

THEJO ENGINEERING LIMITED
(Formerly Thejo Engineering Services Private Limited)
Regd. Office: Aysha Building, 41, Whites Road
Chennai – 600 014

NOTICE TO MEMBERS

NOTICE is hereby given that the Annual General Meeting of the Members of Thejo Engineering Limited (formerly Thejo Engineering Services Private Limited) will be held at 12.00 Noon on Tuesday, the 21st September 2010 at the Corporate Office of the company at VDS House, III Floor, 41, Cathedral Road, Chennai 86 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the audited accounts for the year ended 31st March 2010 and the Auditors' Report thereon.
2. To declare a dividend of 30% for the year ended on 31st March 2010
3. To appoint a Director in place of Mr. Anand T. Pethe who retire by rotation and being eligible, offers himself for reappointment
4. To appoint a Director in place of Mr. S.P. George who retire by rotation and being eligible, offers himself for reappointment
5. To appoint and fix remuneration of auditors in place of the retiring auditors. The retiring auditors, M/s. Joseph & Rajaram, Chartered Accountants, are eligible for reappointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s) the following resolutions as ORDINARY RESOLUTIONS:

"RESOLVED THAT pursuant to Section 198, 269, 309 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956, including any statutory modification(s) and / or re-enactment thereof and subject to such other approvals as may be required, the Company hereby approves the reappointment and the remuneration of Sri. Manoj Joseph for a period of 2 years and Sri. S.P. George till 03rd November 2011 as Whole Time Directors of the company from 20th June 2010 on the terms and conditions as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to give annual increments, including for the current year, not exceeding 20% of the previous remuneration, to Sri. Manoj Joseph and Sri. S.P. George as Whole Time Directors, provided the overall remuneration at any point of time is within the limits specified in Schedule XIII of the Companies Act, 1956."

By order of the Board
For Thejo Engineering Limited

Sd/-

Place : Chennai
Date : 26th August, 2010

K.J. Joseph
Chairman

NOTES:

1. An explanatory statement in respect of the special business is annexed with this notice in pursuance of Section 173(2) of the Companies Act, 1956.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member.
3. The form of proxy duly completed in all respects shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

By order of the Board
For Thejo Engineering Limited

Sd/-

Place : Chennai
Date : 26th August, 2010

K.J. Joseph
Chairman

Explanatory Statement annexed to the Notice of the Annual General Meeting of the Company in respect of item no.6 of the Notice dated 26th August, 2010

Item No.6:

The Board of Directors of the Company at their meeting held on 11th June 2010 reappointed Sri. Manoj Joseph as Whole Time Directors for a period of 2 years and Sri. S.P. George for the period till 03rd November 2011 under the provisions of Section 269 of the Companies Act, 1956 with effect from 20th June 2010

Remuneration:

The Remuneration Committee at its meeting held on 11th June 2010 considered the matter of payment of remuneration to the Whole Time Directors. The Committee has recommended the remuneration given in the below table and the same was endorsed by the Board.

Name of Whole Time Director	Remuneration
Sri. S.P. George	Rs.1,01,584/- per month plus other benefits like PF, Gratuity, Superannuation, LTA, etc as per employment rules applicable to the managerial cadre
Sri. Manoj Joseph	Rs.1,11,584/- per month plus other benefits like PF, Gratuity, Superannuation, LTA, etc as per employment rules applicable to the managerial cadre

The Remuneration Committee has also recommended that there can be an annual increment not exceeding 20% of the previous remuneration, as may be decided by the Board within the limits specified in Part II of Schedule XIII of the Companies Act, 1956. The Board may give the annual increment for the current financial year also, provided it is within the aforesaid limits in terms of Part II of Schedule XIII of the Companies Act, 1956.

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

Interest of Directors:

In the reappointment and terms of reappointment of Sri. Manoj Joseph, Sri. K.J. Joseph, his father and Smt. Rosamma Joseph, his mother may be deemed to be interested.

Also, the respective directors may be deemed to be interested in their appointment / reappointment and terms thereof.

By order of the Board
For Thejo Engineering Limited

Sd/-

Place : Chennai
Date : 26th August, 2010

K.J. Joseph
Chairman

THEJO ENGINEERING LIMITED
(Formerly Thejo Engineering Services Private Limited)
Regd. Office: Aysha Building, 41, Whites Road,
Chennai – 600014

DIRECTORS' REPORT

Your Directors present the Annual Report with the audited accounts for the year ended 31.03.2010. The summarised financial results of the Company are furnished below:

	Amount (` in Lakhs)
Profit before Interest, depreciation and tax	757.31
Less: Interest	257.53
Profit before Depreciation and Tax	499.78
Less : Depreciation	148.85
Net Profit before Taxes	350.93
Less: Taxation (Including Deferred Tax)	123.95
Net Profit after Taxes	226.98
Add: Brought forward from previous year	717.91
Balance Available for Appropriations	944.89
Appropriations	
Transfer to General Reserve	22.71
Proposed Dividend	32.80
Dividend Distribution Tax	5.57
Balance Carried over to Balance Sheet	883.81

DIVIDEND

Your Directors recommend dividend of 30% for the year ended 31st March 2010, subject to the approval of the members

REVIEW OF ENVIRONMENT AND PERFORMANCE

India was no exception to the effects of the huge economic recession happened worldwide last year. But India achieved a remarkable industrial recovery since June 2009. Thus, during the ten months period ending March 2010, average monthly industrial growth worked out to as much as 12.1% over the corresponding period of the previous year. However, the pace of industrial growth, after surging at 17.7% (19.4% in the case of the manufacturing sector) during the month of December 2009, has gradually started sliding in the subsequent period, and it dropped to 13.5% in March 2010

At the beginning of FY 2009-10, neither policy makers nor industrialists – nor even hardcore forecasters, could envisage prospects of double digit industrial growth. In the midst of widespread sentiments of economic “gloom” then, most observers were stretching their sights of industrial performance not beyond 6-7% growth rate.

The advantage of “low base effect” is expected to phase out further during the first three or four months of the current financial year (FY 2010-11). Thereafter, industrial growth rate would tend to become increasingly normalized, reflecting more strongly the inherent structural (versus cyclical) growth pattern. Even so, it is very encouraging to see that the FY 2009-10 has ended with industrial growth rate of more than double digit level (10.4% over FY 2008-09).

FUTURE PLANS

Though the economic recession affected your company during the financial year under review, your company was able to cope with it and was able to enter the positive growth terrain in the second half of the financial year. The company has charted an aggressive growth plan for the future.

The Joint Venture of your company at Saudi Arabia has obtained all the statutory approvals that are required and the operations are scheduled to commence during the financial year 2010-11.

Having established strategic tie up with Du Pont (Dust suppression products), Elichem (polymer repair products), United Coatings (polyurea coating applications), etc for exclusive marketing of products and processes, your company has initiated steps to establish the business model for marketing these products and processes. The growth prospects in respect of these products and processes are positive and are expected to contribute handily to the company’s performance in the upcoming years.

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

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

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

Foreign Exchange Earnings and Outgo are stated in the Notes under Schedule 17 of the Annual Accounts.

DIRECTORS

Sri. Anand T Pethe, Director and Sri. S.P. George, Director – Projects retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

In the preparation of the accounts for the year ended 31st March 2010, the applicable accounting standards have been followed

Such accounting policies as mentioned in Significant Accounting Policies under Schedule 17 of the Annual Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and profit of the Company for the year ended on that date.

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.

The annual accounts for the year ended 31st march 2010, have been prepared on a going concern basis

PERSONNEL

As the Company has no employee drawing a salary of Rs.2,00,000/- per month or above or Rs.24,00,000/- per annum or above during the year 2009-10, there are no particulars to be furnished under section 217(2A) of the Companies Act, 1956.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors thank the Company's bankers for their continued support. The Directors also wish to thank the customers and other 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

Sd/-

**K.J. Joseph
Chairman**

Place: Chennai

Date: 26th August, 2010

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

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

1. We have audited the attached Balance Sheet of M/s. THEJO ENGINEERING LIMITED as on 31st March 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books.
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub – section (3C) of section 211 of the Companies Act, 1956.

e) On the basis of the written representations received from the directors, of the company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

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

- i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
- ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

g) The Company has not paid the cess on gross receipts, as prescribed u/s 441A of Companies Act, 1956 as the provisions of the section 441A, at present, are not in force.

Place: Chennai

Date: 26.08.2010

For JOSEPH & RAJARAM

CHARTERED ACCOUNTANTS

Firm Reg No: 001375S



R LAKSHMI NARAYANAN

PARTNER

Membership No: 16246

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date of Thejo Engineering Ltd for the year ended 31st March 2010)

- i) a) The Company has maintained proper records in respect of fixed assests showing full particulars including quantitatives details and situation of fixed assets.
b) As explained to us, the fixed assests have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion the verification is reasonable, having regard to the size of the company, and the nature of its business.
c) As per the records and information and explanations given to us, no substantial part of fixed assests, has been disposed off during the year.
- ii) a) Physical verification of inventory has been conducted by the management at the year end.
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.
- iii) According to the information and explanations given to us, the company has not given loans, secured or unsecured to companies, firms and other parties covered under section 301 of the Companies Act, 1956. Accordingly paragraph 4(iii) (a), (b), (c) and (d) of the Companies (Auditors Report) Order, 2003, (as amended) are not applicable. However the company has taken unsecured loans from Shareholders, amounting to Rs.8.8 lakhs. As per the information and explanations given to us the rate of interest and other terms and conditions of loans taken by the Company are not prima facie prejudicial to the interest of the Company. The repayment of the principal and interest are regular as per the terms and conditions.
- iv) In our opinion and according to the information and explanations given 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.

- v) According to the information and explanations provided by the management, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301.
- vi) The Company has not accepted any deposits from the public hence reporting on any contravention of the provision of section 58A and section 58AA of the Companies Act, 1956 and the rules framed thereunder do not apply.
- vii) In our opinion the Company has an Internal Audit System commensurate with its size and nature of its business.
- viii) The maintenance of Cost records under clause (d) of Sub Section (1) of section 209 of the Companies Act, 1956 is not applicable to the Company.
- ix) According to the records and as per the information and explanations given to us, the company is generally regular in depositing the Statutory dues including provident fund, sales tax, ESI, service tax, income tax, wealth tax to the appropriate authorities and no undisputed amounts payable were outstanding as at 31st March, 2010 for a period of more than 6 months from the date they became payable.
- x) The Company has no accumulated losses as at 31st March, 2010 and it has not incurred cash losses during the year or in the immediately preceding financial year.
- xi) 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.
- xii) Based on our examination and 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.
- xiii) 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.
- xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- xv) On the basis of the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi) According to the information and explanations given to us, the term loans taken by the company were applied for the purposes for which they were obtained.
- xvii) According to the information and explanations given to us, the fund raised on short term basis have not been used for long term investment.

xviii) The company has not made any preferential allotments of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.

xix) The company has not issued any debentures during the year.

xx) The company has not raised any money through a public issue during the year.

xxi) 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.

Place: Chennai

Date: 26.08.2010

For JOSEPH & RAJARAM

CHARTERED ACCOUNTANTS

Firm Reg No: 001375S



R LAKSHMI NARAYANAN

PARTNER

Membership No: 16246

THEJO ENGINEERING LIMITED					
41 WHITES ROAD, CHENNAI 600 014.					
BALANCE SHEET AS AT 31ST MARCH 2010					
	Sch No.	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2009
<u>I. Sources of Funds</u>					
<u>1. Shareholders' Funds</u>					
Share Capital	1	11847400		10847400	
Reserves & Surplus	2	127602803	139450203	99741930	110589330
<u>2. Loan Funds</u>					
Secured Loan	3	198476968		160329998	
Unsecured Loan	4	880000	199356968	2410342	162740340
Deferred Tax Liability			2234102		2063040
Total			341041274		275392709
<u>II. Application of Funds</u>					
<u>1. Fixed Assets</u>					
Gross Block	5	191744902		176612522	
Less: Depreciation		102779314		88262823	
Net Block			88965588		88349699
<u>2. Investments</u>	6		3298242		0
<u>3. Current Assets, Loans & Advances</u>					
Inventories	7	64080798		66315636	
Sundry Debtors	8	195347298		151413428	
Cash & Bank Balances	9	43205775		24121387	
Loans & Advances	10	96779161		71336602	
	(A)	399413032		313187053	
<u>Less: Current Liabilities & Provisions</u>					
Current Liabilities	11	96629608		86525922	
Provisions		54005980		39618121	
	(B)	150635588		126144043	
Net Current Assets (A)-(B)			248777444		187043010
Total			341041274		275392709
Significant Accounting policies and Notes forming part of Accounts	17				
The schedules referred to above form an integral part of Balance sheet & Profit and Loss Account For and on behalf of Board of Directors			Vide our Report of Even Date Annexed For JOSEPH & RAJARAM (Firm Registration No. 001375S) CHARTERED ACCOUNTANTS		
Sd-	Sd/-			Sd/-	
K.J. JOSEPH CHAIRMAN	THOMAS JOHN MANAGING DIRECTOR			R. LAKSHMINARAYANAN PARTNER Membership No. 16246	
Place: Chennai					
Date : 26th August, 2010					

THEJO ENGINEERING LIMITED					
41 WHITES ROAD, CHENNAI 600 014.					
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010					
	Sch No.	Year Ended March 31, 2010	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2009
<u>Income</u>					
Sales, Works Contract & Services Income	12	657723773		631207572	
Less: Excise Duty Paid		14493686	643230087	19840156	611367416
Other Income	13		16415029		6563798
Increase/(Decrease) in stock	14		(2500472)		6884575
			657144644		624815789
<u>Expenditure</u>					
Raw Materials & Consumables	15		233109856		227825494
Manufacturing & Other Expenses	16		348303564		333653856
Interest Charges			25753330		26650817
Depreciation	5		14884874		14135274
			622051624		602265441
Profit Before Tax			35093020		22550348
Less:					
Provision for FBT			0		2467000
Provision for Taxation			12224000		7589000
Deferred Tax Liability/(Asset)			171063		343369
Profit After Tax			22697957		12150980
Balance brought forward from Previous Year			71791452		64029202
Amount Available for Appropriation			94489409		76180182
Appropriations					
Transfer to General Reserve			2271000		1216000
Proposed Dividend			3279699		2711850
Dividend Tax			557384		460879
Balance Carried to Balance Sheet			88381326		71791453
			94489409		76180182
Significant Accounting policies and Notes forming part of Accounts	17				
<i>The schedules referred to above form an integral part of Balance sheet & Profit and Loss Account For and on behalf of Board of Directors</i>				<i>Vide our Report of Even Date Annexed For JOSEPH & RAJARAM (Firm Registration No. 001375S) CHARTERED ACCOUNTANTS</i>	
Sd-	Sd/-			Sd/-	
K.J. JOSEPH CHAIRMAN		THOMAS JOHN MANAGING DIRECTOR		R. LAKSHMINARAYANAN PARTNER Membership No.16246	
Place: Chennai					
Date : 26th August, 2010					

THEJO ENGINEERING LIMITED
41 WHITES ROAD, CHENNAI 600 014.

	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2009
Schedule 1				
Share Capital				
Authorized				
200000 Equity Shares of ₹.100/- each		20000000		20000000
(P.Y.2,00,000 Equity Shares of ₹.100/- each)				
Issued, Subscribed & Paid up				
118474 Equity Shares of ₹.100/- each		11847400		10847400
(P.Y.108474 Equity shares of ₹.100/- each. During the year a right issue of 10000 shares was made at premium of ₹.900/- per share)				
(Of the above 9280 Equity Shares were allotted as fully paid-up for consideration other than cash and 33855 shares were allotted as fully paid up Bonus Shares by transferring ₹.3385500/- from Profit & Loss Account)				
		11847400		10847400
Schedule 2				
Reserves & Surplus				
General Reserve				
As per Last Balance Sheet	18128087		16912087	
Add: Transfer from Profit & Loss Account	2271000	20399087	1216000	18128087
Surplus As Shown in Profit & Loss Account		88381326		71791453
Share Premium		18822390		9822390
		127602803		99741930
Schedule 3				
Secured Loans				
Loans From Banks				
A. Term Loan		37081678		36642077
B. Overdraft		161395289		122938121
C. Bills Discounting		0		749800
(Term loans and other facilities from banks, viz.State Bank of Mysore and The South Indian Bank Ltd, are secured by equitable mortgage of the Company's factory land and buildings at Ponneri, land at Korattur, hypothecation of company's machineries and stocks at factory, branches, sites and assignment of book debts, current assets and guaranteed by Directors)				
		198476968		160329998
Schedule 4				
Unsecured Loans				
From Directors		0		820000
From Shareholders		880000		1590342
		880000		2410342

THE JO ENGINEERING LTD
41-WHITES ROAD, CHENNAI -14

SCHEDULE 5										
FIXED ASSETS										
NAME OF THE ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	AS AT 31.03.2009	ADDITION FOR THE YEAR	DEDUCTION	AS AT 31.03.2010	AS AT 31.03.2009	ADDITION	DEDUCTION	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
LAND	3276464	0	0	3276464	0	0	0	0	3276464	3276464
FACTORY BUILDING	29381134	2553757	0	31934891	8880225	2398185	0	11278410	20656481	20500909
OFFICE BUILDING	2256430	844057	0	3100487	936926	95074	0	1032000	2068487	1319504
PLANT & MACHINERY										
PLANT & MACHINERY AT FACTORIES	47722884	11992802	0	59715686	30350529	3490507	0	33841036	25874650	17372355
PLANT & MACHINERY AT HO, BRANCHES & SITES	25321565	1103563	0	26425129	12988088	1790753	0	14778841	11646288	12333477
BOILER	3772522	0	0	3772522	3154653	247148	0	3401801	370721	617869
DYES & MOULDS	2648832	0	0	2648832	2268976	113957	0	2382933	265899	379856
TECHNICAL KNOW-HOW	175000	0	0	175000	108711	9221	0	117931	57069	66289
VEHICLE	26504706	516791	408184	26613313	15067612	3050410	368382	17749640	8863673	11437094
OFFICE EQUIPMENTS	2144521	154035	0	2298556	1316676	130110	0	1446785	851771	827845
ELECTRICAL FITTINGS	8792560	1672046	0	10464606	4050945	1029166	0	5080111	5384495	4741615
FURNITURE & FITTINGS	6857011	2128081	0	8985092	1992293	1038006	0	3030299	5954792	4864717
COMPUTER	8378092	1461907	0	9839999	5824507	1329362	0	7153870	2686129	2553584
GENERATOR	2494326	0	0	2494326	1322682	162976	0	1485658	1008668	1171644
ASSETS UNDER CONST.	6886475	0	6886475	0	0	0	0	0	0	6886475
TOTAL	176612522	22427039	7294659	191744902	88262823	14884874	368382	102779314	88965588	88349699
PREVIOUS YEAR	151968508	36360255	11716241	176612522	75280877	14135274	1153328	88262823	88349699	76687631

	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2009
Schedule 6				
Investments				
255 Equity shares in Thejo Hatcon Industrial services LLC (A Subsidiary Company) (Subscribed at face value of SAR1000/- p. sh)		3298242		0
		3298242		0
Schedule 7				
Inventories				
(As certified by the Managing Director)				
Raw Materials		28942622		28676988
Work-in-Progress		12189579		6614477
Finished Goods		22948597		31024171
		64080798		66315636
Schedule 8				
Sundry Debtors				
Unsecured and Considered Good				
A. Outstanding for more than six months		8237805		7637885
B. Others		187109493		143775543
		195347298		151413428
Schedule 9				
Cash & Bank Balances				
Cash on Hand (at HO & Branches)		2669213		1388465
Cheque in Transit		468233		512409
Balance with Scheduled Banks				
A. In Current Accounts		26556202		9790670
B. In Fixed Deposits		13512127		12429843
		43205775		24121387
Schedule 10				
Loans and Advances				
Advances recoverable in cash or in kind or for value to be received (Unsecured Considered Good)		24778696		13250854
Income Tax Payments		34598052		21078263
Advance Fringe Benefit Tax		8633357		5989207
Deposits				
A. Earnest Money Deposit and Security Deposit with companies		20746391		22426267
B. Balance with Central Excise Authorities		2555272		2932814
C. Other Deposits		5467394		5659197
		96779161		71336602
Schedule 11				
Current Liabilities and Provisions				
Current Liabilities				
A. Sundry Creditors		63957012		54452496
B. Others		32672597		32073426
		96629608		86525922
Provisions				
A. Income Tax		35845000		23621000
B. Proposed Dividend		3279699		2711850
C. Dividend Distribution Tax		557384		460879
D. Provision for Bonus & Exgratia		6066897		4567392
E. Provision for Fringe Benefit Tax		8257000		8257000
		54005980		39618121

	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2009
Schedule 12				
Sales, Works Contract & Services Income				
Exports		142329824		97291823
Domestic (Including Excise Duty)		481080631		495392170
		623410456		592683993
Add: Taxes Collected (Sales Tax/VAT & Service Tax Billed)		34313316		38523579
		657723773		631207572
Schedule 13				
Other Income				
Interest on Fixed Deposits		869701		968062
Miscellaneous Income		5946129		924969
Packing Charges Recovered		1173082		1721494
Freight Charges Recovered		409660		489932
Income from Sale of Duty Entitlement Pass Book Licence		7995815		2370895
Profit on sale of Assets		20642		88446
		16415029		6563798
Schedule 14				
Increase/(Decrease) in stock				
Opening Stock				
Work-in-Progress		6614477		15188771
Finished Goods		31024171		15565302
		37638648		30754073
Closing Stock				
Work-in-Progress		12189579		6614477
Finished Goods		22948597		31024171
		35138176		37638648
Increase/(Decrease) in stock		(2500472)		6884575
Schedule 15				
Raw Materials & Consumables				
Opening Stock of Raw Material		28676988		23335634
Add: Purchases made during the year		199818780		207510913
		228495768		230846547
Less: Closing Stock of Raw Materials		28942622		28676988
		199553146		202169559
Add: Consumables		33556710		25655935
		233109856		227825494

	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2009
Schedule 16				
Manufacturing & Other Expenses				
Manufacturing Expenses				
Labour Charges		9089646		10241794
Power & Fuel		16233523		15397816
Repairs & Maintenance				
Machinery Maintenance		1181645		754951
Factory Maintenance		1664375		2031050
Electrical Maintenance		227011		368913
Dyes & Moulding Charges		520702		99995
Cartage, Coolie & Freight Charges		12215739		14177366
Packing Materials & Charges		7615599		6015758
Service Charges		17033494		14210944
Royalty Paid		2037438		1397743
Machinery Leasing Expenses		2352773		2117704
Repairs to Tools		0		584752
Testing Charges		101626		159800
		70273570		67558586
Payments & Benefits to Employees				
Salaries, Wages & Bonus		120955452		105177392
Company's Contribution to Superannuation Fund, Gratuity Funds, Provident Fund & ESI		11060297		9371667
LTA, Ex-gratia, Leave Encashment, Incentive		14117266		8926669
Staff Welfare Expenses		22478376		17613375
		168611391		141089103
Administrative Expenses				
Auditor's Remuneration		219636		158928
Rent		6181937		6824141
Professional Service Charges		10666054		8583868
Repairs & Maintenance		2293926		1330335
Travelling & Conveyance		5197014		7005455
Foreign Travel Expenses		1466928		2830354
Vehicle Maintenance		8346605		8752195
Telephone, Telex & Postage		4722941		4559643
Printing & Stationery		2690609		3414022
Office Maintenance		1611886		2335490
Exchange Difference		5412		853294
<u>Other Overheads</u>				
Miscellaneous Expenses		378792		303480
Books & Periodicals		212900		330145
Computer Maintenance		610350		719393
Insurance		553722		520892
Seminars & Conference		132380		225247
Electricity - Others		978327		982883
Rates & Taxes		85314		1518100
Legal Fees & Charges		258416		209878
Donation		275601		248333
Recruitment, Training & Development		438863		362104
Vehicle Hire Charges		582718		296470
ECGC Premium		135267		242240
ISO Certification Charges		133294		102010
Provision for diminution in Mutual Fund		0		87000
		48178891		52795900

	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2009
Selling Expenses				
Tour Expenses		9459333		8077169
Commission		1731424		76902
Advertisement		294445		114927
Sales Promotion Expenses		2069407		1343714
Freight on Exports		817908		1982453
Loading & Unloading Charges		1658242		1458482
Late Delivery Charges		2310482		4756822
Bad debts		4352645		5562648
		22693884		23373117
Sales Tax, Service Tax & Other indirect tax expenses		38545827		48837150
		348303564		333653856

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

SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting

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

2. Fixed Assets

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

3. Depreciation

Depreciation on Fixed Assets has been charged under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being put to use.

4. Inventories

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

5. Revenue Recognition

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

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

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

6. Sales

Sales are inclusive of duties and taxes.

7. Employee Benefits

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

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

8. 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 originate in one year. Deferred Tax Assets and liabilities are computed on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Asset arising on account of unabsorbed depreciation or carry forward of business loss is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

9. 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.

10. 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. Contingent assets are neither recognized nor disclosed.

11. Dividend

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

B) NOTES ON ACCOUNTS:

1. Contingent Liabilities:

All fig Rs. In Lakhs

Particulars	2009-10	2008-09
Bills Discounted	0.00	6.83
Guarantees Given	324.44	438.48
Letters of Credit Given	259.56	162.95

2. Calculation of Deferred Tax

All fig Rs. In Lakhs

Particulars	DTA	DTL	DTA	DTL
	31/03/10		31/03/09	
Opening Balance	0.30	20.93	0.00	17.19
Timing Difference in Depreciation	0.00	1.64	0.00	3.44
Profit on sale of asset	0.00	0.07	0.00	0.30
Provision for Diminution on Mutual Fund Value	0.00	0.00	0.30	0.00
Total	0.30	22.64	0.30	20.93
Net Deferred Tax Liability/(Asset)	0.00	22.34	0.00	20.63

Note: DTA – Deferred Tax Assets
DTL – Deferred Tax Liabilities

3. Additional information pursuant to provision of paragraphs III and IV of Part II of II of Schedule VI of the Companies Act, 1956.

- a. Licensed Capacity : Not Applicable
- b. Installed Capacity : Not Applicable
- c. Actual Production

All fig in Tonnes

Particulars	2009-10	2008-09
Moulded & Extruded Products	975.871	1304.846
Rubber Solution, Adhesive & Hardner	201.132	194.656
Total	1177.003	1499.502

d. Purchase of Goods:

Value – Rs. In Lakhs

Items	2009-10		2008-09	
	<i>Qty(MT)</i>	<i>Value</i>	<i>Qty(MT)</i>	<i>Value</i>
Rubber Items	591.510	604.62	788.996	904.69
Others	654.598	1699.07	652.897	1426.98
Total		2303.69		2331.67

e. Sales:

All Fig Rs. In Lakhs

Particulars	2009-10	2008-09
Sale of Products:		
Exports	1382.80	972.92
Domestic	2473.39	2931.08
Total	3933.60	3904.00
Services – Exports	40.50	0.00
Works & Services – Domestic	2680.55	2408.08
Total	6577.24	6312.08

f. Raw Materials Consumed:

Value – Rs. In Lakhs

Items	2009-10		2008-09	
	Qty(MT)	Value	Qty(MT)	Value
Rubber Items	581.852	572.02	765.819	878.90
Others	655.977	1729.01	636.972	1399.36
Total		2301.03		2278.26

g. Stock Particulars RM/FG/WIP :

Value – Rs. In Lakhs

Items	2009-10		2008-09	
	Qty(MT)	Value	Qty(MT)	Value
<i>Opening Stock</i>				
Rubber Items	465.967	530.27	498.68	474.32
Others	86.292	132.89	49.39	66.57
Total		663.16		540.89
<i>Closing Stock</i>				
Rubber Items	390.674	492.01	465.967	530.27
Others	81.327	148.80	86.292	132.89
Total		640.81		663.16

h. Expenditure in Foreign Currency:

All fig Rs. In Lakhs

Description	2009-10	2007-08
Foreign Tour	4.14	13.38
Royalty	13.32	9.92
Share capital in Subsidiary	32.09	0.00
	95.87	19.54

i. Earnings in Foreign Currency:

All fig Rs. In Lakhs

Description	2009-10	2008-09
From Exports	1443.3	972.92

j. CIF Value of Imports

All fig Rs. In Lakhs

Description	2009-10	2008-09
Raw Materials	74.04	96.05

k. Value of Raw Materials, Components And Spare Parts Consumed:

Value – Rs. In Lakhs

Items	2009-10		2008-09	
	% of Consumption	Value	% of Consumption	Value
Imported	3.40%	78.17	4.12%	93.85
Indigenous	96.60%	2222.86	95.88%	2184.41
Total		2301.03		2278.26

4. Managerial Remuneration:

All fig Rs. In Lakhs

Description	2009-10	2008-09
Salary	82.95	75.77
Sitting fees	0.00	0.00
Contribution to PF & Other Funds	5.64	5.15
Total	88.59	80.92

5. Auditors' Remuneration:

All fig Rs. In Lakhs

Description	2009-10	2008-09
For Audit	0.50	0.50
For Other Services	1.50	1.00
Out of Pocket Expenses	0.19	0.09
Total	2.19	1.59

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

A. Defined Contribution Schemes

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

B. Defined Benefit Scheme

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

Table showing changes in present value of obligations

All fig Rs. In lacs

Present Value of Obligations on 1/4/2009	98.19
Interest Cost	7.86
Current Service Cost	10.92
Benefits paid	(13.88)
Actuarial (gain)/loss on obligations	(4.13)
Present Value of Obligations as on 31/03/2010	98.96

Table showing changes in fair value of plan assets

All fig Rs. In lacs

Fair Value of plan assets as on 1/4/2009	88.94
Expected return on plan assets	8.87
Contributions	16.47
Benefits Paid	(13.88)
Actuarial (gain)/loss on plan assets	-
Fair value of plan assets as on 31/3/2010	100.40

Reconciliation of present value of obligation and fair value of plan assets

All fig Rs. In lacs

Present Value of Obligations as at the end of the year	98.96
Fair value of plan assets as on 31/3/2009	100.40
Liability recognized in the Balance Sheet	1.44

Principal Assumptions used in determining post-employment benefit

Discount Rate	8.00%
Salary Escalation	6.00%
Expected return on plan assets	9.97%

Investment details of plan assets

Entire plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India under its Group Gratuity Scheme.	
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7. Confirmations of balances of Debtors and Creditors are not obtained.
8. The company has not received any communication from its suppliers claiming them to be a micro, medium or small scale enterprise.

9. Segment Reporting

The company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipments, whose risks and rewards do not vary much.

10. Related Party Disclosure

List of Related Parties

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

Related Party Transaction Details:

All fig Rs. In Lakhs

Related Party	Nature of Payment	Gross Transaction	Outstanding as on 31/3/10*
Subsidiary	Share Capital	32.98	32.98
Subsidiary	Advance	95.87	115.41
Key Management Personnel	Remuneration	88.59	0.00
Key Management Personnel	Fixed Deposit	8.20	0.00
Key Management Personnel	Interest on FD	0.80	0.00
Relative of Key Management Personnel	Remuneration	13.22	0.00
Relative of Key Management Personnel	Fixed Deposit	7.00	8.80
Relative of Key Management Personnel	Interest on FD	1.46	0.00

* - Fig in Bracket indicates liability of the company.

11. 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.

12. Previous Year figures are regrouped / rearranged wherever necessary to conform to current year's figures.

For and on behalf of Board of Directors

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

Sd/-

Sd/-

Sd/-

K.J.JOSEPH
CHAIRMAN

THOMAS JOHN
MANAGING DIRECTOR

R. LAKSHMINARAYANAN
PARTNER
M.No. 16246

Place : Chennai
Date : 26.08.2010

THEJO ENGINEERING LIMITED
41 WHITES ROAD, CHENNAI 600 014.

<i>Particulars</i>	<i>Year Ended</i> <i>March 31, 2010</i>	<i>Year Ended</i> <i>March 31, 2009</i>
<u>Cash flow from Operating Activities</u>		
Profit before tax as per P & L Account	35093020	22550348
Adjustment for:		
Depreciation	14884874	14135274
Loss/(Profit) on sale of asset	(20642)	(88446)
Interest Paid	25753330	26650817
Interest on Fixed Deposit	(869701)	(968062)
Operating Profit before working capital changes	74840881	62279931
Adjustment for:		
Trade and Other Receivables	(53212490)	(37607399)
Inventories	2234838	(12225928)
Trade Payables and Other Liabilities	8430463	18366263
Cash Generated from Operations	32293691	30812867
Direct Taxes Paid	(16163940)	(6720980)
Net Cash from Operating Activities (A)	16129751	24091887
<u>Cash flow from Investing Activities</u>		
Purchase of Fixed Assets	(15540564)	(26289207)
Sale of assets	60444	580311
Investments made	(3298242)	0
Bank Fixed Deposits	(1082284)	(2903968)
Interest on Fixed Deposit	869701	968062
Net cash from Investing Activities (B)	(18990945)	(27644802)
<u>Cash Flow from Financing Activities</u>		
Increase in Share Capital & premium	10000000	0
Increase in Term loan & Other credit facilities	38146970	23993671
Increase in Unsecured loans from Directors	(820000)	(204330)
Increase in Unsecured loans from Shareholders	(710342)	(61290)
Interest paid	(25753330)	(26650817)
Net Cash from Financing Activities (C)	20863298	(2922766)
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	18002104	(6475680)
Opening Cash & Cash Equivalents	11691544	18167225
Closing Cash & Cash Equivalents	29693648	11691544
	<i>Vide our Report of Even Date Annexed</i>	
	<i>For JOSEPH & RAJARAM</i>	
<i>For and on behalf of Board of Directors</i>	<i>(Firm Registration No. 001375S)</i>	
	CHARTERED ACCOUNTANTS	
<i>Sd/-</i>	<i>Sd/-</i>	<i>Sd/-</i>
K.J. JOSEPH	THOMAS JOHN	R. LAKSHMINARAYANAN
CHAIRMAN	MANAGING DIRECTOR	PARTNER
		<i>Membership No.16246</i>
Place: Chennai		
Date : 26th August, 2010		