

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

DIRECTORS' REPORT

Your Directors present the Annual Report with the audited accounts for the year ended 31.03.2009. The summarised financial results of the company are furnished below:

	Amount (Rs.In Lakhs)
Profit before Interest, depreciation and tax	633.36
Less: Interest	266.51
Profit before Depreciation and Tax	366.85
Less : Depreciation	141.35
Net Profit before Taxes	225.50
Less: Taxation (Including Deferred Tax)	79.32
Less: Fringe Benefit Tax	24.67
Net Profit after Taxes	121.51
Add: Brought forward from previous year	640.29
Balance Available for Appropriations	761.80
Appropriations	
Transfer to General Reserve	12.16
Proposed Dividend	27.12
Dividend Distribution Tax	4.61
Balance Carried over to Balance Sheet	717.91

DIVIDEND

Your Directors recommend a dividend of 25% for the year ended 31st March, 2009, subject to the approval of the members.

REVIEW OF ENVIRONMENT AND PERFORMANCE

The robust global economic growth of last four years came to an end during the middle of last year with global economy slipping to recession in the second half of 2008. The recession was precipitated by the US housing crisis and led to lowering trade finance, lower purchasing power and slump in demand. The impact of global recession was felt on Indian economy as well.

While the Growth in Indian Economy did better than most other economies around the world during 2008-09, there was a steep downturn in growth compared to previous three years which were estimated to have clocked an average 9% growth. The Indian Economy has been estimated to have grown at around 6.7% during 2008-09 as against about 9% in the previous three years. The growth in manufacturing sector has slipped drastically to 2.4% in 2008-09 from 8.2% in 2007-08.

Bucking the recessionary trend, aided by the confluence of manufacturing and services, your company has clocked a good growth of about 34% on the top line with the turnover up from Rs.45.68 crores in 2007-08 to Rs.61.14 crores in 2008-09. The organizational restructuring and limited business process re-engineering undertaken by the company during the last quarter of 2007-08 has stabilized and has started yielding positive results. As a result, profit before taxes registered an impressive growth of 40% moving up from Rs.1.61 crores to Rs.2.26 crores as against the 10% increase in the previous year.

FUTURE PLANS

As reported in the previous year, your company has chalked out a challenging expansion plan for the future. Despite the recession engulfing the entire global economy during the second half of the year under review, the stiff growth target that was set for the FY2008-09 was missed only by about 15%.

The organizational and business process restructuring undertaken late last year in consonance with the challenging growth plan has stabilized and started yielding results as can be seen from the higher percentage of YoY bottom line growth compared to YoY top line growth.

The Proposed JV in Saudi Arabia with Hatcon is in an advanced stage.

Your company already has an exclusive licensee agreement with Martin Engineering for manufacturing and Marketing their products in India. The company has added few more products to its existing bouquet of products. These products can be advantageously added to our existing line of products and would be of great value in the industries in which your company has established its presence. Accordingly, agreements have been entered into with Du Pont (for dust suppression products), Flexco (metallic fasteners), Nelson Williams (rubber lining and related products), Elichem (polymer repair products) and United Coatings (polyurea coating applications).

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

Information as per Section 217(1)(e) of the Companies Act, 1956 :

The 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 16 of the Annual Accounts.

DIRECTORS

Sri. K.J. Joseph, Chairman and Smt. Celinamma John, Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- 1. In the preparation of the accounts for the year ended 31st March 2009, the applicable accounting standards have been followed.**
- 2. Such accounting policies as mentioned in Significant Accounting Policies under Schedule 16 of the Annual Accounts have been selected and applied consistently and judgements 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 2009 and profit of the company for that year.**
- 3. 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.**
- 4. The annual accounts for the year ended 31st March 2009, 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 2008-2009, 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 : 21st August, 2009.**

JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

AUDITOR'S 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 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on the 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 misstatement. 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 explanation 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 purpose 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 such 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 in 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, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as 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 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 2009;
 - 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.

PLACE: CHENNAI
DATE: 21.08.09



For JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read "A. Augustus Leslie".

A.AUGUSTUS LESLIE
PARTNER
Membership No.22022

ANNEXED TO THE AUDITORS REPORT
(REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE)

- i) a) The Company is maintaining proper records 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) In our opinion, the Company has not disposed off, substantial part of fixed assets, during the year affecting the going concern concept.
- 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 explanation given to us, the company has not granted loans, secured or unsecured to companies, firms and other parties covered under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable. However the company has taken unsecured loan, only from Directors & Shareholders, from 10 parties amounting to Rs.24.10 lakhs. As per the information and explanation 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 payment of principal and interest are regular as per the terms and condition.
- iv) In our opinion and according to the information and explanation 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 explanation 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 explanation 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 there under 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 to the appropriate authorities and no undisputed amounts payable were outstanding as at 31st March, 2009 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, 2009 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 and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution 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 provisions of any special statute applicable to Chit Funds / Nidhi / Mutual Benefit Fund / Society 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 loan taken by the company was applied for the purpose for which the loan was obtained.
- xvii) According to the information and explanations given to us, the funds 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.
- xix) The Company has not issued any debentures during the year.



- xx) The clause regarding raising of money by public issue does not apply.
- 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 explanation 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: 21.08.2009



For JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read "A. Augustus Leslie".

A.AUGUSTUS LESLIE
PARTNER
Membership No.22022

THEJO ENGINEERING LIMITED
(Formerly Thejo Engineering Services Private Limited)
41 WHITES ROAD, CHENNAI 600 014.

BALANCE SHEET AS AT 31ST MARCH 2009

	Sch No.	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008	As at March 31, 2008
<u>I. Sources of Funds</u>					
<u>1. Shareholders' Funds</u>					
Share Capital	1	10847400		10847400	
Reserves & Surplus	2	99741930	110589330	90763679	101611079
<u>2. Loan Funds</u>					
Secured Loan	3	160329998		136336327	
Unsecured Loan	4	2410342	162740340	2675962	139012289
Deferred Tax Liability			2063040		1719671
Total			275392709		242343039
<u>II. Application of Funds</u>					
<u>1. Fixed Assets</u>					
Gross Block	5	176612522		151968510	
Less: Depreciation		88262823		75280877	
Net Block			88349699		76687633
<u>2. Current Assets, Loans & Advances</u>					
Inventories	6	66315636		54089708	
Sundry Debtors	7	151413428		119138248	
Cash & Bank Balances	8	24121387		27693099	
Loans & Advances	9	71336602		59283401	
(A)		313187053		260204456	
<u>Less: Current Liabilities & Provisions</u>					
Current Liabilities	10	86525922		66369731	
Provisions	10	39618121		28179319	
(B)		126144043		94549050	
Net Current Assets (A)-(B)			187043010		165655406
Total			275392709		242343039
Significant Accounting policies and Notes forming part of Accounts	16				
The schedules referred to above form an integral part of Balance sheet & Profit and Loss Account For THEJO ENGINEERING LIMITED			Vide our Report of Even Date Annexed For JOSEPH & RAJARAM CHARTERED ACCOUNTANTS		
Sd/-	Sd/-			Sd/-	
K.J. JOSEPH CHAIRMAN	THOMAS JOHN MANAGING DIRECTOR			A. AUGUSTUS LESLIE PARTNER Membership No.22022	
Place: Chennai					
Date : 21st August, 2009					

THEJO ENGINEERING LIMITED					
<i>(Formerly Thejo Engineering Services Private Limited)</i>					
41 WHITES ROAD, CHENNAI 600 014.					
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009					
	Sch No.	Year Ended	Year Ended	Year Ended	Year Ended
		March 31, 2009	March 31, 2009	March 31, 2008	March 31, 2008
<u>Income</u>					
Sales, Works Contract & Services	15	631207572		491005778	
Less: Excise Duty Paid		19840156	611367416	34160919	456844859
Other Income	11		6563798		6572947
Increase/(Decrease) in stock	14		6884575		4519758
			624815789		467937564
<u>Expenditure</u>					
Raw Materials & Consumables	12		227825494		169071255
Manufacturing & Other Expenses	13		333653856		251674028
Interest Charges			26650817		20022958
Depreciation	5		14135274		11103532
			602265441		451871774
Profit Before Tax			22550348		16065790
Less:					
Provision for FBT			2467000		1780000
Provision for Taxation			7589000		5732000
Deferred Tax Liability/(Asset)			343369		(71580)
Profit After Tax			12150980		8625370
Balance brought from Previous Year			64029202		59384589
			76180182		68009960
Less: Prior Period Taxes			0		182472
Amount Available for Appropriation			76180182		67827488
Appropriations					
Transfer to General Reserve			1216000		863000
Proposed Dividend			2711850		2508898
Dividend Tax			460879		426387
Balance Carried to Balance Sheet			71791453		64029204
			76180182		67827489
<i>The schedules referred to above form an integral part of</i>			<i>Vide our Report of Even Date Annexed</i>		
<i>Balance sheet & Profit and Loss Account</i>			<i>For JOSEPH & RAJARAM</i>		
<i>For THEJO ENGINEERING LIMITED</i>			<i>CHARTERED ACCOUNTANTS</i>		
Sd/-	Sd/-		Sd/-		
K.J. JOSEPH	THOMAS JOHN		A. AUGUSTUS LESLIE		
CHAIRMAN	MANAGING DIRECTOR		PARTNER		
			<i>Membership No.22022</i>		
Place: Chennai					
Date : 21st August, 2009					

THEJO ENGINEERING LIMITED				
(Formerly Thejo Engineering Services Private Limited)				
41 WHITES ROAD, CHENNAI 600 014.				
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2009				
		As at		As at
		March 31, 2009		March 31, 2008
Schedule 1				
Share Capital				
Authorized				
200000 Equity Shares of Rs.100/- each		20000000		12000000
(P.Y.1,20,000 Equity Shares of Rs.100/- each)				
Issued, Subscribed & Paid up				
108474 Equity Shares of Rs.100/- each		10847400		10847400
(P.Y.108474 Equity shares of Rs.100/- each)				
(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 Rs.3385500/- from Profit & Loss Account)				
		10847400		10847400
Schedule 2				
Reserves & Surplus				
General Reserve				
As per Last Balance Sheet	16912087		16049087	
Add: Transfer from Profit & Loss Account	1216000	18128087	863000	16912087
Surplus As Shown in Profit & Loss Account		71791453		64029202
Share Premium		9822390		9822390
		99741930		90763679
Schedule 3				
Secured Loans				
Loan From Bank				
A. Term Loan		36642077		32757124
B. Overdraft		122938121		102945637
C. Bills Discounting		749800		633566
D. Cheque Discounting				
(Term loans and other facilities with banks, viz.State Bank of Mysore and The South Indian Bank Ltd, are secured by equitable mortgage of the Company's factory building , land at Korattur, factory building and land at Ponneri including machineries and hypothecation of stock at Ponneri and Branches, Sites and assignment of book debts and also guaranteed by Directors).				
		160329998		136336327
Schedule 4				
Unsecured Loans				
From Directors		820000		1024330
From Shareholders		1590342		1651632
		2410342		2675962

THEJO ENGINEERING LTD
(Formerly Thejo Engineering Services Private Limited)
41-WHITES ROAD, CHENNAI -14

SCHEDULE:5

NAME OF THE ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT 31.03.2008	ADDITION FOR THE YEAR	DEDUCTION	AS AT 31.03.2009	AS AT 31.03.2008	ADDITION	DEDUCTION	AS AT 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
LAND	3276464	0	0	3276464	0	0	0	0	3276464	3276464
FACTORY BUILDING	24532515	4848619	0	29381134	6413814	2466411	0	8880225	20500909	18118701
OFFICE BUILDING	2256430	0	0	2256430	867479	69448	0	936926	1319504	1388951
PLANT & MACHINERY										
Plant & Machinery AT PONNERI-1,2 ,3 & 4	41869796	6199090	346002	47722884	28016442	2638168	304081	30350529	17372355	13853354
Plant & Machinery AT HO, BRANCHES & SITES	22586938	2734628	0	25321565	11167053	1821035	0	12988088	12333477	11419885
TECHNICAL KNOW-HOW	175000	0	0	175000	98000	10711	0	108711	66289	77000
BOILER	3378402	394120	0	3772522	2904965	249688	0	3154653	617869	473437
DYES & MOULDS	2648832	0	0	2648832	2106180	162796	0	2268976	379856	542652
VEHICLE	22934577	4846625	1276496	26504706	12520253	3384023	836663	15067612	11437094	10414324
OFFICE EQUIPMENTS	1982600	184616	22695	2144521	1206816	122444	12584	1316676	827845	775784
ELECTRICAL FITTINGS	5595860	3196700	0	8792560	3047956	1002989	0	4050945	4741615	2547904
FURNITURE & FITTINGS	2001190	4855821	0	6857011	1284598	707696	0	1992293	4864717	716592
COMPUTER	6317615	2060477	0	8378092	4500395	1324112	0	5824507	2553584	1817220
GENERATOR	2341242	153084	0	2494326	1146926	175755	0	1322682	1171644	1194316
ASSETS UNDER CONST.	10071048	6886475	10071048	6886475	0	0	0	0	6886475	10071048
TOTAL	151968508	36360255	11716241	176612522	75280877	14135274	1153328	88262823	88349699	76687631
PREVIOUS YEAR	132379403	35671265	16082160	151968510	67791435	11103532	3614089	75280877	76687631	64587968

	As at	As at
	March 31, 2009	March 31, 2008
Schedule 6		
Inventories		
(As certified by the Managing Director)		
Raw Materials	28676988	23335634
Work-in-Progress	6614477	15188771
Finished Goods	31024171	15565302
	66315636	54089708
Schedule 7		
Sundry Debtors		
Unsecured and Considered Good		
A. Outstanding for more than six months	7637885	8896694
B. Others	143775543	110241554
	151413428	119138248
Schedule 8		
Cash & Bank Balances		
Cash on Hand (at HO & Various Branches)	1388465	2066656
Cheque in Transit	512409	3589328
Balance with Scheduled Banks		
A. In Current Accounts	9790670	12511241
B. In Fixed Deposits	12429843	9525875
	24121387	27693099
Schedule 9		
Loans, Advances and Deposits		
Advances recoverable in cash or in kinds or for value to be received (Unseceured Considered Good)	13250854	13911530
Income Tax Payments	21078263	14735246
Advance Fringe Benefit Tax	5989207	5611243
Deposits		
A. Earnest Money Deposit and Security Deposit with companies	22426267	16765144
B. Balance with Central Excise Authorities	2932814	3594271
C. Other Deposits	5659197	4665967
	71336602	59283401
Schedule 10		
Current Liabilities and Provisions		
Current Liabilities		
A. Sundry Creditors	54452496	46006336
B. Others	32073426	20363395
	86525922	66369731
Provisions		
A. Income Tax	23621000	16032000
B. Proposed Dividend	2711850	2508898
C. Dividend Distribution Tax	460879	426387
D. Provision for Bonus & Exgratia	4567392	3422034
E. Provision for Fringe Benefit Tax	8257000	5790000
	39618121	28179319

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009			
		Year Ended	Year Ended
		March 31, 2009	March 31, 2008
Schedule 11			
Other Income			
Interest on Fixed Deposits		968062	818707
Miscellaneous Income		924969	1822459
Packing Charges Recovered		1721494	1286592
Freight Charges Recovered		489932	836350
Income from Sale of DEPB Licence		2370895	962687
Profit on sale of Assets		88446	846152
		6563798	6572947
Schedule 12			
Raw Materials & Consumables			
Opening Stock of Raw Material		23335634	19730516
Add: Purchases made during the year		207510913	156503921
		230846547	176234437
Less: Closing Stock of Raw Materials		28676988	23335634
		202169559	152898803
Add: Consumables		25655935	16172453
		227825494	169071255
Schedule 13			
Manufacturing & Other Expenses			
Manufacturing Expenses			
A.Labour Charges		10241794	9895640
B. Power & Fuel		15397816	11857109
C. Repairs & Maintenance			
a. Machinery Maintenance		754951	2955374
b. Factory Maintenance		2031050	2075242
c. Electrical Maintenance		368913	904849
d. Factory Building Maintenance		0	7620
D. Dyes & Moulding Charges		99995	239589
E. Cartage, Coolie & Freight Charges		14177366	11005937
F. Packing Materials & Charges		6015758	2894458
G. Service Charges		14210944	12694502
H. Royalty Paid		1397743	991753
I. Machinery Leasing Expenses		2117704	1236769
J. Repairs to Tools		584752	704734
K. Testing Charges		159800	219586
		67558586	57683162
Payments & Benefits to Employees			
Salaries, Wages & Bonus		105177392	79668349
Company's Contribution to Superannuation Fund,			
Gratuity Funds, Provident Fund & ESI		9371667	8214392
LTA, Ex-gratia, Leave Encashment, Incentive		8926669	4513363
Staff Welfare Expenses		17613375	12732149
		141089103	105128253

	Year Ended	Year Ended
	March 31, 2009	March 31, 2008
Administrative Expenses		
Auditor's Remuneration	158928	106453
Rent	6824141	4014794
Professional Service Charges	8583868	3767367
Repairs & Maintenance	1330335	1133795
Travelling & Conveyance	7005455	4809577
Foreign Travel Expenses	2830354	1337738
Vehicle Maintenance	8752195	7079371
Telephone, Telex & Postage	4559643	4046755
Printing & Stationery	3414022	2099049
Office Maintenance	2335490	1440432
Exchange Difference	853294	383982
Other Overheads (Annexure - I)	6148175	4534885
	52795900	34754198
Selling Expenses		
Tour Expenses	8077169	6255543
Commission	76902	2454301
Advertisement	114927	222698
Sales Promotion Expenses	1343714	1285210
Freight on Exports	1982453	747239
Loading & Unloading Charges	1458482	2880580
L.D. Charges	4756822	5924354
Bad debts	5562648	2797862
	23373117	22567786
Sales Tax, Service Tax & Other indirect tax expenses	48837150	31540630
	333653856	251674028
Schedule 14		
Increase/(Decrease) in stock		
Opening Stock		
Work-in-Progress	15188771	8771715
Finished Goods	15565302	17462600
	30754073	26234315
Closing Stock		
Work-in-Progress	6614477	15188771
Finished Goods	31024171	15565302
	37638648	30754073
Increase/(Decrease) in stock	6884575	4519758
Schedule 15		
Sales, Works & Services		
Exports	97291823	58841311
Domestic (Including Excise Duty)	495392170	408249668
	592683993	467090980
Add: Taxes Collected (Sales Tax/VAT & Service Tax Billed)	38523579	23914799
	631207572	491005778

	Year Ended	Year Ended
	March 31, 2009	March 31, 2008
Annexure 1		
Miscellaneous Expenses	303480	664152
Books & Periodicals	330145	182475
Computer Maintenance	719393	519248
Insurance	520892	467445
Seminars & Conference	225247	179283
Electricity - Others	982883	960234
Rates & Taxes	1518100	750493
Legal Fees & Charges	209878	130974
Donation	248333	63600
Recruitment, Training & Development	362104	47446
Vehicle Hire Charges	296470	374106
Directors' Sitting Charges	0	13000
ECGC Premium	242240	133978
ISO Certification Charges	102010	48451
Provision for diminution in MF	87000	0
	6148175	4534885

THEJO ENGINEERING LIMITED
(Formerly Thejo Engineering Services Private Limited)
Registered Office: No.41, Whites Road, Chennai - 600 014

SCHEDULE – 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting

The accounts are prepared on accrual basis and under the historical cost convention.

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 and 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 A/c. for the year. Salaries, Leave Encashment, Leave Travel Allowance and Medical Reimbursement are accounted and provided for as per the Revised AS – 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 in accordance with the scheme framed by the Corporation.

8. **Deferred Tax**

In accordance with Accounting Standard 22-Accounting for taxes on income, issued by the Institute of Chartered Accountants of India, deferred tax on timing differences between the book and tax profits for the year is accounted for using the tax rates and the laws that have been enacted or substantively enacted as of the Balance Sheet date.

Deferred tax assets arising from temporary timing differences are recognised to the extent there is virtual certainty that the assets can be realised in future.

9. **Dividend**

Provision is made in the accounts for the dividends 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 also made at appropriate rates based on provision made for dividend.

10. **Contingent Liabilities**

Contingent Liabilities are not recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

NOTES ON ACCOUNT:**1. Contingent Liabilities:***All fig Rs. In Lakhs*

Particulars	2008-09	2007-08
Bills Discounted	6.83	2.40
Cheque Discounting	0.00	3.95
Claims not acknowledged as debt	0.00	0.00
Guarantees Given	438.48	423.21
Letters of Credit Given	162.95	155.76

2. Deferred Tax*All fig Rs. In Lakhs*

Particulars	DTA		DTL	
	DTA	DTL	DTA	DTL
	31/3/09		31/3/08	
Opening Balance	0.00	17.19	0.00	17.91
Difference between book & IT Depreciation	0.00	3.44	3.59	0.00
Profit on sale of asset	0.00	0.30	0.00	2.87
Provision for Diminution on MF Value	0.30	0.00	0.00	0.00
Total	0.30	20.93	3.59	20.78
Net Deferred Tax Liability/(Asset)	0.00	20.63	0.00	17.19

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	2008-09	2007-08
Moulded Products	1255.809	1330.981
Extruded Products	49.037	195.677
Rubber Solution, Adhesive & Hardner	194.656	171.278
Total	1499.502	1697.936

d. Purchase of Goods:

Value – Rs. In Lakhs

Items	2008-09		2007-08	
	Qty(MT)	Value	Qty(MT)	Value
Rubber Items	788.996	904.69	985.239	977.62
Others	652.897	1426.98	567.783	749.14
Total		2331.67		1726.76

e. Sales:

All Fig Rs. In Lakhs

Particulars	2008-09	2007-08
Sale of Products:		
Exports	972.92	580.70
Domestic	2931.08	2642.16
Total	3904.00	3222.86
Services – Exports	0.00	7.71
Works & Services – Domestic	2408.08	1679.49
Total	6312.08	4910.06

f. Raw Materials Consumed:

Value – Rs. In Lakhs

Items	2008-09		2007-08	
	Qty(MT)	Value	Qty(MT)	Value
Rubber Items	765.819	878.90	970.272	962.29
Others	636.972	1399.36	549.937	728.42
Total		2278.26		1690.71

g. Stock Particulars RM/FG/WIP :

Value – Rs. In Lakhs

Items	2008-09		2007-08	
	Qty(MT)	Value	Qty(MT)	Value
<u>Opening Stock</u>				
Rubber Items	498.68	474.32	573.30	408.19
Others	49.39	66.57	55.00	51.46
Total		540.89		459.65
<u>Closing Stock</u>				
Rubber Items	465.967	530.27	498.68	474.32
Others	86.292	132.89	49.39	66.57
Total		663.16		540.89

h. Expenditure in Foreign Currency:

All fig Rs. In Lakhs

Description	2008-09	2007-08
Foreign Tour	9.64	13.38
Royalty	13.98	9.92

i. Earnings in Foreign Currency:

All fig Rs. In Lakhs

Description	2008-09	2007-08
From Exports	972.92	588.41

j. CIF Value of Imports

All fig Rs. In Lakhs

Description	2008-09	2007-08
Raw Materials	96.05	77.35

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

Value – Rs. In Lakhs

Items	2008-09		2007-08	
	% of Consumption	Value	% of Consumption	Value
Imported	4.12%	93.85	6.05	102.23
Indigenous	95.88%	2184.41	93.95	1588.48
Total		2278.26		1690.71

4. Managerial Remuneration:

All fig Rs. In Lakhs

Description	2008-09	2007-08
Salary	75.77	49.83
Sitting fees	0.00	0.13
Contribution to PF & Other Funds	5.15	11.23
Total	80.92	61.19

5. Auditors' Remuneration:

All fig Rs. In Lakhs

Description	2008-09	2007-08
For Audit	0.50	0.25
For Other Services	1.00	0.75
Out of Pocket Expenses	0.09	0.06
Total	1.59	1.06

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 A/c. 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 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 1/4/2008	65.57
Interest Cost	5.25
Current Service Cost	5.49
Benefits paid	(12.48)
Actuarial (gain)/loss on obligations	34.36
Present Value of Obligations as on 31/3/2009	98.19

Table showing changes in fair value of plan assets

All fig Rs. In lacs

Fair Value of plan assets as on 1/4/2008	72.67
Expected return on plan assets	7.23
Contributions	21.52
Benefits Paid	(12.48)
Actuarial (gain)/loss on plan assets	0.00
Fair value of plan assets as on 31/3/2009	88.94

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	98.19
Fair value of plan assets as on 31/3/2009	88.94
Liability recognized in the Balance Sheet	9.25

Principal Assumptions used in determining post-employment benefit

Discount Rate	8.00%
Salary Escalation	6.00%
Expected return on plan assets	9.94%

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. Confirmation 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 of 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
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 31/3/09*
Key Management Personnel	Remuneration	80.92	0.00
Key Management Personnel	Fixed Deposit	2.04	(8.20)
Key Management Personnel	Interest on FD	1.12	(0.25)
Relative of Key Management Personnel	Remuneration	11.59	0.00
Relative of Key Management Personnel	Fixed Deposit	0.33	(15.80)
Relative of Key Management Personnel	Interest on FD	1.74	(0.21)

* - 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 **THEJO ENGINEERING LTD**

As per our Report of even date
For **JOSEPH & RAJARAM**
CHARTERED ACCOUNTANTS

Sd/-

Sd/-

Sd/-

K.J.JOSEPH
CHAIRMAN

THOMAS JOHN
MANAGING DIRECTOR

A.AUGUSTUS LESLIE
PARTNER
M.No. 22022

Place : Chennai
Date : 21.08.2009

THEJO ENGINEERING LIMITED			
(Formerly Thejo Engineering Services Private Limited)			
41 WHITES ROAD, CHENNAI 600 014.			
Particulars	Year Ended		Year Ended
	March 31, 2009		March 31, 2008
	Rs.		Rs.
<u>Cash flow from Operating Activities</u>			
Profit before tax as per P & L Account		22550348	16065790
Adjustment for:			
Depreciation		14135274	11103532
Loss/(Profit) on sale of asset		(88446)	(846152)
Interest Paid		26650817	20022958
Interest on Fixed Deposit		(968062)	(818707)
Operating Profit before working capital changes		62279931	45527421
Adjustment for:			
Trade and Other Receivables		(37607399)	(20716685)
Inventories		(12225928)	(8124877)
Trade Payables and Other Liabilities		18366263	(2961707)
Cash Generated from Operations		30812867	13724153
Direct Taxes Paid		(6720980)	(1951268)
Net Cash from Operating Activities (A)		24091887	11772884
<u>Cash flow from Investing Activities</u>			
Purchase of Fixed Assets		(26289207)	(24361847)
Sale of assets		580311	2004806
Bank Fixed Deposits		(2903968)	(639560)
Interest on Fixed Deposit		968062	818707
Net cash from Investing Activities (B)		(27644802)	(22177894)
<u>Cash Flow from Financing Activities</u>			
Increase in Share Capital & premium		0	7499990
Increase in Term loan & Other credit facilities		23993671	29424743
Increase in Unsecured loans from Directors		(204330)	(500000)
Increase in Unsecured loans from Shareholders		(61290)	305000
Interest paid		(26650817)	(20022958)
Net Cash from Financing Activities (C)		(2922766)	16706775
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)		(6475680)	6301765
Opening Cash & Cash Equivalents		18167225	11865460
Closing Cash & Cash Equivalents		11691544	18167225
<i>The schedules referred to above form an integral part of Balance sheet & Profit and Loss Account For THEJO ENGINEERING LIMITED</i>		<i>Vide our Report of Even Date Annexed For JOSEPH & RAJARAM CHARTERED ACCOUNTANTS</i>	
Sd/-	Sd/-	Sd/-	
K.J. JOSEPH	THOMAS JOHN	A. AUGUSTUS LESLIE	
CHAIRMAN	MANAGING DIRECTOR	PARTNER	
		Membership No.22022	
Place: Chennai			
Date : 21st August, 2009			