



Annual Report 2012-13

THE ASSURANCE OF MORE

- More than conveyor systems solutions
- More than bulk material handling
- More than engineering services



“Union Finance Minister Mr. P. Chidambaram inaugurating the EMERGE platform of NSE and ringing the Bell to signify commencement of trading in Thejo’s Shares as (L-R) Mr. Sushil Munhot (CMD, SIDBI), Mr. V.A. George (President & CEO, Thejo), Mr. R.M. Malla (CMD, IDBI), Mr. U.K. Sinha (Chairman, SEBI) and Mr. Ravi Narain (MD & CEO, NSE) look on.”

BOARD OF DIRECTORS

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

REGISTERED OFFICE

Aysha Building,
No. 41, Whites Road,
Royapettah,
Chennai - 600 014.
Website: www.thejo-engg.com

CORPORATE OFFICE

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

FACTORIES

Unit – I & IV:

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

Unit – II:

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

Unit – III:

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

Polyurethane Division:

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

R&D CENTER:

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

SUBSIDIARY COMPANIES

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

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FINANCIAL HIGHLIGHTS

₹ in lakhs unless specified otherwise

Details	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Sales	13338.12	11536.44	9521.95	6432.30	6113.67	4568.45	3724.15	3331.53	2606.09	2086.07
Other Income	211.58	249.63	98.61	164.15	65.64	65.73	95.63	43.44	29.92	23.11
Sales & Other Income	13549.70	11786.07	9620.56	6596.45	6179.31	4634.18	3819.77	3374.97	2636.02	2109.17
Profit before interest, depreciation, amortisation and tax ¹	2020.66	1529.81	1003.28	757.31	633.36	471.92	401.24	360.99	292.24	232.61
Profit before interest & tax ¹	1817.79	1368.33	855.06	608.46	492.01	360.89	296.12	277.09	218.79	155.91
Profit before tax ¹	1437.63	1001.26	577.74	350.93	225.50	160.66	146.48	158.66	115.84	66.92
Profit after tax ¹	974.78	671.83	382.96	226.98	121.51	86.25	79.71	84.06	72.24	42.03
Net fixed assets	1504.89	1132.10	905.54	889.66	883.50	766.88	645.88	489.58	381.51	387.68
Share Capital	171.68	118.47	118.47	118.47	108.47	108.47	100.01	69.01	69.01	69.01
Reserves and Surplus	5159.45	2456.33	1610.80	1276.03	997.42	907.64	786.03	726.98	659.78	608.16
Networth	5331.13	2574.80	1729.27	1394.50	1105.89	1016.11	886.03	795.99	728.79	677.17
Total borrowings	2582.83	2134.70	1961.45	1993.57	1627.40	1390.12	1097.83	822.33	673.07	553.06
Earnings per share ^{1&2} (in ₹)	65.85	56.71	32.32	19.16	11.20	7.95	7.97	12.18	10.47	6.09
Dividend per share ² (in ₹)	5.00	4.00	3.50	3.00	2.50	2.50	2.00	2.00	2.00	1.00
Book value per share ² (in ₹)	310.53	217.34	145.96	117.71	101.95	93.67	88.60	115.35	105.61	98.13
EBITDA/turnover (%)	14.91	12.98	10.43	11.48	10.25	10.18	10.50	10.70	11.09	11.03
Profit before tax / turnover (%)	10.61	8.50	6.01	5.32	3.65	3.47	3.83	4.70	4.39	3.17
Return on capital employed (%)	22.97	29.05	23.17	17.96	18.00	15.00	14.93	17.12	15.61	12.67
Return on net worth (%)	18.28	26.09	22.15	16.28	10.99	8.49	9.00	10.56	9.91	6.21

Notes: ¹ Excluding exceptional items

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

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the Members of Thejo Engineering Limited will be held at 10.00 A.M. on Friday, the 30th August, 2013 at the The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014, Tamil Nadu, India, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and of the Auditors thereon.
2. To declare a dividend on Equity Shares for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Thomas John who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Manoj Joseph who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. N. Ganga Ram who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. V.A. George, who was appointed as an Additional Director by the Board of Directors on 15th July, 2013 and who holds office until the date of this AGM pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, or any other law for the time being in force and subject to such other consent(s), approval(s) and permission(s) as may be required in this regard, approval of the Members be and is hereby accorded for the appointment of Mr. V.A. George as Managing Director of the Company for a period of 5 years with effect from 15th July, 2013 on the remuneration and terms and conditions as set out hereunder:

Remuneration:

- a) **Salary:** ₹ 5,00,000/- (Rupees Five Lakhs Only) per month in the scale of 5,00,000 – 50,000⁵ – 7,50,000 with annual increment to take effect from 1st April of the succeeding year, subject to the limits prescribed under Sections 198 and 309 of the Companies Act, 1956.

NOTICE TO MEMBERS**b) Commission:**

As may be determined by the Board of Directors based on the recommendation of the Remuneration Committee, subject to a ceiling of 2% of the annual profits of the Company, payable every year after the finalization of the Annual Accounts of the Company.

c) Perquisites:

1. Medical reimbursement: Expenses incurred for self and family including premium payable for medical insurance in accordance with the Rules of the Company.
Explanation: "Family" means spouse, dependent children and dependent parents of the appointee.
2. Personal Accident Insurance as per the Rules of the Company.
3. Leave Travel Assistance for self and family once a year in accordance with the Rules of the Company.
4. Reimbursement of fees and expense for membership of one club other than life membership fees.
5. Reimbursement of entertainment expenses actually and properly incurred by the appointee in the course of the legitimate business of the Company and travelling, hotel and other expenses incurred by him in India and abroad, exclusively for the business of the Company, as per the Rules and Regulations of the Company or as approved by the Board of Directors.
6. Provision of chauffeur-driven Company car for official use.
7. Provision of Cell phone, laptop and landline phone at residence for official use, with expenses to be borne by the Company.

For the purpose of calculating the ceiling, the perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and, in the absence of any such Rule, at actual cost.

d) Other Terms and Conditions:

As long as Mr. V.A. George functions as Managing Director of the Company, no sitting fees will be paid to him for attending meetings of the Board of Directors and/or any Committee thereof.

e) Minimum Remuneration:

In case of loss or inadequacy of profits in any financial year during the tenure of appointment, payment of salary and perquisites stated herein shall be paid as minimum remuneration for that year, subject, however, to the extent allowed under the relevant provisions of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter and modify the terms and conditions of appointment including as to designation and remuneration / remuneration structure of Mr. V.A. George within the limits prescribed under the provisions of the Companies Act, 1956 and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above Resolution.

"RESOLVED FURTHER THAT any one of the Directors of the Company and / or Company Secretary be and are hereby severally authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above Resolution."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as **Special Resolution:**

"RESOLVED THAT subject to the provisions of Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Non-Executive Directors of the Company (i.e. Directors other than

NOTICE TO MEMBERS

the Managing Director and the Whole-time Directors) be paid, by way of an annual payment, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, a commission, not exceeding 1% of the profits of the Company, in such manner as may be determined by the Board from time to time, for a period of 5 (five) years from the Financial Year 2013-14, subject to the prescribed limits.

“RESOLVED FURTHER THAT any one of the Directors of the Company and / or Company Secretary be and are hereby severally authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above Resolution.”

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

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and the provisions contained in the Articles of Association of the Company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and such other necessary approvals, permissions and sanctions, as may be required, and subject to such terms and conditions and modifications as may be specified while according such approvals, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall also include any Committee thereof) for capitalizing a sum not exceeding ₹ 1,71,67,760 (Rupees one crore seventy one lakhs sixty seven thousand seven hundred sixty only) out of the Company’s Securities Premium Account / General Reserve Account or such other accounts as are permissible to be utilized for the purpose, as per the audited accounts for the Financial Year ended 31st March, 2013, that is to say, the said amount be transferred to the Share Capital Account and be applied for issue and allotment of 17,16,776 Equity Shares of ₹ 10/- (Rupees ten) each as Bonus Shares credited as fully paid up, to the holders of the Equity Shares of the Company whose names appear on its Register of Members on such date (“Record Date”) as the Board may determine, in proportion of ONE such Bonus Share for every existing ONE Equity Share held by them as on the Record Date and that the new Bonus Shares so issued and allotted shall, for all purposes, be treated as an increase in the paid up Capital of the Company held by each such Member, and not as income.

“RESOLVED FURTHER THAT the Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company and guidelines for Bonus Shares issued by SEBI.

“RESOLVED FURTHER THAT the Bonus Shares so allotted pursuant to this Resolution shall rank in all respects *pari passu* with the existing fully paid up equity shares of the Company save and except that they shall not be entitled to participate in any dividend declared prior to the allotment of the Bonus Shares, but shall be entitled to the dividend(s) declared after the allotment of the Bonus Shares.

“RESOLVED FURTHER THAT no letter of allotment shall be issued but the share certificates for Bonus Shares be delivered to the Members, who hold the existing equity shares in physical form and the respective beneficiary accounts be credited with the Bonus Shares for such Members who hold the existing equity shares or opt to receive the bonus shares in dematerialized form within the prescribed period.

“RESOLVED FURTHER THAT the allotment and issue of the Bonus Shares to any Non-Resident Member, Foreign Institutional Investors and other foreign investors shall be subject to the approval, if any, required from the Reserve Bank of India under the Foreign Exchange Management Act, 1999.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Bonus Shares so allotted on the National Stock Exchange of India Ltd. (NSE) where the securities of the Company are listed as per the provisions of the Listing Agreement with the Exchange, the Regulations and other applicable laws and regulations.

NOTICE TO MEMBERS

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things, give such directions as may be necessary or expedient, settle any question, difficulty or doubt that may arise in this regard as the Board may in its absolute discretion, deem necessary, expedient, usual or proper in this regard at any stage including at the time of listing of the Bonus Shares without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto and for matters connected herewith or incidental hereto expressly by the authority of this Resolution.”

By Order of the Board
For THEJO ENGINEERING LIMITED

M.D. RAVIKANTH
Finance Controller & Secretary

Place : Chennai
Date : 15th July, 2013

NOTES:

1. An explanatory statement in respect of the special business is annexed to 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 Annual General Meeting (“Meeting”).
4. Members / proxies should bring the duly filled Attendance Slip along with their copy of annual report to the Meeting.
5. The Register of Directors’ Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the Members at the registered office of the Company during business hours on any working day till 29th August, 2013 and at the Meeting.
6. The Register of Members and Share Transfer Books will remain closed from 3rd August to 5th August, 2013 (both days inclusive).
7. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution, authorizing their representatives to attend and vote on their behalf at the Meeting and/or at any adjournment thereof.
8. The Record Date for the issue of Bonus Shares shall be fixed and published in newspapers in due course and will also be intimated to the Stock Exchange.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Cameo Corporate Services Limited.
10. Members having any query or desiring any information pertaining to annual accounts are requested to write to the Company at an early date to enable the Company to answer the queries at the Meeting.

By Order of the Board
For THEJO ENGINEERING LIMITED

M.D. RAVIKANTH
Finance Controller & Secretary

Place : Chennai
Date : 15th July, 2013

NOTICE TO MEMBERS

Explanatory Statement annexed to the Notice dated 15th July, 2013 convening the Annual General Meeting of the Company, pursuant to Section 173(2) of the Companies Act, 1956

Item Nos. 7 & 8:

Mr. V.A. George, who was appointed as an Additional Director by the Board of Directors, pursuant to the provisions of Section 260 of the Companies Act, 1956, with effect from 15th July, 2013, holds office upto the date of ensuing Annual General Meeting. In terms of Section 257 of the Companies Act, 1956, a notice along with requisite deposit has been received from a Member, signifying his intention to propose Mr. George as a candidate for the office of Director.

The Board of Directors at their meeting held on 15th July, 2013 appointed Mr. George as Managing Director of the Company for a period of 5 years under the provisions of Section 269 of the Companies Act, 1956 with immediate effect, subject to the approval of the Members in General Meeting.

In the light of the recommendation of the Remuneration Committee, the Board also approved remuneration and other terms and conditions as set out in the Ordinary Resolution under Item No.8, subject to the approval of the Members in General Meeting.

Mr. George joined the Company on 15th December, 2007. He holds a Degree in Mechanical Engineering and a Post Graduate Diploma in Management, in addition to being a Certified Associate of the Indian Institute of Banking and Finance. Mr. George has experience of more than three and half decades in corporate and banking sectors (both public and private), out of which, more than two decades were in senior management positions. Considering his long experience and credentials, Mr. George has been inducted into the Board and appointed as Managing Director.

Mr. George is not disqualified from being appointed as Director in terms of Section 274 (1) (g) of the Act. The Company has received the requisite Form DD-A from Mr. George, in terms of the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

The terms of appointment of Mr. George as mentioned in Item No. 8 of the Notice will be treated as an abstract under Section 302 of the Companies Act, 1956.

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

Interest of Directors:

None of the Directors of the Company except Mr. V.A. George, the appointee, are directly or indirectly concerned or interested in the resolution.

Item No. 9

The Non-Executive Directors devote considerable time for the Company and their responsibilities have increased over the years. They need to be compensated commensurate with their responsibilities and role. Accordingly, it is proposed to pay to all the Non-Executive Directors together, commission at 1% of the annual profits of the Company for a period of 5 years commencing from the year ending 31st March, 2014. Payment of such commission in addition to the sitting fees for attending the meetings of the Board and the Committees constituted by it is permissible in terms of the Companies Act, 1956.

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

Interest of Directors:

Except the Non-Executive Directors of the Company, none of the other Directors are directly or indirectly concerned or interested in the resolution.

NOTICE TO MEMBERS
Item No. 10

The present Paid-up Share Capital of the Company is ₹ 1,71,67,760 and its Reserves & Surplus aggregate ₹ 51,59,45,489 as per the Audited Balance Sheet as at 31st March, 2013. Considering the substantial Reserves and Surplus of the Company, your Directors at their meeting held on 15th July, 2013 have recommended the issue of Bonus Shares in the proportion of one equity share of Rs. 10 each fully paid up for every one existing equity share of ₹ 10 each of the Company held by the Members as on the Record Date, to be fixed by the Board/Committee of the Board, by capitalizing, i.e. transferring to the Share Capital Account, a sum not exceeding ₹ 1,71,67,760 (Rupees One crore seventy one lakhs sixty seven thousand seven hundred sixty only) from the Company's Securities Premium Account / General Reserve Account or such other accounts as are permissible. The said amount will be applied for issue and allotment of 17,16,776 Equity Shares of ₹ 10/- (Rupees ten) each as Bonus Shares.

The proposed issue of Bonus Shares will be made in line with the guidelines issued by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to such approvals as may be required from the Statutory Authorities.

The Fully Paid-up Bonus Shares as above will be allotted to the Members of the Company, whose names appear on its Register of Members or in the respective beneficiary account with their respective Depository Participants, on the Record Date to be determined by the Board of Directors of the Company, (which term shall be deemed to include any Committee thereof).

The Bonus Shares so allotted shall rank *pari passu* in all respects including dividend with the existing equity shares of the Company on and from the date of allotment.

The Board of Directors recommends the resolution for the approval of the Members.

Interest of Directors:

None of the Directors of the Company except to the extent of their respective shareholding and the shareholding of their relatives in the Company are directly or indirectly concerned or interested in the resolution.

By Order of the Board
For THEJO ENGINEERING LIMITED

Place : Chennai
Date : 15th July, 2013

M.D. RAVIKANTH
Finance Controller & Secretary

Additional information on Directors recommended for new appointment / re-appointment under Clause 52(IV)(G)(i) of SME Listing Agreement:**Information about Mr. Thomas John :**

Mr. Thomas John, Co-Promoter of Thejo Engineering Limited is currently Non – Executive Vice Chairman of the Company. After completing his PUC, he was associated with Pioneer Equipment Company, Phoenix Metals and Alloys Private Limited and FAME Private Limited in various capacities, before starting Thejo Engineering Services. He has experience of more than 3 decades in manufacturing / services areas.

Companies (other than Thejo Engineering Limited and its subsidiaries) in which Mr. Thomas John holds directorship and committee memberships

Directorships	:	None
Chairman of Board Committees	:	None
Member of Board Committees	:	None
Shareholding in the Company	:	2,37,830 equity shares as on 31 st March, 2013.

NOTICE TO MEMBERS
Information about Mr. Manoj Joseph :

Mr. Manoj Joseph is currently Director, Marketing of the Company. He is a Graduate in Electrical and Electronics Engineering with a Post Graduate Diploma in Business Administration. He joined Thejo Engineering Limited in 1991 and he has worked in various departments such as materials, planning, manufacturing and sales. He was Head of Manufacturing till 2007, when he assumed charge as Head of Marketing.

Companies (other than Thejo Engineering Limited and its subsidiaries) in which Mr. Manoj Joseph holds directorship and committee memberships

Directorships : None
 Chairman of Board Committees : None
 Member of Board Committees : None
 Shareholding in the Company : 82,930 equity shares as on 31st March, 2013.

Information about Mr. N. Ganga Ram :

Mr. N. Ganga Ram holds a Master's Degree in Economics. Besides, he is a Certified Associate of the Indian Institute of Banking & Finance and a Fellow of Economic Development Institute of the World Bank, Washington. After a stint with a commercial bank, Mr. Ganga Ram joined RBI/IDBI where he worked for more than 25 years to retire as Executive Director of IDBI. He was a Consultant to the World Bank, Washington and the Asian Development Bank, Manila and was also an Adviser to UTI and ICRA. He joined the Company on 16th January, 2012.

Companies (other than Thejo Engineering Limited and its subsidiaries) in which Mr. N. Ganga Ram holds directorship and committee memberships

Directorships : Positive Packaging Industries Limited
 Sundaram BNP Paribas Home Finance Limited
 Chemfab Alkalies Limited
 Juniper Hotels Private Limited (Grand Hyatt)

Chairman of Board Committees : Positive Packaging Industries Limited
 Chemfab Alkalies Limited

Member of Board Committees : Sundaram BNP Paribas Home Finance Limited
 Chemfab Alkalies Limited
 Juniper Hotels Private Limited (Grand Hyatt)

Shareholding in the Company : Nil as on 31st March, 2013.

Information about Mr. V.A. George :

Mr. V. A. George joined the Company on 15th December, 2007. He holds a Degree in Mechanical Engineering and a Post Graduate Diploma in Management, in addition to being a Certified Associate of the Indian Institute of Banking and Finance. He has experience of more than three and half decades in corporate and banking sectors (both public and private) out of which, more than two decades in senior management positions. He is an Adjunct Faculty at Loyola Institute of Business Administration, Chennai and Rajagiri Business School, Kochi. He is also the Chairman of an educational initiative, Knowledge Xchange. Prior to joining the Company, he was President, India Cements Capital Limited.

NOTICE TO MEMBERS

Companies (other than Thejo Engineering Limited and its subsidiaries) in which Mr. V.A. George holds directorship and committee memberships

Directorships : None

Chairman of Board Committees : None

Member of Board Committees : None

Shareholding in the Company : 25,000 equity shares as on 31st March, 2013.

Disclosure in terms of Clause 52 (IV) (G) (ii) of the Listing Agreement – Inter-se Relationship between Directors

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

DIRECTORS' REPORT

The Directors have pleasure in presenting their 27th Annual Report together with Audited Accounts for the year ended 31st March, 2013. The summarized financial results for the year are given below:

	Year Ended 31-03-2013	Amount ₹ in lakhs Year Ended 31-3-2012
Profit before Exceptional Items, Interest, Depreciation and Tax	2,020.66	1,529.81
Add: Exceptional Item	0.00	284.00
Profit before Interest, Depreciation and Tax	2,020.66	1,813.81
Less: Interest	380.16	367.07
Profit before Depreciation and Tax	1,640.50	1,446.74
Less: Depreciation	202.87	161.48
Net Profit before Taxes	1,437.63	1,285.26
Less: Taxation (Including Deferred Tax)	462.85	384.65
Net Profit After Tax	974.78	900.61
Add: Brought forward from previous year	1,935.57	1,180.27
Balance Available for Appropriations	2,910.35	2,080.88
Appropriations		
Transfer to General Reserve	97.49	90.23
Proposed Dividend	85.84	47.39
Dividend Distribution Tax	14.59	7.68
Balance Carried over to Balance Sheet	<u>2,712.43</u>	<u>1,935.57</u>

REVIEW OF FINANCIAL PERFORMANCE

The Company's Sales turnover in the year under review aggregated ₹ 13,338.12 lakhs, constituting a growth of 15.62% over the previous year (₹ 11,536.44 lakhs), on which it made a net profit (excluding exceptional item) of ₹ 974.78 lakhs, up by 45% (over ₹ 671.83 lakhs in 2011-12).

DIVIDEND

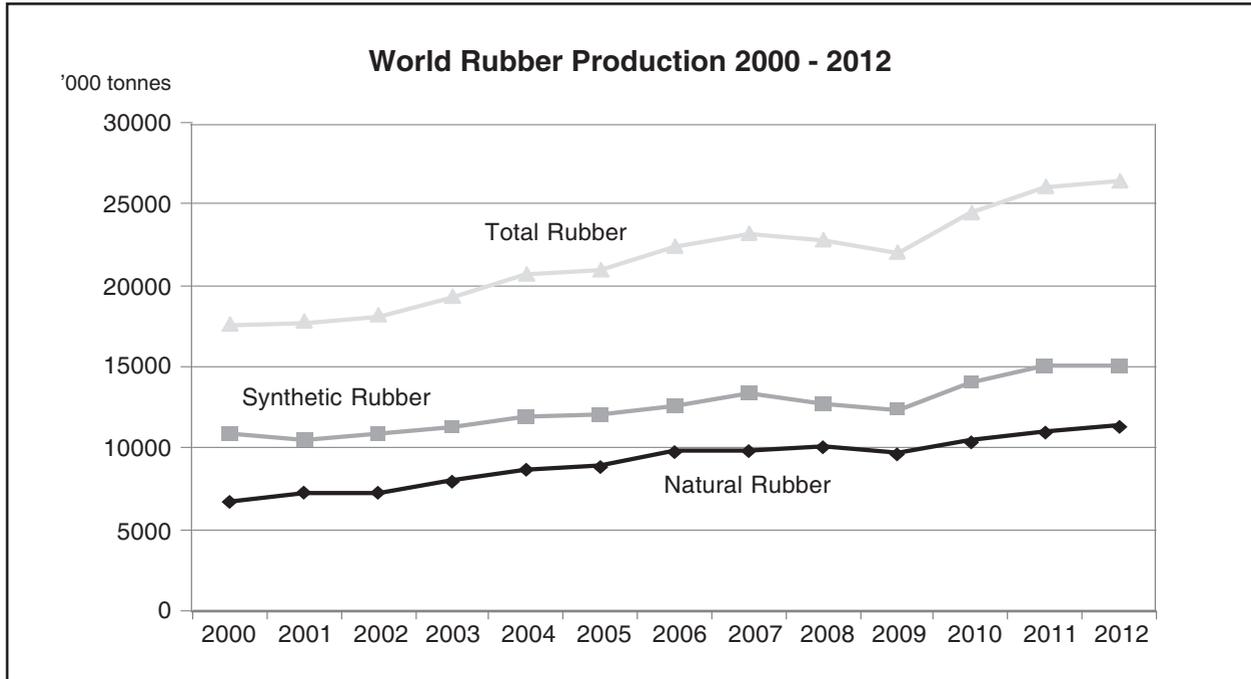
The Directors are pleased to recommend payment of dividend of 50% i.e. ₹ 5 per Equity Share of ₹ 10 each for the financial year ended 31st March, 2013 (40% in the previous year), subject to the approval of the Members at the ensuing Annual General Meeting. The dividend amount of ₹ 85.84 lakhs together with dividend distribution tax of ₹ 14.59 lakhs will absorb a sum of ₹ 100.43 lakhs.

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and developments

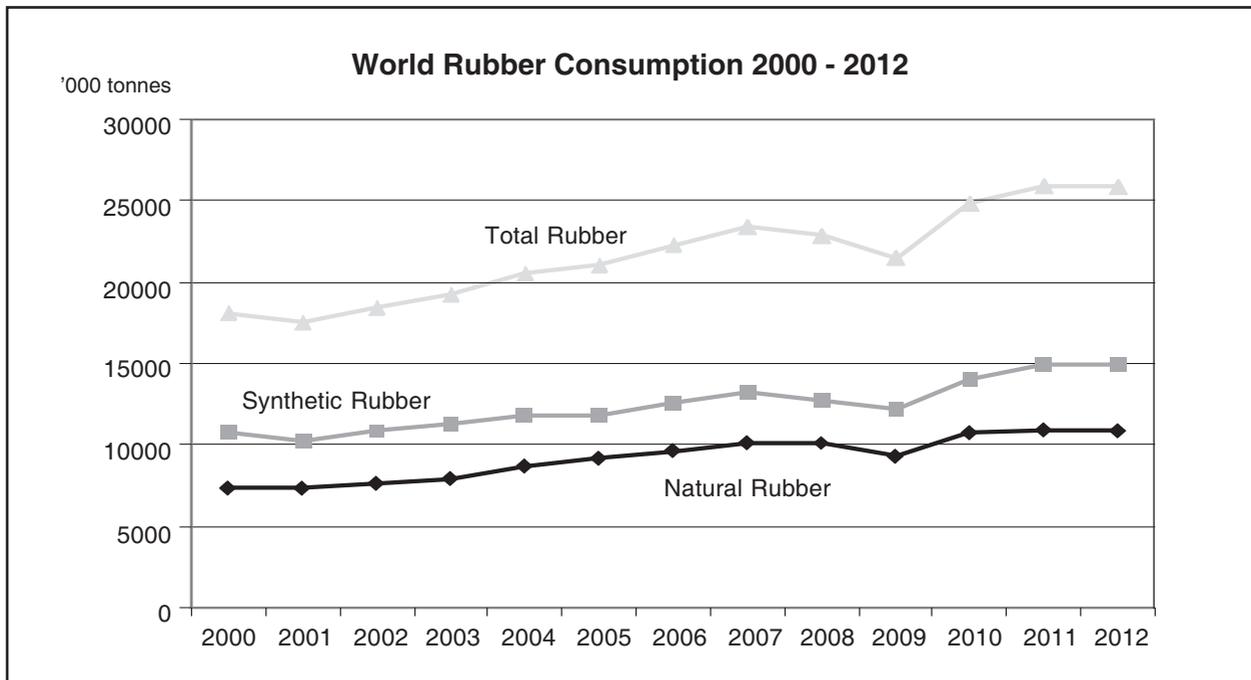
Global Rubber production increased by 1.03 % in 2012 against 6.62 % in 2011. The total rubber production was 26.477 million tonnes in 2012 compared to 26.135 million tonnes in 2011. Synthetic rubber production at 15.094 million tonnes in 2012 marginally dipped by 0.07% compared to 15.104 million tones in 2011. Natural Rubber production increased by 3.19% in 2012 against 5.78 % in 2011.

DIRECTORS' REPORT



Source: International Rubber Study Group.

Despite increase in production in the year 2012, the world rubber consumption dipped by 0.21 % in the year 2012 on account of uncertainty in global economy.



Source: International Rubber Study Group.

DIRECTORS' REPORT

India's GDP growth rate which in 2011-12 was 6.50% declined in 2012-13 to 5%, much lower than projected. The rate of inflation also continued to be high in the year 2012-13. The manufacturing sector grew by a mere 1% in 2012- 13 as against 4.4% in 2011-12.

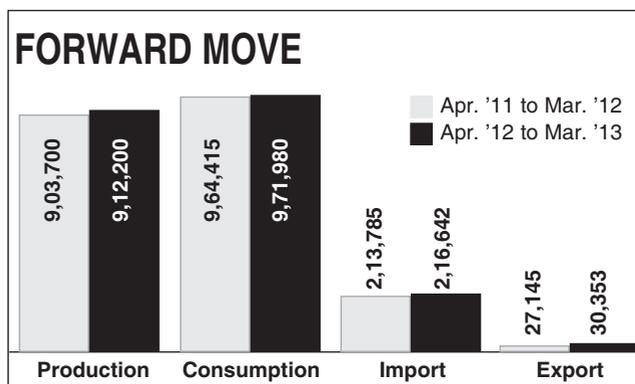
India's Natural Rubber production increased marginally by 0.9% to 0.91 million tonnes in 2012-13 from 0.90 million tonnes in 2011-12. Consumption edged up slightly (0.8%) to 0.97 million tonnes in 2012-13 as against 0.96 million tonnes in the previous year. The weather conditions worsened the situation, damaging rubber trees in many parts of Kerala, which accounts for around 92 per cent of the country's production.

The uncertainty witnessed across the regions in the year 2012-13 and the slow recovery are likely to continue during the year 2013-14 and is expected to impact a number of sectors.

Company Performance and Key developments

As the Members are aware, the Company is engaged in manufacturing, marketing and servicing activities, all under one roof. The services business caters to Belt Splicing, Pulley Lagging, Belt Conveyor Maintenance, Installation of Belt Conveyors, Belt Reconditioning, Rubber Lining etc., and products business to design, development, manufacture and supply of Rubber

and Polyurethane based engineered products for belt cleaning, spillage control, flow enhancement, impact & abrasion protection and screening applications. In the Financial Year 2012-13, products and services contributed 55 % and 45 %, respectively to the Company's total income.



Source: Rubber Board.

Listing of Equity Shares in SME Platform of National Stock Exchange

During the year 2012-13, the Company raised ₹ 21 Crore by way of fresh issue of Equity Shares, of which ₹ 1.99 Crore was raised under Pre- IPO Placement to SIDBI Trustee Company Limited A/c India Opportunities Fund and the balance amount of ₹ 19 Crore under Initial Public Offer (IPO). The Equity Shares issued under IPO was oversubscribed by 1.53 times, thanks to the robust response from retail investors.

On 18th September, 2012, Union Finance Minister, Mr. P. Chidambaram launched 'EMERGE', a dedicated new NSE platform and the Company's Equity Shares got listed on the platform with his ceremonial ringing of the Bell at the special event organized in New Delhi.

Status of utilization of Proceeds raised from IPO:

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

- Setting up of in-house R&D Center
- Setting up of Polyurethane Unit
- Investment in Wholly-Owned Subsidiary in Australia
- Setting up of Lining Unit
- Expansion of existing manufacturing Unit

The current status of utilization is as follows:

Setting up of in-house R&D Center:

R&D Center has been completed and has commenced its activities. The Company has applied for approval from DSIR for the Center. As indicated in the Red Herring Prospectus ("RHP"), it has been funded from IPO proceeds to the extent of ₹ 283.06 lakhs.

DIRECTORS' REPORT
Setting up of Polyurethane Unit:

Polyurethane Unit has been set up and commissioned. The total project cost is ₹ 68.28 lakhs and the Company has utilized ₹ 60.71 lakhs from the IPO proceeds as on 30th June, 2013. One machine has been purchased on deferred payment scheme in terms of which about ₹ 5 lakhs is to be paid.

Investment in Wholly-Owned Subsidiary in Australia:

The subsidiary has been incorporated and has commenced operations. As on 31st March, 2013, the Company has invested ₹ 802.54 lakhs with ₹ 642 lakhs from IPO proceeds and the balance from internal accruals.

Setting up of Lining Unit:

An independent Lining unit is being set up on leased land. The project is funded from the IPO proceeds to the extent of ₹ 169.02 lakhs. The project implementation is expected to be completed by the middle of August 2013. As on 30th June, 2013, the Company has utilized ₹ 149.93 lakhs from the IPO proceeds on the Unit.

Expansion of existing manufacturing Unit:

The Company has selected the machineries to be installed to balance the capacity and enhance the manufacturing operations. Orders have been placed for these equipments and advance has been paid. Work is also in progress to enhance the area of the factory, finished goods store, office space etc. This is to be funded from the IPO proceeds to the extent of ₹ 686.61 lakhs. As on 30th June, 2013, the Company has utilized ₹ 142.72 lakhs from the IPO proceeds for the acquisition of equipments.

Thus, the Company has utilized ₹ 1530.10 lakhs out of the IPO proceeds of ₹ 1900.66 lakhs plus pre-IPO placement of ₹ 199.99 lakhs, as summarized in the table below:

Projects	Amount ₹ in lakhs		
	As per RHP	Utilized upto 30-6-2013	Balance as on 30-6-2013
PU Unit	68.28	60.71	7.57
Expansion of Unit I	686.61	142.72	543.89
R&D Center	283.05	283.05	0.00
Lining Plant	169.02	149.93	19.09
Thejo Australia Pty Ltd	642.00	642.00	0.00
General Corporate Purposes	71.14	71.14	0.00
IPO Expenses*	180.55	180.55	0.00
Total	2100.65	1530.10	570.55

* As per RHP.

The unutilized balance of ₹ 570.55 lakhs has been gainfully invested.

Research and Development:

During the year 2012-13, the Company has set up a separate Research and Development Center, independent of the manufacturing unit, at Ponneri, near Chennai. The R&D Center will focus on developing products that meet the needs of the customers. Prior to the setting up of R&D Center, the Company had been carrying out Research & Development activities within the manufacturing unit. The sustained efforts of Research and Development team helped the Company to develop diverse product ranges under varied conditions such as rubberizing of T 72 battle tank tyres, mill liners, high tension belt splicing compounds that can withstand some of the hardest working conditions in leading mines. The Company has formed an Expert Advisory Committee for R&D headed by Dr. P.M. Bhargava, former Member of National Knowledge Commission and coordinated by Mr. Zachariah George, former Head of R&D at MRF, who is currently

DIRECTORS' REPORT

heading our R&D initiatives. The Company has applied for the recognition of its R&D Center by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India.

OPPORTUNITIES AND THREATS**Opportunities:**

As the products and services offered by the Company are intended for core sector industries, the opportunities for the industry in which the Company operates are intertwined with the opportunities for core sector industries.

Despite the current sluggishness in the domestic core sector, the future business from the sector is expected to be bright. Moreover, the Company's portfolio includes installation and maintenance services and products catering to both the categories. As a result, even during the period of sluggishness, any loss of business in installation-related work will be compensated to a fair extent by increased maintenance works as maintenance of existing systems would be given due importance during periods of slowdown.

The Company has started its Operations & Maintenance Division under which it offers comprehensive service. The concept of Operations & Maintenance is slowly gathering momentum in the Indian Industry and is expected to grow exponentially. With the Company being the first mover in this space, it looks forward to tap a sizeable portion of the increasing demand for Operations & Maintenance service.

On the export front, the Company has so far tapped only the Australian and Middle East markets in a sizeable manner. The Company's share in South American and African markets is very less. This gives immense opportunity to the Company to tap the hitherto untapped market with huge business potential.

Threats:

Competition from parties in the unorganized sector is a challenge for the services business of the Company. However, the challenge is restricted to service contracts of smaller values.

Natural rubber and synthetic rubber form a major portion of the raw materials consumed by the Company. The prices of these key raw materials are highly volatile. The Company is managing the volatility risk by entering into price contracts on a monthly basis.

FUTURE OUTLOOK

The lower growth numbers witnessed during 2012-13 are expected to continue during 2013-14. In domestic industry, inflationary pressure, difficulties in passing the increase in input costs to customers fully and high interest rates continue to be a challenge.

FINANCIAL PERFORMANCE

The financial performance of the Company has shown an overall growth of about 16% in terms of turnover compared to the previous year. The increase in turnover has been contributed primarily by the Services Division. The Division has grown by about 32% in terms of turnover as against 7% in manufacturing division. Export has shown a negative growth of about 32% on product front as against a growth of 170% on services front (where the base was lower at ₹ 19.30 lakhs). The production of moulded and extruded rubber products was 1,158 tonnes during the year, registering a negative growth of 9% over the previous year (1,270 tonnes). The production of adhesives during the year was 2,16,283 litres showing a modest growth of 3% over the previous year (2,09,998 litres). During the year, the company manufactured 32 Nos. of hot vulcanizing machines (previous year : 34 Nos.), 1,390 Nos. of belt scrappers including components (previous year : 1,349 Nos.) and 2 Nos. of belt winders (previous year : Nil). It may be noted that order for belt winders are normally few and far between.

DIRECTORS' REPORT**SEGMENT WISE PERFORMANCE**

Your Company has 3 segments of revenue – Manufacturing, Service and Trading. The Company has seen growth rate in Gross Revenue as follows - Manufacturing : 6.54%; Service : 32.36%; and Trading : -6.38%. There is a negative growth in Trading segment as the Company had concentrated more on its manufactured products and service segment as the profit margin was on the higher side in these areas. The Company is expecting an increased growth in manufacturing segment, riding on the back of the expansion of existing units and setting up of new units for Polyurethane, Lining and R&D. However, the Company is keenly watching the industry trend in order to keep itself abreast to handle any future business scenario. For more details, please refer to Note 25.4 of Notes to Accounts.

RISK AND CONCERNS

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

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

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

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

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

CAUTIONARY STATEMENT

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

DIRECTORS' REPORT

SUBSIDIARY COMPANIES

As on date of this Report, the Company has two subsidiaries, namely, Thejo Hatcon Industrial Services Company LLC, Kingdom of Saudi Arabia and Thejo Australia Pty Ltd, Australia. Thejo Hatcon in which the Company has 51% shareholding, has obtained all the statutory approvals and has commenced its operations. Thejo Australia is a Wholly-Owned Subsidiary in which the Company has invested ₹ 8.02 Crore as at 31st March, 2013 – ₹ 6.42 Crore from the funds raised under IPO and the balance of ₹ 1.6 Crore from internal accruals. Thejo Australia has obtained all the statutory approvals and has commenced its operations.

The Annual Report of the Company includes the Audited Consolidated Financial Statements of the Company for the year ended 31st March, 2013. The same has been prepared as per Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

In terms of the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 vide General Circular No. 2/2011 in File No. 51/12/2007-CL-III dated 8th February, 2011, the Company has complied with the conditions stipulated therein and has not attached copies of Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies to the Balance Sheet of the Company. The Company will make available these documents and other related information upon request by any Member of the Company. If any Member wishes to inspect the same, it will be available at the Registered Office of the Company during the business hours of any working day of the Company.

PERFORMANCE OF SUBSIDIARY COMPANIES

Thejo Hatcon Industrial Services Company LLC (Thejo Hatcon) is engaged primarily in rubber lining and related industrial services activities. During the period January 2012 to March 2013, Thejo Hatcon achieved a turnover of SAR 21.50 lakhs (₹ 307.70 lakhs) with a profit of SAR 0.25 lakh (₹ 3.54 lakhs).

Thejo Australia Pty Limited is a servicing Company, primarily engaged in belt splicing, belt jointing and related activities. Thejo Australia was incorporated in February 2012. During the period from the date of incorporation upto 31st March, 2013, Thejo Australia achieved a turnover of AUD 3.76 lakhs (₹ 205.46 lakhs) with a loss of AUD 3.85 lakhs (₹ 205.32 lakhs).

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

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

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

Foreign Exchange Earnings and Outgo are as follows:

₹ in Lakhs

a) Imports made during the year

Imports at CIF Value	2012-13	2011-12
Raw Materials	304.84	471.23
Capital goods	286.31	39.81

b) Expenditure in Foreign Currency During the year

Expenditure in Foreign Currency	2012-13	2011-12
Royalty	11.82	3.60
Commission paid	15.84	36.92
Professional and consultation fees	29.58	25.59
Foreign Tour	10.53	9.49
Advertisement & Sales promotion	13.02	2.55

DIRECTORS' REPORT

₹ in Lakhs

c) Earnings in Foreign Currency on Accrual basis

Earnings in Foreign Exchange	2012-13	2011-12
Exports – Products	1592.74	2341.57
Exports – Services	52.12	19.30

DIRECTORS

Mr. V.A. George was appointed by the Board as Additional Director with effect from 15th July, 2013. As per Section 260 of Companies Act, 1956, Mr. George will hold office upto the date of the ensuing Annual General Meeting (AGM). A Resolution for his election as Director of the Company is included in the Notice dated 15th July, 2013 convening the Annual General Meeting.

Mr. George has been appointed by the Board as Managing Director for a period of five years with effect from 15th July, 2013 on the terms recommended by the Remuneration Committee, subject to the approval of the Members. Accordingly, a Resolution for obtaining such approval is included in the Notice dated 15th July, 2013, convening the AGM.

Mr. Thomas John, Vice Chairman, retires by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

Mr. Manoj Joseph, Director Marketing, retires by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

Mr. N. Ganga Ram, Non-Executive Independent Director, retires by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm —

- i. that in the preparation of the accounts for the year ended 31st March, 2013, the applicable Accounting Standards have been followed and there has been no material departure;
- ii. that the Directors have selected such accounting policies (as mentioned in Significant Accounting Policies under Note 2 of the Annual Accounts) and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2013 and profit of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv. that the annual accounts for the year ended 31st March, 2013, have been prepared on a going concern basis

PERSONNEL

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees covered therein are to be set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent

DIRECTORS' REPORT

to all the Members of the Company and others entitled thereto and if interested in obtaining the information, they may write to the Company Secretary at the Registered Office of the Company.

AUDITORS' REPORT

The Auditors' Report for the year ended 31st March, 2013 does not contain any qualification.

AUDITORS

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

COST AUDITORS

The Ministry of Corporate Affairs *vide* its order No. 52/26/CAB-2010 dated 6th November, 2012 has made it mandatory for companies which are listed on stock exchange or with turnover of more than ₹ 100 crores during the previous financial year and manufacturing any of the products mentioned in the Order to get their cost accounting records audited by a Cost Accountant. As the Order covers engineering machinery (including electrical and electronic products), the Company is required to get its cost accounting records audited by a Cost Accountant or firm of Cost Accountants from the Financial Year commencing on or after 1st January, 2013.

Based on the recommendation of the Audit Committee, the Board at its meeting held on 10th May, 2013 has approved the appointment of M/s. S. Gopalan and Associates as the Cost Auditor of the Company for the Financial Year 2013-14.

CORPORATE GOVERNANCE:

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

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 52 of the SME listing agreement, and have certified the compliance. The certificate is reproduced in the Report on Corporate Governance.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place : Chennai
Date : 15th July, 2013

V.A. GEORGE
Managing Director

THOMAS JOHN
Vice Chairman

K.J. JOSEPH
Chairman

REPORT ON CORPORATE GOVERNANCE

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

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

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

The Company has taken several initiatives towards maintaining good corporate governance system. The Audit Committee and Remuneration Committee of the Board consist wholly of Independent Directors. The shareholders of the Company are apprised of financial and operational performance on half-yearly basis.

The Company has adopted various codes and policies which includes Code for Board of Directors and Senior Managers, Code of Conduct for Prohibition of Insider Trading and Whistleblower Policy.

II. BOARD OF DIRECTORS:

The Board of Directors of the Company which is responsible for the day-to-day management of its affairs consists of optimum combination of Executive and Non-executive Directors. As at 31st March, 2013, the Company's Board had nine Directors, of which four were Executive Directors and five Independent Directors. The composition of the Board and category of Directors were as follows:

Category	Name of Director & Designation	DIN
Promoters & Executive Directors	Mr. K.J. Joseph, Chairman*	00434410
	Mr. Thomas John, Managing Director**	00435035
Executive Directors	Mr. Manoj Joseph, Whole-time Director	00434579
	Mr. Rajesh John, Whole-time Director	05161087
Non-executive Directors	Mr. N. Ganga Ram, Independent Director	00001246
	Mr. V.K. Srivastava, Independent Director	00611678
	Mr. A. Satyaseelan, Independent Director	05158896
	Mr. M.P. Vijay Kumar, Independent Director	05170323
	Dr. C.N. Ramchand, Independent Director	05166709

Notes: * (1) Ceased to be a Whole-time Director with effect from 20th June, 2013 and designated as Non-Executive Chairman.

** (2) Ceased to be Managing Director with effect from 20th June, 2013 and designated as Vice Chairman of the Company with effect from 15th July, 2013.

(3) Mr. V.A. George has been appointed as Managing Director of the Company with effect from 15th July, 2013 subject to the approval of the shareholders at the ensuing Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE

The details of Directorship held in other Companies / Board Committees by each Member of the Board of Directors of the Company as on 31st March, 2013 were as under –

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

Notes:

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

Relationship between Directors:

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

Shareholding of Directors:

None of the Directors have any shareholding in the Company as on 31st March, 2013 except as disclosed below:

S.No.	Name of the Director	No. of Shares	% of Equity Share Capital
1	Mr. K.J. Joseph	1,77,690	10.35
2	Mr. Thomas John	2,37,830	13.85
3	Mr. Manoj Joseph	82,930	4.83
4	Mr. Rajesh John	75,270	4.38

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

S.No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last Annual General Meeting held on 21 st September, 2012
1	Mr. K.J. Joseph	4	2	Yes
2	Mr. Thomas John	4	4	Yes
3	Mr. Manoj Joseph	4	4	Yes
4	Mr. Rajesh John	4	4	Yes
5	Mr. N. Ganga Ram	4	4	No
6	Mr. V.K. Srivastava	4	4	No
7	Mr. M.P. Vijay Kumar	4	4	Yes
8	Mr. A. Satyaseelan	4	4	Yes
9	Dr. C.N. Ramchand	4	2	No

Meetings of the Board of Directors were held on 29th June, 2012, 27th August, 2012, 6th November, 2012 and 27th February, 2013.

III. COMMITTEES**a. Audit Committee**

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

S.No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Mr. M.P. Vijay Kumar	Independent Director, Chairman	4	4
2	Mr. N. Ganga Ram	Independent Director, Member	4	4
3	Mr. A. Satyaseelan	Independent Director, Member	4	4

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Audit Committee of the Board were held on 29th June, 2012, 27th August, 2012, 6th November, 2012 and 27th February, 2013.

Terms of Reference

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

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

REPORT ON CORPORATE GOVERNANCE

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

REPORT ON CORPORATE GOVERNANCE

16. To review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor.

b. Remuneration Committee

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, the Remuneration Committee of the Board was formed on 16th January, 2012 and the Committee comprises of three Independent Directors. The status of the Independent Directors and attendance at the meeting was as follows:

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

The Company Secretary acts as the Secretary of the Committee.

The Committee had a meeting on 29th June, 2012.

Terms of Reference

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

1. Recommending /reviewing remuneration of the Managing Director and Whole-time Directors as also of Non-executive Directors based on their performance and defined assessment criteria.
2. Carrying out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Remuneration Policy

1. The remuneration policy of the Company is to make an assessment of the performance of the Directors concerned objectively and professionally and recommend appropriate remuneration, to be considered and decided by the Board of Directors.
2. The remuneration policy is in consonance with the existing industry practice.

REPORT ON CORPORATE GOVERNANCE

Details of Remuneration paid to the Directors for the year 2012 – 13 were as follows:

₹ in lakhs

Name of Director	Sitting Fee*	Salary	Contribution to Statutory & Other Funds	Total
Executive Directors				
Mr. K.J. Joseph	0.00	14.25	0.00	14.25
Mr. Thomas John	0.00	14.11	0.00	14.11
Mr. Manoj Joseph	0.00	17.35	3.63	20.98
Mr. Rajesh John	0.00	15.21	3.14	18.35
Non-Executive Directors				
Mr. N. Ganga Ram	1.14	0.00	0.00	1.14
Mr. V.K. Srivastava	1.04	0.00	0.00	1.04
Mr. A. Satyaseelan	1.09	0.00	0.00	1.09
Mr. M.P. Vijay Kumar	1.14	0.00	0.00	1.14
Dr. C.N. Ramchand	0.51	0.00	0.00	0.51

* Includes Service Tax Paid on Sitting Fees under Reverse Charge by the Company with effect from 1st July, 2012.

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

Directors' Tenure details:

Executive Directors	Tenure of Office	Notice Period	Performance Linked Incentive	Severance Fees
Mr. K.J. Joseph*	20 th June, 2008 to 19 th June, 2013	Not Applicable	Nil	Nil
Mr. Thomas John**	20 th June, 2008 to 19 th June, 2013	Not Applicable	Nil	Nil
Mr. Manoj Joseph	20 th June, 2012 to 19 th June, 2015	Not Applicable	Nil	Nil
Mr. Rajesh John	16 th January, 2012 to 15 th January, 2017	Not Applicable	Nil	Nil

* Ceased to be a Whole Time Director with effect from 20th June, 2013.

** Ceased to be Managing Director with effect from 20th June, 2013.

REPORT ON CORPORATE GOVERNANCE

Shareholders' and Investors' Grievance Committee

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

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Shareholders' and Investors' Grievance Committee of the Board of Directors were held on 6th November, 2012 and 27th February, 2013.

Terms of Reference

The terms of reference of the Shareholders' and Investors' Grievance Committee include the oversight and review, all matters connected with the transfer of securities of the Company, approval of the issue of duplicate certificate and redressal of investors/shareholder grievances related to transfer of shares, non- receipt of Balance Sheet and non-receipt of declared dividend. The Committee has to monitor the performance of Registrar and Share Transfer Agent and also the implementation of and compliance with the Code of Conduct for Prohibition of Insider Trading.

Name and designation of Compliance Officer

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

Investor Grievance Redressal:

During the Financial Year 2012-13, the Company received two complaints from the Shareholders and resolved them satisfactorily. There were thus no complaints outstanding as on 31st March, 2013.

8. General Body Meetings

(i) Details of last three Annual General Meetings held

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

Year	Date	Time	Location	Special Resolutions Passed
2011-12	21 st September, 2012	11.00 A.M.	VDS House, III Floor, Cathedral Road, Chennai 86.	Nil
2010-11	20 th September, 2011	11.00 A.M.	VDS House, III Floor, Cathedral Road, Chennai 86.	Nil
2009-10	21 st September, 2010	12.00 Noon	VDS House, III Floor, Cathedral Road, Chennai 86.	Nil

REPORT ON CORPORATE GOVERNANCE
(ii) Special Resolution, if any, passed through postal ballot and details of voting pattern.

The Company had not passed any special resolution through Postal Ballot during the Financial Year 2012-13.

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

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

(iii) Person who conducted the postal ballot exercise

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

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

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

9. Disclosures:**(i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.**

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

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

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

(iii) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

REPORT ON CORPORATE GOVERNANCE

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

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

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

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 52.

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

Remuneration Committee

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

Shareholder Rights

Half-yearly performance update report is sent to all the Members at their registered address.

Audit Qualifications

The financial statements of the Company are unqualified.

Training of Board Members

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

Whistle Blower Policy

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

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

Designated Exclusive email-id

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

10. Means of Communication:

(i) Half-yearly Results

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

REPORT ON CORPORATE GOVERNANCE
(ii) Dissemination of information through Website

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

(iii) Presentation made to institutional investors or to investors

Generally, the Performance Update about the Company is sent to all the shareholders of the Company on half-yearly basis.

11. General Shareholder Information:**(i) Annual General Meeting****(Day, Date, Time and Venue)**

10.00 AM on Friday, August 30, 2013
The Music Academy, New No. 168 (Old No. 306),
T.T.K Road, Chennai - 600 014

(ii) Financial Year: April to March**(iii) Date of Book Closure: Saturday, 3rd August, 2013 to Monday, 5th August, 2013 (Both days inclusive) for payment of dividend.****(iv) Dividend Payment: To commence from 2nd September, 2013 and will be completed on or before 15th September, 2013.****(v) Listing on Stock Exchanges & Stock Code:**

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

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

(vi) Market Price Data:

Month	National Stock Exchange of India Limited - SME Platform (NSE Emerge) (in ₹ Per share)	
	Month's High Price	Month's Low Price
September 2012	403.00	360.00
October 2012	398.00	360.00
November 2012	402.00	376.00
December 2012	384.90	365.00
January 2013	380.00	369.00
February 2013	388.95	369.00
March 2013	384.95	297.45

Note: Equity Shares of the Company are listed on NSE - SME Platform with effect from 18th September, 2012.

REPORT ON CORPORATE GOVERNANCE

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

(viii) **Registrar and Transfer Agents :**

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

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

(x) **Distribution of shareholding as on 31st March, 2013:**

Nominal Value of Shares (in ₹)		Number of Holders	% of Total Holders	Total Face Value (in ₹)	% of Total Face Value
From	To				
1	1,000	0	0	0	0
1,001	5,000	322	82.14	9,66,000	5.63
5,001	10,000	28	7.14	1,94,000	1.13
10,001	20,000	9	2.30	1,23,000	0.72
20,001	30,000	6	1.53	1,53,000	0.89
30,001	40,000	1	0.26	33,000	0.19
40,001	50,000	0	0	0	0
50,001	1,00,000	4	1.02	2,15,500	1.26
1,00,001	Above	22	5.61	1,54,83,260	90.19
Total		392	100	1,71,67,760	100.00

xi) **Shareholding Pattern as on 31st March, 2013:**

Sl. No.	Category	No. of Shares	As a percentage of (A+B)
A	Promoters' Holding		
	Individuals	4,15,520	24.20
	Directors and their Relatives	5,64,400	32.88

REPORT ON CORPORATE GOVERNANCE

Sl. No.	Category	No. of Shares	As a percentage of (A+B)
B	Non-Promoters' Holding		
	Banks	5,700	0.33
	Venture Capital Funds	2,82,736	16.47
	Market Makers	68,100	3.97
	Bodies Corporate	26,700	1.56
	Individuals	3,44,320	20.06
	Clearing Members	600	0.03
	Hindu Undivided Family	7,800	0.45
	Non Resident Indians	900	0.05
	Total	17,16,776	100.00

xii) Dematerialisation of Shares and Liquidity:

Sl.No.	Mode of Holding	No. of Shares	% to total equity shares
1	NSDL	13,11,770	76.41
2	CDSL	2,11,336	12.31
3	Physical	1,93,670	11.28
	Total	17,16,776	100.00

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

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

Not Applicable

xiv) Plant Locations

- Unit - I & Unit - IV situated at, Survey No. 176/3, 181/5 & 181/6A, Jagannathapuram Road, Irulipattu Village, Alinjivakkam Post, Ponneri Taluk, Chennai - 600 067.
- Unit - II situated at, Survey No. 101/5C & 101/5D Jagannathapuram Road, Athipedu Village, Ponneri Taluk, Chennai - 600 067.
- Unit - III situated at, Survey No. 100/5, Jagannathapuram Road, Athipedu Village, Ponneri Taluk, Chennai - 600 067.
- PU Division situated at, Survey No. 179/3B, Jagannathapuram Road, Irulipattu Village, Alinjivakkam Post, Ponneri Taluk, Chennai - 600 067.

REPORT ON CORPORATE GOVERNANCE**xv) Investor Contacts****Company Secretary and Compliance Officer**

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

Registrar and Share Transfer Agents

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

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To The Members of THEJO ENGINEERING LIMITED

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

For Thejo Engineering Limited

Place : Chennai
Date : 15th July, 2013

V.A. GEORGE
Managing Director

CERTIFICATE

To The Members of THEJO ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by THEJO ENGINEERING LIMITED for the year ended on 31st March, 2013, as stipulated in clause 52 of the SME Listing Agreement of the said Company with the Stock Exchange.

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

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

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

For JOSEPH & RAJARAM,
Chartered Accountants,
ICAI Regn No. 001375S

R. LAKSHMINARAYANAN
Partner
Membership No. 16246

Place : Chennai
Date : 15th July, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THEJO ENGINEERING LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of M/s. THEJO ENGINEERING LIMITED ("the company"), which comprise the Balance Sheet as at 31st March 2013 and the Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

- a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

INDEPENDENT AUDITORS' REPORT

2. As required by section 227(3) of the Act, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us);
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this report are in agreement with the books of account (and with the returns received from branches not visited by us);
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to sub – section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on March 31st, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31st, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Chennai
30th May, 2013

For JOSEPH & RAJARAM
Chartered Accountants
ICAI Regn No. : 001375S

P. K. JOSEPH
Partner
Membership No. : 016180

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 2013)

1. a) The Company has maintained proper records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion the verification is reasonable, having regard to the size of the company, and the nature of its business.
c) As per the records and information and explanations given to us, substantial part of fixed assets has not been disposed off during the year affecting the going concern status of the company.
2. a) Physical verification of inventory has been conducted by the management at intervals, which in our opinion is reasonable.
b) The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory. No material discrepancies have been reported on such physical verification.
3. According to the information and explanations given to us, the company has not granted loans, secured or unsecured to companies, firms and other parties covered under section 301 of the Companies Act, 1956. Accordingly paragraphs 4 (iii) (a), (b), (c) and (d) of the Companies (Auditors Report) Order 2003, (as amended) are not applicable. The Company has not taken any loans, secured or unsecured from companies, firms or parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4 (iii) (e) to 4 (iii) (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations furnished to us, there are adequate Internal Control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any, continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us, we are of the opinion that there are no transactions with reference to contracts or arrangements referred to in Sec.301 of the Companies Act that need to be entered into the register maintained under section 301.
6. According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. In our opinion the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.
9. a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information

ANNEXURE TO THE AUDITORS' REPORT

and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable;

- b) According to the information and explanations given to us, the details of disputed sales-tax, customs duty, excise duty and income-tax which have not been deposited either in full or partially as at 31st March, 2013 on account of any dispute, are as under:

Name of statute	Amount of Dispute (31-3-2013)	Amount of Dispute (31-3-2012)	Amount Deposited (31-3-2013)	Period to which it relates	Forum where dispute is pending
APGST	840,496	840,496	-	2002-03	Commercial Tax Officer, Naidupet
APGST	991,921	991,921	-	2003-04	Commercial Tax Officer, Naidupet
APGST	11,813,775	11,813,775	-	2004-05	Appellate Deputy Commissioner
Central Excise	2,969,000	2,969,000	-	1996-2000	High Court of Madras
Central Excise	1,825,288	1,825,288	-	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	349,038	349,038	-	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	123,243	123,243	-	Feb 2005 - Aug 2005	CESTAT, Bangalore
Central Excise	66,394	66,394	-	Jan 2007 - April 2007	CESTAT, Bangalore
CST	96,071	96,071	-	2003 - 04	Deputy Commissioner, Commercial Tax
CST	236,043	236,043	-	2002 - 03	Commercial Tax Officer, Naidupet
CST	753,554	-	-	2007-08	TNCST 07-08
CST	1,480,453	-	-	2008-09	TNCST 08-09
CST	1,617,852	1,617,852	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	2,466,371	-	-	2009-10	TNCST 09-10
Customs	1,249,529	1,249,529	-	Oct-01	Commissioner of Customs
Income Tax	53,767	53,767	-	AY 2011-12	TDS - AO
Income Tax	543,233	-	-	AY 2003-09	TDS - AO
Service Tax	532,887	-	-	AY 2011-12	Service Tax (TMC) - Short payment HE 31/3/12

ANNEXURE TO THE AUDITORS' REPORT

Name of statute	Amount of Dispute (31-3-2013)	Amount of Dispute (31-3-2012)	Amount Deposited (31-3-2013)	Period to which it relates	Forum where dispute is pending
Maharashtra VAT	2,688,236	-	-	AY 2005-06	Maharashtra VAT (Tax- 888547; Int - 911142; penalty - 888547)
Maharashtra VAT	2,327,712	-	-	AY 2008-09	Maharashtra VAT 2 (Tax - 903966; Int - 519780; Penalty - 903966)
Central Excise	44,858	44,858	22,179	Sep 2005 - March 2006	CESTAT, Bangalore
CST	42,137	42,137	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Central Excise	135,902	135,902	67,614	April - Dec. 2006	CESTAT, Bangalore
APGST	441,168	441,168	220,584	2000 -01	Commercial Tax Officer, Naidupet
APGST	510,772	510,772	255,386	2001-02	Commercial Tax Officer, Naidupet
Jharkhand Sales Tax	530,792	530,792	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
CST	2,507,272	2,507,272	1,000,000	2001-02	Commercial Tax Officer, Naidupet
Income Tax	5,847,531	5,847,531	3,000,000	A.Y 2001-02	CIT(A)
Service Tax	-	556,394	-	April 2007- June 2007	Additional Commissioner, Service Tax Chennai
Total	43,085,295	32,849,243	4,565,763		

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

ANNEXURE TO THE AUDITORS' REPORT

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
16. According to the information and explanations given to us, the term loans taken by the company were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short term basis, have been used during the year for long term investment by the company.
18. During the year under audit, there is no preferential allotment of shares to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year under audit.
20. The management has disclosed the end use of money raised by public issues as part of its notes to accounts and on the basis of our verification of the same to the extent they have been spent, the amounts have been utilised for the purposes for which it has been raised.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

Chennai
30th May, 2013

For JOSEPH & RAJARAM
Chartered Accountants
ICAI Regn No. : 001375S

P. K. JOSEPH
Partner
Membership No. : 016180

Balance Sheet as at 31st March, 2013

	Note No.	As at 31-03-2013	₹ in lakhs As at 31-03-2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	171.68	118.47
(b) Reserves and surplus	4	5,159.45	2,456.33
2 Non-current liabilities			
(a) Long-term borrowings	5	13.64	66.87
(b) Deferred tax liabilities (Net)	25.6	59.42	31.13
3 Current liabilities			
(a) Short-term borrowings	6	2,569.19	2,067.83
(b) Trade payables	7	1,327.74	1,392.23
(c) Other current liabilities	8	802.75	743.92
(d) Short-term provisions	9	1,480.00	1,099.26
TOTAL		11,583.87	7,976.04
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		1,500.65	1,073.68
(ii) Intangible assets		0.36	0.42
(iii) Capital work-in-progress		3.88	58.00
(b) Non-current investments	11	835.52	32.98
(c) Long-term loans and advances	12	229.97	187.41
2 Current assets			
(a) Inventories	13	1,247.32	1,164.84
(b) Trade receivables	14	4,040.59	3,319.33
(c) Cash and cash equivalents	15	1,312.64	436.08
(d) Short-term loans and advances	16	1,178.68	842.07
(e) Other current assets	17	1,234.26	861.23
TOTAL		11,583.87	7,976.04
Notes including significant accounting policies	1-26		

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

In terms of our report of even date annexed

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

For and on behalf of the Board of Directors

P.K. JOSEPH
Partner
Membership No. 16180

K.J. JOSEPH
Chairman

THOMAS JOHN
Managing Director

Place : Chennai
Date : 30th May, 2013

M.D. RAVIKANTH
Financial Controller & Secretary

V.A. GEORGE
President & CEO

Statement of Profit and Loss for the year ended 31st March, 2013

		₹ in lakhs	
	Note No.	For the year ended 31-03-2013	For the year ended 31-03-2012
I. Revenue from operations	18	13,338.12	11,536.44
II. Other income	19	211.58	249.63
III. Total Revenue (I + II)		<u>13,549.70</u>	<u>11,786.07</u>
IV. Expenses:			
Cost of materials consumed	20	3,583.09	3,753.42
Purchase of Traded Goods	20	415.03	441.10
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(27.41)	(132.37)
Employee benefits expense	22	4,115.61	3,183.74
Finance costs	23	380.16	367.07
Depreciation and amortization expense	10	202.87	161.48
Other expenses	24	3,442.72	3,010.37
Total expenses		<u>12,112.07</u>	<u>10,784.81</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,437.63	1,001.26
VI. Exceptional items:			
Profit on Sale of Land		-	284.00
VII. Profit before extraordinary items and tax (V + VI)		1,437.63	1,285.26
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		1,437.63	1,285.26
X Tax expense:			
(1) Current tax		434.56	370.86
(2) Deferred tax	25.6	28.29	12.04
(3) Prior period Tax		-	1.75
XI Profit / (Loss) for the period (IX-X)		<u>974.78</u>	<u>900.61</u>
XII Earnings per equity share (including exceptional items):			
(1) Basic (in ₹)		65.85	76.02
(2) Diluted (in ₹)		65.85	76.02
Earnings per equity share (excluding exceptional items):			
(1) Basic (in ₹)		65.85	56.71
(2) Diluted (in ₹)		65.85	56.71
Notes Including significant accounting policies	1-26		

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

In terms of our report of even date annexed

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

For and on behalf of the Board of Directors

P.K. JOSEPH
Partner
Membership No. 16180

K.J. JOSEPH
Chairman

THOMAS JOHN
Managing Director

Place : Chennai
Date : 30th May, 2013

M.D. RAVIKANTH
Financial Controller & Secretary

V.A. GEORGE
President & CEO

Cash Flow Statement for the year ended 31st March, 2013

	For the year ended 31-03-2013	For the year ended 31-03-2012
₹ in lakhs		
A. Cash Flow from Operating Activities		
Profit before tax as per Statement of Profit and Loss	1,437.63	1,285.26
Adjustment for:		
Depreciation	202.87	161.48
Loss/(Profit) on sale of asset	(0.21)	(294.04)
Interest Paid	380.16	367.07
Interest on Fixed Deposit	(23.67)	(13.94)
Operating Profit before working capital changes	1,996.78	1,505.83
Adjustment for:		
Trade and Other Receivables	(1,094.66)	(1,000.40)
Inventories	(82.49)	(352.09)
Trade Payables and Other Liabilities	(109.71)	202.70
Cash Generated from Operations	709.92	356.04
Direct Taxes Paid	(378.79)	(235.28)
Net Cash from Operating Activities (A)	331.13	120.76
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(575.88)	(406.05)
Sale of assets	0.44	312.05
Investments made	(802.54)	-
Interest on Fixed Deposit	23.67	13.94
Net cash from Investing Activities (B)	(1,354.31)	(80.06)
C. Cash Flow from Financing Activities		
Increase in Share Capital & premium	1,881.98	-
Increase in Term loan & Other credit facilities	397.93	285.61
Increase in Unsecured loans from Related parties	-	(8.80)
Interest paid	(380.16)	(367.07)
Net Cash from Financing Activities (C)	1,899.75	(90.26)
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	876.57	(49.56)
Opening Cash & Cash Equivalents	436.08	485.63
Closing Cash & Cash Equivalents	1,312.64	436.08

Note: Closing Cash and Cash Equivalents includes ₹ 186.23 lakhs (Previous Year: ₹ 169.52 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC

In terms of our report of even date annexed

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

P.K. JOSEPH
Partner
Membership No. 16180

Place : Chennai
Date : 30th May, 2013

For and on behalf of the Board of Directors

K.J. JOSEPH
Chairman

M.D. RAVIKANTH
Financial Controller & Secretary

THOMAS JOHN
Managing Director

V.A. GEORGE
President & CEO

Notes to Financial Statements for the year ended 31st March, 2013**Note 1****CORPORATE INFORMATION**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26th March, 1986 as a private limited company. The name of the Company was changed to Thejo Engineering Private Limited vide a fresh certificate of incorporation dated 17th June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering Limited vide special resolution passed by the Members at their meeting held on 20th June, 2008. Thejo Engineering Ltd made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of Rs 392/- per share in September 2012 for getting its shares listed on the EMERGE SME platform of NSE. The IPO was fully subscribed and the Company allotted 4,72,800 equity shares of ₹ 10/- each on 12th September, 2012. The shares were listed on 18th September, 2012. Prior to the IPO, the Company had also issued 59,236 equity shares of face value of ₹ 10/- each at a premium of ₹ 327.63/- per share on 27th August, 2012 to SIDBI Venture Capital Ltd A/c India Opportunities Fund on preferential basis. Consequently, the share capital of the Company increased from ₹ 118.47 lakhs to ₹ 171.68 lakhs.

The Registered Office of the Company is situated at Aysa Building, No. 41, Whites Road, Royapettah, Chennai, 600014. The Company is an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. The Company's services include belt conveyor installation, maintenance and operations, while its product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection.

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

Note 2**SIGNIFICANT ACCOUNTING POLICIES****a. Basis of Accounting**

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles and Accounting Standards notified under Section 211(3C) of the Companies Act, 1956.

b. Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956. Pursuant to applicability of Revised Schedule VI of Companies Act, 1956 on presentation of financial statements with effect from financial year 2011-12, the Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Balance Sheet. The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements".

c. Fixed Assets

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

d. Depreciation

Depreciation on Fixed Assets is charged under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being ready for use. The Company is consistently following the policy of writing off Assets costing less than Rs.5,000/- in the year of acquisition.

e. Inventories

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

Notes to Financial Statements for the year ended 31st March, 2013**f. Investments**

Each category/item of investment is valued as follows:

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

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

Investments made in shares or debentures of another company to promote the trade or business of the Company are categorized as Trade Investments. Accordingly, investments in Thejo Hatcon Industrial Services Company LLC and Thejo Australia Pty Limited, Australia are categorized as Trade Investments.

g. Cash and Cash Equivalents

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

h. Revenue Recognition

- i) Revenue from sale of goods is recognised at the point of despatch to customers, when the effective control passes on to the buyer.
- ii) Revenue from services rendered is recognised based on proportionate completion method at the time of invoicing, when there is no significant uncertainty regarding the amount of consideration .
- iii) Revenue from exports is accounted at the rate of exchange prevailing as on the date of invoicing.
- iv) Revenue from export benefits (like Duty Drawback) is accounted at the time of receipt.

i. Sales, Works Contracts and Services Income

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

j. Employee Benefits

- 1) Short term employee benefits:

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

- 2) Post employment benefits:

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

Defined Benefit Scheme: The Company extends defined benefit plan in the form of gratuity to eligible employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund in accordance with the scheme framed and administered by the Corporation. The present value of the obligation is determined based on actuarial valuation using Projected Unit Credit Method as per the report given by the Corporation.

k. Foreign Currency Transactions

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

Notes to Financial Statements for the year ended 31st March, 2013

l. Taxes on Income

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

m. Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets is measured in line with the relevant Accounting Standard. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

n. Provisions, Contingent Liabilities and Contingent Assets

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

o. Dividend

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

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	Amount ₹ in lakhs	Number	Amount ₹ in lakhs

Note 3

SHARE CAPITAL

Authorised

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

Equity Shares of ₹ 10/- each	17,16,776	171.68	11,84,740	118.47
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Subscribed & Paid up

Equity Shares of ₹ 10/- each	17,16,776	171.68	11,84,740	118.47
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(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15-12-86) and 338550 shares (108520 shares - 22-2-94; 230030 shares - 4-10-01) were allotted as fully paid-up bonus shares by transferring ₹ 3385500/- from Profit & Loss Account)

Total	<u>17,16,776</u>	<u>171.68</u>	<u>11,84,740</u>	<u>118.47</u>
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3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Shares outstanding at the beginning of the year	11,84,740	118.47	11,84,740	118.47
Shares Issued during the year	5,32,036	53.21	0	0.00
Shares outstanding at the end of the year	<u>17,16,776</u>	<u>171.68</u>	<u>11,84,740</u>	<u>118.47</u>

Notes to Financial Statements for the year ended 31st March, 2013

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

Name of the Shareholder	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. K.J. Joseph	1,77,690	10.35%	1,77,690	15.00%
Mr. Manoj Joseph	82,930	4.83%	82,930	7.00%
Mr. Manesh Joseph	82,930	4.83%	82,930	7.00%
Mrs. Meena Roy	71,080	4.14%	71,080	6.00%
Mrs. Maya Joseph	77,010	4.49%	77,010	6.50%
Mr. Thomas John	2,37,830	13.85%	2,37,830	20.07%
Mr. Rajesh John	75,270	4.38%	75,270	6.35%
Mr. S.P. George	62,000	3.61%	62,000	5.23%
SIDBI Venture Capital Ltd A/c India Opportunities Fund	1,58,536	9.23%	0	0.00%
Emerging India Growth Fund (Canbank Venture Capital Ltd)	1,24,200	7.23%	0	0.00%

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012

Note 4

RESERVES AND SURPLUS

a. Securities Premium Account

Opening Balance	188.22	188.22
Add : Securities premium credited on Share issue	2,047.45	0.00
Less : Premium Utilised:		
IPO Expenses written off	218.67	0.00
Closing Balance	2,017.00	188.22

b. General Reserve

Opening Balance	332.53	242.30
(+) Appropriated from Statement of Profit and Loss	97.49	90.23
Closing Balance	430.02	332.53

c. Surplus in Statement of Profit and Loss

Opening balance	1,935.57	1,180.27
(+) Net Profit/(Net Loss) For the current year	974.78	900.61
(-) Proposed Dividend	85.84	47.39
(-) Dividend Distribution Tax	14.59	7.68
(-) Transfer to General Reserve	97.49	90.23
Closing Balance	2,712.43	1,935.58
Total	5,159.45	2,456.33

Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 5		
LONG TERM BORROWINGS		
Secured		
Term loans		
From Banks	67.01	170.43
Limit/Liability Terms of Repayment/Security		
State Bank of Mysore		
Date of Sanction: 18.10.2011 Ref No. IFB/C/ADV/Thejo/2011-12		
Sanctioned Limit - ₹ 2,61,00,000/-		
Liability (incl Interest Not due) - ₹ 41,55,770/- (₹ 95,04,616/-)		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursal		
Amount of Instalment - ₹ 4,35,000/- per month + interest		
Repayable within one year	33.87	53.31
Security: Fixed Assets & Personal Guarantee of four Promoter Directors and three erstwhile Directors		
Overdues - Nil (Nil)		
Axis Bank Ltd		
Date of Sanction: 28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12		
Sanctioned Limit: ₹ 90,96,030/-		
Liability (Incl interest not due) - ₹ 25,45,618/- (₹ 75,38,448/-)		
Period of Repayment : Remainder of term as per Repayment schedule of South Indian Bank (Refer above)		
Amount of Instalment - ₹ 4,11,439/- per month + interest		
Repayable within one year	19.50	50.25
Security: Fixed Assets & Personal Guarantee of four Promoter Directors and three erstwhile Directors		
Overdues - Nil (Nil)		
Remarks: Term Loans of South Indian Bank were taken over by Axis Bank		
Total	13.64	66.87

Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012

Note 6

SHORT TERM BORROWINGS

Secured

Loans repayable on demand

From banks	2,569.19	2,067.83
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Limit/Liability Terms of Repayment/Security

State Bank of Mysore

Date of Sanction: 18.10.2011 Ref No. IFB/C/ADV/Thejo/2011-12

Limit: Cash Credit of ₹ 15 Crore+Stand by ₹ 1.50 Crore

Liability - ₹ 15,47,52,193/- (₹ 12,39,95,256/-)

Period of Repayment: On Demand

Security: All Current Assets of the Company and personal guarantee of four Promoter Directors and three erstwhile Directors.

Overdues: Nil (Nil)

Axis Bank Ltd

Date of Sanction: 28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12

Limit: Cash Credit of ₹ 10 Crore+Stand by ₹ 1 Crore

Liability - ₹ 10,21,66,504/- (₹ 8,27,87,986/-)

Period Of Repayment: On Demand

Security: All Current Assets of the Company and personal guarantee of four Promoter Directors and three erstwhile Directors.

Overdues: Nil (Nil)

Total	<u>2,569.19</u>	<u>2,067.83</u>
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Note 7

TRADE PAYABLES

Trade payables:

Other than Acceptances	1,327.74	1,392.23
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Total	<u>1,327.74</u>	<u>1,392.23</u>
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Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 8		
OTHER CURRENT LIABILITIES		
Other payables		
Salary and Other Employee Benefits	411.97	323.35
Statutory Dues		
Commercial Tax liability	30.48	13.66
Service Tax Liability	13.67	18.46
ESI Payable	4.50	3.77
EPF	25.78	23.27
Profession Tax	1.30	3.45
TDS	34.08	14.30
Others	30.23	13.02
Outstanding Liabilities	197.37	227.08
Term Loan Instalments Repayable within 12 months	53.37	103.56
Total	<u><u>802.75</u></u>	<u><u>743.92</u></u>
Note 9		
SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Provision for Bonus / Ex-gratia	93.47	110.07
(b) Others		
Direct Taxes	1,286.10	934.11
Proposed Dividend	85.84	47.39
Dividend Distribution Tax	14.59	7.69
Total	<u><u>1,480.00</u></u>	<u><u>1,099.26</u></u>

Notes to Financial Statements for the year ended 31st March, 2013

Note 10

FIXED ASSETS

₹ in lakhs

NAME OF THE ASSETS	GROSS BLOCK		Rate of Depreciation (%)	DEPRECIATION			NET BLOCK			
	As at 31-3-2012	Addition for the year		Deduction	As at 31-3-2013	Upto 31-3-2012	Addition	Deduction	As at 31-3-2013	Upto 31-3-2013
TANGIBLE ASSETS										
Land	65.72	0.00	0.00	65.72	0.00	0.00	0.00	65.72	0.00	65.72
Factory Building	335.97	0.00	0.00	335.97	153.94	18.20	0.00	163.83	172.14	182.02
Office Building	31.00	8.71	0.00	39.71	12.34	1.11	0.00	26.26	13.45	18.67
Plant & Machinery										
Plant & Machinery AT Factories	767.43	179.38	0.00	946.81	419.65	62.16	0.00	465.00	481.81	347.78
Plant & Machinery AT HO, Branches & Sites	373.38	283.95	0.00	657.33	187.14	38.93	0.00	431.26	226.07	186.25
Boiler	37.73	0.00	0.00	37.73	36.39	0.53	0.00	0.81	36.92	1.33
Dyes & Moulds	35.85	4.96	0.00	40.81	25.89	3.79	0.00	11.13	29.68	9.95
Vehicle	292.94	35.36	4.95	323.35	195.71	29.02	4.72	103.34	220.01	97.23
Office Equipments	26.18	2.53	0.00	28.71	17.12	1.68	0.00	9.91	18.80	9.06
Electrical Fittings	111.88	34.37	0.00	146.25	71.00	11.80	0.00	63.45	82.80	40.88
Furniture & Fittings	121.07	43.85	0.00	164.92	57.95	13.57	0.00	93.40	71.52	63.12
Computer	147.55	31.86	0.00	179.41	103.36	20.75	0.00	55.30	124.11	44.19
Generator	24.94	5.04	0.00	29.98	17.47	1.27	0.00	11.24	18.74	7.48
Total Tangible Assets(Current Year)	2,371.64	630.01	4.95	2,996.70	1,297.96	202.81	4.72	1,500.65	1,496.05	1,073.68
Total Tangible Assets(Previous Year)	2,040.23	373.45	42.05	2,371.64	1,160.59	161.41	24.04	1,073.68	1,297.96	879.65
INTANGIBLE ASSETS										
Technical Knowhow	1.75	0.00	0.00	1.75	1.33	0.06	0.00	0.36	1.39	0.42
Total Intangible Assets(Current Year)	1.75	0.00	0.00	1.75	1.33	0.06	0.00	0.36	1.39	0.42
Total Intangible Assets(Previous Year)	1.75	0.00	0.00	1.75	1.26	0.07	0.00	0.42	1.33	0.49
CAPITAL WORK IN PROGRESS										
Assets Under Construction	58.00	0.00	54.12	3.88	0.00	0.00	0.00	3.88	0.00	58.00
Total Capital Work In Progress(Current Year)	58.00	0.00	54.12	3.88	0.00	0.00	0.00	3.88	0.00	58.00
Total Capital Work In Progress(Previous Year)	25.40	58.00	25.40	58.00	0.00	0.00	0.00	58.00	0.00	25.40
GRAND TOTAL	2,431.39	630.01	59.07	3,002.33	1,299.29	202.87	4.72	1,504.89	1,497.44	1,132.10
PREVIOUS YEAR	2,067.38	431.45	67.45	2,431.39	1,161.84	161.48	24.04	1,132.10	1,299.29	905.54

Notes to Financial Statements for the year ended 31st March, 2013

Particulars	As at 31-03-2013	As at 31-03-2012
	₹ in lakhs	

Note 11

NON-CURRENT INVESTMENTS

A Trade Investments		
(a) Investments in Equity instruments	835.52	32.98
B Other Investments		
(a) Investments in Equity instruments	0.00	0.00
Grand Total (A + B)	835.52	32.98
Less : Provision for diminution in the value of Investments	0.00	0.00
Total	835.52	32.98
Aggregate amount of quoted investments	0.00	0.00
Aggregate amount of unquoted investments	835.52	32.98

Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly paid / Fully paid		Extent of Holding (%)		Amount		Whether stated at cost Yes / No
			As at 31-3-2013	As at 31-3-2012		As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	₹ in lakhs	₹ in lakhs	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Investment in Equity Instruments												
1	Thejo Hatcon Industrial Services LLC	Subsidiary	255	255	Unquoted	Fully Paid	51%	51%	32.98	32.98	Yes	
2	Thejo Australia Pty Ltd	Subsidiary	14,00,000	0	Unquoted	Fully Paid	100%	NA	802.54	0.00	Yes	
Total									835.52	32.98		

Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 12		
LONG TERM LOANS AND ADVANCES		
a. EMD and Security Deposits		
Unsecured, considered good	108.81	84.66
b. Other Deposits		
Unsecured, considered good		
Rental Deposit	67.24	67.78
Deposit with Government Agencies	3.53	1.73
Others	50.39	33.23
	<u>121.16</u>	<u>102.75</u>
Total	<u><u>229.97</u></u>	<u><u>187.41</u></u>

Note 13

INVENTORIES

(As certified by Management)

a. Raw Materials and components	650.53	595.44
b. Work-in-progress	223.72	252.69
c. Finished goods	373.07	316.71
(All Inventories valued at Cost or Net Realisable Value, whichever is less)		
Total	<u><u>1,247.32</u></u>	<u><u>1,164.84</u></u>

Note 14

TRADE RECEIVABLES

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

Unsecured, considered good	3,796.00	3,157.70
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Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	244.59	161.63
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Total	<u><u>4,040.59</u></u>	<u><u>3,319.33</u></u>
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Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 15		
CASH AND CASH EQUIVALENTS		
a. Balances with banks		
(i) In Current Accounts	1,044.27	244.38
(ii) In Deposit Accounts (₹ 186.23 lakhs (PY ₹ 169.52 lakhs) Held as Margin Money for BG & LC)	201.46	169.52
b. Cheques, drafts on hand	44.02	6.80
c. Cash on hand	22.89	15.38
Total	<u>1,312.64</u>	<u>436.08</u>

Note 16

SHORT-TERM LOANS AND ADVANCES

Others (unsecured, considered good)

EMD & Security deposits	326.43	253.99
Others	852.25	588.08
Total	<u>1,178.68</u>	<u>842.07</u>

Note 17

OTHER CURRENT ASSETS

Direct Tax payments	1,191.51	812.72
Balance with Central Excise Authority	42.75	48.51
Total	<u>1,234.26</u>	<u>861.23</u>

Notes to Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
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Note 18

REVENUE FROM OPERATIONS

Sales, Service & Works Contract	13,810.76	11,824.90
Less:		
Excise duty	472.64	288.46
Total	<u>13,338.12</u>	<u>11,536.44</u>

Note 19

OTHER INCOME

Interest Income	23.66	13.94
Miscellaneous Income	91.15	59.18
Packing charges recovered	11.14	8.59
Freight charges recovered	10.49	8.26
Income from sale of DEPB License & Duty Drawback	73.61	149.62
Profit on sale of assets	0.21	10.04
Bad Debts Recovered	1.32	0.00
Total	<u>211.58</u>	<u>249.63</u>

Note 20

COST OF MATERIALS CONSUMED

Opening Stock of Raw Materials	595.44	375.73
Add: Purchases made during the year	3,290.28	3,620.73
	<u>3,885.72</u>	<u>3,996.46</u>
Less: Closing Stock of Raw Materials	650.53	595.44
	<u>3,235.19</u>	<u>3,401.02</u>
Add: Consumables	347.90	352.40
Total	<u>3,583.09</u>	<u>3,753.42</u>
Purchase of Traded Goods	415.03	441.10

Notes to Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
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Note 21

**CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Opening Stock :

Work-in-Process	252.69	147.67
Finished Goods	308.87	279.59
Stock-in-Trade	7.83	9.76

Closing Stock :

Work-in-Process	223.72	252.69
Finished Goods	363.50	308.87
Stock-in-Trade	9.58	7.83

Total	(27.41)	(132.37)
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Note 22

EMPLOYEE BENEFITS EXPENSE

(a) Salaries and incentives	3,327.92	2,515.83
(b) Contributions to PF, Superannuation, Gratuity, ESI & other Funds	236.96	193.02
(c) Staff welfare expenses	482.00	403.26
(d) LTA, Ex-gratia & Leave Encashment	68.73	71.63
Total	4,115.61	3,183.74

Note 23

FINANCE COSTS

Interest expense	324.29	296.98
Other finance costs	55.87	70.09
Total	380.16	367.07

Notes to Financial Statements for the year ended 31st March, 2013
₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
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Note 24
OTHER EXPENSES
A. Manufacturing & Other Direct Expenses

Power and fuel	271.39	261.31
Labour Charges	136.91	176.41
Repairs to machinery	25.24	12.96
Factory Maintenance	10.36	14.48
Electrical maintenance	3.78	0.11
Repairs to tools	1.21	1.05
Testing charges	2.21	4.04
Dyes & Moulding charges	2.93	1.45
Cartage, Coolie & Freight charges	277.82	226.82
Packing materials & charges	101.90	93.61
Service charges	230.78	192.67
Royalty paid	0.00	28.20
Machinery Leasing expenses	94.57	19.08
Total Manufacturing & Other Direct Expenses	1,159.10	1,032.19

B. Administrative & Selling Expenses

Professional Service Charges	153.65	184.07
Rent	128.93	104.83
Repairs & Maintenance	38.75	35.30
Travelling & Conveyance	282.72	251.09
Foreign Travel expenses	42.77	34.05
Vehicle Maintenance	110.46	100.34
Vehicle hire charges	56.79	29.54
Telephone, Telex & Postage	65.58	63.15
Printing & Stationery	30.45	29.50
Office Maintenance	28.09	26.68
Books & Periodicals	3.84	3.24
Computer Maintenance	8.53	14.74
Seminar & Conference	4.77	5.99
Electricity	14.00	13.23
Legal Fee & Charges	7.16	6.53

Notes to Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
OTHER EXPENSES (Contd.)		
Donation	14.27	10.64
Recruitment, Training & Development	6.56	4.86
ECGC Premium	1.50	3.38
ISO Certification Charges	0.67	1.12
Insurance	13.67	10.63
Rates and taxes, excluding, taxes on income	8.23	5.24
Directors Sitting Fees	4.92	1.55
Commission	30.77	43.02
Advertisement	11.50	6.99
Sales Promotion Expenses	32.97	25.18
Freight on Exports	21.89	12.83
Loading & Unloading charges	19.06	32.00
Late Delivery Charges	24.63	15.23
Bad Debts	11.27	96.82
Payments to the Auditors		
a. Statutory Audit	4.00	2.50
b. Tax Audit	1.00	0.50
c. For certification & other services	10.37	0.97
Miscellaneous expenses	12.45	4.59
Total Administration & Selling Expenses	1,206.22	1,180.33
Sales Tax, Service Tax & Other Indirect Tax Expenses	1,077.40	797.85
Total	3,442.72	3,010.37

Notes to Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars 2012-13 2011-12

Note 25 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

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

(a) Claims against the company not acknowledged as debts	-	-
(b) Guarantees issued by the Banks	895.69	660.15
	895.69	660.15

(c) **Others**

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2013)	Amount of Dispute (31-3-2012)	Amount Deposited (31-3-2013)	Period to Which it relates	Forum where dispute is pending
APGST	8.40	8.40	-	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	118.14	118.14	-	2004-05	Appellate Deputy Commissioner
Central Excise	29.69	29.69	-	1996-2000	High Court of Madras
Central Excise	18.25	18.25	-	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	3.49	3.49	-	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	1.23	1.23	-	Feb 2005 - Aug 2005	CESTAT, Bangalore
Central Excise	0.66	0.66	-	Jan 2007 - April 2007	CESTAT, Bangalore
CST	0.96	0.96	-	2003 – 04	Deputy Commissioner, Commercial Tax
CST	2.36	2.36	-	2002 – 03	Commercial Tax Officer, Naidupet
CST	7.55	-	-	2007-08	TNCST 07-08
CST	14.80	-	-	2008-09	TNCST 08-09
CST	16.18	16.18	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	24.66	-	-	2009-10	TNCST 09-10
Customs	12.50	12.50	-	Oct-01	Commissioner of Customs
Income Tax	0.54	0.54	-	AY 2011-12	TDS – AO
Income Tax	5.43	-	-	AY 2003-09	TDS – AO
Service Tax	5.33	-	-	AY 2011-12	Service Tax
Maharashtra VAT	26.88	-	-	AY 2005-06	Maharashtra VAT

Notes to Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2013)	Amount of Dispute (31-3-2012)	Amount Deposited (31-3-2013)	Period to Which it relates	Forum where dispute is pending
Maharashtra VAT	23.28	-	-	AY 2008-09	Maharashtra VAT
Central Excise	0.45	0.45	0.22	Sep 2005 - March 2006	CESTAT, Bangalore
CST	0.42	0.42	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Central Excise	1.36	1.36	0.68	April - Dec. 2006	CESTAT, Bangalore
APGST	4.41	4.41	2.21	2000 -01	Commercial Tax Officer, Naidupet
APGST	5.11	5.11	2.55	2001-02	Commercial Tax Officer, Naidupet
Jharkhand Sales Tax	5.31	5.31	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
CST	25.07	25.07	10.00	2001-02	Commercial Tax Officer, Naidupet
Income Tax	58.48	58.48	30.00	A.Y 2001-02	CIT(A)
Service Tax	-	5.56	-	April 2007- June 2007	Additional Commissioner, Service Tax, Chennai
Total	430.85	328.49	45.66		

(d) Commitments

Estimated amount of contracts remaining to be executed on capital account: ₹ 1,001.22 lakhs.

Particulars	₹ in lakhs	
	2012-13	2011-12

Note 25.2 Foreign currency transactions**a) Payments in foreign currency towards Imports****Imports at CIF Value**

Raw Materials	304.84	471.23
Capital goods	286.31	39.81

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

Royalty	11.82	3.60
Commission paid	15.84	36.92
Professional and consultation fees	29.58	25.59
Foreign Tour	10.53	9.49
Advertisement & Sales promotion	13.02	2.55

Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	2012-13	2011-12
c) Earnings in foreign currency on Accrual basis		
Earnings in foreign exchange		
Exports – Products	1592.74	2341.57
Exports – Services	52.12	19.30
d) Net Gain or Loss on Foreign Currency Translation		
Profit on Foreign Currency Translation	86.62	49.58

Note 25.3 Employee Benefits

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

A. Defined Contribution Schemes

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

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	2012-13	2011-12
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	6.00%

Particulars	₹ in lakhs	
	As at 31st March, 2013	As at 31st March, 2012

Table Showing Changes in Present Value of Obligations

Present value of obligations at the beginning of the year	140.00	129.10
Interest Cost	11.20	10.33
Current Service Cost	10.47	20.97
Benefits Paid	(8.71)	(18.61)
Actuarial (Gain) / Loss on obligations	(8.33)	(1.78)
Present value of obligations as at end of the year	<u>144.63</u>	<u>140.00</u>

Table Showing Changes in Fair Value of Plan Assets

Fair value of plan assets at the beginning of the year	141.82	98.70
Expected return on plan assets	12.59	12.07
Contributions	0.00	49.66
Benefits Paid	(8.71)	(18.61)
Actuarial Gain / (Loss) on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	<u>145.70</u>	<u>141.82</u>

Notes to Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31st March, 2013	As at 31st March, 2012
Table Showing Fair Value of Plan Assets		
Fair value of plan assets at the beginning of the year	141.82	98.70
Actual return on plan assets	12.59	12.07
Contributions	0.00	49.66
Benefits Paid	(8.71)	(18.61)
Fair value of plan assets at the end of the year	145.70	141.82
Funded Status	1.07	1.82
Excess of Actual over Estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 st March, 2013)	0.00	0.00
Actuarial Gain / Loss Recognized		
Actuarial (gain) / loss on obligations	(8.33)	(1.78)
Actuarial (gain) / loss for the year – plan assets	0.00	0.00
Total (gain) / loss for the year	(8.33)	(1.78)
Actuarial (gain) / loss recognized in the year	<u>(8.33)</u>	<u>(1.78)</u>
Amounts to be Recognized in Balance Sheet & Statement of Profit & Loss		
Present value of obligations as at the end of the year	144.63	140.00
Fair value of plan assets as at the end of the year	145.70	141.82
Funded Status	1.07	1.82
Net asset / (liability) recognized in balance sheet	<u>1.07</u>	<u>1.82</u>
Expenses Recognized in Statement of Profit & Loss		
Current Service Cost	10.47	20.97
Interest Cost	11.20	10.33
Expected return on plan assets	(12.59)	(12.07)
Net Actuarial (gain) / loss recognized in the year	(8.33)	(1.78)
Expenses recognized in statement of profit and loss	<u>0.75</u>	<u>17.44</u>

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

Note 25.4 Segment Reporting

The Company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipment, whose risks and rewards do not vary much. However, considering the entry of the company into Saudi Arabian and Australian markets through its subsidiaries focusing on service activities, segment reporting based on manufacturing units and servicing units are presented in both standalone and consolidated accounts.

Notes to Financial Statements for the year ended 31st March, 2013
Primary Segment Information (Business Information)

₹ in lakhs

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others		2012-13	2011-12
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12		
Segment Revenue	8243.86	7737.78	7074.93	5345.37	462.40	493.91	15781.19	13577.06
Less: Inter segment Revenue	2424.35	2028.03	0.00	0.00	18.72	12.59	2443.07	2040.62
Total Revenue	5819.51	5709.75	7074.93	5345.37	443.68	481.32	13338.12	11536.44
Segment Results	1763.09	1652.52	1162.08	731.24	18.23	34.90	2943.40	2418.66
Less : Finance Cost							380.16	367.07
Unallocable Expenses							1125.61	766.33
Total Profit Before Tax							1437.63	1285.26
Tax Expenses							462.85	384.65
Profit after Tax							974.78	900.61
Segment Assets	3679.65	3033.46	3388.51	2297.68	20.81	29.50	7088.97	5360.64
Segment Liabilities	951.98	1212.73	61.83	21.05	4.26	10.23	1018.07	1244.01
Capital Employed	2727.67	1820.73	3326.68	2276.63	16.55	19.27	6070.90	4116.63
Less: Unallocated Capital Employed							(739.77)	(1541.83)
Total Capital Employed							5331.13	2574.80

Note 25.5 Related Party Disclosures

List of Related Parties

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

Notes to Financial Statements for the year ended 31st March, 2013

Related Party Transaction Details:

₹ in lakhs

Related Party	Nature of Payment	Current Year Transaction	Outstanding as on 31 st March, 2013
Subsidiary	Share Capital	802.54	835.52
Subsidiary	Advance	0.00	389.98
Subsidiary	Sales/Expense Reimbursement	182.58	217.09
Key Management Personnel	Remuneration	67.69	0.00
Relative of Key Management Personnel	Remuneration	39.43	0.00

Note 25.6 Calculation of Deferred Tax

₹ in lakhs

Particulars	31 st March, 2013		31 st March, 2012	
	DTA	DTL	DTA	DTL
Opening Balance	0.00	31.13	0.00	19.09
On account of change in tax rates	0.00	0.00	0.44	0.00
Timing Difference in Depreciation	0.00	28.22	0.00	9.23
Profit on sale of asset	0.00	0.07	0.00	3.26
Total	0.00	59.42	0.44	31.58
Net Deferred Tax Liability/(Asset)	0.00	59.42	0.00	31.13

Note 25.7 Leases
Financial Leases: The company has not taken financial leases.

Operating Leases:

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

₹ in lakhs

2012-13

2011-12

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

Rubber Items	1762.45	2193.48
Others	2290.75	2220.75
Total	4053.20	4414.23

Raw Materials Consumed (including Trading)

Rubber Items	1792.27	2212.89
Others	2205.85	1981.63
Total	3998.12	4194.52

Notes to Financial Statements for the year ended 31st March, 2013

	₹ in lakhs	
	2012-13	2011-12
Stock Particulars Raw Materials, WIP & Finished Goods (including Trading)		
Opening Stock		
Rubber Items	862.38	595.89
Others	302.46	216.86
Total	<u>1164.84</u>	<u>812.75</u>
Closing Stock		
Rubber Items	895.28	862.38
Others	352.04	302.46
Total	<u>1247.32</u>	<u>1164.84</u>

Value of Raw Materials, Spare Parts and Components consumed		Value – ₹ in lakhs		
	2012-13		2011-12	
	% of Consumption	Value	% of Consumption	Value
Imported	6.01%	240.05	11.58%	485.76
Indigenous	93.99%	3758.07	88.42%	3708.76
Total		<u>3998.12</u>		<u>4194.52</u>

<i>Particulars</i>	2012-13	2011-12
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Note 25.9 Earnings Per Share

Basic & Diluted:

Net Profit after Tax (₹ in Lakhs)	974.78	900.61
Weighted Number of Equity Shares during the year (Nos.)	1480321	1184740
Earnings per Share (₹)	65.85	76.02

Note 25.10 Payment to Auditors:

	₹ in lakhs	₹ in lakhs
For Audit	4.00	2.50
For Tax Audit	1.00	0.50
For Other Services	10.37	0.97
Total	<u>15.37</u>	<u>3.97</u>

Notes to Financial Statements for the year ended 31st March, 2013

₹ in lakhs

2012-13

Note 25.11 Other Disclosures

25.11.1 Utilization of IPO Proceeds

Utilization of IPO Proceeds

IPO Proceeds collected	2100.66
IPO Proceeds utilized up to 31 st March, 2013	1399.44
- Setting up a polyurethane Unit.	56.45
- Expansion of existing facility of Unit I	125.37
- Setting up R&D Unit	283.06
- Setting up a Lining Plant	73.88
- Investment in Subsidiary, Thejo Australia Pty Limited.	642.00
- IPO Issue Expenses	218.68
IPO Proceeds unutilized as on 31 st March 2013. (Unutilized IPO proceeds are retained in the current account with South Indian Bank)	701.22

25.11.2: Subsequent to the Balance Sheet date, there was a fire accident at the stores of the manufacturing unit at Ponneri on 21st April, 2013 resulting in damage to/destruction of raw material and finished goods. The stocks have been adequately insured with United India Insurance Company and insurance claim has been initiated for a sum of Rs.422.02 lakhs (excluding duties and taxes). There is no major disruption in the operations due to the accident.

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

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

25.11.5 As the estimated recoverable amounts of the cash generating assets of the Company are higher than their carrying amount, no impairment of assets has been recognized in the accounts of the Company in line with AS – 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

Note 26 Previous Year Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our Report of even date

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

P.K. JOSEPH
Partner
Membership No. 16180

Place : Chennai
Date : 30th May, 2013

For and on behalf of the Board of Directors

K.J. JOSEPH
Chairman

M.D. RAVIKANTH
Financial Controller & Secretary

THOMAS JOHN
Managing Director

V.A. GEORGE
President & CEO

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

We have audited the accompanying Consolidated financial statements of M/s. THEJO ENGINEERING LIMITED ("the company"), and its subsidiaries which comprise the Consolidated Balance sheet as at 31st March 2013 and the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design the audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

In respect of the financial statements of the subsidiary Thejo Hatcon Industrial Services Company LLC, Saudi Arabia, we did not carry out the audit. These unaudited financial statements have been certified by the management and have been furnished to us and in our opinion, insofar as it relates to the amounts included, are based solely on these certified financial statements. The consolidated financial statements include total assets of Saudi Riyal 1061883, net assets of Saudi Riyal 5727648 as at March 31st, 2013 and total revenue of Saudi Riyal 2150002 for the period then ended of this subsidiary subject to consolidation adjustments.

In respect of the financial statements of the subsidiary Thejo Australia PTY Limited, Australia, we did not carry out the audit. These unaudited financial statements have been certified by the management and have been furnished to us and in our opinion, insofar as it relates to the amounts included, are based solely on these certified financial statements. The consolidated financial statements include total assets of AUD 1196363, net assets of AUD 1014696 as at March 31st, 2013 and total revenue of AUD 376398 for the period then ended of this subsidiary subject to consolidation adjustments.

Since the financial statements for the financial year ended March 31, 2013, which were compiled by management of these companies, were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. However, the size of these subsidiaries in the consolidated statements is not significant in relative terms.

INDEPENDENT AUDITORS' REPORT

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

OPINION

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

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- b) in the case of the consolidated Statement of Profit & Loss, of the profit for the year ended on that date;
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date;

For JOSEPH & RAJARAM
Chartered Accountants
ICAI Regn No. : 001375S

P. K. JOSEPH
Partner
Membership No. :016180

Chennai
30th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

	Note No.	AS AT 31-03-2013	₹ in lakhs AS AT 31-03-2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	171.68	118.47
(b) Reserves and surplus	4	4,940.95	2,496.60
2 Minority Interest			
	5	33.30	30.84
3 Non-current liabilities			
(a) Long-term borrowings	6	13.64	66.87
(b) Deferred tax liabilities (Net)	27.5	-	28.85
4 Current liabilities			
(a) Short-term borrowings	7	2,569.19	2,067.83
(b) Trade payables	8	1,413.80	1,398.68
(c) Other current liabilities	9	1,208.80	1,102.50
(d) Short-term provisions	10	1,480.00	1,099.52
TOTAL		11,831.36	8,410.16
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		2,310.57	1,621.24
(ii) Intangible assets		0.36	0.42
(iii) Capital work-in-progress		48.23	58.00
(b) Non-current investments	12	-	-
(c) Deferred Tax Asset (Net)	27.5	5.34	-
(d) Long-term loans and advances	13	229.97	187.41
(e) Other non-current assets	14	301.91	225.37
2 Current assets			
(a) Inventories	15	1,440.08	1,169.06
(b) Trade receivables	16	4,023.98	3,324.89
(c) Cash and cash equivalents	17	1,410.34	456.11
(d) Short-term loans and advances	18	826.32	506.43
(e) Other current assets	19	1,234.26	861.23
TOTAL		11,831.36	8,410.16
Notes including significant accounting policies	1-28		

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

In terms of our report of even date annexed

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

For and on behalf of the Board of Directors

P.K. JOSEPH
Partner
Membership No. 16180

K.J. JOSEPH
Chairman

THOMAS JOHN
Managing Director

Place : Chennai
Date : 30th May, 2013

M.D. RAVIKANTH
Financial Controller & Secretary

V.A. GEORGE
President & CEO

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

₹ in lakhs

	Note No.	For the year ended 31-03-2013	For the year ended 31-03-2012
I. Revenue from operations	20	13,679.03	11,554.10
II. Other income	21	213.37	249.63
III. Total Revenue (I + II)		<u>13,892.40</u>	<u>11,803.73</u>
IV. Expenses:			
Cost of materials consumed	22	3,735.81	3,758.69
Purchase of Traded goods	22	415.03	441.10
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(208.43)	(136.59)
Employee benefits expense	24	4,430.39	3,187.05
Finance costs	25	381.63	367.07
Depreciation and unrealised profit	11	261.54	163.78
Other expenses	26	3,692.93	3,025.83
Total expenses		<u>12,708.90</u>	<u>10,806.93</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		1,183.50	996.80
VI. Exceptional items:			
Profit on Sale of Land		0.00	284.00
VII. Profit before extraordinary items and tax (V + VI)		1,183.50	1,280.80
VIII. Extraordinary Items		0.00	0.00
IX. Profit before tax (VII- VIII)		1,183.50	1,280.80
X Tax expense:			
(1) Current tax		436.31	370.86
(2) Deferred tax	27.5	(34.19)	10.90
(3) Prior period Tax		0.00	1.75
XI Profit / (Loss) for the period (IX-X)		781.38	897.29
XII Transfer to Minority Interest		2.12	(1.67)
XIII Profit / (Loss) for the period after tax and transfer to Minority Interest (XI - XII)		<u>779.26</u>	<u>898.96</u>
XIV Earnings per equity share(including exceptional items):			
(1) Basic (₹)		52.64	75.88
(2) Diluted (₹)		52.64	75.88
Earnings per equity share(excluding exceptional items):			
(1) Basic (₹)		52.64	56.57
(2) Diluted (₹)		52.64	56.57
Notes Including significant accounting policies	1-28		

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

In terms of our report of even date annexed

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

For and on behalf of the Board of Directors

P.K. JOSEPH
Partner
Membership No. 16180

K.J. JOSEPH
Chairman

THOMAS JOHN
Managing Director

Place : Chennai
Date : 30th May, 2013

M.D. RAVIKANTH
Financial Controller & Secretary

V.A. GEORGE
President & CEO

Consolidated Cash Flow Statement for the year ended 31st March, 2013

₹ in lakhs

	For the year ended 31-03-2013	For the year ended 31-03-2012
A. Cash Flow from Operating Activities		
Profit before tax as per Statement of Profit and Loss	1,183.50	1,280.80
Adjustment for:		
Depreciation	261.54	163.78
Loss/(Profit) on sale of asset	(0.21)	(294.04)
Interest Paid	381.63	367.07
Interest on Fixed Deposit	(25.47)	(13.94)
Share of Minority Interest in current year profit	(2.12)	1.67
Foreign Currency Translation Reserve for the year	(63.25)	54.44
Foreign Currency Translation Reserve Adjustments	(12.12)	(84.89)
Operating Profit before working capital changes	1,723.50	1,474.88
Adjustment for:		
Trade and Other Receivables	(1055.76)	(903.91)
Inventories	(271.03)	(356.31)
Trade Payables and Other Liabilities	15.34	258.29
Cash Generated from Operations	412.05	472.95
Direct Taxes Paid	(378.79)	(235.28)
Net Cash from Operating Activities (A)	33.26	237.67
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(929.15)	(415.87)
Sale of assets	0.44	312.05
Investments made	0.00	0.00
Interest on Fixed Deposit	25.47	13.94
(Inc)/Dec Pre-operative Expenses to the extent not written off	(76.54)	(123.08)
Net cash from Investing Activities (B)	(979.78)	(212.96)
C. Cash Flow from Financing Activities		
Increase in Share Capital & Premium	1,881.98	0.00
Increase in Term Loan & Other credit facilities	397.94	285.61
Increase in Unsecured loans from Related parties	0.00	(8.80)
Increase in Minority Interest	2.46	3.33
Interest paid	(381.63)	(367.07)
Net Cash from Financing Activities (C)	1,900.75	(86.93)
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	954.23	(62.22)
Opening Cash & Cash Equivalents	456.11	518.33
Closing Cash & Cash Equivalents	1,410.34	456.11

Note: Closing Cash and Cash Equivalents includes ₹ 186.23 lakhs (Previous Year: ₹ 169.52 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC

In terms of our report of even date annexed

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

For and on behalf of the Board of Directors

P.K. JOSEPH
Partner
Membership No. 16180

K.J. JOSEPH
Chairman

THOMAS JOHN
Managing Director

Place : Chennai
Date : 30th May, 2013

M.D. RAVIKANTH
Financial Controller & Secretary

V.A. GEORGE
President & CEO

Notes to Consolidated Financial Statements for the year ended 31st March, 2013**Note 1****CORPORATE INFORMATION (PARENT AND SUBSIDIARY COMPANIES)**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26th March, 1986 as a private limited company. The name of the Company was changed to Thejo Engineering Private Limited vide a fresh certificate of incorporation dated 17th June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering Limited vide special resolution passed by the Members at their meeting held on 20th June, 2008. Thejo Engineering Ltd made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012 for getting its shares listed on the EMERGE SME platform of NSE. The IPO was fully subscribed and the Company allotted 4,72,800 equity shares of ₹ 10/- each on 12th September, 2012. The shares were listed on 18th September, 2012. Prior to the IPO, the Company had also issued 59,236 equity shares of face value of ₹ 10/- each at a premium of ₹ 327.63/- per share on 27th August, 2012 to SIDBI Venture Capital Ltd A/c India Opportunities Fund on preferential basis. Consequently, the share capital of the Company increased from ₹ 118.47 lakhs to ₹ 171.68 lakhs.

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

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

Note 2**SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and those of the foreign subsidiaries are prepared in compliance with the local laws applicable.

b) Principles of Consolidation

- (i) The financial statements of the Parent Company and its subsidiaries are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting therefrom and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- (ii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except the method of depreciation as adopted by the subsidiary companies has been retained for the purpose of consolidation.
- (iii) The excess of cost to the Parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial statements as 'goodwill on consolidation' and carried in the balance sheet as an asset. Where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the company, it is recognised as 'capital reserve' and shown under the head Reserves and Surplus, in the consolidated financial statements.
- (iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

- (v) Sales made by parent company to subsidiary (Downstream). The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases. The unrealized profit on the closing inventory and fixed assets held by the subsidiary company out of the sales made by the parent company is reduced from the closing inventory and fixed assets on consolidation as per AS 21.
- (vi) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

c) Foreign currency transactions

- (a) The reporting currency is Indian Rupees.
- (b) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (c) Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.
- (d) Where the operations of foreign subsidiaries are treated as integral operations, their financial statements are translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translations are recognized as income or expenses of the period in which they arise.
- (e) Where the operations of foreign subsidiaries are treated as non-integral operations, their financial statements are translated at the following exchange rates:
 - (i) Share capital: At the original rate when the capital was infused
 - (ii) Fixed assets: Exchange rate prevailing at the end of the year
 - (iii) Current/Non current assets and current/Non current liabilities: Exchange rate prevailing at the end of the year
 - (iv) Revenues and expenses: At the average rate during the year.

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

d) Presentation and disclosure of Consolidated financial statements

The Consolidated Balance Sheet and Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule VI to the Companies Act, 1956. The Consolidated Cash Flow Statement has been prepared and presented as prescribed in Accounting Standard 3 (AS 3) "Cash Flow Statements" issued by ICAI. Pursuant to applicability of Revised Schedule VI of Companies Act, 1956 on presentation of financial statements with effect from financial year 2011-12, the Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Balance Sheet.

e) Fixed Assets

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

f) Depreciation**a. Indian holding Company**

Depreciation on Fixed Assets is charged under written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being put to use. The Company is consistently following the policy of writing off Assets costing less than Rs.5,000/- in the year of acquisition.

b. Foreign Subsidiaries

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

g) Inventories

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

Notes to Consolidated Financial Statements for the year ended 31st March, 2013**h) Revenue Recognition**

- a) In respect of sale of products, revenue is recognised at the point of despatch to customers, when the effective control passes on to the buyer and in respect of services rendered, revenue is recognised based on proportionate completion method at the time of invoicing, when there is no significant uncertainty regarding the amount of consideration.
- b) Exports sales are accounted at the rate of exchange prevailing as on the date of invoicing. The difference in the rate of exchange if any, is accounted at the time of realization.
- c) Revenue from export benefits (like Duty Drawback) is accounted at the time of receipt.
- d) Sales made by parent company to subsidiary (Downstream). The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases.

i) Sales, Works Contracts and Services Income

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

j) Employee Benefits**1) Short term employee benefits:**

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

2) Post employment benefits:

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

Defined Benefit Scheme: The Company extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India through the Gratuity Fund in accordance with the scheme framed and administered by the Corporation. The present value of the obligation is determined based on actuarial valuation using Projected Unit Credit Method as per the report given by the Corporation.

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

k) Taxes on Income

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

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

l) Impairment of Assets

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

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

m) Investments

Each category/item of investment is valued as follows:

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

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

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

n) Cash and Cash Equivalents

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

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

o) Provisions, Contingent Liabilities and Contingent Assets

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

p) Dividend

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

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	Amount ₹ in lakhs	Number	Amount ₹ in lakhs

Note 3

SHARE CAPITAL

Authorised

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

Equity Shares of ₹ 10/- each	17,16,776	171.68	11,84,740	118.47
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Subscribed & Paid up

Equity Shares of ₹ 10/- each	17,16,776	171.68	11,84,740	118.47
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(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15-12-86) and 338550 shares (108520 shares - 22-2-94; 230030 shares - 4-10-01) were allotted as fully paid-up bonus shares by transferring ₹ 3385500/- from Profit & Loss Account)

Total	<u>17,16,776</u>	<u>171.68</u>	<u>11,84,740</u>	<u>118.47</u>
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3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Shares outstanding at the beginning of the year	11,84,740	118.47	11,84,740	118.47
Shares Issued during the year	5,32,036	53.21	0	0.00
Shares outstanding at the end of the year	<u>17,16,776</u>	<u>171.68</u>	<u>11,84,740</u>	<u>118.47</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

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

Name of the Shareholder	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. K.J. Joseph	1,77,690	10.35%	1,77,690	15.00%
Mr. Manoj Joseph	82,930	4.83%	82,930	7.00%
Mr. Manesh Joseph	82,930	4.83%	82,930	7.00%
Mrs. Meena Roy	71,080	4.14%	71,080	6.00%
Mrs. Maya Joseph	77,010	4.49%	77,010	6.50%
Mr. Thomas John	2,37,830	13.85%	2,37,830	20.07%
Mr. Rajesh John	75,270	4.38%	75,270	6.35%
Mr. S.P. George	62,000	3.61%	62,000	5.23%
SIDBI Venture Capital Ltd A/c India Opportunities Fund	1,58,536	9.23%	0	0.00%
Emerging India Growth Fund (Canbank Venture Capital Ltd)	1,24,200	7.23%	0	0.00%

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012

Note 4

RESERVES AND SURPLUS

a. Securities Premium Account

Opening Balance	188.22	188.22
Add : Securities premium credited on Share issue	2,047.45	0.00
Less : Premium Utilised:		
IPO Expenses written off	218.68	0.00
Closing Balance	2,016.99	188.22

b. General Reserve

Opening Balance	332.53	242.30
(+) Appropriated from Statement of Profit and Loss	97.49	90.23
Closing Balance	430.02	332.53

c. Surplus in Statement of Profit and Loss

Opening balance	1,975.85	1,167.76
(+) Net Profit/(Net Loss) For the current year	779.26	898.96
(-) Proposed Dividend	85.84	47.39
(-) Dividend Distribution Tax	14.59	7.69
(-) Transfer to General Reserve	97.49	90.23
Foreign currency translation reserve	(63.25)	54.44
Closing Balance	2,493.94	1,975.85
	4,940.95	2,496.60

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 5		
MINORITY INTEREST		
Opening Balance	30.84	27.50
Additions during the year		
a. Share capital	0.00	0.00
b. Share of (Loss)/profit of the year	2.12	(1.67)
c. Foreign currency translation adjustment for the year	0.34	5.01
Closing balance	33.30	30.84
Note 6		
LONG TERM BORROWINGS		
Secured		
Term loans		
From Banks	67.01	170.43
Limit/Liability Terms of Repayment/Security		
State Bank of Mysore		
Date of Sanction: 18.10.2011 Ref No. IFB/C/ADV/Thejo/2011-12		
Sanctioned Limit - ₹ 2,61,00,000/-		
Liability (incl Interest Not due) - ₹ 41,55,770/- (₹ 95,04,616/-)		
Period of Repayment - 60 months with Principal moratorium of 15 months from date of first disbursement		
Amount of Instalment - ₹ 4,35,000/- per month + interest		
Repayable within one year	33.87	53.31
Security: Fixed Assets & Personal Guarantee of four Promoter Directors and three erstwhile Directors		
Overdues - Nil (Nil)		
Axis Bank Ltd		
Date of Sanction: 28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12		
Sanctioned Limit: ₹ 90,96,030/-		
Liability (Incl interest not due) - ₹ 25,45,618/- (₹ 75,38,448/-)		
Period of Repayment : Remainder of term as per Repayment schedule of South Indian Bank (Refer above)		
Amount of Instalment - ₹ 4,11,439/- per month + interest		
Repayable within one year	19.50	50.25
Security: Fixed Assets & Personal Guarantee of four Promoter Directors and three erstwhile Directors		
Overdues - Nil (Nil)		
Remarks: Term Loans of South Indian Bank were taken over by Axis Bank		
Total	13.64	66.87

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012

Note 7

SHORT TERM BORROWINGS

Secured

Loans repayable on demand

From banks	2,569.19	2,067.83
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Limit/Liability Terms of Repayment/Security

State Bank of Mysore

Date of Sanction: 18.10.2011 Ref No. IFB/C/ADV/Thejo/2011-12

Limit: Cash Credit of ₹ 15 Crore+Stand by ₹ 1.50 Crore

Liability - ₹ 15,47,52,193/- (₹ 12,39,95,256/-)

Period of Repayment: On Demand

Security: All Current Assets of the Company and personal guarantee of four Promoter Directors and three erstwhile Directors.

Overdues: Nil (Nil)

Axis Bank Ltd

Date of Sanction: 28.11.2011 Ref No. AXISB/SME/CHN-MEG/58/2011-12

Limit: Cash Credit of ₹ 10 Crore+Stand by ₹ 1 Crore

Liability - ₹ 10,21,66,504/- (₹ 8,27,87,986/-)

Period Of Repayment: On Demand

Security: All Current Assets of the Company and personal guarantee of four Promoter Directors and three erstwhile Directors.

Overdues: Nil (Nil)

Total	<u>2,569.19</u>	<u>2,067.83</u>
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Note 8

TRADE PAYABLES

Trade payables:

Other than Acceptances	1,413.80	1,398.68
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Total	<u>1,413.80</u>	<u>1,398.68</u>
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Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 9		
OTHER CURRENT LIABILITIES		
Other payables		
Salary and Other Employee Benefits	418.96	323.35
Statutory Dues		
Commercial Tax liability	30.48	13.66
Service Tax Liability	18.52	18.46
ESI Payable	4.50	3.77
EPF	25.78	23.27
Profession Tax	1.30	3.45
TDS	43.57	14.30
Others	40.61	13.73
Outstanding Liabilities	571.71	584.95
Term Loan Instalments Repayable within 12 months	53.37	103.56
Total	<u>1,208.80</u>	<u>1,102.50</u>

Note 10

SHORT TERM PROVISIONS

(a) Provision for employee benefits

Provision for Bonus / Ex-gratia	93.47	110.33
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(b) Others

Direct Taxes	1,286.10	934.11
Proposed Dividend	85.84	47.39
Dividend Distribution Tax	14.59	7.69

Total	<u>1,480.00</u>	<u>1,099.52</u>
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Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Note 11

FIXED ASSETS

₹ in lakhs

NAME OF THE ASSETS	GROSS BLOCK			DEPRECIATION & UNREALISED PROFITS				NET BLOCK						
	As at 31-3-2012	Addition for the year	Deduction	Diff. in forex version	As at 31-3-2013	Rate of Depreciation (%)	Upto 31-3-2012	Addition	Deduction	Diff. in forex version	Unrealised Profit	Upto 31-3-2013	As at 31-3-2013	As at 31-3-2012
TANGIBLE ASSETS														
Land	65.72	0.00	0.00	0.00	65.72	-	0.00	0.00	0.00	0.00	0.00	0.00	65.72	65.72
Factory Building	335.97	0.00	0.00	0.00	335.97	10.00	153.94	18.20	0.00	0.00	0.00	172.14	163.83	182.02
Office Building	470.16	8.71	0.00	10.14	489.01	5.00	12.34	1.11	0.00	0.00	0.00	13.45	475.56	457.82
Plant & Machinery														
Plant & Machinery AT Factories	767.43	179.38	0.00	0.00	946.81	13.91	419.65	62.16	0.00	0.00	0.00	481.81	465.00	347.78
Plant & Machinery AT HO, BRANCHES & SITES	438.63	482.44	0.00	2.11	923.18	13.91	189.74	52.56	0.00	0.30	17.11	259.71	663.47	248.89
Boiler	37.73	0.00	0.00	0.00	37.73	40.00	36.39	0.53	0.00	0.00	0.00	36.92	0.81	1.34
Dyes & Moulds	35.85	4.96	0.00	0.00	40.81	30.00	25.89	3.79	0.00	0.00	0.00	29.68	11.13	9.95
Vehicle	292.94	85.95	4.95	0.00	373.94	25.89	195.71	42.09	4.72	0.19	0.00	233.27	140.67	97.23
Office Equipments	26.18	2.53	0.00	0.00	28.71	13.91	17.12	1.68	0.00	0.00	0.00	18.80	9.91	9.06
Electrical Fittings	111.88	34.37	0.00	0.00	146.25	20.00	71.00	11.80	0.00	0.00	0.00	82.80	63.45	40.88
Furniture & Fittings	169.13	83.69	0.00	0.50	253.32	18.10	60.25	15.59	0.00	0.08	0.00	75.92	177.40	108.88
Computer	147.55	40.74	0.00	0.00	188.29	40.00	103.36	22.49	0.00	0.06	0.00	125.91	62.38	44.19
Generator	24.94	5.04	0.00	0.00	29.98	13.91	17.47	1.27	0.00	0.00	0.00	18.74	11.24	7.48
Total Tangible Assets (Current Year)	2,924.11	927.81	4.95	12.75	3,859.72	1,302.86	233.27	4.72	0.63	17.11	1,549.15	2,310.57	1,621.24	1,621.24
Total Tangible Assets (Previous Year)	2,582.88	383.27	42.05	0.00	2,924.10	1,163.00	163.91	24.04	0.20	0.00	0.00	1,302.87	1,621.23	1,334.79
INTANGIBLE ASSETS														
Technical Knowhow	1.75	0.00	0.00	0.00	1.75	13.91	1.33	0.06	0.00	0.00	0.00	1.39	0.36	0.42
Total Intangible Assets (Current Year)	1.75	0.00	0.00	0.00	1.75	1.33	0.06	0.00	0.00	0.00	0.00	1.39	0.36	0.42
Total Intangible Assets (Previous Year)	1.75	0.00	0.00	0.00	1.75	1.26	0.07	0.00	0.00	0.00	0.00	1.33	0.42	0.49
CAPITAL WORK IN PROGRESS														
Assets Under Construction	58.00	55.44	54.12	0.00	59.32	-	0.00	0.00	0.00	0.00	11.09	11.09	48.23	58.00
Total Capital Work In Progress (Current Year)	58.00	55.44	54.12	0.00	59.32	0.00	0.00	0.00	0.00	0.00	11.09	11.09	48.23	58.00
Total Capital Work In Progress (Previous Year)	25.40	58.00	25.40	0.00	58.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	58.00	25.40
GRAND TOTAL	2,983.86	983.25	59.07	12.75	3,920.79	1,304.19	233.33	4.72	0.63	28.20	1,561.63	2,359.16	1,679.66	1,679.66
PREVIOUS YEAR	2,610.03	441.27	67.45	0.00	2,983.85	1,164.26	163.97	24.04	0.20	0.00	0.00	1,304.19	1,679.66	1,360.69

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	As at 31-03-2013	As at 31-03-2012
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Note 12

NON-CURRENT INVESTMENTS

A Trade Investments

(a) Investments in Equity instruments

	835.52	32.98
	835.52	32.98

B Other Investments

(a) Investments in Equity instruments

	0.00	0.00
	0.00	0.00

Grand Total (A + B)

Less : Adjusted on Consolidation of subsidiaries

	835.52	32.98
	0.00	0.00

Total

Aggregate amount of quoted investments

Aggregate amount of unquoted investments

Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted		Partly paid / Fully paid		Extent of Holding (%)		Amount		Whether stated at cost Yes / No
			As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	₹ in lakhs	₹ in lakhs	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
Investment in Equity Instruments													
1	Thejo Hatcon Industrial Services LLC	Subsidiary	255	255	Unquoted	Fully Paid	51%	51%	32.98	32.98	Yes		
2	Thejo Australia Pty Ltd	Subsidiary	14,00,000	-	Unquoted	Fully Paid	100%	NA	802.54	0.00	Yes		
Total										835.52	32.98		

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 13		
LONG TERM LOANS AND ADVANCES		
a. EMD and Security Deposits		
Unsecured, considered good	108.81	84.66
b. Other Deposits		
Unsecured, considered good		
Rental Deposit	67.24	67.78
Deposit with Government Agencies	3.53	1.73
Others	50.39	33.23
	<u>121.16</u>	<u>102.75</u>
Total	<u>229.97</u>	<u>187.41</u>
Note 14		
OTHER NON-CURRENT ASSETS		
Pre-Operative Expenses not written off	301.91	225.37
Total	<u>301.91</u>	<u>225.37</u>
Note 15		
INVENTORIES		
(As certified by Management)		
a. Raw Materials and components	650.53	595.44
b. Work-in-progress	223.72	252.69
c. Finished goods	591.82	321.99
	<u>1,466.07</u>	<u>1,170.12</u>
Less: Unrealised gain on stock sold by parent to subsidiary (All Inventories valued at Cost or Net Realisable Value, whichever is less)	25.99	1.06
Total	<u>1,440.08</u>	<u>1,169.06</u>
Note 16		
TRADE RECEIVABLES		
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Unsecured, considered good	3,779.39	3,163.26
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	244.59	161.63
Total	<u>4,023.98</u>	<u>3,324.89</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

Particulars	₹ in lakhs	
	As at 31-03-2013	As at 31-03-2012
Note 17		
CASH AND CASH EQUIVALENTS		
a. Balances with banks		
(i) In Current Accounts	1,126.62	260.74
(ii) In Deposit Accounts (₹ 186.23 lakhs (PY ₹ 169.52 lakhs) Held as Margin Money for BG & LC)	214.51	169.52
b. Cheques, drafts on hand	44.02	6.80
c. Cash on hand	25.19	19.05
Total	<u><u>1,410.34</u></u>	<u><u>456.11</u></u>

Note 18

SHORT-TERM LOANS AND ADVANCES

Others (unsecured, considered good)

EMD & Security deposits	326.43	253.99
Others	499.89	252.44
Total	<u><u>826.32</u></u>	<u><u>506.43</u></u>

Note 19

OTHER CURRENT ASSETS

Direct Tax payments	1,191.52	812.72
Balance with Central Excise Authority	42.74	48.51
Total	<u><u>1,234.26</u></u>	<u><u>861.23</u></u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
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Note 20

REVENUE FROM OPERATIONS

Sales, Service & Works Contract	14,151.67	11,842.56
Less:		
Excise duty	472.64	288.46
Total	<u>13,679.03</u>	<u>11,554.10</u>

Note 21

OTHER INCOME

Interest Income	25.46	13.94
Miscellaneous Income	91.15	59.18
Packing charges recovered	11.14	8.60
Freight charges recovered	10.49	8.26
Income from sale of DEPB License & Duty Drawback	73.60	149.61
Profit on sale of assets	0.21	10.04
Bad Debts Recovered	1.32	0.00
Total	<u>213.37</u>	<u>249.63</u>

Note 22

COST OF MATERIALS CONSUMED

Opening Stock of Raw Materials	595.44	375.73
Add: Purchases made during the year	3,442.59	3,626.00
	<u>4,038.03</u>	<u>4,001.73</u>
Less: Closing Stock of Raw Materials	650.53	595.44
	<u>3,387.50</u>	<u>3,406.29</u>
Add: Consumables	348.31	352.40
Total	<u>3,735.81</u>	<u>3,758.69</u>
Purchases of Traded Goods	415.03	441.10

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
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Note 23

**CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Opening Stock :

Work-in-Process	252.69	147.67
Finished Goods	314.16	279.59
Stock-in-Trade	7.83	9.76
(-) Unrealised gain in stock sold from parent to subsidiary	1.06	0.00

Closing Stock :

Work-in-Process	223.72	252.69
Finished Goods	574.74	314.15
Stock-in-Trade	9.58	7.83
(-) Unrealised gain in stock sold by parent to subsidiary	25.99	1.06

Total	<u>(208.43)</u>	<u>(136.59)</u>
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Note 24

EMPLOYEE BENEFITS EXPENSE

(a) Salaries and incentives	3,581.33	2,518.15
(b) Contributions to PF, Superannuation, Gratuity, ESI & other Funds	263.01	193.02
(c) Staff welfare expenses	514.32	404.25
(d) LTA, Ex-gratia & Leave Encashment	71.73	71.63

Total	<u>4,430.39</u>	<u>3,187.05</u>
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Note 25

FINANCE COSTS

Interest expense	324.91	296.98
Other finance costs	56.72	70.09

Total	<u>381.63</u>	<u>367.07</u>
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Notes to Consolidated Financial Statements for the year ended 31st March, 2013
₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
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Note 26
OTHER EXPENSES
A. Manufacturing & Other Direct Expenses

Power and fuel	271.39	261.31
Labour Charges	157.29	176.41
Repairs to machinery	28.18	12.96
Factory Maintenance	10.36	14.48
Electrical maintenance	3.78	0.11
Repairs to tools	1.21	1.05
Testing charges	2.21	4.04
Dyes & Moulding charges	2.93	1.45
Cartage, Coolie & Freight charges	279.51	226.82
Packing materials & charges	101.90	93.61
Service charges	251.83	192.67
Royalty paid	0.00	28.20
Machinery Leasing expenses	116.93	19.08
Total Manufacturing & Other Direct Expenses	1,227.52	1,032.19

B. Administrative & Selling Expenses

Professional Service Charges	155.97	184.92
Rent	208.39	104.83
Repairs & Maintenance	45.61	35.93
Travelling & Conveyance	293.51	255.21
Foreign Travel expenses	42.76	34.05
Vehicle Maintenance	119.39	100.80
Vehicle & Machinery hire charges	68.44	29.54
Telephone, Telex & Postage	74.55	66.55
Printing & Stationery	36.08	29.50
Office Maintenance	28.09	27.04
Books, Subscription & Periodicals	6.90	3.24
Computer Maintenance	9.31	14.77
Seminar & Conference	4.77	5.99
Electricity	18.02	13.23
Legal Fee & Charges	7.43	6.53

Notes to Consolidated Financial Statements for the year ended 31st March, 2013
₹ in lakhs

Particulars	For the year ended 31-03-2013	For the year ended 31-03-2012
OTHER EXPENSES (Contd.)		
Donation	14.43	10.64
Recruitment, Training & Development	6.56	4.86
ECGC Premium	1.50	3.38
ISO Certification Charges	0.67	1.12
Insurance	27.94	13.25
Rates and taxes, excluding, taxes on income	11.43	6.36
Directors Sitting Fees	4.92	1.55
Commission	30.77	43.01
Advertisement	15.70	6.99
Sales Promotion Expenses	33.99	25.66
Freight on Exports	21.89	12.83
Loading & Unloading charges	19.75	32.00
Late Delivery Charges	24.63	15.23
Bad Debts	11.27	96.82
Payments to the Auditors		
a. Statutory Audit	4.93	2.50
b. Tax Audit	1.00	0.50
c. For certification & other services	10.37	0.97
Miscellaneous expenses	14.88	5.99
Total Administration & Selling Expenses	<u>1,375.85</u>	<u>1,195.79</u>
Sales Tax, Service Tax & Other Indirect Tax Expenses	1,077.40	797.85
Preliminary Expenses Amortized/Written off	12.16	0.00
Total	<u><u>3,692.93</u></u>	<u><u>3,025.83</u></u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

 Particulars 2012-13 2011-12
Note 27 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS
Note 27.1 Contingent Liabilities (to the extent not provided for)

(a) Claims against the company not acknowledged as debts	-	-
(b) Guarantees issued by the Banks	895.69	660.15
	895.69	660.15

(c) Others

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2013)	Amount of Dispute (31-3-2012)	Amount Deposited (31-3-2013)	Period to Which it relates	Forum where dispute is pending
APGST	8.40	8.40	-	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	118.14	118.14	-	2004-05	Appellate Deputy Commissioner
Central Excise	29.69	29.69	-	1996-2000	High Court of Madras
Central Excise	18.25	18.25	-	July 2000 - June 2004	CESTAT, Bangalore
Central Excise	3.49	3.49	-	July 2001 - Jan 2005	CESTAT, Bangalore
Central Excise	1.23	1.23	-	Feb 2005 - Aug 2005	CESTAT, Bangalore
Central Excise	0.66	0.66	-	Jan 2007 - April 2007	CESTAT, Bangalore
CST	0.96	0.96	-	2003 – 04	Deputy Commissioner, Commercial Tax
CST	2.36	2.36	-	2002 – 03	Commercial Tax Officer, Naidupet
CST	7.55	-	-	2007-08	TNCST 07-08
CST	14.80	-	-	2008-09	TNCST 08-09
CST	16.18	16.18	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	24.66	-	-	2009-10	TNCST 09-10
Customs	12.50	12.50	-	Oct-01	Commissioner of Customs
Income Tax	0.54	0.54	-	AY 2011-12	TDS – AO
Income Tax	5.43	-	-	AY 2003-09	TDS – AO
Service Tax	5.33	-	-	AY 2011-12	Service Tax
Maharashtra VAT	26.88	-	-	AY 2005-06	Maharashtra VAT

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Name of statute	Amount of Dispute (31-3-2013)	Amount of Dispute (31-3-2012)	Amount Deposited (31-3-2013)	Period to Which it relates	Forum where dispute is pending
Maharashtra VAT	23.28	-	-	AY 2008-09	Maharashtra VAT
Central Excise	0.45	0.45	0.22	Sep 2005 - March 2006	CESTAT, Bangalore
CST	0.42	0.42	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Central Excise	1.36	1.36	0.68	April - Dec. 2006	CESTAT, Bangalore
APGST	4.41	4.41	2.21	2000 -01	Commercial Tax Officer, Naidupet
APGST	5.11	5.11	2.55	2001-02	Commercial Tax Officer, Naidupet
Jharkhand Sales Tax	5.31	5.31	-	2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
CST	25.07	25.07	10.00	2001-02	Commercial Tax Officer, Naidupet
Income Tax	58.48	58.48	30.00	A.Y 2001-02	CIT(A)
Service Tax	-	5.56	-	April 2007- June 2007	Additional Commissioner, Service Tax, Chennai
Total	430.85	328.49	45.66		

(d) Commitments

Estimated amount of contracts remaining to be executed on capital account: ₹ 1,001.22 lakhs.

Note 27.2 Employee Benefits

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

A. Defined Contribution Schemes

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

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	2012-13	2011-12
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	6.00%

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
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Table Showing Changes in Present Value of Obligations

Present value of obligations at the beginning of the year	140.00	129.10
Interest Cost	11.20	10.33
Current Service Cost	10.47	20.97
Benefits Paid	(8.71)	(18.61)
Actuarial (Gain) / Loss on obligations	(8.33)	(1.78)
Present value of obligations as at end of the year	<u>144.63</u>	<u>140.00</u>

Table Showing Changes in Fair Value of Plan Assets

Fair value of plan assets at the beginning of the year	141.82	98.70
Expected return on plan assets	12.59	12.07
Contributions	0.00	49.66
Benefits Paid	(8.71)	(18.61)
Actuarial Gain / (Loss) on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	<u>145.70</u>	<u>141.82</u>

Table Showing Fair Value of Plan Assets

Fair value of plan assets at the beginning of the year	141.82	98.70
Actual return on plan assets	12.59	12.07
Contributions	0.00	49.66
Benefits Paid	(8.71)	(18.61)
Fair value of plan assets at the end of the year	145.70	141.82
Funded Status	<u>1.07</u>	<u>1.82</u>

Excess of Actual over Estimated return on plan assets
(Actual rate of return = Estimated rate of return as ARD falls
on 31st March, 2013)

0.00	0.00
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Actuarial Gain / Loss Recognized

Actuarial (gain) / loss on obligations	(8.33)	(1.78)
Actuarial (gain) / loss for the year – plan assets	0.00	0.00
Total (gain) / loss for the year	(8.33)	(1.78)
Actuarial (gain) / loss recognized in the year	<u>(8.33)</u>	<u>(1.78)</u>

Amounts To Be Recognized in Consolidated Balance Sheet & Statement of Profit & Loss

Present value of obligations as at the end of the year	144.63	140.00
Fair value of plan assets as at the end of the year	145.70	141.82
Funded Status	1.07	1.82
Net asset / (liability) recognized in balance sheet	<u>1.07</u>	<u>1.82</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
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Expenses Recognized In Consolidated Statement of Profit & Loss

Current Service Cost	10.47	20.97
Interest Cost	11.20	10.33
Expected return on plan assets	(12.59)	(12.07)
Net Actuarial (gain) / loss recognized in the year	(8.33)	(1.78)
Expenses recognized in statement of profit and loss	0.75	17.44

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

Note 27.3 Segment Reporting

The Company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipment, whose risks and rewards do not vary much. However, considering the entry of the company into Saudi Arabian and Australian markets through its subsidiaries focusing on service activities, segment reporting based on manufacturing units and servicing units are presented in both standalone and consolidated accounts.

Primary Segment Information (Business Information)

₹ in lakhs

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others		2012-13	2011-12
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12		
Segment Revenue	8243.86	7737.78	7415.84	5363.03	462.40	493.91	16122.10	13594.72
Less: Inter segment Revenue	2424.35	2028.03	0.00	0.00	18.72	12.59	2443.07	2040.62
Total Revenue	5819.51	5709.75	7415.84	5363.03	443.68	481.32	13679.03	11554.10
Segment Results	1763.09	1652.52	909.41	726.78	18.23	34.90	2690.73	2414.20
Less : Finance Cost							381.63	367.07
Unallocable Expenses							1125.61	766.33
Total Profit Before Tax							1183.49	1280.80
Tax Expenses							402.12	383.51
Profit after Tax							781.38	897.29
Segment Assets	3679.65	3033.46	4127.31	2540.47	20.81	29.50	7827.77	5360.64
Segment Liabilities	951.98	1212.73	1019.13	223.57	4.26	10.23	1975.37	1244.01
Capital Employed	2727.67	1820.73	3108.18	2316.90	16.55	19.27	5852.40	4156.90
Less: Unallocated Capital Employed							(739.77)	(1541.83)
Total Capital Employed.							5112.63	2615.07

Notes to Consolidated Financial Statements for the year ended 31st March, 2013
Note 27.4 Related Party Disclosures

List of Related Parties

Name of the Party	Relationship
Mr. K.J. Joseph	Key Management Personnel
Mr. Thomas John	Key Management Personnel
Mr. Manoj Joseph	Key Management Personnel
Mr. Rajesh John	Key Management Personnel
Mr. Manesh Joseph	Relative of Key Management Personnel
Mrs. Rosamma Joseph	Relative of Key Management Personnel
Mrs. Celinamma John	Relative of Key Management Personnel

Related Party Transaction Details:

₹ in lakhs

Related Party	Nature of Payment	Current Year Transaction	Outstanding as on 31st March, 2013
Key Management Personnel	Remuneration	67.69	0.00
Relative of Key Management Personnel	Remuneration	39.43	0.00

Note 27.5 Calculation of Deferred Tax

₹ in lakhs

Particulars	31st March, 2013		31st March, 2012	
	DTA	DTL	DTA	DTL
Opening Balance	0.00	28.85	0.00	17.95
On account of change in tax rates	0.00	0.00	0.44	0.00
Timing Difference in Depreciation	0.00	28.22	0.00	9.23
Profit on sale of asset	0.00	0.07	0.00	3.26
On account of carry forward of subsidiary losses including depreciation	62.47	0.00	1.14	0.00
Total	62.47	57.14	1.58	30.43
Net Deferred Tax Liability/(Asset)	5.34	0.00	0.00	28.85

Particulars	2012-13	2011-12
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Note 27.6 Earnings Per Share

Basic & Diluted:

Net Profit after Tax (₹ in lakhs)	779.26	898.96
Weighted Number of Equity Shares during the year (Nos.)	1480321	1184740
Earnings per Share (₹)	52.64	75.88

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

₹ in lakhs

Particulars	2012-13	2011-12
Note 27.7 Payment to Auditors:		
For Audit	4.93	2.50
For Tax Audit	1.00	0.50
For Other Services	10.37	0.97
Total	16.30	3.97

Note 27.8 Other Disclosures

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

27.8.2 As the estimated recoverable amounts of the cash generating assets of the Company are higher than their carrying amount, no impairment of assets has been recognized in the accounts of the Company in line with AS - 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India.

27.8.3 The consolidated financial statements for the year ended 31st March, 2012 had been prepared based on the audited financial statements of Thejo Hatcon Industrial Services LLC, Saudi Arabia for the year ended 31st December, 2011. In order to facilitate consolidation based on uniform period end, the consolidated financial statements for the year ended 31st March 2013 have been prepared based on the unaudited financial statements of Thejo Hatcon Industrial Services LLC for the period January 2012 to March 2013 and the unaudited financial statements of Thejo Australia Pty Ltd from February 2012 (date of inception) to March 2013.

Note 28 Previous Year Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our Report of even date

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

P.K. JOSEPH
Partner
Membership No. 16180

Place : Chennai
Date : 30th May, 2013

For and on behalf of the Board of Directors

K.J. JOSEPH
Chairman

M.D. RAVIKANTH
Financial Controller & Secretary

THOMAS JOHN
Managing Director

V.A. GEORGE
President & CEO

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

₹ in lakhs

Sl. No.	Particulars	Thejo Hatcon Industrial Services Company LLC, Saudi Arabia	Thejo Australia Pty Ltd., Australia
1	Financial years of the Subsidiaries ended on	March 31, 2013	March 31, 2013
2	Extent of holding in the Subsidiaries as on the above date.		
	Extent of Holding	51%	100%
3	Information on Subsidiary Company		
	Share Capital	64.67	802.54
	Reserves	-3.66	-205.32
	Total Assets	999.74	676.23
	Total Liabilities	999.74	676.23
	Investment(except incase of investment in subsidiaries)	NIL	NIL
	Turnover	307.70	205.46
	Profit / (Loss) before Taxation	3.54	(205.32)
	Provision for Taxation	0.71	(61.60)
	Profit / (Loss) after Taxation	2.83	(143.72)
	Interim/Proposed final Dividend (including Dividend Distribution Tax thereon)	NIL	NIL

Notes:

1. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 dated 8th February, 2011 has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.
2. The Annual Accounts for 2012-13 for the subsidiaries are available at Company's Registered Office. Any investor of the Company can seek any information at any point of time by making a request in writing to the Company Secretary of the Company at Thejo Engineering Limited, Aysha Building, No. 41, Whites Road, Chennai – 600 014, to obtain a copy of the financial statements of the subsidiaries.
3. The consolidated financial statements in terms of Accounting Standards 21 as prescribed by Companies (Accounting Standards) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no. G.S.R. 739 (E) dated 7th December, 2006 also form part of this Annual Report.
4. The financial statements of subsidiaries are converted to Indian Rupees on the basis of following exchange rates:

Particulars	For Assets and Liabilities at closing exchange rate	For Profit and Loss at average rate
AUS Dollar to INR	56.52	54.59
Saudi Riyals to INR	14.48	14.31



"R & D Center"



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