

THEJO ENGINEERING 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 will be held at 11.00 A.M. on Tuesday, the 20th September 2011 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 2011 and the Auditors' Report thereon.
2. To declare a dividend of 35% for the year ended on 31st March 2011.
3. To appoint a Director in place of Mr. Manoj Joseph who retire by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Thomas John 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.

By order of the Board
For Thejo Engineering Limited

Sd/-

Place : Chennai
Date : 25th August, 2011

K.J. Joseph
Chairman

NOTES:

1. 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.
2. 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 : 25th August, 2011

K.J. Joseph
Chairman

THEJO ENGINEERING 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 31.03.2011. The summarized financial results of the Company are furnished below:

	Amount (` in Lakhs)
Profit before Interest, depreciation and tax	1003.28
Less: Interest	277.32
Profit before Depreciation and Tax	725.96
Less : Depreciation	148.21
Net Profit before Taxes	577.75
Less: Taxation (Including Deferred Tax)	194.79
Net Profit after Taxes	382.96
Add: Brought forward from previous year	883.81
Balance Available for Appropriations	1266.77
Appropriations	
Transfer to General Reserve	38.31
Proposed Dividend	41.46
Dividend Distribution Tax	6.73
Balance Carried over to Balance Sheet	1180.27

DIVIDEND

Your Directors recommend dividend of 35% for the year ended 31st March 2011, subject to the approval of the members

REVIEW OF PERFORMANCE

Your company has been able to achieve the aggressive growth target that it had chalked out for the year under review. Your company has achieved a turnover of about Rs.98 crores during the year under review (Previous Year - Rs. 66 crores) which is an almost 50% growth over the previous year. In terms of Profits After Tax, your company has achieved a PAT of Rs.3.83 crores during current year (Previous Year - Rs.2.27 crores) which is an almost 70% growth over the previous year.

FUTURE PLANS

Having achieved a near 50% growth in terms of turnover and nearly 70% growth in terms of Profits After Tax over the previous year, the company has chartered an aggressive growth plan to realize its full potential.

The Joint Venture of your company at Saudi Arabia has obtained all the statutory approvals that are required. It has already bagged a handful of orders and many orders are in the pipeline. The Joint Venture is awaiting the approval of more visas to substantially scale its operations.

The company has entered into a strategic tie up with Herman (Nanjing) Technical & Engineering Pte Ltd, Almech Engineering Services LLP and Pyramid Emas Perkasa for cleaners, air cannons and related products.

SUBSIDIARY COMPANY

Thejo Hatcon Industrial Services Company WLL, Kingdom of Saudi Arabia, in which your company holds 51% shareholding has obtained all the statutory approvals that are required for commencing operations. The financial statements of the company for the year ended 31st December, 2010 are enclosed with the financial statements of your company.

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. Manoj Joseph, Director – Marketing and Sri. Thomas John, Managing Director 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 2011, 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 2011 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 2011, 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 2010-11, 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: 25th August, 2011

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 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books.



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

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

e) On the basis of the information and explanations received from the Directors of the company and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2011 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 2011;
- 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: 25.08.2011



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


R LAKSHMI NARAYANAN
PARTNER
Membership No: 016246

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 2011)**

1. a) The Company has maintained proper records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion the verification is reasonable, having regard to the size of the company, and the nature of its-business.
c) As per the records and information and explanations given to us, no substantial part of fixed assets has been disposed off during the year affecting the going concern status of the company.
2. a) Physical verification of inventory has been conducted by the management at intervals, which in our opinion is reasonable.
b) The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory. No material discrepancies have been reported on such physical verification.
3. According to the information and explanations given to us, the company has not granted loans, secured or unsecured to companies, firms and other parties covered under section 301 of the Companies Act, 1956. Accordingly paragraph 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors Report) Order 2003, (as amended) are not applicable. However the company has taken unsecured loans from Shareholders, amounting to Rs.8.80 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 from the shareholders are not prima facie prejudicial to the interest of the company.



Joseph & Rajaram, Chartered Accountants
Chennai

4. In our opinion and according to the information and explanations furnished to us, there are adequate Internal Control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any, continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in Sec.301 of the Companies Act that need to be entered into the register maintained under section 301.
6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of Sections 58A, 58AA and other relevant provisions of the Companies Act 1956 and rules framed there under.
7. In our opinion the company has its own Internal Audit System commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the maintenance of cost records under clause (d) of subsection (1) of section 209 of the Companies Act, 1956 is not applicable to the company.
9. 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 and cess to the appropriate authorities and no undisputed amounts payable were outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.
10. The company does not have accumulated losses or cash losses as at the end of the financial year.



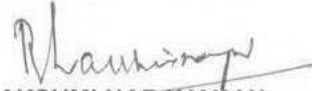
Joseph & Rajaram, Chartered Accountants
Chennai

11. Based on our audit procedures and on the information given by the management, the company has not defaulted in repayment of dues to any financial institutions or bank.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. The Company is not a Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society, therefore the provisions of clause 4 (xiii) of the Order are not applicable to the company.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions relating to maintenance of records pertaining to such transactions are not applicable to it.
15. According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
16. According to the information and explanations given to us, the funds raised on short term basis, have not been used during the year for long term investment.
17. During the year under audit, there is no preferential allotment of shares to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
18. The company has not issued any debentures during the year under audit.



19. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

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



R LAKSHMI-NARAYANAN
PARTNER
Membership No: 016246

Place: Chennai
Date: 25.08.2011



THEJO ENGINEERING LIMITED					
41 WHITES ROAD, CHENNAI 600 014.					
BALANCE SHEET AS AT 31ST MARCH 2011					
	Sch No.	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2010
<u>I. Sources of Funds</u>					
<u>1. Shareholders' Funds</u>					
Share Capital	1	11847400		11847400	
Reserves & Surplus	2	161079628	172927028	127602803	139450203
<u>2. Loan Funds</u>					
Secured Loan	3	195265221		198476968	
Unsecured Loan	4	880000	196145221	880000	199356968
Deferred Tax Liability			1909348		2234102
Total			370981597		341041274
<u>II. Application of Funds</u>					
<u>1. Fixed Assets</u>					
Gross Block	5	206738347		191744902	
Less: Depreciation		116184425		102779314	
Net Block			90553922		88965588
<u>2. Investments</u>	6		3298242		3298242
<u>3. Current Assets, Loans & Advances</u>					
Inventories	7	81274856		64080798	
Sundry Debtors	8	257416078		195347298	
Cash & Bank Balances	9	48563492		43205775	
Loans & Advances	10	140020523		96779161	
(A)		527274949		399413032	
<u>Less: Current Liabilities & Provisions</u>					
Current Liabilities	11	169748157		96629608	
Provisions		80397359		54005980	
(B)		250145516		150635588	
Net Current Assets (A)-(B)			277129433		248777444
Total			370981597		341041274
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 : 25th August, 2011					

THEJO ENGINEERING LIMITED					
41 WHITES ROAD, CHENNAI 600 014.					
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011					
	Sch No.	Year Ended March 31, 2011	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2010
<u>Income</u>					
Sales, Works Contract & Services	12	980126096		657723773	
Less: Excise Duty Paid		27931184	952194912	14493686	643230087
Other Income	13		9861131		16415029
Increase/(Decrease) in stock	14		8563801		(2500472)
			970619844		657144644
<u>Expenditure</u>					
Raw Materials & Consumables	15		381568811		233109856
Manufacturing & Other Expenses	16		488723427		348303564
Interest Charges			27732108		25753330
Depreciation	5		14821157		14884874
			912845503		622051624
Profit Before Tax			57774341		35093020
Less:					
Provision for Taxation			19803000		12224000
Deferred Tax Liability/(Asset)			(324755)		171063
Profit After Tax			38296096		22697957
Balance brought forward from Previous Year			88381326		71791452
Amount Available for Appropriation			126677422		94489409
Appropriations					
Transfer to General Reserve			3831000		2271000
Proposed Dividend			4146590		3279699
Dividend Tax			672681		557384
Balance Carried to Balance Sheet			118027151		88381326
			126677422		94489409
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 : 25th August, 2011					

THEJO ENGINEERING LIMITED
41 WHITES ROAD, CHENNAI 600 014.

	<i>As at</i>	<i>As at</i>	<i>As at</i>	<i>As at</i>
	March 31, 2011	March 31, 2011	March 31, 2010	March 31, 2010
Schedule 1				
Share Capital				
Authorized				
200000 Equity Shares of ` .100/- each (P.Y.2,00,000 Equity Shares of ` .100/- each)		20000000		20000000
Issued, Subscribed & Paid up				
118474 Equity Shares of ` .100/- each (P.Y.118474 Equity shares of ` .100/- each).		11847400		11847400
(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		11847400
Schedule 2				
Reserves & Surplus				
General Reserve				
As per Last Balance Sheet	20399087		18128087	
Add: Transfer from Profit & Loss Account	3831000	24230087	2271000	20399087
Surplus As Shown in Profit & Loss Account		118027151		88381326
Share Premium		18822390		18822390
		161079628		127602803
Schedule 3				
Secured Loans				
Loans From Banks				
A. Term Loans		28185941		37081678
B. Cash Credit		167079280		161395289
(Term loans and cash credit facilities from banks, viz.State Bank of Mysore, The South Indian Bank Ltd and Axis Bank Ltd are secured by equitable mortgage of the Company's factory land and buildings at Ponneri, hypothecation of company's machineries and stocks at factory, branches, sites and assignment of book debts, current assets and guaranteed by Directors)				
		195265221		198476968
Schedule 4				
Unsecured Loans				
From Shareholders		880000		880000
		880000		880000

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

SCHEDULE 5											
FIXED ASSETS											
NAME OF THE ASSETS	GROSS BLOCK			AS AT 31.03.2011	Rate of Depreciation	DEPRECIATION			NET BLOCK		
	AS AT 31.03.2010	ADDITION FOR THE YEAR	DEDUCTION			AS AT 31.03.2010	ADDITION	DEDUCTION	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
LAND	3276464	0	0	3276464	0.00%	0	0	0	0	3276464	3276464
FACTORY BUILDING	31934891	1661895	0	33596786	10.00%	11278410	2093428	0	13371838	20224948	20656481
OFFICE BUILDING	3100487	0	0	3100487	5.00%	1032000	103424	0	1135425	1965062	2068487
PLANT & MACHINERY											
PLANT & MACHINERY AT FACTORIES	59715686	2924577	0	62640263	13.91%	33841036	3817301	0	37658337	24981926	25874650
PLANT & MACHINERY AT HO, BRANCHES & SITES	26425129	1890962	50388	28265703	13.91%	14778841	1735889	9181	16505549	11760154	11646288
BOILER	3772522	0	0	3772522	40.00%	3401801	148289	0	3550089	222433	370721
DYES & MOULDS	2648832	0	0	2648832	30.00%	2382933	79770	0	2462702	186130	265899
TECHNICAL KNOW-HOW	175000	0	0	175000	13.91%	117931	7938	0	125870	49130	57069
VEHICLE	26613313	2810564	1508453	27915424	25.89%	17749640	2602251	1406865	18945026	8970398	8863673
OFFICE EQUIPMENTS	2298556	153706	0	2452262	13.91%	1446785	130385	0	1577171	875091	851771
ELECTRICAL FITTINGS	10464606	207219	0	10671825	20.00%	5080111	1090458	0	6170569	4501256	5384495
FURNITURE & FITTINGS	8985092	2395256	0	11380348	18.10%	3030299	1452839	0	4483138	6897209	5954792
COMPUTER	9839999	1968032	0	11808031	40.00%	7153870	1418879	0	8572748	3235283	2686129
GENERATOR	2494326	0	0	2494326	13.91%	1485658	140306	0	1625963	868363	1008668
ASSETS UNDER CONST.	0	2540075	0	2540075	0.00%	0	0	0	0	2540075	0
TOTAL	191744902	16552286	1558841	206738347		102779314	14821157	1416046	116184425	90553922	88965588
PREVIOUS YEAR	176612522	22427039	7294659	191744902		88262823	14884874	368382	102779314	88965588	88349699

	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	As at March 31, 2010
Schedule 6				
Investments				
255 Equity shares in Thejo Hatcon Industrial services LLC (A Subsidiary Company) (Subscribed at face value of SAR1000/- p. sh)		3298242		3298242
		3298242		3298242
Schedule 7				
Inventories				
(As certified by the Management)				
Raw Materials		37572879		28942622
Work-in-Progress		14767008		12189579
Finished Goods		28934969		22948597
		81274856		64080798
Schedule 8				
Sundry Debtors				
Unsecured and Considered Good				
A. Outstanding for more than six months		8700308		8237805
B. Others		248715770		187109493
		257416078		195347298
Schedule 9				
Cash & Bank Balances				
Cash on Hand (at HO & Branches)		1727335		2669213
Cheque in Transit		4035055		468233
Balance with Scheduled Banks				
A. In Current Accounts		27285538		26556202
B. In Fixed Deposits		15515564		13512127
		48563492		43205775
Schedule 10				
Loans and Advances				
Advances recoverable in cash or in kind or for value to be received (Unsecured Considered Good)		49269210		24778696
Income Tax Payments		49110655		34598052
Advance Fringe Benefit Tax		8633357		8633357
Deposits				
A. Earnest Money Deposit and Security Deposit with companies		26026676		20746391
B. Balance with Central Excise Authorities		4075157		2555272
C. Other Deposits		2905469		5467394
		140020523		96779161
Schedule 11				
Current Liabilities and Provisions				
Current Liabilities				
A. Sundry Creditors		102895891		63957012
B. Others		66852266		32672597
		169748157		96629608
Provisions				
A. Income Tax		55647999		35845000
B. Proposed Dividend		4146590		3279699
C. Dividend Distribution Tax		672681		557384
D. Provision for Bonus & Exgratia		11673089		6066897
E. Provision for Fringe Benefit Tax		8257000		8257000
		80397359		54005980

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011				
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2011	March 31, 2011	March 31, 2010	March 31, 2010
Schedule 12				
Sales, Works Contract & Services Income				
Exports		143353552		142329824
Domestic (Including Excise Duty)		785848149		481080631
		929201702		623410456
Add: Taxes Collected (Sales Tax/VAT & Service Tax Billed)		50924394		34313316
		980126096		657723773
Schedule 13				
Other Income				
Interest on Fixed Deposits		1027480		869701
Miscellaneous Income		3576671		5946129
Packing Charges Recovered		1436169		1173082
Freight Charges Recovered		695448		409660
Income from Sale of Duty Entitlement Pass Book Licence		2737548		7995815
Profit on sale of Assets		387816		20642
		9861131		16415029
Schedule 14				
Increase/(Decrease) in stock				
Opening Stock				
Work-in-Progress		12189579		6614477
Finished Goods		22948597		31024171
		35138176		37638648
Closing Stock				
Work-in-Progress		14767008		12189579
Finished Goods		28934969		22948597
		43701977		35138176
Increase/(Decrease) in stock		8563801		(2500472)
Schedule 15				
Raw Materials & Consumables				
Opening Stock of Raw Material		28942622		28676988
Add: Purchases made during the year		353097830		199818780
		382040452		228495768
Less: Closing Stock of Raw Materials		37572879		28942622
		344467573		199553146
Add: Consumables		37101238		33556710
		381568811		233109856

	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2011	March 31, 2011	March 31, 2010	March 31, 2010
Schedule 16				
Manufacturing & Other Expenses				
Manufacturing & Direct Expenses				
Labour Charges		17612191		9089646
Power & Fuel		21350009		16233523
Repairs & Maintenance				
Machinery Maintenance		1068772		1181645
Factory Maintenance		2107690		1664375
Electrical Maintenance		27770		227011
Dyes & Moulding Charges		268864		520702
Cartage, Coolie & Freight Charges		17017440		12215739
Packing Materials & Charges		10429181		7615599
Service Charges		16031840		17033494
Royalty Paid		2342066		2037438
Machinery Leasing Expenses		2221798		2352773
Repairs to Tools		145922		0
Testing Charges		341895		101626
		90965439		70273570
Payments & Benefits to Employees				
Salaries, Wages & Bonus		171462725		120955452
Company's Contribution to Superannuation Fund, Gratuity Funds, Provident Fund & ESI		16400896		11060297
LTA, Ex-gratia, Leave Encashment, Incentive		21752101		14117266
Staff Welfare Expenses		29942867		22478376
		239558588		168611391
Administrative Expenses				
Auditor's Remuneration		251502		219636
Rent		7730168		6181937
Professional Service Charges		11224554		10666054
Repairs & Maintenance		2645927		2293926
Travelling & Conveyance		9788674		5197014
Foreign Travel Expenses		898473		1466928
Vehicle Maintenance		9300126		8346605
Telephone, Telex & Postage		6015362		4722941
Printing & Stationery		2911740		2690609
Office Maintenance		2065340		1611886
Sales Tax, Service Tax & Other indirect taxes		62013672		38545827
Exchange Difference		1		5412
Other Overheads				
Miscellaneous Expenses		227705		378792
Books & Periodicals		246575		212900
Computer Maintenance		819276		610350
Insurance		935430		553722
Seminars & Conference		1142868		132380
Electricity - Others		1126805		978327
Rates & Taxes		383164		85314
Legal Fees & Charges		381004		258416
Donation		380606		275601
Recruitment, Training & Development		4216624		438863
Vehicle Hire Charges		1590517		582718
ECGC Premium		209722		135267
ISO Certification Charges		40811		133294
		126546644		86724718

	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2011	March 31, 2011	March 31, 2010	March 31, 2010
Selling Expenses				
Tour Expenses		11338798		9459333
Commission		3231598		1731424
Advertisement		503167		294445
Sales Promotion Expenses		1952818		2069407
Freight on Exports		1747728		817908
Loading & Unloading Charges		2734204		1658242
Late Delivery Charges		552067		2310482
Bad debts		9592377		4352645
		31652756		22693884
Manufacturing & Other Expenses - Total		488723427		348303564

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, Works Contracts and Services Income

The amount shown in Profit and Loss Account is net of excise duty and inclusive of all other 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	2010-11	2009-10
Guarantees Given	412.87	324.44
Letters of Credit Given	512.71	259.56

2. Calculation of Deferred Tax

All fig Rs. In Lakhs

Particulars	DTA		DTL	
	DTA	DTL	DTA	DTL
	31/03/11		31/03/10	
Opening Balance	0.00	22.34	0.30	20.93
Timing Difference in Depreciation	4.53	0.00	0.00	1.64
Profit on sale of asset	0.00	1.28	0.00	0.07
Total	4.53	23.62	0.30	22.64
Net Deferred Tax Liability/(Asset)	0.00	19.09	0.00	22.34

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	2010-11	2009-10
Moulded & Extruded Products	1199.711	975.871
Rubber Solution, Adhesive & Hardner	213.907	201.132
Total	1413.618	1177.003

d. Purchase of Goods (including trading):

Value – Rs. In Lakhs

Items	2010-11		2009-10	
	Qty(MT)	Value	Qty(MT)	Value
Rubber Items	1018.771	1797.76	591.510	604.62
Others	824.536	2104.23	654.598	1699.07
Total		3901.99		2303.69

e. Sales:

All Fig Rs. In Lakhs

Particulars	2010-11	2009-10
Sale of Products:		
Exports	1390.54	1382.80
Domestic	4685.96	2473.39
Total	6076.50	3933.60
Services – Exports	42.99	40.50
Works & Services – Domestic	3681.76	2680.55
Total	9801.26	6577.24

f. Raw Materials Consumed (including sale of trading items):

Value – Rs. In Lakhs

Items	2010-11		2009-10	
	Qty(MT)	Value	Qty(MT)	Value
Rubber Items	957.992	1686.39	581.852	572.02
Others	823.768	2129.30	655.977	1729.01
Total		3815.69		2301.03

g. Stock Particulars Raw Materials, Finished Goods & Work In Progress :

Value – Rs. In Lakhs

Items	2010-11		2009-10	
	Qty(MT)	Value	Qty(MT)	Value
<i>Opening 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
<i>Closing Stock</i>				
Rubber Items	322.170	595.89	390.674	492.01
Others	78.099	216.86	81.327	148.80
Total		812.75		640.81

h. Expenditure in Foreign Currency:

All fig Rs. In Lakhs

Description	2010-11	2009-10
Foreign Tour	11.54	4.14
Royalty	23.42	13.32
Share capital in Subsidiary	0.00	32.09
Commission	20.19	0.00
	55.15	49.55

i. Earnings in Foreign Currency:

All fig Rs. In Lakhs

Description	2010-11	2009-10
From Exports	1433.54	1423.30

j. CIF Value of Imports

All fig Rs. In Lakhs

Description	2010-11	2009-10
Raw Materials	213.54	74.04

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

Value – Rs. In Lakhs

Items	2010-11		2009-10	
	% of Consumption	Value	% of Consumption	Value
Imported	4.34%	165.68	3.40%	78.17
Indigenous	95.66%	3650.01	96.60%	2222.86
Total		3815.69		2301.03

4. Managerial Remuneration:

All fig Rs. In Lakhs

Description	2010-11	2009-10
Salary	84.51	82.95
Sitting fees	0.00	0.00
Contribution to PF & Other Funds	5.98	5.64
Total	90.49	88.59

5. Auditors' Remuneration:

All fig Rs. In Lakhs

Description	2010-11	2009-10
For Audit	1.75	0.50
For Other Services	0.63	1.50
Out of Pocket Expenses	0.09	0.19
Total	2.47	2.19

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:

ASSUMPTIONS	31/03/2010	31/03/2011
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS AS ON 31/03/2011 **Rs. In Lakhs**

Present value of obligations on 01/04/2010	98.95
Interest Cost	7.92
Current Service Cost	11.97
Benefits Paid	(10.50)
Actuarial (Gain) / Loss on obligations	20.76
Present value of obligations as at end of the year	129.10

TABLE SHOWING CHANGES IN FAIR VALUE OF PLAN ASSETS AS ON 31/03/2011 **Rs. In Lakhs**

Fair value of plan assets at the beginning of the year	100.40
Expected return on plan assets	8.80
Contributions	0.00
Benefits Paid	(10.50)
Actuarial Gain / (Loss) on plan assets	0.00
Fair value of plan assets at the end of the year	98.70

TABLE SHOWING FAIR VALUE OF PLAN ASSETS **Rs. In Lakhs**

Fair value of plan assets at the beginning of the year	100.40
Actual return on plan assets	8.80
Contributions	0.00
Benefits Paid	(10.50)
Fair value of plan assets at the end of the year	98.70
Funded Status	(30.40)
Excess of Actual over Estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31/03/2011)	0.00

ACTUARIAL GAIN / LOSS RECOGNIZED AS ON 31/03/2011 **Rs. In Lakhs**

Actuarial (gain) / loss on obligations	(20.76)
Actuarial (gain) / loss for the year – plan assets	0.00
Actuarial (gain) / loss on obligations	20.76
Actuarial (gain) / loss recognized in the year	20.76

THE AMOUNTS TO BE RECOGNIZED IN THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS **Rs. In Lakhs**

Present value of obligations as at the end of the year	129.10
Fair value of plan assets as at the end of the year	98.70
Funded Status	(30.40)
Net asset / (liability) recognized in balance sheet	30.40

EXPENSES RECOGNIZED IN PROFIT & LOSS ACCOUNT	Rs. In Lakhs
Current Service Cost	11.97
Interest Cost	7.92
Expected return on plan assets	(8.80)
Net Actuarial (gain) / loss recognized in the year	20.76
Expenses recognized in statement of profit and loss	31.85

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

7. Confirmations of balances from Debtors and Creditors have not been 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. 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	Current Year Transaction	Outstanding as on 31/3/11*
Subsidiary	Share Capital	0.00	32.98
Subsidiary	Advance	184.34	299.75
Subsidiary	Sales	48.16	4.13
Key Management Personnel	Remuneration	90.49	0.00
Relative of Key Management Personnel	Remuneration	14.59	0.00
Relative of Key Management Personnel	Unsecured Loans	0.00	(8.80)
Relative of Key Management Personnel	Interest on Unsecured Loans	0.97	(0.33)

* - 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 : 25.08.2011

THEJO ENGINEERING LIMITED			
41 WHITES ROAD, CHENNAI 600 014.			
Particulars	Year Ended		Year Ended
	March 31, 2011		March 31, 2010
<u>Cash flow from Operating Activities</u>			
Profit before tax as per P & L Account		57774341	35093020
Adjustment for:			
Depreciation		14821157	14884874
Loss/(Profit) on sale of asset		(387816)	(20642)
Interest Paid		27732108	25753330
Interest on Fixed Deposit		(1027480)	(869701)
Operating Profit before working capital changes		98912311	74840881
Adjustment for:			
Trade and Other Receivables		(90797539)	(53212490)
Inventories		(17194058)	2234838
Trade Payables and Other Liabilities		74887657	8430463
Cash Generated from Operations		65808370	32293691
Direct Taxes Paid		(14512604)	(16163940)
Net Cash from Operating Activities (A)		51295766	16129752
<u>Cash flow from Investing Activities</u>			
Purchase of Fixed Assets		(16552286)	(15540564)
Sale of assets		530612	60444
Investments made		0	(3298242)
Bank Fixed Deposits		(2003438)	(1082284)
Interst on Fixed Deposit		1027480	869701
Net cash from Investing Activities (B)		(16997632)	(18990946)
<u>Cash Flow from Financing Activities</u>			
Increase in Share Capital & premium		0	10000000
Increase in Term loan & Other credit facilities		(3211747)	38146970
Increase in Unsecured loans from Directors		0	(820000)
Increase in Unsecured loans from Shareholders		0	(710342)
Interest paid		(27732108)	(25753330)
Net Cash from Financing Activities (C)		(30943855)	20863298
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)		3354279	18002104
Opening Cash & Cash Equivalents		29693648	11691544
Closing Cash & Cash Equivalents		33047927	29693648
		<i>Vide our Report of Even Date Annexed</i>	
		<i>For JOSEPH & RAJARAM</i>	
		<i>(Firm Registration No. 001375S)</i>	
		CHARTERED ACCOUNTANTS	
Sd/-	Sd/-		Sd/-
K.J. JOSEPH	THOMAS JOHN	R. LAKSHMINARAYANAN	
CHAIRMAN	MANAGING DIRECTOR	PARTNER	
		<i>Membership No.16246</i>	
Place: Chennai			
Date : 25th August, 2011			