



**Annual Report  
2014-15**



Perth Office of Thejo Australia Pty Ltd.



**BOARD OF DIRECTORS**

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

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

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

**FACTORIES**

**Unit - I & IV:**

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

**Unit - II:**

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

**Unit - III:**

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

**Polyurethane Division:**

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

**Lining Division:**

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

**R&D CENTRE:**

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

**SUBSIDIARY COMPANIES**

Thejo Hatcon Industrial Services Company,  
Saudi Arabia  
Thejo Australia Pty Ltd., Australia  
Thejo Brasil Comercio E Servicos Ltda, Brazil  
Thejo Engineering LatinoAmerica SpA, Chile

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## FINANCIAL HIGHLIGHTS

₹ in lakhs unless specified otherwise

Details	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Sales	16854.97	14885.98	13338.12	11536.44	9521.95	6432.30	6113.67	4568.45	3724.15	3331.53
Other Income	112.31	144.68	211.58	249.63	98.61	164.15	65.64	65.73	95.63	43.44
Sales & Other Income	16967.28	15030.66	13549.70	11786.07	9620.56	6596.45	6179.31	4634.18	3819.77	3374.97
Profit before interest, depreciation, amortisation and tax <sup>1</sup>	1774.59	2067.52	2020.66	1529.81	1003.28	757.31	633.36	471.92	401.24	360.99
Profit before interest & tax <sup>1</sup>	1322.00	1792.58	1817.79	1368.33	855.06	608.46	492.01	360.89	296.12	277.09
Profit before tax <sup>1</sup>	805.32	1342.36	1437.63	1001.26	577.74	350.93	225.50	160.66	146.48	158.66
Profit after tax <sup>1</sup>	546.67	895.79	974.78	671.83	382.96	226.98	121.51	86.25	79.71	84.06
Net fixed assets	2239.75	2338.04	1504.89	1132.10	905.54	889.66	883.50	766.88	645.88	489.58
Share Capital	343.36	343.36	171.68	118.47	118.47	118.47	108.47	108.47	100.01	69.01
Reserves and Surplus	6059.73	5718.23	5159.45	2456.33	1610.80	1276.03	997.42	907.64	786.03	726.98
Networth	6403.09	6061.59	5331.13	2574.80	1729.27	1394.50	1105.89	1016.11	886.03	795.99
Total borrowings	3515.91	3092.85	2582.83	2134.70	1961.45	1993.57	1627.40	1390.12	1097.83	822.33
Earnings per share <sup>2&amp;3</sup> (in ₹)	15.92	25.37	32.93	28.35	16.16	9.58	5.60	3.98	3.99	6.09
Dividend per share <sup>2</sup> (in ₹)	3.50	3.50	5.00	4.00	3.50	3.00	2.50	2.50	2.00	2.00
Book value per share <sup>2&amp;3</sup> (in ₹)	186.48	176.54	155.27	108.67	72.98	58.86	50.98	46.84	44.30	57.68
EBITDA / turnover (%)	10.46	13.76	14.91	12.98	10.43	11.48	10.25	10.18	10.50	10.70
Profit before tax/turnover (%)	4.75	8.93	10.61	8.50	6.01	5.32	3.65	3.47	3.83	4.70
Return on capital employed (%)	13.33	19.58	22.97	29.05	23.17	17.96	18.00	15.00	14.93	17.12
Return on net worth (%)	8.54	14.78	18.28	26.09	22.15	16.28	10.99	8.49	9.00	10.56

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

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

<sup>3</sup> During FY 2013-14, the Company has issued 17,16,776 equity shares as fully paid-up bonus shares (in the ratio of 1:1). Consequently, the EPS and Book Value for the prior periods has been adjusted for the bonus issue.

**THEJO ENGINEERING LIMITED**

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

CIN : L27209TN1986PLC012833

Phone : 044 - 42221900 Fax : 044 - 42221910

E-mail : investor@thejo-engg.com

Website : www.thejo-engg.com

**NOTICE TO MEMBERS**

**NOTICE** is hereby given that the Twenty-ninth Annual General Meeting of the Members of Thejo Engineering Limited will be held at 10.00 A.M on Wednesday, the 26<sup>th</sup> August, 2015 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai – 600 014, Tamil Nadu, India, to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt:
  - a) the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2015, the reports of the Board of Directors and Auditors thereon; and
  - b) the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2015.
2. To declare a dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2015.
3. To appoint a Director in place of Mr. K.J. Joseph (DIN 00434410), who retires by rotation and, being eligible, seeks re-appointment.
4. To appoint a Director in place of Mr. Rajesh John (DIN 05161087), who retires by rotation and, being eligible, seeks re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

**SPECIAL BUSINESS:**

6. To appoint Mrs. Sujatha Jayarajan as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 52 of the SME Listing Agreement, Mrs. Sujatha Jayarajan (DIN 00633989), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 06<sup>th</sup> March, 2015 and who holds the office till the date of Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto 31<sup>st</sup> March, 2020 and not liable to retirement by rotation.



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**NOTICE TO MEMBERS**

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

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

7. To re-appoint Mr. Manoj Joseph as Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 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 Company be and is hereby accorded for the re-appointment of Mr. Manoj Joseph (DIN 00434579) as Whole-time Director of the Company for a period of five years, with effect from 20<sup>th</sup> June, 2015 on the following terms and conditions:

**Remuneration:**

- a) **Basic Salary:** ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) per month in the scale of ₹ 1,25,000 – ₹ 10,000<sup>4</sup> – ₹ 1,65,000 with annual increment to take effect from 1<sup>st</sup> April of the succeeding year, subject to the limits prescribed under Section 197 of the Companies Act, 2013.

**b) Allowances:**

- i. Dearness Allowance (DA): 30% of the basic salary per month
- ii. House Rent Allowance: 50% of the basic salary plus DA per month
- iii. Food Plus Card – ₹ 3,000 per month

- c) **Commission:** As may be determined by the Board of Directors based on the recommendation of the Compensation/Nomination and 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.

**d) Perquisites:**

In addition to the salary, the following perquisites shall be paid to Mr. Manoj Joseph, the value of perquisites to be evaluated as per the Income-tax Rules, 1962:

- i. **Medical Expenses & Insurance:** Reimbursement of medical expenses including hospitalization and surgical charges of self and family, or direct payment by the Company against actual medical bills, receipts and/or cash memos, up to a limit of 8.33% of basic annual salary and DA. Medical Insurance to self and spouse as per the policy of the Company.
  - ii. **Leave Travel Assistance:** Entitlement for Leave Travel Assistance for self and family, once in two years, equivalent to two month's salary and DA. Family means wife and dependent children and parents. Such entitlement may be accumulated as per the policy of the Company.
  - iii. **Club Fees:** Entitlement for reimbursement of fees and expenses for membership of one club other than life membership fees.
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**NOTICE TO MEMBERS**

- iv. Company's contribution to Provident Fund, Superannuation Fund and Annuity Funds as per the Schemes of the Company.
  - v. **Gratuity:** Entitlement to gratuity equivalent to half month's salary for each completed year of service as per the Gratuity Scheme in operation for the Management Group Personnel.
  - vi. Mr. Manoj Joseph shall be entitled to reimbursement of entertainment expenses actually and properly incurred by him in the ordinary course of 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.
- e) Amenities:**
- i. Provision of Car: The Company shall provide car with chauffeur for official use.
  - ii. Communication Facilities: Cell phone and laptop, with expenses to be borne by the Company.
- f) Minimum Remuneration:** If in any financial year during the tenure of appointment, the Company has no profits or its profits are inadequate, payment of salary and perquisites and other allowances 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, 2013.
- g) Other Terms and Conditions:** As long as Mr. Manoj Joseph functions as Whole-time Director of the Company, no sitting fees shall be paid to him for attending meetings of the Board of Directors and/or any Committee thereof.
- "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. Manoj Joseph within the limits prescribed under the provisions of the Companies Act, 2013 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 the Directors and / or the Secretary of the Company be and are hereby severally authorized to file the necessary forms / returns with the Registrar of Companies, and to do all such acts, deeds and things as may be necessary in connection with the above."
8. To adopt the New Clause in Memorandum of Association of the Company and in this regard, to consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:**
- "RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force) and any rules framed thereunder and subject to such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the appropriate authorities or bodies, as may be required, consent of the Members of the Company be and is hereby accorded for the addition of new sub-clause 22 after renumbering the existing sub-clauses 22 and 21 as 21 and 23, respectively under Clause III (B) of the existing Memorandum of Association of the Company as set out below:
- "22. To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific, technical or research experiments and to undertake and carry on directly or in collaboration with other agencies scientific and technical research, experiments and tests of all kinds and to process, improve and invent new products and their techniques of manufacture and to promote, encourage, reward in every manner, studies and research, scientific and technical investigations and invention of any kind that may be considered likely to assist, encourage and promote rapid advances in technology, economics, import substitution or commercial exploitation of the outcome of the research including intellectual properties."
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### NOTICE TO MEMBERS

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

9. To approve the Employee Stock Option Plan and grant of Employee Stock Options and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof from time to time), Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Income-tax Act, 1961, Foreign Exchange Management Act, 1999 and the Rules made thereunder and other applicable Laws, and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approval(s), permission(s) and sanction(s), consent of the Company be and is hereby accorded to the Thejo Employee Stock Option Plan 2015 ("ESOP 2015"/"the Plan") and to the Board of Directors of the Company (hereinafter referred to as the "Board," which term shall include any Committee of Directors duly authorized in this behalf) to create, offer and grant from time to time upto 3,00,000 (Three Lakhs Only) Options to the permanent employees, existing and future including the Whole-time Directors (but excluding the Promoter Directors and Independent Directors) of the Company, as may be decided solely by the Board under the Plan, exercisable into not more than 3,00,000 (Three Lakhs Only) Equity Shares of face value of ₹ 10/- each fully paid up, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Directors of the Company upon exercise of Options from time to time in accordance with ESOP 2015.

"RESOLVED FURTHER THAT the number of Options that may be granted to any employee including any Whole-time Director of the Company, in any financial year and in aggregate under the ESOP 2015 shall not exceed 1% of the Paid-up Share Capital of the Company.

"RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

"RESOLVED FURTHER THAT in case of any corporate action(s) such as Rights Issues, Bonus Issues, change in capital structure, merger and sale of Division / Undertaking or other reorganization, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 3,00,000 (Three Lakhs Only) options and Equity Shares respectively shall be deemed to be increased to the extent of such additional Equity Shares issued.

"RESOLVED FURTHER THAT the grant of Option shall be in accordance with the terms and conditions as regards price, payment, application, allotment, etc. as decided by the Board from time to time in accordance with the SEBI Guidelines.

"RESOLVED FURTHER THAT in case of any change in capital structure such as Right Issue / Bonus Issue, sub-division or consolidation, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the

### NOTICE TO MEMBERS

case may be, in the same proportion as the present face value of ₹10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the option grantees.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the ESOP 2015 on the Stock Exchange, where the Shares of the Company are listed and to determine all other terms which for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same, as described above under ESOP 2015 and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf without being required to seek further consent or approval of the Members.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in the terms and conditions of the Options or of the Plan from time to time including but not limited to suspend, withdraw, terminate or revise the ESOP 2015 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws.

“RESOLVED FURTHER THAT the Board be and is hereby also authorised to nominate and appoint one or more persons to represent the Company for carrying out any or all of the activities that the Board is authorised to do for the purpose of giving effect to this resolution.”

10. To approve grant of Employee Stock Options to the employees of the subsidiary company/(ies) of the Company under Thejo Employee Stock Option Plan 2015 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof from time to time), Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Income-tax Act, 1961, Foreign Exchange Management Act, 1999 and the Rules made thereunder and other applicable Laws, and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approval(s), permission(s) and sanction(s), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board,” which term shall include any Committee of Directors duly authorized in this behalf) to create, offer and grant from time to time upto 3,00,000 (Three Lakhs Only) Options, within the overall ceiling of 3,00,000 (Three Lakhs Only) Options specified in Item 9, to the permanent employees, existing and future including the Whole-time Directors (but excluding the Promoter Directors and Independent Directors) of any existing and future subsidiary company/(ies) of the Company, as may be decided solely by the Board under the Thejo Employee Stock Option Plan 2015 (“ESOP 2015”/“the Plan”), exercisable into not more than 3,00,000 (Three Lakhs Only) Equity Shares of face value of ₹ 10/- each fully paid up, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Directors of the existing and future subsidiary company/(ies) of the Company upon exercise of Options from time to time in accordance with ESOP 2015.



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**NOTICE TO MEMBERS**

"RESOLVED FURTHER THAT the number of Options that may be granted to any employee including any Whole-time Director of the subsidiary company/(ies) of the Company, in any financial year and in aggregate under the ESOP 2015 shall not exceed 1% of the Paid-up Share Capital of the Company.

"RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

"RESOLVED FURTHER THAT in case of any corporate action(s) such as Rights Issues, Bonus Issues, change in capital structure, merger and sale of Division / Undertaking or other reorganization, change in capital and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the above ceiling of 3,00,000 (Three Lakhs Only) options and Equity Shares respectively shall be deemed to be increased to the extent of such additional Equity Shares issued.

"RESOLVED FURTHER THAT the grant of Option shall be in accordance with the terms and conditions as regards price, payment, application, allotment, etc. as decided by the Board from time to time in accordance with the SEBI Guidelines.

"RESOLVED FURTHER THAT in case of any change in capital structure such as Right Issue / Bonus Issue, sub-division or consolidation, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹ 10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the option grantees.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Equity Shares allotted under the ESOP 2015 on the Stock Exchange, where the Shares of the Company are listed and to determine all other terms which for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same, as described above under ESOP 2015 and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf without being required to seek further consent or approval of the Members.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the terms and conditions of the Options or of the Plan from time to time including but not limited to suspend, withdraw, terminate or revise the ESOP 2015 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws.

"RESOLVED FURTHER THAT the Board be and is hereby also authorised to nominate and appoint one or more persons to represent the Company for carrying out any or all of the activities that the Board is authorised to do for the purpose of giving effect to this resolution."

By Order of the Board  
For THEJO ENGINEERING LIMITED

M.D. RAVIKANTH  
CFO & Secretary

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

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

1. An explanatory statement in respect of the special business is annexed to this Notice in pursuance of Section 102(1) of the Companies Act, 2013.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member.
3. The form of proxy duly completed in all respects shall be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting ("Meeting"). A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
4. Members / proxies should bring the duly filled Attendance Slip along with their copy of annual report to the Meeting.
5. Documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays, Sundays and Public Holidays up to the date of the Annual General Meeting.
6. The Register of Members and Share Transfer Books will remain closed from 25<sup>th</sup> July, 2015 to 28<sup>th</sup> July, 2015 (both days inclusive).
7. Additional information pursuant to Clause 52 of SME Listing Agreement with the Stock Exchanges, in respect of the Directors seeking appointment / re-appointment at the Meeting is furnished in the explanatory statement annexed to this Notice. The Directors have furnished their consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
8. 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.
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 may also note that the Notice of the 29th Annual General Meeting and the Annual Report for the financial year 2014-15 are available on the Company's website [www.thejo-engg.com](http://www.thejo-engg.com) for their download. The physical copies of the aforesaid documents are open for inspection at the Company's Registered Office during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's designated email id: [investor@thejo-engg.com](mailto:investor@thejo-engg.com).
11. 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  
CFO & Secretary

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

## NOTICE TO MEMBERS

**Explanatory Statement annexed to the Notice dated 27<sup>th</sup> May, 2015 convening the Annual General Meeting of the Company, pursuant to Section 102 of the Companies Act, 2013**

### Item No. 6

The Board of Directors at their Meeting held on 06<sup>th</sup> March, 2015, based on the recommendation of Compensation / Nomination and Remuneration Committee, appointed Mrs. Sujatha Jayarajan as an Additional Director of the Company with immediate effect. Pursuant to the provisions of Section 161 of the Companies Act, 2013, she will hold the office up to the date of Annual General Meeting.

Pursuant to Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mrs. Sujatha Jayarajan as Independent Director of the Company upto 31<sup>st</sup> March, 2020. She will not be liable to retire by rotation as stipulated in Section 152 of the Companies Act, 2013. The Company has received notice pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the appointment of aforesaid Independent Director.

A brief profile along with other details of Mrs. Sujatha Jayarajan is as follows:

Name of the Director	Mrs. Sujatha Jayarajan
Director Identification Number	00633989
Date of joining of the Board	06 <sup>th</sup> March, 2015
Profile of the Director	<b>Mrs. Sujatha Jayarajan</b> is a Post graduate in English. She has more than 33 years of experience in the financial sector, IT and electronics, of which she was in public sector bank for more than 15 years. She has served in senior management position of various Companies such as EC Media International Pvt. Ltd., California Software Company Ltd., and India Cements Capital Ltd apart from State Bank of Mysore. She has also served on the Board of three Companies. Appointment of Mrs. Sujatha Jayarajan as Independent Director will bring in immense value to the Company in various facets of management.
No. of shares held in the Company	Nil
Directorships and Committee Memberships in other Companies*	Directorship - Chemfab Alkalis Ltd. Committee Membership - Nil

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

In the opinion of the Board, Mrs. Sujatha Jayarajan, the Independent Director proposed to be appointed, fulfills the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2013 and Clause 52 of the SME Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and she is independent of the management.



### NOTICE TO MEMBERS

The Company has received from Mrs. Sujatha Jayarajan (i) consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualifications of Directors) Rules, 2014 (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualifications of Directors) Rules, 2014 and (iii) a declaration to the Board of Directors to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

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

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed Resolution except Mrs. Sujatha Jayarajan and her relatives. This explanatory statement may also be regarded as disclosure under Clause 52 of the SME Listing Agreement.

#### Item No. 7

The Members of the Company at the 26<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2012, approved the appointment of Mr. Manoj Joseph as Whole-time Director for a period of three years which comes to an end on 19<sup>th</sup> June, 2015.

Accordingly, on the recommendation of Compensation/Nomination and Remuneration Committee, the Board of Directors at their meeting held on 27<sup>th</sup> May, 2015 re-appointed Mr. Manoj Joseph as Whole-time Director of the Company for a period of 5 years with effect from 20<sup>th</sup> June, 2015, subject to the approval of the Members in the General Meeting considering his long term experience in the Company.

In the light of the recommendation of the Compensation / Nomination and Remuneration Committee, the Board has also approved the 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 the General Meeting.

A brief profile along with other details of Mr. Manoj Joseph is as follows:

Name of the Director	Mr. Manoj Joseph
Director Identification Number	00434579
Date of joining of the Board	04 <sup>th</sup> October, 2001
Profile of the Director	<b>Mr. Manoj Joseph</b> is a Graduate in Electrical and Electronics Engineering with a Post Graduate Diploma in Business Administration. He joined Thejo Engineering Limited in 1991 and 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.
No. of shares held in the Company	1,65,860
Directorships and Committee Memberships in other Companies*	Nil

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

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## NOTICE TO MEMBERS

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

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the proposed resolution except Mr. Manoj Joseph, and his relatives. It may be noted that Mr. K.J. Joseph, Chairman and Mr. Manoj Joseph are related as father and son. This explanatory statement may also be regarded as disclosure under Clause 52 of the SME Listing Agreement.

### Item No. 8

The Company has established an independent R&D Centre. To make full use of the R&D Centre, it is proposed to undertake various R&D activities as contained in the resolution. Consequently, the Company intends to alter the Memorandum of Association by the addition of new sub-clause 22 for including the activities contained in the resolution at Item No.8 of the Notice under the Objects Clause. The opportunity is taken to arrange the relevant sub-clauses properly by renumbering the existing sub-clauses 22 and 21 as 21 and 23, respectively.

Pursuant to the provisions of Section 13 of the Companies Act, 2013, the alteration of Memorandum of Association requires the approval of the Members of the Company by way of Special Resolution. Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 8 of the Notice.

The existing Memorandum of Association of the Company along with the Memorandum of Association incorporating therein the proposed alterations are available for inspection to all the Members of the Company at the Registered Office of the Company during business hours on all working days.

Your Directors recommend the Resolution for the approval of Members.

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

### Item Nos. 9 & 10

Employees Stock Option Scheme (ESOP) is one of the most important tools to attract, encourage and retain Employees. ESOP is widely and increasingly used as a compensation tool by the Corporates with the basic premise of creating wealth for the Employees on the one hand and motivating Employees to have long-term career aspirations in the Organization, on the other.

The Company believes in rewarding its employees including Directors of the Company as well as that of the existing and future subsidiary company/(ies) for their hard work, dedication and support, which has led the Company on the growth path.

For this purpose, the Company proposes to introduce a Stock Based Compensation Plan to the Employees by way of Employees Stock Option Scheme 2015. Accordingly, the Board of Directors at their meeting held on 27<sup>th</sup> May, 2015 approved the introduction of Thejo Employees Stock Option Scheme 2015 (ESOP 2015), subject to the approval of the Members and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time. The Board also authorised the Compensation / Nomination and Remuneration Committee to administer and implement the ESOP 2015 in accordance with the SEBI Guidelines.

The ESOP 2015 is being formulated in accordance with SEBI Guidelines.

### **The salient features of the ESOP 2015 and the disclosure required under Rule 12(2) of the Companies (Share Capital and Debentures) Rules, 2014:**

a) Total number of Options to be granted:

3,00,000 (Three Lakhs Only) Options exercisable into 3,00,000 of Equity Shares in the Company of face value of ₹ 10/- each fully paid-up, would be available for grant to the eligible employees of the Company and of the existing and future subsidiary company/(ies) under ESOP 2015, in one or more tranches.

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### NOTICE TO MEMBERS

Vested options lapsed due to non-exercise and / or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2015.

SEBI ESOP Guidelines require that in case of any corporate action(s) such as Rights Issues, Bonus Issues, Merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling Shares shall be deemed to be increased to the extent of such additional equity shares issued.

- b) Identification of classes of employees entitled to participate in the Employee Stock Option Scheme:

**Employees who are entitled to participate in the ESOP 2015:**

- i) Permanent employees of the Company working in India or outside India;
- ii) Whole-time Directors of the Company;
- iii) Permanent employees working in India or outside India of the existing / future subsidiary company/(ies) of the Company.

**Persons who are not eligible:**

- i) an Employee who is a Promoter or belongs to the Promoter Group;
- ii) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company; and
- iii) an Independent Director within the meaning of the Companies Act, 2013.

- c) Appraisal process for determining the eligibility of employees under ESOP 2015:

The appraisal process for determining the eligibility of the employees will be decided by the Compensation / Nomination and Remuneration Committee from time to time.

The employees would be granted Options under the ESOP 2015 based on various parameters such as work performance, period of service, rank or designation and such other parameters as may be decided by the Compensation / Nomination and Remuneration Committee from time to time.

- d) Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company or the existing and future subsidiary company/(ies). The Compensation / Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

- e) Maximum period within which the Options shall be vested:

Options granted under ESOP 2015 would vest subject to maximum period of four years from the date of grant of such Options.

- f) Exercise price or pricing formula:

The Exercise Price shall be the Grant Price which will not be less than 75% of the prevailing market value of the shares on the date of grant of options. The Exercise Price will be fixed by the Compensation/ Nomination and Remuneration Committee based on the closing Market Price one day prior to date of grant.



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**NOTICE TO MEMBERS****g) Exercise period and the process of Exercise:**

The vested Options shall be eligible for exercise on and from the date of vesting. They need to be exercised before its expiry period of 5 years from the date of granting of such Options.

The vested Option shall be exercisable by the Employees by a written application to the Company / Compensation / Nomination and Remuneration Committee expressing his / her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

**h) Lock-in period:**

There will not be any lock-in period for the options once they are vested.

**i) Maximum number of Options to be issued per employee and in aggregate:**

The number of Options that may be granted to any specific employee of the Company or the existing and future subsidiary company/(ies) under the Plan shall not exceed the number of Shares equivalent to 1% of the Paid-up Share Capital of the Company per grant and in aggregate.

**j) Method of Option valuation:**

As per applicable Rules and Regulations.

**k) Conditions under which option vested in employees lapse:**

Options expire at the end of the period of 5 years from the date of grant.

**l) Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**

Vested options have to be exercised within one month from the date the Employee ceases to be in employment of the Company or the existing and future subsidiary company/(ies).

**m) Statement to the effect that the Company shall comply with the applicable Accounting Standards:**

The Company shall comply with the applicable Accounting Standards.

**n) Transferability of Employee Stock Options:**

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

As the ESOP 2015 provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Clause 6 of the SEBI ESOP Guidelines.

A copy of the Plan shall be kept open for inspection at the Registered Office of the Company during business hours on all working days till the date of the Meeting.

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

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned, financially or otherwise, in the Resolution, except to the extent of their entitlements, if any, under the ESOP 2015.

By Order of the Board  
For THEJO ENGINEERING LIMITED

M.D. RAVIKANTH  
CFO & Secretary

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

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**NOTICE TO MEMBERS****Additional information on Directors recommended for re-appointment under Clause 52(IV)(G)(i) of SME Listing Agreement:****Information about Mr. K.J. Joseph :**

Mr. K.J. Joseph, one of the promoters, is currently the Non-Executive Chairman of the Company. He holds a Diploma in Mechanical Engineering and has served in companies like Pioneer Equipment & Co., Baroda, Kulkarni Foundries Limited, Pune and FAME Private Limited in various capacities, apart from serving in the Indian Defense services. He was earlier the Managing Director of the Company and became the Chairman in 2001. He has experience of more than 3 decades in manufacturing / services areas.

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

Directorships : None

Chairman of Board Committees: None

Member of Board Committees : None

Shareholding in the Company : 3,55,380 equity shares as on 31<sup>st</sup> March, 2015.

**Information about Mr. Rajesh John:**

Mr. Rajesh John is currently a Whole-time Director of the Company. He is a Mechanical Engineer with a Post Graduate Diploma in Management. He started his career with TAFE Limited and later worked with GE Capital International Services before joining Thejo Engineering Limited in 2002. He has worked in various departments such as purchase, finance and accounts and is, at present, in charge of Sales.

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

Directorships : None

Chairman of Board Committees: None

Member of Board Committees : None

Shareholding in the Company : 1,50,540 equity shares as on 31<sup>st</sup> March, 2015.

## DIRECTORS' REPORT

The Directors have pleasure in presenting their 29<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2015. The summarized financial results for the year are given below:

₹ in Lakhs

	<b>Standalone</b>		<b>Consolidated</b>
	<b>Year Ended 31<sup>st</sup> March, 2015</b>	<b>Year Ended 31<sup>st</sup> March, 2014</b>	<b>Year Ended 31<sup>st</sup> March, 2015</b>
			<b>Year Ended 31<sup>st</sup> March, 2014</b>
Profit before Exceptional Items, Interest, Depreciation and Tax	1,774.59	2,067.52	1,204.18
Less : Exceptional Item	-	24.74	-
Profit before Interest, Depreciation and Tax	1,774.59	2,042.78	1,204.18
Less : Interest	516.68	450.22	563.04
Profit before Depreciation and Tax	1,257.91	1,592.56	641.12
Less : Depreciation	452.59	274.94	621.11
Net Profit before Taxes	805.32	1,317.62	20.01
Less : Taxation (Including Deferred Tax)	258.65	446.57	248.67
Net Profit After Tax before Transfer to Minority Interest	546.67	871.05	(228.66)
Less : Transfer to Minority Interest	-	-	(205.56)
Net Profit After Tax and Transfer to Minority Interest	546.67	871.05	(23.10)
Add: Brought forward from previous year	3,355.78	2,712.43	2,631.87
Balance Available for Appropriations	3,902.45	3,583.48	2,608.77
Appropriations:			
Adjustments relating to Fixed Assets	60.54	-	60.54
Transfer to General Reserve	54.67	87.11	54.67
Proposed Dividend	120.17	120.17	120.17
Dividend Distribution Tax	24.46	20.42	24.46
Acquisition by minority interest shareholders	-	-	-
Foreign Currency Translation Reserve	-	-	(7.49)
Balance Carried over to Balance Sheet	3,642.61	3,355.78	2,356.42

### REVIEW OF FINANCIAL PERFORMANCE AND THE STATE OF COMPANY'S AFFAIRS

#### STANDALONE

The Company's sales turnover in the year ended 31<sup>st</sup> March, 2015 amounted to ₹ 16,854.97 lakhs, up by 13.23% over the previous year (₹ 14,885.98 lakhs), on which it made an EBITDA of ₹ 1,774.59 lakhs (Previous Year: ₹ 2,067.52 lakhs) and a net profit (excluding exceptional item) of ₹ 546.67 lakhs as against ₹ 895.79 lakhs in 2013-14.

#### CONSOLIDATED

The Company's consolidated sales turnover in the year under review aggregated ₹ 18,552.20 lakhs, up by 16.60% over the previous year (₹ 15,910.89 lakhs), on which it made an EBITDA of ₹ 1,204.18 lakhs (Previous Year: ₹ 1,480.58 lakhs) and a net loss (after transfer to Minority Interest) of ₹ 23.10 lakhs as against net profit (excluding exceptional item) of ₹ 338.18 lakhs in 2013-14 and the small loss was mainly



## DIRECTORS' REPORT

on account of the initial promotional expenses and the time taken for achieving breakthrough in the expansion of business overseas.

### DIVIDEND

Your Directors are pleased to recommend payment of dividend of 35% i.e. ₹ 3.50 per Equity Share of ₹ 10 each for the Financial Year ended 31<sup>st</sup> March, 2015 (same as in the previous year). The dividend amount of ₹ 120.17 lakhs (same as in the previous year) together with dividend distribution tax of ₹ 24.46 lakhs (₹ 20.42 lakhs in the previous year) will absorb a sum of ₹ 144.63 lakhs (₹ 140.59 lakhs in the previous year).

### TRANSFER TO RESERVES

Your Directors propose to transfer ₹ 54.67 lakhs to the General Reserve (i.e., 10% of Net Profit after Tax). Surplus retained after Appropriations amounts to ₹ 3,642.61 lakhs (₹ 3,355.78 lakhs).

### EMPLOYEES STOCK OPTION SCHEME

Your Directors have proposed to introduce Stock Based Compensation Plan to the employees by way of Employees Stock Option Scheme (ESOP), subject to the provisions of Section 62(1)(b) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 of Chapter IV of the Companies Act, 2013 (including any statutory modification or re-enactment thereof from time to time), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the approval of the Members at the ensuing Annual General Meeting *vide* Items 9 and 10 of the Notice dated 27<sup>th</sup> May, 2015 convening the Meeting.

### CREDIT RATING

CRISIL has given your Company a rating of SME IER which reflects the strong fundamentals of the Company:

Date	Nature of Report	Fundamental Grade	Current Market Price Grade (on the date of report)
09 <sup>th</sup> May, 2014	Detailed Report	5/5	3/5
27 <sup>th</sup> June, 2014	H2FY14 Result Update	5/5	3/5
08 <sup>th</sup> December, 2014	Detailed Report	5/5	4/5

Fundamentals Grading: 5/5 – Excellent Fundamentals

Valuation Grading: 4/5 – Upside (10-25% from CMP)

### REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS ENVIRONMENT

The year 2014-15 witnessed divergent trends with a slow-down in the developing countries and better recovery of the US economy than expected, but emerging countries continued to be less vibrant compared to the past. Overall, the year under review continued to witness the signs of slowdown of the economy as compared to the last year.

India's economic growth had improved from 6.90% in 2013-14 to 7.30% in 2014-15. While the recent policy reforms, consequent pick-up in investment and lower oil prices can positively impact the future growth, a weak monsoon, delay in enacting pending legislations and the Eurozone situation can dampen the growth expectations.

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## DIRECTORS' REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

During the year 2014-15, Mining, Manufacturing and Electricity sectors recorded growth of only 1.4%, 2.3% and 8.4%, respectively as compared to the previous year. The core sector industry was adversely affected by coal blocks issues, pending projects and consequent finance stress.

### COMPANY PERFORMANCE AND KEY DEVELOPMENTS

As the Members are aware, the Company is engaged in rubber and polyurethane based engineered products manufacturing, marketing and servicing activities, all under one roof. The services business caters to installation and maintenance of conveyor belts and allied services such as belt splicing, pulley lagging, belt reconditioning, rubber lining, etc. The products business centres around design, development, manufacture and supply of Rubber and Polyurethane based engineered products for belt cleaning, spillage control, flow enhancement, impact and abrasion protection and screening applications.

### EXPANSION OF BUSINESS

During the year 2014-15, your Company incorporated two subsidiaries, viz. Thejo Brasil Comercio E Servicos Ltda, Brazil and Thejo Engineering LatinoAmerica SpA, Chile. These subsidiaries will focus on selling various transfer point solutions, conveyor care and wear and abrasion resistance products. Further, your Company started a separate foreign branch in Perth, Australia, to sell the products of Thejo India under the brand name of "THEJO."

### STATUS OF UTILIZATION OF PROCEEDS RAISED FROM IPO

The funds raised by the Company from IPO to the extent of ₹ 2,100.65 lakhs are to be utilized for the following purposes (apart from meeting General Corporate needs and IPO expenses):

Setting up of in-house R&D Centre

Setting up of Polyurethane Unit

Investment in Australian Subsidiary, Thejo Australia Pty Ltd.

Setting up of Lining Unit

Expansion of existing manufacturing Unit

The Company has completed all the above mentioned schemes except the expansion of existing manufacturing Unit. The expansion is currently in progress and is expected to be completed by the first half of the current Financial Year, 2015-16. As on 31<sup>st</sup> March, 2015, an amount of ₹ 165.19 lakhs remained to be utilized from the IPO proceeds.

The scheme-wise utilization of IPO proceeds is summarized in Note 25.12.1, forming part of the Financial Statements.

### RESEARCH AND DEVELOPMENT

The R&D Centre will focus on developing new and innovative products as well as bringing continuous improvement of existing products so as to meet the needs of the customers and to tap new markets. 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, and high tension belt splicing compounds capable of withstanding some of the hardest working conditions in leading mines.

### SAFETY

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

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**DIRECTORS' REPORT****OPPORTUNITIES AND THREATS****OPPORTUNITIES**

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

Despite the current sluggishness in the domestic core sector, the prospects of the core sector industries are 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 the maintenance of existing systems would be given due importance during periods of slow-down.

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

On the export front, the Company has explored International Markets and has accordingly set up its branch office in Perth, Australia and subsidiaries in Brazil and Chile. It takes considerable time to achieve breakthrough in these markets and we expect good business and returns from them in the medium term.

**THREATS**

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

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

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

**FUTURE OUTLOOK**

The policy framework formulated by the new Government during last year is expected to create a conducive environment for the growth of commerce and industry in our country. However, speedy and successful implementation of key components such as GST, Land Acquisition Amendment Bill, etc will determine the pace at which the impact will be felt at the grass root level.

**FINANCIAL PERFORMANCE**

The financial performance of the Company in the year under review has shown an overall growth of 13.23% in terms of turnover compared to the previous year. The increase in turnover has been contributed primarily by the Services and Trading Divisions. The Services Division has grown by about 22% in terms of turnover as against 2% in Manufacturing and Trading Division. Export has shown a negative growth of about 10% on product front compared to the previous year. Your Company is expanding its business in overseas markets through its subsidiaries and branch, which is expected to improve the export turnover.

The production of moulded and extruded rubber products was 1,091 tonnes during 2014-15, registering a negative growth of 14.16% over the previous year (1,271 tonnes). The production of adhesives during the year was 273 tonnes, showing a growth of 17.67% over the previous year (232 tonnes).

**SEGMENT WISE PERFORMANCE**

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

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

The Company has put in place Risk Management Policy and Procedures for identification, assessment, management, monitoring and minimization of risks. It 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. It does not perceive any major technological, operational, financial or environmental risks in the near future.

However, continuing uncertainty in domestic and global markets, constraints in infrastructure, recent developments in the price of gold and iron ore adversely affecting gold and iron ore 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 adequate internal control systems combined with Delegation of Powers and periodical review of the process. The control system is also supported by internal audits and management reviews with documented policies and procedures.

**DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

During the year, the Company, as part of on-going exercise in skill upgradation, deputed different classes of its employees to programmes and seminars which would help them to add to their professional knowledge and skills. The Company has also conducted in-house skill development programme for workers in association with National Skill Development Corporation of India.

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

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

**CAUTIONARY STATEMENT**

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

**INTERNAL FINANCIAL CONTROL SYSTEM**

The Company has in place adequate internal financial controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weaknesses were observed.

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**DIRECTORS' REPORT****SUBSIDIARY COMPANIES**

As on date of this Report, the Company has four subsidiaries, namely, Thejo Hatcon Industrial Services Company, Kingdom of Saudi Arabia (Thejo Hatcon) with 51% shareholding, Thejo Australia Pty Ltd., Australia (Thejo Australia) with 74% shareholding, Thejo Brasil Comercio E Servicos Ltda, Brazil (Thejo Brazil) with 99.99% shareholding and Thejo Engineering LatinoAmerica SpA, Chile (Thejo Chile) with 97.50% shareholding.

The Audited Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2015 are annexed to the Financial Statements. These Statements have been prepared as per Accounting Standard 21 issued by the Institute of Chartered Accountants of India.

**PERFORMANCE OF SUBSIDIARY COMPANIES**

Thejo Hatcon Industrial Services Company (Thejo Hatcon) is engaged primarily in rubber lining and related industrial services activities. During the period 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015, Thejo Hatcon achieved a turnover of SAR 3.01 million (₹ 490.38 lakhs) with a loss of SAR 0.48 million (₹ 75.07 lakhs).

Thejo Australia Pty Ltd (Thejo Australia) is a servicing Company, primarily engaged in belt splicing, belt jointing and related activities. During the period 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015, Thejo Australia achieved a turnover of AUD 2.78 million (₹ 1,434.64 lakhs) with a loss of AUD 1.22 million (₹ 645.89 lakhs).

Thejo Brasil Comercio E Servicos Ltda (Thejo Brazil) is primarily engaged in selling of bulk material handling products. During the period 08<sup>th</sup> September, 2014 (date of incorporation) to 31<sup>st</sup> March, 2015, Thejo Brazil is yet to commence the business operations and it incurred a loss of BRL 0.14 million (₹ 31.58 lakhs).

Thejo Engineering LatinoAmerica Spa (Thejo Chile) is primarily engaged in selling bulk material handling products. The Company was incorporated on 14<sup>th</sup> November, 2014 and as on 31<sup>st</sup> March, 2015, it had not yet commenced business operations and had incurred a loss of USD 0.06 million (₹ 34.53 lakhs).

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as prescribed under Sub-section 3(m) of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in Annexure 1 forming part of the Board's Report.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

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

During the Financial Year, on the recommendation of the CSR Committee, the Board of Directors approved expenditure of ₹ 27.01 lakhs on CSR Schemes, more than fulfilling the prescribed target of ₹ 26.94 lakhs being 2% of its average net profits of the last three Financial Years. The Annual Report on the Company's CSR activities is attached as Annexure 2 forming part of the Board's Report.

**EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return in Form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 is attached as Annexure 3 forming part of the Board's Report.

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## DIRECTORS' REPORT

### NUMBER OF MEETINGS OF BOARD

The Board of Directors met five times during the Financial Year 2014-15. Further details are given in the Corporate Governance Report forming part of the Board's Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section 3 of Section 178 of the Companies Act, 2013, adopted by the Board of Directors is given in the Corporate Governance Report forming part of the Board's Report.

### AUDITORS' REPORT

The Auditors' Report for the year ended 31<sup>st</sup> March, 2015 does not contain any qualification.

### AUDITORS

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

### SECRETARIAL AUDIT

The Board appointed Mr. G. Porselvam, Practising Company Secretary, to conduct Secretarial Audit for the Financial Year 2014-15. The Secretarial Audit Report of Mr. G. Porselvam for the Financial Year is attached as Annexure 4 to the Board's Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Full particulars of Loans given, Investments made and Guarantees given which are required to be disclosed under Section 186 (4) of the Companies Act, 2013 are given in Annexure 5 forming part of the Board's Report.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties required to be given under Section 188 (2) of the Companies Act, 2013, in Form No. AOC-2, are set out in Annexure 6 forming part of the Board's Report.

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## DIRECTORS' REPORT

### COMMITTEES OF THE BOARD

Currently, the Company has four Committees of the Board of Directors, namely the Audit Committee, Compensation / Nomination and Remuneration Committee, Corporate Social Responsibility Committee, and Shareholders' and Investors' Grievance Committee. The terms of reference of the Committees are provided in the Corporate Governance Report forming part of the Boards' Report. The composition of the Committees is as follows:

Name of the Committee	Composition of the Committee	Status
Audit Committee	Mr. M.P. Vijay Kumar	Independent Director, Chairman
	Mr. N. Ganga Ram	Independent Director, Member
	Mr. A. Satyaseelan	Independent Director, Member
Nomination and Remuneration Committee ***	Mr. N. Ganga Ram	Independent Director, Chairman
	Mr. V.K. Srivastava	Independent Director, Member
	Mr. M.P. Vijay Kumar	Independent Director, Member
Corporate Social Responsibility Committee	Mr. V.K. Srivastava	Independent Director, Chairman
	Mr. K.J. Joseph	Non-executive Director, Member
	Mr. Thomas John	Non-executive Director, Member
	Mr. V.A. George	Managing Director, Member
Shareholders' and Investors' Grievance Committee	Dr. C.N. Ramchand	Independent Director, Chairman
	Mr. V.K. Srivastava	Independent Director, Member
	Mr. K.J. Joseph	Non-executive Director, Member
	Mr. Thomas John	Non-executive Director, Member

\*\*\* The Committee has since been re-designated as "Compensation/Nomination & Remuneration Committee."

All the recommendations made by the Audit Committee were accepted by the Board of Directors, without any exception.

### VIGIL MECHANISM

The Company has put in place Whistle Blower Policy and established the requisite Vigil Mechanism for employees and Directors for reporting concerns about unethical behaviour, actual or suspected fraud or violation of law to a designated Committee. The Committee consists of Mr. M.D. Ravikanth, Chief Financial Officer & Secretary, Mr. S. Premjit - Head EMD & Mr. Thomas K Abraham - Head HR & Admin. This mechanism also provides for adequate safeguards against victimisation of reporting employees. The Policy has been disseminated to all the employees through display on Notice Board and the Company's website.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

On the recommendation of the Compensation / Nomination and Remuneration Committee, Mrs. Sujatha Jayarajan was appointed by the Board as Additional Director with effect from 06<sup>th</sup> March, 2015. As per Section 161 of Companies Act, 2013, Mrs. Sujatha Jayarajan will hold office upto the date of the ensuing Annual General Meeting. The Members may consider Mrs. Sujatha Jayarajan for appointment as Independent Director under Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, for a term upto 31<sup>st</sup> March, 2020 *vide* Item 6 of the Notice dated 27<sup>th</sup> May, 2015 convening the ensuing Annual General Meeting. None of the Company's Directors have any family relationships with Mrs. Sujatha Jayarajan.

On the recommendation of the Compensation / Nomination and Remuneration Committee, Mr. Manoj Joseph was reappointed by the Board as Whole-time Director for a period of five years with effect from 20<sup>th</sup> June, 2015, subject to the approval of the Members at the ensuing Annual General Meeting *vide*

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## **DIRECTORS' REPORT**

Item 7 of the Notice dated 27<sup>th</sup> May, 2015 convening the ensuing Annual General Meeting. None of the Company's Directors have any family relationship with him, save and except that Mr. K.J. Joseph and Mr. Manoj Joseph are related as father and son.

Mr. K.J. Joseph, Chairman, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Rajesh John, Director – Sales, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

A brief resume of these Directors together with related information is given in the Notice convening the ensuing Annual General Meeting. The Board recommends their appointment / re-appointment as Directors of the Company.

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

None of the Independent Directors will retire by rotation at the ensuing Annual General Meeting.

On the recommendation of the Audit Committee, Mr. M.D. Ravikanth was appointed as CFO & Secretary by the Board of Directors at their meeting held on 20<sup>th</sup> May, 2015.

## **BOARD EVALUATION**

A formal annual evaluation is required to be made by the Board of its own performance and that of its Committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of the Independent Directors is to be done by the Board of Directors, excluding the Director being evaluated.

Accordingly, the performance evaluation was done by the Board of Directors during the year under review. Similarly, the performance of the Non-Independent Directors and of the Board as a whole was evaluated by the Independent Directors at a separate Meeting held by them. The evaluation of all the Directors made was on the basis of the criteria and framework adopted by the Compensation / Nomination and Remuneration Committee.

## **PERSONNEL**

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules is attached as Annexure 7a to the Board's Report.

Disclosures pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as Annexure 7b to the Board's Report.

## **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 is attached as Annexure 8 to the Board's Report.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance stipulated under Clause 52 of the SME Listing Agreement, and have certified due compliance with the requirements by the Company. The Certificate of the Auditors is reproduced in the Corporate Governance Report forming part of the Board's Report.

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**DIRECTORS' REPORT****GENERAL**

Your Directors state that there were no transactions in respect of the following items during the year under review requiring disclosure or reporting:

1. Deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to the employees of the Company under any scheme.
4. Receipt of remuneration or commission by the Managing Director or the Whole-time Directors of the Company from any of its subsidiaries.
5. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**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 : 27<sup>th</sup> May, 2015

THOMAS JOHN  
Vice Chairman  
DIN 00435035

V.A. GEORGE  
Managing Director  
DIN 01493737

MANOJ JOSEPH  
Director  
DIN 00434579

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE 1 TO DIRECTORS' REPORT

*[Particulars pursuant to the Companies (Accounts) Rules, 2014]*

#### A) CONSERVATION OF ENERGY

##### i. Steps taken or impact on Conservation of Energy

- Ensuring optimum utilisation of energy and maximum possible savings of energy.
- Avoiding any known wastages of energy by monitoring and reviewing energy usage.

##### ii. Steps taken by the Company for utilising alternate sources of energy

- Improved efficiency by usage of diesel generator in case of emergencies situation and as stand-by.
- The Manufacturing Units utilised about 23% of the energy requirement from Wind Energy.

##### iii. Capital Investments on energy conservation equipment

During the Financial Year, your Company has not invested on any energy conservation equipment.

#### B) TECHNOLOGY ABSORPTION

a) The Company has not absorbed any new technology during the Financial Year.

##### b) Specific areas in which R&D carried out by the company.

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

##### c) Benefits derived as a result of R&D

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

##### d) Expenditure on R&D

₹ in lakhs

Particulars	2014-15
Capital	0.85
Revenue (excluding depreciation)	72.34
Total	73.19
Total R&D expenditure as a % of total turnover	0.43%



## ANNEXURE TO DIRECTORS' REPORT

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

## a) Payments in foreign currency towards Imports

₹ in lakhs

Imports at CIF Value	2014-15	2013-14
Raw Materials and Traded goods	318.80	602.73
Capital goods	-	124.99

## b) Payments in foreign currency towards Expenditure

₹ in lakhs

Expenditure in Foreign currency	2014-15	2013-14
Professional and consultation fees	245.66	78.75
Foreign Tour	13.74	17.64
Salaries & Incentives of Perth Branch	131.54	-
Other Expenditure of Perth Branch	154.99	-
Others	4.94	-

## c) Earnings in foreign currency on Accrual basis

₹ in lakhs

Earnings in foreign currency	2014-15	2013-14
Exports – Products	1032.86	1149.18
Exports – Services	7.70	106.95
Sale of Fixed Asset	-	24.78

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

₹ in lakhs

Description	2014-15	2013-14
Profit on Foreign Currency Translation	(47.71)	52.13

## ANNEXURE 2 TO DIRECTORS' REPORT

[Pursuant to Section 135 of the Companies Act, 2013]

**Brief outline of the Company's CSR policy, projects and programs proposed to be undertaken with web-link to CSR policy and Projects or programs:**

Thejo in its continuous efforts to positively impact the society, especially the areas around its factories and sites, has formulated policies for social development that are based on the following guiding principles:

- ✓ To help enrich the quality of life of the community of the nearby areas.
- ✓ To create a positive impact by making sustainable developments in the society and promote good environmental practices.
- ✓ To be responsible and responsive corporate citizen through endeavours to create a safe, harmonious and ecologically balanced environment for its members and the community at large.
- ✓ To maintain commitment to quality, health, education and safety in every aspect of the business and people.
- ✓ To promote equality of opportunity and diversity of workforce through its business operations.

Visit <http://thejo-engg.com/invest/CSR%20Policy> for more details related to our CSR Policy.

The details of CSR activities undertaken by the Company are available in our web link <http://www.thejo-engg.com/invest/CSR%20Activity>.

## ANNEXURE TO DIRECTORS' REPORT

**Composition of CSR Committee:**

Our CSR Committee consists of Mr. V.K. Srivastava, Chairman, Mr. K.J. Joseph, Mr. Thomas John and Mr. V.A. George, Members

**Average Net Profits of the Company for the last three Financial Years: ₹ 1,346.84 lakhs**

**Prescribed CSR Expenditure (2% of the above amount): ₹ 26.94 lakhs**

**Details of CSR spent during the Financial Year**

- a) Total amount to be spent for the Financial Year : ₹ 26.94 lakhs  
 b) Amount spent : ₹ 27.01 lakhs  
 c) Amount unspent, if any : Nil

The manner in which the amount spent during the Financial Year is detailed as follows: ₹ in lakhs

CSR Project / activity / beneficiary	Sector	Location of the project/ program	Amount outlay (Budget)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent directly / implementing agency
Medical Camp	Health Care	Alinjivakkam and Jagannathapuram	3.69	3.69	3.69	Directly
Government Kinder Garden School	Education	Alinjivakkam	2.60	2.60	2.60	Directly
Government Primary School	Education	Alinjivakkam	1.64	1.64	1.64	Directly
St. Joseph's Hospice	Old Age Care	Tambaram	7.50	7.50	7.50	Directly
National Relief Fund	Contribution	Prime Minister's National Relief Fund	11.53	11.58	11.58	Directly
<b>Total</b>			<b>27.01</b>	<b>27.01</b>	<b>27.01</b>	

**Responsibility Statement**

The responsibility statement of CSR Committee of the Board of Directors of the Company is reproduced below:

"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with the CSR Objectives and Policy of the Company".

Place: Chennai  
 Date : 27<sup>th</sup> May, 2015

V.A. GEORGE  
 Managing Director  
 DIN 01493737

V.K. SRIVASTAVA  
 Chairman of CSR Committee  
 DIN 00611678

## ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE 3 TO DIRECTORS' REPORT

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31<sup>st</sup> March, 2015

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

i.	CIN	L27209TN1986PLC012833
ii.	Registration Date	26 <sup>th</sup> March, 1986
iii.	Name of the Company	Thejo Engineering Limited
iv.	Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	Aysha Building, No. 41, Whites Road, Chennai – 600 014, Tamil Nadu, India Tel: +91 44 42221900 Fax: +91 44 42221910
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited "Subramanian Building" No. 1, Club House Road, Chennai – 600 002, Tamil Nadu, India Tel: +91 44 28460390 Fax: +91 44 28460129

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10% or more of the total turnover of the Company are as follows:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Maintenance & Repair Services	3312 / 3319	53%
2	Other Rubber Products	2219	15%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Thejo Hatcon Industrial Services Company	P.O. Box No. 991, Alkhobar 31952, Kingdom of Saudi Arabia.	N.A	Subsidiary	51	2(87)
2	Thejo Australia Pty Ltd	No. 5, Kalima Road, Bibra Lake, WA - 6163.	N.A	Subsidiary	74	2(87)
3	Thejo Brasil Comercio E Servicos Ltda	AV Brasil, 839, Sala:4, Vinhedo, CEP 13280-000, SP, Brasil.	N.A	Subsidiary	99.99	2(87)
4	Thejo Engineering LatinoAmerica SpA	Hernando de Aguirre 128, Providencia, Santiago de Chile.	N.A	Subsidiary	97.50	2(87)

## ANNEXURE TO DIRECTORS' REPORT

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i. Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01 <sup>st</sup> April, 2014)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2015)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
(1)	Indian									
a)	Individual/HUF	18,23,080	1,42,160	19,65,240	57.24	18,23,080	1,42,160	19,65,240	57.24	-
b)	Central Govt.	-	-	-	-	-	-	-	-	-
c)	State Govt (s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	-	-	-	-	-	-	-	-	-
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	<b>18,23,080</b>	<b>1,42,160</b>	<b>19,65,240</b>	<b>57.24</b>	<b>18,23,080</b>	<b>1,42,160</b>	<b>19,65,240</b>	<b>57.24</b>	<b>-</b>
(2)	Foreign									
a)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)	Other-Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>18,23,080</b>	<b>1,42,160</b>	<b>19,65,240</b>	<b>57.24</b>	<b>18,23,080</b>	<b>1,42,160</b>	<b>19,65,240</b>	<b>57.24</b>	<b>-</b>
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks/FI	11,400	-	11,400	0.33	-	-	-	-	(0.33)
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	5,65,472	-	5,65,472	16.47	5,65,472	-	5,65,472	16.47	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FII's	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Market Makers	2,25,000	-	2,25,000	6.55	2,25,600	-	2,25,600	6.57	0.02
	<b>Sub-total (B)(1)</b>	<b>8,01,872</b>	<b>-</b>	<b>8,01,872</b>	<b>23.35</b>	<b>7,91,072</b>	<b>-</b>	<b>7,91,072</b>	<b>23.04</b>	<b>(0.31)</b>



## ANNEXURE TO DIRECTORS' REPORT

## i. Category-wise Share Holding - (Contd.)

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01 <sup>st</sup> April, 2014)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2015)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	42,600	-	42,600	1.24	45,000	-	45,000	1.31	0.07
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,66,200	2,000	1,68,200	4.90	1,62,550	2,000	1,64,550	4.79	(0.11)
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,99,860	2,43,180	4,43,040	12.90	2,74,880	1,80,760	4,55,640	13.27	0.37
c)	Others (specify)									
i)	Clearing Members	600	-	600	0.02	-	-	-	-	(0.02)
ii)	Hindu Undivided Family	10,200	-	10,200	0.30	10,850	-	10,850	0.32	0.02
iii)	Non-resident Indians	1,800	-	1,800	0.05	1,200	-	1,200	0.03	(0.02)
	<b>Sub-total (B)(2)</b>	<b>4,21,260</b>	<b>2,45,180</b>	<b>6,66,440</b>	<b>19.41</b>	<b>4,94,480</b>	<b>1,82,760</b>	<b>6,77,240</b>	<b>19.72</b>	<b>0.31</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>12,23,132</b>	<b>2,45,180</b>	<b>14,68,312</b>	<b>42.76</b>	<b>12,85,552</b>	<b>1,82,760</b>	<b>14,68,312</b>	<b>42.76</b>	<b>-</b>
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>30,46,212</b>	<b>3,87,340</b>	<b>34,33,552</b>	<b>100</b>	<b>31,08,632</b>	<b>3,24,920</b>	<b>34,33,552</b>	<b>100</b>	<b>-</b>

## ANNEXURE TO DIRECTORS' REPORT

## ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2014)			Shareholding at the end of the year (As on 31 <sup>st</sup> March, 2015)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1	Mr. K.J. Joseph	3,55,380	10.35	-	3,55,380	10.35	-	-
2	Mr. Thomas John	4,75,660	13.85	-	4,75,660	13.85	-	-
3	Mr. Manoj Joseph	1,65,860	4.83	-	1,65,860	4.83	-	-
4	Mr. Rajesh John	1,50,540	4.38	-	1,50,540	4.38	-	-
5	Mrs. Rosamma Joseph	93,240	2.72	-	93,240	2.72	-	-
6	Mrs. Celinamma John	84,400	2.46	-	84,400	2.46	-	-
7	Mr. Manesh Joseph	1,65,860	4.83	-	1,65,860	4.83	-	-
8	Mrs. Meena Roy	1,42,160	4.14	-	1,42,160	4.14	-	-
9	Mrs. Maya Philip	1,54,020	4.49	-	1,54,020	4.49	-	-
10	Mrs. Rithu Johnson	87,600	2.55	-	87,600	2.55	-	-
11	Mr. Sebastian Thomas	88,520	2.58	-	88,520	2.58	-	-
12	Mrs. Rosamma Joseph	2,000	0.06	-	2,000	0.06	-	-

## iii. Change in Promoters' Shareholding

	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2014)		Cumulative Shareholding during the year (01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	19,65,240	57.24	19,65,240	57.24
Changes in Promoters Shareholding during the year	-	-	19,65,240	57.24
At the end of the year	19,65,240	57.24	19,65,240	57.24

## ANNEXURE TO DIRECTORS' REPORT

## iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2014)		Cumulative Shareholding during the year (01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	M/s. SIDBI TRUSTEE COMPANY LIMITED A/C INDIA OPPORTUNITIES FUND				
	At the beginning of the year	3,17,072	9.23	3,17,072	9.23
	Changes in Shareholding during the year	-	-	3,17,072	9.23
	At the end of the year	3,17,072	9.23	3,17,072	9.23
2	M/s. EMERGING INDIA GROWTH FUND CVCF V				
	At the beginning of the year	2,48,400	7.23	2,48,400	7.23
	Changes in Shareholding during the year	-	-	2,48,400	7.23
	At the end of the year	2,48,400	7.23	2,48,400	7.23
3	M/s. IDBI CAP MKT SERV LTD				
	At the beginning of the year	2,25,000	6.55	2,25,000	6.55
	04-Apr-2014 - Purchase	1,200	0.04	2,26,200	6.59
	11-Apr-2014 - Purchase	600	0.02	2,26,800	6.61
	18-Apr-2014 - Purchase	600	0.02	2,27,400	6.63
	25-Apr-2014 - Purchase	600	0.02	2,28,000	6.65
	30-Jun-2014 - Sales	(600)	(0.02)	2,27,400	6.63
	12-Sep-2014 - Sales	(600)	(0.02)	2,26,800	6.61
	06-Feb-2015 - Purchase	600	0.02	2,27,400	6.63
	20-Mar-2015 - Sales	(1,800)	(0.06)	2,25,600	6.57
	At the end of the year	2,25,600	6.57	2,25,600	6.57
4	Mr. S.P. GEORGE				
	At the beginning of the year	1,24,000	3.61	1,24,000	3.61
	Changes in Shareholding during the year	-	-	1,24,000	3.61
	At the end of the year	1,24,000	3.61	1,24,000	3.61
5	Mr. ANAND T. PETHE				
	At the beginning of the year	62,420	1.82	62,420	1.82
	Changes in Shareholding during the year	-	-	62,420	1.82
	At the end of the year	62,420	1.82	62,420	1.82
6	Mr. O.J. LUKOSE				
	At the beginning of the year	62,080	1.81	62,080	1.81
	Changes in Shareholding during the year	-	-	62,080	1.81
	At the end of the year	62,080	1.81	62,080	1.81

## ANNEXURE TO DIRECTORS' REPORT

iv. *Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) - (Contd.)*

Sl. No.	Name	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2014)		Cumulative Shareholding during the year (01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Mr. JOSE KOZHIPAT				
	At the beginning of the year	43,140	1.26	43,140	1.26
	Changes in Shareholding during the year	-	-	43,140	1.26
	At the end of the year	43,140	1.26	43,140	1.26
8	M/s. N R GOLD PRIVATE LTD.				
	At the beginning of the year	37,800	1.10	37,800	1.10
	30-Jun-2014 – Sale	(600)	(0.02)	37,200	1.08
	At the end of the year	37,200	1.08	37,200	1.08
9	Mrs. JYOTI ANAND PETHE				
	At the beginning of the year	32,160	0.94	32,160	0.94
	Changes in Shareholding during the year	-	-	32,160	0.94
	At the end of the year	32,160	0.94	32,160	0.94
10	Mrs. SUMY JOHN				
	At the beginning of the year	25,540	0.74	25,540	0.74
	Changes in Shareholding during the year	-	-	25,540	0.74
	At the end of the year	25,540	0.74	25,540	0.74

v. *Shareholding of Directors and Key Managerial Personnel*

Sl. No.	Name	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2014)		Cumulative Shareholding during the year (01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. K.J. JOSEPH CHAIRMAN				
	At the beginning of the year	3,55,380	10.35	3,55,380	10.35
	Changes in Shareholding during the year	-	-	3,55,380	10.35
	At the end of the year	3,55,380	10.35	3,55,380	10.35
2	Mr. THOMAS JOHN VICE CHAIRMAN				
	At the beginning of the year	4,75,660	13.85	4,75,660	13.85
	Changes in Shareholding during the year	-	-	4,75,660	13.85
	At the end of the year	4,75,660	13.85	4,75,660	13.85



## ANNEXURE TO DIRECTORS' REPORT

## v. Shareholding of Directors and Key Managerial Personnel - (Contd.)

Sl. No.	Name	Shareholding at the beginning of the year (As on 01 <sup>st</sup> April, 2014)		Cumulative Shareholding during the year (01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	Mr. V.A. GEORGE MANAGING DIRECTOR				
	At the beginning of the year	50,000	1.46	50,000	1.46
	Changes in Shareholding during the year	-	-	50,000	1.46
	At the end of the year	50,000	1.46	50,000	1.46
4	Mr. MANOJ JOSEPH EXECUTIVE DIRECTOR				
	At the beginning of the year	1,65,860	4.83	1,65,860	4.83
	Changes in Shareholding during the year	-	-	1,65,860	4.83
	At the end of the year	1,65,860	4.83	1,65,860	4.83
5	Mr. RAJESH JOHN EXECUTIVE DIRECTOR				
	At the beginning of the year	1,50,540	4.38	1,50,540	4.38
	Changes in Shareholding during the year	-	-	1,50,540	4.38
	At the end of the year	1,50,540	4.38	1,50,540	4.38

The following directors / key managerial personnel (KMP) did not hold any shares during the Financial Year 2014-15 :

- Mr. N. Ganga Ram – Director
- Mr. V.K. Srivastava – Director
- Mr. A. Satyaseelan – Director
- Mr. M.P. Vijay Kumar – Director
- Dr. C.N. Ramchand – Director
- Mrs. Sujatha Jayarajan – Additional Director
- Mr. M.D. Ravikanth – CFO & Secretary

## ANNEXURE TO DIRECTORS' REPORT

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year (01<sup>st</sup> April, 2014)</b>				
i) Principal Amount	3,139.54	-	-	3,139.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.50	-	-	3.50
<b>Total (i+ii+iii)</b>	<b>3,143.04</b>	<b>-</b>	<b>-</b>	<b>3,143.04</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	891.27	-	-	891.27
• Reduction	409.58	-	-	409.58
<b>Net Change</b>	<b>481.69</b>	<b>-</b>	<b>-</b>	<b>481.69</b>
<b>Indebtedness at the end of the Financial Year (31<sup>st</sup> March, 2015)</b>				
i) Principal Amount	3,618.42	-	-	3,618.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.31	-	-	6.31
<b>Total (i+ii+iii)</b>	<b>3,624.73</b>	<b>-</b>	<b>-</b>	<b>3,624.73</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTM/ Manager			Total Amount
		Mr. V.A. George	Mr. Manoj Joseph	Mr. Rajesh John	
1.	Gross Salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	40.94	21.81	17.93	80.69
(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, Retiral benefits	-	4.26	3.68	7.94
	<b>Total (A)</b>	<b>40.94</b>	<b>26.07</b>	<b>21.61</b>	<b>88.62</b>
	Ceiling as per the Act				89.39

## ANNEXURE TO DIRECTORS' REPORT

## B. Remuneration to other Directors:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. K.J. Joseph	Mr. Thomas John	Mr. N. Ganga Ram	Mr. V.K. Srivastava	Mr. A. Satyaseelan	Mr. M.P. Vijay Kumar	Dr. C.N. Ramchand	Mrs. Sujatha Jayarajan <sup>1</sup>	
<b>1</b>	<b>Independent Directors</b>									
	Fee for attending board / committee meetings	-	-	2.40	1.90	2.10	2.40	1.10	0.20	10.10
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	-	<b>2.40</b>	<b>1.90</b>	<b>2.10</b>	<b>2.40</b>	<b>1.10</b>	<b>0.20</b>	<b>10.10</b>
<b>2</b>	<b>Other Non-Executive Directors</b>									
	Fee for attending board / committee meetings	1.60	1.60	-	-	-	-	-	-	3.20
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>1.60</b>	<b>1.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.20</b>
	<b>Total (B)=(1+2)</b>	<b>1.60</b>	<b>1.60</b>	<b>2.40</b>	<b>1.90</b>	<b>2.10</b>	<b>2.40</b>	<b>1.10</b>	<b>0.20</b>	<b>13.30</b>
	<b>Total Managerial Remuneration<sup>2</sup></b>									<b>88.62</b>
	<b>Overall Ceilings as per the Act</b>									<b>98.92</b>

1. Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06<sup>th</sup> March, 2015.

2. Pursuant to Section 197(2) of the Companies Act, 2013, the Sitting Fees paid to the Directors was excluded from the total managerial remuneration.

## C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

₹ in lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Mr. M.D. Ravikanth, CFO & Secretary	
<b>1</b>	<b>Gross Salary</b>		
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	17.73	17.73
	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
<b>2.</b>	<b>Stock Option</b>	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-
<b>4.</b>	<b>Commission</b>		
	- as % of profit	-	-
	- others, specify	-	-
<b>5.</b>	<b>Others, Retiral benefits</b>	2.05	2.05
	<b>Total (A)</b>	<b>19.78</b>	<b>19.78</b>

## VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the year ended 31<sup>st</sup> March, 2015.

## ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE 4 TO DIRECTORS' REPORT

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2015

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

THEJO ENGINEERING LIMITED

I have conducted the Secretarial Audit of the compliance of applicable Statutory provisions and the adherence to good corporate practices by M/s. THEJO ENGINEERING LIMITED [CIN: L27209TN1986PLC012833] (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the THEJO ENGINEERING LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. THEJO ENGINEERING LIMITED for the financial year ended on 31/03/2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;

The company has duly complied with the procedure laid under the Companies Act 1956 / 2013, forms, returns in this connection have been duly filed, there are no adverse remarks or qualification in this aspect.

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.



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**ANNEXURE TO DIRECTORS' REPORT**

(vi) As informed to me the following other Laws specifically applicable to the Company as under

1. Factories Act, 1948
2. Industrial dispute Act, 1947
3. Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
6. Employees' State Insurance Act, 1948
7. Equal Remuneration Act, 1976
8. Shop & Establishment Act, 1948
9. The Payment of Bonus Act, 1965
10. The Payment of Gratuity Act, 1972
11. The Contract Labour (Regulation and Abolition) Act, 1970
12. The Maternity benefit Act, 1961
13. The Child Labour Prohibition and Regulation Act, 1986
14. The Industrial Employment (Standing Order) Act, 1946
15. The Employee Compensation Act, 1923
16. The Apprentices Act, 1961

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The SME Listing Agreements entered into by the Company with National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation.

The company has duly complied with the various provisions contained in the Act, there are no remarks as on date of issue of the report.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, One Women Director on the Board are properly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/ actions in pursuance of the above referred laws, rules, regulation, guidelines, etc., having a major bearing on the companies affairs.

Place : Chennai  
Date : 27/05/2015

Name : G. PORSELVAM  
C P No. : 3187

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE 5 TO DIRECTORS' REPORT

[Pursuant to Section 186 of the Companies Act, 2013]

#### DETAILS OF LOANS GIVEN, INVESTMENT MADE OR GUARANTEE GIVEN OR SECURITY PROVIDED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013

The particulars of loan given as at 31<sup>st</sup> March, 2015 are as follows:

₹ in lakhs

Name of the Company	As at 31 <sup>st</sup> March, 2015	Purpose
Thejo Australia Pty Ltd, Australia	178.38	Working Capital Requirement

The details of investments made during the Financial Year are as follows:

₹ in lakhs

Name of the Company and Country	As at 31 <sup>st</sup> March, 2015
Thejo Hatcon Industrial Services Company, Saudi Arabia	333.72
Thejo Australia Pty Ltd, Australia	1,202.45
Thejo Brasil Comercio E Servicos Ltda, Brazil	31.40
Thejo Engineering LatinoAmerica SpA, Chile	37.62

The details of guarantee given during the Financial Year are as follows:

Name of the Company	As at 31 <sup>st</sup> March, 2015	Purpose
Thejo Australia Pty Ltd, Australia	Upto USD 10,00,000	An irrevocable and unconditional corporate guarantee given in favour of Exim Bank towards Buyers Credit facility extended to Thejo Australia Pty Ltd for purchase of capital equipments.

The Company has created a *pari passu* first charge by way of hypothecation of entire movable assets and second *pari passu* charge over entire current assets including receivables in favour of Exim Bank.

## ANNEXURE TO DIRECTORS' REPORT

**ANNEXURE 6 TO DIRECTORS' REPORT**

[Pursuant to Clause (h) of Sub-section (3) of Section 134 and Section 188 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014]

The particulars of Contracts or arrangements entered into by the Company with related parties under Section 188 of the Companies Act, 2013, are as follows:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements entered into by the Company with the related parties during the Financial Year 2014-15, which were not at arm's length.

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

The details of material contracts or arrangements or transactions at arm's length basis during the Financial Year 2014-15, are as follows: ₹ in lakhs

Name of Related Party	Nature of Relationship	Duration	Nature of Contract & Salient Terms, if any	Amount
Thejo Hatcon Industrial Services Company	Subsidiary	Not Applicable	Investments	300.74
		Based on Orders	Sale of Products	66.28
		Based on requirement	Advances (converted to equity)	(222.07)
Thejo Australia Pty Ltd, Australia	Subsidiary	Not Applicable	Investments	317.71
		Based on Orders	Sale of Products	109.40
		Based on requirement	Loan (net of conversion to equity)	(24.97)
		Till repayment of loan	Interest Received	40.35
Thejo Brasil Comercio E Servicos Ltda, Brazil	Subsidiary	Not Applicable	Investments	31.40
Thejo Engineering LatinoAmerica SpA, Chile	Subsidiary	Not Applicable	Investments	37.62
		Based on Orders	Sale of Products	5.97
Mr. V.A. George, Managing Director	Key Managerial Personnel	14 <sup>th</sup> July, 2018	Remuneration	40.94
Mr. Manoj Joseph	Executive Director	19 <sup>th</sup> June, 2015	Remuneration	26.07
Mr. Rajesh John	Executive Director	15 <sup>th</sup> July, 2018	Remuneration	21.61
Mr. M.D. Ravikanth, CFO & Secretary	Key Managerial Personnel	Not Applicable	Remuneration	19.78
Mrs. Rosamma Joseph	Relative of Director	Not Applicable	Remuneration	12.09
Mrs. Celinamma John	Relative of Director	Not Applicable	Remuneration	11.95
Mr. Manesh Joseph	Relative of Director	Not Applicable	Remuneration	19.90

For and on behalf of the Board

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

THOMAS JOHN  
Vice Chairman  
DIN 00435035

V.A. GEORGE  
Managing Director  
DIN 01493737

MANOJ JOSEPH  
Director  
DIN 00434579

## ANNEXURE TO DIRECTORS' REPORT

**ANNEXURE 7a TO DIRECTORS' REPORT**

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i. The details of remuneration of each Director and KMP during the Financial Year 2014-15 and the percentage increase in remuneration of each Director and KMP, ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year 2014-15 and the comparison of remuneration of each KMP against the performance of the Company are as follows:

Name of the Director / KMP	Remuneration of Director / KMP for the F.Y 2014-15	% increase in Remuneration in the F.Y. 14-15	Ratio of Remuneration of each director to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company	Remuneration of Director / KMP for the F.Y 2013-14
Mr. K.J. Joseph	1.60	(61.72)	0.89		4.18
Mr. Thomas John	1.60	(61.45)	0.89		4.15
Mr. V.A. George	40.94	(31.66)*	22.66	Profit before tax decreased by 38.88% and Profit after tax decreased by 37.24% in Financial Year 2014-15	59.91
Mr. Manoj Joseph	26.07	(6.16)	14.43		27.78
Mr. Rajesh John	21.61	(5.55)	11.96		22.88
Mr. N. Ganga Ram	2.40	50.00	1.33		1.60
Mr. V.K. Srivastava	1.90	22.58	1.05		1.55
Mr. A. Satyaseelan	2.10	35.48	1.16		1.55
Mr. M.P. Vijay Kumar	2.40	50.00	1.33		1.60
Dr. C.N. Ramchand	1.10	15.79	0.61		0.95
Mrs. Sujatha Jayarajan	0.20	#	#		Not Applicable
Mr. M.D. Ravikanth	19.78	6.86	Not Applicable	Profit before tax decreased by 38.88% and Profit after tax decreased by 37.24% in Financial Year 2014-15	18.51

\* Mr. V.A. George was President & CEO till 14<sup>th</sup> July, 2013 and was appointed as Managing Director with effect from 15<sup>th</sup> July, 2013.

# Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06<sup>th</sup> March, 2015.

- ii. The median remuneration of employees of the Company for the Financial Year was ₹ 1.81 lakhs.
- iii. There was an increase of 8.93% in the median remuneration of employees in the Financial Year.
- iv. There were 1,837 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2015.
- v. Relationship between average increase in remuneration and company performance: Profit before tax decreased by 38.88% in the Financial Year 2014-15, whereas the Company retained the talented employees with an average increase in remuneration of 5.86% in line with Company's Policy.
- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: The total remuneration of Key Managerial Personnel has declined by about 23% from ₹ 78.42 lakhs in 2013-14 to ₹ 60.72 lakhs in 2014-15 and the Profit before tax has decreased by 38.88% in the Financial Year 2014-15.

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**ANNEXURE TO DIRECTORS' REPORT**

- vii. Variations in the market Capitalisation: The market capitalisation as at 31<sup>st</sup> March 2015 was ₹ 6,695.43 lakhs (₹ 7,038.78 lakhs as at 31<sup>st</sup> March, 2014)
- viii. Price earnings ratio of the Company were 12.25X as at 31<sup>st</sup> March, 2015 and 8.08X as at 31<sup>st</sup> March, 2014.
- ix. The Closing price of the Company's equity share on the NSE Emerge Platform as of 31<sup>st</sup> March, 2015 was ₹ 195, which was lower by 2.98% than the IPO Price of ₹ 201, adjusted for the issue of bonus shares.
- x. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2014-15 was 7.12% whereas the managerial remuneration decreased by 10.84% (from ₹ 99.39 lakhs in 2013-14 to ₹ 88.62 lakhs in 2014-15).
- xi. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Compensation/Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- xii. During the Financial Year, no employee received remuneration in excess of the highest-paid Director.
- xiii. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**ANNEXURE 7b TO DIRECTORS' REPORT****STATEMENT OF PARTICULARS OF EMPLOYEES:**

During the Financial Year, no employee received remuneration in excess of the limits prescribed under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE 8 TO DIRECTORS' REPORT

#### CORPORATE GOVERNANCE REPORT

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

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

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

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

The Company has amended various norms in line with the provisions of the Companies Act, 2013 and has ensured effective Corporate Governance practices and timely disclosure of information to the Members.

The Company has adopted various codes and policies which include Code for Board of Directors and Senior Managers, Code of Conduct to regulate, monitor and report trading by Insiders, Code of practices and procedures for fair disclosure of unpublished price sensitive information, Whistle Blower Policy, Policy on Prevention of Sexual Harassment in the Workplace, Corporate Social Responsibility Policy and Risk Management Policy.

##### II. BOARD OF DIRECTORS

The Board of Directors of the Company consists of optimum combination of Executive and Non-Executive Directors. As at 31<sup>st</sup> March, 2015, the Company's Board had 11 Directors, of which three were Executive Directors, two were Non-executive Non-independent Directors and six Independent Directors. The composition of the Board and category of Directors were as follows:

Category	Name of Director & Designation	DIN
Promoters & Non-executive Directors	Mr. K.J. Joseph, Chairman	00434410
	Mr. Thomas John, Vice Chairman	00435035
Executive Directors	Mr. V.A. George, Managing Director	01493737
	Mr. Manoj Joseph, Whole-time Director	00434579
	Mr. Rajesh John, Whole-time Director	05161087
Independent 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
	Mrs. Sujatha Jayarajan, Independent Director <sup>1</sup>	00633989

#### Notes:

- 1) Mrs. Sujatha Jayarajan was appointed as Additional Director of the Company with effect from 06<sup>th</sup> March, 2015 under the category of Woman Director.

### ANNEXURE TO DIRECTORS' REPORT

The details of Directorship held in other Companies/Board Committees by each Member of the Board of Directors of the Company as on 31<sup>st</sup> March, 2015 were as under –

Sl. No.	Name of the Director	Number of Directorship held in other Companies	Number of Board Committee Memberships / Chairmanships held in other Companies	
			Membership	Chairmanship
1	Mr. K.J. Joseph	Nil	Nil	Nil
2	Mr. Thomas John	Nil	Nil	Nil
3	Mr. V.A. George	Nil	Nil	Nil
4	Mr. Manoj Joseph	Nil	Nil	Nil
5	Mr. Rajesh John	Nil	Nil	Nil
6	Mr. N. Ganga Ram	2	4	1
7	Mr. V.K. Srivastava	1	1	Nil
8	Mr. M.P. Vijay Kumar	Nil	Nil	Nil
9	Mr. A. Satyaseelan	Nil	Nil	Nil
10	Dr. C.N. Ramchand	Nil	Nil	Nil
11	Mrs. Sujatha Jayarajan	1	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, Companies registered under Section 25 of the Companies Act, 1956 and Section 8 of the Companies Act, 2013 has not been considered.
- 3) Excluding Directorship in Thejo Engineering Limited and its subsidiaries.

#### Relationship between Directors

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

#### Shareholding of Directors

None of the Directors have any shareholding in our Company as on 31<sup>st</sup> March, 2015 except as disclosed below:

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

## ANNEXURE TO DIRECTORS' REPORT

### Meetings and Attendance

#### Attendance of Directors at Board Meetings and Annual General Meeting (AGM)

During the year, the Board met 5 times. The meetings of the Board of Directors were held on 20<sup>th</sup> May, 2014, 02<sup>nd</sup> July, 2014, 15<sup>th</sup> October, 2014, 11<sup>th</sup> November, 2014 and 06<sup>th</sup> March, 2015. The attendance of each Director at the Board Meetings and at the last Annual General Meeting is as under:

Sl. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last Annual General Meeting held on 25 <sup>th</sup> August, 2014
1	Mr. K.J. Joseph	5	5	Yes
2	Mr. Thomas John	5	5	Yes
3	Mr. V.A. George	5	5	Yes
4	Mr. Manoj Joseph	5	3	Yes
5	Mr. Rajesh John	5	4	Yes
6	Mr. N. Ganga Ram	5	5	Yes
7	Mr. V.K. Srivastava	5	5	Yes
8	Mr. M.P. Vijay Kumar	5	5	Yes
9	Mr. A. Satyaseelan	5	5	No
10	Dr. C.N. Ramchand	5	4	Yes
11	Mrs. Sujatha Jayarajan <sup>1</sup>	5	1	Not Applicable

**Note:**

1. Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06<sup>th</sup> March, 2015.

### III. COMMITTEES

#### i) Audit Committee

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

Sl. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1	Mr. M.P. Vijay Kumar	Independent Director, Chairman	5	5
2	Mr. N. Ganga Ram	Independent Director, Member	5	5
3	Mr. A. Satyaseelan	Independent Director, Member	5	5

The Company Secretary acts as the Secretary of the Committee. Meetings of the Audit Committee of the Board were held on 20<sup>th</sup> May, 2014, 02<sup>nd</sup> July, 2014, 15<sup>th</sup> October, 2014, 11<sup>th</sup> November, 2014 and 06<sup>th</sup> March, 2015.

#### Terms of Reference

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

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

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**ANNEXURE TO DIRECTORS' REPORT**

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

16. To review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
17. Any other terms of reference as contained in the Companies Act, 2013.

#### Other information

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

The due date for filing the cost audit report for the Financial Year ended 31<sup>st</sup> March, 2014 was 27<sup>th</sup> September, 2014 and the cost audit report was filed with MCA in xbrl format on 23<sup>rd</sup> October, 2014.

The Chairman of the Audit Committee was present at the previous Annual General Meeting of the Company held on 25<sup>th</sup> August, 2014.

#### ii) Compensation / Nomination and Remuneration Committee

In terms of provisions of Clause 52 of the SME Listing Agreement with NSE, the Compensation/ Nomination and Remuneration Committee of the Board was formed on 16<sup>th</sup> January, 2012 and the Committee consists of three Independent Directors. The Committee was re-designated as Compensation / Nomination and Remuneration Committee with effect from 27<sup>th</sup> May, 2015. The status of the Independent Directors and attendance at the meeting were as follows:

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Compensation / Nomination and Remuneration Committee of the Board were held on 20<sup>th</sup> May, 2014, 02<sup>nd</sup> July, 2014 and 06<sup>th</sup> March, 2015.

#### Terms of Reference

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

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



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### ANNEXURE TO DIRECTORS' REPORT

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

#### Directors' Appointment Criteria/Policy

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

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

#### Remuneration Policy

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

## ANNEXURE TO DIRECTORS' REPORT

Details of Remuneration paid to the Directors for the year 2014-15 were as follows:

₹ in lakhs

Name of Director	Sitting Fee <sup>1</sup>	Salary	Contribution to Statutory & Other Funds	Performance Linked Incentive	Total
<b>Promoters / Non-executive Directors</b>					
Mr. K.J. Joseph	1.60	-	-	-	1.60
Mr. Thomas John	1.60	-	-	-	1.60
<b>Executive Directors</b>					
Mr. V.A. George	-	40.94	-	-	40.94
Mr. Manoj Joseph	-	21.81	4.26	-	26.07
Mr. Rajesh John	-	17.93	3.68	-	21.61
<b>Independent Directors</b>					
Mr. N. Ganga Ram	2.40	-	-	-	2.40
Mr. V.K. Srivastava	1.90	-	-	-	1.90
Mr. A. Satyaseelan	2.10	-	-	-	2.10
Mr. M.P. Vijay Kumar	2.40	-	-	-	2.40
Dr. C.N. Ramchand	1.10	-	-	-	1.10
Mrs. Sujatha Jayarajan <sup>2</sup>	0.20	-	-	-	0.20

Notes:

1. Excludes Service Tax Paid on Sitting Fees under Reverse Charge by the Company.
2. Mrs. Sujatha Jayarajan was appointed as Additional Director with effect from 06<sup>th</sup> March, 2015.

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. V.A. George	15 <sup>th</sup> July, 2013 to 14 <sup>th</sup> July, 2018	Not Applicable	Nil	Nil
Mr. Manoj Joseph <sup>1</sup>	20 <sup>th</sup> June, 2012 to 19 <sup>th</sup> June, 2015	Not Applicable	Nil	Nil
Mr. Rajesh John	16 <sup>th</sup> January, 2012 to 15 <sup>th</sup> January, 2017	Not Applicable	Nil	Nil

Notes

1. The Board of Directors at their Meeting held on 27<sup>th</sup> May, 2015, recommended the re-appointment of Mr. Manoj Joseph as a whole-time director for a period of five years commencing from 20<sup>th</sup> June, 2015, subject to the approval of the Members at the ensuing Annual General Meeting

## ANNEXURE TO DIRECTORS' REPORT

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

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

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

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 20<sup>th</sup> May, 2014, 15<sup>th</sup> October, 2014, 06<sup>th</sup> March, 2015 and 27<sup>th</sup> March, 2015.

### Terms of Reference

The terms of reference of the Shareholders' and Investors' Grievance Committee, include the oversight and review of all matters connected with the transfer of securities of the Company, approval of the issue of duplicate certificate, monitoring redressal of investors/shareholder grievances related to transfer of shares, non-receipt of Balance Sheet and non-receipt of declared dividend. The Committee has to monitor the performance of Registrar and Share Transfer Agent, recommend methods to upgrade the standard of services to the investors, and monitor implementation of and compliance with the Code of Conduct to regulate, monitor and report trading by Insiders.

### Name and designation of Compliance Officer

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

### Investor Grievance Redressal:

During the Financial Year 2014-15, the Company has not received any complaints from the Shareholders. There were no complaints outstanding as on 31<sup>st</sup> March, 2015.

## ANNEXURE TO DIRECTORS' REPORT

### IV. GENERAL BODY MEETINGS

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

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

Year	Date	Time	Location	Special Resolutions Passed
2013-14	25 <sup>th</sup> August, 2014	10.00 AM	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14.	Alteration of Memorandum of Association of the Company
2012-13	30 <sup>th</sup> August, 2013	10.00 AM	The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai 14.	Payment of commission to the Non-executive Directors
2011-12	21 <sup>st</sup> September, 2012	11.00 AM	VDS House, III Floor, Cathedral Road, Chennai 86.	Nil

#### (ii) Special Resolution, if any, passed through postal ballot- details of voting pattern:

The Company did not pass any special resolution through Postal Ballot during the Financial Year 2014-15.

#### (iii) Special Resolution proposed to be conducted through postal ballot:

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

### V. DISCLOSURES

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

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

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

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

#### C. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

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

### ANNEXURE TO DIRECTORS' REPORT

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

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

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

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

##### Compensation / Nomination and Remuneration Committee

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

##### Corporate Social Responsibility Committee

As per Section 135 of the Companies Act, 2013, all Companies having a net worth of ₹ 500 Crore or more or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore or more during any Financial Year are required to constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors at least one of whom shall be Independent Director. Accordingly, the Board constituted the CSR Committee on 20<sup>th</sup> May, 2014 comprising:

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

The Company Secretary acts as the Secretary of the Committee.

Meetings of the Corporate Social Responsibility Committee of the Board of Directors were held on 20<sup>th</sup> May, 2014, and 06<sup>th</sup> March, 2015.

The terms of reference of the CSR Committee include:

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



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**ANNEXURE TO DIRECTORS' REPORT****Independent Directors Meeting**

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. Accordingly, the meeting of independent directors, without attendance of non-independent directors and members of the Management, was held on 06<sup>th</sup> March, 2015 and reviewed the performance of the Chairperson, non-independent directors and the Board as a whole, the flow of information between the Company management and the Board.

**Audit Qualifications**

The Financial Statements of the Company for the Financial Year 2014-15 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 adopted the Whistle Blower Mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of law and it provides for a mechanism for employees to report to the designated Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

**Designated Exclusive email-id**

The Company has designated exclusive email-id for investor servicing, viz., [investor@thejo-engg.com](mailto:investor@thejo-engg.com)

**VI. MEANS OF COMMUNICATION****(i) Half-yearly Results**

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

**(ii) Dissemination of information through Website**

The results of the Company are also displayed on the Company's website "[www.thejo-engg.com](http://www.thejo-engg.com)" immediately after its submission to the Stock Exchange.

**VII. GENERAL SHAREHOLDER INFORMATION****Annual General Meeting (Day, Date, Time and Venue)**

Wednesday, 26<sup>th</sup> August, 2015 at 10.00 AM

The Music Academy, Kasturi Srinivasan Hall (Mini Hall)

New No. 168 (Old No. 306), T.T.K Road,

Royapettah, Chennai – 600 014, Tamil Nadu, India.

**Financial Year:** April to March

**Date of Book Closure:** Saturday, 25<sup>th</sup> July, 2015 to Tuesday, 28<sup>th</sup> July, 2015 (both days inclusive) for payment of dividend.

**Dividend Payment:** Credit / Dispatch of dividend warrants will be completed on or before 18<sup>th</sup> September, 2015.

## ANNEXURE TO DIRECTORS' REPORT

## Listing on Stock Exchanges &amp; Stock Code:

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

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

## Market Price Data:

in ₹ per share

Month	National Stock Exchange of India Limited - SME Platform (NSE Emerge)	
	Month's High Price	Month's Low Price
April 2014	200	200
May 2014	209	209
June 2014	208.75	208.75
July 2014	N.A. <sup>1</sup>	N.A. <sup>1</sup>
August 2014	200	200
September 2014	210	205
October 2014	N.A.	N.A.
November 2014	195	164
December 2014	200	195
January 2015	200	188
February 2015	206	206
March 2015	210	190

## Notes:

1. There were no trading in the equity shares of the Company during the month of July 2014 and October 2014.

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

**Registrar and Transfer Agents :**

Cameo Corporate Services Limited  
Subramanian Building,  
No.1, Club House Road, Chennai 600 002.  
Tel: +91 44 2846 0390, Fax: +91 44 2846 0129  
Website: <http://www.cameoindia.com>  
SEBI Registration INR 000003753

## ANNEXURE TO DIRECTORS' REPORT

**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.

**Distribution of Shareholding as on 31<sup>st</sup> March, 2015:**

Nominal Value of Shares (in ₹)		Number of Holders	% of Total Holders	Total Face Value (in ₹)	% of Total Face Value
From	To				
1	5,000	8	3.29	6,000	0.02
5,001	10,000	171	70.37	10,26,000	2.99
10,001	20,000	24	9.88	3,40,000	0.99
20,001	30,000	8	3.29	2,04,000	0.59
30,001	40,000	1	0.41	36,000	0.10
40,001	50,000	1	0.41	42,000	0.12
50,001	1,00,000	3	1.23	2,10,000	0.61
1,00,001	Above	27	11.12	3,24,71,520	94.58
<b>Total</b>		<b>243</b>	<b>100.00</b>	<b>3,43,35,520</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2015:**

Sl. No.	Category	No. of Shares	As a percentage of (A+B)
A	Promoters' & Promoter Group Holding		
	Individuals	19,65,240	57.24
B	Non-Promoters' Holding		
	Venture Capital Funds	5,65,472	16.47
	Market Makers	2,25,600	6.57
	Bodies Corporate	45,000	1.31
	Individuals	6,20,190	18.06
	Hindu Undivided Family	10,850	0.32
	Non-Resident Indians	1,200	0.03
	<b>Total</b>	<b>34,33,552</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity as on 31<sup>st</sup> March, 2015:**

Sl. No.	Mode of Holding	No. of Shares	% to total equity shares
1	NSDL	27,00,960	78.67
2	CDSL	4,07,672	11.87
3	Physical	3,24,920	9.46
	<b>Total</b>	<b>34,33,552</b>	<b>100.00</b>

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

### ANNEXURE TO DIRECTORS' REPORT

**Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** Not Applicable

**Plant Locations and Research & Development Centre:**

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

**Investor Contacts**

**Company Secretary and Compliance Officer**

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

**Registrar and Share Transfer Agents**

Cameo Corporate Services Limited,  
Subramanian Building,  
No.1, Club House Road,  
Chennai 600 002, Tamil Nadu, India.  
Tel: +91 44 2846 0390.  
Fax: +91 44 2846 0129.  
Website: <http://www.cameoindia.com>  
SEBI Registration No. INR 000003753

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**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 the Board Members and senior management personnel have affirmed compliance with the Code of Conduct.

For Thejo Engineering Limited

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

V.A. GEORGE  
Managing Director  
DIN 01493737

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**CEO AND CFO CERTIFICATION**

The Board of Directors  
Thejo Engineering Limited  
Chennai

Dear Members of the Board,

We have reviewed Financial Statements and the cash flow statement of Thejo Engineering Limited for the year ended 31<sup>st</sup> March, 2015 and to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

We have indicated to the Auditors and the Audit Committee:

- (i) that there are no significant changes in internal control over financial reporting during the year;
- (ii) that there are no significant changes in accounting policies during the year; and
- (iii) that there are no instances of significant fraud of which we have become aware.

For Thejo Engineering Limited

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

M.D. RAVIKANTH  
CFO & Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737



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CERTIFICATE

To The Members of **THEJO ENGINEERING LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **THEJO ENGINEERING LIMITED** for the year ended on 31<sup>st</sup> March, 2015, as stipulated in clause 52 of the SME Listing Agreement entered into by the Company with the Stock Exchange.

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

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

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

For Joseph & Rajaram,  
Chartered Accountants  
Firm Reg. No. 001375S

R. Lakshminarayanan  
Partner  
M. No. 016246

Date : 27.05.2015  
Place : Chennai

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

We have audited the accompanying standalone financial statements of **THEJO ENGINEERING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Profit and Loss Statement, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

## INDEPENDENT AUDITOR'S REPORT

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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 it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position as referred to in Note 25.1.4 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the company.

Date : 27.05.2015  
Place : Chennai

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

R. LAKSHMINARAYANAN  
Partner  
M. No. : 016246

### ANNEXURE TO THE AUDITOR'S REPORT

This is the Annexure referred to in our report to the members of **THEJO ENGINEERING LIMITED** (the Company) for the year ended on 31.03.2015. We report that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) The procedures of physical verification of inventory followed by the management are 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 and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has granted unsecured advance, to one of its subsidiary companies, covered in the Register maintained under section 189 of the Companies Act, 2013 and there are no terms of agreement for repayment of advance or payment of interest. The company has granted loan to another subsidiary, covered in the Register maintained under section 189 of the Companies Act, 2013, the receipt of principal and interest whereof is regular.
- (b) There is no overdue amount in respect of the loan mentioned in para (a) above.
- (iv) There is an adequate internal control system 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. No continuing failure in internal control system was observed.
- (v) The company has not accepted deposits from the Public.
- (vi) Company maintains cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- (b) In case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, the amounts involved and the forum where dispute is pending are mentioned below:

₹ in Lakhs

Name of statute	Amount of Dispute (31/03/15)	Amount of Dispute (31/03/14)	Amount Deposited (31/03/15)	Period to which it relates	Forum where dispute is pending
APGST	8.40	8.40	1.00	2002-03	Commercial Tax Officer, Naidu pet
APGST	9.92	9.92		2003-04	Commercial Tax Officer, Naidu pet
APGST	-	118.14		2004-05	Appellate Deputy Commissioner

## ANNEXURE TO THE AUDITOR'S REPORT

Name of statute	Amount of Dispute (31/03/15)	Amount of Dispute (31/03/14)	Amount Deposited (31/03/15)	Period to which it relates	Forum where dispute is pending
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 2004-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	2.36	2.36	1.00	2002-03	Commercial Tax Officer, Naidu pet
CST	-	7.55		2007-08	Assistant Commissioner (CT), Chennai
CST	-	14.80		2008-09	Assistant Commissioner (CT), Chennai
CST	16.18	16.18		2000-01	High Court of Judicature at Andhra Pradesh
CST	-	24.66		2009-10	Assistant Commissioner (CT), Chennai
Customs	12.50	12.50		Oct-01	Commissioner of Customs
Income Tax	5.43	5.43		AY's 2003-09	Assessing Officer, IT
Service Tax	5.33	5.33		2011-12	Service Tax Officer
Maharashtra VAT	-	0.65		2005-06	Maharashtra VAT
Maharashtra VAT	-	1.20		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



## ANNEXURE TO THE AUDITOR'S REPORT

Name of statute	Amount of Dispute (31/03/15)	Amount of Dispute (31/03/14)	Amount Deposited (31/03/15)	Period to which it relates	Forum where dispute is pending
Jharkhand Sales Tax	5.31	5.31		2004 – 05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Income Tax	58.47	-	30.00	A.Y 2001-02	CIT(A)
CST	-	20.05		2010-11	Assistant Commissioner(CT), Chennai
MP Sales Tax	1.04	1.04			Commissioner of Commercial Taxes
IT – TDS – Salary	0.52	7.50		-	TDS – AO
IT – TDS – Non-Salary	1.00	4.61		-	TDS – AO
Service Tax	5.62	-		Apr-Sep 2014	Assistant Commissioner – Service Tax
<b>Total</b>	<b>187.63</b>	<b>321.18</b>	<b>32.90</b>		

- (c) There was no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and there is no cash loss incurred in the financial year and immediately preceding financial year.
- (ix) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) The company has given guarantee for loans taken by a subsidiary from bank; the terms and conditions whereof are not prejudicial to the interest of the company.
- (xi) Term loans were applied for the purpose for which the loans were obtained.
- (xii) No fraud on or by the company has been noticed or reported during the year.

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

R. LAKSHMINARAYANAN  
Partner  
M. No. : 016246

Date : 27.05.2015  
Place : Chennai

Balance Sheet as at 31<sup>st</sup> March, 2015

		₹ in lakhs	
Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	343.36	343.36
(b) Reserves and surplus	4	6,059.73	5,718.23
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	600.93	260.00
(b) Deferred tax liabilities (Net)	25.6	29.30	86.24
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	2,914.98	2,832.85
(b) Trade payables	7	1,539.66	1,095.08
(c) Other current liabilities	8	1,207.37	1,043.08
(d) Short-term provisions	9	2,238.06	1,969.11
<b>TOTAL</b>		<u>14,933.39</u>	<u>13,347.95</u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		2,165.98	2,271.05
(ii) Intangible assets		35.66	13.47
(iii) Capital work-in-progress		38.12	53.51
(b) Non-current investments	11	1,605.19	917.72
(c) Long-term loans and advances	12	493.55	478.10
<b>2 Current assets</b>			
(a) Inventories	13	1,410.63	1,227.92
(b) Trade receivables	14	5,422.42	4,688.98
(c) Cash and cash equivalents	15	795.41	849.18
(d) Short-term loans and advances	16	1,086.61	1,235.67
(e) Other current assets	17	1,879.82	1,612.35
<b>TOTAL</b>		<u>14,933.39</u>	<u>13,347.95</u>
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  
R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

For and on behalf of the Board of Directors

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

**Profit and Loss Statement for the year ended 31<sup>st</sup> March, 2015**

Particulars	Note No.	₹ in lakhs	
		For the year ended 31-03-2015	For the year ended 31-03-2014
I. Revenue from operations	18	16,894.18	14,922.27
II. Other income	19	73.10	108.39
III. Total Revenue (I+II)		<u>16,967.28</u>	<u>15,030.66</u>
IV. Expenses:			
Cost of materials consumed	20	2,829.63	3,211.76
Purchase of Traded Goods	20	1,933.58	1,208.61
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(109.84)	(189.46)
Employee benefits expense	22	5,257.10	4,391.52
Finance costs	23	516.68	450.22
Depreciation and amortization expense	10	452.59	274.94
Other expenses	24	5,282.22	4,340.71
Total expenses		<u>16,161.96</u>	<u>13,688.30</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		805.32	1,342.36
VI. Exceptional items:			
Loss on account of fire accident		-	24.74
VII. Profit before extraordinary items and tax (V-VI)		805.32	1,317.62
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		805.32	1,317.62
X. Tax expense:			
(1) Current tax		284.43	419.75
(2) Deferred tax	25.6	(25.77)	26.82
XI. Profit / (Loss) for the period (IX-X)		<u>546.67</u>	<u>871.05</u>
XII. Earnings per equity share (before & after extraordinary items)			
(1) Basic (in ₹)		15.92	25.37
(2) Diluted (in ₹)		15.92	25.37
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

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

For and on behalf of the Board of Directors

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
<b>Cash Flow from Operating Activities</b>		
Profit before tax as per Profit and Loss Statement	805.32	1,317.62
<b>Adjustment for:</b>		
Depreciation	452.59	274.94
Loss/(Profit) on sale of asset	(2.64)	(26.30)
Interest Paid	516.68	450.22
Interest on Fixed Deposit	(69.38)	(29.52)
Operating Profit before working capital changes	1,702.57	1,986.96
<b>Adjustment for:</b>		
Trade and Other Receivables	(579.66)	(946.04)
Inventories	(182.71)	19.40
Trade Payables and Other Liabilities	392.95	(60.38)
Cash Generated from Operations	1,333.16	999.94
Direct Taxes Paid	(287.67)	(385.55)
<b>Net Cash from Operating Activities (A)</b>	1,045.49	614.39
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(448.58)	(1,133.92)
Sale of assets	5.21	52.13
Investments made	(687.47)	(82.20)
Interest on Fixed Deposit	69.38	29.52
<b>Net cash used in Investing Activities (B)</b>	(1,061.46)	(1,134.47)
<b>Cash Flow from Financing Activities</b>		
Increase in Term loan & Other credit facilities	478.88	506.84
Interest paid	(516.68)	(450.22)
<b>Net Cash from/(used in) Financing Activities (C)</b>	(37.80)	56.62
<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	(53.77)	(463.46)
Opening Cash & Cash Equivalents	849.18	1,312.64
Closing Cash & Cash Equivalents	795.41	849.18

Note: Closing Cash and Cash Equivalents includes ₹ 208.34 lakhs (Previous Year: ₹ 241.04 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC.

In terms of our report of even date annexed

For JOSEPH & RAJARAM  
Chartered Accountants  
ICAI Registration No. 001375S  
R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

For and on behalf of the Board of Directors

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579

## Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

### Note 1

#### CORPORATE INFORMATION

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26<sup>th</sup> March, 1986 as a private limited company, with its Registered Office at Aysha Building, No. 41, Whites Road, Royapettah, Chennai - 600 014. The name of the Company was changed to Thejo Engineering Private Limited vide Certificate of Incorporation dated 17<sup>th</sup> June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering Limited vide special resolution passed by the Members at their meeting held on 20<sup>th</sup> June, 2008. Thejo Engineering Limited made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012 and the shares got listed on the EMERGE SME platform of NSE. The IPO was fully subscribed, and the Company's shares got listed on the EMERGE SME platform of NSE. The share capital of the Company increased to ₹ 171.68 lakhs in the Financial Year 2012-13. During the year 2013-14, the Company issued Bonus Shares to the existing shareholders in the ratio of 1:1 and the paid-up capital of the Company increased to ₹ 343.36 lakhs.

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 and fertilizers. 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 opened a Branch in Perth, Australia during the year.

The Company has four overseas subsidiaries namely, Thejo Hatcon Industrial Services Company, Saudi Arabia, Thejo Australia Pty Ltd, Australia, Thejo Brasil Comercio E Servicos Ltda, Brazil and Thejo Engineering Latinoamerica SpA, Chile. Thejo Hatcon Industrial Services Company is primarily engaged in rubber lagging and industrial services. Thejo Australia Pty Ltd is primarily engaged in conveyor splicing, maintenance and related services. Thejo Brasil Comercio E Servicos Ltda and Thejo Engineering Latinoamerica SpA are primarily engaged in sale of products manufactured by the Company.

### Note 2

#### SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Accounting

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards as specified in annexure to the Companies (Accounting Standards) Rules, 2006 and Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 of Ministry of Corporate Affairs. The cash flow statement has been prepared in accordance with AS 3 on "Cash flow statements" issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

##### 2.2 Presentation and disclosure of financial statements

The Balance Sheet and the Profit and Loss Statement are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The Company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Balance Sheet.

##### 2.3 Use of estimates

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

### Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

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

#### 2.4 Fixed Assets

##### *Tangible Assets*

Tangible Assets are capitalised at acquisition cost of bringing the assets to their working condition for their intended use. Subsequent expenses related to an item of tangible assets are added to its book value if they increase the future benefits from the existing assets beyond its previously assessed standard of performance. Assets which are not ready for intended use are disclosed under capital work-in-progress.

##### *Intangible Assets*

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. The cost comprises purchase price, borrowing cost and any cost directly attributable to bring the asset to its working condition for its intended use.

#### 2.5 Depreciation

##### *Tangible Assets*

Pursuant to the enactment of the Companies Act, 2013, depreciation on Tangible Assets is charged under written down value method based on the useful life of individual asset as prescribed in Schedule II of the Act, retaining a residual value of 5% of the cost of the assets. The estimated useful life of some of the assets is arrived at on the basis of technical evaluation on year to year basis. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being ready for use.

##### *Intangible Assets*

They are amortized/ depleted over the useful life of the underlying assets and/ or as prescribed under Accounting Standards.

#### 2.6 Inventories

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

#### 2.7 Investments

Each category/item of investment is valued as follows:

- 2.7.1 Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.
- 2.7.2 Current investments are carried at the lower of cost and fair value.  
The carrying amount of such investments is determined on the basis of weighted average cost of each individual investment.  
Investments made in shares or debentures of another company to promote the trade or business of the Company are categorized as Trade Investments.

#### 2.8 Cash and Cash Equivalents

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

#### 2.9 Revenue Recognition

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



## Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

### 2.10 Sales, Works Contracts and Services Income

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

### 2.11 Employee Benefits

#### 2.11.1 Short term employee benefits:

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

#### 2.11.2 Post employment benefits:

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

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

### 2.12 Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction or the average opening and closing rates. The difference in the rate of exchange, if any, is accounted at the time of realisation or settlement and is recognized in the Profit and Loss Statement. 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.

### 2.13 Taxes on Income

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

### 2.14 Impairment of Assets

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

### 2.15 Provisions, Contingent Liabilities and Contingent Assets

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

### 2.16 Dividend

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

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**Note 3**
**SHARE CAPITAL**

Particulars	As at 31-03-2015		As at 31-03-2014	
	Number	Amount ₹ in lakhs	Number	Amount ₹ in lakhs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
<b>Issued</b>				
Equity Shares of ₹ 10/- each	34,33,552	343.36	34,33,552	343.36
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each	34,33,552	343.36	34,33,552	343.36
(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 & 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Profit & Loss Account & ₹ 171.68 lakhs from Securities Premium Account)				
<b>Total</b>	<u>34,33,552</u>	<u>343.36</u>	<u>34,33,552</u>	<u>343.36</u>

**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	34,33,552	343.36	17,16,776	171.68
Shares Issued during the year	-	-	17,16,776	171.68
Shares outstanding at the end of the year	<u>34,33,552</u>	<u>343.36</u>	<u>34,33,552</u>	<u>343.36</u>

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

Name of the Shareholder	As at 31-03-2015		As at 31-03-2014	
	Number	Percentage	Number	Percentage
Mr. K.J. Joseph	3,55,380	10.35%	3,55,380	10.35%
Mr. Thomas John	4,75,660	13.85%	4,75,660	13.85%
SIDBI Venture Capital Ltd A/c India Opportunities Fund	3,17,072	9.23%	3,17,072	9.23%
Emerging India Growth Fund (Canbank Venture Capital Ltd)	2,48,400	7.23%	2,48,400	7.23%
IDBI Capital Market Services Limited	2,25,600	6.57%	2,25,000	6.55%

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Note 4</b>		
<b>RESERVES AND SURPLUS</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	1,845.32	2,017.00
Less : Premium Utilised:		
For Issuing Bonus Shares	-	171.68
<b>Closing Balance</b>	<u>1,845.32</u>	<u>1,845.32</u>
<b>b. General Reserve</b>		
Opening Balance	517.13	430.02
(+) Appropriated from Profit and Loss Account	54.67	87.11
<b>Closing Balance</b>	<u>571.80</u>	<u>517.13</u>
<b>c. Surplus in Profit and Loss Account</b>		
Opening balance	3,355.78	2,712.43
(-) Book Value of Fixed Assets with no further useful life as on 01.04.2014 (Net)	60.54	-
(+) Net Profit/(Net Loss) For the current year	546.67	871.05
(-) Proposed Dividend	120.17	120.17
(-) Dividend Distribution Tax	24.46	20.42
(-) Transfer to General Reserve	54.67	87.11
<b>Closing Balance</b>	<u>3,642.61</u>	<u>3,355.78</u>
<b>Total</b>	<u>6,059.73</u>	<u>5,718.23</u>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 5**
**LONG TERM BORROWINGS**
**Secured**
**Term loans**

From Banks	688.68	310.19
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The Company was enjoying Term loan facilities under consortium arrangement with State Bank of Mysore and Axis Bank Limited

**Limit/Liability, Terms of Repayment & Security**
**State Bank of Mysore**

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

Sanctioned Limit - ₹ 200 Lakhs

Purpose: Acquisition of Capital Assets

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

Amount of Instalment - ₹ 5.68 Lakhs per month + interest

**Security:**

Hypothecation of the equipments and machinery to be acquired under term loan *Pari-passu* first charge on fixed assets of the company

EM of plots nos. 41&42 and 39&40 at Kuttisseril Lake View Garden, Korattur Village, Saidapet Taluk in the name of Mr. Manesh Joseph and Mrs.Celinamma John respectively.

**Personal guarantee of:**

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

Rate of Interest: 3.50% above Base Rate

Collateral to be shared with Axis Bank Limited

Liability (incl Interest Not due) - ₹ 165.06 Lakhs (₹ 209.02 Lakhs)

Repayable within one year	41.91	35.69
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Overdues/Defaults - Nil (Nil)

The Company has been sanctioned fresh term loan limits by Axis Bank Limited, taking over the Term Loan liability in SBM, which was under process as on 31.3.2015.

**Axis Bank Limited**

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

Sanctioned Limit: ₹ 100 Lakhs

Purpose: Acquisition of Capital Assets

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

Amount of Instalment - ₹ 1.67 Lakhs per month + interest

**Security:**

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

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

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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*Pari-passu* first charge over the movable fixed assets of the company including Plant, Machinery and Equipment which are not financed by other banks.

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

Liability (Incl interest not due) - ₹ 84.31 Lakhs (₹ 101.17 Lakhs)

Repayable within one year

20.97

14.50

Overdues / Defaults - Nil (Nil)

During the year, the company was sanctioned Foreign Currency Term Loan from Exim Bank, Chennai of USD 1.25 million, for onward lending to two of its subsidiaries

**Export Import Bank of India**

Date of Sanction: 20.01.2014 Ref. CBG: OIF-715: 321

Sanctioned Limit: USD 1.25 million (Equi ₹ 753.48 Lakhs)

Purpose: Onward lending to Thejo Australia Pty Ltd and Thejo Hatcon Industrial Services Company to meet their long term working capital requirements.

Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice.

Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period.

Security:

*Pari-passu* first charge on the fixed assets of the Company and second charge on the current assets of the Company

Personal guarantee of:

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

Liability (Incl interest not due) - ₹ 403.15 Lakhs (Nil)

Repayable within one year

33.21

-

Overdues/Defaults - Nil (Nil)

**ICICI Bank Limited - Auto Loan**

Date of Sanction: 03.06.2014

Sanctioned Limit: ₹ 28 Lakhs

Purpose: Acquisition of Vehicle

Period of Repayment : 60 Equated Monthly Instalments(including interest) from July 2014. Last Instalment June 2019

EMI Payable - ₹ 0.60 Lakhs per month

Security:

Hypothecation of Vehicle purchased under the loan

Liability (Incl interest not due) - ₹ 24.87 Lakhs (Nil)

Repayable within one year

5.09

-

Overdues/Defaults - Nil (Nil)

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
<b>From Others</b>		
<b>Financial Institutions</b>	<b>21.07</b>	-
<b>Sundaram Finance Limited</b>		
Date of Sanction: 12.09.2014 & 18.12.2014		
Sanctioned Limit: ₹ 100 Lakhs		
Purpose: Acquisition of Vehicles		
Period of Repayment : 35 Equated Monthly Instalments(including interest) from date of each loan		
Amount of Instalment - ₹ 0.79 Lakhs per month for loan availed till 31.03.2015		
Security:		
Hypothecation of Vehicle purchased under the loan		
Personal guarantee of:		
Mr. Thomas John		
Liability (Incl interest not due) - ₹ 21.07 Lakhs (Nil)	<b>7.64</b>	-
Repayable within one year		
Overdues/Defaults - Nil (Nil)		
<b>Total</b>	<b>600.93</b>	<b>260.00</b>

**Note 6**
**SHORT TERM BORROWINGS**
**Secured**
**Loans repayable on demand**

From Banks	<b>2,914.98</b>	2,832.85
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The Company was sanctioned Working capital facilities by consortium of bankers namely, State Bank of Mysore and Axis Bank Limited

**Limit / Liability, Terms of Repayment & Security**
**State Bank of Mysore**

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

Limits sanctioned:

Cash Credit of ₹1,600 Lakhs

Stand by Line of Credit (CC) ₹150 Lakhs

Letter of credit - ₹ 900 Lakhs

Bank Guarantee - ₹ 1,000 Lakhs

Period of Repayment: On Demand

Security:

Charge on all the current assets on *pari-passu* basis

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

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

Personal guarantee of:

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



Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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Rate of Interest - 3.25% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 1,644.22 Lakhs (₹ 1,615.70 Lakhs)

Overdues / Defaults: Nil (Nil)

As on 31.3.2015, the Company was in the process of shifting its working capital facilities to the new consortium - State Bank of India, Indian Overseas Bank and Axis Bank.

**State Bank of India**

Date of Sanction: 09.01.2015 Ref No. RM1/337

Limit: Cash Credit of ₹1,360 Lakhs +Stand by CC ₹ 136 Lakhs

Period Of Repayment: On Demand

**Security:**

Charge on all the current assets on *pari-passu* basis.

EM of immovable properties belonging to the Company and of plots nos. 41&42 and 39&40 at Kuttisseril Lake View Garden, Korattur Village, Saidapet Taluk in the name of Mr. Manesh Joseph and Mrs.Celinamma John respectively on *pari-passu* basis.

Hypothecation of movable fixed assets on *pari-passu* basis  
(Security to be shared with Axis Bank Limited and Indian Overseas Bank)

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

Rate of Interest - 2.00% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 384.73 Lakhs (Nil)

Overdues / Defaults: Nil (Nil)

**Axis Bank Limited**

Date of Sanction: 03.02.2015 Ref No. AXISB/SME/S/MEG/CHN/2014-15/69

Limit: Cash Credit of ₹ 1,020 Lakhs +Stand by CC ₹ 102 Lakhs

Period Of Repayment: On Demand

**Security:**

Same as given to State Bank of India

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

Rate of Interest - 1.85% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 868.39 Lakhs (₹ 1,217.15 Lakhs)

Overdues / Defaults: Nil (Nil)

**Indian Overseas Bank**

Date of Sanction: 03.03.2015

Limit: Cash Credit of ₹ 1,000 Lakhs

Period Of Repayment: On Demand

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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**Security:**

Same as given to State Bank of India

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

Rate of Interest - 1.75% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 17.64 Lakhs (Nil)

Overdues/Defaults: Nil (Nil)

<b>Total</b>	<b>2,914.98</b>	<b>2,832.85</b>
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**Note 7**
**TRADE PAYABLES**

Trade payables:

Other than Acceptances	1,539.66	1,095.08
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<b>Total</b>	<b>1,539.66</b>	<b>1,095.08</b>
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**Note 8**
**OTHER CURRENT LIABILITIES**
**Other payables**

Salary and Other Employee Benefits	586.74	441.57
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**Statutory Dues**

Commercial Tax	62.95	52.45
Service Tax	17.14	33.90
ESI	6.24	9.77
EPF	32.47	31.56
Profession Tax	4.98	4.18
TDS	33.73	33.80
Others	36.58	14.63
Outstanding Liabilities	317.72	371.03
Term Loan Instalments Repayable within 12 months	102.51	46.69
Interest accrued but not due on Term Loan	6.31	3.50
<b>Total</b>	<b>1,207.37</b>	<b>1,043.08</b>

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

Provision for Bonus / Ex-gratia	103.15	122.68
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**(b) Others**

Direct Taxes	1,990.27	1,705.84
Proposed Dividend (₹ 3.50/- per equity share of face value of ₹ 10/- each)	120.17	120.17
Dividend Distribution Tax	24.46	20.42
<b>Total</b>	<b>2,238.06</b>	<b>1,969.11</b>

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

## Note 10 FIXED ASSETS

₹ in lakhs

NATURE OF ASSETS	GROSS BLOCK				DEPRECIATION					ADJUSTMENT	NET BLOCK	
	As at 01.04.2014	Addition for the year	Deduction	As at 31.03.2015	Useful Life  in years	Upto 31.03.2014	Addition	Deduction	Upto 31.03.2015		As at 31.03.2015	As at 31.03.2014
<b>TANGIBLE ASSETS</b>												
Land	65.72	0.00	0.00	65.72	NA	0.00	0.00	0.00	0.00	0.00	65.72	65.72
Factory Building	786.14	149.36	0.00	935.50	30	181.89	57.69	0.00	239.58	0.00	695.92	604.25
Office Building	39.72	0.00	0.00	39.72	30	14.76	3.16	0.00	17.92	0.00	21.79	24.96
<b>Plant &amp; Machinery</b>												
Plant & Machinery at Factories	1,264.60	48.92	0.00	1313.52	15	549.39	135.69	0.00	685.08	1.48	626.96	715.21
Plant & Machinery at Branches/Sites - Category 1	50.49	0.62	0.00	51.11	5	30.12	3.71	0.00	33.83	10.38	6.90	20.37
Plant & Machinery at Branches/Sites - Category 2	55.02	4.85	0.00	59.87	4	25.46	12.37	0.00	37.83	11.16	10.88	29.56
Plant & Machinery at Branches/Sites - Category 3	7.12	22.75	0.00	29.87	3	2.96	9.48	0.00	12.44	1.59	15.84	4.16
Plant & Machinery at Branches/Sites - Category 4	117.78	8.58	0.00	126.36	1	42.88	13.12	0.00	56.00	60.07	10.29	74.90
Plant & Machinery at Branches/Sites - Category 5	499.93	22.58	0.00	522.51	15	190.30	59.55	0.00	249.85	0.00	272.66	309.63
Boiler	38.63	32.50	0.00	71.13	15	37.43	1.55	0.00	38.98	0.00	32.15	1.19
Dyes & Moulds	126.28	39.64	0.00	165.92	15	46.24	17.28	0.00	63.52	0.00	102.40	80.04
Vehicle Four Wheelers	299.52	63.33	24.20	338.65	8	229.27	35.44	22.10	242.61	0.69	95.35	70.25
Vehicle Two Wheelers	27.17	1.75	0.47	28.45	10	17.78	2.39	0.18	19.99	0.00	8.46	9.39
Office Equipments - Category 1	27.34	3.10	0.00	30.44	5	18.57	3.32	0.00	21.89	2.68	5.87	8.77
Office Equipments - Category 2	6.89	2.94	0.00	9.83	2	2.12	4.50	0.00	6.62	1.14	2.07	4.77
Electrical Fittings	183.03	3.77	0.66	186.14	10	97.71	25.49	0.49	122.71	1.02	62.41	85.32
Furniture & Fittings	195.90	21.01	0.00	216.91	10	88.65	31.49	0.00	120.14	0.07	96.70	107.26
Computer	139.83	8.13	0.00	147.96	3	112.65	19.16	0.00	131.81	1.43	14.72	27.18
Computer Server	7.97	0.00	0.00	7.97	6	2.28	2.14	0.00	4.42	0.00	3.55	5.69
Generator	43.18	0.00	0.00	43.18	10	20.74	7.10	0.00	27.84	0.00	15.34	22.43
Total Tangible Assets (Current Year)	3,982.26	433.83	25.33	4,390.76		1,711.20	444.63	22.77	2,133.06	91.71	2,165.98	2,271.05
Total Tangible Assets (Previous Year)	2,951.90	1,082.16	51.81	3,982.26		1,470.28	266.90	25.98	1,711.20	0.00	2,271.05	1,500.65
<b>INTANGIBLE ASSETS</b>												
Technical Knowhow	1.75	0.00	0.00	1.75		1.44	0.31	0.00	1.75	0.00	0.00	0.31
Computer Software	46.92	30.14	0.00	77.06		33.75	7.65	0.00	41.40	0.00	35.66	13.16
Total Intangible Assets (Current Year)	48.67	30.14	0.00	78.81		35.19	7.96	0.00	43.15	0.00	35.66	13.47
Total Intangible Assets (Previous Year)	46.55	2.13	0.00	48.67		27.15	8.04	0.00	35.19	0.00	13.47	0.36
<b>CAPITAL WORK IN PROGRESS</b>												
Assets Under Construction	53.51	19.67	35.06	38.12	NA	0.00	0.00	0.00	0.00	0.00	38.12	53.51
Total Capital Work In Progress (Current Year)	53.51	19.67	35.06	38.12		0.00	0.00	0.00	0.00	0.00	38.12	53.51
Total Capital Work In Progress (Previous Year)	3.88	53.51	3.88	53.51		0.00	0.00	0.00	0.00	0.00	53.51	3.88
<b>GRAND TOTAL</b>	<b>4,084.44</b>	<b>483.64</b>	<b>60.39</b>	<b>4,507.69</b>		<b>1,746.39</b>	<b>452.59</b>	<b>22.77</b>	<b>2,176.21</b>	<b>91.71</b>	<b>2,239.75</b>	<b>2,338.03</b>
PREVIOUS YEAR	3,002.32	1,137.80	55.68	4,084.44		1,497.43	274.93	25.98	1,746.39	0.00	2,338.03	1,504.89

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

## Note 11

## NON-CURRENT INVESTMENTS

Particulars	₹ in lakhs	
	As at 31-03-2015	As at 31-03-2014
<b>A Trade Investments (Unquoted)</b>	<b>1,605.19</b>	<b>917.72</b>
Investments in Equity Instruments	<u>1,605.19</u>	<u>917.72</u>
<b>Total</b>	<b><u>1,605.19</u></b>	<b><u>917.72</u></b>

## Details of Trade 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 31-3-2015	As at 31-3-2014			As at 31-3-2015	As at 31-3-2014	As at 31-3-2015	As at 31-3-2014	
			₹ in lakhs								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Investment in Equity Instruments											
1	Thejo Hatcon Industrial Services Company	Subsidiary	2,040	255	Unquoted	Fully Paid	51%	51%	333.72	32.98	Yes
2	Thejo Australia Pty Ltd	Subsidiary	22,20,000	15,50,000	Unquoted	Fully Paid	74%	74%	1,202.45	884.74	Yes
3	Thejo Brasil Comercio E Servicos Ltda	Subsidiary	1,39,070	-	Unquoted	Fully Paid	99.99%	NA	31.40	-	Yes
4	Thejo Engineering LatinoAmerica SpA	Subsidiary	40	-	Unquoted	Fully Paid	97.50%	NA	37.62	-	Yes
Total									1,605.19	917.72	

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 12**
**LONG TERM LOANS AND ADVANCES**
**a. EMD and Security Deposits**

Unsecured, considered good	151.76	122.41
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**b. Other Deposits**

Unsecured, considered good		
Rental Deposit	108.31	106.99
Deposit with Government Agencies	9.97	4.15
Others	45.13	41.20

**c. Long Term Loans & Advances to related parties**

Unsecured, considered good		
Thejo Australia Pty Ltd	178.38	203.35
<b>Total</b>	<b>493.55</b>	<b>478.10</b>

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

a. Raw Materials and components	547.25	474.38
b. Work-in-progress	168.62	290.78
c. Finished goods	653.05	423.60
d. Stock in Trade	32.22	9.72
e. Scrap stock from fire accident	9.49	29.44
<b>Total</b>	<b>1,410.63</b>	<b>1,227.92</b>

**Note 14**
**TRADE RECEIVABLES**

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

Unsecured, considered good	4,739.68	4,294.91
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Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	682.74	394.07
<b>Total</b>	<b>5,422.42</b>	<b>4,688.98</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 15**
**CASH AND CASH EQUIVALENTS**

a. Balances with banks		
(i) In Current Accounts	450.66	490.32
(ii) In Deposit Accounts (₹ 208.34 lakhs (PY ₹ 241.04 lakhs) Held as Margin Money for BG & LC)	313.79	281.18
b. Cheques, drafts on hand & funds in transit	-	49.80
c. Cash on hand	30.96	27.88
<b>Total</b>	<b>795.41</b>	<b>849.18</b>

**Note 16**
**SHORT-TERM LOANS AND ADVANCES**
**Others (unsecured, considered good)**

EMD & Security deposits	474.27	386.23
Others	612.34	849.44
<b>Total</b>	<b>1,086.61</b>	<b>1,235.67</b>

**Note 17**
**OTHER CURRENT ASSETS**

Direct Tax payments	1,864.73	1,577.06
Balance with Central Excise Authority	15.09	35.29
<b>Total</b>	<b>1,879.82</b>	<b>1,612.35</b>



**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
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**Note 18**
**REVENUE FROM OPERATIONS**

Sale of Products	7,987.22	7,983.96
Sale of Services & Works Contract	9,238.15	7,353.39
Other Operating Income	39.21	36.29
Less:		
Excise duty	370.40	451.37
<b>Total</b>	<b>16,894.18</b>	<b>14,922.27</b>

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

Interest	69.38	29.52
Miscellaneous Income	1.08	55.48
Profit on sale of assets	2.64	23.39
<b>Total</b>	<b>73.10</b>	<b>108.39</b>

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

Opening Stock of Raw Materials	474.38	650.53
Add: Purchases made during the year	2,529.24	2,900.97
	<b>3,003.62</b>	<b>3,551.50</b>
Less: Raw Materials lost in fire accident	-	243.18
Less: Closing Stock of Raw Materials	547.25	474.38
	<b>2,456.37</b>	<b>2,833.94</b>
Add: Consumables	373.26	377.82
<b>Total</b>	<b>2,829.63</b>	<b>3,211.76</b>
Purchase of Traded Goods	1,933.58	1,208.61

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
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**Note 21**
**CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**
**Opening Stock :**

Work-in-Progress	290.78	223.72
Finished Goods	423.60	363.50
Stock-in-Trade	9.72	9.58
Scrap Stock from fire accident	29.44	-
Less: WIP / FG lost in fire	-	62.16

**Closing Stock :**

Work-in-Progress	168.62	290.78
Finished Goods	653.05	423.60
Stock-in-Trade	32.22	9.72
Scrap Stock from fire accident	9.49	-
<b>Total</b>	<b>(109.84)</b>	<b>(189.46)</b>

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

(a) Salaries and incentives	4,205.30	3,491.37
(b) Contributions to PF, Superannuation, Gratuity & ESI	363.87	337.90
(c) Staff welfare expenses	570.74	459.64
(d) LTA, Ex-gratia & Leave Encashment	117.19	102.61
<b>Total</b>	<b>5,257.10</b>	<b>4,391.52</b>

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

Interest	428.68	371.50
Other finance costs	88.00	78.72
<b>Total</b>	<b>516.68</b>	<b>450.22</b>

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
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**Note 24****OTHER EXPENSES****A. Manufacturing & Other Direct Expenses**

Power and fuel	238.53	237.05
Machinery Maintenance	123.74	160.87
Factory Maintenance	16.82	15.78
Electrical maintenance	16.22	16.32
Testing charges	5.28	3.01
Dyes & Moulding charges	23.12	10.29
Cartage, Coolie & Freight charges	306.18	271.56
Packing materials & charges	129.94	119.92
Service & Labour charges	1,162.27	749.66
Total Manufacturing & Other Direct Expenses	2,022.10	1,584.46

**B. Administrative & Selling Expenses**

Professional Service Charges	389.70	284.40
Rent	192.58	171.72
Repairs & Maintenance	46.27	40.61
Travelling, Conveyance & Vehicle hire charges	422.84	393.20
Foreign Travel expenses	25.10	43.14
Vehicle Maintenance	139.43	117.84
Difference in foreign exchange (Loss)	47.71	-
Telephone, Telex & Postage	77.31	60.63
Printing & Stationery	29.33	32.57
Office Maintenance	39.75	37.71
Books & Periodicals	3.77	4.46
Computer Maintenance	12.86	13.58
Seminar & Conference	4.96	3.11
Electricity	18.28	14.81
Legal Fee & Charges	3.00	3.87
Donation	10.57	12.08

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
<b>OTHER EXPENSES (Contd.)</b>		
Recruitment, Training & Development	3.85	11.52
ECGC Premium	0.85	1.23
ISO Certification Charges	1.48	0.67
CSR Expenses	27.01	-
Insurance	27.42	15.55
Rates and taxes	26.41	42.86
Directors Sitting Fees	13.30	9.35
Commission	14.15	44.37
Advertisement	2.17	2.05
Sales Promotion Expenses	14.30	15.16
Freight on Exports	21.33	28.51
Loading & Unloading charges	9.66	7.75
Late Delivery Charges	52.29	32.34
Bad Debts	1.50	4.23
Payments to the Auditors		
a. Statutory Audit	5.00	4.00
b. Tax Audit	1.00	1.00
c. For certification & other services	4.78	4.63
Miscellaneous expenses	5.39	3.74
<b>Total Administration &amp; Selling Expenses</b>	<b>1,695.35</b>	<b>1,462.69</b>
<b>Sales Tax, Service Tax &amp; Other Indirect Tax Expenses</b>	<b>1,564.77</b>	<b>1,293.56</b>
<b>Total</b>	<b>5,282.21</b>	<b>4,340.71</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**Note 25 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS**
**Note 25.1 Contingent Liabilities (to the extent not provided for)**

	₹ in lakhs	
Particulars	2014-15	2013-14
25.1.1 Claims against the company not acknowledged as debts	-	-
25.1.2 Guarantees issued by the Banks	999.06	1,105.79
25.1.3 Guarantee provided by the Company (for loan availed by Thejo Australia Pty Ltd)	77.66	-
	<u>1,076.72</u>	<u>1,105.79</u>

**25.1.4 Others**

₹ in lakhs					
Name of statute	Amount of Dispute (31/3/15)	Amount of Dispute (31/3/14)	Amount Deposited (31/3/15)	Period to which it relates	Forum where dispute is pending
APGST	8.40	8.40	1.00	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	-	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 2004 - 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	2.36	2.36	1.00	2002 – 03	Commercial Tax Officer, Naidupet
CST	-	7.55	-	2007-08	Assistant Commissioner (CT), Chennai
CST	-	14.80	-	2008-09	Assistant Commissioner (CT), Chennai
CST	16.18	16.18	-	2000 -01	High Court of Judicature at Andhra Pradesh
CST	-	24.66	-	2009-10	Assistant Commissioner (CT), Chennai
Customs	12.50	12.50	-	Oct – 01	Commissioner of Customs
Income Tax	5.43	5.43	-	AY 2003-09	Assessing Officer, IT
Service Tax	5.33	5.33	-	2011-12	Service Tax Officer
Maharashtra VAT	-	0.65	-	2005-06	Maharashtra VAT
Maharashtra VAT	-	1.20	-	2008-09	Maharashtra VAT
Central Excise	0.45	0.45	0.22	Sep 2005 - March 2006	CESTAT, Bangalore

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Name of statute	Amount of Dispute (31/3/15)	Amount of Dispute (31/3/14)	Amount Deposited (31/3/15)	Period to which it relates	Forum where dispute is pending
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
Jharkhand Sales Tax	5.31	5.31	-	2004-05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Income Tax	58.47	-	30.00	AY 2001-02	CIT(A)
CST	-	20.05	-	2010-11	Assistant Commissioner(CT), Chennai
MP Sales Tax	1.04	1.04	-		Commissioner of Commercial Taxes
IT – TDS – Salary	0.52	7.50	-	-	TDS – AO
IT – TDS – Non-Salary	1.00	4.61	-	-	TDS – AO
Service Tax	5.62	-	-	Apr-Sep 2014	Assistant Commissioner – Service Tax
<b>Total</b>	<b>187.63</b>	<b>321.18</b>	<b>32.90</b>		

**25.1.5. Commitments**

Estimated amount of contracts remaining to be executed on capital account: ₹ 236.08 lakhs (Previous Year - ₹ 337.49 lakhs)

	₹ in lakhs	
Particulars	2014-15	2013-14

**Note 25.2 Foreign currency transactions****25.2.1 Payments in foreign currency towards Imports****Imports at CIF Value**

Raw Materials and Traded goods	<b>318.80</b>	602.73
Capital goods	-	124.99

**25.2.2 Payments in foreign currency towards Expenditure****Expenditure in Foreign currency**

Professional and consultation fees	<b>245.66</b>	78.75
Foreign Tour	<b>13.74</b>	17.64
Salaries & Incentives of Perth Branch	<b>131.54</b>	-
Other Expenditure of Perth Branch	<b>154.99</b>	-
Others	<b>4.94</b>	-

**25.2.3 Earnings in foreign currency on Accrual basis****Earnings in foreign exchange**

Exports - Products	<b>1,032.86</b>	1,149.18
Exports - Services	<b>7.70</b>	106.95
Sale of Fixed Asset	-	24.78



**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	2014-15	2013-14
<b>25.2.4 Net Gain or Loss on Foreign Currency Translation</b>		
Profit/(Loss) on Foreign Currency Translation	(47.71)	52.13

**Note 25.3 Employee Benefits**

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

**25.3.1 Defined Contribution Schemes**

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

**25.3.2 Defined Benefit Scheme**

The Company has defined benefit scheme in the form of gratuity to employees.

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

Assumptions	2014-15	2013-14
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
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**Table Showing Changes in Present Value of Obligations**

Present value of obligations at the beginning of the year	173.23	144.63
Interest Cost	13.86	11.57
Current Service Cost	20.41	17.81
Benefits Paid	(34.67)	(21.44)
Actuarial (Gain) / Loss on obligations	25.20	20.65
Present value of obligations as at end of the year	<u>198.04</u>	<u>173.23</u>

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

Fair value of plan assets at the beginning of the year	195.62	145.70
Expected return on plan assets	16.42	13.35
Contributions	(2.54)	58.00
Benefits Paid	(34.67)	(21.44)
Actuarial Gain / (Loss) on plan assets	-	-
Fair value of plan assets at the end of the year	<u>174.83</u>	<u>195.62</u>

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

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
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**Table Showing Fair Value of Plan Assets**

Fair value of plan assets at the beginning of the year	195.62	145.70
Actual return on plan assets	16.42	13.35
Contributions	(2.54)	58.00
Benefits Paid	(34.67)	(21.44)
Fair value of plan assets at the end of the year	174.83	195.62
Funded Status	(23.20)	22.39
Excess of Actual over Estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March, 2015)	-	-

Particulars	For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
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**Actuarial Gain / Loss Recognized**

Actuarial (gain) / loss on obligations	(25.20)	(20.65)
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	25.20	20.65
Actuarial (gain) / loss recognized in the year	25.20	20.65

As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
---------------------------------------	---------------------------------------

**Amounts To Be Recognized In Balance Sheet & Profit & Loss Statement**

Present value of obligations as at the end of the year	198.04	173.23
Fair value of plan assets as at the end of the year	174.83	195.62
Funded Status	(23.20)	22.39
Net asset / (liability) recognized in balance sheet	(23.20)	22.39

For the year ended 31 <sup>st</sup> March, 2015	For the year ended 31 <sup>st</sup> March, 2014
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**Expenses Recognized In Profit & Loss Statement**

Current Service Cost	20.41	17.81
Interest Cost	13.86	11.57
Expected return on plan assets	(16.42)	(13.35)
Net Actuarial (gain) / loss recognized in the year	25.20	20.65
Expenses recognized in profit and loss statement	43.05	36.68

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

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**Note 25.4 Segment Reporting**
**Primary Segment Information (Business Segment)**

₹ in lakhs

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others			
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Segment Revenue	6,610.73	7,468.03	10,009.54	8,178.85	2,353.74	1,318.55	18,974.01	16,965.43
Less: Inter segment Revenue	2,103.57	2,055.04	1.02	-	14.45	24.41	2,119.04	2,079.45
Total Revenue	4,507.16	5,412.99	10,008.53	8,178.85	2,339.29	1,294.14	16,854.97	14,885.98
Segment Results	1,071.96	1,664.50	1,592.44	1,308.31	(86.41)	38.92	2,577.99	3,011.73
Less : Finance Cost							516.68	450.22
Un allocable Expenses (net of income)							1,255.99	1,243.88
Total Profit Before Tax							805.32	1,317.63
Tax Expenses							258.65	446.57
Profit after Tax							546.67	871.06
Segment Assets	4,788.85	4,189.51	3,621.70	4,493.12	252.80	43.26	8,663.36	8,725.89
Segment Liabilities	1,085.35	830.67	308.82	144.78	65.79	40.68	1,459.96	1,016.13
Capital Employed	3,703.50	3,358.84	3,312.88	4,348.34	187.02	2.58	7,203.40	7,709.76
Less: Un allocated Capital Employed							(800.32)	(1,648.17)
Total Capital Employed							6,403.08	6,061.59

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

**Note 25.5 Related Party Disclosures**

## List of Related Parties

**Name of the Party**
**Relationship**

Thejo Hatcon Industrial Services Company

Subsidiary

Thejo Australia Pty Ltd

Subsidiary

Thejo Brasil Comercio E Servicos Ltda

Subsidiary

Thejo Engineering LatinoAmerica SpA

Subsidiary

Mr. V.A. George

Key Management Personnel

Mr. K.J. Joseph

Key Management Personnel

Mr. Thomas John

Key Management Personnel

Mr. Manoj Joseph

Key Management Personnel

Mr. Rajesh John

Key Management Personnel

Mr. M.D. Ravikanth

Key Management Personnel

Mr. Manesh Joseph

Relative of Key Management Personnel

Mrs. Rosamma Joseph

Relative of Key Management Personnel

Mrs. Celinamma John

Relative of Key Management Personnel

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**Related Party Transaction Details:**
**₹ in lakhs**

Related Party	Nature of Payment	Current Year Transaction	Outstanding as on 31 <sup>st</sup> March, 2015
Subsidiary	Share Capital	687.47	1,605.19
Subsidiary	Loan	(24.97)	178.38
Subsidiary	Advance	(222.07)	114.15
Subsidiary	Sales	141.03	363.79
Key Management Personnel	Remuneration	108.40	(3.51)
Key Management Personnel	Sitting Fee	3.20	-
Relative of Key Management Personnel	Remuneration	43.94	(3.02)

**Note 25.6 Calculation of Deferred Tax**
**₹ in lakhs**

Particulars	31 <sup>st</sup> March, 2015		31 <sup>st</sup> March, 2014	
	DTA	DTL	DTA	DTL
Opening Balance	-	86.25	-	59.42
Timing Difference in Depreciation	26.64	-	-	31.00
Profit on sale of asset	-	0.86	-	7.95
On account of disallowances	-	-	12.12	-
On Account of WDV of Fixed Assets written off against opening Reserves	31.17	-	-	-
<b>Total</b>	<b>57.81</b>	<b>87.11</b>	<b>12.12</b>	<b>98.37</b>
Net Deferred Tax Liability/(Asset)	-	29.30	-	86.25

**Note 25.7 Leases**

The Company has taken various commercial premises under cancellable leases. These lease agreements are normally renewed on expiry.

The rentals are expensed with reference to the lease terms and conditions.

Items	₹ in lakhs	
	2014-15	2013-14

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

Rubber Items	3,013.34	2,407.14
Others	1,822.74	2,080.26
<b>Total</b>	<b>4,836.08</b>	<b>4,487.40</b>

**Raw Materials Consumed (including Trading)**

Rubber Items	3,044.74	2,337.93
Others	1,718.47	2,082.42
<b>Total</b>	<b>4,763.21</b>	<b>4,420.35</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Items	2014-15	2013-14
<b>Stock Particulars Raw Materials, WIP &amp; Finished Goods (including Trading)</b>		
<b>Opening Stock</b>		
Rubber Items	885.12	895.28
Others	313.36	352.04
<b>Total</b>	<b>1,198.48</b>	<b>1,247.32</b>
<b>Closing Stock</b>		
Rubber Items	986.39	885.12
Others	394.08	313.36
<b>Total</b>	<b>1,380.47</b>	<b>1,198.48</b>

**Value of Raw Materials, Spare Parts and Components consumed**
**Value – ₹ in lakhs**

Items	2014-15		2013-14	
	% of Consumption	Value	% of Consumption	Value
Imported	7.07%	336.92	12.50%	552.34
Indigenous	92.93%	4,426.29	87.50%	3,868.03
<b>Total</b>		<b>4,763.21</b>		<b>4,420.37</b>

**₹ in lakhs**

Items	2014-15	2013-14
<b>Gross Income from services</b>		
Maintenance & Repair Services	8,985.74	7,007.89
Manpower Supply Services	107.61	114.31
Others	144.80	231.19
<b>Total</b>	<b>9,238.15</b>	<b>7,353.39</b>

**Stock Particulars Work In Progress**
**Opening Stock**

Rubber Items	195.99	162.81
Others	94.79	60.91
<b>Total</b>	<b>290.78</b>	<b>223.72</b>

**Closing Stock**

Rubber Items	128.12	195.99
Others	40.50	94.79
<b>Total</b>	<b>168.62</b>	<b>290.78</b>

**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

	2014-15	2013-14
<b>Note 25.9 Earnings Per Share</b>		
Basic & Diluted:		
Net Profit after Tax (₹ in Lakhs)	546.67	871.06
Weighted Number of Equity Shares during the year (Nos.)	34,33,552	34,33,552
Earnings per Share (₹)	15.92	25.37

**Note 25.10 Payment to Auditors:**

For Audit	5.00	4.00
For Taxation Matters	1.00	1.00
For Company Law Matters	-	-
For Management Services	-	-
For Other Services	4.78	4.63
For Reimbursement of Expenses	-	-
<b>Total</b>	<b>10.78</b>	<b>9.63</b>

**Note 25.11 Corporate Social Responsibility**

The Company has spent ₹ 27.01 Lakhs for various CSR activities.

**Note 25.12 Other Disclosures**

<b>25.12.1 Utilization of IPO Proceeds</b>	<b>Upto 2014-15</b>	<b>Upto 2013-14</b>
IPO Proceeds collected	2,100.66	2,100.66
IPO Proceeds utilized		
- Setting up a polyurethane Unit	68.28	68.28
- Expansion of existing facilities	521.40	349.10
- Setting up R&D Unit	283.06	283.06
- Setting up a Lining Plant	169.04	169.04
- Investment in Subsidiary, Thejo Australia Pty Ltd.	642.00	642.00
- IPO Issue Expenses	218.68	218.68
- Corporate purposes	33.01	33.01
<b>Total</b>	<b>1,935.47</b>	<b>1,763.17</b>
IPO Proceeds unutilized (Unutilized IPO proceeds are retained in the Bank current accounts - South Indian Bank and State Bank of Mysore)	165.19	337.49

**25.12.2** The Company has sent letters for confirmation to debtors, based on materiality. While few parties have confirmed the balance, confirmations from the remaining parties are awaited.

**25.12.3** Pursuant to the enactment of Companies Act, 2013, effective from 01.04.2014, the Company has adopted the useful life of individual tangible assets as specified below. Consequently, the depreciation for the year ended 31.03.2015 was higher by about ₹ 89.63 lakhs as compared to the depreciation calculated as per Schedule XIV of the Companies Act, 1956.



**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**

The estimated useful life of the following assets has been arrived at on the basis of technical evaluation, as approved by the Management.

<b>Nature of Asset</b>	<b>Useful Life as Evaluated</b>	<b>Useful Life as per Schedule II</b>
Hardness tester, Welding machines and similar assets (Plant & Machinery at Branch/Sites- Category 1)	5 years	15 years
Chain Pulley Blocks (Plant & Machinery at Branch/Sites- Category 2)	4 years	15 years
Wire Ropes and similar assets (Plant & Machinery at Branch/Sites- Category 3)	3 years	15 years
Pulling lifting machine, Hook chook, drilling, buffing, grinding & sander machines, Hot air gun and similar assets (Plant & Machinery at Branch/Sites- Category 4)	1 year	15 years
Air / Water Cooler and similar assets (Office Equipment - Category 2)	2 years	5 years

Other Assets - As specified in Schedule II of the Companies Act, 2013

Residual value:

In respect of Fixed Assets which have completed the useful life, the carrying amount as on 01.04.2014 or 5% of the cost, whichever is lower, is retained as residual value in the books.

The Written-down Value of Tangible Assets whose lives have expired as at 01.04.2014 have been adjusted net-off tax, in the opening balance of Retained Earnings amounting to ₹ 91.71 lakhs.

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

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

**Note 26 Previous Year Figures**

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

As per our report of even date

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

R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

For and on behalf of the Board of Directors

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THEJO ENGINEERING LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **THEJO ENGINEERING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Profit and Loss Statement, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013, (hereinafter referred to as "the Act"), that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

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**INDEPENDENT AUDITOR'S REPORT****Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the certified financial statements of the four subsidiaries by the respective management, the aforesaid 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, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

**Other Matters**

- (a) We did not carry out the audit of the financial statements / financial information of the subsidiary THEJO HATCON INDUSTRIAL SERVICES COMPANY, Saudi Arabia whose financial statements / financial information reflect total assets of Saudi Riyal 68,41,600 (INR 11,36,35,553) as at 31<sup>st</sup> March, 2015, total revenues of Saudi Riyal 30,06,091 (INR 4,90,38,212) and net cash flows amounting to Saudi Riyal 2,62,748 (INR 44,12,093) for the year ended on that date, as considered in the Consolidated Financial Statements subject to consolidation adjustments. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the certificate given by the Management.
- (b) We did not carry out the audit of the financial statements / financial information of the subsidiary THEJO AUSTRALIA PTY LTD, Australia whose financial statements / financial information reflect total assets of AUD 22,03,713 (INR 10,44,98,307) as at 31<sup>st</sup> March, 2015, total revenues of AUD 27,86,015 (INR 14,36,26,735) and net cash flows amounting to AUD 1,14,063 (INR 38,98,685) for the year ended on that date, as considered in the Consolidated Financial Statements subject to consolidation adjustments. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the certificate given by the Management.
- (c) We did not carry out the audit of the financial statements / financial information of the subsidiary THEJO BRASIL COMERCIO E SERVICOS LTDA, Brazil whose financial statements / financial information reflect total assets of Brazilian Real 61,302 (INR 11,92,704) as at 31<sup>st</sup> March, 2015, with no revenues and net cash flows amounting to Brazilian Real 60,559 (INR 11,78,244) for the year ended on that date, as considered in the Consolidated Financial Statements subject to consolidation adjustments. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the certificate given by the Management.
- (d) We did not carry out the audit of the financial statements / financial information of the subsidiary THEJO ENGINEERING LATINOAMERICA SPA, Chile whose financial statements / financial information reflect total assets of USD 54,840 (INR 34,16,960) as at 31<sup>st</sup> March, 2015, with no revenues and net cash flows amounting to USD 39,593 (INR 24,66,953) for the year ended on that date, as considered in the Consolidated Financial Statements subject to consolidation adjustments. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the certificate given by the Management.

Since the financial statements of the above subsidiaries for the financial year ended 31<sup>st</sup> March, 2015, which were compiled by respective 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 the subsidiaries in the Consolidated Financial Statements is not significant in relative terms.

**INDEPENDENT AUDITOR'S REPORT**

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, are not modified in respect of the above 'Other Matters'.

**Report on Other Legal and Regulatory Requirements**

1. The Holding Company does not have Indian Subsidiaries. Hence, we give in the annexure, statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act to the extent applicable to the Holding Company.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books of the Holding company and our reliance on the certificate given by the Management in respect of the subsidiaries.
  - c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Statement, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company none of the directors of the holding company is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Holding Company has disclosed the impact of pending litigations on its financial position as referred to in Note 27.1.3 to the Consolidated Financial Statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

Date : 27.05.2015  
Place : Chennai

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

R. LAKSHMINARAYANAN  
Partner  
M. No. : 016246

## ANNEXURE TO THE AUDITOR'S REPORT

This is the Annexure referred to in our report to the members of **THEJO ENGINEERING LIMITED** (the Holding Company) for the year ended on 31.03.2015. We report that:

- (i) (a) The Holding company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Holding company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Holding Company has granted unsecured loans and advances, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013:
  - (a) The receipts of principal amounts and interest have been regular / as per stipulations.
  - (b) There is no overdue amount in respect of the loan mentioned in para (a) above.
- (iv) There is an adequate internal control system commensurate with the size of the Holding company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. No continuing failure in internal control system was observed.
- (v) The Holding company has not accepted deposits from the Public.
- (vi) Holding Company maintains cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) The Holding company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- (b) In case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, the amounts involved and the forum where dispute is pending are mentioned below:

₹ in lakhs

Name of statute	Amount of Dispute (31/03/15)	Amount of Dispute (31/03/14)	Amount Deposited (31/03/15)	Period to which it relates	Forum where dispute is pending
APGST	8.40	8.40	1.00	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92		2003-04	Commercial Tax Officer, Naidupet
APGST	-	118.14		2004-05	Appellate Deputy Commissioner
Central Excise	29.69	29.69		1996-2000	High Court of Madras

## ANNEXURE TO THE AUDITOR'S REPORT

₹ in lakhs

Name of statute	Amount of Dispute (31/03/15)	Amount of Dispute (31/03/14)	Amount Deposited (31/03/15)	Period to which it relates	Forum where dispute is pending
Central Excise	18.25	18.25		July 2000 - June 2004	CESTAT, Bangalore
Central Excise	3.49	3.49		July 2004 - 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	2.36	2.36	1.00	2002-03	Commercial Tax Officer, Naidupet
CST	-	7.55		2007-08	Assistant Commissioner (CT), Chennai
CST	-	14.80		2008-09	Assistant Commissioner (CT), Chennai
CST	16.18	16.18		2000-01	High Court of Judicature at Andhra Pradesh
CST	-	24.66		2009-10	Assistant Commissioner (CT), Chennai
Customs	12.50	12.50		Oct-01	Commissioner of Customs
Income Tax	5.43	5.43		AY's 2003-09	Assessing Officer, IT
Service Tax	5.33	5.33		2011-12	Service Tax Officer
Maharashtra VAT	-	0.65		2005-06	Maharashtra VAT
Maharashtra VAT	-	1.20		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



## ANNEXURE TO THE AUDITOR'S REPORT

₹ in lakhs

Name of statute	Amount of Dispute (31/03/15)	Amount of Dispute (31/03/14)	Amount Deposited (31/03/15)	Period to which it relates	Forum where dispute is pending
Jharkhand Sales Tax	5.31	5.31		2004-05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Income Tax	58.47	-	30.00	A.Y 2001-02	CIT(A)
CST	-	20.05		2010-11	Assistant Commissioner(CT), Chennai
MP Sales Tax	1.04	1.04			Commissioner of Commercial Taxes
IT – TDS – Salary	0.52	7.50		-	TDS – AO
IT – TDS – Non-Salary	1.00	4.61		-	TDS – AO
Service Tax	5.62	-		Apr-Sep 2014	Assistant Commissioner – Service Tax
<b>Total</b>	<b>187.63</b>	<b>321.18</b>	<b>32.90</b>		

- (c) There was no amount required to be transferred by the Holding Company to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Holding Company has no accumulated losses at the end of the financial year and there is no cash loss incurred in the financial year and immediately preceding financial year.
- (ix) The Holding Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (x) The Holding Company has given guarantee for loans taken by others from Bank or financial institutions, the terms and conditions whereof are not prejudicial to the interest of the Holding Company.
- (xi) Term loans were applied for the purpose for which the loans were obtained.
- (xii) No fraud on or by the Holding company has been noticed or reported during the year.

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

R. LAKSHMINARAYANAN  
Partner  
M. No. : 016246

Date : 27.05.2015  
Place : Chennai

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015

Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
₹ in lakhs			
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	343.36	343.36
(b) Reserves and surplus	4	4,773.53	4,994.31
<b>2 Minority Interest</b>	5	294.80	99.95
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	6	671.23	260.00
(b) Deferred tax liabilities (Net)	27.6	9.56	76.48
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	2,914.98	2,832.85
(b) Trade payables	8	1,949.52	1,314.82
(c) Other current liabilities	9	1,569.21	1,571.41
(d) Short-term provisions	10	2,238.05	1,969.11
<b>TOTAL</b>		<b>14,764.24</b>	<b>13,462.29</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		3,092.70	3,332.16
(ii) Intangible assets		45.65	13.48
(iii) Capital work-in-progress		38.12	53.51
(b) Non-current investments	12	-	-
(c) Long-term loans and advances	13	366.80	287.28
(d) Other non-current assets	14	246.65	310.62
<b>2 Current assets</b>			
(a) Inventories	15	1,640.66	1,429.69
(b) Trade receivables	16	5,486.36	4,615.89
(c) Cash and cash equivalents	17	1,029.59	963.81
(d) Short-term loans and advances	18	937.91	843.50
(e) Other current assets	19	1,879.80	1,612.35
<b>TOTAL</b>		<b>14,764.24</b>	<b>13,462.29</b>
Notes including significant accounting policies	1-28		

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

In terms of our report of even date annexed

For JOSEPH & RAJARAM  
Chartered Accountants  
ICAI Registration No. 001375S  
R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

For and on behalf of the Board of Directors

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579

Consolidated Profit and Loss Statement for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	Note No.	For the year ended 31-03-2015	For the year ended 31-03-2014
I. Revenue from operations	20	18,591.41	15,947.18
II. Other income	21	74.74	106.07
III. Total Revenue (I+II)		<u>18,666.15</u>	<u>16,053.25</u>
IV. Expenses:			
Cost of materials consumed	22	3,648.78	3,465.57
Purchase of Traded Goods	22	1,933.58	1,208.61
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(148.36)	(205.98)
Employee benefits expense	24	6,194.04	5,282.97
Finance costs	25	563.04	451.55
Depreciation and amortization expense	11	621.11	370.43
Other expenses	26	5,833.95	4,821.49
Total expenses		<u>18,646.14</u>	<u>15,394.64</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		20.01	658.61
VI. Exceptional items:			
Loss on account of fire accident		-	24.74
VII. Profit before extraordinary items and tax (V-VI)		20.01	633.87
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		20.01	633.87
X. Tax expense:			
(1) Current tax		284.42	419.75
(2) Deferred tax	27.6	(35.75)	81.82
XI. Profit / (Loss) for the period (IX-X)		(228.66)	132.30
XII. Transfer to Minority Interest		(205.56)	(181.14)
XIII. Profit / (Loss) for the period after tax and transfer to Minority Interest (XI-XII)		<u>(23.10)</u>	<u>313.44</u>
XIV. Earnings per equity share (before & after extraordinary items) :			
(1) Basic (₹)		(0.67)	9.13
(2) Diluted (₹)		(0.67)	9.13
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

R. LAKSHMINARAYANAN

Partner

Membership No. 16246

For and on behalf of the Board of Directors

THOMAS JOHN

Vice Chairman

DIN 00435035

M.D. RAVIKANTH

Chief Financial Officer &

Secretary

V.A. GEORGE

Managing Director

DIN 01493737

MANOJ JOSEPH

Director

DIN 00434579

Place : Chennai

Date : 27<sup>th</sup> May, 2015

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
<b>Cash Flow from Operating Activities</b>		
Profit before tax as per Consolidated Profit and Loss Statement	20.01	633.87
<b>Adjustment for:</b>		
Depreciation	621.11	370.43
Loss/(Profit) on sale of asset	(3.65)	(26.30)
Interest Paid	563.04	451.55
Interest on Fixed Deposit	(70.01)	(29.52)
Effect of exchange differences on translation of subsidiaries	42.96	(72.38)
Operating Profit before working capital changes	1,173.46	1,327.65
<b>Adjustment for:</b>		
Trade and Other Receivables	(1,024.12)	(658.95)
Inventories	(210.97)	10.39
Trade Payables and Other Liabilities	412.75	195.57
Cash Generated from Operations	351.12	874.66
Direct Taxes Paid	(287.67)	(385.54)
<b>Net Cash from Operating Activities (A)</b>	63.45	489.12
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(529.38)	(1,374.73)
Sale of assets	6.24	52.13
Interest on Fixed Deposit	70.01	29.52
(Inc)/Dec in Pre-operative Expenses to the extent not written off	63.97	(8.71)
<b>Net cash used in Investing Activities (B)</b>	(389.16)	(1,301.79)
<b>Cash Flow from Financing Activities</b>		
Increase in Term loan & Other credit facilities	553.00	506.84
Increase in Minority Interest	401.52	310.85
Interest paid	(563.04)	(451.55)
<b>Net Cash from / (used in) Financing Activities (C)</b>	391.48	366.14
<b>Net Increase / (Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	65.78	(446.53)
Opening Cash & Cash Equivalents	963.81	1,410.34
Closing Cash & Cash Equivalents	1,029.59	963.81

Note : Closing Cash and Cash Equivalents includes ₹ 208.34 lakhs (Previous Year: ₹ 241.04 lakhs) in Fixed Deposits with Banks held as Margin Money for BG & LC.

In terms of our report of even date annexed

For JOSEPH & RAJARAM  
Chartered Accountants  
ICAI Registration No. 001375S  
R. LAKSHMINARAYANAN  
Partner  
Membership No. 16246

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

For and on behalf of the Board of Directors

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015****Note 1****CORPORATE INFORMATION (PARENT AND SUBSIDIARY COMPANIES)**

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (the Company) was incorporated on 26<sup>th</sup> March, 1986 as a private limited company, with its Registered Office at Aysha Building, No.41, Whites Road, Royapettah, Chennai - 600 014. The name of the Company was changed to Thejo Engineering Private Limited vide Certificate of Incorporation dated 17<sup>th</sup> June, 2008. The Company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering Limited vide special resolution passed by the Members at their meeting held on 20<sup>th</sup> June, 2008. Thejo Engineering Limited made an Initial Public Offer (IPO) of 4,72,800 equity shares of the face value of ₹ 10/- each at a premium of ₹ 392/- per share in September 2012. The IPO was fully subscribed, and the Company's shares got listed on the EMERGE SME platform of NSE. The share capital of the Company increased to ₹ 171.68 lakhs in the Financial Year 2012-13. During the year 2013-14, the Company issued Bonus Shares to the existing shareholders in the ratio of 1:1 and the paid-up capital of the Company increased to ₹ 343.36 lakhs.

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 and fertilizers. 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 opened a Branch in Perth, Australia during the year.

The Company has four overseas subsidiaries namely, Thejo Hatcon Industrial Services Company, Saudi Arabia, Thejo Australia Pty Ltd, Australia, Thejo Brasil Comercio E Servicos Ltda, Brazil and Thejo Engineering Latinoamerica SpA, Chile. Thejo Hatcon Industrial Services Company is primarily engaged in rubber lagging and industrial services. Thejo Australia Pty Ltd is primarily engaged in conveyor splicing, maintenance and related services. Thejo Brasil Comercio E Servicos Ltda and Thejo Engineering Latinoamerica SpA were incorporated during the financial year 2014-15 and are primarily engaged in sale of products manufactured by the Company.

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

The financial statements (except cash flow statement) have been prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards as specified in annexure to the Companies (Accounting Standards) Rules, 2006 and Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 of Ministry of Corporate Affairs. The cash flow statement has been prepared in accordance with AS 3 on "Cash flow statements" issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

**2.2 Principles of Consolidation**

- (i) The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements".
- (ii) The financial statements of the Parent Company and its subsidiaries are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting therefrom and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- (iii) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except the method of depreciation as adopted by the subsidiary companies has been retained for the purpose of consolidation.
- (iv) The excess of cost to the Parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial statements as 'goodwill on consolidation' and carried in the consolidated balance sheet as an asset.

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

Where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the company, it is recognised as 'capital reserve' and shown under the head Reserves and Surplus, in the consolidated financial statements.

- (v) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- (vi) The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases. The unrealized profit on the closing inventory and fixed assets held by the subsidiary company out of the sales made by the Parent company is reduced from the closing inventory and fixed assets on consolidation as per AS 21.
- (vii) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

**2.3 Use of Estimate**

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

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

**2.4 Foreign currency transactions**

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

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

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

The Consolidated Balance Sheet and the Consolidated Profit and Loss Statement are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. 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.



## Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

### 2.6 Fixed Assets

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

### 2.7 Depreciation

#### a. Indian Parent Company

##### *Tangible Assets*

Pursuant to the enactment of the Companies Act, 2013, depreciation on Tangible Assets is charged under written down value method based on the useful life of individual asset as prescribed in Schedule II of the Act, retaining a residual value of 5% of the cost of the assets. The estimated useful life of some of the assets is arrived at on the basis of technical evaluation on year to year basis. In respect of additions made during the year, depreciation is charged on pro-rata basis from the date of their being ready for use.

##### *Intangible Assets*

They are amortized/ depleted over the useful life of the underlying assets and/ or as prescribed under Accounting Standards.

#### b. Foreign Subsidiaries

Depreciation has been provided on written down value or straight line method at the rates or on the basis of useful life of assets as evaluated and estimated by the Management.

### 2.8 Inventories

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

### 2.9 Revenue Recognition

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

2.9.2 Exports sales are accounted at the rate of exchange prevailing as on the date of invoicing.

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

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

### 2.10 Sales, Works Contracts and Services Income

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

### 2.11 Employee Benefits

#### 2.11.1 Short term employee benefits:

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

#### 2.11.2 Post employment benefits:

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

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

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

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**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**


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**2.12 Taxes on Income**

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

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

**2.13 Impairment of Assets**

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

**2.14 Investments**

Each category/item of investment is valued as follows:

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

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

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

**2.15 Cash and Cash Equivalents**

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

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

**2.16 Provisions, Contingent Liabilities and Contingent Assets**

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

**2.17 Dividend**

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

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

## Note 3

## SHARE CAPITAL

Particulars	As at 31-03-2015		As at 31-03-2014	
	Number	Amount ₹ in lakhs	Number	Amount ₹ in lakhs
<b>Authorised</b>				
Equity Shares of ₹10/- each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
<b>Issued</b>				
Equity Shares of ₹ 10/- each	34,33,552	343.36	34,33,552	343.36
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each	34,33,552	343.36	34,33,552	343.36
(Of the above, 92800 Equity Shares were allotted as fully paid-up for consideration other than cash (15/12/86) and 2055326 shares (108520 shares - 22/2/94; 230030 shares - 4/10/01 & 1716776 shares - 13/9/13) were allotted as fully paid-up bonus shares by transferring ₹ 33.86 lakhs from Profit & Loss Account & ₹ 171.68 lakhs from Securities Premium Account)				
<b>Total</b>	<u>34,33,552</u>	<u>343.36</u>	<u>34,33,552</u>	<u>343.36</u>

## 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	34,33,552	343.36	17,16,776	171.68
Shares issued during the year	-	-	17,16,776	171.68
Shares outstanding at the end of the year	<u>34,33,552</u>	<u>343.36</u>	<u>34,33,552</u>	<u>343.36</u>

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

Name of the Shareholder	As at 31-03-2015		As at 31-03-2014	
	Number	Percentage	Number	Percentage
Mr. K.J. Joseph	3,55,380	10.35%	3,55,380	10.35%
Mr. Thomas John	4,75,660	13.85%	4,75,660	13.85%
SIDBI Venture Capital Ltd A/c India Opportunities Fund	3,17,072	9.23%	3,17,072	9.23%
Emerging India Growth Fund (Canbank Venture Capital Ltd)	2,48,400	7.23%	2,48,400	7.23%
IDBI Capital Market Services Limited	2,25,600	6.57%	2,25,000	6.55%

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 4**
**RESERVES AND SURPLUS**
**a. Securities Premium Account**

Opening Balance	1,845.31	2,016.99
Less : Premium Utilised:		
For Issuing Bonus Shares	-	171.68
<b>Closing Balance</b>	<b>1,845.31</b>	<b>1,845.31</b>

**b. General Reserve**

Opening Balance	517.13	430.02
(+) Appropriated from Profit and Loss Account	54.67	87.11
<b>Closing Balance</b>	<b>571.80</b>	<b>517.13</b>

**c. Surplus in Profit and Loss Account**

Opening balance	2,631.87	2,493.94
(-) Book Value of Fixed Assets with no further useful life as on 01.04.2014 (Net)	60.54	-
(+) Net Profit / (Net Loss) For the current year	(23.10)	313.44
(-) Proposed Dividend	120.17	120.17
(-) Dividend Distribution Tax	24.46	20.42
(-) Transfer to General Reserve	54.67	87.11
(-) Reserves, Surplus & FCTR prior to date of acquisition to Minority Interest	-	(59.54)
(+) Foreign Currency Translation Reserve	7.49	(7.35)
<b>Closing Balance</b>	<b>2,356.42</b>	<b>2,631.87</b>
<b>Total</b>	<b>4,773.53</b>	<b>4,994.31</b>

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

<b>Opening Balance</b>	<b>99.95</b>	<b>33.30</b>
Additions during the year		
a. Share capital	401.52	310.85
b. Share of (Loss)/profit of the year	(205.56)	(181.14)
c. Foreign currency translation adjustment for the year	(1.11)	(3.52)
d. Others incl Reserves, Surplus & FCTR prior to date of acquisition	-	(59.54)
<b>Closing balance</b>	<b>294.80</b>	<b>99.95</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 6**
**LONG TERM BORROWINGS**
**Secured**
**Term loans**

From Banks	762.80	310.19
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The Company was enjoying Term loan facilities under consortium arrangement with State Bank of Mysore and Axis Bank Limited

**Limit / Liability, Terms of Repayment & Security**
**State Bank of Mysore**

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

Sanctioned Limit - ₹ 200 Lakhs

Purpose: Acquisition of Capital Assets

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

Amount of Instalment - ₹ 5.68 Lakhs per month + interest

Security:

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

*Pari-passu* first charge on fixed assets of the company

EM of plots nos. 41&42 and 39&40 at Kuttisseril Lake View Garden, Korattur Village, Saidapet Taluk in the name of Mr. Manesh Joseph and Mrs. Celinamma John respectively

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

Rate of Interest: 3.50% above Base Rate

Collateral to be shared with Axis Bank Limited

Liability (incl Interest Not due) - ₹ 165.06 Lakhs (₹ 209.02 Lakhs)

Repayable within one year	41.91	35.69
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Overdues / Defaults - Nil (Nil)

The Company has been sanctioned fresh term loan limits by Axis Bank Limited, taking over the Term Loan liability in SBM, which was under process as on 31.3.2015.

**Axis Bank Ltd**

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

Sanctioned Limit: ₹ 100 Lakhs

Purpose: Acquisition of Capital Assets

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

Amount of Instalment - ₹ 1.67 Lakhs per month + interest

Security:

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

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

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

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

Liability (Incl interest not due) - ₹ 84.31 Lakhs (₹101.17 Lakhs)

Repayable within one year	20.97	14.50
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Overdues / Defaults - Nil (Nil)

During the year, the Company was sanctioned Foreign Currency Term Loan from Exim Bank, Chennai of USD 1.25 million, for onward lending to two of its subsidiaries

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
-------------	---------------------	---------------------

**Export Import Bank of India**

Date of Sanction: 20.01.2014 Ref. CBG: OIF-715: 321

Sanctioned Limit: USD 1.25 million (Equi ₹ 753.48 Lakhs)

Purpose: Onward lending to Thejo Australia Pty Ltd and Thejo Hatcon Industrial Services Company to meet their long term working capital requirements.

Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice.

Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period.

Security:

*Pari-passu* first charge on the fixed assets of the Company and second charge on the current assets of the Company.

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

Liability (Incl interest not due) - ₹ 403.15 Lakhs (Nil)

Repayable within one year

33.21

Overdues / Defaults - Nil (Nil)

During the year, Thejo Australia Pty Ltd was sanctioned a buyers' credit of USD 1 million for acquisition of capital assets from the Company

**Export Import Bank of India**

Date of Sanction: 20.03.2014 Ref. LOC-TF: DIR-970:14:75

Sanctioned Limit: USD 1 million (Equi ₹ 613 lacs)

Purpose: Buyers Credit to Thejo Australia Pty Ltd for acquisition of capital assets from Thejo Engineering Limited

Period of Repayment : 16 stepped up quarterly instalments commencing from 12 months after the date of first disbursement with interest to be paid quarterly on debit advice.

Amount of Instalment - 2.5% of the loan amount per quarter in the first year; 5% of the loan amount per quarter in the second year; 7.5% of the loan amount per quarter in the third year and 10% of the loan amount per quarter in the fourth year after moratorium period.

Security:

*Pari-passu* first charge on the fixed assets of the Company and second charge on the current assets of the Company and Corporate guarantee by the Company.

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

Liability (Incl interest not due) - ₹ 74.13 Lakhs (Nil)

Repayable within one year

3.82

Overdues / Defaults - Nil (Nil)



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	As at 31-03-2015	As at 31-03-2014
<b>ICICI Bank Limited - Auto Loan</b>		
Date of Sanction: 03.06.2014		
Sanctioned Limit: ₹ 28 Lakhs		
Purpose: Acquisition of Vehicle		
Period of Repayment : 60 Equated Monthly Instalments(including interest) from July 2014. Last Instalment June 2019		
EMI Payable - ₹ 0.60 Lakhs per month		
Security:		
Hypothecation of Vehicle purchased under the loan		
Liability (Incl interest not due) - ₹ 24.87 Lakhs (Nil)		
Repayable within one year	5.09	-
Overdues / Defaults - Nil (Nil)		
<b>From Others</b>		
<b>Financial Institutions</b>	21.07	-
<b>Sundaram Finance Limited</b>		
Date of Sanction: 12.09.2014 & 18.12.2014		
Sanctioned Limit: ₹ 100 Lakhs		
Purpose: Acquisition of Vehicles		
Period of Repayment : 35 Equated Monthly Instalments(including interest) from date of each loan		
Amount of Instalment - ₹ 0.79 Lakhs per month for loan availed till 31.03.2015		
Security:		
Hypothecation of Vehicle purchased under the loan		
Personal guarantee of: Mr. Thomas John		
Liability (Incl interest not due) - ₹ 21.07 Lakhs (Nil)		
Repayable within one year	7.64	-
Overdues / Defaults - Nil (Nil)		
<b>Total</b>	<b>671.23</b>	<b>260.00</b>

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 7****SHORT TERM BORROWINGS****Secured****Loans repayable on demand**

From Banks	2,914.98	2,832.85
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The Company was sanctioned working capital facilities by consortium of bankers namely, State Bank of Mysore and Axis Bank Limited.

**Limit / Liability, Terms of Repayment & Security****State Bank of Mysore**

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

Limits sanctioned: Cash Credit of ₹ 1,600 Lakhs

Stand by Line of Credit (CC) ₹ 150 Lakhs

Letter of credit - ₹ 900 Lakhs

Bank Guarantee - ₹ 1,000 Lakhs

Period of Repayment: On Demand

**Security:**

Charge on all the current assets on *pari-passu* basis

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

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

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

Rate of Interest - 3.25% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 1,644.22 Lakhs (₹ 1,615.70 Lakhs)

Overdues / Defaults: Nil (Nil)

As on 31.3.2015, the Company was in the process of shifting its working capital facilities to the new consortium - State Bank of India, Indian Overseas Bank and Axis Bank Limited.

**State Bank of India**

Date of Sanction: 09.01.2015 Ref No. RM1/337

Limit: Cash Credit of ₹ 1,360 Lakhs + Stand by CC ₹ 136 Lakhs

Period Of Repayment: On Demand

**Security:**

Charge on all the current assets on *pari-passu* basis.

EM of immovable properties belonging to the Company and of plots nos. 41 & 42 and 39 & 40 at Kuttisseril Lake View Garden, Korattur Village, Saidapet Taluk in the name of Mr. Manesh Joseph and Mrs. Celinamma John respectively on *pari-passu* basis.

Hypothecation of movable fixed assets on *pari-passu* basis (Security to be shared with Axis Bank Limited and Indian Overseas Bank)

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

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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Rate of Interest - 2.00% above base rate  
 Margin - Cash credit - 25%, LC and BG - 15%  
 Liability - ₹ 384.73 Lakhs (Nil)  
 Overdues / Defaults: Nil (Nil)

**Axis Bank Limited**

Date of Sanction: 03.02.2015 Ref No. AXISB / SME / S / MEG / CHN / 2014-15/69

Limit: Cash Credit of ₹ 1,020 Lakhs + Stand by CC ₹ 102 Lakhs

Period Of Repayment: On Demand

Security:

Same as given to State Bank of India

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

Rate of Interest - 1.85% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 868.39 Lakhs (₹ 1,217.15 Lakhs)

Overdues / Defaults: Nil (Nil)

**Indian Overseas Bank**

Date of Sanction: 03.03.2015

Limit: Cash Credit of ₹ 1,000 Lakhs

Period Of Repayment: On Demand

Security:

Same as given to State Bank of India

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

Rate of Interest - 1.75% above base rate

Margin - Cash credit - 25%, LC and BG - 15%

Liability - ₹ 17.64 Lakhs (Nil)

Overdues / Defaults: Nil (Nil)

**Total**
2,914.98
2,832.85

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 8**
**TRADE PAYABLES**

Trade payables:

Other than Acceptances	1,949.52	1,314.82
<b>Total</b>	<b>1,949.52</b>	<b>1,314.82</b>

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

Salary and Other Employee Benefits	619.97	481.53
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**Statutory Dues**

Commercial Tax	62.95	52.45
Service Tax	17.14	33.90
ESI	6.24	9.77
EPF	32.47	31.56
Profession Tax	4.98	4.18
TDS	33.73	33.80
Others	36.58	45.23
Outstanding Liabilities	642.51	828.80
Term Loan Instalments Repayable within 12 months	106.33	46.69
Interest accrued but not due on Term Loan	6.31	3.50
<b>Total</b>	<b>1,569.21</b>	<b>1,571.41</b>

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

Provision for Bonus / Ex-gratia	103.15	122.68
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**(b) Others**

Direct Taxes	1,990.27	1,705.84
Proposed Dividend (₹ 3.50/- per equity share of face value of ₹ 10/- each)	120.17	120.17
Dividend Distribution Tax	24.46	20.42
<b>Total</b>	<b>2,238.05</b>	<b>1,969.11</b>

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note 11

## FIXED ASSETS

₹ in lakhs

NATURE OF ASSETS	GROSS BLOCK				DEPRECIATION							ADJUST- MENT	NET BLOCK	
	As at 01.04.2014	Addition for the year	Deduc- tion	Diff. in forex rate conversion	As at 31.03.2015	Upto 31.03.2014	Addition	Deduc- tion	Diff. in forex rate conversion	Unrea- lized profit	Upto 31.03.2015		As at 31.03.2015	As at 31.03.2014
<b>TANGIBLE ASSETS</b>														
Land	65.72	0.00	0.00	0.00	65.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65.72	65.72
Factory Building	858.18	149.36	0.00	(10.70)	996.84	182.44	59.36	0.00	(0.22)	0.00	241.58	0.00	755.26	675.74
Office Building	537.93	0.00	0.00	17.34	555.27	30.71	64.65	0.00	1.73	0.00	97.09	0.00	458.18	507.22
<b>Plant &amp; Machinery</b>														
Plant & Machinery at Factories	1,264.60	48.92	0.00	0.00	1313.52	549.39	135.69	0.00	0.00	0.00	685.08	1.48	626.96	715.21
Plant & Machinery at Branches/Sites - Category 1	50.49	0.62	0.00	0.00	51.11	30.12	3.71	0.00	0.00	0.00	33.83	10.38	6.90	20.37
Plant & Machinery at Branches/Sites - Category 2	55.02	4.85	0.00	0.00	59.87	25.46	12.37	0.00	0.00	0.00	37.83	11.16	10.88	29.56
Plant & Machinery at Branches/Sites - Category 3	7.12	22.75	0.00	0.00	29.87	2.96	9.48	0.00	0.00	0.00	12.44	1.59	15.84	4.16
Plant & Machinery at Branches/Sites - Category 4	117.78	8.58	0.00	0.00	126.36	42.88	13.12	0.00	0.00	0.00	56.00	60.07	10.29	74.90
Plant & Machinery at Branches/Sites - Category 5	970.17	81.51	0.00	(52.45)	999.23	286.98	126.47	0.00	(11.50)	(1.57)	400.38	0.00	598.85	683.19
Boiler	38.63	32.50	0.00	0.00	71.13	37.43	1.55	0.00	0.00	0.00	38.98	0.00	32.15	1.19
Dyes & Moulds	126.28	39.64	0.00	0.00	165.92	46.24	17.28	0.00	0.00	0.00	63.52	0.00	102.40	80.04
Vehicle Four Wheelers	393.81	73.29	24.20	1.18	444.08	264.51	62.15	22.10	0.63	0.00	305.19	0.69	138.20	129.30
Vehicle Two Wheelers	27.17	1.75	0.47	0.00	28.45	17.78	2.39	0.18	0.00	0.00	19.99	0.00	8.46	9.39
Office Equipments - Category 1	27.34	3.10	0.00	0.00	30.44	18.57	3.32	0.00	0.00	0.00	21.89	2.68	5.87	8.77
Office Equipments - Category 2	6.89	2.94	0.00	0.00	9.83	2.12	4.50	0.00	0.00	0.00	6.62	1.14	2.07	4.77
Electrical Fittings	183.03	3.77	0.66	0.00	186.14	97.71	25.49	0.49	0.00	0.00	122.71	1.02	62.41	85.32
Furniture & Fittings	271.17	21.93	0.00	0.26	293.36	97.12	41.06	0.00	(0.18)	0.00	138.00	0.07	155.29	174.04
Computer	154.43	8.26	1.03	(2.09)	159.57	119.30	22.89	0.92	(1.21)	0.00	140.06	1.43	18.08	35.13
Computer Server	7.97	0.00	0.00	0.00	7.97	2.28	2.14	0.00	0.00	0.00	4.42	0.00	3.55	5.69
Generator	43.18	0.00	0.00	0.00	43.18	20.74	7.10	0.00	0.00	0.00	27.84	0.00	15.34	22.43
Total Tangible Assets (Current Year)	5,206.91	503.77	26.36	(46.46)	5,637.86	1,874.74	614.72	23.69	(10.75)	(1.57)	2,453.45	91.71	3,092.70	3,332.16
Total Tangible Assets (Previous Year)	3,814.94	1,378.43	51.80	65.34	5,206.91	1,523.39	354.15	25.97	3.84	19.32	1,874.74	0.00	3,332.16	2,310.57
<b>INTANGIBLE ASSETS</b>														
Technical Knowhow	1.75	0.00	0.00	0.00	1.75	1.44	0.31	0.00	0.00	0.00	1.75	0.00	0.00	0.31
Computer Software	46.92	41.00	0.00	(0.87)	87.05	33.75	7.65	0.00	0.00	0.00	41.40	0.00	45.65	13.17
Total Intangible Assets (Current Year)	48.67	41.00	0.00	(0.87)	88.80	35.19	7.96	0.00	0.00	0.00	43.15	0.00	45.65	13.48
Total Intangible Assets (Previous Year)	46.53	2.14	0.00	0.00	48.67	27.15	8.04	0.00	0.00	0.00	35.19	0.00	13.48	0.36
<b>CAPITAL WORK IN PROGRESS</b>														
Assets Under Construction	53.51	19.67	35.06	0.00	38.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.12	53.51
Total Capital Work In Progress (Current Year)	53.51	19.67	35.06	0.00	38.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38.12	53.51
Total Capital Work In Progress (Previous Year)	59.32	53.51	59.32	0.00	53.51	11.09	0.00	11.09	0.00	0.00	0.00	0.00	53.51	48.23
<b>GRAND TOTAL</b>	<b>5,309.08</b>	<b>564.44</b>	<b>61.42</b>	<b>(47.33)</b>	<b>5,764.78</b>	<b>1,909.93</b>	<b>622.68</b>	<b>23.69</b>	<b>(10.75)</b>	<b>(1.57)</b>	<b>2,496.60</b>	<b>91.71</b>	<b>3,176.47</b>	<b>3,399.15</b>
PREVIOUS YEAR	3,920.79	1,434.06	111.12	65.34	5,309.08	1,561.63	362.19	37.06	3.84	19.32	1,909.92	0.00	3,399.15	2,359.16

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

## Note 12

## NON-CURRENT INVESTMENTS

Particulars	₹ in lakhs	
	As at 31-03-2015	As at 31-03-2014
<b>A Trade Investments (Unquoted)</b>	<b>1,605.19</b>	917.72
Investments in Equity Instruments	<b>1,605.19</b>	917.72
Less : Adjusted on Consolidation of subsidiaries	<b>1,605.19</b>	917.72
<b>Total</b>	<b>-</b>	<b>-</b>

## 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 31-3-2015	As at 31-3-2014			As at 31-3-2015	As at 31-3-2014	As at 31-3-2015	As at 31-3-2014	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>Investment in Equity Instruments</b>											
1	Thejo Hatcon Industrial Services Company	Subsidiary	2,040	255	Unquoted	Fully Paid	51%	51%	333.72	32.98	Yes
2	Thejo Australia Pty Ltd	Subsidiary	22,20,000	15,50,000	Unquoted	Fully Paid	74%	74%	1,202.45	884.74	Yes
3	Thejo Brasil Comercio E Servicos Ltda	Subsidiary	1,39,070	-	Unquoted	Fully Paid	99.99%	NA	31.40	-	Yes
4	Thejo Engineering LatinoAmerica SpA	Subsidiary	40	-	Unquoted	Fully Paid	97.50%	NA	37.62	-	Yes
<b>Total</b>									<b>1,605.19</b>	<b>917.72</b>	



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 13**
**LONG TERM LOANS AND ADVANCES**
**a. EMD and Security Deposits**

Unsecured, considered good	151.76	122.41
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**b. Other Deposits**

Unsecured, considered good		
Rental Deposit	118.98	119.52
Deposit with Government Agencies	9.97	4.15
Others	86.09	41.20
<b>Total</b>	<b>366.80</b>	<b>287.28</b>

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

Pre-Operative & Deferred Expenses to the extent not written off	246.65	310.62
<b>Total</b>	<b>246.65</b>	<b>310.62</b>

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

a. Raw Materials and components	547.25	474.38
b. Work-in-progress	168.62	290.78
c. Finished goods	909.39	659.39
d. Stock in Trade	32.22	9.72
e. Scrap stock from fire accident	9.49	29.44
f. Stock in Transit	7.56	-
Less: Profit element on stock transfer to subsidiary	33.87	34.02
<b>Total</b>	<b>1,640.66</b>	<b>1,429.69</b>

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

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

Unsecured, considered good	4,803.62	4,221.82
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Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	682.74	394.07
<b>Total</b>	<b>5,486.36</b>	<b>4,615.89</b>

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
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**Note 17****CASH AND CASH EQUIVALENTS**

a. Balances with banks		
(i) In Current Accounts	670.86	602.68
(ii) In Deposit Accounts (₹ 208.34 lakhs (PY ₹ 241.04 lakhs) Held as Margin Money for BG & LC)	325.66	281.18
b. Cheques, drafts on hand & funds in transit	-	49.80
c. Cash on hand	33.07	30.15
<b>Total</b>	<b>1,029.59</b>	<b>963.81</b>

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

EMD & Security deposits	474.27	386.23
Others	463.64	457.27
<b>Total</b>	<b>937.91</b>	<b>843.50</b>

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

Direct Tax payments	1,864.73	1,577.06
Balance with Central Excise Authority	15.07	35.29
<b>Total</b>	<b>1,879.80</b>	<b>1,612.35</b>

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
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**Note 20**
**REVENUE FROM OPERATIONS**

Sale of Products	8,388.91	7,815.90
Sale of Services & Works Contract	10,533.69	8,546.36
Other Operating Income	39.21	36.29
Less:		
Excise duty	370.40	451.37
<b>Total</b>	<b>18,591.41</b>	<b>15,947.18</b>

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

Interest	70.01	27.20
Miscellaneous Income	1.08	55.48
Profit on sale of assets	3.65	23.39
<b>Total</b>	<b>74.74</b>	<b>106.07</b>

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

Opening Stock of Raw Materials	474.38	650.53
Add: Purchases made during the year	3,346.43	3,153.12
	3,820.81	3,803.65
Less: Raw Materials lost in fire accident	-	243.18
Less: Closing Stock of Raw Materials	547.25	474.38
	3,273.56	3,086.09
Add: Consumables	375.22	379.48
<b>Total</b>	<b>3,648.78</b>	<b>3,465.57</b>
Purchase of Traded Goods	1,933.58	1,208.61

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**
**Particulars**
**For the year ended  
31-03-2015**
**For the year ended  
31-03-2014**
**Note 23**
**CHANGES IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**
**Opening Stock :**

Work-in-Progress	290.78	223.72
Finished Goods	649.13	574.74
Stock-in-Trade	9.72	9.58
Scrap Stock from fire accident	29.44	-
Less: WIP / FG lost in fire	-	62.16
Less: Unrealised gain in stock sold from parent to subsidiary	34.02	25.99

**Closing Stock :**

Work-in-Progress	168.62	290.78
Finished Goods	909.39	659.39
Stock-in-Trade	32.22	9.72
Scrap Stock from fire accident	9.49	-
Stock in Transit	7.56	-
Less: Unrealised gain in stock sold by parent to subsidiary	33.87	34.02
<b>Total</b>	<b>(148.36)</b>	<b>(205.98)</b>

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

(a) Salaries and incentives	4,980.93	4,221.14
(b) Contributions to PF, Superannuation, Gratuity & ESI	447.85	414.25
(c) Staff welfare expenses	624.20	521.19
(d) LTA, Ex-gratia & Leave Encashment	141.06	126.39
<b>Total</b>	<b>6,194.04</b>	<b>5,282.97</b>

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

Interest	471.95	371.84
Other finance costs	91.09	79.71
<b>Total</b>	<b>563.04</b>	<b>451.55</b>

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
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**Note 26****OTHER EXPENSES****A. Manufacturing & Other Direct Expenses**

Power and fuel	238.53	237.05
Machinery Maintenance	181.00	237.43
Factory Maintenance	16.82	15.78
Electrical maintenance	16.22	16.32
Testing charges	5.28	3.01
Dyes & Moulding charges	23.12	10.29
Cartage, Coolie & Freight charges	308.61	277.29
Packing materials & charges	129.94	119.92
Service & Labour charges	1,202.39	820.67
Total Manufacturing & Other Direct Expenses	2,121.91	1,737.76

**B. Administrative & Selling Expenses**

Professional Service Charges	432.88	302.33
Rent	372.40	304.06
Repairs & Maintenance	55.68	46.27
Travelling, Conveyance & Vehicle hire charges	450.93	442.28
Foreign Travel expenses	25.10	43.14
Vehicle Maintenance	170.14	143.32
Difference in foreign exchange (Loss)	53.77	-
Telephone, Telex & Postage	86.88	69.49
Printing & Stationery	31.68	35.22
Office Maintenance	45.41	44.27
Books & Periodicals	4.22	6.35
Computer Maintenance	14.07	14.11
Seminar & Conference	4.96	3.11
Electricity	32.54	22.97
Legal Fee & Charges	7.31	10.38
Donation	10.57	12.08
Recruitment, Training & Development	15.96	11.52
ECGC Premium	0.85	1.23

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Particulars	For the year ended 31-03-2015	For the year ended 31-03-2014
<b>OTHER EXPENSES (Contd.)</b>		
ISO Certification Charges	1.48	0.67
CSR Expenses	27.01	-
Insurance	55.93	41.16
Rates and taxes	30.31	48.32
Directors Sitting Fees	13.30	9.35
Commission	14.56	44.75
Advertisement	6.25	3.40
Sales Promotion Expenses	17.30	17.85
Freight on Exports	21.33	28.51
Loading & Unloading charges	9.66	7.75
Late Delivery Charges	52.29	32.34
Bad Debts	1.50	9.23
Payments to the Auditors		
a. Statutory Audit	5.82	4.53
b. Tax Audit	1.00	1.00
c. For certification & other services	4.78	4.63
Miscellaneous expenses	5.37	7.89
<b>Total Administration &amp; Selling Expenses</b>	<b>2,083.24</b>	<b>1,773.51</b>
<b>Sales Tax, Service Tax &amp; Other Indirect Tax Expenses</b>	<b>1,564.77</b>	<b>1,293.56</b>
Preliminary Expenses Amortized/Written off	64.03	16.66
<b>Total</b>	<b>5,833.95</b>	<b>4,821.49</b>



Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

## Note 27 ADDITIONAL INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS

## Note 27.1 Contingent Liabilities (to the extent not provided for)

₹ in lakhs

Particulars	2014-15	2013-14
27.1.1 Claims against the company not acknowledged as debts	-	-
27.1.2 Guarantees issued by the Banks	999.06	1,105.79
	<u>999.06</u>	<u>1,105.79</u>

## 27.1.3 Others

₹ in lakhs

Name of statute	Amount of Dispute (31/3/15)	Amount of Dispute (31/3/14)	Amount Deposited (31/3/15)	Period to which it relates	Forum where dispute is pending
APGST	8.40	8.40	1.00	2002-03	Commercial Tax Officer, Naidupet
APGST	9.92	9.92	-	2003-04	Commercial Tax Officer, Naidupet
APGST	-	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 2004-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	2.36	2.36	1.00	2002-03	Commercial Tax Officer, Naidupet
CST	-	7.55	-	2007-08	Assistant Commissioner (CT), Chennai
CST	-	14.80	-	2008-09	Assistant Commissioner (CT), Chennai
CST	16.18	16.18	-	2000-01	High Court of Judicature at Andhra Pradesh
CST	-	24.66	-	2009-10	Assistant Commissioner (CT), Chennai
Customs	12.50	12.50	-	Oct-01	Commissioner of Customs
Income Tax	5.43	5.43	-	AY 2003-09	Assessing Officer, IT
Service Tax	5.33	5.33	-	2011-12	Service Tax Officer
Maharashtra VAT	-	0.65	-	2005-06	Maharashtra VAT
Maharashtra VAT	-	1.20	-	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

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

₹ in lakhs

Name of statute	Amount of Dispute (31/3/15)	Amount of Dispute (31/3/14)	Amount Deposited (31/3/15)	Period to which it relates	Forum where dispute is pending
Central Excise	1.36	1.36	0.68	April-Dec. 2006	CESTAT, Bangalore
Jharkhand Sales Tax	5.31	5.31	-	2004-05	Joint Commissioner of Commercial Taxes (Appeals), Jharkhand
Income Tax	58.47	-	30.00	AY 2001-02	CIT(A)
CST	-	20.05	-	2010-11	Assistant Commissioner(CT), Chennai
MP Sales Tax	1.04	1.04	-		Commissioner of Commercial Taxes
IT – TDS – Salary	0.52	7.50	-	-	TDS – AO
IT – TDS – Non-Salary	1.00	4.61	-	-	TDS – AO
Service Tax	5.62	-	-	Apr-Sep 2014	Assistant Commissioner – Service Tax
<b>Total</b>	<b>187.63</b>	<b>321.18</b>	<b>32.90</b>		

**27.1.4 Commitments**

Estimated amount of contracts remaining to be executed on capital account: ₹ 236.08 lakhs (Previous Year - ₹ 337.49 lakhs)

**Note 27.2 Employee Benefits**

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

**27.2.1 Defined Contribution Schemes**

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

**27.2.2 Defined Benefit Scheme**

The Parent 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	2014-15	2013-14
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

Particulars	₹ in lakhs	
	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014

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

Present value of obligations at the beginning of the year	173.23	144.63
Interest Cost	13.86	11.57
Current Service Cost	20.41	17.81
Benefits Paid	(34.67)	(21.44)
Actuarial (Gain) / Loss on obligations	25.20	20.65
Present value of obligations as at end of the year	198.04	173.23

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
-------------	---------------------------------------	---------------------------------------

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

Fair value of plan assets at the beginning of the year	195.62	145.70
Expected return on plan assets	16.42	13.35
Contributions	(2.54)	58.00
Benefits Paid	(34.67)	(21.44)
Actuarial Gain / (Loss) on plan assets	-	-
Fair value of plan assets at the end of the year	<u>174.83</u>	<u>195.62</u>

**Table Showing Fair Value of Plan Assets**

Fair value of plan assets at the beginning of the year	195.62	145.70
Actual return on plan assets	16.42	13.35
Contributions	(2.54)	58.00
Benefits Paid	(34.67)	(21.44)
Fair value of plan assets at the end of the year	<u>174.83</u>	<u>195.62</u>
Funded Status	<u>(23.20)</u>	<u>22.39</u>

Excess of Actual over Estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31<sup>st</sup> March, 2015)

For the year ended  
31<sup>st</sup> March, 2015

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

**Actuarial Gain / Loss Recognized**

Actuarial (gain) / loss on obligations	(25.20)	(20.65)
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	<u>25.20</u>	<u>20.65</u>
Actuarial (gain) / loss recognized in the year	<u>25.20</u>	<u>20.65</u>

As at  
31<sup>st</sup> March, 2015

As at  
31<sup>st</sup> March, 2014

**Amounts to be Recognized in Consolidated Balance Sheet & Statement of Profit & Loss**

Present value of obligations as at the end of the year	198.04	173.23
Fair value of plan assets as at the end of the year	174.83	195.62
Funded Status	<u>(23.20)</u>	<u>22.39</u>
Net asset / (liability) recognized in the consolidated balance sheet	<u>(23.20)</u>	<u>22.39</u>

For the year ended  
31<sup>st</sup> March, 2015

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

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

Current Service Cost	20.41	17.81
Interest Cost	13.86	11.57
Expected return on plan assets	(16.42)	(13.35)
Net Actuarial (gain) / loss recognized in the year	<u>25.20</u>	<u>20.65</u>
Expenses recognized in the consolidated profit and loss statement	<u>43.05</u>	<u>36.68</u>

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

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**  
**Note 27.3 Segment Reporting**

**Primary Segment Information (Business Segment)**

₹ in lakhs

Particulars	Business Segments						Total	
	Manufacturing Units		Service Units		Others			
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Segment Revenue	6,610.73	7,468.03	11,934.57	9,203.76	2,353.74	1,318.55	20,899.04	17,990.34
Less: Inter segment Revenue	2,331.36	2,055.04	1.02	-	14.46	24.41	2,346.84	2,079.45
Total Revenue	4,279.37	5,412.99	11,933.55	9,203.76	2,339.28	1,294.14	18,552.20	15,910.89
Segment Results	1,071.96	1,664.50	919.32	625.88	(152.22)	38.92	1,839.06	2,329.30
Less : Finance Cost							563.04	451.55
Un allocable Expenses (net of income)							1,256.01	1,243.88
Total Profit Before Tax							20.01	633.87
Tax Expenses							248.67	501.57
Profit after Tax							(228.66)	132.30
Segment Assets	4,788.85	4,189.51	5,770.37	4,607.46	297.70	43.26	10,856.92	8,840.23
Segment Liabilities	1,085.35	830.67	1,829.73	983.04	107.84	40.68	3,022.92	1,854.39
Capital Employed	3,703.50	3,358.84	3,940.64	3,624.42	189.86	2.58	7,834.00	6,985.84
Less: Un allocated Capital Employed							(2,717.11)	(1,648.17)
<b>Total Capital Employed</b>							<b>5,116.89</b>	<b>5,337.67</b>

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

**Note 27.4 Related Party Disclosures**

List of Related Parties

Name of the Party	Relationship
Mr.V.A.George	Key Management Personnel
Mr. K.J. Joseph	Key Management Personnel
Mr. Thomas John	Key Management Personnel
Mr. Manoj Joseph	Key Management Personnel
Mr. Rajesh John	Key Management Personnel
Mr. M.D. Ravikanth	Key Management Personnel
Mr. Manesh Joseph	Relative of Key Management Personnel
Mrs. Rosamma Joseph	Relative of Key Management Personnel
Mrs. Celinamma John	Relative of Key Management Personnel

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

Related Party Transaction Details:

₹ in lakhs

Related Party	Nature of Payment	Current Year Transaction	Outstanding as on 31 <sup>st</sup> March, 2015
Key Management Personnel	Remuneration	108.40	(3.51)
Key Management Personnel	Sitting Fee	3.20	-
Relative of Key Management Personnel	Remuneration	43.94	(3.02)

**Note 27.5 Details of Subsidiaries**

Name	Ownership by the Parent Company	Minority Interest	Relationship	Reporting Date	Different Accounting policies applied	Reason for not consolidating the accounts of subsidiary if any
Thejo Hatcon Industrial Services Company	51% (51%)	49% (49%)	Direct Control	31 <sup>st</sup> December, 2014	Depreciation on Fixed Assets – Computed on SLM over the estimated useful life of the asset	NIL
Thejo Australia Pty Ltd	74% (74%)	26% (26%)	Direct Control	30 <sup>th</sup> June, 2014	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	NIL
Thejo Brasil Comercio E Servicos Ltda	99.99% (NA)	0.01% (NA)	Direct Control	NA	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	NIL
Thejo Engineering LatinoAmerica SpA	97.50% (NA)	2.50% (NA)	Direct Control	NA	Depreciation on Fixed Assets – Computed on SLM or Diminishing value basis over the estimated useful life of the asset	NIL

**Note 27.6 Calculation of Deferred Tax**

₹ in lakhs

Particulars	31 <sup>st</sup> March, 2015		31 <sup>st</sup> March, 2014	
	DTA	DTL	DTA	DTL
Opening Balance	-	76.48	5.34	-
Timing Difference in Depreciation	26.64	-	-	31.00
Profit on sale of asset	-	0.86	-	7.95
On account of disallowances	-	-	12.12	-
On Account of WDV of Fixed Assets written off against opening Reserves	31.17	-	-	-
On account of carry forward of subsidiary losses including depreciation	9.97	-	6.60	-
On account of reversal of DTA of subsidiary created in previous years	-	-	-	61.59
<b>Total</b>	<b>67.78</b>	<b>77.34</b>	<b>24.06</b>	<b>100.54</b>
Net Deferred Tax Liability / (Asset)	-	9.56	-	76.48

**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**
**₹ in lakhs**

Particulars	2014-15	2013-14
-------------	---------	---------

**Note 27.7 Earnings Per Share**

Basic &amp; Diluted:

Net Profit after Tax (₹ in Lakhs)	(23.10)	313.44
Weighted Number of Equity Shares during the year (Nos.)	34,33,552	34,33,552
Earnings per Share (₹)	(0.67)	9.13

**Note 27.8 Payment to Auditors**

For Audit	5.82	4.53
For Tax Audit	1.00	1.00
For Other Services	4.78	4.63
<b>Total</b>	<b>11.60</b>	<b>10.16</b>

**Note 27.9 Other Disclosures**

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

**27.9.2** To facilitate consolidation based on uniform accounting period, the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015 had been prepared based on the unaudited financial statements of Thejo Hatcon Industrial Services Company, Thejo Australia Pty Ltd, Thejo Brasil Comercio E Servicos Ltda and Thejo Engineering LatinoAmerica SpA for the year/period ended March 2015.

**27.9.3** Additional Information, as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiary.

**Amount ₹ in lakhs**

Name of the Enterprise	Net Assets i.e. Total assets minus Total liabilities		Share in profit or (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent				
Thejo Engineering Limited	118.31%	6,403.08	(239.08%)	546.67
Subsidiaries				
Foreign				
1. Thejo Hatcon Industrial Services Company	(1.04%)	(56.09)	10.97%	(25.08)
2. Thejo Australia Pty Ltd	(21.48%)	(1,162.65)	209.14%	(478.22)
3. Thejo Brasil Comercio E Servicos Ltda	(0.57%)	(30.96)	13.81%	(31.58)
4. Thejo Engineering LatinoAmerica SpA	(0.67%)	(36.50)	15.26%	(34.89)
Minority Interest	5.45%	294.80	89.90%	(205.56)
<b>Total</b>	<b>100.00%</b>	<b>5,411.68</b>	<b>100.00%</b>	<b>(228.66)</b>



**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**27.9.4** In line with the accounting policy in respect of taxes on income as contained in Note 2.12, the Company has recognized Deferred Tax Asset to an extent of ₹ 9.97 lakhs, only in respect of Thejo Hatcon Industrial Services Company.

**Note :28 Previous Year Figures**

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

As per our report of even date

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

R. LAKSHMINARAYANAN  
Partner  
Membership No: 16246

Place : Chennai  
Date : 27<sup>th</sup> May, 2015

For and on behalf of the Board of Directors

THOMAS JOHN  
Vice Chairman  
DIN 00435035  
M.D. RAVIKANTH  
Chief Financial Officer &  
Secretary

V.A. GEORGE  
Managing Director  
DIN 01493737  
MANOJ JOSEPH  
Director  
DIN 00434579



**SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT , 2013**

[Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014 -AOC 1]

₹ in lakhs

Sr. No.	Name of Subsidiary Company	Reporting Period	Reporting Currency and Exchange rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend	% of Share-holding
1	Thejo Hatcon Industrial Services Company	01 <sup>st</sup> January to 31 <sup>st</sup> December	1 SAR = ₹ 16.6095	654.35	(111.75)	1,255.96	1,255.96	-	490.38	(75.07)	-	(75.07)	-	51.00
2	Thejo Australia Pty Ltd	01 <sup>st</sup> July to 30 <sup>th</sup> June	1 AUD = ₹ 47.4192	1,624.94	(1,485.69)	2,544.23	2,544.23	-	1,436.27	(645.89)	-	(645.89)	-	74.00
3	Thejo Brasil Comercio E Servicos Ltda	NA	1 BRL = ₹ 19.4562	31.40	(31.59)	43.51	43.51	-	-	(31.59)	-	(31.59)	-	99.99
4	Thejo Engineering LatinoAmerica SpA	NA	1 USD = ₹ 62.3078	38.56	(34.53)	69.12	69.12	-	-	(34.53)	-	(34.53)	-	97.50

**Names of subsidiaries which are yet to commence operations**

1. Thejo Brasil Comercio E Servicos Ltda, incorporated on 08<sup>th</sup> September, 2014
2. Thejo Engineering LatinoAmerica SpA, incorporated on 14<sup>th</sup> November, 2014

For and on behalf of the Board

 Place : Chennai  
 Date : 27<sup>th</sup> May, 2015

 THOMAS JOHN  
 Vice Chairman  
 DIN 00435035

 V.A. GEORGE  
 Managing Director  
 DIN 01493737

 MANOJ JOSEPH  
 Director  
 DIN 00434579

 M.D. RAVIKANTH  
 CFO & Secretary



## Thejo Engineering Limited

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

CIN: L27209TN1986PLC012833

Ph: 044 42221900 Fax: 044 42221910 E-mail: [investor@thejo-engg.com](mailto:investor@thejo-engg.com) Website: [www.thejo-engg.com](http://www.thejo-engg.com)

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail ID :

Folio No. / \*Client ID :

\*DP ID :

\* Applicable for investors holding shares in electronic form.

I/We, being the member(s) of ..... shares of Thejo Engineering Limited, hereby appoint:

Name: ..... Email ID: .....

Address: .....

Signature: ..... or failing him / her

Name: ..... Email ID: .....

Address: .....

Signature: ..... or failing him / her

Name: ..... Email ID: .....

Address: .....

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **29<sup>th</sup> Annual General Meeting** of the Company, to be held on Wednesday, 26<sup>th</sup> August, 2015 at 10:00 A.M. at the "The Music Academy", Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Refer Note 3 I wish my above appointed proxy to vote in the manner as indicated overleaf:

Signed this ..... day of ..... 2015. Signature of shareholder .....



Signature of first Proxy holder

Signature of second Proxy holder

Signature of third Proxy holder

Notes: 1. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time of commencement of the aforesaid meeting.

2. The Proxy need not be a member of the Company.

3. It is optional to indicate your preference. If you leave the for or against column blank against any or all the resolutions, your Proxy can vote either for or against the resolution as he/she deems appropriate.



## Thejo Engineering Limited

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

CIN: L27209TN1986PLC012833

Ph: 044 42221900 Fax: 044 42221910 E-mail: [investor@thejo-engg.com](mailto:investor@thejo-engg.com) Website: [www.thejo-engg.com](http://www.thejo-engg.com)

### ATTENDANCE SLIP

Regd. Folio No./ DP Client ID : 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of shares held: 

--	--	--	--	--	--

I certify that I am member / proxy for the member of the Company.

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company held on Wednesday, the 26<sup>th</sup> August, 2015 at 10.00 A.M. at the "The Music Academy", Kasturi Srinivasan Hall (Mini Hall), New No. 168, T.T.K. Road, Royapettah, Chennai - 600 014, Tamil Nadu, India.

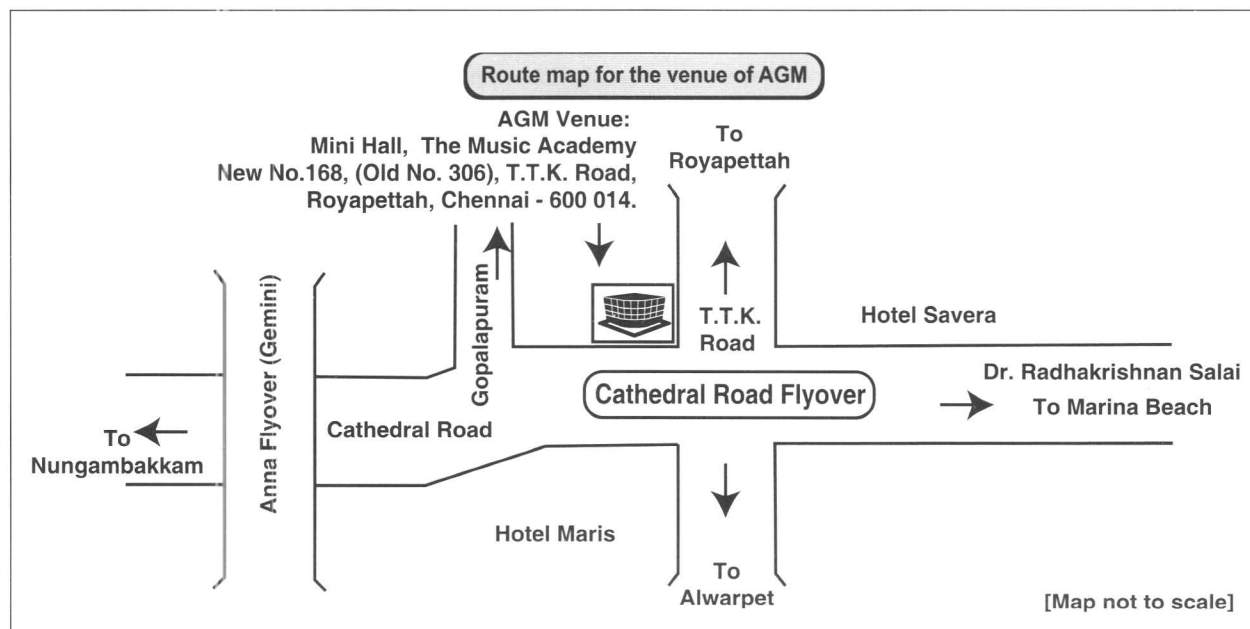
.....  
Name of the Member / Proxy

.....  
Signature of the Member / Proxy

Notes: 1. Please fill attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report 2014 -15 for the meeting.

2. Joint shareholders may obtain additional Attendance Slip on request at the venue of the meeting.

Resolutions	For	Against
1. Consider and adopt: a) Audited Financial Statements, the reports of the Board of Directors and Auditors b) Audited Consolidated Financial Statement		
2. Declaration of Dividend on Equity Shares		
3. Re-appointment of Mr. K.J. Joseph as a Director, retiring by rotation		
4. Re-appointment of Mr. Rajesh John as a Director, retiring by rotation		
5. Appointment of Auditors and fixing their remuneration		
6. Appointment of Mrs. Sujatha Jayarajan as an Independent Director		
7. Re-appointment of Mr. Manoj Joseph as Whole-time Director		
8. Amendment of Memorandum of Association		
9. Approval of Employee Stock Option Plan and grant of Employee Stock Options to the employees of the Company		
10. Approval of Employee Stock Options to the employees of the Subsidiary Company/(ies)		







**Thejo Engineering Limited**

CIN : L27209TN1986PLC012833

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Website: [www.thejo-engg.com](http://www.thejo-engg.com)