORIES**

**Unit – I & IV:**

Survey No.176/3, 181/5 & 181/6A,  
Jagannathapuram Road,  
Irulipattu Village, Alinjivakkam Post,  
Ponneri Taluk, Chennai - 600 067.

**Unit – II:**

Survey No. 101/5C & 101/5D  
Jagannathapuram Road,  
Athipedu Village, Ponneri Taluk,  
Chennai - 600 067.

**Unit – III:**

Survey No. 100/5, Jagannathapuram Road,  
Athipedu Village, Ponneri Taluk,  
Chennai - 600 067.

**Polyurethane Division:**

Survey No. 179/3B,  
Jagannathapuram Road,  
Irulipattu Village, Alinjivakkam Post,  
Ponneri Taluk,  
Chennai - 600 067.

**Lining Division:**

Survey No. 234/2C, Jaganathapuram-II,  
Ponneri Taluk, Tiruvallur District,  
Chennai - 600 067.

**R&D CENTER:**

Survey No. 179 / 3B, Jagannathapuram Road,  
Irulipattu Village, Ponneri Taluk,  
Chennai - 600 067.

**SUBSIDIARY COMPANIES**

Thejo Hatcon Industrial Services Company LLC,  
Saudi Arabia  
Thejo Australia Pty Ltd., Australia

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<b>CONTENTS</b>	<b>Page No.</b>
Financial Highlights	3
Notice to Members	4
Directors' Report	13
Corporate Governance Report	23
Independent Auditors' Report	38
Balance Sheet	44
Statement of Profit & Loss	45
Cash Flow Statement	46
Notes forming part of Financial Statements	47
Independent Auditors' Report (Consolidated Accounts)	70
Consolidated Accounts	72
Disclosure of information relating to subsidiaries as required by the Central Government under Section 212(8) of the Companies Act, 1956	98

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## FINANCIAL HIGHLIGHTS

₹ in lakhs unless specified otherwise

Details	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Sales	<b>14885.98</b>	13338.12	11536.44	9521.95	6432.30	6113.67	4568.45	3724.15	3331.53	2606.09
Other Income	<b>144.68</b>	211.58	249.63	98.61	164.15	65.64	65.73	95.63	43.44	29.92
Sales & Other Income	<b>15030.66</b>	13549.70	11786.07	9620.56	6596.45	6179.31	4634.18	3819.77	3374.97	2636.02
Profit before interest, depreciation, amortisation and tax <sup>1</sup>	<b>2067.52</b>	2020.66	1529.81	1003.28	757.31	633.36	471.92	401.24	360.99	292.24
Profit before interest & tax <sup>1</sup>	<b>1792.58</b>	1817.79	1368.33	855.06	608.46	492.01	360.89	296.12	277.09	218.79
Profit before tax <sup>1</sup>	<b>1342.36</b>	1437.63	1001.26	577.74	350.93	225.50	160.66	146.48	158.66	115.84
Profit after tax <sup>1</sup>	<b>895.79</b>	974.78	671.83	382.96	226.98	121.51	86.25	79.71	84.06	72.24
Net fixed assets	<b>2338.04</b>	1504.89	1132.10	905.54	889.66	883.50	766.88	645.88	489.58	381.51
Share Capital	<b>343.36</b>	171.68	118.47	118.47	118.47	108.47	108.47	100.01	69.01	69.01
Reserves and Surplus	<b>5718.23</b>	5159.45	2456.33	1610.80	1276.03	997.42	907.64	786.03	726.98	659.78
Networth	<b>6061.59</b>	5331.13	2574.80	1729.27	1394.50	1105.89	1016.11	886.03	795.99	728.79
Total borrowings	<b>3092.85</b>	2582.83	2134.70	1961.45	1993.57	1627.40	1390.12	1097.83	822.33	673.07
Earnings per share <sup>1,2&amp;3</sup> (in ₹)	<b>25.37</b>	32.93	28.35	16.16	9.58	5.60	3.98	3.99	6.09	5.23
Dividend per share <sup>2</sup> (in ₹)	<b>3.50</b>	5.00	4.00	3.50	3.00	2.50	2.50	2.00	2.00	2.00
Book value per share <sup>2&amp;3</sup> (in ₹)	<b>176.54</b>	155.27	108.67	72.98	58.86	50.98	46.84	44.30	57.68	52.81
EBITDA/turnover (%)	<b>13.76</b>	14.91	12.98	10.43	11.48	10.25	10.18	10.50	10.70	11.09
Profit before tax/turnover (%)	<b>8.93</b>	10.61	8.50	6.01	5.32	3.65	3.47	3.83	4.70	4.39
Return on capital employed (%)	<b>19.58</b>	22.97	29.05	23.17	17.96	18.00	15.00	14.93	17.12	15.61
Return on net worth (%)	<b>14.78</b>	18.28	26.09	22.15	16.28	10.99	8.49	9.00	10.56	9.91

Notes: <sup>1</sup> Excluding exceptional items.

<sup>2</sup> During FY 2011-12, Equity Shares of face value of ₹ 100/- each were sub-divided into 10 equity shares of face value of ₹ 10/- each. EPS, Dividend/Share and book value/share are re-stated for periods prior to FY 2011-12 to give effect to the sub-division.

<sup>3</sup> During the year, the Company has issued 17,16,776 equity shares as fully paid-up bonus shares (in the ratio of 1:1). Consequently, the EPS and Book value per share for the prior periods has been adjusted for the bonus issue.

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**THEJO ENGINEERING LIMITED**

Regd. Office : 41, Whites Road, Chennai - 600 014.

CIN : L27209TN1986PLC012833

Phone : 044 - 42221900 Fax : 044 - 42221910

E-mail : investor@thejo-engg.com

Website : www.thejo-engg.com

**NOTICE TO MEMBERS**

**NOTICE** is hereby given that the Twenty-Eighth Annual General Meeting of the Members of Thejo Engineering Limited will be held at 10.00 A.M on Monday, the 25<sup>th</sup> August, 2014 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014, Tamil Nadu, India, to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt:

- a) the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2014, the reports of the Board of Directors and Auditors thereon and
- b) the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2014.

2. To declare a dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2014.

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT M/s. Joseph & Rajaram , Chartered Accountants (Firm Registration No. 001375S), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors.”

**SPECIAL BUSINESS:**

4. To appoint Mr. V.K. Srivastava as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 52 of the SME Listing Agreement, Mr. V.K. Srivastava (DIN 00611678), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31<sup>st</sup> March, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V.K. Srivastava be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

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**NOTICE TO MEMBERS**

5. To appoint Mr. A. Satyaseelan as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
- “RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 52 of the SME Listing Agreement, Mr. A. Satyaseelan (DIN 05158896), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31<sup>st</sup> March, 2019 and not liable to retirement by rotation.
- “RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. A. Satyaseelan be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.
- “RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”
6. To appoint Mr. M.P. Vijay Kumar as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
- “RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 52 of the SME Listing Agreement, Mr. M.P. Vijay Kumar (DIN 05170323), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31<sup>st</sup> March, 2019 and not liable to retirement by rotation.
- “RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M.P. Vijay Kumar be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.
- “RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”
7. To appoint Dr. C.N. Ramchand as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
- “RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 52 of the SME Listing Agreement, Dr. C.N. Ramchand (DIN 05166709), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31<sup>st</sup> March, 2019 and not liable to retirement by rotation.
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### NOTICE TO MEMBERS

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. C.N. Ramchand be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

8. To appoint Mr. N. Ganga Ram as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 52 of the SME Listing Agreement, Mr. N. Ganga Ram (DIN : 00001246), who was appointed as a Director of the Company liable to retire by rotation and who, pursuant to the provisions of the Companies Act, 2013 (being an independent director) is no longer liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31<sup>st</sup> March, 2019 and not liable to retirement by rotation.

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. N. Ganga Ram be paid such fees, remuneration, reimbursement of expenses and profit related commission as the Board may approve from time to time subject to such limits prescribed or as may be prescribed from time to time.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

9. To add Sub-clause 22 under “Objects incidental or ancillary to the attainment of the main objects” in the Memorandum of Association of the Company and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force) and any rules framed thereunder and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, consent of the Members of the Company be and is hereby accorded for the addition of sub-clause 22 after existing sub-clause 21 under Clause 3(B) of the existing Memorandum of Association of the Company as set out below:

“22. To guarantee the payment of money unsecured or secured by or payable under or in respect of loans, promissory notes, bond, debentures, contracts, mortgages, charges, obligation instruments and securities of any company or any authority, municipal, local or otherwise, or of any person whomsoever, incorporated or not and generally to guarantee or become sureties for the performance of any contract or obligation.”

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

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NOTICE TO MEMBERS

10. To alter and modify the terms and conditions of appointment of Mr. Manoj Joseph as Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in partial modification to the resolution passed by the Members at their 26<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2012, approving the appointment and terms of remuneration of Mr. Manoj Joseph as Whole-time Director, the Company hereby approves, in accordance with the provisions of Sections 197, 198 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force), payment of commission in addition to the existing terms of remuneration for the remaining period of his tenure of office, with effect from 01<sup>st</sup> April, 2014, and the amount of such commission, payable every year after the finalization of the Annual Accounts of the Company, shall be determined by the Board of Directors based on the recommendation of the Remuneration Committee, subject to the maximum remuneration prescribed under the Companies Act, 2013.

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Manoj Joseph as approved earlier by the Members, shall remain unchanged.

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary, alter and modify the terms and conditions of appointment including as to designation and remuneration / remuneration structure of Mr. Manoj Joseph within the limits prescribed under the provisions of the Companies Act, 2013.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

11. To alter and modify the terms and conditions of appointment of Mr. Rajesh John as Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in partial modification to the resolution passed by the Members at their Extra-ordinary General Meeting held on 09<sup>th</sup> April, 2012, approving the appointment and terms of remuneration of Mr. Rajesh John as Whole-time Director, the Company hereby approves, in accordance with the provisions of Sections 197, 198 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force), payment of commission in addition to the existing terms of remuneration for the remaining period of his tenure of office, with effect from 01<sup>st</sup> April, 2014, and the amount of such commission, payable every year after the finalization of the Annual Accounts of the Company, shall be determined by the Board of Directors based on the recommendation of the Remuneration Committee, subject to the maximum remuneration prescribed under the Companies Act, 2013.

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Rajesh John as approved earlier by the Members, shall remain unchanged.

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary, alter and modify the terms and conditions of appointment including as to designation and remuneration / remuneration structure of Mr. Rajesh John within the limits prescribed under the provisions of the Companies Act, 2013.

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

By Order of the Board  
For THEJO ENGINEERING LIMITED

M.D. RAVIKANTH  
CFO & Secretary

Place : Chennai  
Date : 02<sup>nd</sup> July, 2014

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**NOTICE TO MEMBERS****NOTES:**

1. An explanatory statement in respect of the special business is annexed to this notice in pursuance of Section 102 (1) of the Companies Act, 2013.
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 Annual General Meeting ("Meeting"). A person shall not act as a Proxy for more than 50 Members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
4. Members / proxies should bring the duly filled Attendance Slip along with their copy of annual report to the Meeting.
5. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during normal business hours (9:00 am to 5:30 pm) on all working days except Saturdays and Sundays (including Public Holidays) upto the date of the Annual General Meeting.
6. The Register of Members and Share Transfer Books will remain closed from 26<sup>th</sup> July, 2014 to 28<sup>th</sup> July, 2014 (both days inclusive).
7. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution, authorizing their representatives to attend and vote on their behalf at the Meeting and/or at any adjournment thereof.
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited.
9. Members may note that the Notice of the 28th Annual General Meeting and the Annual Report for the financial year 2013-14 are available on the Company's website [www.thejo-engg.com](http://www.thejo-engg.com) for their download. The physical copies of the aforesaid documents are open for inspection at the Company's Registered Office during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's designated email id: [investor@thejo-engg.com](mailto:investor@thejo-engg.com)
10. Members having any query or desiring any information pertaining to annual accounts are requested to write to the Company at an early date to enable the Company to answer the queries at the Meeting.

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**NOTICE TO MEMBERS**
**Explanatory Statement annexed to the Notice dated 02<sup>nd</sup> July, 2014 convening the Annual General Meeting of the Company, pursuant to Section 102 (1) of the Companies Act, 2013**
**Item Nos. 4 to 8 :**

Pursuant to Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. V.K. Srivastava, Mr. A. Satyaseelan, Mr. M.P. Vijay Kumar, Dr. C.N. Ramchand and Mr. N. Ganga Ram as Independent Directors of the Company upto 31<sup>st</sup> March, 2019. They will not be liable to retire by rotation as stipulated in Section 152 of the Companies Act, 2013. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from Members proposing the appointment of aforesaid Independent Directors.

A brief profile with other details of the Independent Directors is given below :

Name of the Director	Mr. V.K. Srivastava
Director Identification Number	00611678
Date of joining of the Board	16 <sup>th</sup> January, 2012
Profile of the Director	<b>Mr. V.K. Srivastava</b> holds Degree in Mechanical Engineering and a Degree in Industrial Engineering. He also holds a Diploma in Management. He has been associated with Bokaro Steel Plant of the Steel Authority of India Limited ("SAIL") for more than three decades. He started his career with SAIL as a graduate engineer and retired as Managing Director of SAIL. He was the Chairman of the Board of Governors of Birsa Institute of Technology, Sindri. He has also been the Chairman/Director of a number of PSUs.
No. of shares held in the Company	Nil
Directorships and Committee Memberships in other Companies	Hindustan Copper Limited, Member - Audit Committee

Name of the Director	Mr. A. Satyaseelan
Director Identification Number	05158896
Date of joining of the Board	16 <sup>th</sup> January, 2012
Profile of the Director	<b>Mr. A. Satyaseelan</b> is a graduate in law. He has more than 35 years of experience in legal domain including 20 years in the Industry. Currently, he is a practising advocate at the Hon'ble High Court of Madras. Prior to setting up practice, he was heading the legal department of a leading manufacturing company's Corporate Office. He is specializing in corporate and taxation laws.
No. of shares held in the Company	Nil
Directorships and Committee Memberships in other Companies	Nil

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**NOTICE TO MEMBERS**

Name of the Director	Mr. M.P. Vijay Kumar
Director Identification Number	05170323
Date of joining of the Board	16 <sup>th</sup> January, 2012
Profile of the Director	<b>Mr. M.P. Vijay Kumar</b> is a Chartered Accountant, Company Secretary and Cost Accountant with experience of more than twenty years in professional practice as well as industry. Currently, he is the Chief Financial Officer at Sify Technologies Limited. He has been a Member of Accounting Standards Board of ICAI and other committees of ICAI.
No. of shares held in the Company	Nil
Directorships and Committee Memberships in other Companies	Nil

Name of the Director	Dr. C.N. Ramchand
Director Identification Number	05166709
Date of joining of the Board	16 <sup>th</sup> January, 2012
Profile of the Director	<b>Dr. C.N. Ramchand</b> holds a post-graduate degree in Chemistry and doctorate in Biochemistry. He has more than 27 years of experience in teaching, research, drug discovery programmes, disease mechanism and setting up of research facilities with various entities in United States of America, United Kingdom and India. He has published a number of peer reviewed papers in various international journals. Dr. Ramchand is currently the CEO of Saksin Life Sciences Private Limited and is a senior visiting fellow at the University of Sheffield, University of New Castle and Slovakian Academy of Sciences.
No. of shares held in the Company	Nil
Directorships and Committee Memberships in other Companies	Nil

Name of the Director	Mr. N. Ganga Ram
Director Identification Number	00001246
Date of joining of the Board	16 <sup>th</sup> January, 2012
Profile of the Director	<b>Mr. N. Ganga Ram</b> holds a Master's Degree in Economics. Besides, he is a Certified Associate of the Indian Institute of Banking & Finance and a Fellow of Economic Development Institute of the World Bank, Washington. After a stint with a commercial bank, Mr. Ganga Ram joined RBI/IDBI where he worked for more than 25 years to retire as Executive Director of IDBI. He was a Consultant to the World Bank, Washington and the Asian Development Bank, Manila and was also an Adviser to UTI and ICRA.
No. of shares held in the Company	Nil
Directorships and Committee Memberships in other Companies	<ol style="list-style-type: none"> <li>1. Positive Packaging Industries Ltd., Chairman – Audit Committee.</li> <li>2. Sundaram BNP Paribas Home Finance Ltd., Member – Audit Committee</li> <li>3. Chemfab Alkalies Ltd., Chairman – Shareholders Grievances Committee, Member – Audit Committee</li> </ol>

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**NOTICE TO MEMBERS**

*Note : Directorships and Committee Memberships in Thejo Engineering Limited are not included in the aforesaid disclosure. Also, alternate directorship, directorships in Private Limited Companies, Foreign Companies, Section 8 Companies and Companies registered under Section 25 of the Companies Act, 1956 and their Committee Memberships are excluded. Membership and Chairmanship of Audit Committees and Investor Grievance Committees of only public companies have been included in the aforesaid table.*

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 and Clause 52 of the SME Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and such Independent Directors are independent of the management. Further, all the aforesaid Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Your Directors recommend the Resolutions for the approval of the Members.

Other than the respective Independent Directors and their relatives, none of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed Ordinary Resolutions as set out in Item Nos. 4 to 8 of this Notice. This explanatory statement may also be regarded as disclosure under Clause 52 of the SME Listing Agreement.

**Item No. 9**

The Objects clause of the Memorandum of Association of the Company does not provide for giving of guarantees for facilities availed/secured by others, including its subsidiary companies. With the Company having two overseas subsidiaries and considering their business and funding plans, it is desirable to amend the objects clause to include the powers to give guarantee on behalf of others. Accordingly, it is proposed to alter the Memorandum of Association as detailed in the resolution at item No.9 of the Notice.

Pursuant to the provisions of Section 13 of the Companies Act, 2013, approval of the Members of the Company by way of Special Resolution is required for amending the Memorandum of Association. Accordingly, approval of the Members is sought by means of a Special Resolution as set out at Item No. 9 of the Notice.

The existing Memorandum of Association of the Company along with the Memorandum of Association incorporating therein the proposed alterations are available for inspection to all the Members of the Company at the Registered Office of the Company during business hours on all week days till the date of Annual General Meeting and at the venue.

Your Directors recommend the Resolution for the approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed Resolution.

**Item No. 10**

The Members of the Company at the 26<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2012, approved the appointment of Mr. Manoj Joseph as Whole-time Director for a period of three years with effect from 20<sup>th</sup> June, 2012.

The present remuneration structure of Mr. Manoj Joseph does not include payment of commission. It is proposed to include commission component in the existing terms of remuneration with all the other terms and conditions of the appointment remaining unchanged. The overall remuneration payable to Mr. Manoj Joseph will be subject to the limits as prescribed under Sections 197, 198 and in terms of Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013.

Your Directors recommend the Resolution for the approval of the Members.

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**NOTICE TO MEMBERS**

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed Resolution except Mr. Manoj Joseph and his relatives. It may be noted that Mr. K.J. Joseph, Chairman and Mr. Manoj Joseph are related as father and son.

**Item No. 11**

The Members of the Company at the Extraordinary General Meeting held on 09<sup>th</sup> April, 2012, approved the appointment of Mr. Rajesh John as Whole-time Director for a period of five years with effect from 16<sup>th</sup> January, 2012.

The present remuneration structure of Mr. Rajesh John does not include payment of commission. It is proposed to include commission component in the existing terms of remuneration with all the other terms and conditions of the appointment remaining unchanged. The overall remuneration payable to Mr. Rajesh John will be subject to the limits as prescribed under Section 197, 198 and in terms of Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013.

Your Directors recommend the Resolution for the approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed Resolution except Mr. Rajesh John and his relatives. It may be noted that Mr. Thomas John, Vice-Chairman and Mr. Rajesh John are related as father and son.

By Order of the Board  
For THEJO ENGINEERING LIMITED

Place : Chennai  
Date : 02<sup>nd</sup> July, 2014

M.D. RAVIKANTH  
CFO & Secretary

## DIRECTORS' REPORT

The Directors have pleasure in presenting their 28<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2014. The summarized financial results for the year are given below :

	<b>Year Ended 31-03-2014</b>	Amount ₹ in lakhs Year Ended 31-3-2013
Profit before Exceptional Items, Interest, Depreciation and Tax	<b>2,067.52</b>	2,020.66
Less : Exceptional Item	<b>24.74</b>	0.00
Profit before Interest, Depreciation and Tax	<b>2,042.78</b>	2,020.66
Less : Interest	<b>450.22</b>	380.16
Profit before Depreciation and Tax	<b>1,592.56</b>	1,640.50
Less : Depreciation	<b>274.94</b>	202.87
Net Profit before Taxes	<b>1,317.62</b>	1,437.63
Less : Taxation (Including Deferred Tax)	<b>446.57</b>	462.85
Net Profit After Tax	<b>871.05</b>	974.78
Add : Brought forward from previous year	<b>2,712.43</b>	1,935.57
Balance Available for Appropriations	<b>3,583.48</b>	2,910.35
<b>Appropriations</b>		
Transfer to General Reserve	<b>87.11</b>	97.49
Proposed Dividend	<b>120.17</b>	85.84
Dividend Distribution Tax	<b>20.42</b>	14.59
Balance Carried over to Balance Sheet	<b><u>3,355.78</u></b>	<b><u>2,712.43</u></b>

### REVIEW OF FINANCIAL PERFORMANCE

The Company's Sales turnover in the year under review aggregated ₹ 14885.98 lakhs, up by 11.60% over the previous year (₹ 13338.12 lakhs), on which it made a net profit (excluding exceptional item) of ₹ 895.79 lakhs as against ₹ 974.78 lakhs in 2012-13. Your Company has more or less maintained the profit level in the face of economic uncertainty compared to the last financial year.

### DIVIDEND AND ISSUE OF BONUS SHARES

Your Directors are pleased to recommend payment of dividend of 35% i.e. ₹ 3.50 per Equity Share of ₹ 10 each for the financial year ended 31<sup>st</sup> March, 2014 (50% in the previous year) with the bonus shares issued in the ratio of 1:1 in September, 2013 being eligible for dividend for the full year. The dividend amount of ₹ 120.17 lakhs (₹ 85.84 lakhs in the previous year) together with dividend distribution tax of ₹ 20.42 lakhs (₹ 14.59 lakhs in the previous year) will absorb a sum of ₹ 140.59 lakhs (₹ 100.43 lakhs in the previous year).

During the year 2013 -14, the Company issued and allotted bonus shares in the ratio of one fully paid equity share for every one fully paid equity share held in the Company as on record date.



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**DIRECTORS' REPORT****REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS****ENVIRONMENT**

The year 2013-14 witnessed divergent growth globally with the US economy strengthening on the one side and an uneven subdued growth in Europe and Japan, coupled with a slowdown in developing and emerging markets. While the strengthening trend is expected to accelerate during the current year, the positive outlook is watered down to some extent due to the tapering of some of Quantitative Easing policies of the Federal Reserve. Overall, the year under review witnessed signs of slowdown of the economy.

GDP growth rate marginally increased from 4.5% in 2012-13 to 4.7% in 2013-14, still below 5% for the second year in succession. The rate of inflation continued to be high during the year, prompting the Reserve Bank of India to raise the lending rates (repo rates). During 2013-14 the manufacturing sector fell by 0.7% as against 1.1% growth in 2012-13. The Services sector grew by 5.8% in 2013-14 as against 5.6% in 2012-13.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The growth of core sector industries in India during the year 2013-14 stood at 2.6% as against a growth of 6.5% in the previous year. Tight financial position and resultant stagnation of a number of projects under implementation as well as issues relating to environmental clearance contributed largely to the fall in the growth of core sector industries during the year.

**COMPANY PERFORMANCE AND KEY DEVELOPMENTS**

As the Members are aware, the Company is engaged in manufacturing, marketing and servicing activities, all under one roof. The services business caters to Belt Splicing, Pulley Lagging, Belt Conveyor Maintenance, Installation of Belt Conveyors, Belt Reconditioning, Rubber Lining etc., and products business centers around design, development, manufacture and supply of Rubber and Polyurethane based engineered products for belt cleaning, spillage control, flow enhancement, impact & abrasion protection and screening applications.

**TIE-UP WITH BRIDGESTONE**

During the year 2013-14, the Company entered into share subscription agreement with Bridgestone Corporation, Tokyo, Japan, Bridgestone Engineered Products of Asia Sdn Bhd, Kuala Lumpur, Malaysia (subsidiary of Bridgestone Corporation, Japan) and Thejo Australia Pty Ltd. based on which, Bridgestone Engineered Products of Asia Sdn Bhd acquired 26% stake in the share capital of Thejo Australia Pty Ltd (Thejo Australia). With this transaction, your Company holds 76% in Thejo Australia Pty Ltd., and the balance is held by Bridgestone Engineered Products of Asia Sdn Bhd.

**TRADING SEGMENT IN SME PLATFORM**

The Equity Shares of the Company were traded in SME Platform of Nation Stock Exchange under Call Auction Market. The Company shifted the trading of equity shares from Call Auction Market to the Continuous Market with effect from 2<sup>nd</sup> May, 2014 for the benefit of the Members of the Company.

**STATUS OF UTILIZATION OF PROCEEDS RAISED FROM IPO**

The funds raised from IPO are to be utilized for the following purposes (apart from meeting General corporate needs and IPO expenses) :

Setting up of in-house R&D Center

Setting up of Polyurethane Unit

Investment in Wholly-Owned Subsidiary in Australia

Setting up of Lining Unit

Expansion of existing manufacturing Unit

## DIRECTORS' REPORT

The Company has completed all the above mentioned objects of the IPO except expansion of existing manufacturing units. The expansion of existing units is currently under progress and is expected to be completed by the first half of the current financial year. As on 30<sup>th</sup> June, 2014, an amount of ₹ 305.05 lakhs remains to be utilized from the IPO proceeds.

The project-wise utilization of IPO proceeds is summarized in the following table :

(₹ in lakhs)

Projects	As per RHP	Utilized upto 30 <sup>th</sup> June, 2014	Balance as on 30 <sup>th</sup> June, 2014
PU Unit	68.28	68.28	0.00
Expansion of Unit I	686.61	381.56	305.05
R&D Center	283.05	283.05	0.00
Lining Plant	169.02	169.02	0.00
Thejo Australia Pty Ltd.	642.00	642.00	0.00
General Corporate Purposes	71.14	71.14	0.00
IPO Expenses	180.55	180.55	0.00
Total	2,100.65	1,795.60	305.05

## RESEARCH AND DEVELOPMENT

During the year 2013 -14, the R&D Center of the Company obtained recognition from the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India. The R&D Center will focus on developing new and innovative products as well as to bring continuous improvement of existing products so as to meet the needs of the customers and to tap new markets.

## INSURANCE CLAIM

As mentioned in the Annual Report of last year, the Company had made a claim towards goods lost/destroyed on account of fire accident at the stores of the Ponneri manufacturing unit. The claim has been fully settled for a sum of ₹ 305.14 lakhs apart from salvage worth ₹ 29.44 lakhs being taken by the Company. The insurance Company has made full payment of the claim. There is an ultimate loss of ₹ 24.74 lakhs, primarily on account of policy excess. There has been no major disruption in the operations due to the accident.

## SAFETY

As part of its policy giving utmost importance to safety, the Safety Department of your Company is continuously evaluating every process at its manufacturing as well as work sites, and taking necessary steps for the safety of personnel as well as of properties. The Company conducts safety audit on regular basis and takes appropriate steps based on the audit findings.

## OPPORTUNITIES AND THREATS

### OPPORTUNITIES

The products as well as services offerings of the Company are intended for the core sector industries. The opportunities for the industry in which the Company operates are intertwined with the opportunities for core sector industries.

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## **DIRECTORS' REPORT**

Despite the current sluggishness in the domestic core sector, the prospects of the core sector industries are very bright and optimistic. Moreover, the Company's portfolio includes installation and maintenance services and products catering to both the categories. As a result, even during the period of sluggishness, any loss of business in installation-related work will be compensated to a fair extent by increased maintenance works as the maintenance of existing systems would be given due importance during periods of slowdown. This is evident in results of the last year, where the Services Division has shown significant growth.

The Company has started its Operations & Maintenance Division under which it offers comprehensive service. There is a perceptible momentum in favour of the concept of Operations & Maintenance and the market is expected to grow exponentially. The Company expects to tap a sizeable portion of the increasing demand for Operations & Maintenance service.

On the export front, the Company is exploring International Markets apart from Australia and Saudi Arabia. The Company intends to focus its attention on Brazil and Chile Markets as well. It takes considerable time to achieve breakthrough in these markets and we expect good business and returns from them in the medium term.

### **THREATS**

There are only limited number of organized players in the segment in which the Company operates. However, competition from parties in the unorganized sector is a challenge for the services business of the Company.

Policy change in respect of core sector industries will have direct impact on the business of the Company as the Company primarily caters to core sector industries in the domestic market.

The prices of most of the raw materials used by the Company are highly volatile. The volatility is expected to continue in the near future as well. The Company is mitigating this risk by framing appropriate procurement and pricing policies.

### **FUTURE OUTLOOK**

The General Elections of 2014 in India has given a clear majority to a single party for the first time in the last three decades, thereby raising expectations of a stable Government, which can make bold decisions and policies. The future outlook for the year 2014-15 is moderate with inflationary pressure, difficulties in passing the increase in input costs to customers fully and high interest rates continuing to be of challenge. The year 2015-16 may show considerable growth provided the appropriate policy initiatives are implemented without further delay.

### **FINANCIAL PERFORMANCE**

The financial performance of the Company has shown an overall growth of about 11.60% in terms of turnover compared to the previous year. The increase in turnover has been contributed primarily by the Services Division and trading of raw rubber. The Service Division has grown by about 16% in terms of turnover as against 7% in Manufacturing and Trading Division. Export has shown a negative growth of about 28% on product front as against a growth of 105% on services front (where the base was lower at ₹ 52.12 lakhs). The production of moulded and extruded rubber products was 1,271 tonnes during the year, registering a growth of 10% over the previous year (1,158 tonnes). The production of adhesives during the year was 232 tonnes showing a modest growth of 8% over the previous year (215 tonnes).

### **SEGMENT WISE PERFORMANCE**

Your Company has 3 segments of revenue – Manufacturing Units, Service Units, and Others. Audited financial results of these segments are furnished in Note 25.4 forming part of the financial statements.

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**DIRECTORS' REPORT****RISK AND CONCERNS**

The Company has put in place Risk Management Policy and Procedures for identification, assessment, management, monitoring and minimization of risks. The Company has identified potential risks under various categories like Business Dynamics, Operations, Liquidity, Market/Industry, Human Resources, Systems and Disaster Management. The Company is periodically reviewing the risks and their identification, assessment, monitoring and mitigation procedures. The Company does not perceive any major technological, operational, financial or environmental risks in the near future.

Continuing uncertainty in domestic and global markets, constraints in infrastructure, recent developments in the price of gold adversely affecting gold mining activities across the globe and latest developments in global mining activities are cause for concern in the immediate future.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company has in place adequate internal control systems combined with Delegation of Powers and periodical review of the process. The control system is also supported by internal audits and management reviews with documented policies and procedures.

**DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

During the year, the Company, as part of ongoing exercise in skill upgradation, deputed different classes of its employees to programmes and seminars which would help them to add to their professional knowledge and skills.

In order to enthuse the employee base and increase the linear relationship between performance and reward, incentives are being provided based on performance. The Company continued to look at, identify, create and execute seamlessly, initiatives which enhance productivity and efficiency.

The Company continues to invest in people through various initiatives which enable the workforce to meet the production and service expectations and challenges related thereto and to infuse positive enthusiasm towards the organisation.

**CAUTIONARY STATEMENT**

Certain statements in the Management Discussion and Analysis describing the Company's views about the Industry, objectives and expectations, etc. may be considered as 'forward looking statements.' The Company has tried to identify such statements by using words such as 'expect', 'anticipate', 'hope', 'likely', 'plan', 'projected' and 'believe.' While making these statements, the Management has made certain assumptions which it believes are prudent. There is no guarantee that the assumptions would prove to be accurate. Actual results may differ substantially or materially from those expressed or implied in the statement. The Company undertakes no obligation to update any of the forward looking statements, whether as a result of any future events, change in assumptions or for any other reason, whatsoever. The forward looking statements are purely intended to put certain things in perspective based on the assumptions and estimates of the Management and in no way solicit investment. Members and others are requested to make their own judgment before taking any decision to invest in the shares of the Company.

**SUBSIDIARY COMPANIES**

As on date of this Report, the Company has two subsidiaries, namely, Thejo Hatcon Industrial Services Company LLC, Kingdom of Saudi Arabia (Thejo Hatcon) in which the Company has 51% shareholding and Thejo Australia Pty Ltd., Australia (Thejo Australia) in which the Company has 74% shareholding. Both the subsidiaries have obtained all the statutory approvals and have commenced their operations.

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## **DIRECTORS' REPORT**

As mentioned earlier, Bridgestone Engineered Products of Asia Sdn Bhd (Bridgestone), a wholly owned subsidiary of Bridgestone Corporation, Japan, acquired 26% stake in the share capital of Thejo Australia Pty Ltd. We believe that the arrangement with Bridgestone will contribute to the growth of Thejo Australia Pty Ltd as Bridgestone has a sizeable market share in Australia's conveyor market and the tie-up will enable Thejo Australia Pty Ltd., to bag product and service contracts including that of splicing materials.

The Audited Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2014 are annexed to its Financial Statements. These Statements have been prepared as per Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

### **PERFORMANCE OF SUBSIDIARY COMPANIES**

Thejo Hatcon Industrial Services Company LLC (Thejo Hatcon) is engaged primarily in rubber lining and related industrial services activities. During the period 01<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, Thejo Hatcon achieved a turnover of SAR 24.91 lakhs (₹ 379.72 lakhs) with a loss of SAR 2.70 lakhs (₹ 33.01 lakhs).

Thejo Australia Pty Ltd. (Thejo Australia) is a servicing Company, primarily engaged in belt splicing, belt jointing and related activities. During the period, 01<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, Thejo Australia achieved a turnover of AUD 14.49 lakhs (₹ 813.25 lakhs) with a loss of AUD 11.27 lakhs (₹ 634.48 lakhs).

### **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.

### **TECHNOLOGY ABSORPTION**

#### **a) Specific areas in which R & D carried out by the Company**

- Development of new innovative products
- Evaluation and usage of new raw materials
- Development of methods to achieve uniformity and consistency in product quality and performance by improved process controls.
- Productivity improvement and methods for reduction in energy consumption.

#### **b) Benefits derived as a result of R&D**

- Meeting the ever-changing product performance requirements of the market by developing suitable products to cater to these stringent requirements on a continuous basis.
- Improving the field service performance of existing products to surpass the quality of competitive products.
- Evaluating new and innovative raw materials for possible adoption and incorporation into the relevant products.
- Introduction of new methods and systems for improved productivity and reduction in energy consumption.

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**DIRECTORS' REPORT**
**c) Future plan of action**

- Develop new products in the field of seismic protection to buildings, products for construction and infrastructure development.
- Develop environment-friendly materials and eliminate usage of hazardous chemicals.
- Develop applications for the cellulosic nano materials from waste agricultural produce.
- Adoption and usage of solar energy for reduced costs.
- Joint collaborative projects with relevant specialized Universities to carry out specific development projects in Engineering, Metallurgy, Materials and Bonding Systems.
- Utilization of the CSIR Laboratories for collaborative development projects.
- Develop specialty chemicals as a part of the effort for import substitution.

**d) Expenditure on R&D**

<b>Particulars</b>	<b>2013-14 (₹ in lakhs)</b>
Capital	7.08
Revenue (excluding depreciation)	75.32
Total	82.40
Total R&D expenditure as a % of total turnover	0.55%

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

₹ in Lakhs

**a) Payments in foreign currency towards Imports**

<b>Imports at CIF Value</b>	<b>2013-14</b>	<b>2012-13</b>
Raw Materials and Traded goods	602.73	386.46
Capital goods	124.99	286.31

**b) Payments in foreign currency towards Expenditure**

<b>Expenditure in Foreign currency</b>	<b>2013-14</b>	<b>2012-13</b>
Royalty	-	11.82
Commission paid	-	15.84
Professional and consultation fees	78.75	29.58
Foreign Tour	17.64	10.53
Advertisement & Sales promotion/ Seminar	-	13.02

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**DIRECTORS' REPORT**
**c) Earnings in foreign currency on Accrual basis**

<b>Earnings in foreign currency</b>	<b>2013-14</b>	2012-13
Exports – Products	1149.18	1592.74
Exports – Services	106.95	52.12
Sale of Fixed Asset	24.78	-

**d) Net Gain or Loss on Foreign Currency Translation**

<b>Description</b>	<b>2013-14</b>	2012-13
Profit on Foreign Currency Translation	52.13	86.62

**DIRECTORS**

Mr. V.K. Srivastava, Non-executive Independent Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Srivastava may be considered by the Members for reappointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31<sup>st</sup> March, 2019. A Resolution for his election as Independent Director of the Company is included in the Notice dated 2<sup>nd</sup> July, 2014 convening the Annual General Meeting.

Mr. A. Satyaseelan, Non-executive Independent Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Satyaseelan may be considered by the Members for reappointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31<sup>st</sup> March, 2019. A Resolution for his election as Independent Director of the Company is included in the Notice dated 2<sup>nd</sup> July, 2014 convening the Annual General Meeting.

Mr. M.P. Vijay Kumar, Non-executive Independent Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Vijay Kumar may be considered by the Members for reappointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31<sup>st</sup> March, 2019. A Resolution for his election as Independent Director of the Company is included in the Notice dated 2<sup>nd</sup> July, 2014 convening the Annual General Meeting.

Dr. C.N. Ramchand, Non-executive Independent Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Dr. Ramchand may be considered by the Members for reappointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31<sup>st</sup> March, 2019. A Resolution for his election as Independent Director of the Company is included in the Notice dated 2<sup>nd</sup> July, 2014 convening the Annual General Meeting.

Mr. N. Ganga Ram, Non-executive Independent Director was appointed as Director of the Company subject to retirement by rotation at the 27<sup>th</sup> Annual General Meeting. Mr. Ganga Ram may be considered by the Members for appointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31<sup>st</sup> March, 2019. A Resolution for his election as Independent Director of the Company is included in the Notice dated 2<sup>nd</sup> July, 2014 convening the Annual General Meeting.

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**DIRECTORS' REPORT**

The Company has received declarations from all the above mentioned Independent Directors of the Company, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Clause 52 of the SME Listing Agreement.

A brief resume of these Directors and related information are given in the Notice convening the Annual General Meeting. The Directors recommend their appointment / re-appointment as Directors of the Company.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Your Directors have constituted a Corporate Social Responsibility Committee (CSR Committee) comprising Mr. K.J. Joseph, Mr. Thomas John, Mr. V.A. George and Mr. V.K. Srivastava as Members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

The Committee has since formulated the CSR policy of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm —

- i. that in the preparation of the accounts for the year ended 31<sup>st</sup> March, 2014, 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 2 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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014, have been prepared on a going concern basis.

**PERSONNEL**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees covered therein are to be set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto and if interested in obtaining the information, they may write to the Company Secretary at the Registered Office of the Company.

**AUDITORS' REPORT**

The Auditors' Report for the year ended 31<sup>st</sup> March, 2014 does not contain any qualification.

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**DIRECTORS' REPORT**

**AUDITORS**

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

**CORPORATE GOVERNANCE**

Your Company has complied with the requirements of Corporate Governance stipulated under Clause 52 of the SME Listing Agreement entered into with the National Stock Exchange of India Ltd. (NSE). A report on Corporate Governance forms part of this Report.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance stipulated under Clause 52 of the SME Listing Agreement, and have certified the compliance. The certificate is reproduced in the Corporate Governance Report.

**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  
Date : 2<sup>nd</sup> July, 2014

V.A. GEORGE  
Managing Director

THOMAS JOHN  
Vice Chairman

K.J. JOSEPH  
Chairman

## CORPORATE GOVERNANCE REPORT

### I. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's Code of Corporate Governance permeates in all aspects of its working and towards maximizing the Shareholders' value. The Company believes that good corporate governance system enables it to retain the trust of the Members.

The code of conduct and governance lays strong emphasis on transparency, accountability, community engagement and quick business decisions.

The Company has taken several initiatives towards maintaining good corporate governance system. The Audit Committee and the Nomination and Remuneration Committee of the Board consist wholly of Independent Directors.

The Company has amended various norms, which are aligned with the provisions of the Companies Act, 2013 and ensure the effective practices on Corporate Governance and timely disclosure of information to the Shareholders.

The Company has adopted various codes and policies which include Code for Board of Directors and Senior Managers, Code of Conduct for Prohibition of Insider Trading, Whistle Blower Policy, Corporate Social Responsibility Policy and Risk Management Policy.

### II. BOARD OF DIRECTORS

The Board of Directors of the Company consists of optimum combination of Executive and Non-executive Directors. As at 31<sup>st</sup> March, 2014, the Company's Board had 10 Directors, of which three were Executive Directors, two were Non-executive Non-independent Directors and five Independent Directors. The composition of the Board and category of Directors were as follows :

Category	Name of Director & Designation	DIN
<b>Promoters &amp; Non-executive Directors</b>	Mr. K.J. Joseph, Chairman <sup>1</sup>	00434410
	Mr. Thomas John, Vice Chairman <sup>2</sup>	00435035
<b>Executive Directors</b>	Mr. V.A. George, Managing Director <sup>3</sup>	01493737
	Mr. Manoj Joseph, Whole-time Director	00434579
	Mr. Rajesh John, Whole-time Director	05161087
<b>Independent Directors</b>	Mr. N. Ganga Ram, Independent Director	00001246
	Mr. V.K. Srivastava, Independent Director	00611678
	Mr. A. Satyaseelan, Independent Director	05158896
	Mr. M.P. Vijay Kumar, Independent Director	05170323
	Dr. C.N. Ramchand, Independent Director	05166709

- Notes:**
1. Ceased to be a Whole-time Director with effect from 20<sup>th</sup> June, 2013 and designated as Non-executive Chairman.
  2. Ceased to be Managing Director with effect from 20<sup>th</sup> June, 2013 and designated as Non-executive Vice Chairman of the Company with effect from 15<sup>th</sup> July, 2013.
  3. Mr. V.A. George has been appointed as Managing Director of the Company with effect from 15<sup>th</sup> July, 2013.

### CORPORATE GOVERNANCE REPORT

The details of Directorship held in other Companies/Board Committees by each Member of the Board of Directors of the Company as on 31<sup>st</sup> March, 2014 were as under -

S.No.	Name of the Director	Number of Directorship held in other Companies	Number of Board Committee Memberships / Chairmanships held in other Companies	
			Membership	Chairmanship
1	Mr. K.J. Joseph	Nil	Nil	Nil
2	Mr. Thomas John	Nil	Nil	Nil
3	Mr. V.A. George	Nil	Nil	Nil
4	Mr. Manoj Joseph	Nil	Nil	Nil
5	Mr. Rajesh John	Nil	Nil	Nil
6	Mr. N. Ganga Ram	3	4	2
7	Mr. V.K. Srivastava	1	1	Nil
8	Mr. M.P. Vijay Kumar	Nil	Nil	Nil
9	Mr. A. Satyaseelan	Nil	Nil	Nil
10	Dr. C.N. Ramchand	Nil	Nil	Nil

**Notes:**

1. None of the Directors hold chairmanship of the Board Committees in excess of the maximum ceiling of five and Membership in excess of the maximum ceiling of ten as specified in Clause 52 of the SME Listing Agreement with NSE.
2. For the purpose of reckoning the ceiling, Chairmanship/Membership of the Audit Committee and the Shareholders' and Investors' Grievance Committee alone has been considered and Directorship in Private Limited Companies, Foreign Companies, Section 8 Companies and Companies registered under Section 25 of the Companies Act, 1956 has not been considered.
3. Excluding Directorship in Thejo Engineering Limited and its subsidiaries.

**Relationship between Directors**

None of the Directors have any family relationships between them, save and except Mr. K.J. Joseph and Mr. Manoj Joseph as father and son and Mr. Thomas John and Mr. Rajesh John also as father and son.

**Shareholding of Directors**

None of the Directors have any shareholding in our Company as on 31<sup>st</sup> March, 2014 except as disclosed below :

S.No.	Name of the Director	No. of Shares	% of Equity Share Capital
1	Mr. K.J. Joseph	3,55,380	10.35
2	Mr. Thomas John	4,75,660	13.85
3	Mr. V.A. George	50,000	1.46
4	Mr. Manoj Joseph	1,65,860	4.83
5	Mr. Rajesh John	1,50,540	4.38

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**CORPORATE GOVERNANCE REPORT**
**Meetings and Attendance****Attendance of Directors at Board Meetings and Annual General Meeting (AGM)**

During the year, the Board met 6 times. The meetings of the Board of Directors were held on 10<sup>th</sup> May, 2013, 30<sup>th</sup> May, 2013, 15<sup>th</sup> July, 2013, 30<sup>th</sup> August, 2013, 11<sup>th</sup> November, 2013 and 28<sup>th</sup> February, 2014. The attendance of each Director at the Board Meetings and at the last Annual General Meeting is as under :

S.No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last Annual General Meeting held on 30 <sup>th</sup> August, 2013
1	Mr. K.J. Joseph	6	6	Yes
2	Mr. Thomas John	6	6	Yes
3	Mr. V.A. George <sup>1</sup>	6	4	Yes
4	Mr. Manoj Joseph	6	4	Yes
5	Mr. Rajesh John	6	5	Yes
6	Mr. N. Ganga Ram	6	6	Yes
7	Mr. V.K. Srivastava	6	6	Yes
8	Mr. M.P. Vijay Kumar	6	6	Yes
9	Mr. A. Satyaseelan	6	6	Yes
10	Dr. C.N. Ramchand	6	4	Yes

**Note:** 1. Mr. V.A. George was appointed as Director/Managing Director with effect from 15<sup>th</sup> July, 2013.

**III. COMMITTEES****(i) Audit Committee**

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, the Audit Committee of the Board of Directors was constituted on 16<sup>th</sup> January, 2012. The Committee consists of three Independent Directors. The status of the Independent Directors and attendance at the meetings were as follows :

S.No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Mr. M.P. Vijay Kumar	Independent Director, Chairman	6	6
2	Mr. N. Ganga Ram	Independent Director, Member	6	6
3	Mr. A. Satyaseelan	Independent Director, Member	6	6

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Audit Committee of the Board were held on 10<sup>th</sup> May, 2013, 30<sup>th</sup> May, 2013, 15<sup>th</sup> July, 2013, 30<sup>th</sup> August, 2013, 11<sup>th</sup> November, 2013 and 28<sup>th</sup> February, 2014.

**Terms of Reference**

The principal terms of reference of the Audit Committee are as follows :

1. Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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**CORPORATE GOVERNANCE REPORT**

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings, Compliance with listing and other legal requirements relating to financial statements.
  - (e) Disclosure of any related party transactions.
  - (f) Qualifications in the draft audit report.
5. Reviewing, with the Management, the half-yearly financial statements before submission to the Board for approval.
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in this matter.
7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with Internal Auditors any significant findings and follow-up thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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**CORPORATE GOVERNANCE REPORT**

16. To review the following information :

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (d) Internal audit reports relating to internal control weaknesses; and
- (e) The appointment, removal and terms of remuneration of the Chief Internal Auditor.

**Other information**

Executives from Accounts, Finance and Secretarial Departments and representatives of statutory and internal auditors attend Audit Committee Meetings. The cost auditors attend the Audit Committee Meetings when their reports are considered by the Committee.

The due date for filing the cost audit report for the financial year ended 31<sup>st</sup> March, 2013 was 27<sup>th</sup> September, 2013 and the cost audit report was filed with MCA in xbrl format on 10<sup>th</sup> October, 2013. The due date for filing of the cost audit report for the financial year ended 31<sup>st</sup> March, 2014 is 27<sup>th</sup> September, 2014.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 30<sup>th</sup> August, 2013.

**(ii) Nomination and Remuneration Committee**

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, the Nomination and Remuneration Committee of the Board was formed on 16<sup>th</sup> January, 2012 and the Committee comprises three Independent Directors. The Committee was originally designated as Remuneration Committee and has been re-designated as Nomination and Remuneration Committee with effect from 20<sup>th</sup> May, 2014. The status of the Independent Directors and attendance at the meeting were as follows :

S.No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Mr. N. Ganga Ram	Independent Director, Chairman	2	2
2	Mr. V.K. Srivastava	Independent Director, Member	2	2
3	Mr. M.P. Vijay Kumar	Independent Director, Member	2	2

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Nomination and Remuneration Committee of the Board were held on 15<sup>th</sup> July, 2013 and 28<sup>th</sup> February, 2014.

**Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee include the following :

1. Recommending /reviewing remuneration of the Managing Director and Whole-time Directors as also of Non-executive Directors based on their performance and defined assessment criteria.
2. Determining / recommending the criteria for appointment of Executive, Non-executive and Independent Directors to the Board;



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## CORPORATE GOVERNANCE REPORT

3. Determining / recommending the criteria for qualifications, positive attributes and independence of Directors;
4. Identifying candidates who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment and removal;
5. Reviewing and determining all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonus, stock options, pension, etc.;
6. Reviewing and determining fixed component and performance linked incentives for Directors along with the performance criteria;
7. Determining policy on service contracts, notice period, severance fees for Directors and Senior Management;
8. Evaluating each Director's performance and performance of the Board as a whole;
9. Carrying out any other function as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

### **Directors' Appointment Criteria / Policy**

The Board of Directors is collectively responsible for selection of a Member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identification, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include :

1. Composition of the Board which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
2. Desired age and diversity on the Board;
3. Size of the Board with optimal balance of skills and experience and balance of Executive and Non-executive Directors consistent with requirements of the law;
4. Professional qualifications, expertise and experience in specific area of business;
5. Balance of skills and expertise in view of the objectives and activities of the Company;
6. Avoidance of any present or potential conflict of interest;
7. Availability of time and other commitments for proper performance of duties; and
8. Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency and pioneering mindset.

### **Remuneration Policy**

1. The reward policy of the Company shall be to pay market competitive reward with a strong linkage to performance, which ensures the effective recognition of performance and encourages a focus on achieving the operational results.
2. The appointment and remuneration of the Executive Directors, Key Managerial Personnel and Senior Management are by virtue of their employment with the Company as management employees and therefore their terms of employment viz. salary, variable pay, service contract, notice period and severance fee, if any, shall be governed by the applicable HR policies at the relevant period. The total reward package for Executive Directors, Key Managerial Personnel and Senior Management are intended to be market competitive with a strong linkage to the performance.

## CORPORATE GOVERNANCE REPORT

Details of Remuneration paid to the Directors for the year 2013-14 were as follows

(Amount ₹ in lakhs)

Name of Director	Sitting Fee <sup>1</sup>	Salary	Contribution to Statutory & Other Funds	Performance Linked Incentive <sup>2</sup>	Total
<b>Promoters / Non-executive Directors</b>					
Mr. K.J. Joseph <sup>3</sup>	1.18	3.13	-	-	4.31
Mr. Thomas John <sup>3</sup>	1.18	3.10	-	-	4.28
<b>Executive Directors</b>					
Mr. V.A. George <sup>4</sup>	-	42.50	-	-	42.50
Mr. Manoj Joseph	-	20.31	3.97	3.50	27.78
Mr. Rajesh John	-	16.49	3.39	3.00	22.88
<b>Independent Directors</b>					
Mr. N. Ganga Ram	1.80	-	-	-	1.80
Mr. V.K. Srivastava	1.74	-	-	-	1.74
Mr. A. Satyaseelan	1.74	-	-	-	1.74
Mr. M.P. Vijay Kumar	1.80	-	-	-	1.80
Dr. C.N. Ramchand	1.07	-	-	-	1.07

- Notes:**
- Includes Service Tax Paid on Sitting Fees under Reverse Charge by the Company with effect from 1<sup>st</sup> July, 2012.
  - Performance Linked Incentive for the financial year 2012-13 was paid during financial year 2013-14.
  - Mr. K.J. Joseph and Mr. Thomas John ceased to be Whole-time Directors with effect from 20<sup>th</sup> June, 2013.
  - Mr. V.A. George was appointed as Managing Director with effect from 15<sup>th</sup> July, 2013.

There were no other pecuniary relationships or transactions of the Non-executive Directors vis-à-vis the Company except services rendered in professional capacity. The Company has not granted any stock option to any of its Non-executive Directors.

## Directors' Tenure details

(Amount ₹ in lakhs)

Executive Directors	Tenure of Office	Notice Period	Performance Linked Incentive <sup>3</sup>	Severance Fees
Mr. K.J. Joseph <sup>1</sup>	20 <sup>th</sup> June, 2008 to 19 <sup>th</sup> June, 2013	Not Applicable	Nil	Nil
Mr. Thomas John <sup>1</sup>	20 <sup>th</sup> June, 2008 to 19 <sup>th</sup> June, 2013	Not Applicable	Nil	Nil
Mr. V.A. George <sup>2</sup>	15 <sup>th</sup> July, 2013 to 14 <sup>th</sup> July, 2018	Not Applicable	Nil	Nil
Mr. Manoj Joseph	20 <sup>th</sup> June, 2012 to 19 <sup>th</sup> June, 2015	Not Applicable	3.50	Nil
Mr. Rajesh John	16 <sup>th</sup> January, 2012 to 15 <sup>th</sup> January, 2017	Not Applicable	3.00	Nil

- Notes:**
- Mr. K.J. Joseph and Mr. Thomas John ceased to be a Whole-time Director with effect from 20<sup>th</sup> June, 2013.
  - Mr. V.A. George was appointed as Managing Director with effect from 15<sup>th</sup> July, 2013.
  - Performance Linked Incentive for the financial year 2012-13 was paid during financial year 2013-14.

## CORPORATE GOVERNANCE REPORT

### (iii) Shareholders' and Investors' Grievance Committee

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, Shareholders' and Investors' Grievance Committee of the Board was formed on 16<sup>th</sup> January, 2012, and the Committee comprises four Directors. The status of the Directors and their attendance at the meetings were as follows:

S.No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Dr. C.N. Ramchand	Independent Director, Chairman	5	3
2	Mr. V. K. Srivastava	Independent Director, Member	5	5
3	Mr. K.J. Joseph	Promoter & Non-executive Non-Independent Director, Member	5	5
4	Mr. Thomas John	Promoter & Non-executive Non-Independent Director, Member	5	5

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Shareholders' and Investors' Grievance Committee of the Board of Directors were held on 10<sup>th</sup> May, 2013, 15<sup>th</sup> July, 2013, 30<sup>th</sup> August, 2013, 11<sup>th</sup> November, 2013 and 28<sup>th</sup> February, 2014.

#### Terms of Reference

The terms of reference of the Shareholders' and Investors' Grievance Committee as on 31<sup>st</sup> March, 2014, include the oversight and review of all matters connected with the transfer of securities of the Company, approval of the issue of duplicate certificate, monitoring redressal of investors/shareholder grievances related to transfer of shares, non- receipt of Balance Sheet and non-receipt of declared dividend. The Committee has to monitor the performance of Registrar and Share Transfer Agent, recommend methods to upgrade the standard of services to the investors, and monitor implementation of and compliance with the Code of Conduct for Prohibition of Insider Trading.

#### Name and designation of Compliance Officer

Mr. M.D. Ravikanth, CFO & Secretary, is the Compliance Officer of the Company.

#### Investor Grievance Redressal:

During the Financial Year 2013-14, the Company received two complaints from the Shareholders and resolved them satisfactorily. There were thus no complaints outstanding as on 31<sup>st</sup> March, 2014.

## IV. GENERAL BODY MEETINGS

### (i) Details of last three Annual General Meetings held

The dates and times of the Annual General Meetings held during the preceding three years and the details of Special Resolution(s) passed are as follows :

Year	Date	Time	Location	Special Resolutions Passed
2012-13	30 <sup>th</sup> August, 2013	10.00 AM	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14.	Yes (One) <sup>1</sup>
2011-12	21 <sup>st</sup> September, 2012	11.00 AM	VDS House, III Floor, Cathedral Road, Chennai 86.	Nil
2010-11	20 <sup>th</sup> September, 2011	11.00 AM	VDS House, III Floor, Cathedral Road, Chennai 86.	Nil

**Note:** 1. Special Resolution was passed for payment of commission to the Non-executive Directors.

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**CORPORATE GOVERNANCE REPORT**
**(ii) Special Resolution, if any, passed through postal ballot - details of voting pattern**

The Company did not pass any special resolution through Postal Ballot during the Financial Year 2013-14.

However, the Company passed Ordinary Resolutions through Postal Ballot for increase in its Authorised Share Capital and consequent amendment to its Memorandum of Association on 26<sup>th</sup> April, 2013. The details of voting pattern were as follows:

Promoter / Public	No of Shares held	No of votes polled	% of votes polled on outstanding shares	No of votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
Promoter & Promoter Group	979920	937360	95.66	937360	0	100.00	0.00
Public - Institutional holders	288436	282736	98.02	282736	0	100.00	0.00
Public - Others	448420	154470	34.45	154170	300	99.81	0.19
	<b>1716776</b>	<b>1374566</b>	<b>80.07</b>	<b>1374266</b>	<b>300</b>	<b>99.98</b>	<b>0.02</b>

**(iii) Person who conducted the postal ballot exercise**

Mr. G Porselvam, Practicing Company Secretary was appointed as the scrutinizer for above said postal ballot who submitted his report on 25<sup>th</sup> April, 2013. The result of the Postal ballot was declared by the Chairman of the Company on 26<sup>th</sup> April, 2013.

**(iv) Special Resolution proposed to be conducted through postal ballot**

None of the business proposed to be transacted in the ensuing Annual General Meeting requires Special Resolution through postal ballot.

**V. DISCLOSURES****A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of Issuer at large.**

None of the related party transactions were in potential conflict with the interest of the Company at large. Shareholders can refer to the details of Related Party Transactions as set out in Note 25.5 of the Standalone Financial Statements.

**B. Details of non-compliance by the Issuer, penalties, and strictures imposed on the Issuer by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with all the laws relating to Capital Markets; hence there is no non-compliance by the Company in this regard. No penalties / strictures have been imposed by Stock Exchange or SEBI or any statutory authority relating to capital markets during the last three years.

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**CORPORATE GOVERNANCE REPORT**
**C. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.**

The Company has formulated and implemented the Whistle Blower Policy ("the Policy") and the Policy has been disseminated to all the employees through display on Notice Board and website.

This Policy provides for a mechanism to all the employees of the Company, who are free to report to the designated Whistle Blower Committee if there is any violation of laws, rules, regulations or any alleged wrongful conduct.

It is further affirmed that no personnel has been denied access to the Audit Committee.

**D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 52.**

The Company has complied with all the mandatory requirements of Clause 52 of SME Listing Agreement with NSE and has adopted the following non-mandatory requirements of Clause 52:

**Nomination and Remuneration Committee**

As already stated, the Company has constituted Nomination and Remuneration Committee and it consists of three Independent Directors. The main function of the Committee is to recommend the Policy on Directors' appointment and Remuneration to Directors, Key Managerial Personnel and Senior Management and to review/recommend the remuneration of the Managing Director, Whole-time Directors and Non-Whole-time Directors based on their performance and defined assessment criteria.

**Corporate Social Responsibility Committee**

As per Section 135 of the Companies Act, 2013, all Companies having a net worth of ₹ 500 Crore or more or turnover of ₹ 1000 Crore or more or a net profit of ₹ 5 Crore or more during any financial year are required to constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors at least one of whom shall be Independent Director. Accordingly, the Board constituted the CSR Committee on 20<sup>th</sup> May, 2014 comprising:

S.No.	Name of the Member	Status
1	Mr. V. K. Srivastava	Independent Director, Chairman
2	Mr. K.J. Joseph	Promoter & Non-executive Non-Independent Director, Member
3	Mr. Thomas John	Promoter & Non-executive Non-Independent Director, Member
4	Mr. V.A. George	Managing Director, Member

The terms of reference of the CSR Committee include :

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time.
4. Such other functions as may specified by the Companies Act, 2013 from time to time.

**Audit Qualifications**

The financial statements of the Company for the financial year 2013-14 are unqualified.

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## CORPORATE GOVERNANCE REPORT

### Training of Board Members

Periodic presentations are made at the Board Meeting about the business model, performance update of the Company, business strategy and risks involved.

### Whistle-Blower Policy

The Company has established the Whistle Blower Policy and it provides for a mechanism for employees to report to the designated Committee. The Committee consists of Mr. M.D. Ravikanth, Chief Financial Officer & Secretary, Mr. S. Premjit - Head EMD & Mr. Thomas K Abraham - Head HR & Admin. This mechanism also provides for adequate safeguards against victimisation of reporting employees. The Policy has been disseminated to all the employees through display on Notice Board and website.

In order to achieve good Corporate Governance, during the year, the Company has adopted certain policies like Code of Conduct for Board Members & Senior Managers, Code of Conduct for the prevention of Insider Trading and Corporate Disclosure Practices.

### Designated Exclusive email-id

The Company has designated exclusive email-id for investor servicing, viz., investor@thejo-engg.com

## VI. MEANS OF COMMUNICATION

### (i) Half-yearly Results

The half-yearly results of the Company are submitted to the Stock Exchange in accordance with the SME Listing Agreement and these results are displayed on the Stock Exchange website.

### (ii) Dissemination of information through Website

The results of the Company are also displayed on the Company's website "www.thejo-engg.com" immediately after its submission to the Stock Exchange.

## VII. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

#### (Day, Date, Time and Venue)

Monday, 25<sup>th</sup> August, 2014 at 10.00 AM  
The Music Academy, New No. 168 (Old No. 306),  
T.T.K Road, Chennai - 600 014.

**Financial Year** : April to March

**Date of Book Closure** : Saturday, 26<sup>th</sup> July, 2014 to Monday, 28<sup>th</sup> July, 2014 (Both days inclusive) for payment of dividend.

**Dividend Payment** : Credit / Dispatch of dividend warrants will be completed on or before 12<sup>th</sup> September, 2014.

**Listing on Stock Exchanges & Stock Code:** The trading of equity shares has shifted from Call Auction Market to the Continuous Market with effect from 02<sup>nd</sup> May, 2014

Shares	Code	Stock Exchanges
EQUITY SHARES LISTED UNDER CONTINUOUS MARKET	THEJO	National Stock Exchange of India Limited - SME Platform (NSE Emerge) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai 400 051.
		Trading Symbol - THEJO - SM
		ISIN : INE121N01019

Note: Annual listing fees have been duly paid to the National Stock Exchange of India Ltd. (NSE) and no amount is outstanding as on date.

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**CORPORATE GOVERNANCE REPORT**
**Market Price Data:**

Month	National Stock Exchange of India Limited - SME Platform (NSE Emerge) (in ₹ Per share)	
	Month's High Price	Month's Low Price
April 2013	383.90	358.00
May 2013	379.00	368.00
June 2013	395.80	369.50
July 2013	405.00	364.00
August 2013	404.95	393.00
September 2013	405.00 <sup>1</sup>	200.00 <sup>1</sup>
October 2013	201.00	199.00
November 2013	200.00	200.00
December 2013	200.00	199.90
January 2014	200.00	198.00
February 2014	NA <sup>2</sup>	NA <sup>2</sup>
March 2014	205.00	200.00

**Notes:** 1. The Company has issued bonus shares in the ratio of 1:1 in September, 2013.

2. There was no trading in the equity shares of the Company during the month of February, 2014.

**Performance in comparison to broad-based indices:** Not Applicable, since NSE - SME Index is yet to be launched by NSE.

**Registrar and Transfer Agents :**

Cameo Corporate Services Limited

Subramanian Building,

No. 1, Club House Road

Chennai 600 002

Tel: +91 44 2846 0390

Fax: +91 44 2846 0129

Website: <http://www.cameoindia.com>

SEBI Registration No. INR000003753

**Share Transfer System:** The power to transfer shares has been delegated to the Registrar and Transfer Agents, Cameo Corporate Services Limited, subject to completion of transfer of physical shares within the time frame as prescribed under the applicable laws.

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## CORPORATE GOVERNANCE REPORT

Distribution of shareholding as on 31<sup>st</sup> March, 2014 :

Nominal Value of Shares (in ₹)		Number of Holders	% of Total Holders	Total Face Value (in ₹)	% of Total Face Value
From	To				
1	5,000	0	0.00	0	0.00
5,001	10,000	191	76.40	11,46,000	3.34
10,001	20,000	21	8.40	3,04,000	0.88
20,001	30,000	6	2.40	1,50,000	0.44
30,001	40,000	1	0.40	36,000	0.10
40,001	50,000	1	0.40	42,000	0.12
50,001	1,00,000	3	1.20	1,98,000	0.58
1,00,001	Above	27	10.80	324,59,520	94.54
Total		250	100.00	343,35,520	100.00

Shareholding Pattern as on 31<sup>st</sup> March, 2014 :

Sl. No.	Category	No. of Shares	As a percentage of (A+B)
A	Promoters & Promotor Group Holding		
	Individuals	19,65,240	57.24
B	Non-Promoters' Holding		
	Banks	11,400	0.33
	Venture Capital Funds	5,65,472	16.47
	Market Makers	2,25,000	6.55
	Bodies Corporate	42,600	1.24
	Individuals	6,11,240	17.80
	Clearing Members	600	0.02
	Hindu Undivided Family	10,200	0.30
	Non Resident Indians	1,800	0.05
	<b>Total</b>	<b>34,33,552</b>	<b>100.00</b>

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**CORPORATE GOVERNANCE REPORT**
**Dematerialisation of Shares and Liquidity:**

Sl.No.	Mode of Holding	No. of Shares	% to total equity shares
1	NSDL	26,46,340	77.07
2	CDSL	3,99,872	11.65
3	Physical	3,87,340	11.28
	<b>Total</b>	<b>34,33,552</b>	<b>100.00</b>

Equity Shares of the Company are regularly traded on NSE-SME Exchange.

**Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

Not Applicable

**Plant Locations and Research & Development Centre**

1	Unit - I & IV situated at, Survey No.176/3, 181/5 & 181/6A, Jagannathapuram Road, Irulipattu Village, Alingivakkam Post, Ponneri Taluk, Chennai - 600 067.	2	Unit - II situated at, Survey No. 101/5C & 101/5D Jagannathapuram Road, Athipedu Village, Ponneri Taluk, Chennai - 600 067.
3	Unit - III situated at, Survey No. 100/5, Athipedu Village, Jagannathapuram Road, Ponneri Taluk, Chennai - 600 067.	4	PU Division situated at, Survey No. 179/3B, Jagannathapuram Road, Irulipattu Village, Alingivakkam Post, Ponneri Taluk, Chennai - 600 067.
5	Lining Division situated at, Survey No. 234/2C Jagannathapuram-II, Ponneri Taluk, Tiruvallur District, Chennai - 600 067.	6	Research & Development Center situated at, Survey No. 179 / 3B, Jagannathapuram Road, Irulipattu Village, Ponneri Taluk, Chennai - 600 067.

**Investor Contacts****Company Secretary and Compliance Officer**

Mr. M.D. Ravikanth  
VDS House, 41, Cathedral Road,  
Chennai 600 086, Tamil Nadu, India  
Tel: + 91 44 4222 1900  
Fax: + 91 44 4222 1910  
E-mail:investor@thejo-engg.com

**Registrar and Share Transfer Agents**

Cameo Corporate Services Limited  
Subramanian Building,  
No.1, Club House Road  
Chennai 600 002, Tamil Nadu, India  
Tel: +91 44 2846 0390  
Fax: +91 44 2846 0129  
Website: <http://www.cameoindia.com>  
SEBI Registration No. INR000003753

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**DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT**

To The Members of THEJO ENIGNEERING LIMITED

Pursuant to Clause 52 I (D) (ii) of the SME Listing Agreement, I hereby declare that all the Board Members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board. All the Board Members and senior management personnel have affirmed compliance with the Code of Conduct.

For Thejo Engineering Limited

Place : Chennai  
Date : 2<sup>nd</sup> July, 2014

V.A. GEORGE  
Managing Director

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**CERTIFICATE**

To The Members of THEJO ENGINEERING LIMITED

We have examined the compliance of the conditions of Corporate Governance by THEJO ENGINEERING LIMITED for the year ended on 31<sup>st</sup> March, 2014, as stipulated in clause 52 of the SME Listing Agreement entered into by the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 52 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For JOSEPH & RAJARAM,  
Chartered Accountants,  
Firm Reg. No. 001375S

Date : 2<sup>nd</sup> July, 2014  
Place : Chennai

R. LAKSHMINARAYANAN  
Partner  
M. No. 016246

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**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF THEJO ENGINEERING LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. THEJO ENGINEERING LIMITED ("the company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2014 and the statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2014;
- b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in annexure a statement on the matters specified in paragraphs 4 and 5 of the order.

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**INDEPENDENT AUDITORS' REPORT**

2. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the 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 so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us);
- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this report are in agreement with the books of account (and with the returns received from branches not visited by us);
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to sub – section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e) On the basis of the written representations received from the Directors as on March 31<sup>st</sup>, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31<sup>st</sup>, 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For JOSEPH & RAJARAM  
Chartered Accountants  
Firm Reg. No. : 001375S

R. LAKSHMINARAYANAN  
Partner  
M. No. : 016246

Date : 20<sup>th</sup> May, 2014  
Place : Chennai

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**ANNEXURE TO THE AUDITORS' REPORT**

**The Annexure referred to in our report to the members of Thejo Engineering Ltd ('the Company') for the year ended 31<sup>st</sup> March 2014.**

**We report that :**

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, substantial part of fixed assets has not 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 paragraphs 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors Report) Order 2003, (as amended) are not applicable. The Company has not taken any loans, secured or unsecured from companies, firms or parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4 (iii) (e) to 4 (iii) (g) of the Order 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 an adequate internal audit system commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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**ANNEXURE TO THE AUDITORS' REPORT**

9. According to the information and explanations given to us in respect of statutory dues:

- a) the Company is generally 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 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable;
- b) 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 31<sup>st</sup> March, 2014 on account of any dispute, are as under :

Name of statute	Amount of Dispute (31-3-2014)	Amount of Dispute (31-3-2013)	Amount Deposited (31-3-2014)	Period to which it relates	Forum where dispute is pending
APGST	8.40	8.40	-	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	118.14	118.14	-	2004-05	Appellate Deputy Commissioner
Central Excise	29.69	29.69	-	1996-2000	High Court of Madras
Central Excise	18.25	18.25	-	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	3.49	3.49	-	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	1.23	1.23	-	Feb 2005 - Aug 2005	CESTAT, Bangalore
Central Excise	0.66	0.66	-	Jan 2007 - April 2007	CESTAT, Bangalore
CST	-	0.96	-	2003 - 04	Deputy Commissioner, Commercial Tax
CST	2.36	2.36	-	2002 - 03	Commercial Tax Officer, Naidupet
CST	7.55	7.55	-	2007-08	TNCST 07-08
CST	14.80	14.80	-	2008-09	TNCST 08-09
CST	16.18	16.18	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	24.66	24.66	-	2009-10	TNCST 09-10
Customs	12.50	12.50	-	Oct - 01	Commissioner of Customs
Income Tax	-	0.54	-	AY 2011-12	TDS - AO
Income Tax	5.43	5.43	-	AY 2003-09	TDS - AO

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## ANNEXURE TO THE AUDITORS' REPORT

Name of statute	Amount of Dispute (31-3-2014)	Amount of Dispute (31-3-2013)	Amount Deposited (31-3-2014)	Period to which it relates	Forum where dispute is pending
Service Tax	5.33	5.33	-	AY 2011-12	Service Tax
Maharashtra VAT	0.65	26.88	-	AY 2005-06	Maharashtra VAT
Maharashtra VAT	1.20	23.28	-	AY 2008-09	Maharashtra VAT
Central Excise	0.45	0.45	0.22	Sep 2005 - March 2006	CESTAT, Bangalore
CST	0.42	0.42	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Central Excise	1.36	1.36	0.68	April - Dec. 2006	CESTAT, Bangalore
APGST	-	4.41	-	2000 -01	Commercial Tax Officer, Naidupet
APGST	-	5.11	-	2001-02	Commercial Tax Officer, Naidupet
Jharkhand Sales Tax	5.31	5.31	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
CST	-	25.07	-	2001-02	Commercial Tax Officer, Naidupet
Income Tax	-	58.48	-	AY 2001-02	CIT(A)
TNCST	20.05	-	5.00	AY 2010-11	Commissioner of Commercial Taxes
MP Sales Tax	1.04	-	-	-	Commissioner of Commercial Taxes
IT – TDS – Salary	7.50	-	-	-	TDS – AO
IT – TDS – Non-Salary	4.61	-	-	-	TDS – AO
<b>Total</b>	<b>321.18</b>	<b>430.85</b>	<b>5.90</b>		

10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and immediately preceding 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.

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**ANNEXURE TO THE AUDITORS' REPORT**

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 company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. 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.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short term basis, have been used during the year for long term investment by the company.
18. 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.
19. The company has not issued any debentures during the year under audit.
20. The management has disclosed the end use of money raised by public issues as part of its notes to accounts and on the basis of our verification of the same to the extent they have been spent, the amounts have been utilised for the purposes for which it has been raised.
21. 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.

Date : 20<sup>th</sup> May, 2014  
Place : Chennai

For JOSEPH & RAJARAM  
Chartered Accountants  
Firm Reg. No. : 001375S  
  
R. LAKSHMINARAYANAN  
Partner  
M. No. : 016246

Balance Sheet as at 31<sup>st</sup> March, 2014

Particulars	Note No.	₹ in lakhs	
		As at 31-03-2014	As at 31-03-2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	343.36	171.68
(b) Reserves and surplus	4	5,718.23	5,159.45
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	260.00	13.64
(b) Deferred tax liabilities (Net)	25.6	86.24	59.42
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	2,832.85	2,569.19
(b) Trade payables	7	1,095.08	1,327.74
(c) Other current liabilities	8	1,043.08	802.75
(d) Short-term provisions	9	1,969.11	1,480.00
<b>TOTAL</b>		<b>13,347.95</b>	<b>11,583.87</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		2,284.21	1,500.65
(ii) Intangible assets		0.31	0.36
(iii) Capital work-in-progress		53.51	3.88
(b) Non-current investments	11	917.72	835.52
(c) Long-term loans and advances	12	478.10	229.97
<b>2 Current assets</b>			
(a) Inventories	13	1,227.92	1,247.32
(b) Trade receivables	14	4,688.98	4,040.59
(c) Cash and cash equivalents	15	849.18	1,312.64
(d) Short-term loans and advances	16	1,235.67	1,178.68
(e) Other current assets	17	1,612.35	1,234.26
<b>TOTAL</b>		<b>13,347.95</b>	<b>11,583.87</b>
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 of Directors

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

K.J. JOSEPH  
Chairman

THOMAS JOHN  
Vice Chairman

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

M.D. RAVIKANTH  
Finance Controller & Secretary

V.A. GEORGE  
Managing Director

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014**

Particulars	Note No.	₹ in lakhs	
		For the year ended 31-03-2014	For the year ended 31-03-2013
I. Revenue from operations	18	<b>14,885.98</b>	13,338.12
II. Other income	19	<b>144.68</b>	211.58
III. Total Revenue (I + II)		<b><u>15,030.66</u></b>	<u>13,549.70</u>
IV. Expenses:			
Cost of materials consumed	20	<b>3,211.76</b>	3,583.09
Purchase of Traded Goods	20	<b>1,208.61</b>	415.03
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	<b>(189.46)</b>	(27.41)
Employee benefits expense	22	<b>4,391.52</b>	4,115.61
Finance costs	23	<b>450.22</b>	380.16
Depreciation and amortization expense	10	<b>274.94</b>	202.87
Other expenses	24	<b>4,340.71</b>	3,442.72
Total expenses		<b><u>13,688.30</u></b>	<u>12,112.07</u>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>1,342.36</b>	1,437.63
VI. Exceptional items:			
Loss on account of fire accident		<b>24.74</b>	-
<b>VII. Profit before extraordinary items and tax (V – VI)</b>		<b>1,317.62</b>	1,437.63
VIII. Extraordinary Items		-	-
<b>IX. Profit before tax (VII- VIII)</b>		<b>1,317.62</b>	1,437.63
X. Tax expense:			
(1) Current tax		<b>419.75</b>	434.56
(2) Deferred tax	25.6	<b>26.82</b>	28.29
(3) Prior period Tax		-	-
<b>XI. Profit / (Loss) for the period (IX-X)</b>		<b><u>871.05</u></b>	<u>974.78</u>
XII. Earnings per equity share (before & after extraordinary items) :			
(1) Basic (in ₹)		<b>25.37</b>	32.93
(2) Diluted (in ₹)		<b>25.37</b>	32.93
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 of Directors

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

K.J. JOSEPH  
Chairman

THOMAS JOHN  
Vice Chairman

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

M.D. RAVIKANTH  
Finance Controller & Secretary

V.A. GEORGE  
Managing Director

### Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

₹ in lakhs

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
<b>Cash Flow from Operating Activities</b>		
Profit before tax as per Statement of Profit and Loss	1,317.62	1,437.63
<b>Adjustment for:</b>		
Depreciation	274.94	202.87
Loss/(Profit) on sale of asset	(26.30)	(0.21)
Interest Paid	450.22	380.16
Interest on Fixed Deposit	(29.52)	(23.67)
Operating Profit before working capital changes	1,986.96	1,996.78
<b>Adjustment for:</b>		
Trade and Other Receivables	(946.04)	(1,094.66)
Inventories	19.40	(82.49)
Trade Payables and Other Liabilities	(60.38)	(109.71)
Cash Generated from Operations	999.94	709.92
Direct Taxes Paid	(385.55)	(378.79)
<b>Net Cash from Operating Activities (A)</b>	<b>614.39</b>	<b>331.13</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,133.92)	(575.88)
Sale of assets	52.13	0.44
Investments made	(82.20)	(802.54)
Interest on Fixed Deposit	29.52	23.67
<b>Net cash from Investing Activities (B)</b>	<b>(1,134.47)</b>	<b>(1,354.31)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital & premium	-	1,881.98
Increase in Term loan & Other credit facilities	506.84	397.93
Increase in Unsecured loans from Related parties	-	-
Interest paid	(450.22)	(380.16)
<b>Net Cash from Financing Activities (C)</b>	<b>56.62</b>	<b>1,899.75</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>(463.46)</b>	<b>876.57</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>1,312.64</b>	<b>436.08</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>849.18</b>	<b>1,312.64</b>

Note: Closing Cash and Cash Equivalents includes ₹ 241.04 lakhs (Previous Year: ₹ 186.23 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC.

In terms of our report of even date annexed

For JOSEPH & RAJARAM  
Chartered Accountants  
ICAI Registration No. 001375S

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman

M.D. RAVIKANTH  
Finance Controller & Secretary

THOMAS JOHN  
Vice Chairman

V.A. GEORGE  
Managing Director

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014****Note 1****CORPORATE INFORMATION**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26<sup>th</sup> March, 1986 as a private limited company. The name of the Company was changed to Thejo Engineering Private Limited vide a Certificate of Incorporation dated 17<sup>th</sup> 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 20<sup>th</sup> June, 2008. Thejo Engineering Limited made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012 for getting its shares listed on the EMERGE SME platform of NSE. The IPO was fully subscribed. Consequently, the share capital of the Company increased to ₹ 171.68 lakhs in the financial year 2012-13. During the year 2013-14, the Company had issued Bonus Shares to the existing shareholders in the ratio of 1:1 and the present paid-up capital of the Company is ₹ 343.36 lakhs

The Registered Office of the Company is situated at Aysha Building, No. 41, Whites Road, Royapettah, Chennai - 600 014. The Company is an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. The Company's services include belt conveyor installation, maintenance and operations, while its product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection.

The Company has two overseas subsidiaries namely, Thejo Hatcon Industrial Services LLC, Saudi Arabia and Thejo Australia Pty Limited, Australia. Thejo Hatcon Industrial Services LLC is primarily engaged in rubber lagging and industrial services. Thejo Australia Pty Limited is primarily engaged in conveyor splicing, maintenance and related services.

**Note 2****SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The cash flow statement has been prepared in accordance with AS 3 on "Cash flow statements" issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

**2.2 Presentation and disclosure of financial statements**

Pursuant to applicability of Revised Schedule VI of Companies Act, 1956 on presentation of financial statements with effect from 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 Balance Sheet.

**2.3 Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**2.4 Fixed Assets**

Fixed Assets are capitalised at acquisition cost of bringing the assets to their working condition for their intended use. Fixed Assets are stated at Cost less Depreciation.

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014****2.5 Depreciation**

Depreciation on Fixed Assets is 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. 5,000/- in the year of acquisition.

**2.6 Inventories**

Inventories are valued at lower of cost and net realisable value based on FIFO Basis.

**2.7 Investments**

Each category / item of investment is valued as follows :

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

2.7.2 Current investments are carried at the lower of cost and fair value.

The carrying amount of such investments is determined 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 are categorized as Trade Investments.

**2.8 Cash and Cash Equivalents**

2.8.1 Cash comprises cash on hand and demand deposits with bank.

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

**2.9 Revenue Recognition**

2.9.1 Revenue from sale of goods is recognised at the point of despatch to customers, when the effective control passes on to the buyer.

2.9.2 Revenue from services rendered is recognised based on proportionate completion method at the time of invoicing, when there is no significant uncertainty regarding the amount of consideration.

2.9.3 Revenue from exports is accounted at the rate of exchange prevailing as on the date of invoicing.

2.9.4 Revenue from export benefits (like Duty Drawback) is accounted at the time of receipt.

**2.10 Sales, Works Contracts and Services Income**

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

**2.11 Employee Benefits**

2.11.1 Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages and short term compensated absences as also the expected cost of bonus and ex-gratia are recognised in the period in which the employee renders the related service.

2.11.2 Post employment benefits:

2.11.2.1 Defined Contribution Schemes: Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Superannuation Fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Statement of Profit and Loss, for the year.

2.11.2.2 Defined Benefit Scheme: The Company extends defined benefit plan in the form of gratuity to eligible 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. The present value of the obligation is determined based on actuarial valuation using Projected Unit Credit Method as per the report given by the Corporation.

**2.12 Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. The difference in the rate of exchange, if any, is accounted at the time of realisation or settlement and is recognized in the Statement of Profit and Loss. Monetary Assets and Liabilities denominated in foreign currencies are translated at year-end rates. The exchange differences for the period end balances are recorded at a group level and are reversed at the beginning of the next accounting period.



**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**2.13 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 and reverses in another. 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.

**2.14 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. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

**2.15 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.

**2.16 Dividend**

Provision is made in the accounts for the dividend 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.

Particulars	As at 31-03-2014		As at 31-03-2013	
	Number	Amount ₹ in lakhs	Number	Amount ₹ in lakhs

**Note 3**
**SHARE CAPITAL**
**Authorised**

Equity Shares of ₹ 10/- each	1,00, 00,000	1,000.00	20,00,000	200.00
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**Issued**

Equity Shares of ₹ 10/- each	34,33,552	343.36	17,16,776	171.68
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**Subscribed & Paid up**

Equity Shares of ₹ 10/- each	34,33,552	343.36	17,16,776	171.68
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(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 & 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Profit & Loss Account & ₹ 171.68 lakhs from Securities Premium Account)

<b>Total</b>	<u>34,33,552</u>	<u>343.36</u>	<u>17,16,776</u>	<u>171.68</u>
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**3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

Shares outstanding at the beginning of the year	17,16,776	171.68	11,84,740	118.47
Shares Issued during the year	<u>17,16,776</u>	<u>171.68</u>	<u>5,32,036</u>	<u>53.21</u>
Shares outstanding at the end of the year	<u>34,33,552</u>	<u>343.36</u>	<u>17,16,776</u>	<u>171.68</u>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**3.2 Shares in the Company held by each shareholder holding more than 5 percent shares**

Name of the Shareholder	As at 31-03-2014		As at 31-03-2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. K.J. Joseph	3,55,380	10.35%	1,77,690	10.35%
Mr. Thomas John	4,75,660	13.85%	2,37,830	13.85%
SIDBI Venture Capital Ltd A/c India Opportunities Fund	3,17,072	9.23%	1,58,536	9.23%
Emerging India Growth Fund (Canbank Venture Capital Ltd)	2,48,400	7.23%	1,24,200	7.23%
IDBI Capital Market Services Limited	2,25,000	6.55%	68,100	3.97%

Particulars	₹ in lakhs	
	As at 31-03-2014	As at 31-03-2013

**Note 4**
**RESERVES AND SURPLUS**
**a. Securities Premium Account**

Opening Balance	2,017.00	188.22
Add : Securities premium credited on Share issue	-	2,047.45
Less : Premium Utilised:		
IPO Expenses written off	-	218.67
For Issuing Bonus Shares	171.68	-
<b>Closing Balance</b>	<b>1,845.32</b>	<b>2,017.00</b>

**b. General Reserve**

Opening Balance	430.02	332.53
(+) Appropriated from Statement of Profit and Loss	87.11	97.49
<b>Closing Balance</b>	<b>517.13</b>	<b>430.02</b>

**c. Surplus in Statement of Profit and Loss**

Opening balance	2,712.43	1,935.57
(+) Net Profit/(Net Loss) For the current year	871.05	974.78
(-) Proposed Dividend	120.17	85.84
(-) Dividend Distribution Tax	20.42	14.59
(-) Transfer to General Reserve	87.11	97.49
<b>Closing Balance</b>	<b>3,355.78</b>	<b>2,712.43</b>
<b>Total</b>	<b>5,718.23</b>	<b>5,159.45</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 5**

**LONG TERM BORROWINGS**

**Secured**

**Term loans**

From Banks	310.19	67.01
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**Limit / Liability Terms of Repayment / Security**

**State Bank of Mysore**

Date of Sanction : 13.02.2013 Ref. No. IFB / C / ADV / Thejo

Sanctioned Limit - ₹ 200 Lakhs (in addition to Term Loans of ₹ 141 Lakhs availed in earlier years for which repayments are being made as per schedule)

Purpose : Acquisition of Capital Assets

Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursal

Amount of Installment - ₹ 5.68 Lakhs per month + interest

Security : Hypothecation of the equipments and machinery to be acquired under term loan.

Pari-passu first charge on fixed assets of the Company

EM of Plots Nos. 41 and 39 at Kuttisseril Lake View Garden, Korattur Village, Saidapet Taluk in the name of Mr. Manesh Joseph and Mrs. Celinamma John respectively.

Personal guarantee of :

Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mrs. Celinamma John.

Rate of Interest : 3.50% above Base Rate

Collateral to be shared with Axis Bank

Liability (incl Interest Not due) - ₹ 209.02 Lakhs (₹ 41.56 Lakhs)

Repayable within one year	35.69	33.87
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Overdues - Nil (Nil)

**Axis Bank Ltd**

Date of Sanction : 15.03.2013 Ref. No. AXISB / SME / S / CHN / 12-13 / 642

Sanctioned Limit : ₹ 100 Lakhs

Purpose : Acquisition of Capital Assets

Period of Repayment : 60 monthly installments commencing from 3 months from the date of last drawdown, interest to be paid as and when debited

Amount of Installment - ₹ 1.67 Lakhs per month + interest

Security: First hypothecation charge over all the movable fixed assets on pari-passu basis along with State Bank of Mysore.

Pari-passu charge with SBM over immovable properties under EM.

Pari-passu first charge over the movable fixed assets of the Company including Plant, Machinery and Equipment which are not financed by other banks.

Personal guarantee of :

Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mrs. Celinamma John

Liability (Incl interest not due) - ₹ 101.17 Lakhs (₹ 25.46 Lakhs)

Repayable within one year	14.50	19.50
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Overdues - Nil (Nil)

<b>Total</b>	<b>260.00</b>	<b>13.64</b>
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**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 6**

**SHORT TERM BORROWINGS**

**Secured**

**Loans repayable on demand**

From banks	2,832.85	2,569.19
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**Limit / Liability Terms of Repayment / Security**

**State Bank of Mysore**

Date of Sanction : 13.02.2013 Ref. No. IFB / C / ADV / Thejo

Limits sanctioned :

Cash Credit of ₹ 1600 Lakhs

Stand by ₹ 150 Lakhs

Letter of credit - ₹ 900 Lakhs

Bank Guarantee - ₹ 1000 Lakhs

Period of Repayment : On Demand

Security : Charge on all the current assets on pari-passu basis.

EM of immovable properties belonging to Company, Mr. Manesh Joseph and Mrs. Celinamma John (refer Term Loan sanction) on pari-passu basis.

Hypothecation of movable fixed assets on pari-passu basis (Security to be shared with Axis Bank).

Personal guarantee of : Mr.K.J.Joseph, Mr.Thomas John, Mr.Manoj Joseph, Mr.Rajesh John and Mrs. Celinamma John.

Rate of Interest - 3.25% above base rate

Margin - Cash credit - 25%

LC and BG - 15%

Liability - ₹ 1,615.70 Lakhs (₹1,547.52 Lakhs)

Overdues : Nil (Nil)

**Axis Bank Ltd**

Date of Sanction : 15.03.2013 Ref. No. AXISB / SME / S / CHN / 12-13 / 642

Limit : Cash Credit of ₹ 1,150 Lakhs + Stand by ₹ 100 Lakhs

Period Of Repayment : On Demand

Security : Charge on all the current assets on pari-passu basis.

EM of immovable properties belonging to Company, Mr. Manesh Joseph and Mrs. Celinamma John (refer Term Loan sanction) on pari-passu basis.

Hypothecation of movable fixed assets on pari-passu basis (Security to be shared with State Bank of Mysore)

Personal guarantee of : Mr.K.J.Joseph, Mr.Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mrs. Celinamma John.

Liability - ₹ 1,217.15 Lakhs (₹ 1,021.67 Lakhs)

Overdues: Nil (Nil)

<b>Total</b>	<u>2,832.85</u>	<u>2,569.19</u>
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**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 7**
**TRADE PAYABLES**

Trade payables:

Other than Acceptances	1,095.08	1,327.74
<b>Total</b>	<b>1,095.08</b>	<b>1,327.74</b>

**Note 8**
**OTHER CURRENT LIABILITIES**
**Other payables**

Salary and Other Employee Benefits	441.57	411.97
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**Statutory Dues**

Commercial Tax Liability	52.45	30.48
Service Tax Liability	33.90	13.67
ESI	9.77	4.50
EPF	31.56	25.78
Profession Tax	4.18	1.30
TDS	33.80	34.08
Others	14.63	30.23
Outstanding Liabilities	371.03	197.37
Term Loan Installments Repayable within 12 months	50.19	53.37
<b>Total</b>	<b>1,043.08</b>	<b>802.75</b>

**Note 9**
**SHORT TERM PROVISIONS**
**(a) Provision for employee benefits**

Provision for Bonus / Ex-gratia	122.68	93.47
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**(b) Others**

Direct Taxes	1705.84	1,286.10
Proposed Dividend	120.17	85.84
Dividend Distribution Tax	20.42	14.59
<b>Total</b>	<b>1,969.11</b>	<b>1,480.00</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Note 10

**FIXED ASSETS**

₹ in lakhs

NAME OF THE ASSETS	GROSS BLOCK		Rate of Depreciation (%)	DEPRECIATION		NET BLOCK					
	As at 31-3-2013	Addition for the year		Deduction	As at 31-3-2014	Upto 31-3-2013	Addition	Deduction	Upto 31-3-2014	As at 31-3-2013	As at 31-3-2014
<b>TANGIBLE ASSETS</b>											
Land	65.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.72	65.72	65.72
Factory Building	335.97	480.41	30.24	10.00	172.15	22.30	12.56	181.89	604.25	163.82	604.25
Office Building	39.72	0.00	0.00	5.00	13.44	1.31	0.00	14.76	24.96	26.27	24.96
<b>Plant &amp; Machinery</b>											
Plant & Machinery at Factories	946.82	336.83	19.04	13.91	481.81	79.74	12.16	549.39	715.21	465.01	715.21
Plant & Machinery at HO, Branches & Sites	657.33	73.01	0.00	13.91	226.06	65.67	0.00	291.73	438.62	431.27	438.62
Boiler	37.73	0.90	0.00	40.00	36.92	0.51	0.00	37.43	1.19	0.80	1.19
Dyes & Moulds	40.80	85.48	0.00	30.00	29.69	16.55	0.00	46.24	80.04	11.11	80.04
Vehicle	323.35	3.34	0.00	25.89	220.01	27.04	0.00	247.05	79.64	103.34	79.64
Office Equipments	28.71	5.52	0.00	13.91	18.80	1.89	0.00	20.69	13.53	9.91	13.53
Electrical Fittings	146.24	36.79	0.00	20.00	82.80	14.91	0.00	97.71	85.32	63.44	85.32
Furniture & Fittings	164.92	33.11	2.12	18.10	71.52	18.00	0.87	88.65	107.26	93.40	107.26
Computer	179.41	15.71	0.40	40.00	124.10	24.96	0.38	148.68	46.04	55.31	46.04
Generator	29.98	13.19	0.00	13.91	18.74	2.01	0.00	20.74	22.43	11.25	22.43
Total Tangible Assets(Current Year)	2,996.70	1,084.29	51.80		1,496.05	274.89	25.97	1,744.96	2,284.21	1,500.65	2,284.21
Total Tangible Assets(Previous Year)	2,371.64	630.01	4.95		1,297.96	202.81	4.72	1,496.05	1,500.65	1,073.68	1,500.65
<b>INTANGIBLE ASSETS</b>											
Technical Knowhow	1.75	0.00	0.00	13.91	1.39	0.05	0.00	1.44	0.31	0.36	0.31
Total Intangible Assets(Current Year)	1.75	0.00	0.00		1.39	0.05	0.00	1.44	0.31	0.36	0.31
Total Intangible Assets(Previous Year)	1.75	0.00	0.00		1.33	0.06	0.00	1.39	0.36	0.42	0.36
<b>CAPITAL WORK IN PROGRESS</b>											
Assets Under Construction	3.88	53.51	3.88	0.00	0.00	0.00	0.00	0.00	53.51	3.88	53.51
Total Capital Work In Progress(Current Year)	3.88	53.51	3.88		0.00	0.00	0.00	0.00	53.51	3.88	53.51
Total Capital Work In Progress(Previous Year)	58.00	0.00	54.12		0.00	0.00	0.00	0.00	3.88	58.00	3.88
<b>GRAND TOTAL</b>	<b>3,002.33</b>	<b>1,137.80</b>	<b>55.68</b>		<b>1,497.44</b>	<b>274.94</b>	<b>25.97</b>	<b>1,746.40</b>	<b>2,338.03</b>	<b>1,504.89</b>	<b>2,338.03</b>
PREVIOUS YEAR	2,431.39	630.01	59.07		1,299.29	202.87	4.72	1,497.44	1,504.89	1,132.10	1,504.89

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Particulars	₹ in lakhs	
	As at 31-03-2014	As at 31-03-2013
<b>Note 11</b>		
<b>NON-CURRENT INVESTMENTS</b>		
<b>A Trade Investments</b>		
Investments in Equity	917.72	835.52
<b>B Other Investments</b>		
Investments in Equity	0.00	0.00
<b>Grand Total (A + B)</b>	<b>917.72</b>	<b>835.52</b>
Less : Provision for diminution in the value of Investments	0.00	0.00
<b>Total</b>	<b>917.72</b>	<b>835.52</b>
Aggregate amount of quoted investments	0.00	0.00
Aggregate amount of unquoted investments	917.72	835.52

**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
			As at 31-3-2014	As at 31-3-2013			As at 31-3-2014	As at 31-3-2013	₹ in lakhs	₹ in lakhs	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Investment in Equity Instruments</b>											
1	Thejo Hatcon Industrial Services Company LLC	Subsidiary	255	255	Unquoted	Fully Paid	51%	51%	32.98	32.98	Yes
2	Thejo Australia Pty Ltd	Subsidiary	15,50,000	14,00,000	Unquoted	Fully Paid	74%	100%	884.74	802.54	Yes
<b>Total</b>									<b>917.72</b>	<b>835.52</b>	



**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 12**
**LONG TERM LOANS AND ADVANCES**
**a. EMD and Security Deposits**

Unsecured, considered good	122.41	108.81
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**b. Other Deposits**

Unsecured, considered good		
Rental Deposit	106.99	67.24
Deposit with Government Agencies	4.15	3.53
Others	41.20	50.39

**c. Long Term Loans & Advances**

Thejo Australia Pty Ltd	203.35	—
<b>Total</b>	<b>478.10</b>	<b>229.97</b>

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

a. Raw Materials and components	474.38	650.53
b. Work-in-progress	290.78	223.72
c. Finished goods	423.60	363.50
d. Stock in Trade	9.72	9.58
e. Scrap stock from fire accident	29.44	—

(All Inventories valued at Cost or Net Realisable Value, whichever is less)

<b>Total</b>	<b>1,227.92</b>	<b>1,247.32</b>
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**Note 14**
**TRADE RECEIVABLES**

Trade receivables outstanding for a period less than six months from the date they are due for payment.

Unsecured, considered good	4,294.91	3,796.00
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Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	394.07	244.59
<b>Total</b>	<b>4,688.98</b>	<b>4,040.59</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Particulars	₹ in lakhs	
	As at 31-03-2014	As at 31-03-2013
<b>Note 15</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks		
(i) In Current Accounts	490.32	1,044.27
(ii) In Deposit Accounts (₹ 241.04 lakhs (PY ₹ 186.23 lakhs) held as Margin Money for BG & LC)	281.18	201.46
b. Cheques, drafts on hand	49.80	44.02
c. Cash on hand	27.88	22.89
<b>Total</b>	<b>849.18</b>	<b>1,312.64</b>
<b>Note 16</b>		
<b>SHORT-TERM LOANS AND ADVANCES</b>		
<b>Others (unsecured, considered good)</b>		
EMD & Security deposits	386.23	326.43
Others	849.44	852.25
<b>Total</b>	<b>1,235.67</b>	<b>1,178.68</b>
<b>Note 17</b>		
<b>OTHER CURRENT ASSETS</b>		
Direct Tax payments	1577.06	1,191.51
Balance with Central Excise Authority	35.29	42.75
<b>Total</b>	<b>1,612.35</b>	<b>1,234.26</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
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**Note 18**
**REVENUE FROM OPERATIONS**

Sales, Service & Works Contract	15,337.35	13,810.76
Less:		
Excise duty	451.37	472.64
<b>Total</b>	<b>14,885.98</b>	<b>13,338.12</b>

**Note 19**
**OTHER INCOME**

Interest Income	29.52	23.66
Miscellaneous Income	55.48	91.15
Packing charges recovered	6.88	11.14
Freight charges recovered	8.41	10.49
Income from sale of DEPB License & Duty Drawback	21.00	73.61
Profit on sale of assets	23.39	0.21
Bad Debts Recovered	0.00	1.32
<b>Total</b>	<b>144.68</b>	<b>211.58</b>

**Note 20**
**COST OF MATERIALS CONSUMED**

Opening Stock of Raw Materials	650.53	595.44
Add: Purchases made during the year	2900.97	3,290.28
	<b>3551.50</b>	<b>3,885.72</b>
Less: Raw Materials lost in fire accident	243.18	0.00
Less: Closing Stock of Raw Materials	474.38	650.53
	<b>2833.94</b>	<b>3,235.19</b>
Add: Consumables	377.82	347.90
<b>Total</b>	<b>3,211.76</b>	<b>3,583.09</b>
Purchase of Traded Goods	1208.61	415.03

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
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**Note 21**
**CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**
**Opening Stock :**

Work-in-Process	223.72	252.69
Finished Goods	363.50	308.87
Stock-in-Trade	9.58	7.83
Less: WIP/FG lost in fire	62.16	0.00

**Closing Stock :**

Work-in-Process	290.78	223.72
Finished Goods	423.60	363.50
Stock-in-Trade	9.72	9.58
<b>Total</b>	<u><u>(189.46)</u></u>	<u><u>(27.41)</u></u>

**Note 22**
**EMPLOYEE BENEFITS EXPENSE**

(a) Salaries and incentives	3491.37	3,327.92
(b) Contributions to PF, Superannuation, Gratuity & ESI	337.90	236.96
(c) Staff welfare expenses	459.64	482.00
(d) LTA, Ex-gratia & Leave Encashment	102.61	68.73
<b>Total</b>	<u><u>4,391.52</u></u>	<u><u>4,115.61</u></u>

**Note 23**
**FINANCE COSTS**

Interest	371.50	324.29
Other finance costs	78.72	55.87
<b>Total</b>	<u><u>450.22</u></u>	<u><u>380.16</u></u>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
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**Note 24**
**OTHER EXPENSES**
**A. Manufacturing & Other Direct Expenses**

Power and fuel	237.05	271.39
Machinery Leasing & Maintenance	160.87	121.02
Factory Maintenance	15.78	10.36
Electrical maintenance	16.32	3.78
Testing charges	3.01	2.21
Dyes & Moulding charges	10.29	2.93
Cartage, Coolie & Freight charges	271.56	277.82
Packing materials & charges	119.92	101.90
Service & Labour charges	749.66	367.69
<b>Total Manufacturing &amp; Other Direct Expenses</b>	<b>1,584.46</b>	<b>1,159.10</b>

**B. Administrative & Selling Expenses**

Professional Service Charges	284.40	153.65
Rent	171.72	128.93
Repairs & Maintenance	40.61	38.75
Travelling, Conveyance & Vehicle hire charges	393.20	339.51
Foreign Travel expenses	43.14	42.77
Vehicle Maintenance	117.84	110.46
Telephone, Telex & Postage	60.63	65.58
Printing & Stationery	32.57	30.45
Office Maintenance	37.71	28.09
Books & Periodicals	4.46	3.84
Computer Maintenance	13.58	8.53
Seminar & Conference	3.11	4.77
Electricity	14.81	14.00
Legal Fee & Charges	3.87	7.16
Donation	12.08	14.27
Recruitment, Training & Development	11.52	6.56

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
<b>OTHER EXPENSES (Contd.)</b>		
ECGC Premium	1.23	1.50
ISO Certification Charges	0.67	0.67
Insurance	15.55	13.67
Rates and taxes	42.86	8.23
Directors Sitting Fees	9.35	4.92
Commission	44.37	30.77
Advertisement	2.05	11.50
Sales Promotion Expenses	15.16	32.97
Freight on Exports	28.51	21.89
Loading & Unloading charges	7.75	19.06
Late Delivery Charges	32.34	24.63
Bad Debts	4.23	11.27
Payments to the Auditors		
a. Statutory Audit	4.00	4.00
b. Tax Audit	1.00	1.00
c. For certification & other services	4.63	10.37
Miscellaneous expenses	3.74	12.45
<b>Total Administration &amp; Selling Expenses</b>	<b>1,462.69</b>	<b>1,206.22</b>
<b>Sales Tax, Service Tax &amp; Other Indirect Tax Expenses</b>	<b>1293.56</b>	<b>1,077.40</b>
<b>Total</b>	<b>4,340.71</b>	<b>3,442.72</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Particulars	<b>2013-14</b>	2012-13
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**Note 25 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS**
**Note 25.1 Contingent Liabilities (to the extent not provided for)**

25.1.1 Claims against the company not acknowledged as debts	-	-
25.1.2 Guarantees issued by the Banks	<b>1,105.79</b>	895.69
	<b>1,105.79</b>	895.69

 25.1.3 Others ₹ in lakhs

Name of statute	Amount of Dispute (31-3-2014)	Amount of Dispute (31-3-2013)	Amount Deposited (31-3-2014)	Period to Which it relates	Forum where dispute is pending
APGST	8.40	8.40	-	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	118.14	118.14	-	2004-05	Appellate Deputy Commissioner
Central Excise	29.69	29.69	-	1996-2000	High Court of Madras
Central Excise	18.25	18.25	-	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	3.49	3.49	-	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	1.23	1.23	-	Feb 2005 - Aug 2005	CESTAT, Bangalore
Central Excise	0.66	0.66	-	Jan 2007 - April 2007	CESTAT, Bangalore
CST	-	0.96	-	2003 - 04	Deputy Commissioner, Commercial Tax
CST	2.36	2.36	-	2002 - 03	Commercial Tax Officer, Naidupet
CST	7.55	7.55	-	2007-08	Assistant Commissioner (CT), Chennai
CST	14.80	14.80	-	2008-09	Assistant Commissioner (CT), Chennai
CST	16.18	16.18	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	24.66	24.66	-	2009-10	Assistant Commissioner (CT), Chennai
Customs	12.50	12.50	-	Oct - 01	Commissioner of Customs
Income Tax	5.43	5.43	-	AY 2003-09	Assessing Officer, IT
Service Tax	5.33	5.33	-	2011-12	Service Tax Officer
Maharashtra VAT	0.65	26.88	-	2005-06	Maharashtra VAT
Maharashtra VAT	1.20	23.28	-	2008-09	Maharashtra VAT



**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2014)	Amount of Dispute (31-3-2013)	Amount Deposited (31-3-2014)	Period to Which it relates	Forum where dispute is pending
Central Excise	0.45	0.45	0.22	Sep 2005 - March 2006	CESTAT, Bangalore
CST	0.42	0.42	-	2004 - 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Central Excise	1.36	1.36	0.68	April - Dec. 2006	CESTAT, Bangalore
APGST	-	4.41	-	2000 -01	Commercial Tax Officer, Naidupet
APGST	-	5.11	-	2001-02	Commercial Tax Officer, Naidupet
Jharkhand Sales Tax	5.31	5.31	-	2004 - 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
CST	-	25.07	-	2001-02	Commercial Tax Officer, Naidupet
Income Tax	-	58.48	-	A.Y 2001-02	CIT(A)
CST	20.05	-	5.00	2010-11	Assistant Commissioner(CT), Chennai
MP Sales Tax	1.04	-	-	-	Commissioner of Commercial Taxes
IT - TDS - Salary	7.50	0.45	-	-	TDS - AO
IT - TDS - Non-Salary	4.61	0.09	-	-	TDS - AO
<b>Total</b>	<b>321.18</b>	<b>430.85</b>	<b>5.90</b>		

**(d) Commitments**

Estimated amount of contracts remaining to be executed on capital account : ₹ 337.49 lakhs (Previous Year - ₹ 1,001.22 lakhs)

₹ in lakhs

Particulars	2013-14	2012-13
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**Note 25.2 Foreign currency transactions**

**25.2.1 Payments in foreign currency towards Imports**

**Imports at CIF Value**

Raw Materials and Traded goods	<b>602.73</b>	386.46
Capital goods	<b>124.99</b>	286.31

**25.2.2 Payments in foreign currency towards Expenditure**

**Expenditure in Foreign currency**

Royalty	-	11.82
Commission paid	-	15.84
Professional and consultation fees	<b>78.75</b>	29.58
Foreign Tour	<b>17.64</b>	10.53
Advertisement & Sales promotion/ Seminar	-	13.02

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Particulars	₹ in lakhs	
	2013-14	2012-13
<b>25.2.3 Earnings in foreign currency on Accrual basis</b>		
<b>Earnings in foreign exchange</b>		
Exports - Products	1149.18	1592.74
Exports - Services	106.95	52.12
Sale of Fixed Asset	24.78	-
<b>25.2.4 Net Gain or Loss on Foreign Currency Translation</b>		
Profit on Foreign Currency Translation	52.13	86.62

**Note 25.3 Employee Benefits**

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

**25.3.1 Defined Contribution Schemes**

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

**25.3.2 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	2013-14	2012-13
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

Particulars	₹ in lakhs	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013

**Table Showing Changes in Present Value of Obligations**

Present value of obligations at the beginning of the year	144.63	140.00
Interest Cost	11.57	11.20
Current Service Cost	17.81	10.47
Benefits Paid	(21.44)	(8.71)
Actuarial (Gain) / Loss on obligations	20.65	(8.33)
Present value of obligations as at end of the year	<u>173.23</u>	<u>144.63</u>

**Table Showing Changes in Fair Value of Plan Assets**

Fair value of plan assets at the beginning of the year	145.70	141.82
Expected return on plan assets	13.35	12.59
Contributions	58.00	0.00
Benefits Paid	(21.44)	(8.71)
Actuarial Gain / (Loss) on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	<u>195.62</u>	<u>145.70</u>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Particulars	₹ in lakhs	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Table Showing Fair Value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	145.70	141.82
Actual return on plan assets	13.35	12.59
Contributions	58.00	0.00
Benefits Paid	(21.44)	(8.71)
Fair value of plan assets at the end of the year	195.62	145.70
Funded Status	22.39	1.07
Excess of Actual over Estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March, 2014)	0.00	0.00
	<b>For the year ended 31<sup>st</sup> March, 2014</b>	For the year ended 31 <sup>st</sup> March, 2013
<b>Actuarial Gain / Loss Recognized</b>		
Actuarial (gain) / loss on obligations	(20.65)	8.33
Actuarial (gain) / loss for the year - plan assets	0.00	0.00
Total (gain) / loss for the year	20.65	(8.33)
Actuarial (gain) / loss recognized in the year	<u>20.65</u>	<u>(8.33)</u>
	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>Amounts to be Recognized in Balance Sheet &amp; Statement of Profit &amp; Loss</b>		
Present value of obligations as at the end of the year	173.23	144.63
Fair value of plan assets as at the end of the year	195.62	145.70
Funded Status	22.39	1.07
Net asset / (liability) recognized in balance sheet	<u>22.39</u>	<u>1.07</u>
	<b>For the year ended 31<sup>st</sup> March, 2014</b>	For the year ended 31 <sup>st</sup> March, 2013
<b>Expenses Recognized in Statement of Profit &amp; Loss</b>		
Current Service Cost	17.81	10.47
Interest Cost	11.57	11.20
Expected return on plan assets	(13.35)	(12.59)
Net Actuarial (gain) / loss recognized in the year	20.65	(8.33)
Expenses recognized in statement of profit and loss	<u>36.68</u>	<u>0.75</u>

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

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**Note 25.4 Segment Reporting**
**Primary Segment Information (Business Segment)**

₹ in lakhs

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others		2013-14	2012-13
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13		
Segment Revenue	<b>7468.03</b>	8243.86	<b>8178.85</b>	7074.93	<b>1318.55</b>	462.40	<b>16965.43</b>	15781.19
Less : Inter segment Revenue	<b>2055.04</b>	2424.35	<b>0.00</b>	0.00	<b>24.41</b>	18.72	<b>2079.45</b>	2443.07
Total Revenue	<b>5412.99</b>	5819.51	<b>8178.85</b>	7074.93	<b>1294.14</b>	443.68	<b>14885.98</b>	13338.12
Segment Results	<b>1664.50</b>	1763.09	<b>1308.31</b>	1162.08	<b>38.92</b>	18.23	<b>3011.73</b>	2943.40
Less : Finance Cost							<b>450.22</b>	380.16
Un allocable Expenses (net of income)							<b>1243.88</b>	1125.61
Total Profit Before Tax							<b>1317.63</b>	1437.63
Tax Expenses							<b>446.57</b>	462.85
Profit after Tax							<b>871.06</b>	974.78
Segment Assets	<b>4189.51</b>	3679.65	<b>4493.12</b>	3388.51	<b>43.26</b>	20.81	<b>8752.89</b>	7088.97
Segment Liabilities	<b>830.67</b>	951.98	<b>144.78</b>	61.83	<b>40.68</b>	4.26	<b>1016.13</b>	1018.07
Capital Employed	<b>3358.84</b>	2727.67	<b>4348.34</b>	3326.68	<b>2.58</b>	16.55	<b>7709.76</b>	6070.90
Less: Un allocated Capital Employed							<b>(1648.17)</b>	(739.77)
Total Capital Employed							<b>6061.59</b>	5331.13

There is no reportable secondary segment, i.e., geographic segment.

**Note 25.5 Related Party Disclosures**

## List of Related Parties

Name of the Party	Relationship
Thejo Hatcon Industrial Services Co LLC, KSA	Subsidiary
Thejo Australia Pty Limited	Subsidiary
Mr. V.A. George	Key Management Personnel
Mr. K.J. Joseph	Key Management Personnel
Mr. Thomas John	Key Management Personnel
Mr. Manoj Joseph	Key Management Personnel
Mr. Rajesh John	Key Management Personnel
Mr. Manesh Joseph	Relative of Key Management Personnel
Mrs. Rosamma Joseph	Relative of Key Management Personnel
Mrs. Celinamma John	Relative of Key Management Personnel

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**Related Party Transaction Details:**

₹ in lakhs

Related Party	Nature of Payment	Current Year Transaction	Outstanding as on 31 <sup>st</sup> March, 2014
Subsidiary	Share Capital	82.20	917.72
Subsidiary	Loan	203.35	203.35
Subsidiary	Advance	NIL	336.22
Subsidiary	Sales/Expense Reimbursement	11.94	222.76
Key Management Personnel	Remuneration	116.78	(5.96)
Relative of Key Management Personnel	Remuneration	45.71	(2.10)

**Note 25.6 Calculation of Deferred Tax**

₹ in lakhs

Particulars	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	DTA	DTL	DTA	DTL
Opening Balance	0.00	59.42	0.00	31.13
Timing Difference in Depreciation	0.00	31.00	0.00	28.22
Profit on sale of asset	0.00	7.95	0.00	0.07
On account of disallowances	12.12	0.00	0.00	0.00
Total	12.12	98.37	0.00	59.42
Net Deferred Tax Liability / (Asset)	0.00	86.24	0.00	59.42

**Note 25.7 Leases**

**Financial Leases:** The company has not taken financial leases.

**Operating Leases:**

- The Company has taken various commercial premises and items of plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.
- The company has not entered into any non-cancellable leases.

₹ in lakhs

2013-14

2012-13

**Note 25.8 Particulars of Stock**
**Purchase of Goods (including Trading)**

Rubber Items	2,407.14	1,762.45
Others	2080.26	2,290.75
<b>Total</b>	<b>4,487.40</b>	<b>4,053.20</b>

**Raw Materials Consumed (including Trading)**

Rubber Items	2,337.93	1,792.27
Others	2,082.42	2,205.85
<b>Total</b>	<b>4,420.37</b>	<b>3,998.12</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

	₹ in lakhs	
	2013-14	2012-13
<b>Stock Particulars Raw Materials, WIP &amp; Finished Goods (including Trading)</b>		
<b>Opening Stock</b>		
Rubber Items	895.28	862.38
Others	352.04	302.46
<b>Total</b>	<b>1,247.32</b>	<b>1,164.84</b>
<b>Closing Stock</b>		
Rubber Items	885.12	895.28
Others	313.36	352.04
<b>Total</b>	<b>1,198.48</b>	<b>1,247.32</b>

Items	Value – ₹ in lakhs			
	2013-14		2012-13	
	% of Consumption	Value	% of Consumption	Value
Imported	12.50%	552.34	6.01%	240.05
Indigenous	87.50%	3,868.03	93.99%	3,758.07
<b>Total</b>		<b>4,420.37</b>		<b>3,998.12</b>

Particulars	2013-14	2012-13*
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**Note 25.9 Earnings Per Share**

Basic &amp; Diluted:

Net Profit after Tax (₹ in Lakhs)	871.06	974.78
Weighted Number of Equity Shares during the year (Nos.)	3433552	2960642
Earnings per Share (₹)	25.37	32.93

\* The number of equity shares are adjusted for bonus issue (1:1) made in 2013-14

**Note 25.10 Payment to Auditors:**

	₹ in lakhs	₹ in lakhs
For Audit	4.00	4.00
For Tax Audit	1.00	1.00
For Other Services	4.63	10.37
<b>Total</b>	<b>9.63</b>	<b>15.37</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2014**

	₹ in lakhs	
	2013-14	2012-13
<b>Note 25.11 Other Disclosures</b>		
<b>25.11.1 Utilization of IPO Proceeds</b>		
IPO Proceeds collected	<b>2,100.66</b>	2,100.66
IPO Proceeds utilized		
- Setting up a polyurethane Unit	<b>11.83</b>	56.45
- Expansion of existing facilities	<b>223.73</b>	125.37
- Setting up R&D Unit	-	283.06
- Setting up a Lining Plant	<b>95.16</b>	73.88
- Investment in Subsidiary, Thejo Australia Pty Limited	-	642.00
- IPO Issue Expenses	-	218.68
- Corporate purposes	<b>33.01</b>	-
<b>Total</b>	<b>363.73</b>	1,399.44
IPO Proceeds unutilized (Unutilized IPO proceeds are retained in the Bank current accounts - South Indian Bank and State Bank of Mysore)	<b>337.49</b>	701.22

**25.11.2** There was a fire accident at the stores of the manufacturing unit at Ponneri on 21<sup>st</sup> April, 2013 resulting in damage to / destruction of raw material and finished goods. The stocks have been adequately insured with United India Insurance Company and the insurance claim has been settled for a sum of ₹ 305.14 lakhs apart from salvage worth ₹ 29.44 lakhs being taken by the Company. The insurance Company has made payment to an extent of ₹ 250 lakhs as on 31<sup>st</sup> March, 2014 and the balance amount of ₹ 55.14 lakhs has been received in April 2014. There was an ultimate loss of ₹ 24.74 lakhs primarily on account of policy excess and the same has been treated as an exceptional item. There was no major disruption in the operations due to the accident.

**25.11.3** The Company has sent letters for confirmation of balances from debtors and creditors based on materiality and the age of receivables and payables. While some parties have confirmed the balance, confirmations from the remaining parties are awaited.

**25.11.4** The Company has not received any communication from its suppliers claiming that they are micro, small scale or medium enterprises.

**25.11.5** 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**

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

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman

M.D. RAVIKANTH  
Finance Controller & Secretary

THOMAS JOHN  
Vice Chairman

V.A. GEORGE  
Managing Director



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**INDEPENDENT AUDITORS' REPORT****TO THE BOARD OF DIRECTORS OF THEJO ENGINEERING LIMITED****REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying Consolidated financial statements of M/s. THEJO ENGINEERING LIMITED ("the company"), and its subsidiaries which comprise the Consolidated Balance sheet as at 31<sup>st</sup> March 2014 and the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the Accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design the audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

In respect of the financial statements of the subsidiary Thejo Hatcon Industrial Services Company LLC, Saudi Arabia, we did not carry out the audit. These unaudited financial statements have been certified by the management and have been furnished to us and in our opinion, insofar as it relates to the amounts included, are based solely on these certified financial statements. The consolidated financial statements include total assets of Saudi Riyal 71,93,026 (Rs.11,52,03,497) net assets of Saudi Riyal 57,38,179 (Rs.9,19,02,678) as at March 31<sup>st</sup>, 2014 and total revenue of Saudi Riyal 24,90,722 (Rs.3,79,72,298) for the year then ended of this subsidiary subject to consolidation adjustments.

In respect of the financial statements of the subsidiary Thejo Australia Pty. Limited, Australia, we did not carry out the audit. These unaudited financial statements have been certified by the management and have been furnished to us and in our opinion, insofar as it relates to the amounts included, are based solely on these certified financial statements. The consolidated financial statements include total assets of AUD 14,55,429 (Rs.8,10,52,841), net assets of AUD 5,82,275 (Rs.3,24,26,895) as at March 31<sup>st</sup>, 2014 and total revenue of AUD 14,53,683 (Rs.8,15,66,133) for the year then ended of this subsidiary subject to consolidation adjustments.

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**INDEPENDENT AUDITORS' REPORT**

Since the financial statements for the financial year ended March 31st, 2014, which were compiled by management of these companies, were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. However, the size of these subsidiaries in the consolidated statements is not significant in relative terms.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and 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 the company as at March 31, 2014;
- b) in the case of the consolidated Statement of Profit & Loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For JOSEPH & RAJARAM  
Chartered Accountants  
Firm Reg. No. : 001375S

R. LAKSHMINARAYANAN  
Partner  
Membership No. : 016246

Date : 20<sup>th</sup> May, 2014  
Place : Chennai

### Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014

Particulars	Note No.	As at 31-03-2014	As at 31-03-2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	343.36	171.68
(b) Reserves and surplus	4	4,994.31	4,940.95
<b>2 Minority Interest</b>	5	99.95	33.30
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	6	260.00	13.64
(b) Deferred tax liabilities (Net)	27.6	76.48	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	2,832.85	2,569.19
(b) Trade payables	8	1,314.82	1,413.80
(c) Other current liabilities	9	1,571.41	1,208.80
(d) Short-term provisions	10	1,969.11	1,480.00
<b>TOTAL</b>		<b><u>13,462.29</u></b>	<b><u>11,831.36</u></b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		3,345.33	2,310.57
(ii) Intangible assets		0.31	0.36
(iii) Capital work-in-progress		53.51	48.23
(b) Non-current investments	12	-	-
(c) Deferred Tax Asset (Net)	27.6	-	5.34
(d) Long-term loans and advances	13	287.28	229.97
(e) Other non-current assets	14	310.62	301.91
<b>2 Current assets</b>			
(a) Inventories	15	1,429.69	1,440.08
(b) Trade receivables	16	4,615.89	4,023.98
(c) Cash and cash equivalents	17	963.81	1,410.34
(d) Short-term loans and advances	18	843.50	826.32
(e) Other current assets	19	1,612.35	1,234.26
<b>TOTAL</b>		<b><u>13,462.29</u></b>	<b><u>11,831.36</u></b>
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 of Directors

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

K.J. JOSEPH  
Chairman

THOMAS JOHN  
Vice Chairman

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

M.D. RAVIKANTH  
Finance Controller & Secretary

V.A. GEORGE  
Managing Director

**Statement of Consolidated Profit and Loss for the year ended 31<sup>st</sup> March, 2014**

Particulars	Note No.	₹ in lakhs	
		For the year ended 31-03-2014	For the year ended 31-03-2013
I. Revenue from operations	20	15,910.89	13,679.03
II. Other income	21	142.36	213.37
III. Total Revenue (I + II)		<u>16,053.25</u>	<u>13,892.40</u>
IV. Expenses:			
Cost of materials consumed	22	3,465.57	3,735.81
Purchase of Traded goods	22	1,208.61	415.03
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(205.98)	(208.43)
Employee benefits expense	24	5,282.97	4,430.39
Finance costs	25	451.55	381.63
Depreciation and amortization expense	11	370.43	261.54
Other expenses	26	4,821.49	3,692.93
Total expenses		<u>15,394.64</u>	<u>12,708.90</u>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>658.61</b>	1,183.50
VI. Exceptional items:			
Loss on account of fire accident		24.74	-
<b>VII. Profit before extraordinary items and tax (V – VI)</b>		<b>633.87</b>	1,183.50
VIII. Extraordinary Items		-	-
<b>IX. Profit before tax (VII- VIII)</b>		<b>633.87</b>	1,183.50
X. Tax expense:			
(1) Current tax		419.75	436.31
(2) Deferred tax	27.6	81.82	(34.19)
(3) Prior period Tax		-	-
<b>XI. Profit / (Loss) for the period (IX-X)</b>		<b>132.30</b>	781.38
XII. Transfer to Minority Interest		(181.14)	2.12
<b>XIII. Profit / (Loss) for the period after tax and transfer to Minority Interest (XI - XII)</b>		<u><b>313.44</b></u>	<u>779.26</u>
XIV. Earnings per equity share (before & after extraordinary items) :			
(1) Basic (₹)		9.13	26.32
(2) Diluted (₹)		9.13	26.32
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 of Directors

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

K.J. JOSEPH  
Chairman

THOMAS JOHN  
Vice Chairman

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

M.D. RAVIKANTH  
Finance Controller & Secretary

V.A. GEORGE  
Managing Director

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

₹ in lakhs

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
<b>Cash Flow from Operating Activities</b>		
Profit before tax as per Statement of Profit and Loss	633.87	1,183.50
<b>Adjustment for:</b>		
Depreciation	370.43	261.54
Loss/(Profit) on sale of asset	(26.30)	(0.21)
Interest Paid	451.55	381.63
Interest on Fixed Deposit	(29.52)	(25.47)
Effect of exchange differences on translation of subsidiaries	(72.38)	(75.03)
Operating Profit before working capital changes	1,327.65	1,725.96
<b>Adjustment for:</b>		
Trade and Other Receivables	(658.95)	(1,055.76)
Inventories	10.39	(271.03)
Trade Payables and Other Liabilities	195.57	15.34
Cash Generated from Operations	874.66	414.51
Direct Taxes Paid	(385.54)	(378.79)
<b>Net Cash from Operating Activities (A)</b>	<b>489.12</b>	<b>35.72</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,374.73)	(929.15)
Sale of assets	52.13	0.44
Interest on Fixed Deposit	29.52	25.47
(Inc)/Dec Pre-operative Expenses to the extent not written off	(8.71)	(76.54)
<b>Net cash from Investing Activities (B)</b>	<b>(1,301.79)</b>	<b>(979.78)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital & premium	-	1,881.98
Increase in Term loan & Other credit facilities	506.84	397.94
Increase in Unsecured loans from Related parties	-	-
Increase in Minority Interest	310.85	-
Interest paid	(451.55)	(381.63)
<b>Net Cash from Financing Activities (C)</b>	<b>366.14</b>	<b>1,898.29</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>(446.53)</b>	<b>954.23</b>
Opening Cash & Cash Equivalents	1,410.34	456.11
Closing Cash & Cash Equivalents	963.81	1,410.34

Note : Closing Cash and Cash Equivalents includes ₹ 241.04 lakhs (Previous Year: ₹ 186.23 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC.

In terms of our report of even date annexed

For JOSEPH & RAJARAM  
Chartered Accountants  
ICAI Registration No. 001375S

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman

M.D. RAVIKANTH  
Finance Controller & Secretary

THOMAS JOHN  
Vice Chairman

V.A. GEORGE  
Managing Director

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014****Note 1****CORPORATE INFORMATION (PARENT AND SUBSIDIARY COMPANIES)**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26<sup>th</sup> March, 1986 as a Private Limited Company. The name of the Company was changed to Thejo Engineering Private Limited vide a certificate of incorporation dated 17<sup>th</sup> 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 20<sup>th</sup> June, 2008. Thejo Engineering Limited made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012 for getting its shares listed on the EMERGE SME platform of NSE. The IPO was fully subscribed. Consequently, the share capital of the Company increased to ₹ 171.68 lakhs in the financial year 2012-13. During the year 2013-14, the Company had issued Bonus Shares to the existing shareholders in the ratio of 1:1 and the present paid-up capital of the Company is ₹ 343.36 lakhs

The Registered Office of the Company is situated at Aysha Building, No.41, Whites Road, Royapettah, Chennai - 600 014. The Company is an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. The Company's services include belt conveyor installation, maintenance and operations, while its product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection.

The Company has two overseas subsidiaries namely, Thejo Hatcon Industrial Services Company LLC, Saudi Arabia and Thejo Australia Pty Limited, Australia. Thejo Hatcon Industrial Services Company LLC is primarily engaged in rubber lagging and industrial services. Thejo Australia Pty Limited is primarily engaged in conveyor splicing, maintenance and related services.

During the year, the Company entered into an agreement with Bridgestone Corporation (Bridgestone), Japan, Bridgestone Engineered Products of Asia Sdn Bhd, Malaysia (wholly owned subsidiary of Bridgestone) (BSEA) and Thejo Australia Pty Ltd, whereby BSEA acquired 26% equity stake in Thejo Australia.

**Note 2****SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

The consolidated financial statements (except consolidated cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and those of the foreign subsidiaries are prepared in compliance with the local laws and Accounting Standards applicable. The consolidated cash flow statement has been prepared in accordance with AS 3 on "Cash flow statements" issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

**2.2 Principles of Consolidation**

- (i) The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements".
- (ii) The financial statements of the Parent Company and its subsidiaries 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.
- (iii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except the method of depreciation as adopted by the subsidiary companies has been retained for the purpose of consolidation.

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

- (iv) 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.
- (v) 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.
- (vi) 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 and fixed assets held by the subsidiary company out of the sales made by the parent company is reduced from the closing inventory and fixed assets on consolidation as per AS 21.
- (vii) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

**2.3 Use of Estimate**

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**2.4 Foreign currency transactions**

- (a) The reporting currency is Indian Rupees.
- (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) Where financial statements of foreign operations are treated as integral operations, they are 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) Where financial statements of foreign subsidiaries are treated as non-integral operations, their financial statements are translated at the following exchange rates :
  - (i) Share capital: At the original rate when the capital was infused.
  - (ii) Fixed assets: Exchange rate prevailing at the end of the year.
  - (iii) Current / Non current assets and current / Non current liabilities: Exchange rate prevailing at the end of the year.
  - (iv) 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.

**2.5 Presentation and disclosure of Consolidated financial statements**

The Consolidated Balance Sheet and Statement of Consolidated Profit and Loss are prepared and presented in the format prescribed in Schedule VI to the Companies Act, 1956. The Consolidated Cash Flow Statement has been prepared and presented as prescribed in Accounting Standard 3(AS 3) "Cash Flow Statements" issued by ICAI.



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Pursuant to applicability of Revised Schedule VI of the Companies Act, 1956 on presentation of financial statements with effect from 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 Balance Sheet.

**2.6 Fixed Assets**

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

**2.7 Depreciation**
**a. Indian holding Company**

Depreciation on Fixed Assets is 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.5,000/- in the year of acquisition.

**b. Foreign Subsidiaries**

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

**2.8 Inventories**

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

**2.9 Revenue Recognition**

2.9.1 In respect of sale of products, revenue is recognised at the point of despatch to customers, when the effective control passes on to the buyer and in respect of services rendered, revenue is recognised based on proportionate completion method at the time of invoicing, when there is no significant uncertainty regarding the amount of consideration.

2.9.2 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.

2.9.3 Revenue from export benefits (like Duty Drawback) is accounted at the time of receipt.

2.9.4 The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases.

**2.10 Sales, Works Contracts and Services Income**

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

**2.11 Employee Benefits**
**2.11.1 Short term employee benefits:**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages and short term compensated absences as also the expected cost of bonus and ex-gratia are recognised in the period in which the employee renders the related service.

**2.11.2 Post employment benefits:**

2.11.2.1 *Defined Contribution Schemes:* Contribution to Provident Fund is made monthly to the Provident Fund Authorities. Contribution to Superannuation fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Statement of Consolidated Profit and Loss for the year.

2.11.2.2 *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. The present value of the obligation is determined based on actuarial valuation using Projected Unit Credit Method as per the report given by the Corporation.

Employee benefits in respect of subsidiaries are provided as per the applicable laws of the country where the subsidiaries are situated.

**2.12 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



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

that originates in one year and reverses in another. 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 companies 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 Companies is done as per AS 22 and rate of tax as applicable in the respective Countries.

**2.13 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.

**2.14 Investments**

Each category/item of investment is valued as follows :

- 2.14.1 Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.
- 2.14.2 Current investments are carried at the lower of cost and fair value.

The carrying amount of such investments are determined on the basis of weighted average cost of each individual investment.

**2.15 Cash and Cash Equivalents**

- 2.15.1 Cash comprises cash on hand and demand deposits with bank.
- 2.15.2 Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.16 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.

**2.17 Dividend**

Provision is made in the accounts for the dividend 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.

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Particulars	As at 31-03-2014		As at 31-03-2013	
	Number	Amount ₹ in lakhs	Number	Amount ₹ in lakhs

**Note 3**
**SHARE CAPITAL**
**Authorised**

Equity Shares of ₹10/- each	1,00,00,000	1,000.00	20,00,000	200.00
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**Issued**

Equity Shares of ₹ 10/- each	34,33,552	343.36	17,16,776	171.68
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**Subscribed & Paid up**

Equity Shares of ₹ 10/- each	34,33,552	343.36	17,16,776	171.68
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(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 & 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Profit & Loss Account & ₹ 171.68 lakhs from Securities Premium Account)

<b>Total</b>	<u>34,33,552</u>	<u>343.36</u>	<u>17,16,776</u>	<u>171.68</u>
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**3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

Shares outstanding at the beginning of the year	17,16,776	171.68	11,84,740	118.47
Shares issued during the year	17,16,776	171.68	5,32,036	53.21
Shares outstanding at the end of the year	<u>34,33,552</u>	<u>343.36</u>	<u>17,16,776</u>	<u>171.68</u>

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

Name of the Shareholder	As at 31-03-2014		As at 31-03-2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. K.J. Joseph	3,55,380	10.35%	1,77,690	10.35%
Mr. Thomas John	4,75,660	13.85%	2,37,830	13.85%
SIDBI Venture Capital Ltd A/c India Opportunities Fund	3,17,072	9.23%	1,58,536	9.23%
Emerging India Growth Fund (Canbank Venture Capital Ltd)	2,48,400	7.23%	1,24,200	7.23%
IDBI Capital Market Services Limited	2,25,000	6.55%	68,100	3.97%

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 4**
**RESERVES AND SURPLUS**
**a. Securities Premium Account**

Opening Balance	2,016.99	188.22
Add : Securities premium credited on Share issue	–	2,047.45
Less : Premium Utilised:		
IPO Expenses written off	–	218.68
For Issuing Bonus Shares	171.68	–
<b>Closing Balance</b>	<b>1,845.31</b>	<b>2,016.99</b>

**b. General Reserve**

Opening Balance	430.02	332.53
(+) Appropriated from Statement of Profit and Loss	87.11	97.49
<b>Closing Balance</b>	<b>517.13</b>	<b>430.02</b>

**c. Surplus in Statement of Profit and Loss**

Opening balance	2,493.94	1,975.85
(+) Net Profit/(Net Loss) For the current year	313.44	779.26
(-) Proposed Dividend	120.17	85.84
(-) Dividend Distribution Tax	20.42	14.59
(-) Transfer to General Reserve	87.11	97.49
(-) Reserves, Surplus & FCTR prior to date of acquisition to Minority Interest	(59.54)	–
Foreign Currency Translation Reserve	(7.35)	(63.25)
<b>Closing Balance</b>	<b>2,631.87</b>	<b>2,493.94</b>
<b>Total</b>	<b>4,994.31</b>	<b>4,940.95</b>

**Note 5**
**MINORITY INTEREST**

<b>Opening Balance</b>	<b>33.30</b>	<b>30.84</b>
Additions during the year		
a. Share capital	310.85	–
b. Share of (Loss)/profit of the year	(181.14)	2.12
c. Foreign currency translation adjustment for the year	(3.52)	0.34
d. Others incl Reserves, Surplus & FCTR prior to date of acquisition	(59.54)	–
<b>Closing balance</b>	<b>99.95</b>	<b>33.30</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Note 6</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Term loans</b>		
From Banks	310.19	67.01
<b>Limit / Liability Terms of Repayment / Security</b>		
<b>State Bank of Mysore</b>		
Date of Sanction : 13.02.2013 Ref. No. IFB / C / ADV / Thejo		
Sanctioned Limit - ₹ 200 Lakhs (in addition to Term Loans of ₹141 Lakhs availed in earlier years for which repayments are being made as per schedule)		
Purpose : Acquisition of Capital Assets		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursement		
Amount of Installment - ₹ 5.68 Lakhs per month + interest		
Security : Hypothecation of the equipments and machinery to be acquired under term loan		
Pari-passu first charge on fixed assets of the Company		
EM of plots nos. 41 and 39 at Kuttisseril Lake View Garden, Korattur Village, Saidapet Taluk in the name of Mr. Manesh Joseph and Mrs. Celinamma John respectively.		
Personal guarantee of : Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mrs. Celinamma John		
Rate of Interest : 3.50% above Base Rate		
Collateral to be shared with Axis Bank		
Liability (incl Interest Not due) - ₹ 209.02 Lakhs (₹ 41.56 Lakhs)		
Repayable within one year	35.69	33.87
Overdues - Nil (Nil)		
<b>Axis Bank Ltd</b>		
Date of Sanction : 15.03.2013 Ref. No. AXISB / SME / S / CHN / 12-13 / 642		
Sanctioned Limit : ₹ 100 Lakhs		
Purpose : Acquisition of Capital Assets		
Period of Repayment : 60 monthly installments commencing from 3 months from the date of last drawdown, interest to be paid as and when debited		
Amount of Installment - ₹ 1.67 Lakhs per month + interest		
Security : First hypothecation charge over all the movable fixed assets on pari-passu basis along with State Bank of Mysore		
Pari-passu charge with SBM over immovable properties under EM		
Pari-passu first charge over the movable fixed assets of the Company including Plant, Machinery and Equipment which are not financed by other banks		
Personal guarantee of : Mr. K.J. Joseph, Mr. Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mrs. Celinamma John		
Liability (Incl interest not due) - ₹101.17 Lakhs (₹ 25.46 Lakhs )		
Repayable within one year	14.50	19.50
Overdues - Nil (Nil)		
<b>Total</b>	<b>260.00</b>	<b>13.64</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 7**

**SHORT TERM BORROWINGS**

**Secured**

**Loans repayable on demand**

From banks	<b>2,832.85</b>	2,569.19
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**Limit / Liability Terms of Repayment / Security**

**State Bank of Mysore**

Date of Sanction : 13.02.2013 Ref. No. IFB / C / ADV / Thejo

Limits sanctioned : Cash Credit of ₹ 1,600 Lakhs

Stand by ₹ 150 Lakhs

Letter of credit - ₹ 900 Lakhs

Bank Guarantee - ₹ 1000 Lakhs

Period of Repayment : On Demand

Security : Charge on all the current assets on pari-passu basis

EM of immovable properties belonging to Company, Mr.Manesh Joseph and Mrs.Celinamma John (refer Term Loan sanction) on pari-passu basis

Hypothecation of movable fixed assets on pari-passu basis  
(Security to be shared with Axis Bank)

Personal guarantee of : Mr. K.J.Joseph, Mr. Thomas John, Mr.Manoj Joseph, Mr.Rajesh John and Mrs.Celinamma John

Rate of Interest - 3.25% above base rate

Margin - Cash credit - 25%

LC and BG - 15%

Liability - ₹ 1,615.70 Lakhs (₹ 1,547.52 Lakhs)

Overdues : Nil (Nil)

**Axis Bank Ltd**

Date of Sanction : 15.03.2013 Ref. No. AXISB / SME / S / CHN / 12-13 / 642

Limit : Cash Credit of ₹ 1,150 Lakhs + Stand by ₹ 100 Lakhs

Period of Repayment : On Demand

Security : Charge on all the current assets on pari-passu basis

EM of immovable properties belonging to Company, Mr. Manesh Joseph and Mrs. Celinamma John (refer Term Loan sanction) on pari-passu basis

Hypothecation of movable fixed assets on pari-passu basis  
(Security to be shared with State Bank of Mysore)

Personal guarantee of : Mr. K.J. Joseph, Mr.Thomas John, Mr. Manoj Joseph, Mr. Rajesh John and Mrs.Celinamma John

Liability - ₹ 1,217.15 Lakhs (₹ 1,021.67 Lakhs)

Overdues : Nil (Nil)

<b>Total</b>	<b><u>2,832.85</u></b>	<b><u>2,569.19</u></b>
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**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 8**
**TRADE PAYABLES**

Trade payables:

Other than Acceptances	1,314.82	1,413.80
<b>Total</b>	<b>1,314.82</b>	<b>1,413.80</b>

**Note 9**
**OTHER CURRENT LIABILITIES**
**Other payables**

Salary and Other Employee Benefits	481.53	418.96
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**Statutory Dues**

Commercial Tax Liability	52.45	30.48
Service Tax Liability	33.90	18.52
ESI	9.77	4.50
EPF	31.56	25.78
Profession Tax	4.18	1.30
TDS	33.80	43.57
Others	45.23	40.61
Outstanding Liabilities	828.80	571.71
Term Loan Installments Repayable within 12 months	50.19	53.37
<b>Total</b>	<b>1,571.41</b>	<b>1,208.80</b>

**Note 10**
**SHORT TERM PROVISIONS**
**(a) Provision for employee benefits**

Provision for Bonus / Ex-gratia	122.68	93.47
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**(b) Others**

Direct Taxes	1,705.84	1,286.10
Proposed Dividend	120.17	85.84
Dividend Distribution Tax	20.42	14.59
<b>Total</b>	<b>1,969.11</b>	<b>1,480.00</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

Note 11

**FIXED ASSETS**

₹ in lakhs

NAME OF THE ASSETS	GROSS BLOCK			DEPRECIATION & UNREALISED PROFITS					NET BLOCK					
	As at 31-3-2013	Addition for the year	Deduction	Diff. in forex version	As at 31-3-2014	Rate of Depreciation (%)	Upto 31-3-2013	Addition	Deduction	Diff. in forex version	Unrealised Profit	Upto 31-3-2014	As at 31-3-2014	As at 31-3-2013
<b>TANGIBLE ASSETS</b>														
Land	65.72	0.00	0.00	0.00	65.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.72	65.72
Factory Building	335.97	552.45	30.24	0.00	858.18	10.00	172.14	22.85	12.56	0.00	0.00	182.43	675.75	163.83
Office Building	489.01	1.09	0.00	47.83	537.93	5.00	13.45	1.31	0.00	0.00	0.00	14.76	523.16	475.56
<b>Plant &amp; Machinery</b>														
Plant & Machinery at Factories	946.81	336.83	19.04	0.00	1,264.60	13.91	481.81	79.74	12.16	0.00	0.00	549.39	715.20	465.00
Plant & Machinery at HO, Branches & Sites	923.18	243.07	0.00	8.08	1,174.33	13.91	259.71	123.90	0.00	1.41	19.32	404.35	769.98	663.47
Boiler	37.73	0.90	0.00	0.00	38.63	40.00	36.92	0.51	0.00	0.00	0.00	37.43	1.20	0.81
Dyes & Moulds	40.81	85.48	0.00	0.00	126.29	30.00	29.68	16.55	0.00	0.00	0.00	46.23	80.06	11.13
Vehicle	373.94	43.31	0.00	3.73	420.98	25.89	233.27	47.02	0.00	2.01	0.00	282.30	138.69	140.67
Office Equipments	28.71	5.52	0.00	0.00	34.23	13.91	18.80	1.89	0.00	0.00	0.00	20.69	13.54	9.91
Electrical Fittings	146.25	36.79	0.00	0.00	183.04	20.00	82.80	14.91	0.00	0.00	0.00	97.71	85.33	63.45
Furniture & Fittings	253.32	40.22	2.12	5.83	297.25	18.10	75.92	21.58	0.87	0.48	0.00	97.11	200.14	177.40
Computer	188.29	21.70	0.40	(0.13)	209.47	40.00	125.91	29.87	0.38	(0.06)	0.00	155.33	54.14	62.38
Generator	29.98	13.19	0.00	0.00	43.17	13.91	18.74	2.01	0.00	0.00	0.00	20.75	22.42	11.24
Total Tangible Assets(Current Year)	3,859.72	1,380.55	51.80	65.34	5,253.82		1,549.15	362.14	25.97	3.84	19.32	1,908.48	3,345.33	2,310.57
Total Tangible Assets(Previous Year)	2,924.11	927.81	4.95	12.75	3,859.72		1,302.86	233.27	4.72	0.63	17.11	1,549.15	2,310.57	1,621.24
<b>INTANGIBLE ASSETS</b>														
Technical Knowhow	1.75	0.00	0.00	0.00	1.75	13.91	1.39	0.05	0.00	0.00	0.00	1.44	0.31	0.36
Total Intangible Assets(Current Year)	1.75	0.00	0.00	0.00	1.75		1.39	0.05	0.00	0.00	0.00	1.44	0.31	0.36
Total Intangible Assets(Previous Year)	1.75	0.00	0.00	0.00	1.75		1.33	0.06	0.00	0.00	0.00	1.39	0.36	0.42
<b>CAPITAL WORK IN PROGRESS</b>														
Assets Under Construction	59.32	53.51	59.32	0.00	53.51	0.00	11.09	0.00	11.09	0.00	0.00	0.00	53.51	48.23
Total Capital Work In Progress(Current Year)	59.32	53.51	59.32	0.00	53.51		11.09	0.00	11.09	0.00	0.00	0.00	53.51	48.23
Total Capital Work In Progress(Previous Year)	58.00	55.44	54.12	0.00	59.32		0.00	0.00	0.00	0.00	11.09	11.09	48.23	58.00
<b>GRAND TOTAL</b>	<b>3,920.79</b>	<b>1,434.06</b>	<b>111.12</b>	<b>65.34</b>	<b>5,309.08</b>		<b>1,561.63</b>	<b>362.19</b>	<b>37.06</b>	<b>3.84</b>	<b>19.32</b>	<b>1,909.92</b>	<b>3,399.15</b>	<b>2,359.16</b>
<b>PREVIOUS YEAR</b>	2,983.86	983.25	59.07	12.75	3,920.79		1,304.19	233.33	4.72	0.63	28.20	1,561.63	2,359.16	1,679.66

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Note 12</b>		
<b>NON-CURRENT INVESTMENTS</b>		
<b>A Trade Investments</b>	917.72	835.52
Investments in Equity	917.72	835.52
<b>B Other Investments</b>	0.00	0.00
Investments in Equity	0.00	0.00
<b>Grand Total (A + B)</b>	917.72	835.52
Less : Adjusted on Consolidation of subsidiaries	917.72	835.52
<b>Total</b>	<u>0.00</u>	<u>0.00</u>
Aggregate amount of quoted investments	0.00	0.00
Aggregate amount of unquoted investments	0.00	0.00

**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
			As at 31-3-2014	As at 31-3-2013			As at 31-3-2014	As at 31-3-2013	As at 31-3-2014	As at 31-3-2013	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Investment in Equity Instruments</b>											
1	Thejo Hatcon Industrial Services Company LLC	Subsidiary	255	255	Unquoted	Fully Paid	51%	51%	32.98	32.98	Yes
2	Thejo Australia Pty Ltd	Subsidiary	15,50,000	14,00,000	Unquoted	Fully Paid	74%	100%	884.74	802.54	Yes
<b>Total</b>									<b>917.72</b>	<b>835.52</b>	



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 13**
**LONG TERM LOANS AND ADVANCES**
**a. EMD and Security Deposits**

Unsecured, considered good	122.41	108.81
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**b. Other Deposits**

Unsecured, considered good		
Rental Deposit	119.52	67.24
Deposit with Government Agencies	4.15	3.53
Others	41.20	50.39
<b>Total</b>	<b><u>287.28</u></b>	<b><u>229.97</u></b>

**Note 14**
**OTHER NON-CURRENT ASSETS**

Pre-Operative & Deferred Expenses to the extent not written off	310.62	301.91
<b>Total</b>	<b><u>310.62</u></b>	<b><u>301.91</u></b>

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

a. Raw Materials and components	474.38	650.53
b. Work-in-progress	290.78	223.72
c. Finished goods	659.39	591.82
d. Stock in Trade	9.72	-
e. Scrap stock from fire accident	29.44	-
Less : Profit element on stock transfer to subsidiary	34.02	25.99
(All Inventories valued at Cost or Net Realisable Value, whichever is less)		
<b>Total</b>	<b><u>1,429.69</u></b>	<b><u>1,440.08</u></b>

**Note 16**
**TRADE RECEIVABLES**

Trade receivables outstanding for a period less than six months from the date they are due for payment.

Unsecured, considered good	4,221.82	3,779.39
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Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	394.07	244.59
<b>Total</b>	<b><u>4,615.89</u></b>	<b><u>4,023.98</u></b>

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014

₹ in lakhs

Particulars	As at 31-03-2014	As at 31-03-2013
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**Note 17****CASH AND CASH EQUIVALENTS**

a. Balances with banks		
(i) In Current Accounts	602.68	1,126.62
(ii) In Deposit Accounts (₹ 241.04 lakhs (PY ₹ 186.23 lakhs) held as Margin Money for BG & LC)	281.18	214.51
b. Cheques, drafts on hand	49.80	44.02
c. Cash on hand	30.15	25.19
<b>Total</b>	<b>963.81</b>	<b>1,410.34</b>

**Note 18****SHORT-TERM LOANS AND ADVANCES****Others (unsecured, considered good)**

EMD & Security deposits	386.23	326.43
Others	457.27	499.89
<b>Total</b>	<b>843.50</b>	<b>826.32</b>

**Note 19****OTHER CURRENT ASSETS**

Direct Tax payments	1,577.06	1,191.52
Balance with Central Excise Authority	35.29	42.74
<b>Total</b>	<b>1,612.35</b>	<b>1,234.26</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
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**Note 20**
**REVENUE FROM OPERATIONS**

Sales, Service & Works Contract	16,362.26	14,151.67
Less:		
Excise duty	451.37	472.64
<b>Total</b>	<b>15,910.89</b>	<b>13,679.03</b>

**Note 21**
**OTHER INCOME**

Interest Income	27.20	25.46
Miscellaneous Income	55.48	91.15
Packing charges recovered	6.88	11.14
Frieght charges recovered	8.41	10.49
Income from sale of DEPB License & Duty Drawback	21.00	73.60
Profit on sale of assets	23.39	0.21
Bad Debts Recovered	-	1.32
<b>Total</b>	<b>142.36</b>	<b>213.37</b>

**Note 22**
**COST OF MATERIALS CONSUMED**

Opening Stock of Raw Materials	650.53	595.44
Add: Purchases made during the year	3,153.12	3,442.59
	<b>3,803.65</b>	4,038.03
Less: Raw Materials lost in fire accident	243.18	-
Less: Closing Stock of Raw Materials	474.38	650.53
	<b>3,086.09</b>	3,387.50
Add: Consumables	379.48	348.31
<b>Total</b>	<b>3,465.57</b>	<b>3,735.81</b>
Purchase of Traded Goods	1,208.61	415.03

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
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**Note 23**
**CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**
**Opening Stock :**

Work-in-Process	223.72	252.69
Finished Goods	574.74	314.16
Stock-in-Trade	9.58	7.83
Less: WIP/FG lost in fire	62.16	-
Less: Unrealised gain in stock sold from parent to subsidiary	25.99	1.06

**Closing Stock :**

Work-in-Process	290.78	223.72
Finished Goods	659.39	574.74
Stock-in-Trade	9.72	9.58
Less: Unrealised gain in stock sold by parent to subsidiary	34.02	25.99
<b>Total</b>	<b><u>(205.98)</u></b>	<b><u>(208.43)</u></b>

**Note 24**
**EMPLOYEE BENEFITS EXPENSE**

(a) Salaries and incentives	4,221.14	3,581.33
(b) Contributions to PF, Superannuation, Gratuity, ESI & other Funds	414.25	263.01
(c) Staff welfare expenses	521.19	514.32
(d) LTA, Ex-gratia & Leave Encashment	126.39	71.73
<b>Total</b>	<b><u>5,282.97</u></b>	<b><u>4,430.39</u></b>

**Note 25**
**FINANCE COSTS**

Interest	371.84	324.91
Other finance costs	79.71	56.72
<b>Total</b>	<b><u>451.55</u></b>	<b><u>381.63</u></b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
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**Note 26**
**OTHER EXPENSES**
**A. Manufacturing & Other Direct Expenses**

Power and fuel	237.05	271.39
Machinery Leasing & Maintenance	237.43	146.32
Factory Maintenance	15.78	10.36
Electrical maintenance	16.32	3.78
Testing charges	3.01	2.21
Dyes & Moulding charges	10.29	2.93
Cartage, Coolie & Freight charges	277.29	279.51
Packing materials & charges	119.92	101.90
Service & Labour charges	820.67	409.12
<b>Total Manufacturing &amp; Other Direct Expenses</b>	<b>1,737.76</b>	<b>1,227.52</b>

**B. Administrative & Selling Expenses**

Professional Service Charges	302.33	155.97
Rent	304.06	208.39
Repairs & Maintenance	46.27	45.61
Travelling, Conveyance & Vehicle hire charges	442.28	361.95
Foreign Travel expenses	43.14	42.76
Vehicle Maintenance	143.32	119.39
Telephone, Telex & Postage	69.49	74.55
Printing & Stationery	35.22	36.08
Office Maintenance	44.27	28.09
Subscriptions, Books & Periodicals	6.35	6.90
Computer Maintenance	14.11	9.31
Seminar & Conference	3.11	4.77
Electricity	22.97	18.02
Legal Fee & Charges	10.38	7.43
Donation	12.08	14.43
Recruitment, Training & Development	11.52	6.56
ECGC Premium	1.23	1.50
ISO Certification Charges	0.67	0.67

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31-03-2014	For the year ended 31-03-2013
<b>OTHER EXPENSES (Contd.)</b>		
Insurance	41.16	27.94
Rates and taxes	48.32	11.43
Directors Sitting Fees	9.35	4.92
Commission	44.75	30.77
Advertisement	3.40	15.70
Sales Promotion Expenses	17.85	33.99
Freight on Exports	28.51	21.89
Loading & Unloading charges	7.75	19.75
Late Delivery Charges	32.34	24.63
Bad Debts	9.23	11.27
Payments to the Auditors		
a. Statutory Audit	4.53	4.93
b. Tax Audit	1.00	1.00
c. For certification & other services	4.63	10.37
Miscellaneous expenses	7.89	14.88
Total Administration & Selling Expenses	<u>1,773.51</u>	<u>1,375.85</u>
Sales Tax, Service Tax & Other Indirect Tax Expenses	1,293.56	1,077.40
Preliminary Expenses Amortized/Written off	16.66	12.16
<b>Total</b>	<b><u>4,821.49</u></b>	<b><u>3,692.93</u></b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

 Particulars 2013-14 2012-13
**Note 27 ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS**
**Note 27.1 Contingent Liabilities (to the extent not provided for)**

27.1.1 Claims against the company not acknowledged as debts

-

-

27.1.2 Guarantees issued by the Banks

**1,105.79**

895.69

**1,105.79**
895.69

27.1.3 Others

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2014)	Amount of Dispute (31-3-2013)	Amount Deposited (31-3-2014)	Period to Which it relates	Forum where dispute is pending
APGST	8.40	8.40	-	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	118.14	118.14	-	2004-05	Appellate Deputy Commissioner
Central Excise	29.69	29.69	-	1996-2000	High Court of Madras
Central Excise	18.25	18.25	-	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	3.49	3.49	-	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	1.23	1.23	-	Feb 2005 - Aug 2005	CESTAT, Bangalore
Central Excise	0.66	0.66	-	Jan 2007 - April 2007	CESTAT, Bangalore
CST	-	0.96	-	2003 - 04	Deputy Commissioner, Commercial Tax
CST	2.36	2.36	-	2002 - 03	Commercial Tax Officer, Naidupet
CST	7.55	7.55	-	2007-08	Assistant Commissioner (CT), Chennai
CST	14.80	14.80	-	2008-09	Assistant Commissioner (CT), Chennai
CST	16.18	16.18	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	24.66	24.66	-	2009-10	Assistant Commissioner (CT), Chennai
Customs	12.50	12.50	-	Oct - 01	Commissioner of Customs
Income Tax	5.43	5.43	-	AY 2003-09	Assessing Officer, IT
Service Tax	5.33	5.33	-	2011-12	Service Tax Officer
Maharashtra VAT	0.65	26.88	-	2005-06	Maharashtra VAT
Maharashtra VAT	1.20	23.28	-	2008-09	Maharashtra VAT

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2014)	Amount of Dispute (31-3-2013)	Amount Deposited (31-3-2014)	Period to Which it relates	Forum where dispute is pending
Central Excise	0.45	0.45	0.22	Sep 2005 - March 2006	CESTAT, Bangalore
CST	0.42	0.42	-	2004 - 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Central Excise	1.36	1.36	0.68	April - Dec. 2006	CESTAT, Bangalore
APGST	-	4.41	-	2000 -01	Commercial Tax Officer, Naidupet
APGST	-	5.11	-	2001-02	Commercial Tax Officer, Naidupet
Jharkhand Sales Tax	5.31	5.31	-	2004 - 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
CST	-	25.07	-	2001-02	Commercial Tax Officer, Naidupet
Income Tax	-	58.48	-	A.Y 2001-02	CIT(A)
CST	20.05	-	5.00	2010-11	Assistant Commissioner (CT), Chennai
MP Sales Tax	1.04	-	-	-	Commissioner of Commercial Taxes
IT - TDS - Salary	7.50	0.45	-	-	TDS - AO
IT - TDS - Non-Salary	4.61	0.09	-	-	TDS - AO
<b>Total</b>	<b>321.18</b>	<b>430.85</b>	<b>5.90</b>		

**(d) Commitments**

Estimated amount of contracts remaining to be executed on capital account : ₹ 337.49 lakhs (Previous Year - ₹ 1,001.22 lakhs)

**Note 27.2 Employee Benefits**

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

**27.2.1 Defined Contribution Schemes**

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

**27.2.2 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	2013-14	2012-13
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
-------------	---------------------------------------	---------------------------------------

**Table Showing Changes in Present Value of Obligations**

Present value of obligations at the beginning of the year	144.63	140.00
Interest Cost	11.57	11.20
Current Service Cost	17.81	10.47
Benefits Paid	(21.44)	(8.71)
Actuarial (Gain) / Loss on obligations	20.65	(8.33)
Present value of obligations as at end of the year	<u>173.23</u>	<u>144.63</u>

**Table Showing Changes in Fair Value of Plan Assets**

Fair value of plan assets at the beginning of the year	145.70	141.82
Expected return on plan assets	13.35	12.59
Contributions	58.00	0.00
Benefits Paid	(21.44)	(8.71)
Actuarial Gain / (Loss) on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	<u>195.62</u>	<u>145.70</u>

**Table Showing Fair Value of Plan Assets**

Fair value of plan assets at the beginning of the year	145.70	141.82
Actual return on plan assets	13.35	12.59
Contributions	58.00	0.00
Benefits Paid	(21.44)	(8.71)
Fair value of plan assets at the end of the year	<u>195.62</u>	<u>145.70</u>
Funded Status	<u>22.39</u>	<u>1.07</u>

Excess of Actual over Estimated return on plan assets  
(Actual rate of return = Estimated rate of return as  
ARD falls on 31<sup>st</sup> March, 2014)

0.00

0.00

**For the year ended  
31<sup>st</sup> March, 2014**
**For the year ended  
31<sup>st</sup> March, 2013**
**Actuarial Gain / Loss Recognized**

Actuarial (gain) / loss on obligations	(20.65)	8.33
Actuarial (gain) / loss for the year - plan assets	0.00	0.00
Total (gain) / loss for the year	20.65	(8.33)
Actuarial (gain) / loss recognized in the year	<u>20.65</u>	<u>(8.33)</u>

**As at  
31<sup>st</sup> March, 2014**
**As at  
31<sup>st</sup> March, 2013**
**Amounts to be Recognized in Consolidated Balance Sheet & Statement of Profit & Loss**

Present value of obligations as at the end of the year	173.23	144.63
Fair value of plan assets as at the end of the year	195.62	145.70
Funded Status	22.39	1.07
Net asset / (liability) recognized in balance sheet	<u>22.39</u>	<u>1.07</u>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**₹ in lakhs**

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
-------------	--	--

**Expenses Recognized In Consolidated Statement of Profit & Loss**

Current Service Cost	17.81	10.47
Interest Cost	11.57	11.20
Expected return on plan assets	(13.35)	(12.59)
Net Actuarial (gain) / loss recognized in the year	20.65	(8.33)
Expenses recognized in statement of profit and loss	36.68	0.75

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**
**Primary Segment Information (Business Segment)**
**₹ in lakhs**

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others		2013-14	2012-13
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13		
Segment Revenue	7468.03	8243.86	9203.76	7415.84	1318.55	462.40	17990.34	16122.10
Less: Inter segment Revenue	2055.04	2424.35	0.00	0.00	24.41	18.72	2079.45	2443.07
Total Revenue	5412.99	5819.51	9203.76	7415.84	1294.14	443.68	15910.89	13679.03
Segment Results	1664.50	1763.09	625.88	909.42	38.92	18.23	2329.30	2690.74
Less : Finance Cost							451.55	381.63
Un allocable Expenses (net of income)							1243.88	1125.61
Total Profit Before Tax							633.87	1183.50
Tax Expenses							501.57	402.12
Profit after Tax							132.30	781.38
Segment Assets	4189.51	3679.65	4607.46	4127.31	43.26	20.81	8840.23	7827.77
Segment Liabilities	830.67	951.98	983.04	1019.13	40.68	4.26	1854.39	1975.37
Capital Employed	3358.84	2727.67	3624.42	3108.18	2.58	16.55	6985.84	5852.40
Less: Un allocated Capital Employed							(1648.17)	(739.77)
Total Capital Employed							5337.67	5112.63

There is no reportable secondary segment, i.e., geographic segment.

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**
**Note 27.4 Related Party Disclosures**

List of Related Parties

<b>Name of the Party</b>	<b>Relationship</b>
Mr. V.A. George	Key Management Personnel
Mr. K.J. Joseph	Key Management Personnel
Mr. Thomas John	Key Management Personnel
Mr. Manoj Joseph	Key Management Personnel
Mr. Rajesh John	Key Management Personnel
Mr. Manesh Joseph	Relative of Key Management Personnel
Mrs. Rosamma Joseph	Relative of Key Management Personnel
Mrs. Celinamma John	Relative of Key Management Personnel

Related Party Transaction Details:

₹ in lakhs

<b>Related Party</b>	<b>Nature of Payment</b>	<b>Current Year Transaction</b>	<b>Outstanding as on 31<sup>st</sup> March, 2014</b>
Key Management Personnel	Remuneration	116.78	(5.96)
Relative of Key Management Personnel	Remuneration	45.71	(2.10)

**Note 27.5 Details of Subsidiaries**

<b>Name</b>	<b>Ownership by the Holding Company</b>	<b>Minority Interest</b>	<b>Relationship</b>	<b>Reporting Date</b>	<b>Different Accounting policies applied</b>	<b>Reason for not consolidating the accounts of subsidiary if any</b>
Thejo Hatcon Industrial Services Company LLC, Saudi Arabia	51% (51%)	49% (49%)	Direct Control	31 <sup>st</sup> December, 2013	Depreciation on Fixed Assets – Computed on SLM over the estimated useful life of the asset	NIL
Thejo Australia Pty Ltd., Australia	74% (100%)	26% (0)	Direct Control	30 <sup>th</sup> June, 2013	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	NIL

**Note 27.6 Calculation of Deferred Tax**

₹ in lakhs

<b>Particulars</b>	<b>31<sup>st</sup> March, 2014</b>		<b>31<sup>st</sup> March, 2013</b>	
	<b>DTA</b>	<b>DTL</b>	<b>DTA</b>	<b>DTL</b>
Opening Balance	<b>5.34</b>	<b>0.00</b>	0.00	28.85
Timing Difference in Depreciation	<b>0.00</b>	<b>31.00</b>	0.00	28.22
Profit on sale of asset	<b>0.00</b>	<b>7.95</b>	0.00	0.07
On account of disallowances	<b>12.12</b>	<b>0.00</b>	0.00	0.00
On account of carry forward of subsidiary losses including depreciation	<b>6.60</b>	<b>0.00</b>	62.47	0.00
On account of reversal of DTA of subsidiary created in previous years	<b>0.00</b>	<b>61.59</b>	0.00	0.00
<b>Total</b>	<b>24.06</b>	<b>100.54</b>	62.47	57.14
Net Deferred Tax Liability/(Asset)	<b>0.00</b>	<b>76.48</b>	5.34	0.00

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014**

₹ in lakhs

Particulars	2013-14	2012-13*
<b>Note 27.7 Earnings Per Share</b>		
Basic & Diluted:		
Net Profit after Tax (₹ in Lakhs)	<b>565.39</b>	779.26
Weighted Number of Equity Shares during the year (Nos.)	<b>3433552</b>	2960642
Earnings per Share (₹)	<b>16.47</b>	26.32

\* The number of equity shares are adjusted for bonus issue (1:1) made in 2013-14.

**Note 27.8 Payment to Auditors**

For Audit	<b>4.53</b>	4.93
For Tax Audit	<b>1.00</b>	1.00
For Other Services	<b>4.63</b>	10.37
<b>Total</b>	<b>10.16</b>	16.30

**Note 27.9 Other Disclosures**

**27.9.1** 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.

**27.9.2** The Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014 had been prepared based on the audited financial statements of Thejo Hatcon Industrial Services Company LLC, Saudi Arabia for the year ended 31<sup>st</sup> December, 2013 and Thejo Australia Pty Ltd., for the year ended 30<sup>th</sup> June, 2013. In order to facilitate consolidation based on uniform accounting period, the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2014 have been prepared based on the unaudited financial statements of Thejo Hatcon Industrial Services Company LLC for the period January 2014 to March 2014 and the unaudited financial statements of Thejo Australia Pty Ltd from 1<sup>st</sup> July, 2013 to 31<sup>st</sup> March 2014.

**Note 28 Previous Year Figures**

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  
Chartered Accountants  
ICAI Registration No. 001375S

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 20<sup>th</sup> May, 2014

For and on behalf of the Board of Directors

K.J. JOSEPH  
Chairman

M.D. RAVIKANTH  
Finance Controller & Secretary

THOMAS JOHN  
Vice Chairman

V.A. GEORGE  
Managing Director

**Disclosure of information relating to subsidiaries as required by the Central Government under Section 212(8) of the Companies Act, 1956**

₹ in lakhs

Sl. No.	Particulars	Thejo Hatcon Industrial Services Company LLC, Saudi Arabia	Thejo Australia Pty Ltd., Australia
1	Financial years of the Subsidiaries ended on	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
2	Extent of holding in the Subsidiaries as on the above date		
	Extent of Holding	51%	74%
3	Information on Subsidiary Company		
	Share Capital	64.67	1195.59
	Reserves	(36.67)	(839.80)
	Total Assets	1152.04	810.53
	Total Liabilities	1152.04	810.53
	Investment (except in case of investment in subsidiaries)	NIL	NIL
	Turnover	379.72	813.25
	Profit / (Loss) before Taxation	(33.01)	(634.48)
	Provision for Taxation	(6.60)	NIL
	Profit / (Loss) after Taxation	(26.41)	(634.48)
	Interim / Proposed final Dividend (including Dividend Distribution Tax thereon)	NIL	NIL

**Notes:**

- The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 dated 8<sup>th</sup> February, 2011 has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.
- The Annual Accounts for 2013-14 for the subsidiaries are available at Company's Registered Office. Any investor of the Company can seek any information at any point of time by making a request in writing to the Company Secretary of the Company at Thejo Engineering Limited, Aysha Building, No. 41, Whites Road, Chennai - 600 014, to obtain a copy of the financial statements of the subsidiaries.
- The consolidated financial statements in terms of Accounting Standard 21 as prescribed by Companies (Accounting Standards) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no. G.S.R. 739 (E) dated 7<sup>th</sup> December, 2006 also form part of this Annual Report.
- The financial statements of subsidiaries are converted to Indian Rupees on the basis of following exchange rates:

Particulars	For Assets and Liabilities at closing exchange rate	For Profit and Loss at average rate
AUS Dollar to INR	55.69	56.11
Saudi Riyals to INR	16.02	15.25



Resolutions	For	Against
1. Consider and adopt: a) Audited Financial Statements, the reports of the Board of Directors and Auditors b) Audited Consolidated Financial Statement		
2. Declaration of Dividend on Equity Shares		
3. Appointment of Auditors and fixing their remuneration		
4. Appointment of Mr. V.K. Srivastava as an Independent Director		
5. Appointment of Mr. A. Satyaseelan as an Independent Director		
6. Appointment of Mr. M.P. Vijay Kumar as an Independent Director		
7. Appointment of Dr. C.N. Ramchand as an Independent Director		
8. Appointment of Mr. N. Ganga Ram as an Independent Director		
9. Amendment of Memorandum of Association		
10. Alteration / Modification of terms and conditions of appointment of Mr. Manoj Joseph, Whole-time Director		
11. Alteration / Modification of terms and conditions of appointment of Mr. Rajesh John, Whole-time Director		

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Mobile service unit of our subsidiary, Thejo Australia Pty Ltd, is ready to move to client's site.





## **Thejo Engineering Limited**

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