RED HERRING PROSPECTUS
Dated: August 27, 2012
Please read Section 60B of the Companies Act, 1956
Book Building Issue

THEJO ENGINEERING LIMITED

Our Company was incorporated as Thejo Engineering Services Private Limited on March 26, 1986. The name of our Company was changed to Thejo Engineering Private Limited pursuant to a fresh certificate of incorporation dated June 17, 2008issued by the Registrar of Companies, Tamil Nadu, Chennai, consequent to change of name.Subsequently, the name of our Company was changed to Thejo Engineering Limited, pursuant to which a fresh certificate of incorporation dated August 1, 2008 was issued by the Registrar of Companies, Tamil Nadu, Chennai. For further details of incorporation, corporate structure, changes of nameand in registered office of our Company, please see section titled “History and Corporate Structure” beginning on page 81of the Red Herring Prospectus.

Registered Office: Aysha Building, 2nd floor,41, Whites Road, Chennai 600 014, Tamil Nadu, India; **Tel No:**+91 44 4392 1900; **Fax No:**+91 44 28522547
Corporate Office:41, Cathedral Road, VDS House, Chennai 600 086, Tamil Nadu, India; **Tel No:**+91 44 4222 1900; **Fax No:**+91 44 4222 1910
Contact Person: Mr. M.D. Ravikanth**,** Company Secretary and Compliance Officer;
Website: www.thejo-engg.com; **E-mail**: investor@thejo-engg.com

PROMOTERS OF OUR COMPANY: MR. K.J. JOSEPH AND MR. THOMAS JOHN

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF `10 EACH FOR CASH AT A PRICE OF`[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF`[●] PER EQUITY SHARE) AGGREGATING UPTO` 1,900.01 LACS (THE “ISSUE”) BY OUR COMPANY, OF WHICH [●] EQUITY SHARES OF`10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (“MARKET MAKER RESERVATION PORTION”) THE ISSUE LESS THE MARKETMAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF`10 EACH IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] %, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS`10 EACH.
PRICE BAND:`402 TO 430 PER EQUITY SHARE OF FACE VALUE`10 EACH
THE ISSUE PRICE IS 40.20 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 43.00 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional Working Days after such revision of the Price Band, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the the National Stock Exchange of India Limited (“NSE”) and by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicates.

The Issue is being made through a Book Building Processin accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face Value of the Equity Shares is `10/- and the Floor Price is 40.20 times of the Face Value and the Cap Price is 43.00 times of the face value. The Issue Price (as determined and justified by our Company and the Book Running Lead Manager (“BRLM”) as stated under the section titled “Basis for Issue Price” beginning on page 48 of Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page xii of this Red Herring Prospectus.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the SME Platform of the NSE and traded in the SME Call auction market. In Principle Approval from NSE, for listing the Equity Shares has been received pursuant to letter no. NSE/LIST/163547-E- dated March 27, 2012. For the purpose of this Issue, NSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

IDBI Capital Market Services Limited
SEBI Reg. No.: INM000010866
3rd Floor, Mafatlal Centre,
Nariman Point
Mumbai 400 021
Tel: +91 22 4322 1212
Fax: +91 22 2285 0785
Investor Grievance Email: redressal@idbicapital.com
Email: thejo.ipo@idbicapital.com
Website: www.idbicapital.com
Contact Person: Mr. Hemant Bothra

REGISTRAR TO THE ISSUE

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/
Email: thejo@cameoindia.com
Contact Person: Mr. R.D. Ramasamy
SEBI Registration INR 000003753

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON: SEPTEMBER 4, 2012	BID/ISSUE CLOSES ON: SEPTEMBER 6, 2012

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SECTION I -GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, in theRed Herring Prospectus, all references to "TEL", "Issuer", "Thejo", "we", "us", "our" and "our Company" are to Thejo Engineering Limited.

Company Related Terms

Term	Description
"Our Company" or to "Thejo" or "we" or "us" or "our"	Thejo Engineering Limited having its registered Office at Aysha Building, 2nd floor,41, Whites Road, Chennai 600 014, Tamil Nadu, India
Articles/Articles of Association	Articles of Association of our Company, as amended from time to time, unless the context otherwise specifies
Auditors / Statutory Auditors	The statutory auditors of our Company, M/s Joseph and Rajaram
Board/Board of Directors	The board of directors of our Company or a committee constituted thereof, unless the context otherwise specifies
Corporate Office	The corporate office of our Company located at 41, Cathedral Road, VDS House, Chennai 600 086, Tamil Nadu, India
Director(s)	The director(s) of our Company, unless otherwise specified.
Group Companies	Companies, firms and ventures promoted by our Promoters, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in the chapter titled"Group Companies" on page 101 of the Red Herring Prospectus
Memorandum/ Memorandum of Association	The memorandum of association of our Company, unless the context otherwise specifies
Promoters	The promoters of our Company, namely, Mr. K.J. Joseph and Mr. Thomas John
Promoter Group	Includes such persons and entities constituting our promoter group in termsof Regulation 2 (1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company at AyshaBuilding, 2nd floor,41, Whites Road, Chennai 600 014, Tamil Nadu, India
Subsidiary	The subsidiaries of our Company, namely Thejo Hatcon Industrial Services Company LLC, Kingdom of Saudi Arabia and Thejo Australia Pty Limited
Unit – I/Unit I	Unit – I situated at, Survey No.176/3, 181/5 & 181/6A, Jagannathapuram Road, Irulipattu Village, Alinjivakkam Post, Ponneri Taluk, Chennai – 67
Unit -II/ Unit II	Unit – II situated at, Survey No. 101/5C & 101/5D Jagannathapuram Road, Athipedu Village, Ponneri Taluk, Chennai MGR Dist.
Unit- III/Unit III	Unit – III situated at, Survey No. 100/5, AthipeduVillage, Jagannathapuram, Ponneri Taluk, Chennai – 67
Unit-IV/ Unit IV	Unit – IV situated at, Survey No.101/5C & 5d, Jagannathapuram Road, Athipedu Village, Ponneri Taluk, Chennai – 67

Issue Related Terms

Term	Description
Allotment/Allot/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful Bidders
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used compulsorily by QIBsand Non-Institutional Bidders and optionally by Retail Individual Bidders to make a Bid authorizing a SCSB, either directly or through the Syndicate Members, to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder, as specified in the Bid Cum Application Form

Term	Description
ASBA Bidder(s)	Prospective investors in this Issue who intend to Bid/apply through the ASBA process
Banker(s) to the Issue / Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being IDBI Bank Limited and HDFC Bank Limited.
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described under "Issue Procedure" on page 214of theRed Herring Prospectus
Bid cum Application Form	The form in terms of which a Bidder (including an ASBA Bidder) makes a Bid in terms of the Red Herring Prospectus and which will be considered as an application for Allotment
Bid(s)	An indication to make an offer during the Bid/Issue Period by a Bidder, , to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue
Bid/Issue Closing Date	The date after which the members of the Syndicate and the designated branches of the SCSBsshall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation, and in case of any revision, the extended Bid/ Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be notified in a English national daily newspaper, a Hindi national daily newspaper and a Tamilnewspaper, each with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form including an ASBA Bidder
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders and the ASBA Bidders can submit their Bids, including any revisions thereof
BookBuilding Process/Method	The book building route as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being IDBI Capital Market Services Limited
Business Day	Any day on which commercial banks in Mumbai are open for business
CAN/Confirmation of Allocation Note	The note or advice or intimation of Allocation of Equity Shares sent to the successful Bidders who have been Allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Cap Price	The higher end of the Price Band above which the Issue Price will not be finalized and above which no Bids will be accepted
Controlling Branch	Such branches of the SCSBs which coordinate under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in
Cut-off Price	Any price within the Price Band finalized by our Company in consultation with the Book Running Lead Manager. A Bid submitted at Cut-Off Price is a valid price at all levels within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding `2,00,000. No other category of Bidders are entitled to Bid at the Cut-off Price
Designated Branch	Such branches of the SCSBs which shall collect the Bid cum Application Form used by ASBA Bidders and a list of which is available on www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated March 13, 2012 filed with the National Stock Exchange of India Limitedissued in accordance with Section 60B of the Companies

Term	**Description**
	Act and the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be issued and the size of the Issue
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Equity Shares	Equity shares of our Company of face value of ` 10 each, fully paid up, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
First / Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted, including revisions thereof
Issue	This public issue of [●] Equity Shares at the Issue Price aggregating to `1,900.01 lacs by our Company.
Issue Agreement	The agreement dated March 12, 2012 entered into among our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Book Running Lead Manager on the Pricing Date
Issue Proceeds	The gross proceeds of the Issue that would be available to our Company after the final listing and trading approvals are received
Market Maker	IDBI Capital will act as the Market maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Market Maker Reservation Portion	The Reserved portion of [●] Equity shares of face value of ` 10/- each at `[●] (including share premium of `[●]/-) per Equity Share aggregating to `[●]/- (Rupees [●]Lacs Only) for Designated Market Maker in the Initial Public Issue of Thejo Engineering Limited.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or [●] Equity Shares available for allocation to Mutual Funds, out of the QIB Portion
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] Equity Shares of `[●]/- each at `[●] (including share premium of `[●]/-) per Equity Share aggregating to `[●](Rupees [●]Lacs Only) by Thejo Engineering Limited.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "Objects of the Issue" on page 39 of the Red Herring Prospectus
Nominated Investor	SIDBI SME Venture Fund through its scheme India Opportunities Fund will be the Nominated Investor.
Non-Institutional Bidders	All Bidders including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an cumulative amount more than ` 2,00,000
Non-Institutional Portion	The portion of the Issue being not less than [●] Equity Shares available for allocation to Non-Institutional Bidders on a proportionate basis
Non-Resident Indian or NRI	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Pay-in-Period	For Bidder the period commencing on the Bid Opening Date and continuing till the Bid Closing Date
NSE	The National Stock Exchange of India
Pre-IPO Placement	The private placement of 59,236 Equity Shares at a premium of ` 327.63 per Equity

Term	Description
	Share, for cash consideration aggregating to ` 199.99lacs by the Company at its discretionin favour of SVCL.
Price Band	Price band of a minimum price (Floor Price) of ` 402 and the maximum price (Cap Price) of ` 430 and includes revisions thereof, with the relevant financial ratios calculated at the Floor Price and at the Cap Price. The Price Band and the minimum Bid lot size for the Issue will be advertised at least two working days prior to the Bid/ Issue Opening Date, in an English daily national newspaper, a Hindi daily national newspaper and a Tamil newspaper eachwith wide circulation
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the BookBuilding process, the size of the Issue and certain other information
Public Issue Account	The bank account opened under Section 73 of the Companies Act with the Banker to the Issue to receive money from the Escrow Accounts on the Designated Date and where the funds transferred by the SCSBs from the ASBA Accounts shall be received
QIB Portion	The portion of the Offer, being not more than 50% of the Net Offer or [•] Equity Shares, available for allocation to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and subaccount registered with SEBI, other than a Sub-Account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, VCF, FVCIs, state industrial development corporation, insurance company registered with Insurance Development Regulatory Authority, provident fund with minimum corpus of ` 250 million, pension fund with minimum corpus of ` 250 million and National Investment Fund set up by Government of India and insurance funds set up and managed by army, navy or air force of the Union of India and the insurance funds set up and managed by the Department of Posts, India
Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds (excluding to the ASBA Bidders), if any, of the whole or part of the Bid Amount shall be made
Refund Bank	IDBI Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS / NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Registrar to this Issue, in this case being Cameo Corporate Services Limited.
Retail Investor/Retail Bidder	Individual Investors who have applied for Equity Shares for an amount not more than ` 2 lacs (including HUFs applying through their Karta
Revision Form	The form used by the Biddersto modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Sub Syndicate Member	A SEBI Registered member of NSE appointed by the BRLM and / or Syndicate Member to act as a Sub Syndicate Member in the Issue
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
Self Certified Syndicate Bank or SCSBs	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of an ASBA account in accordance with SEBI ICDR Regulations, a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf or any such other webpage as may be prescribed by SEBI from time to time
SME Call auction market	SME securities can trade either in the normal market (N) or in daily call auction market (C). Call auction market will include a daily call auction session at a time specified by the Exchange. Shares will trade in the respective market lot defined by the exchange for each security. In call auction mechanism the order flow over a

Term	Description
	certain time period is pooled and the trades take place at the equilibrium price which is obtained through the demand supply mechanism. The unmatched orders will be cancelled after each session. The call auction session shall consist of two different phases namely: Phase I: Order Entry, modification and cancellation Phase II: Order Matching *For more details please refer to NSE Emerge website at* http://www.nseindia.com/emerge/
SME Platform of NSE	The SME Platform of NSE which was approved by SEBI as an SME Exchange on October 14, 2011 for listing of equity shares offered under Chapter XB of the SEBI ICDR Regulations.
Stock Exchange	The NSE
SVCL	SIDBI Trustee Company Limited A/c India Opportunities Fund managed by SIDBI Venture Capital Limited
Syndicate	Includes the BRLM, Syndicate Members and Sub-Syndicate Members
Syndicate Members	IDBI Capital Market Services Limited and Prabhudas Lilladher Private Limited
Syndicate Agreement	The agreement dated August 25, 2012 entered into among our Company, the BRLM and the Syndicate Members, in relation to the collection of Bids in this Issue
Syndicate ASBA Bidding Locations	Bidding Centres where an ASBA Bidder can submit their Bid in terms of SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat.
Transaction Registration Slip/ TRS	The slip or document issued by member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The Book Running Lead Manager and Prabhudas Lilladher Private Limited
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Technical/Industry Related Terms / Abbreviations

Term	Description
Autoclave Batch Mixing	Device used to vulcanize rubber at high pressure Process of blending rubber, carbon black fillers and other chemicals to produce rubber of high strength
Belt Cleaners	Equipment used to clean conveyor belts to reduce the deposit of sediments
Bulk Material Handling	Engineering field and study and design of equipment used in handling of large blocks of dry material
Belt Reconditioning	Repair of split belts
Calendar	Used to convert the heated rubber compound into thin sheets
Casting	Process in which hot liquid material is poured into a mold and allowed to solidify to take the shape of the mold
Corrosion	Gradual destruction of metallic material by chemical reaction
Corrosion Protection	Prevention of metallic materials from corroding
Conveyor Maintenance	Servicing of the conveyor belts to ensure its smooth functioning
Extruder Extrudite	Machine that converts heated rubber into a solid material of required shape Output of a extruder
Festooner	Modular vessel to store intermediate compounds
Hydraulic Press	Vulcanizing extradites under high pressure and temperature to form products of various shapes
Impact Cushion Pads	Rubber pads to reduce impact of material contact
Intermix	Equipment used in the mixing of rubber with other chemicals
Lead Time	Delay between initiation and execution of a process
Mastication	Reducing the viscosity of rubber
Mill Screens	Filter to separate fine minerals from impurities
Mineral processing	Process involved in the processing of the ore extracted from mines

Term	Description
Polyurethane	Polymer used in foams
Preforming	Compounds produced by the mixing process are warmed on two-roll mills and fed to the calendar or extruder machines at a constant rate
Pulley Lagging	Rubberize conveyor pulleys for traction to reduce wear & tear
Rotocure	Device used to vulcanize rubber
Rubber Lining	Lining of metallic objects with rubber to prevent corrosion
Spillage Control	Reduction of wastage during the transfer of material through conveyor belts
Splicing	Connection of two or more pieces of rubber
SVCL	SIDBI Trustee Company Limited A/c India Opportunities Fund managed by SVCL
Vulcanizing	Chemical Process of converting rubber into more durable materials
Wear Resistance	Reduced wear and tear during periods of prolonged use

Conventional and General Terms/ Abbreviations

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amounts
AY	Assessment Year
BAN	Bank Account Number
BPLR	Bank Prime Lending Rate
BIFR	Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CIN	Corporate Identification Number
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a financial year divided by the weighted average outstanding number of Equity Shares at the end of that financial year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR number	General index registration number
GoI/Government	The Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IPO	Initial Public Offering
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IRDA	Insurance Regulatory and Development Authority
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India

Term	Description
Listing Agreement	Listing agreement to be entered into by our Company with the Stock Exchanges
Mn / mn	Million
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued Equity Shares
NCR	National Capital Region
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue, except with the specific permission of the RBI.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
QFI	Qualified Foreign Investors
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Tamil Nadu at Chennai
RONW	Return on Net Worth
`	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
State Government	The government of a state of the Union of India
Stock Exchange	NSE
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US$/U.S.$	United States Dollars

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in theRed Herring Prospectus are to the Republic of India, together with its territories and possessions. Unless the context otherwise requires, all references to the "Company", "we", "us" and "our" refers to Thejo Engineering Limited.

Financial Data

Unless stated otherwise, the financial data in theRed Herring Prospectus is derived from our audited standalone financial statements in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations and Indian GAAP which are included in theRed Herring Prospectus, and set out in “Financial Information” on page 103.Our Company’s financial year commences on April 1 and ends on March 31 of the next year, so all references to a particular Fiscal Year or Financial Year or FY are to the twelve-month period ended March 31 of that year.

In theRed Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

Currency of Presentation

All references to “Rupees” or “`” or “INR” or “`” are to Indian Rupees, the official currency of the Republic of India.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout theRed Herring Prospectus has been obtained from publications (including websites) available in public domain and our internal reports. These industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Red Herring Prospectus is reliable, neither we nor the BRLMs have independently verified such information or ascertained the underlying economic assumptions contained therein. The data used from these sources may have been reclassified by us for purposes of presentation. Data from various market sources may not be comparable. The extent to which the market and industry data is presented in this Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different market and industry sources.

NOTICE TO INVESTORS

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Any representation to the contrary is a criminal offence in the United States.

FORWARD LOOKING STATEMENTS

All statements contained in theRed Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in theRed Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in theRed Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, among others:

1. Our ability to successfully implement our strategy, growth and expansion plans

2. The outcome of legal or regulatory proceedings that we are or might become involved in

3. Contingent liabilities, environmental problems and uninsured losses

4. Government approvals

5. Changes in government policies and regulatory actions that apply to or affect our business

6. Developments affecting the Indian economy

7. Uncertainty in global financial markets

For further discussion of factors that could cause our actual results to differ from our expectations, see "Risk Factors", "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages xii, 73 and 166 of theRed Herring Prospectus respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as of the date of theRed Herring Prospectus. Neither our Company, our Directors and officers, the Book Running Lead Managernor any of the members of the Syndicate nor any of their respective affiliates has any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Book Running Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchange.

SECTION II -RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors. We have numbered the risk factors to facilitate ease of reading and reference, and such numbering should not indicate the importance, relative or otherwise, of any risk factor over another.

In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved.

Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared under Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

1. ***We are involved in litigation proceedings and we cannot assure you that we will be successful in any or all of these matters. In the event we are unsuccessful in litigating any or all of the disputes described below, our business, reputation and results of operations may be adversely affected.***

   We are party to litigations and are subject to legal notices. No assurances can be given that these proceedings will be determined in our favour. If a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on our results of operations and cash flows. A classification of the legal proceedings instituted against and by us and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below:

   Litigation against us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (`) in Lacs
1.	Tax notices	5	11.30
2.	Tax cases	3	47.00
	Total	**8**	**58.30**

   Litigation by us

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (`) in Lacs
1.	Civil	1	30.34
2.	Tax	17	322.39
	Total	**18**	**352.73**

   Litigation against our Directors

   Mr. N. Ganga Ram

Sr. No.	Nature of the litigation	Number of outstanding litigations	Aggregate amount ascertainable (`) in Lacs
1.	Civil	1	Not Ascertainable
	Total	**1**	Not Ascertainable

   For further details, please see "Outstanding Litigations and Material Developments" beginning on page181.

2. ***Part of the Net Proceeds from the Issue will be invested in our Australian subsidiary. However, such investments have not been appraised by any independent valuer. Also, adverse effect on the business of our Subsidiaries will lead to non-receipt of dividend by us.***

We propose to invest ` 642.00 lacs out of the Net Proceeds of the Issue towards investments in our Australian subsidiary. We have not carried out any independent valuation for these investments. Our investments are based on management estimates and internal valuation. The income from these investments will be in the form of dividends received from subsidiary. Any adverse effect in our subsidiary will lead to non-receipt of dividend from the investments made by us. There can be no assurance that we will receive any dividends pursuant to such investments from the Net Proceeds of the Issue.

3. ***We have not entered into any definitive agreement or placed orders for some of the plant and machinery required for our proposed capacity addition. Further, there may be a delay in delivery of the plant and machinery of such order for the proposed Objects, which in turn could adversely affect our business prospects, financial condition and results of operation.***

We have not yet entered into any definitive agreements or placed orders for some of theplant and machinery. As a result, at the time of placing the orders, the price of the machineries may vary from the existing price as per the estimated cost specified under the chapter titled "Objects of the Issue" and hence the total fund requirement may increase. Further, there is no assurance that plant and machinery for which the order would be placed for the proposed Project would be delivered as per the implementation schedule, which in turn may impact the total project cost, financial condition, results of operation and liquidity position adversely.

4. ***Our business is dependent on the availability/supply and cost of raw materials. Any significant increase in the prices or decrease in the availability of these raw materials may adversely affect our results of operations.***

Our main raw materials are rubber,carbon black,and metal parts. As on date we do not have any long term tie up or agreements for supply of these raw materials. Any decrease in the availability of these raw materials for whatever reason, including climatic change, could adversely affect our sales and profitability. Further, any price volatility of these raw materials and our inability to adjust to the same could adversely affect our results ofoperations and profitability.

5. ***Our Company does not have any long-term contracts with our customers which may adversely affect our results of operations.***

Our Company has not entered into long-term contracts with any of our distributors nor do we have any marketing tie up for our products with any of our customers Any change in the buying pattern of our customers can adversely affect the business of our Company. Our inability to sell our existing products as well as products to be produced after our proposed expansion, may adversely affect our business and profitability in future.

6. ***Our business and future results of operations depend, to a significant extent, upon our ability to successfully commercialize our R&D efforts by way of cost and time efficiencies or the development of new products.***

To develop our product pipeline, we commit substantial time, efforts, funds and other resources for R&D. Our processes and products currently under development, if and when fully developed and tested, may not perform as we expect and we may not be able to successfully and profitably produce and utilize such products or processes. Therefore, our investments in R&D and new product launches could result in higher costs without a proportionate increase in revenues.

7. ***We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.***

The market for our products is competitive on account of both the organized and unorganized players.Players in this industry generally compete with each other on key attributes such as technical competence, quality of products, distribution network, pricing and timely delivery. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Moreover, the unorganized sector offers their products at highly competitive prices which may not be matched by us and consequently affect our volume of sales and growth prospects. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

8. ***Our success is dependent on the quality control processes and any failure to maintain the quality of our products may affect our reputation and business.***

We believe that our success is dependent on our quality control processes. Our quality assurance department ensures quality controls at every stage of production. We believe we have built strong relationships with our customers due to the quality of our products which has translated into operational growth. In the event we are unable to maintain our quality control processes, for any reason whatsoever, our business, reputation and results of operations would be adversely affected.

9. ***The shortage or non-availability of power may adversely affect the manufacturing processes and our performance may be affected adversely.***

Our manufacturing processes requires substantial amount of power and fuel. Our manufacturing facilities may face power interruptions due to power cuts and as a result our operations or financial condition may be adversely affected. The shortage of electricity supply may increase our dependency on the usage of generators. The same can increase our cost of power and may have an adverse impact on our profitability.

10. ***As a manufacturing business, our success depends on the smooth supply and transportation of our products from our plants to our customers. Supply and transportation are subject to various uncertainties and risks, and delays in delivery or non delivery may result in rejected or discounted deliveries.***

We depend on transportation services to deliver our products from our manufacturing facilities to our customers. We rely on third parties to provide such services. Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in road infrastructure or other events could impair our procurement of raw materials and our ability to supply our products to our customers. There is no assurance that such disruptions will not occur in the future. While we can claim compensation from the transportation service providers, under the terms of their engagement, for any delay in the timely delivery of our products, any such delays may adversely affect our relationship with our customers and consequently our goodwill. Any such disruptions could materially adversely affect our business, financial condition and results of operations.

11. ***We are dependent on our Promoters, Mr. K. J. Joseph and Mr. Thomas John, for their expertise and market goodwill and our separation from our Promoters may adversely affect our business. Also, the loss of the members of our senior management team may adversely affect our growth prospects.***

We are dependent on our Promoters, Mr. K. J. Joseph and Mr. Thomas John, for their expertise and market goodwill and our separation from our Promoters may adversely affect our business. We believe that our Promoters lend strength to the trust and reliability reposed in us and enables us to attract and retain fresh talent. Consequently, our separation with our Promoters for any reasons whatsoever shall adversely affect our business and results of operations.

Moreover, our success and future performance is substantially dependent on the guidance and foresight of our senior management team who oversee the operations and management of our businesses. The loss of the services of such management personnel or other key personnel could have an adverse effect on our business and results of operations. Further, our ability to maintain and improve on our market position in business depends on our ability to attract, train, motivate and retain highly skilled personnel. If we are unable to recruit and retain professionals, our business and results of operations may be adversely affected.

12. ***Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

We employ significant number of employees at our units. We are unable to assure that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may lead to strikes, lock - outs or increased wage demands. Such issues could have an adverse effect on our business, and results of operations.

13. ***Our agreements with various banks for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

We have entered into agreements for short term and long term borrowings with certain banks and financial institutions. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation / reconstruction, further expansion of business, taking up new business activity or setting up/ investing in subsidiary except in the ordinary course of business and which require us to obtain prior approval of the lenders for any of the above activities. Although we have received approvals for this Issue, we are unable to assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please see “Financial Indebtedness” beginning on page 177.

14. ***We do not own the registered office and certain other premises from which we operate. Any dispute in relation to the lease of our premises would have a material adverse effect on our business and results of operations.***

We do not own the premises on which our registered office is situated. Our Company operates from rented and leased premises at various locations. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to our Company, it may suffer a disruption in our operations or have to pay increased rentals which could have a material adverse effect on our business, financial condition and results of operations. For more information, see “Business Overview” on page 73.

15. ***Our Promoter and members of the Promoter Group will continue jointly to retain control over us after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After completion of the Issue, our Promoter and Promoter Group will continue to collectively exercise control over us and consequently, will continue to have the ability to cause us to take actions that may not be in, or may conflict with, your interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

16. ***We have issued Equity Shares under Pre-IPO placement prior to the date of the Red Herring Prospectus and the price of such Equity Shares may be lower than the Issue Price.***

We have issued Equity Shares under Pre-IPO placement prior to the date of the Red Herring Prospectus at a price that may be lower than the Issue Price. Details of these issuances are set forth in the table below:

Name of the Allottee	Date of allotment	No. of Equity Shares issued	Price (per Equity Share`)
SVCL	August 27, 2012	59, 236	337.63
TOTAL		**59, 236**	337.63

The funds raised by way of the Pre-IPO Placement shall be utilized towards the objects of the Issue. For further details, please see “***Objects of the Issue***” on page 39.

16. ***Our business is subject to government regulations and requires periodic approvals and renewals and changes in these regulations or in their implementation, or our failure to obtain or renew certain approvals or licenses in the ordinary course of business in a timely manner or at all, may adversely affect our operations.***

Our business is subject to pollution control laws like the the Indian Boilers Act, 1923,the Petroleum Act, 1934, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and labour laws such as the Factories Act, 1948, the Industrial Disputes Act, 1947, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, etc. For more details on the regulations and the policies that regulate our industry, please see “Key Industry Regulations and Policies” on page 78. If we cannot comply with all applicable regulations, our business prospects and results of operations could be adversely affected. Further, some of our licenses for our existing operations have expired and we are in the process of renewing the same. We have applied for some but are yet to receive the respective licenses. For further details, please see “Licenses and Approvals” on page 191. If we are unable to obtain the requisite licenses in a timely manner or at all, our business operations and results may be affected.

17. ***Any inability to manage our growth could disrupt our business and reduce our profitability.***

During the last few years, we have experienced significant growth in our total income. We expect this growth to place significant demands on both our management and our resources. This will require us to evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in recruiting, training and retaining sufficient skilled technical, sales and management personnel; adhering to our quality and process execution standards; maintaining high levels of customer satisfaction; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems. Any inability to manage growth may have an adverse effect on our business, results of operations and financial condition.

18. ***We have experienced negative cash flows and any negative cash flows in the future could adversely affect our financial conditions and results of operations.***

We have experiencednegative cash flows in the recent past, the details of our standalone cash flows are given in the table below:

(` in Lacs)

Particulars	**For the financial year ending on**		
	March 31, 2012	**March 31, 2011**	**March 31, 2010**
Net cash from/ (used in) operating activities	120.76	512.95	161.30
Net cash from/ (used in) investing activities	(94.42)	(169.98)	(189.92)
Net cash from/ (used in) financing activities	(90.26)	(309.44)	208.64

Any negative cash flows in the future could adversely affect our results of operations and financial condition. For further details, please see "Financial Statements" beginning on page 103.

19. ***We have not provided for certain contingent liabilities which could adversely affect our financial condition, if these liabilities are crystallized.***

For the period ended March 31, 2012**,** we have not provided for the following contingent liabilities on a standalone basis:

(` in Lacs)

Particulars	**Amount**
Guarantees issued by the bankers	660.15
Claims against the company not acknowledged as debts:	
Central Excise	55.14
Sales Tax (APGST)	146.94
CST	44.03
Service Tax	5.56
Customs Duty	12.50
Income Tax	59.01
Sales Tax (Jharkhand Sales Tax)	5.31
Total	**988.64**

20. ***The insurance coverage taken by us may not be adequate to protect against certain business risks. This may adversely affect our financial condition and result of operations.***

Operating and managing a business involves many risks that may adversely affect our operations and the availability of insurance is therefore important to our operations. We believe that our insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims or that our insurers will not disclaim coverage as to any particular claim or claims. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations.

21. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.***

Our revenues are dependent on various factors such as future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our business is capital intensive and we may plan to make additional capital expenditures for our objects of the Issue or to undertake new projects. Our ability to pay dividends is also restricted under certain financing arrangements that we have entered into and expect to enter into.

The combination of these factors may result in significantvariations in our revenues and profits and thereby may impact our ability to pay dividends. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as indicative of our future performance. If in the future our results of operations are below market expectations, the price of our Equity Shares could decline.

22. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. Any variation between the estimation and actual expenditure on the objects could result in execution delays or influence our profitability adversely.***

The objects for which the funds are being raised have not been appraised by any bank or financial institution. The estimate of costs is based on quotations received from vendors and management estimates. Though these quotes/ estimates have been taken recently, they are subject to change and may result in cost escalation. The requirement of working capital has been determined based on our Company's estimates inline with the past trends. Any change or cost escalation can significantly increase the cost of the machineries as stated in "Objects of the Issue" on page 39.

23. ***We have not entered into any definitive agreements to monitor the utilization of the Issue proceeds.***

As per the SEBI ICDR Regulation, appointment of monitoring agency is required only for Issue size above ` 50,000 Lacs. Hence we have not appointed any monitoring agency and the deployment of funds as stated in the "Objects of the Issue" beginning on page 39 is entirely at our discretion and is not subject to monitoring by any independent agency. We have not entered into any definitive agreements to utilise a portion of the Issue proceeds. In the event, for whatsoever reason, we are unable to execute our plans as disclosed in the section "Objects of the Issue" on page 39, we could have a significant amount of unallocated net proceeds. In such a situation, we would have broad discretion in allocating these net proceeds from the Issue without any action or approval of our shareholders.Due to the number and variability of factors that we will analyze before we determine how to use these un-utilised net proceeds, we presently cannot determine how we would reallocate such proceeds. Accordingly, investors will not have the opportunity to evaluate the economic, financial and other relevant information that will be considered by us in the determination on the application of any such net proceeds in these circumstances.

24. ***We have not identified alternate sources for financing the 'Objects of the Issue'. If we fail to mobilize the resources as per our plans, our growth plans may be affected.***

We have not identified any alternate source of funding the cost of acquisition of the machineries proposed to be purchased as part of our objects of this Issue. Any failure or delay on our part to mobilize the required resources or any shortfall in the Issue Proceeds may delay the implementation schedule of our objects of the issue and could adversely affect our growth plans.

25. ***Under-utilisation of our proposed expanded capacities may adversely impact our financial performance***

We propose to expand our production capacities based on our estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilised thereby adversely impacting our financial performance.

26. ***Any future issuance of Equity Shares by us may dilute yourshareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us may dilute your shareholding in our Company; adversely affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

27. ***In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects of this Issue which would in turn affect our revenues and results of operations.***

The funds that we receive would be utilized for the objects of the Issue as has been stated in the section "Objects of the Issue" on page 39. The proposed schedule of implementation of the objects of the Issue is based on our management's estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may face time and cost overruns and this may affect our revenues and results of operations.

28. ***The loss of or shutdown of operations at our production facilities may have a material adverse effect on our business, financial condition and results of operations.***

The breakdown or failure of our equipments and/ or civil structure can disrupt our production schedules, resulting in performance being below expected levels. In addition, the development or operation of our facilities may be disrupted for reasons that are beyond our control, including explosions, fires, earthquakes and other natural disasters, breakdown, failure or sub-standard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks, and labour disputes. Our production facilities are also subject to mechanical failure and equipment shutdowns. Our machineries may be susceptible to malfunction. If such events occur, the ability of our facilities to meet production targets may be adversely affected which may affect our business, financial condition and results of operations.

29. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives appropriate trading approvals***

The Equity Shares will be listed on NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of the Equity Shares. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the Stock Exchanges, we are required to refund all monies collected to investors.

External Risk Factors

1. Significant differences exist between Indian GAAP and IFRS, which may be material to investors' assessment of our financial condition and results of operations. On February 25, 2011, MCA has notified 35 Indian Accounting Standards converged with IFRS, the date of implementation of which is yet to be notified. The proposed adoption of IFRS converged Indian Accounting Standards could result in our financial condition and results of operations appearing materially different than under Indian GAAP.

We may be required to prepare annual and interim financial statements under IFRS converged Indian Accounting Standards in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI in January 2010. The convergence of 35 Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs by way of a press release on February 25, 2011. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

Our financial statements, including the audited financial statements included in this Red Herring Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of the Company, the terms of this Offer and the financial information contained in this Red Herring Prospectus.

Our financial condition, results of operations or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements

2. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

3. If regional hostilities, terrorist attacks or social unrest in India increase, our business could be adversely affected and the trading price of the Equity Shares could decrease.

The Asian region has from time to time experienced instances of civil unrest, terrorist attacks and hostilities among neighbouring countries. Military activity or terrorist attacks in India in the future could influence the Indian economy by creating a greater perception that investments in Indian companies involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy and our business and its future financial performance and the trading price of the Equity Shares.

Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

4. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

5. After this Issue, the price of the Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.

The price of the Equity Shares on the Stock Exchanges may fluctuate as a result of the factors, including:

a. Volatility in the Indian and global securities market;

b. Company's results of operations and performance;

c. Performance of Company's competitors,

d. Adverse media reports on Company or pertaining to the industry in which we operate;

e. Changes in our estimates of performance or recommendations by financial analysts;

f. Significant developments in India's economic liberalization and deregulation policies;

g. Significant developments in India's fiscal and environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for the industry and the Company. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

6. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

7. Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial instability in other countries such as USA, Russia and elsewhere in the world in recent years have had limited impact on the Indian economy and India was relatively unaffected by financial and liquidity crises experienced elsewhere. Although economic conditions are different in each country, investors´ reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This in turn could negatively impact the movement of exchange rates and interest rates in India. In short, any significant financial disruption could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares. Further, regulatory actions to rein inflation have led to increase in interest rates, and further increases cannot be ruled out, which again may affect our results of operations.

8. Investors may have difficulty in enforcing judgments against the Company or its management outside India

The Company is a limited liability company incorporated under the laws of India. All of the Directors and executive officers and some of its advisors and experts named in the Red Herring Prospectusare residents of India. Further, a substantial portion of our assets and the assets of such persons are located in India. As a result, it may not be possible for investors to affect service of process upon the Company or such persons in jurisdictions outside India or to enforce judgments obtained against it or such persons outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (the "Civil Procedure Code"). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the laws of India in cases where such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. However, the U.K. has been declared by the Government to be a reciprocating territory. Accordingly, a judgment of a court in the U.S. may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered.

9. Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar.

Our financial statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of these financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or U.S. GAAP as applied to our financial statements. There may be substantial differences in our results of operations, cash flows and financial condition discussed in this Red Herring Prospectus, if the relevant financial statements were prepared in accordance with IFRS or U.S. GAAP instead of Indian GAAP. Prospective investors should review our accounting policies and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS or U.S. GAAP and how they might affect the financial information contained in this Red Herring Prospectus.

Prominent Notes:

(1) Our Company was incorporated as Thejo Engineering Services Private Limited on March 26, 1986. The name of our Company was changed to Thejo Engineering Private Limited pursuant to a fresh certificate of incorporation dated June 17, 2008 issued by the Registrar of Companies, Tamil Nadu, Chennai consequent to change of name. Subsequentlythe name of our Company was changed to Thejo Engineering Limited, pursuant to which a fresh certificate of incorporation dated August 1, 2008 was issued by the Registrar of Companies, Tamil Nadu, Chennai. For further details of incorporation, corporate structure and changes of name of our Company, please see section titled "History and Corporate Structure" beginning on page 81 of the Red Herring Prospectus.

(2) Public issue of [●] equity shares of ` 10 each for cash at a price of `[●]per equity share (including a share premium of `[●] per equity share) aggregating upto `1,900.01lacs (the "issue") by our company of which [●] equity shares of ` 10 each will be reserved for subscription by market makers to the issue ("market maker reservation portion") the issue less the market maker reservation portion i.e. issue of [●] equity shares of ` 10 each is hereinafter referred to as the "Net Issue". The issue and the net issue will constitute [●]% and [●]%, respectively of the post issue paid up equity share capital of the company.

(3) On August 27, 2012, our Company has, by way of a Pre-IPO Placement, alloted 59, 236 Equity Shares to SVCL, for an aggregate consideration of `199.99lacs, at a premium of `327.63 per Equity Share.

(4) Our Company's net worth, onstandalone basis, as ofMarch 31, 2012 was `2,574.80 lacs.The average cost of acquisition per Equity Share for Mr. K.J. Joseph is `9.28 and for Mr.Thomas John is `24.83.

(5) The net asset value per Equity Share as adjusted for subdivision of the face value of `100 each to `10 each was `217.33as of March 31, 2012 on standalone basis.

(6) For details of the related party transactions entered into by our Company with our Subsidiaries, see "Related Party Disclosure" in the section "Financial Statements" beginning on page 103 of this Red Herring Prospectus.

(7) Investors may contact the Book Running Lead Manager for complaints, information, clarifications or complaints pertaining to the Issue.

There has been no financing arrangement whereby members of the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company.

SECTION III -INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

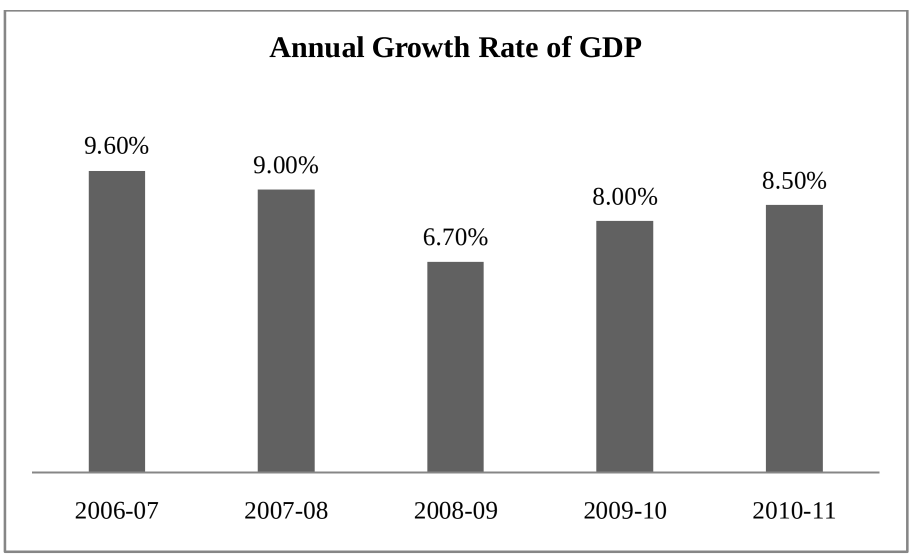
Overview of the Indian Economy

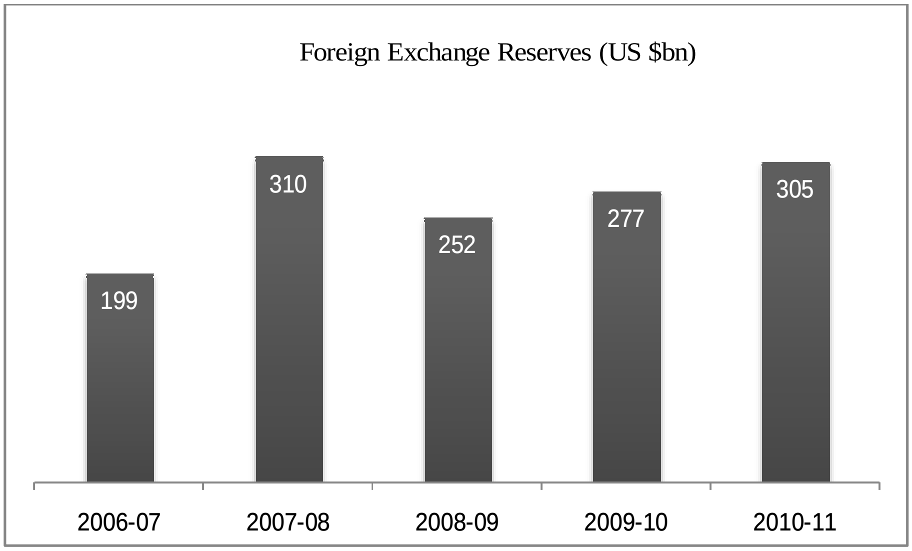
India is the fourth largest economy in the world after the European Union, United States of America and China in purchasing power parity terms, with an estimated Gross Domestic Product ("GDP") (purchasing power parity) of U.S.$ 4.46 trillion in 2011 (Source: CIA World Fact book 2011). India rebounded from the global financial crisis, largely because of strong fundamentals and robust banking policies, posting a GDP growth of 7.8% in 2011. By way of comparison, the below table illustrates the GDP growth in 2011 for certain other countries:

Country	GDP Growth in 2011(%) *
China	9.2
India	**7.8**
Singapore	4.9
Brazil	2.7
United States	1.5
United Kingdom	1.1
Japan	-0.5

* Adjusted for inflation

In 1991, the Government of India initiated a series of comprehensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms that were initiated by the Government were focused on implementing fundamental economic reforms, deregulation of industry, accelerating foreign investment and pushing forward a privatization program for disinvestment in public sector units. Consequent to the reforms, India's economy registered robust growth with an average real GDP rate of more than 7% since 1997.





Infrastructure in India

The Indian economy is based on planning through successive five year plans that set out targets for economic development in various sectors, including the infrastructure sector. The XIth Five Year Plan ("FYP") aims at a sustainable GDP growth rate of 9%, but there is general consensus that infrastructure inadequacies would constitute a significant constraint in realizing this development potential. To overcome this constraint, an ambitious programme of infrastructure investment, involving both public and private sector, is being developed for the XIth FYP. Infrastructure spending targets for the XIth FYP were revised from approximately 4.60% to approximately 7.60% of GDP representing an increase of over 140% compared to the Xth FYP. [Source: Planning Commission]

Indian Thermal Power Industry

India has continuously experienced shortages in energy and peak power requirements. According to the Central Electricity Authority's ("CEA") monthly review of the power sector ("CEA Monthly Review") published in May 2012, the total energy deficit and peak power deficit for May 2012 was approximately 7.5% and 8.1%, respectively. The shortages in energy and peak power have been primarily due to the sluggish progress in capacity addition. The Indian economy is based on planning through successive five year plans ("Five Year Plans") that set out targets for economic development in various sectors, including the power sector. The current revised capacity target for the 11th Five Year Plan (2007-2012) ("11th Plan") is 78,700 MW, of which Thermal Power constitutes 75.8% or 59,693 MW. The total installed power generation capacity in India was 2,02,979 MW as of May 31,2012.

Global Steel Industry

The global steel industry is cyclical and the growth or decline of the steel industry is linked to the economic cycle of a country and in particular, to industrial production and infrastructure development. Global production capacity, trade policies of countries and the regional demand-supply scenario also strongly influence the industry.

According to the World Steel Association (WSA), global crude steel production in 2011 was approximately 1,490 mt, while global apparent steel consumption was expected to be 1,398 mt.

Global Steel Production

Growth in steel production has been volatile. According to the WSA, global steel production grew on average by negative 0.5% per year from 1990 to 1995, 2.4% per year from 1995 to 2000 and 6.1% per year from 2000 to 2005. Over the period from 2005 to 2010, global steel production increased by approximately 4.2% per year. Individual rates for these years ranged from a 9.0% growth in 2006 to a 7.9% reduction in 2009.

Overall global crude steel production in 2011 was 1,490 mt, a 5.2% increase in production over the previous year.

In 2011, according to the WSA, crude steel production increased by 11.9% in Asia and by 5.7% in India. [Source: World Steel Association]

Indian Ports Industry

World Seaborne Trade

World seaborne trade has grown almost continuously since the 1970s with over 70% of world merchandise trade by volume being carried by sea. *(Source: Review of Maritime Transport, 2011, UNCTAD (UNCTAD/RMT/2011)).*

Although maritime transport has generally been associated with the carriage of high-volume, low-value goods such as iron ore and coal, over recent years the share of low-volume, high-value goods such as manufactured goods carried by sea has been growing. This shift is a function of global and regional GDP growth and growing dislocation between the locations of resources, manufacturing bases and key areas of consumption. These factors have caused world merchandise trade to grow by over 4 times that of world GDP with world seaborne trade growing at a CAGR of .In 2010, world seaborne trade continued to be dominated by raw materials, with tanker trade accounting for about one third of the total tonnage and other dry cargo including containerized accounting for about 40 per cent. The remainder (about 28 per cent) is made of the five major dry bulks, namely iron ore, coal, grain, bauxite and alumina and phosphate.

Indian Ports

India has an extensive coastline of 7,517 kilometres (excluding the Andaman and Nicobar Islands). The ports and shipping industry in India have been in greater demand due to the growth in imports and exports on account of India's economic expansion. Indian ports handled approximately 95% of the total volume of the country's trade and about 70% in terms of value *(Source: Working Group Report on Shipping and Inland Water Transport, 11th Five-Year Plan)*.

Indian Mining Industry

Mineral production in the country maintained an upward swing. The index of mineral production (base 1993-94=100) for all minerals (excluding atomic minerals) stood at 194.38 points in 2009-10 as against 177.29 points in 2008-09 registering an increase of 9.64%. In the mineral fuel sector, index for coal mining including lignite and petroleum & natural gas increased by 15.47 points (7.84%) and 23.12 points (16.12%), respectively, over 2008-09. Index for non-metallic minerals rose by 7.49 points (3.19%) whereas that for metallic minerals decreased by 6.91 points (2.31%).

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

OUR BUSINESS

Introduction

We are an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. Our services include belt conveyor maintenance and operations, while our product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection. We believe we have developed a strong brand and goodwill in the industry we operate. In fiscal 2012 products and services contributed ~ 53 % and ~ 43% of our total income. The remaining was contributed by our trading activities in rubber and conveyor system related products.

Competitive Strengths

Established brand

We believe that we have developed 'Thejo' as a strong brand in the industry with a wide range of services and products. We believe that our focus on quality, range and customer satisfaction have enabled us to develop a strong brand recognition and customer loyalty. We have also developed an in-house research and development team to understand and deliver as per our customer requirements. We are in the process of setting up an exclusive research and development centre meeting the standards of Department of Scientific & Industrial Research, India leading to in-house innovation to further strengthen our brand.

Organized and Comprehensive product & service offering

We believe that we are among the few organized players in the industry we operate in. We offer a wide range and variety of products for industries such as mining, power, steel, cement, ports, fertilizers etc.

Our expertise in services business led us to set up our products division. We believe we are among the few organizations that support its service setup with products from its own facilities, enabling us to maintain quality, costs, timely supplies and flexibility to cater to the needs of client emergencies. We believe this is a major advantage when it comes to catering to breakdown maintenance where response time is critical.

Continuous innovation of Product and Services

We believe in order to be successful in our business we need to be innovative. Over the years we have innovated both in product and service offerings. Starting as a manufacturer of adhesives and sheeting catering to our services division, through simulations and field test capabilities we have grown into an engineering solutions provider. We offer our engineering capabilities and experience in manufacturing to develop the best-suited products for our customers. With a focus on international markets we believe it is essential that we continuously innovate and upgrade our product and service offerings.

Our relationships with customers

We believe we enjoy long term relations with majority of our customers from various industrial segments. Large steel plants, mines, power plants, mineral processing plants have renewed contracts for supply of products and services with us year after year. Over the years these clients have provided us with repeat business from existing plants and their new projects. We believe with global expansion of our existing clients, there is ample scope of new business opportunity for us.

Professional management

Our Company is managed by a team of professionals who have been successful in bringing in a right blend of youth and experience. Our management is a blend of experienced professionals from various industrial backgrounds. We believe we have a strong and experienced senior management team and most of our management has been working with us for more than 10 years. Our Promoters have an experience of over 3 decades.

Dedicated team of technical manpower

We have a dedicated team of full time technicians, located across our wide network of branch and site offices. Periodic recruitment of personnel, educating and training them with the required skills is a prime activity of the human resources department. All technicians undergo testing and grading prior to client site placement. Regular feedback from branch/site heads and supervisors provides for continuous upgradation of technicians with respect to their skills. We believe our established human resources practices have contributed in retaining skilled workforce.

Pan India operations with reach to remote areas

Our corporate office and manufacturing units are located in Chennai and we have a wide network of branch and site offices across 14 states. The branch offices are supported by site offices located closer to the client. This we believe reduces the turnaround time and helps in curtailing delays. Our branch and site offices are equipped with requisite administrative set up, stores, logistical support, equipment, tools and inventory.

<u>Our Business Strategy</u>

Broad basing our domestic reach

The domestic market has shown increased growth with many projects coming up in mining, steel, power and ports sector. These sectors form part of the core infrastructure. With thrust in the development of core infrastructure we believe there are ample opportunities available for us to cater to their ever expanding requirement. Accordingly we have segmented the domestic market into zones with each zone having a number of business development managers with well demarcated territory. These managers are supported by product managers, who help in understanding client requirements and oversee execution into desired products.

Polyurethane Division

Polyurethane has characteristics of high wear resistance, impact resistance and certain flow properties which make it a material of choice for many bulk material handling applications. We were initially importing polyurethane blades for use in our belt cleaners. We also use Polyurethane in other products like screens, liners, pump parts, mineral processing equipments and certain customized polyurethane products.

In 2010, we set up a Polyurethane plant over an area of 600 sq. ft. to service the increasing orders and to decrease lead times. The steady increase in orders necessitates the expansion of the plant. We have initiated the setting up of a new plant spread over an area of 3,000 sq. ft. To increase automation and improve quality, we have procured automatic Polyurethane pouring and casting machines. The increasing volumes have helped us in reducing raw material and transportation costs.

Enhance product and service lines through emphasis on R&D

We intend to further strengthen our research & development capabilities to enhance our existing product and service offerings. This we believe will enable us to meet client expectations and service their customized future requirements. Also this will enable us to cater to new industries and diversify our customer base.

Diversify geographically into new locations

Australia

We currently design, manufacture and supply wear and abrasion rubber products for the mineral processing industry in Australia. We have incorporated Thejo Australia Pty Ltd, a subsidiary in Australia to enable us to enter the services business. This company will focus on offering belt conveyor related maintenance services and rubber lining activities, initially to clients in Western Australia. We also intend to sell products for bulk material handling and corrosion protection under the THEJO brand.

Africa

We are also keen to establish a branch/subsidiary in western Africa. We have secured certain orders for mill liners from mine(s) in Ghana. We are exploring other such opportunities and intend to engage agents to market products under the THEJO brand in the Western African countries such as Ghana, Ivory Coast, Burkina Faso, Togo etc.

GCC

Saudi Arabia – We have entered into a joint venture with Hatcon LLC. Saudi Arabia is the largest producer of oil, it has established itself as a prominent industrial player not merely focused on oil exploration and processing. The presence of wide range of industries justifies the establishment of a service center. Our current operations include service activities only as trading is restricted to Saudi nationals /Saudi origin companies only. In due course, we intend to obtain a manufacturing licenseso that the JV can act as a base to cater to the entire GCC markets.

Brazil – We have entered into a Memorandum of Understanding with Tecnoflex Ind.Mec.Ltda ("Tecnoflex") ("MoU") with an objective of establishing a joint venture in Brazil (wihin a period of three years from the date of the MoU), for marketing of products and services from the combined product profile of our Company and Tecnoflex within Brazil, Argentinia, Uruguay & Paraguay (Brazil, Argentinia, Uruguay & Paraguay are collectively referred to as the "Territory"). Our Company will manufacture and supply its products such as belt cleaners, skirt board sealing systems, impact cushion pads etc to Tecnoflex and Tecnoflex shall promote market and sell our Company's products in the Territory.

Attract, train and retain qualified personnel

We believe that maintaining quality, minimising costs and ensuring timely delivery depend largely upon the technical skill and workmanship of our employees and adoption of latest technology. As competition for qualified personnel increases, we intend to improve our competitiveness by increasing our focus on training our staff and honing their skills. We continuously train our workforce to enhance their knowledge and equip them with the latest skill sets. Further, we have undertaken certain motivational programs for our employees, such as, the reward recognition-respect program.

<u>Expansion of Production Capacity</u>

Expansion of Unit – I

We have undertaken geographical diversification with procurement of orders from Ghana (West Africa), South America, Australia etc. In addition, the growth in demand for products from existing markets has necessitated the establishment of improved shop floor and finished goods stores both in terms of space, facility, and capacity by adding mills, presses and other balancing equipments. The finished goods stores are being planned to be moved to a more spacious facility, which would be able to accommodate the increased business volume.

Lining Plant

We have generated moderate revenue from lining division till recently as we did not undertake aggressive marketing of lining due to infrastructural constraints in Unit-I, where these products are manufactured. During the last two years, our marketing focus and budget for this division has increased, leading to an increased number of Customer Orders and necessitating the setting up of a separate lining facility once a critical mass is achieved. The marketing department envisages the growth in orders to continue in the future. The management is of the view that considering the increased orders and the expected future business, the existing work-space of lining department would not be sufficient to accommodate the increased orders. The methods, operations and processes that are involved in this division need more space with optimized plant layout & automations. As a result, we have decided to establish a separate lining division. We have identified land in the vicinity of our factory premises for the same and have taken it on lease. The lining plant is being set-up with increased automation and is expected to handle large number of orders with enhanced logistics capabilities

Polyurethane Plant

We were importing polyurethane blades for use in belt cleaners, screens, liners, pump parts, mineral processing applications and various types of customized cast polyurethane products. With increase in demand, we outsourced the production of some products to local suppliers. The sustained increase in orders and the requirement of shorter lead times necessitated setting up of an in-house facility for the manufacturing of polyurethane. To meet this requirement in 2010, we set up a polyurethane plant of 600 sq. ft. within our existing Unit 2 premises. To meet the increase in orders we propose to set up a new polyurethane plant on an area measuring 5,000 sq. ft., which we have taken land on lease. We have also procured automatic polyurethane pouring and casting machine to improve quality and turnover by increasing automation and reducing manual intervention.

SUMMARY FINANCIAL INFORMATION

ON A STANDALONE BASIS

THEJO ENGINEERING LIMITED

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

` Lacs

PARTICULARS				As at 31st March				
			Ann	2012	2011	2010	2009	2008
A. Non-current assets								
1	Fixed assets		VI					
	(i)	Tangible assets		1,073.69	879.63	889.08	813.95	665.41
	(ii)	Intangible assets		0.42	0.49	0.57	0.66	0.77
	(iii)	Capital work-in-progress		57.99	25.40	-	68.88	100.69
	(iv)	Intangible assets under development		-	-	-	-	-
2	Non-current investments		VII	32.98	32.98	32.98	-	-
3	Long-term loans and advances		VIII	187.41	141.38	115.27	113.03	109.94
4	Other non-current assets			-	-	-	-	-
Total Non-Current Assets (A)				*1,352.49*	*1,079.88*	*1,037.90*	*996.52*	*876.81*
B. Current assets								
1	Current investments			-	-	-	-	-
2	Inventories		IX	1,164.84	812.75	640.81	663.16	540.90
3	Trade receivables		X	3,319.33	2,574.16	1,953.47	1,514.13	1,191.38
4	Cash and cash equivalents		XI	436.08	485.63	432.06	241.21	276.93
5	Short-term loans and advances		XII	842.07	640.63	394.66	300.33	243.49
6	Other current assets		XIII	861.24	618.19	457.87	300.00	239.41
Total Current Assets (B)				*6,623.55*	*5,131.37*	*3,878.86*	*3,018.84*	*2,492.11*
C. TOTAL ASSETS (C) = (A)+(B)				***7,976.04***	***6,211.25***	***4,916.76***	***4,015.36***	***3,368.91***
D. Non-current liabilities								
(a)	Long-term borrowings		XIV	66.87	179.23	284.68	306.13	305.74
(b)	Deferred tax liabilities (Net)		XXXII	31.13	19.09	22.34	20.63	17.19
Total Non-Current Liabilities (D)				*98.00*	*198.32*	*307.03*	*326.76*	*322.93*
E. Current liabilities								
(a)	Short-term borrowings		XV	2,067.83	1,670.79	1,613.95	1,236.88	1,035.79
(b)	Trade payables		XVI	1,392.23	1,028.96	639.57	544.52	460.06
(c)	Other current liabilities		XVII	743.92	779.95	421.66	405.13	252.23
(d)	Short-term provisions		XVIII	1,099.26	805.73	541.81	397.93	281.79
Total Current Liabilities (E)				*5,303.24*	*4,285.43*	*3,216.99*	*2,584.46*	*2,029.87*
F. Total Liabilities (F) = (D)+(E)				***5,401.24***	***4,483.75***	***3,524.02***	***2,911.23***	***2,352.80***
G. Net Worth (G) = (C)-(F)				***2,574.80***	***1,727.50***	***1,392.74***	***1,104.13***	***1,016.11***
Represented by Shareholders' Funds								
(a)	Share capital		XIX	118.47	118.47	118.47	108.47	108.47
(b)	Reserves and surplus		XX	2,456.34	1,609.03	1,274.27	995.66	907.64
(c)	***Total***			***2,574.80***	***1,727.50***	***1,392.74***	***1,104.13***	***1,016.11***

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Assets and Liabilities, as Restated, referred to in our Report of Even date

FORJOSEPH & RAJARAM

CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

` Lacs

Particulars	Ann	For the year ended on 31st March				
		2012	2011	2010	2009	2008
Revenue from operations	XXI	11,536.44	9,521.95	6,432.30	6,113.67	4,568.45
Other income	XXII	249.63	98.61	164.15	65.64	65.73
Total Revenue		11,786.07	9,620.56	6,596.45	6,179.31	4,634.18
Expenses:						
Cost of materials consumed	XXIII	4,194.52	3,815.69	2,331.10	2,278.25	1,690.71
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	XXIV	(132.37)	(85.64)	25.00	(68.85)	(45.20)
Employee benefits expense	XXV	3,183.74	2,395.59	1,686.11	1,410.89	1,051.28
Finance costs	XXVI	367.07	277.32	257.53	266.51	200.23
Depreciation and amortization expense		161.48	148.21	148.85	141.35	111.04
Other expenses	XXVII	3,010.38	2,491.65	1,796.92	1,925.65	1,465.46
Total expenses		10,784.81	9,042.82	6,245.52	5,953.81	4,473.52
Profit before exceptional and extraordinary items and tax		1,001.26	577.74	350.93	225.51	160.65
Exceptional items:						
Profit on Sale of Land		284.00	-	-	-	-
Profit before extraordinary items and tax		1,285.26	577.74	350.93	225.51	160.65
Extraordinary Items		-	-	-	-	-
Profit before tax		1,285.26	577.74	350.93	225.51	160.65
Tax expense:						
(1) Current tax		370.86	198.03	122.24	102.31	75.12
(2) Deferred tax		12.04	(3.25)	1.71	3.43	(0.72)
Profit (Loss) for the period		902.36	382.96	226.98	119.76	86.25

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Profits and Losses, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM

CHARTEREDACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
STATEMENT OF CASH FLOWS, AS RESTATED

` Lacs

PARTICULARS	For the year ended on 31st March				
	2012	2011	2010	2009	2008
A.CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before taxation, as restated	1,285.26	577.75	350.93	225.50	160.66
Adjustment for:					
Depreciation and amortisation	161.48	148.21	148.85	141.35	111.03
Interest Income	(13.94)	(10.28)	(8.70)	(9.68)	(8.20)
Finance Cost paid	367.07	277.32	257.53	266.50	200.23
Loss/(Profit) on sale of fixed assets	(294.04)	(3.89)	(0.20)	(0.88)	(8.47)
Operating profit before working capital changes (i)	**1,505.83**	**989.11**	**748.41**	**622.79**	**455.25**
Movements in working capital:					
(Increase) in inventories	(352.09)	(171.93)	22.34	(122.25)	(81.25)
(Increase) in Trade & Other Receivables	(1,000.40)	(907.98)	(532.13)	(376.08)	(207.16)
Increase in current liabilities	202.70	748.88	84.32	183.66	(29.62)
TOTAL (ii)	**(1,149.79)**	**(331.03)**	**(425.47)**	**(314.67)**	**(318.03)**
Cash generated from operations (i-ii)	356.04	658.08	322.94	308.12	137.22
Less: Direct taxes paid	(235.28)	(145.13)	(161.64)	(67.21)	(19.51)
Net cash (used in)/from operating activities (A)	**120.76**	**512.95**	**161.30**	**240.91**	**117.71**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and movement in capital work in progress	(406.05)	(165.53)	(155.41)	(262.89)	(243.61)
Proceeds from sale of fixed assets	312.05	5.31	0.60	5.80	20.04
Investments	-	-	(32.98)	-	-
Bank fixed deposits	(14.37)	(20.04)	(10.83)	(29.03)	(6.40)
Interest received	13.94	10.28	8.70	9.68	8.20
Net cash used in investing activities (B)	**(94.42)**	**(169.98)**	**(189.92)**	**(276.44)**	**(221.77)**
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issue of share capital including security premium	-	-	100.00	-	75.00
Finance Cost paid	(367.07)	(277.32)	(257.53)	(266.50)	(200.23)
Repayment of long term loans & other credit facilities	-	(32.12)	-	-	-
Proceeds from long term loans, & Other credit facilities net	285.61	-	381.47	239.94	294.25
Increase/(decrease) in unsecured loans					
From Related Parties	(8.80)	-	(15.30)	(2.66)	(1.95)
Net cash from /(used in) financing activities (C)	**(90.26)**	**(309.44)**	**208.64**	**(29.22)**	**167.07**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(63.92)**	**33.53**	**180.02**	**(64.75)**	**63.01**
cash and cash equivalents at the beginning of the year	**330.47**	**296.94**	**116.92**	**181.67**	**118.66**
cash and cash equivalents at the end of the year	**266.55**	**330.47**	**296.94**	**116.92**	**181.67**
Reconciliation of cash and cash equivalents					
Cash in hand	15.38	17.27	26.69	13.89	20.67
Bank balance with scheduled banks in current accounts	**251.18**	**313.20**	**270.25**	**103.03**	**161.00**
TOTAL	**266.55**	**330.47**	**296.94**	**116.92**	**181.67**

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Cash Flows, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM

CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
SUMMARY STATEMENT OF CONSOLIDATED ASSETS & LIABILITIES, AS RESTATED

` Lacs

Particulars			Ann	As at 31st March	
				2012	2011
A.	**Non-current assets**				
1	Fixed assets		VI		
	(i)	Tangible assets		1,621.23	1,334.80
	(ii)	Intangible assets		0.42	0.49
	(iii)	Capital work-in-progress		58.00	25.40
	(iv)	Intangible assets under development		-	-
2	Non-current investments			-	-
3	Long-term loans and advances		VII	187.41	141.38
4	Other non-current assets		VIII	225.37	102.29
	Total Non-Current Assets (A)			*2,092.42*	*1,604.36*
B.	**Current assets**				
	1	Current investments		-	-
	2	Inventories	IX	1,169.06	812.75
	3	Trade receivables	X	3,324.89	2,570.03
	4	Cash and cash equivalents	XI	456.11	518.33
	5	Short-term loans and advances	XII	506.43	411.18
	6	Other current assets	XIII	861.24	618.19
	Total Current Assets (B)			*6,317.73*	*4,930.48*
C.	***Total Assets (C)=(A)+(B)***			***8,410.15***	***6,534.84***
D.	**Non-current liabilities**				
	(a)	Long-term borrowings	XIV	424.74	479.97
	(b)	Deferred tax liabilities (Net)		28.85	17.95
	(c)	Minority Interest	XV	30.83	27.50
	Total Non-Current Liabilities (D)			*484.42*	*525.42*
E.	**Current liabilities**				
	(a)	Short-term borrowings	XVI	2,067.83	1,670.79
	(b)	Trade payables	XVII	1,398.68	1,028.96
	(c)	Other current liabilities	XVIII	744.63	788.93
	(d)	Short-term provisions	XIX	1,099.52	805.72
	Total Current Liabilities (E)			*5,310.66*	*4,294.40*
F.	***Total Liabilities (F)=(D)+(E)***			***5,795.08***	***4,819.83***
G.	***Net Worth (G)=(C)-(F)***			***2,615.07***	***1,715.01***
H.	***Represented by Shareholders' Funds***				
	(a)	Share capital	XX	118.47	118.47
	(b)	Reserves and surplus	XXI	2,496.60	1,596.54
	(c)	***Total***		***2,615.07***	***1,715.01***

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Assets and Liabilities, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM

CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

` Lacs

	Particulars	Ann	For the Year Ended on 31st March	
			2012	2011
I.	Revenue from operations	XXII	11,554.10	9,521.95
II.	Other income	XXIII	249.63	98.61
III.	**Total Revenue (I + II)**		11,803.73	9,620.56
IV.	Expenses:			
	Cost of materials consumed	XXIV	4,199.79	3,815.69
	Changes in inventories of finished goods and work-in-progress	XV	(136.59)	(85.64)
	Employee benefits expenses	XVI	3,187.05	2,395.63
	Finance costs	XVII	367.07	277.33
	Depreciation and amortization expense		163.78	150.33
	Other expenses	XVIII	3,025.83	2,493.09
	Total expenses		10,806.93	9,046.43
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		996.80	574.13
VI.	Exceptional items:			
	Profit on Sale of Land		284.00	-
VII.	**Profit before extraordinary items and tax (V - VI)**		1,280.80	574.13
VIII.	Extraordinary Items		-	-
IX.	**Profit before tax (VII- VIII)**		1,280.80	574.13
X	Tax expense:			
	(1) Current tax		370.86	198.03
	(2) Deferred tax		10.90	(4.39)
XI	**Profit (Loss) for the period (IX-X)**		**899.04**	**380.49**
XII	Transfer to Minority Interest		(1.67)	(1.77)
XIII	**Profit (Loss) for the period after tax and transfer to Minority Interest (XI - XII)**		900.71	382.26
XIV	Earnings per equity share:			
	(1) Basic		76.03	32.27
	(2) Diluted		76.03	32.27
	Notes Including significant accounting policies	1-28		

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Assets and Liabilities, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM

CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

` Lacs

Particulars	For the Year Ended on 31st March	
	2012	2011
Cash flow from Operating Activities		
Profit before tax as per P & L Account	1,280.80	574.13
Adjustment for:		
Depreciation	163.78	150.33
Loss/(Profit) on sale of asset	(294.04)	(3.88)
Interest Paid	367.07	277.33
Interest on Fixed Deposit	(13.94)	(10.27)
Share of Minority Interest in current year profit	1.67	1.77
Foreign Currency Translation Reserve for the year	54.44	(11.81)
Foreign Currency Translation Reserve Adjustment	(84.89)	(0.09)
Operating Profit before working capital changes	1,474.88	977.51
Adjustment for:		
Trade and Other Receivables	(903.91)	(609.72)
Inventories	(356.31)	(171.94)
Trade Payables and Other Liabilities	201.14	757.85
Cash Generated from Operations	415.80	953.70
Direct Taxes Paid	(235.28)	(145.13)
Net Cash from Operating Activities (A)	***180.52***	***808.58***
Cash flow from Investing Activities		
Purchase of Fixed Assets	(415.87)	(622.70)
Sale of assets	312.05	5.31
Investments made	-	-
Bank Fixed Deposits	(14.37)	(20.03)
Interest on Fixed Deposit	13.94	10.27
(Inc)/Dec Pre-operative expenses to the extent not written off	(123.08)	(102.29)
Net cash from Investing Activities (B)	***(227.32)***	***(729.45)***
Cash Flow from Financing Activities		
Increase in Share Capital & premium	-	-
Increase in Term loan & Other credit facilities	285.61	(32.12)
Increase in Unsecured loans from Related parties	48.33	300.74
Increase in Minority Interest	3.33	(4.19)
Interest paid	(367.07)	(277.33)
Net Cash from Financing Activities (C)	***(29.79)***	***(12.89)***
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	***(76.59)***	***66.23***
Opening Cash & Cash Equivalents	363.18	296.94
Closing Cash & Cash Equivalents	286.59	363.18

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Cash Flows, as Restated, referred to in our Report of Even date .

FOR JOSEPH &RAJARAM

CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THE ISSUE

The following table summarizes the Issue details:

Public Issue aggregating up to `1,900.01 lacs	[●] Equity Shares
Issue of up to [●] Equity Shares, aggregating up to **`1,900.01** lacs	
Issue Reserved for the Marker Makers	[●] Equity Shares of ` 10 each for cash at a price of `[●]/- per share aggregating `[●]Lacs
Net Issue to the Public	[●]
Of which:	
QIB Portion(1)(2)	Not more than [●] Equity Shares*
QIB Portion	Not more than [●] Equity Shares*
Of which:	
Mutual Fund Portion	[●] Equity Shares*
Balance for all QIBs including Mutual Funds	[●] Equity Shares*
Non-Institutional Portion(1)	Not less than [●] Equity Shares*
Retail Portion(1)	Not less than [●] Equity Shares*
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	12,43,976 Equity Shares
Equity Shares outstanding after the Issue	[●]Equity Shares
Use of proceeds of this Issue	See section titled "*Objects of the Issue*" on page 39.

* *In the event of over-subscription, Allotment shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.*

(1) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion, and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

(2)Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

GENERAL INFORMATION

Registered Office of our Company

AyshaBuilding,
2nd floor,
41, Whites Road,
Chennai 600 014,
Tamil Nadu, India
Tel:+91 44 4392 1900
Fax: +91 44 28522547
E-mail:investor@thejo-engg.com
Website:www.thejo-engg.com
Corporate Identification Number:U27209TN1986PLC012833

Corporate Office of our Company

41, Cathedral Road,
VDS House,
Chennai 600 086,
Tamil Nadu, India
Tel: +91 44 4222 1900
Fax: +91 44 42221910

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu at Chennai, situated at the following address:

Block No.6, B Wing 2nd Floor
Shastri Bhawan,
26 Haddows Road,
Chennai 600 034
Tamil Nadu, India

Board of Directors

The Board of Directors comprises of:

Name, Nationality and DIN Designation	Designation	Age (years)	Address
Mr. K.J. Joseph Nationality:Indian DIN:00434410	Whole-time Director	70	New No.11 (Old No.5), Balaji Nagar, 1st Street, Royapettah, Chennai 600 014, Tamil Nadu, India
Mr. Thomas John Nationality: Indian DIN: 00435035	Managing Director	67	No.1, Sadasivam Street, Gopalapuram, Chennai 600 086, Tamil Nadu, India
Mr. Manoj Joseph Nationality: Indian DIN: 00434579	Whole-time Director	41	New No.11 (Old No.5), Balaji Nagar, 1st Street, Royapettah, Chennai 600 014, Tamil Nadu, India
Mr. Rajesh John	Whole-time Director	36	No. 1, Sadasivam Street, Gopalapuram, Chennai 600 086, Tamil Nadu, India

Name, Nationality and DIN Designation	Designation	Age (years)	Address
Nationality: Indian DIN: 05161087			
Mr. N. Ganga Ram Nationality: Indian DIN: 00001246	Non – Executive Independent Director	77	703, GoldenCastle, Sundar Nagar, Kalina, Mumbai 400 098, Maharashtra, India.
Mr. V.K. Srivastava Nationality: Indian DIN: 00611678	Non – Executive Independent Director	61	1, S1, 2 Sunrise Serenity, 40 Feet Road, 4th Cross, Geddalahalli MR Gar, Bangalore 560 094, Karnataka, India
Mr. M.P. Vijay Kumar Nationality: Indian DIN: 05170323	Non – Executive Independent Director	42	B Block, V Floor, Flat E, Ceedeeyes, Regal Palm Gardens, 383 Velachery Main Road, Chennai 600 042, Tamil Nadu, India
Mr. A. Satyaseelan Nationality: Indian DIN: 05158896	Non – Executive Independent Director	59	New No. 14/ Old No. 46/2, Kannadasan Salai, T. Nagar, Chennai 600017, Tamil Nadu, India
Dr. C.N. Ramchand Nationality: United Kingdom of Great Britain & Northen Ireland DIN: 05166709	Non – Executive Independent Director	56	K 104, First Floor, 16th street Anna Nagar East, OppositeBohanVillaGarden, Chennai 600 102, Tamil Nadu, India

For further details of our Board of Directors, please see "Our Management" on page85of theRed Herring Prospectus.

Company Secretary and Compliance Officer

Mr. M.D. Ravikanth
41, Cathedral Road, VDS House,
Chennai 600 086, Tamil Nadu, India
Tel: + 91 444222 1900
Fax: + 91 44 4221918
E-mail:investor@thejo-engg.com

Investors can contact the Compliance Officer and /or the Registrar to the Issue and / or the Book Running Lead Manager,in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allocation, credit of allotted shares in the respective beneficiary account or refund orders, etc.All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the designated branch of the relevant SCSB where the ASBA Form was submitted and the details of the member of the Syndicateat Syndicate ASBA Bidding Locations, through whom the ASBA Form was submitted (in the event the ASBA Form was submitted through a member of the Syndicate).

Book Running Lead Manager

IDBI Capital Market Services Limited

3rd Floor, Mafatlal Centre,
Nariman Point
Mumbai 400 021

Tel: +91 22 4322 1212
Fax: +91 22 2285 0785
Investor Grievance Email:redressal@idbicapital.com
Email:thejo.ipo@idbicapital.com
Website:www.idbicapital.com
Contact Person: Mr. Hemant Bothra
SEBI Reg. No.: INM000010866

Registrar to the Issue

Cameo Corporate Services Limited,
SubramanianBuilding,
No. 1, Club House Road,
Chennai 600002
Website:http://www.cameoindia.com/
Tel: +91 442846 0390
Fax: +91 44 2246 0129
Email:thejo@cameoindia.com
Contact Person: Mr. R.D. Ramasamy
SEBI Registration: INR 000003753

Domestic Legal Counsel to the Issue

Khaitan & Co
One Indiabulls Centre, Tower I,
13th Floor, 841 Senapati Bapat Marg,
Mumbai - 400 013
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Statutory Auditors

Joseph & Rajaram
No. 21, Mahatma Gandhi Road,
Nungambakkam,
Chennai 600 034
Tamil Nadu, India
Tel: +91 4428225103
Fax: +91 4428269292
Email:rln@jnr.in
Membership no. of Mr. R. Lakshminarayanan: 16246
Firm Registration No.:001375S

Market Maker

As per Regulation 106(P) of the SEBI ICDR Regulations, 2009, IDBI Capital Market Services Limited, as the BRLM, will ensure compulsory Market Making in the manner specified by SEBI for a minimum period of three years from the date of listing of the Equity Shares of the Company.

IDBI Capital Market Services Limited will act as the Market Maker.

Nominated Investor

SIDBI SME Venture Fund through its scheme India Opportunities Fund (IOF) would support IDBI Caps in their market making activity of Thejo Engineering Limited within certain monetary limits.

SIDBI SME Venture Fund through its scheme India Opportunities Fund will be the Nominated Investor.

Bankers to the Issue and Escrow Collection Banks

IDBI Bank Limited

Unit No.2, Corporate Park,
Near Swastik Chambers, Sion-
Trombay Road, Chembur, Mumbai-400071
Tel: +91 22 6690 8402
Fax: +91 2266908424
Attention: V. Jayananthan - General Manager
SEBI Registration Number: INBI00000076

HDFC Bank Limited
Lodha, I Think Techno Campus,
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042
Tel: 022-30752928
Attention: Uday Dixit
SEBI Registration Number: INBI00000063

Refund Bank

IDBI Bank Limited
Unit No.2, Corporate Park,
Near Swastik Chambers, Sion-
Trombay Road, Chembur, Mumbai-400071
Tel: +91 22 6690 8402
Fax: +91 2266908424
Attention: V. Jayananthan - General Manager
SEBI Registration Number: INBI00000076

Syndicate Members

Prabhudas Lilladher Private Limited
Sadhana House, 570 P. B. Marg,
Behind Mahindra Tower,
Worli, Mumbai - 400 018
Tel: +91 22 6632 2290
Fax:
Attention: Manish Bhatt

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process are available at www.sebi.gov.in. Details relating to the Designated Branches of SCSBs collecting the Bid cum Application Forms are available at the above mentioned link.

Brokers to the Issue

All the members of the recognised stock exchange would be eligible to act as brokers to the Issue.

Bankers to our Company

State Bank of Mysore, Industrial Finance Branch, 576, Anna Salai Chennai600 006 **Tel:** (91 44) 2432 0173 **Fax:** (91 44) 2432 0174 **E-mail:**ifbchennai@sbm.co.in **Website:**www.statebankofmysore.co.in	Axis Bank Limited Corporate Banking Karumuthu Nilayam,Anna Salai Chennai 600 002 **Tel:** (91 44) 28288900 **Fax:** (91 44) 28288918 **E-mail:**Venkatesh.B@axisbank.com **Website:**www.axisbank.com

Inter se allocation of responsibilities

Since IDBI Capital MarketServices Limited is the sole Book Running Lead Manager to the Issue, all the responsibilities of the Issue will be managed by them.

Credit Rating

As this is an issue of Equity Shares, credit rating is not required.

SME IPO Grading

The Issue has been graded by CRISIL Limited and assigned the “CRISIL SME Fundamental Grade 5/5” indicating excellent fundamentals in comparison to other SMEs in India through its report dated April 2, 2012.

Experts

Except for the Auditor’s Report of the Auditors of our Company, we have not obtained any expert opinions.

Trustees

As this is an issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

There is no requirement to appoint a Monitoring Agency for the Issue in terms of Regulation 16 of the SEBI ICDR Regulations.

Appraising Agency

None of the objects of this Issue have been appraised by an independent agency.

BookBuilding Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.

The Issue Price will be finalized after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company,
- The Book Running Lead Manager in this case being IDBI Capital MarketServices Limited,
- The Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with NSE and eligible to act as Underwriters. The Syndicate Member will be appointed by the Book Running Lead Manager;
- The Registrar to the Issue;
- Self Certified Syndicate Banks through whom ASBA Bidders would subscribe in this Issue; and
- Escrow Collection Bank(s).

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Our Company will comply with the SEBI ICDR Regulations for this Issue. In this regard, our Company has appointed the Book Running Lead Manager to procure subscriptions to the Issue.

In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIBs portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, please refer “Terms of the Issue” on page 210of theRed Herring Prospectus.

QIBs and Non-Institutional Bidders shall compulsorily submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than immediate transfer of funds to the respective Escrow Accounts. Retail Individual Bidders have the option of submitting their Bids under the ASBA Process or through cheques/ demand drafts.

We will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed IDBI Capital Market Services Limited as the Book Running Lead Managerto manage the Issue and procure subscriptions to the Issue.

The process of BookBuilding under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Retail Individual Bidders are advised to make their own judgment about investment through the ASBA process prior to submitting a Bidcum Application Form.

Illustration of BookBuilding and Price Discovery Process*(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of ` 20 to ` 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (`)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ` 22 in the above example. The issuer, in consultation with the BRLM will finalise the Issue Price at or below such cut-off price, i.e., at or below ` 22. All bids at or above this Issue Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see "Issue Procedure – Who Can Bid?" on page 214of theRed Herring Prospectus);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.

3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form (see "Issue Procedure – Other Instructions – PAN" on page 214of theRed Herring Prospectus):

4. Ensure that the Bid cum Application Form or Bid cum Application Form is duly completed as per instructions given in theRed Herring Prospectus and in the Bid cum Application Form; and

5. Ensure the correctness of your demographic details (as defined in the "Issue Procedure-Bidders Depository Account and Bank Account Details" on page 214) given in the Bid cum Application Form, with the details recorded with your Depository Participant.

6. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBsor Syndicate Membersat Syndicate ASBA Bidding Locations. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB or Syndicate Members to ensure that the Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall state the reasons thereof in a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchange shall also be informed of such withdrawal.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchange.

Bid/Issue Programme

BID / ISSUE OPENS ON	September 4, 2012
BID / ISSUE CLOSES ON	September 6, 2012

Bids and any revision in Bids shall be accepted **onlybetween 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBsand the Syndicate ASBA Bidding Locations, **On the Bid/Issue Closing Date, Bids (excluding ASBA Bidders) shall be uploaded until** (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. or until such time as permitted by the NSE in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE.

In case of discrepancy of data between the Stock Exchange and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Members shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchange only for uploading the Bids received from Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two working days prior to the Bid /Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

Underwriting Agreement

Our Company has entered into an Underwriting Agreement dated August 25, 2012 with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions, as specified therein.. The Issue has been 100% underwritten.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (` in lacs)
IDBI Capital Market Services Limited 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Tel: +91 22 4322 1212 Fax: +91 22 2285 0785	[●]	1,700
Prabhudas Lilladher Private Limited Sadhana House, 570 P. B. Marg, Behind Mahindra Tower, Worli, Mumbai - 400 018 Tel: +91 22 6632 2290	[●]	200

The abovementioned would be finalized after the pricing and actual allocation of the Equity Shares is determined.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLMand the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount. If the Syndicate Member(s) fails to fulfill its underwriting obligations as set out in the Underwriting Agreement, the BRLM shall fulfill the underwriting obligations in accordance with the provisions of the Underwriting Agreement.

The underwriting agreement shall list out the role and obligations of each Underwriter.

Market Making Arrangement

IDBI Capital will act as the Market maker andhas agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI ICDR Regulations, and its amendments from time to time and the circulars issued by the NSE and SEBI regarding this matter from time to time. Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. The spread (difference between the sell and the buy quote) shall not be more than 10% or as specified by the Stock Exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be 300 shares. However, the investors with holdings less than 300 shares shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker for the quotes given by him.
4. There would not be more than five Market Makers for a script at any point of time and the MarketMakers may compete with other Market Makers for better quotes to the investors.
5. The Market Maker(s) shall have the right to terminate its services by giving a three months' noticeor on mutually acceptable terms to the BRLM, who shall then be responsible to appoint areplacement Market Maker(s).

In case of termination of services of the above mentioned Market Maker prior to the completion of thecompulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but priorto the date of releasing the existing Market Maker from its duties in order to ensure compliance with therequirements of regulation 106V of the SEBI ICDR Regulations, 2009. Further the company and the BRLM reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does notexceed five or as specified by the relevant laws and regulations applicable at that particulars point of time.

CAPITAL STRUCTURE

Our share capital as of the date of the Red Herring Prospectus is set forth below:

Sr. No.	Particulars	Nominal Value	Aggregate value at Issue Price
A	**Authorised Share Capital**		
	20,00,000 Equity Shares of ` 10 each	2,00,00,000	
B	**Issued, Subscribed and Paid Up Capital before the Issue**		
	12,43,976 Equity Shares of ` 10 each	1,24,39,760	
C	**Present Issue in terms of the Red Herring Prospectus***		
	[●] Equity Shares of ` 10 each	[●]	[●]
	Which Comprises		
	[●] Equity Shares of ` 10/- each at a premium of ` [●]/- per Equity Share reserved as Market Maker Portion		
	Net Issue to Public of [●] Equity Shares of ` 10/- each at a premium of ` [●]/- per Equity Share to the Public.		
D	**Paid Up Equity Capital after the Issue**		
	[●] Equity Shares of ` 10 each	[●]	[●]
E	**Share Premium Account**		
	Before the Issue	3,82,29,881	
	After the Issue	[●]	

**The Issue, in terms of the Red Herring Prospectus, has been authorized by the Board of Directors pursuant to a resolution dated December 3, 2011and by the shareholders pursuant to a resolution in an EGM held on January 3, 2012under section 81(1A) of the Companies Act. On August 27, 2012, our Company has, by way of a Pre-IPO Placement, allotted* 59,236 *Equity Shares to SVCL for an aggregate consideration of* `199.99lacs *at a subscription price of* ` 337.63 *per Equity Share.*

For further details,please refer to the section titled "Issue Procedure" on page 214of the Red Herring Prospectus.

Our Company has no outstanding convertible instruments as on the date of the Red Herring Prospectus

History of change in authorized Equity Share capital of our Company

Date of Shareholder's Resolution	Face Value (in `)	Cumulative number of shares	Authorized share capital (in `)
On incorporation of our Company	100	25,000	25,00,000
January 18, 1994	100	50,000	50,00,000
September 3, 2001	100	1,00,000	1,00,00,000
February 22, 2007	100	1,20,000	1,20,00,000
April 21, 2008	100	2,00,000	2,00,00,000
August 25, 2011	10(1)	20,00,000	2,00,00,000

(1)Sub division of face value from ` 100 each to ` 10 each.

Notes to Capital Structure

Share Capital History of our Company

1. **Equity Share Capital history of our Company**

Date of Allotment	No. of shares	Face Value (`)	Issue Price (`)	Nature of Consideration	Cumulative number of equity shares	Cumulative Paid up Capital (`)	Cumulative Share Premium (`)
March 26, 1986	15	100	100	Cash(1)	15	1,500	-

Date of Allotment	No. of shares	Face Value (`)	Issue Price (`)	Nature of Consideration	Cumulative number of equity shares	Cumulative Paid up Capital (`)	Cumulative Share Premium (`)
December 15, 1986	9,280	100	-	Other than cash (2)	9,295	9,29,500	-
March 13, 1987	1,330	100	100	Cash(3)	10,625	10,62,500	-
June 30, 1990	1,006	100	100	Cash(4)	11,631	11,63,100	-
February 07, 1994	10,078	100	100	Cash(5)	21,709	21,70,900	-
February 22, 1994	10,852	100	-	Bonus Issue (6)	32,561	32,56,100	-
March 17, 1997	2,015	100	100	Cash(7)	34,576	34,57,600	-
April 1, 1998	3,154	100	310	Cash (8)	37,730	37,73,000	6,62,340
April 3, 1998	226	100	310	Cash(9)	37,956	37,95,600	7,09,800
July 29, 1998	168	100	310	Cash(10)	38,124	38,12,400	7,45,080
August 29, 1998	65	100	310	Cash(11)	38189	38,18,900	7,58,730
December 17, 1998	168	100	310	Cash(12)	38,357	38,35,700	7,94,010
December 19, 1998	284	100	310	Cash(13)	38,641	38,64,100	8,53,650
December 22, 1998	45	100	310	Cash(14)	38,686	38,68,600	8,63,100
March 31, 2000	1,475	100	415	Cash(15)	40,161	40,16,100	13,27,725
May 31, 2000	507	100	415	Cash(16)	40,668	40,66,800	14,87,430
June 30, 2000	2,723	100	415	Cash(17)	43,391	43,39,100	23,45,175
August 31, 2000	1,330	100	415	Cash(18)	44,721	44,72,100	27,64,125
November 30, 2000	80	100	415	Cash(19)	44,801	44,80,100	27,89,325
March 31, 2001	1,205	100	415	Cash(20)	46,006	46,00,600	31,68,900
October 4, 2001	23,003	100	-	Bonus Issue (21)	69,009	69,00,900	31,68,900
December 21, 2006	11,690	100	100	Cash(22)	80,699	80,69,900	31,68,900
January 29, 2007	2,570	100	100	Cash(23)	83,269	83,26,900	31,68,900
February 14, 2007	11,883	100	100	Cash(24)	95,152	95,15,200	31,68,900
February 26, 2007	4,857	100	100	Cash(25)	1,00,009	1,00,00,900	31,68,900
March 17, 2008	8,465	100	886	Cash(26)	1,08,474	1,08,47,400	98,22,390
March 01, 2010	10,000	100	1,000	Cash(27)	1,18,474	1,18,47,400	1,88,22,390
August 25, 2011	Subdivision of	10	-	Sub-division	11,84,740	1,18,47,400	1,88,22,390

Date of Allotment	No. of shares	Face Value (`)	Issue Price (`)	Nature of Consideration	Cumulative number of equity shares	Cumulative Paid up Capital (`)	Cumulative Share Premium (`)
	face value from ` 100 each to ` 10 each						
August 27, 2012	59,236	10	337.63	Cash(28)	12,43,976	1,99,99,851	3,82,29,881

(1) Allotment of 5 equity shares and 10 equity shares respectively of our Company to Mr. Thomas John and Mrs. Rosamma Joseph respectively pursuant to the subscription to the Memorandum of Association. (2) Allotment of 4780 equity shares and 4500 equity shares respectively of our Company to Mrs. Rosamma Joseph and Mr. Thomas John respectively pursuant to the agreement for sale of business as going concern dated December 1, 1986 between M/s Thejo Engineering Services (registered partnership firm) and Thejo Engineering Services Private Limited.

(3) Allotment of 10 equity shares, 10 equity shares, 10 equity shares, 10 equity shares, 10 equity shares, 10 equity shares, 10 equity shares, 10 equity shares, 750 equity shares and 500 equity shares, respectively of our Company to Mrs. Sally Thomas, Mr. Chacko Thomas, Ms. Meena Joseph, Mrs. Martha Simon, Mr. J.K. John, Mrs. G. Kanthimathi, Mrs. Anna Joseph, Mrs. Rosamma Joseph, Mr. S.P. George and Mr. Govindaraj respectively.

(4) Allotment of 1,000 equity shares, 1 equity share, 1 equity share, 1 equity share, 1 equity share, 1 equity share and 1 equity shares, respectively of our Company to Mr. Anand. T. Pethe, Mr. K.J. Joseph, Mr. Thomas John, Mr. S.P. George, Mr. Govindraj, Mrs. Rosamma Joseph, and Mrs. Celinamma John

(5)Allotment of 1528 equity shares, 1170 equity shares, 1160 equity shares, 1170 equity shares, 1170 equity shares, 1825 equity shares, 1825 equity shares, and 230 equity shares, respectively of our Company to Mr. K.J. Joseph, Mr. Manoj Joseph, Ms. Meena Joseph, Mr. Manish Joseph, Ms. Maya Joseph, Mr. Rajesh John, Mrs. Celinamma John and Mr. D.S. Rajagopal respectively.

(6) Bonus issue in the ratio 2:1 authorised by our shareholders through a resolution passed in the EGM dated January 18, 1994, of 2,253 equity shares, 2,395 equity shares, 5 equity shares, 5 equity shares, 585 equity shares, 5 equity shares, 5 equity shares, 5 equity shares,5 equity shares, 5 equity shares, 375 equity shares, 500 equity shares, 764 equity shares, 913 equity shares, 585 equity shares, 585 equity shares, 585 equity shares, 912 equity shares, 115 equity shares and 250 equity shares respectively of our Company to Mr. Thomas John, Mrs. Rosamma Joseph, Mrs Sally Thomas, Mr. Chacko Thomas, Ms. Meena Thomas, Mrs. Martha Simon, Mr. J.K. John, Mrs. G. Kanthimathi, Mrs. Anna Joseph, Mrs. Rosamma Joseph (Jr.), Mr. S.P. George, Mr. Anand Pethe, Mr. K. J. Joseph, Mrs. Celinamma John, Mr. Manoj Joseph, Mr. Manish Joseph, Ms Maya Joseph, Mr. Rajesh John, Mr. D.S. Rajagopal and Mr. R. Govindaraj respectively.

(7) Allotment of 1,105 equity shares, 10 equity shares, 500 equity shares and 400 equity shares, respectively of our Company to Mr. S.P. George, Mr. D.S. Rajagopal, Mrs. Rosamma Joseph and Mrs. Celinamma John respectively.

(8) Allotment of 1,709 equity shares and 1,445 equity shares, respectively of our Company to Mr. Jose Kozhipatt and Mr. Sebastian Thomas respectively.

(9) Allotment of 226 equity shares of our Company to Mr. Jose Kozhipatt.

(10) Allotment of 168 equity shares of our Company to Mr. Jose Kozhipatt.

(11) Allotment of 65 equity shares of our Company to Mr. Jose Kozhipatt.

(12) Allotment of 168 equity shares of our Company to Mr. Sebastian Thomas.

(13) Allotment of 284 equity shares of our Company to Mrs. Mercy Sunny.

(14) Allotment of 45 equity shares of our Company to Mr. D.S. Rajagopal.

(15) Allotment of 1,205 equity shares and 270 equity shares respectively of our Company to Mr. O.J. Lukose and Ms. Sumi Kurian respectively.

(16) Allotment of 225 equity shares and 282 equity shares respectively of our Company to Ms. Sumy Kurian and Mr. Anand. T. Pethe respectively.

(17) Allotment of 2,723 equity shares of our Company to Mr. Thomas John.

(18) Allotment of 650 equity shares, 680 equity shares respectively of our Company to Mr. Manoj Joseph and Mr. Manesh Joseph respectively.

(19) Allotment of 80 equity shares of our Company to Mr. D.S. Rajagopal.

(20) Allotment of 1,205 equity shares of our Company to Ms. Maya Joseph.

(21) Bonus issue in the ratio 2:1 authorised by our shareholders through a resolution passed in the EGM dated September 29, 2001 of 1,196 equity shares, 3,894 equity shares, 1,253 equity shares, 1,268 equity shares, 877 equity shares, 1,480 equity shares, 1,084 equity shares, 4,791 equity shares, 820 equity shares, 1,369 equity shares, 807 equity shares, 850 equity shares, 1,143 equity shares, 142 equity shares, 248 equity shares, 891 equity shares, 245 equity shares, 7 equity shares, 7 equity shares, 7 equity shares, 7 equity shares, and 603 equity shares, respectively of our Company to Mr. K.J. Joseph, Mrs. Rosamma Joseph, Mr. Manoj Joseph, Mr. Manesh Joseph, Ms. Meena Joseph, Ms. Maya Joseph, Mr. Jose Kozhipatt, Mr. Thomas John, Mrs. Celinamma John, Mr. Rajesh John, Mr. Sebasian Thomas, Ms. Rithu John, Mr. S.P. George, Mrs. Mercy Sunny, Ms. Sumy Kurian, Mr. Ananad.T. Pethe, Mr. D.S. Rajagopal, Ms. Sally Thomas, Mr. Martha Simon, Mr. Chacko Thomas, Mr. J.K. John and Mr. O.J. Lukose respectively.

(22) Allotment of 400 equity shares, 3000 equity shares, 870 equity shares, 490 equity shares, 510 equity shares, 790 equity shares,2,330 equity shares, 940 equity shares, 960 equity shares, 520 equity shares, and 880 equity shares respectively of our Company to Mr. Anand.T.Pethe, Mr. Thomas John, Mr. Rajesh John, Mrs. Celinamma John, Mrs. Rithu John, Mr. K.J. Joseph, Mrs. Rosamma Joseph, Mr. Manoj Joseph, Mr. Manesh Joseph, Mrs. Meena Joseph and Mrs. Maya Joseph respectively.

(23) Allotment of 815 equity shares and 1,755 equity shares respectively of our Company to Mr. Anand. T. Pethe and Mr. S.P. George, respectively.

(24) Allotment of 614 equity shares, 1,099 equity shares, 637 equity shares, 335 equity shares, 1,088 equity shares, 993 equity shares, 2,949 equity shares, 1,187 equity shares, 1,207 equity shares, 661 equity shares and 1,113 equity shares respectively of our Company to Mrs. Celinamma John, Mr. Rajesh John, Mrs. Rithu Johnson, Mrs. Sumy John, Mr. Sebastian Thomas, Mr. K.J. Joseph, Mrs Rosamma Joseph, Mr. Manoj Joseph, Mr. Manesh Joseph, Mrs.Meena Joseph and Mrs. Maya Joseph respectively.

(25) Allotment of 3481 equity shares, 564 equity shares, and 812 equity shares, respectively of our Company to Mr. Thomas John, Mr. Jose Kozhipatt, and Mr. O.J. Lukose respectively.

(26) Allotment of 1435 equity shares, 493 equity shares, 581 equity shares, 592 equity shares,323 equity shares, 544 equity shares, 1771 equity shares, 301 equity shares, 538 equity shares, 91 equity shares, 313 equity shares, 443 equity shares, 36 equity shares, 223 equity shares, 108 equity shares, 222 equity shares, 154 equity shares and 297 equity shares, respectively of our Company to Mrs. Rosamma Joseph, Mr. K.J. Joseph, Mr. Manoj Joseph, Mr. Manesh Joseph, Mrs. Meena Roy, Mrs. Maya, Mr. Thomas John, Mrs. Celinamma John, Mr. Rajesh John, Mrs. Sumy John, Ms. Rithu Johnson, Mr. S.P. George, Mrs Mercy George, Mr. Anand Pethe, Mrs. Jothi Pethe, Mr. O.J. Lukose, Mr. Jose Kozhipatt and Mr. Sebastian Thomas respectively.

(27) Rights issue of 1300 equity shares, 737 equity shares, 700 equity shares, 700 equity shares, 600 equity shares, 650 equity shares, 2,092 equity shares, 356 equity shares, 635 equity shares, 108 equity shares, 370 equity shares, 523 equity shares, 43 equity shares, 263 equity shares, 128 equity shares, 262 equity shares, 182 equity shares and 351 equity shares, respectively of our Company to Mrs.Rosamma Joseph, Mr. K.J. Joseph, Mr. Manoj Joseph, Mr. Manesh Joseph, Mrs. Meena Roy, Mrs. Maya Joseph, Mr. Thomas John, Mrs. Celinamma John, Mr. Rajesh John, Mrs. Sumy John, Ms. Rithu Johnson, Mr. S.P. George, Mrs Mercy George, Mr. Anand.T. Pethe, Mrs. Jothi Pethe, Mr. O.J. Lukose, Mr. Jose Kozhipatt and Mr. Sebastian Thomas respectively.

(28) Allotment of 59,236 equity shares of our Company to SVCL.

1. **Equity shares issued for consideration other than cash**

The details of the equity shares allotted for consideration other than cash are provided in the following table:

Date of Allotment	No. of shares	Face Value (`)	Issue Price (`)	Nature of the transaction (Cash, consideration other than cash)
December 15, 1986	9,280	100	-	Other than cash [1]

[1] Allotment of 4780 equity shares and 4500 equity shares respectively of our Company to Mrs. Rosamma Joseph and Mr. Thomas John respectively pursuant to the agreement for sale of business as going concern dated December 1, 1986 between M/s Thejo Engineering Services (registered partnership firm) and Thejo Engineering Services Private Limited.

Our Company has not issued or allotted any Equity Shares in terms of scheme approved under sections 391-394 of the Companies Act.

2. Since incorporation, our Company has not revalued its fixed assets.

3. **Promoters Contribution and Lock-in**

A. ***History of equity shares held by the Promoters***

The equity shares held by the Promoters were acquired/ allotted in the following manner:

Mr. K. J. Joseph

Sr. No.	Date of Allotment/ transfer	Number of equity shares	Face Value (`)	Issue/ Acquisition Price per Equity Share (`)	Nature of the transaction (Cash, consideration other than cash)	Nature of Transaction	% of pre-Issue Capital	% of post Issue Capital
1.	June 30, 1990	1	100	100	Cash	Further Issue	0.01	
2.	February 07, 1994	1,528	100	100	Cash	Further Issue	8.60	
3.	February 22, 1994	764	100	-	Bonus Issue	Bonus Issue	4.30	
4.	October 30, 1996	100	100	50	Cash	Transfer from Mr. R. Govindaraj	0.56	
5.	October 4, 2001	1,196	100	-	Bonus Issue	Bonus Issue	6.73	
6.	February 1, 2005	230	100	350	Cash	Transfer from Mr. D.S. Rajagopal	1.29	
7.	February 1, 2005	10	100	350	Cash	Transfer from Mr. D.S. Rajagopal	0.06	
8.	February 1, 2005	10	100	350	Cash	Transfer from Mr. D.S. Rajagopal	0.06	
9.	February 1, 2005	45	100	350	Cash	Transfer from Mr.	0.25	

Sr. No.	Date of Allotment/ transfer	Number of equity shares	Face Value (`)	Issue/ Acquisition Price per Equity Share (`)	Nature of the transaction (Cash, consideration other than cash)	Nature of Transaction	% of pre-Issue Capital	% of post Issue Capital
						D.S. Rajagopal		
10.	February 1, 2005	80	100	350	Cash	Transfer from Mr. D.S. Rajagopal	0.45	
11.	February 1, 2005	2	100	350	Cash	Transfer from Mr. D.S. Rajagopal	0.01	
12.	December 21, 2006	790	100	100	Cash	Further Issue	4.45	
13.	February 14, 2007	993	100	100	Cash	Further Issue	5.59	
14.	March 17, 2008	493	100	886	Cash	Further Issue	2.77	
15.	February 9, 2009	22	100	100	Cash	Transfer from Mr. JK John	0.12	
16.	February 9, 2009	22	100	100	Cash	Transfer from Mrs. Anna Joseph	0.12	
17.	February 9, 2009	22	100	100	Cash	Transfer from Mrs. Rosamma Joseph (Jr)	0.12	
18.	February 9, 2009	1684	100	Nil	Gift	Transfer from Mrs. Rosamma Joseph	9.48	
19.	March 01, 2010	737	100	1,000	Cash	Further Issue	4.15	
20.	August 25, 2011	Subdivision of face value from ` 100 each to ` 10 each	10	-	Sub-division		----	
21.	October 4, 2011	90400	10	Nil	Gift	Transfer from Mrs. Rosamma Joseph	50.88	
	Total	1,77,690						

Mr. Thomas John

Sr. No.	Date of Allotment/ transfer	Number of equity shares	Face Value (`)	Issue/ Acquisition Price per Equity Share (`)	Nature of the transaction (Cash, consideration other than cash)	Nature of Transaction	% of pre-Issue Capital	% of post Issue Capital
1.	March 26, 1986	5	100	100	Cash	Subscription to Memorandum	0.02	
2.	December 15, 1986	4,500	100	-	Other than cash	Issue of Shares other than cash	18.92	
3.	June 30, 1990	1	100	100	Cash	Further Issue	0.00	
4.	February 22, 1994	2,253	100	-	Bonus Issue	Bonus Issue	9.47	
5.	October 30, 1996	100	100	100	Cash	Transfer from Mr. R. Govindaraj	0.42	
6.	June 30, 2000	2,723	100	415	Cash	Further Issue	11.45	
7.	October 4, 2001	4,791	100	-	Bonus Issue	Bonus Issue	20.14	
8.	December 21, 2006	3,000	100	100	Cash	Further Issue	12.61	
9.	February 26, 2007	3,481	100	100	Cash	Further Issue	14.64	
10.	March 17, 2008	1,771	100	886	Cash	Further Issue	7.45	
11.	March 01, 2010	2,092	100	1,000	Cash	Further Issue	8.80	
12.	August 23, 2011	22	100	100	Cash	Transfer from Mrs. Martha Simon	0.09	
13.	August 23, 2011	22	100	100	Cash	Transfer from Mrs. Sally Thomas	0.09	
14.	August 23, 2011	22	100	100	Cash	Transfer from Mr. Chacko Thomas	0.09	
15.	August 25, 2011	Subdivision of face value from ` 100 each to ` 10 each	10	-	Sub-division		-	
16.	October 4, 2011	(10,000)	10	-	Gift	Transferred to Mr.VA George	(4.20)	
	Total	2,37,830						

B. Details of the Shareholding of our Company

The table below presents the current shareholding pattern of our Company as per clause 37 of the SME Equity Listing Agreement.

(Face value of Equity Shares of `10/- each)

Category code	Category of Shareholder	Number of Share-holders (Pre Issue)	Total number of Equity Shares (Pre Issue)	Number of Equity Shares held in demateria -lized form	Total shareholding as a percentage of total number of Equity Shares (Pre Issue)		Shares pledged or otherwise encumbered		Total shareholding as a percentage of total number of Equity Shares (Post Issue)	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage	As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group									
1	Indian									
(a)	Individuals/ Hindu Undivided Family	12	979920	579610	78.77	78.77	0	0		
(b)	Central Government/ State Government(s)									
(c)	Bodies Corporate									
(d)	Financial Institutions/ Banks									
(e)	Any Others (Specify)									
	Trust									
	Any Other Total									
	Sub Total(A)(1)	12	979920	579610	78.77	78.77	0	0		
2	Foreign									
A	Individuals (Non-Residents Individuals/ Foreign Individuals)									
B	Bodies Corporate									
C	Institutions									
D	Any Others(Specify)									
	Sub Total(A)(2)	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoters and Promoters Group (A)= (A)(1)+(A)(2)	12	979920	579610	78.77	78.77	0	0		
(B)	Public shareholding									
B 1	Institutions									
(a)	Mutual Funds/ UTI									
(b)	Financial Institutions / Banks									
(c)	Central Government/ State Government(s)									
(d)	Venture Capital Funds	1	59236	59236	4.76	4.76				
(e)	Insurance Companies									
(f)	Foreign Institutional Investors									
(g)	Foreign Venture Capital Investors									
(h)	Nominated investors (as defined in Chapter									

	XB of the SEBI ICDR Regulations)									
(i)	Market Makers									
(j)	Any Other (specify)									
	Sub-Total (B)(1)	1	59236	59236	4.76	4.76	0	0	0	0
B 2	Non-institutions									
(a)	Bodies Corporate									
(b)	Individuals									
I	Individuals - i. Individual shareholders holding nominal share capital up to ` 1 lac	2	6050	5050	0.49	0.49	0	0		
II	ii. Individual shareholders holding nominal share capital in excess of `1 lac.	7	198770	62000	15.98	15.98	0	0		
(c)	Any Other (specify)									
	Sub-Total (B)(2)	9	204820	67050	16.46	16.46	0	0		
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	10	264056	126286	21.22	21.22	0	0		
	TOTAL (A)+(B)	22	1243976	705896	100	100	0	0		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	22	1243976	705896	100	100	0	0		

C. Shareholding of persons belonging to the category Promoter and Promoter Group

Sr. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
1.	Mr. Thomas John	237830	19.12	Nil	Nil	Nil
2.	Mrs.Rosamma Joseph	46620	3.75	Nil	Nil	Nil
3.	Mrs. Meena Roy	71080	5.71	Nil	Nil	Nil
4.	Mr. K.J. Joseph	177690	14.28	Nil	Nil	Nil
5.	Mrs. Celinamma John	42200	3.39	Nil	Nil	Nil
6.	Mr.Manesh Joseph	82930	6.67	Nil	Nil	Nil
7.	Mrs. Maya Joseph	77010	6.19	Nil	Nil	Nil
8.	Mr. Rajesh John	75270	6.05	Nil	Nil	Nil
9.	Mr. Manoj Joseph	82930	6.67	Nil	Nil	Nil
10.	Mr. Sebastian Thomas	41560	3.34	Nil	Nil	Nil
11.	Ms. Rithu Johnson	43800	3.52	Nil	Nil	Nil
12.	Mrs. Rosamma Joseph (Jr.)	1000	0.08	Nil	Nil	Nil
	TOTAL	**979920**	**78.77**	Nil	Nil	Nil

D. Shareholding of persons belonging to the category 'Public' and holding more than 1% of our Equity Shares

Sr. No.	Name of the shareholder	Total shares held	Shares as a percentage of total number of shares (i.e. Grand Total (A) + (B)+(C)indicated in Statement at para (1) (a) above)
1.	Mr. S.P. George	62,000	4.98
2.	SVCL	59,236	4.76
3.	Mr. Anand T. Pethe	31,210	2.51
4.	Mr. Jose Kozhipat	21,570	1.73
5.	Mr. O J Lukose	31,040	2.50
6.	Mrs. Sumy John	12,770	1.03
7.	Mrs. Jothi Anand Pethe	15,180	1.22
8	Mr. V.A. George	25,000	2.01
	TOTAL	**2,58,006**	20.74

Statement showing details of locked in shares

Sr. No	Name of the Shareholders	Numbers of locked-in Shares	Locked-in Shares as a percentage of total number of Shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above
	[●]	[●]	[●]

Statement showing details of Depository Receipts (DRs)

Sr.No.	Type of outstanding DR (ADRs,GDRs,SDRs etc)	No. of o/s DRs	No. of Shares underlying o/s DRs	Shares underlying o/s DRs as a percentage of total no.of shares {i.e. grand total (A)+(B)+(C) indicated in statement at para (I)(a) above}
	NIL	NIL	NIL	NIL

Statement showing holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr.No.	Name of the DR Holder	Type of outstanding DR (ADRs,GDRs,SDRs etc)	No. of o/s DRs	No. of Shares underlying o/s DRs	Shares underlying o/s DRs as a percentage of total no.of shares {i.e. grand total (A)+(B)+(C) indicated in statement at para (I)(a) above}
	NIL	NIL	NIL	NIL	NIL

E. *Details of Promoters contribution locked in for three years*

The Equity Shares which are being locked-in are eligible for computation of promoters' contribution in accordance with the provisions of the SEBI ICDR Regulations.

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue paid up capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue.

a) The details of such lock-in are set forth in the table below:

Mr. K. J. Joseph

Sr. No.	Date of Allotment / transfer	Allotment / Transfer	Number of equity shares	Face Value (`)	Issue/ Acquisition Price per Equity Share (`)	% of post Issue Capital	Nature of the transaction (Cash, consideration other than cash)
1.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
2.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
3.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total					[●]	

Mr. Thomas John

Sr. No.	Date of Allotment/ transfer	Allotment / Transfer	Number of equity shares	Face Value (`)	Issue/ Acquisition Price per Equity Share (`)	% of post Issue Capital	Nature of the transaction (Cash, consideration other than cash)
1.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
2.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
3.	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total					[●]	

b) The Equity Shares that are being locked-in are not ineligible for computation of Promoter‘s contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

i. The Equity Shares offered for minimum 20% Promoter‘s contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter‘s contribution;

ii. The Equity Shares offered for minimum 20% Promoter‘s contribution do not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

iii. The Equity shares offered for minimum 20% Promoters‘ contribution were not issued to the Promoters‘ upon conversion of a partnership firm;

iv. The Equity Shares offered for minimum 20% Promoter‘s contribution are not subject to any pledge; and

v. The minimum Promoter’s contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained a consent dated August 25, 2012 from our Promoters to include such number of Equity Shares held by them as may constitute 20% of the post-Issue equity share capital of our Company, held by them, for three years from the date of Allotment and for lock-in of the balance pre-Issue Equity Share capital of our Company, held by them, for a period of one year from the date of Allotment. Equity Shares offered by the Promoter for the minimum Promoter’s contribution are not subject to pledge.

F. ***Details of share capital locked in for one year***

In terms of the SEBI Regulations, other than 20% of the post-Issue shareholding of our Company held by the Promoters which are locked in for three years as specified above, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment of the Equity Shares in the Issue.

G. ***Other Requirements in respect of lock-in***

Locked-in Equity Shares of our Company held by the Promoters can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Issue capital of our Company held by the Promoters that are locked in for a period of three years from the date of Allotment of Equity Shares in the Issue, may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more Objects of the Issue.

The Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable. Further, Equity Shares held by the Promoter may be transferred to and among the Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

In addition, the Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of allotment in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations, as amended from time to time.

The Promoter's contribution has been brought in to the extent of not less than the specified minimum and from the persons defined as Promoters under the SEBI Takeover Regulations.

1. **Equity Shares held by top ten shareholders**

(a) ***On the date of the Red Herring Prospectus are as follows:***

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1	Mr. Thomas John	237830	19.12
2	Mr. K.J. Joseph	177690	14.28
3	Mr. Manesh Joseph	82930	6.67
4	Mr. Manoj Joseph	82930	6.67
5	Mrs. Maya Joseph	77010	6.19
6	Mr. Rajesh John	75270	6.05
7	Mrs. Meena Roy	71080	5.71
8	Mr. S.P. George	62000	4.98
9	SVCL	59236	4.76
10	Mrs. Rosamma Joseph	46620	3.75
	Total	972596	**78.18**

(b) ***Ten days prior to, the date of the Red Herring Prospectus, are as follows:***

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1	Mr. Thomas John	237830	20.07
2	Mr. K.J. Joseph	177690	15.00
3	Mr. Manesh Joseph	82930	7.00
4	Mr. Manoj Joseph	82930	7.00
5	Mrs. Maya Joseph	77010	6.50
6	Mr. Rajesh John	75270	6.35
7	Mrs. Meena Roy	71080	6.00
8	Mr. S.P. George	62000	5.23

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
9	Mrs. Rosamma Joseph	46620	3.94
10	Ms. Rithu Johnson	43800	3.70
	Total	**957160**	**80.79**

(c) ***Two years prior to the date of filing the Red Herring Prospectus, are as follows:***

Sr. No.	Name of the Shareholder	No. of Shares*	Percentage (%)
1	Mr. Thomas John	247170	20.86
2	Mrs. Rosamma Joseph	154020	13.00
3	Mr. K.J. Joseph	87290	7.37
4	Mr. Manoj Joseph	82930	7.00
5	Mr. Manesh Joseph	82930	7.00
6	Mrs. Maya	77010	6.50
7	Mr. Rajesh John	75270	6.35
8	Mrs. Meena Roy	71080	6.00
9	Mr. S.P. George	62000	5.23
10	Ms. Rithu Johnson	43800	3.70
	Total	**983500**	**83.01**

* These equity shares were originally issued at face value of ` 100/- each, which were later sub-divided into equity shares of ` 10/- each. These numbers are presented by converting one share of `100/- into 10 shares of ` 10/- each.

2. Other than as set out below, no Equity Shares have been issued at a price, which may be less than the Issue Price during the year prior to the date of the Red Herring Prospectus:

Name of the Allottee	Whether part of Promoter Group	Date of Allotment	Number of Equity Shares issued	Price in ` (per Equity Share)	Reasons for the issue
SVCL	No	August 27, 2012	59,236	337.63	Pre-IPO Placement#

The funds raised by way of the Pre-IPO Placement shall be utilised towards the objects of the Issue. For further details please "Objects of the Issue" on page 39.

3. The Equity Shares, which are subject to lock-in, shall carry the inscription "non-transferable" and the non transferability details shall be informed to the depository. The details of lock-in shall also be provided to the Stock Exchange before the listing of the Equity Shares.

4. Neither, we nor our Directors or the Promoters, the BRLM have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares other than the arrangements, if any, as permitted by the SEBI ICDR Regulations.

5. Our Company does not have any scheme of employee stock option or employee stock purchase as on the date of Red Herring Prospectus.

6. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the allotment, subject to minimum allotment being equal to300 Equity Shares, which is the minimum Bid size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which the post-Issue paid up capital after the Issue would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Issue paid up capital is locked-in.

7. Undersubscription, if any, in any category, would be met with spill over from any other categories or combination of categories at the discretion of our Company in consultation with the BRLM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

8. During the past six months there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in promoter group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI ICDR Regulations) or the Directors of our Company.

9. Except for the Issue our Company presently does not intend or propose any further issue of capital whether by way of issue of Equity Shares or by way of issue of bonus issue, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

10. The Promoter Group, the Directors of our Company and their relatives have not financed the purchase by any other person of securities of the Issuer other than in the normal course of the business of any such entity / individual or otherwise during the period of six months immediately preceding the date of the Red Herring Prospectus.

11. As on the date of the RHP, neither the BRLM nor their associates hold any Equity Shares.

12. We have not raised any bridge loans against the proceeds of the Issue.

13. There are no outstanding warrants, financial instruments or any rights, which would entitle the Promoters or the Shareholders or any other person any option to acquire any of the Equity Shares after the Issue.

14. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on date of the RHP.

15. The Equity Shares issued pursuant to this Issue shall be fully paid-up.

16. Except for the Issue we presently do not have any intention or proposal, neither have entered into negotiations nor are considering to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for our Equity Shares) whether on a preferential basis or otherwise, except that if we acquire companies / business or enter into joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisitions or participation in such joint ventures.

17. Our Promoters and members of the Promoter Group will not participate in the Issue.

18. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in the Red Herring Prospectus.

19. As per the RBI regulations, OCBs are not allowed to participate in this Issue, except with the specific permission of the RBI.

20. As on the date of the Red Herring Prospectus, the total number of holders of Equity Shares is 22.

21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

22. There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, please see "Financial Indebtedness" on page no. 177 of the Red Herring Prospectus.

23. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

24. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.

SECTION IV -PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The objects of the Issue are to finance our expansion plans and achieve the benefits of listing on the Stock Exchange. We believe that listing will enhance our corporate image and brand name.

We intend to utilize the Issue Proceeds for the following objects:

1. Setting up a poly-urethane unit at Chennai;
2. Expansion of existing facility at Chennai;
3. Setting up R&D Unit at Chennai;
4. Setting up a lining plant at Chennai;
5. Investment in our Australian Subsidiary, Thejo Australia Pty Ltd; and
6. General corporate purposes.

The objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

We may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the fund requirements and increasing or decreasing the fund requirements for a particular purpose from its fund requirements mentioned below, at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the uses of the funds described herein.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

Requirement of Funds

The details of the proceeds of this Issue are summarized below:

(` in lacs)

Particulars	Estimated Amount
Gross proceeds to be raised through this Issue (“**Issue Proceeds**”)*	2,100
Less Pre-IPO Placement	199.99
Net Proceeds to be raised through this Issue excluding Pre-IPO Placement	1,900.01
Issue Related Expenses**	[●]
Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds (“**Net Proceeds**”)* *	[●]

*Includes the amount aggregating to ` 199.99 lacs received pursuant to the Pre-IPO Placement.

**Will be incorporated after finalization of the Issue Price

Our Company intends to utilize the Net Proceeds for financing the objects:

Utilisation of Net Proceeds

The fund requirements for each of the objects of the Issue are stated as follows:

(` in lacs)

Sr. No.	Particulars	Total Fund Requirement	Amount deployed till July, 2012**	Estimated Amount to be utilized from Net Proceeds	FY 13	FY 14
1.	Setting up a poly-urethane unit	68.28	34.31	68.28	33.97	0.00

	at Chennai					
2.	Expansion of existing facility (Unit I) at Chennai	686.61	37.88	686.61	648.73	0.00
3.	Setting up R&D Unit at Chennai	283.05	19.25	283.05	263.80	0.00
4.	Setting up a Lining Plant at Chennai	169.02	0.00	169.02	169.02	0.00
5.	Investment in our Australian Subsidiary, Thejo Australia Pty Limited.	642.00	0.00	642.00	642.00	0.00
6.	General corporate purposes	[●]*	--	[●]*	[●]	[●]
	Total	[●]	91.44	[●]	[●]	[●]

* Will be incorporated after finalization of the Issue Price
** The details of the amount spent by our Company as on July 31, 2012 on projects as part of the "Objects of the Issue" and as certified by our Statutory Auditors, M/s **Joseph & Rajaram**, Chartered Accountants, vide certificate dated August 27, 2012

The details of our fund requirement, as indicated above and deployment of such funds are based on internal management estimates and have not been appraised by any bank or financial institution. These requirements are subject to change taking into consideration variations in costs and other external factors which may not be within our control or as a result of changes in our financial condition, business or strategy. Our management will have the discretion to revise our business plans from time to time and consequently our funding requirements and deployment of funds may also be changed. This may result in rescheduling the proposed utilisation of the proceeds and increasing or decreasing expenditure for a particular object *vis-a-vis* the utilisation of the proceeds as indicated above. For instance, we may also reallocate expenditure to the other activities, in the case of delays in our existing plans or proposed activities. Any such change in our plans may require rescheduling of our expenditure, programs, starting projects or capital expenditure programs which are not currently planned, discontinuing existing plans or proposed activities and an increase or decrease in the capital expenditure programs for the objects of the Issue, at the discretion of our Company.

However, any changes in "Objects of the Issue", other than those specified herein, post-listing of the Equity Shares, shall be subject to compliance with the Companies Act and such regulatory and other approvals and disclosures, as may be applicable.

Appraisal

None of the objects of the Issue have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the Net Proceeds are currently based on management estimates.

Shortfall of Net Proceeds

In case of any shortfall of Net Proceeds, we intend to meet the same through internal accruals.In the event that estimated utilization out of the Net Proceeds in a Financial Year is not completely met, the same shall be utilized in the next Financial Year.

Means of Finance

(` in lacs)

Particulars	**Estimated Amount**
Net Proceeds*	[●]
Internal Accruals*	[●]
Total*	[●]

*Will be incorporated after finalization of the Issue Price

The total fund requirement for the objects of the Issue as estimated by our Company is `[●] lacs. The requirements of the objects detailed above are intended to be funded from the Net proceeds of the Issue and internal accruals. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue.

DETAILS OF THE OBJECTS

1. Setting up a poly-urethane unit at Chennai [language pertaining to recoupment to be brought in]

We have set up a new poly-urethane unit at Chennai.

Our Company has leased approximately11,500 sq.ft. of land from Mr.C. Manivannan. The lease agreement is valid for a tenure of ten years commencing from November 1, 2011. We have paid a deposit of ` 13,74,750 and have to pay a rent of `1,37,475 per month which would be increased by 5% every year commencing from the third year. This property will be partly used for our proposed R&D unit.

The poly-urethane unit would produce Polyurethane products such as cleaner and scraper blades, screens, liners, castings and other abrasion resistant products.

The cost for setting up this unit is as follows:

(` in lacs)

Particulars	**Estimated Amount**
Plant and Machinery	54.00
Miscellaneous Fixed Assets	14.28
Total	68.28

Civil works

The unit would be set up in an existing building.

Plant and machinery

The estimated cost for plant and machinery is ` 54 lacs as per the invoice received from the supplier.

We have purchased the plant and machinery for this unit; the details are as set forth below. We have paid`34.31 lacsso far.

List of plant and machinery for Polyurethane unit to be installed

(` in lacs)

Sr. No.	**Equipment**	**Quantity**	**Supplier**	**Date of invoice**	**Amount**
1.	C3M Machine, Vacuum Pump,	1	Baule	19/9/2011	54.00*
	Total				**54.00**

*The aboveinvoice provides the amounts in US$. For arriving at the above amount one US$ was treated equal to ` 54.

The aforesaid total cost of the equipments is excluding all taxes, loading/unloading etc.

Miscellaneous Fixed Assets

We will deploy `14.28 lacs on miscellaneous fixed assets which primarily involves wiring, electrification at the unit.

Schedule of Implementation of the Polyurethane unit

Activity	**Commencement**	**Completion Date**
Plant and machinery	November, 2011	July, 2012
Miscellaneous fixed assets	November, 2011	July, 2012

2. Expansion of existing Unit- I at Chennai

We intend to expand the manufacturing capacity of our Unit1 at Chennai.

Details of cost of expansion are as follows:

(` in lacs)

Sr. No.	**Particulars**	**Amount**
1.	Civil works	270.00

Sr. No.	Particulars	Amount
2.	Plant and machinery	416.61
	Total	**686.61**

Land

The existing Unit-I is spread over 2.90 acres of land at Ponneri, which is located at Chennai. The existing land of our unit at Chennai is sufficient for the expansion.

Civil works

The total cost for the expansion of building is `270.00 lacs as estimated by quotations received by the Company. The details of the same are as set forth below:

(` in lacs)

Sr. No.	Particulars	Area (Sq. mts.)	Supplier	Date of Quotation	Amount
1.	New Bay Construction	1,500	Inahta & Co	18/2/2012	200.00
2.	Finished Goods Stores / Dispatch	400	Inahta & Co	18/2/2012	70.00
	Total				**270.00**

Plant and machinery

The break-up of the plant and machinery is as set forth below:

(` in lacs)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount
1.	Simplekamp Press	Andrew Isaacs Machinery International Ltd.	28/3/2012	225.35
2.	1000 KVA Transformer	Electrotherm (India) Ltd.	6/12/2011	9.64
3.	Swing Table Single Door shot Blasting Machine Model 72" diameter	NESCO Ltd.	1/1/2012	12.52
4.	Dust Collector	NESCO Ltd.	1/1/2012	2.69
5.	Thermic Fluid Heater 2000000 Kcal/Hr	Vision Engineering Madras Pvt. Ltd.	15/3/2012	20.40
6.	750 Kva Diesel generator	Powerica Ltd.	17/1/2012	44.00
7.	5 Ton Diesel Fork Lift	Voltas Material Handling Pvt. Ltd.	20/10/2011	14.32
8.	Elgi Horizon Screw Air Compressor	Thermal Engineering Services	17/1/2012	4.09
9.	Roller Die Extruder Line	Andrew Isaacs Machinery International Ltd.	17/2/2012	28.52
10.	60’’ Mill	Andrew Isaacs Machinery International Ltd.	17/2/2012	17.72
11.	60’’ Mill Stock Blender	Euro Rubberline	09/03/2012	3.89
12.	84’’ Mill Stock Blender	Euro Rubberline	09/03/2012	4.32
13.	60” Mill Stock Blender	Andrew Isaacs Machinery Int Ltd	17/02/2012	7.13
14.	Lab Mill	Andrew Isaacs Machinery International Ltd.	17/02/2012	5.19
15.	Zwick 1425 Tensile Tester	Andrew Isaacs Machinery International Ltd.	17/02/2012	4.15
16.	ODR Rheometer	Andrew Isaacs Machinery International Ltd.	14/02/2012	11.67
	Total			**416.61**

We have spent a total of `37.88 lacs in purchasing some of the plant & machinery mentioned above. We have placed orders for some of the plant and machinery mentioned above and have not placed orders for the rest.

Schedule of Implementation

The additional capacity at Unit I is expected to start commercial production by February, 2013. The detailed schedule of implementation is set forth below:

Activity	Expected Commencement	Expected Completion
Civil works	October , 2012	January, 2013
Plant and machinery	August, 2012	February, 2013

3. Setting up Research and Development unit at Chennai

We have developed research and development capabilities to enhance our existing product and service offerings. This we believe will enable us to meet client expectations and service their future requirements.

Currently, the same is beingcarried out from Unit 1. We have formed an Expert Advisory Committee for R&D headed by Dr. P.M. Bhargava, former Member of National Knowledge Commission and coordinated by Mr. Zachariah George, former Head of R&D at MRF, who is currently heading our R&D initiatives.

We estimate our capital expenditure for procuring and installation of equipments for setting up the Research and Development unit at Chennai to aggregate to `283.06 lacs.

Details of cost of project are as follows:

(` in lacs)

Sr. No.	Particulars	Amount
1.	Civil works	35.60
2.	Plant and machinery	247.46
	Total	283.06

Land

Our Company has leased approximately 11,500 sq.ft. of land from Mr.C. Manivannan. The lease agreement is valid for a tenure of ten years commencing from November 1, 2011. We have paid a deposit of ` 13,74,750. We have to pay a rent of `1,37,475 per month which would be increased by 5% every year commencing from the third year. This property will be partly used for our proposed Poly Urethane Unit.

The total cost for the expansion of building is `35.60 lacs as estimated by quotations received by the Company. The details of the same are set forth below:

(` in lacs)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount
1.	Electrical Works	Prakash Enterprises	03/02/2012	1.00
2.	Civil Constructions	Sumangali Constructions	10/10/2011	4.98
3.	Technical lab Interiors	NTR Interiors	13/02/2012	13.36
4.	Blue Star Hi Wall Split Unit	Weather Station	27/03/2012	2.98
5.	Electrical (140 HP)	-	-	2.60
6.	Genset, UPS etc	Sine Power	28/03/2012	10.68
	Total			**35.60**

Plant and machinery

The break-up of the cost is as set forth below:

(` in lacs)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount
1.	Tyre Testing Machine 0380 to 1040 mm Tyres	Barani Hydraulics India Pvt Ltd	17/3/2012	20.12
2.	Fatigue to failure tester (FTFT) Laboratory Instrument	Alpha Technologies Services LLC	20/12/2011	24.68

Sr. No.	Particulars	Supplier	Date of Quotation	Amount
3.	Density measuring Instrument	Alpha Technologies Services LLC	20/12/2011	5.35
4.	Moving Die Rheometer with Eclipse Daisy	Alpha Technologies Services LLC	20/12/2011	44.08
5.	Processability tester with aluminium cross head	Alpha Technologies Services LLC	20/12/2011	80.24
6.	Stereo Microscope	Science House	2011-12	0.37
7.	Thermo gravity analyzer	TA Instruments – Thermal Analysis & Rheology	3/1/2012	27.59
8.	Ozone Test Chamber	Polytech Instruments	25/11/2011	23.91
9.	Universal Testing Machine (UTM)	Future Foundation	25/11/2011	3.50
10.	Lab press	Micro Vision Enterprises	15/12/2011	0.55
11.	Lab Mixer	Euro Rubberline	09/03/2012	10.59
12.	Lab Mill	Euro Rubberline	09/03/2012	6.48
	Total			**247.46**

We have spent ` 19.25 lacs to procure some of the plant & machinery mentioned above.We are in the process of placing orders for the some of the other machinery mentioned above.

Schedule of Implementation

The detailed schedule of implementation of the R&D facility is set forth below:

Activity	Commencement	Expected Completion
Civil works	November, 2011	September, 2012
Plant and machinery	August, 2012	October, 2012

4. Setting up of Lining Plant at Chennai

We are in the process of setting up a lining plant at Chennai.

Our Company has leased approximately 43,600 sq.ft. of land from Mr.V.Rajagopalan. The lease agreement is valid for a tenure of five years commencing from November 1, 2011. A consideration of `1,00,000 per month would be paid for the land. Our Company has also entered into a rental agreement dated July 1, 2011 in respect of the constructed shed measuring 4,850 square feet situated on the above said land. The lease shall be initially for a period of 5 years commencing from June 1, 2011. The consideration for the shed would be `40,000 p.m. for the first year, `45,000p.m. for the second, third and fourth year and `50000p.m. for the fifth year.

The cost for setting up this unit is as follows:

(` in lacs)

Particulars	Estimated Amount
Civil Works (plant construction cost)	126.63
Plant and Machinery	42.39
Total	169.02

Plant and machinery

The estimated cost for plant and machinery is `42.39 lacs as estimated by quotations procured by the Company from its suppliers.

We have not purchased plant and machinery for this unit, the list of plant and machinery with their quotations are as set forth below:

List of plant and machinery for Lining Plant to be installed

(` in lacs)

Sr. No.	Equipment	Quantity	Supplier	Date of Quotation	Amount
1.	Diesel Operated Forklift truck	1	Voltas Material Handling Pvt Ltd	20/10/2011	14.33
2.	1 Ton Boiler	1	Veesons Energy Systems Pvt Ltd	10/12/2011	10.97
3.	EOT Crane	1	Impressions Systems and Engineers Private Limited	09/03/2012	17.09
	Total				**42.39**

The total cost of the equipments is estimated at `42.39 lacs excluding all taxes, packing, freight, insurance, loading/unloading etc.

Schedule of Implementation of the Lining Plant

Activity	Expected Commencement	Expected Completion
Plant and machinery	October, 2012	January, 2013
Civil Work	September, 2012	December, 2012

5. Investment in our Subsidiary, Thejo Australia Pty Ltd

We intend to invest an amount of up to `642 lacs, financed from the Net Proceeds to invest in the Share Capital of Thejo Australia Pty Ltd. We believe that we will derive benefits from our investment in Thejo Australia Pty Ltd. This company will focus on offering belt conveyor related maintenance services and rubber lining activities, initially to clients in Western Australia. We also intend to sell products for bulk material handling and corrosion protection under the THEJO brand.

No dividends from Thejo Australia Pty Ltd have been assured to us with respect to any of our current and future investments in the equity shares of Thejo Australia Pty Ltd.

6. General Corporate Purposes

The Company intends to deploy the balance Net Proceeds aggregating **`[●]** for general corporate purposes, including but not restricted to, strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies which the Company in ordinary course of business may face, or any other purposes as may be approved by the Board of Directors.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue Related Expenses

The expenses of the Issue include fees of the BRLM, underwriting commission, selling commission, distribution expenses, statutory fees, fees to legal advisors, fees to advisors, auditors, printing and stationary costs, registrar costs, advertisement expenses and listing fees payable to the Stock Exchange among others. The estimated Issue expenses are as follows:

The total estimated expenses are `[●] lacs, which is [●] % of the Issue size.

(` in lacs)

Particulars	Amounts*	As percentage of total expenses	As a percentage of Issue size
Lead management fees (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
-Postage, Advertising and marketing expenses	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Would be incorporated post finalization of Issue Price*

In case of business requirements, required funds will be deployed out of internal accruals towards the "Objects of the Issue" and will be recouped from the Proceeds of the Issue.

Funds deployed till date

The details of the amount spent by our Company as on July 31, 2012 on projects as part of the “Objects of the Issue” and as certified by our Statutory Auditors, M/s **Joseph & Rajaram**, Chartered Accountants, vide certificate dated August 27, 2012 are provided in the table below:

Particulars	Amount (`in lacs)
Funds Deployed	
Plant and Machinery for Polyurethane unit	34.31
Plant and Machinery for Expansion of existing facility (Unit I) at Chennai	37.88
Plant and Machinery for Setting up R&D Unit at Chennai	19.25
Total Funds Deployed	***91.44***
Sources of Funds	
Internal Accruals	**91.44**

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of theRed Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Working Capital Requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals and already have bank limits for working capital to meet our existing and future working capital requirements. However, in the event that there is surplus of funds after deployment from the Net Proceeds of the Issue, the funds may be utilized towards reducing our reliance on working capital facilities.

Interim use of funds

We, in accordance with the policies established by our Board, will have flexibility in deploying the Proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in high quality interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Monitoring of utilisation of Issue proceeds

In terms of Regulation 16(1) of the ICDR Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreement with the Stock Exchange, the Audit Committee appointed by our Board will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly/half yearly financial disclosures and annual audited financial statements until the Issue Proceeds remain unutilized, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing.

Pursuant to clause 52 of the SME Equity Listing Agreement, our Company shall on a half yearly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Our Company shall be required to inform material deviations in the utilisation of the Net Proceeds of the Issue to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers/website.

No part of the Proceeds from the Issue will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Companies or Key Managerial Personnels, except in the normal course of our business.

For risks associated with respect to the objects of this Issue, please see "Risk Factors" beginning on page xii of the Red Herring Prospectus.

SECTION V -BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ` 10 each and the Issue Price is 40.20 times the face value at the lower end of the Price Band and 43.00 times the face value at the higher end of the Price Band.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry.

- Established brand
- Organized and Comprehensive product & service offering
- Continuous innovation of Product and Services
- Our relationships with customers
- Professional management
- Dedicated team of technical manpower
- Pan India operations with reach to remote areas

For further details, see "***Business Overview - Competitive Strengths***" on page 73.

Quantitative Factors

The information presented below relating to our Company is based on the restated consolidated financial statements for fiscal 2012, 2011, and 2010 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For details, see "***Financial Statements***" on page 103.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

- **Basic and Diluted Earnings, on a standalone basis, Per Share ("EPS"), as adjusted for change in capital:**

	Basic		Diluted	
Year ended	**EPS (in `)**	**Weight**	**EPS (in `)**	**Weight**
March 31, 2010	20.76	1	20.76	1
March 31, 2011	32.32	2	32.32	2
March 31, 2012	76.17	3	76.17	3
Weighted Average	52.32		52.32	

- **Basic and Diluted Earnings, on a consolidated basis, per Share ("EPS"), as adjusted for change in capital:**

	Basic		Diluted	
Year ended	**EPS (in `)**	**Weight**	**EPS (in `)**	**Weight**
March 31, 2010	20.76	1	20.76	1
March 31, 2011	32.27	2	32.27	2
March 31, 2012	76.03	3	76.03	3
Weighted Average	52.23		52.23	

Notes:

(1) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.

(2) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

- **Standalone Price/Earning (P/E) ratio in relation to Issue Price of `[●] per Equity Share of `10 each:**

a) P/E based on basic and diluted EPS as per our restated financial statements for the year ended March 31, 2012 at the lower end of the Price Band is 5.28 and 5.28 respectively
b) P/E based on basic and diluted EPS as per our restated financial statements for the year ended March 31, 2012 at the higher end of the Price Band is 5.65 and 5.65 respectively
c) P/E based on basic and diluted EPS at Issue Price as per our restated financial statements for year ended March 31,2012 is [●]

- **Consolidated Price/Earning (P/E) ratio in relation to Issue Price of `[●] per Equity Share of `10 each:**

a) P/E based on basic and diluted EPS as per our restated financial statements for the year ended March 31, 2012 at the lower end of the Price Band is 5.29 and 5.29 respectively
b) P/E based on basic and diluted EPS as per our restated financial statements for the year ended March 31, 2012 at the higher end of the Price Band is 5.66 and 5.66 respectively
c) P/E based on basic and diluted EPS at Issue Price as per our restated financial statements for year ended March 31,2012 is [●]

- **Return on Net Worth ("RoNW"):**

As per our restated standalone financial statements:

Year ended	RoNW (%)	Weight
March 31, 2010	20.56%	1
March 31, 2011	27.50%	2
March 31, 2012	52.24%	3
Weighted Average	38.71%	

As per our restated consolidated financial statements:

Year ended	RoNW (%)	Weight
March 31, 2010	20.56%	1
March 31, 2011	27.45%	2
March 31, 2012	52.52%	3
Weighted Average	38.84%	

Note: 1) The RoNW has been computed by dividing profit after tax by net worth as on the end of the previous Financial Year

- **Minimum Return on Increased Net Worth after the Issue needed to maintain Standalone Pre-Issue EPS for the year ended March 31, 2012:**

a) Based on basic earning per share:

At the Floor price: [●] % based on the restated financial statements
At the Cap price: [●] % based on the restated financial statements

b) Based on diluted earning per share:

At the Floor price: [●] % based on the restated financial statements
At the Cap price: [●] % based on the restated financial statements

- **Minimum Return on Increased Net Worth after the Issue needed to maintain Consolidated Pre-Issue EPS for the year ended March 31, 2012:**

a) Based on basic earning per share:

At the Floor price: [●] % based on the restated financial statements

At the Cap price: [●] % based on the restated financial statements

b) Based on diluted earning per share:

At the Floor price: [●] % based on the restated financial statements
At the Cap price: [●] % based on the restated financial statements

- **Standalone Net Asset Value# ("NAV") per Equity Share of face value `10 each:**

As of March 31, 2012: `217.33

a. Issue Price: [●]*

As of March 31, 2012 after the issue: [●]

- **Consolidated Net Asset Value# ("NAV") per Equity Share of face value `10 each:**

As of March 31, 2012: `220.73

a. Issue Price: [●]*

As of March 31, 2012 after the issue: [●]

 # Net Asset Value per Equity Share represents net worth, as restated, divided by the number of Equity Shares as at year end.

**Issue Price per Equity Share will be determined on the conclusion of the Book Building Process.*

Net Asset Value per Equity Share represents net worth, as restated, divided by the number of Equity Shares outstanding at the end of the period.

- **Comparison with Industry Peers:**

As our Company is one of the few organized players in both the products and services' segments of the conveyor system accessories industry and since there are no Indian listed entities, there are no comparable figures available with us. The details on the comparison of accounting ratios of our Company with other listed entities has not been given as our Company offers a diverse suite of services and products and there are no listed peers in the same line of business.

The Issue Price of `[●] per Equity Share is [●] times of the face value of `10 per equity share. The Issue Price has been determined by our Company in consultation with the BRLM and on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process.

The BRLM believes that the Issue Price of ` [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "**Risk Factors**" and "**Financial Statements**" on pages xiiand 103, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in **"Risk Factors"** and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To
The Board of Directors,
Thejo Engineering limited,
AyshaBuilding, 41, Whites Road,
Royapettah,
Chennai – 600 014

Dear Sirs

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to Thejo Engineering limited (“the Company”), (formerly known as Thejo Engineering Services Private Limited),and to the Shareholders of the Company under the provisions of the Income TaxAct, 1961 (“IT Act”) and other direct tax laws presently in force in India. Severalof these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement are not exhaustive. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of investment in the equity shares particularly in view of the changing tax laws and in view of the fact that the exact tax implications in the hands of an investor may differ based on the fact and circumstances of his / her/ their case.

We do not express any opinion or provide any assurance as to whether:

i) The Company or its shareholders will continue to obtain these benefits in future; or

ii) The conditions prescribed for availing the benefits have been/would be met.

iii) Further we have not considered the amendments made in the recent Budget, 2012 (Finance Act, 2012)

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Joseph & Rajaram
Chartered Accountants
Firm Regn No: 001375S

Place: Chennai
Date: August 27, 2012

(P.K.JOSEPH)
PARTNER
Membership No:016180

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the tax laws presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional advice.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

Levy of Income Tax

Tax implications under the IT Act are dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of an assessee.

As per the provisions of the IT Act, an individual is considered to be a resident in India during any financial year if he or she is present in India for:

- a period or periods aggregating to 182 days or more in that financial year; or
- a period or periods aggregating to 60 days or more in that financial year and for a period or periodsaggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year, the limit of 60 days under point (ii) above, shall be read as 182 days.

A company is resident in India if it is formed and incorporated in accordance with the Companies Act, 1956 and has its registered office in India or the control and management of its affairs is situated wholly in India.

A firm or other association of persons is resident in India except when the control and management of its affairs is situated wholly outside India during the relevant financial year.

A person who is not a resident in India would be regarded as 'Non-Resident'. Subject to complying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.

Tax Considerations

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Company and the perspective shareholders are stated as under. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions:

1. Benefits available to the Company - Under the IT Act

1.1 Special Tax Benefits NIL

1.2 General Tax Benefits

1.2.1 As per Section 10(34) of the IT Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) from a domestic company are exempt in the hands of the Company/shareholders, if such is subject to Dividend Distribution Tax ("DDT") under Section 115-O.

However, Section 94(7) of the IT Act provides that the losses arising on accountof sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent of dividend on such shares are claimed as tax exempt by the shareholder.

1.2.2 As per Section 10 (35) of the IT Act, the following income shall beexempt in the hands of the Company:

i) Income received in respect of the units of a Mutual Fund specified under clause (23D) of10; or

ii) Income received in respect of the units from the Administrator of the Specified undertaking; or

iii) Income received in respect of units from the specified company

1.2.3 As per Section 10(38) of the IT Act, long-term capital gains arising from transfer of a long-term capital asset (being an equity share in the company or a unit of an equity oriented fund), where such transaction is chargeable to Securities Transaction Tax ("STT"), would not be liable to tax in the hands of the Company.

For this purpose "Equity oriented fund" mean fund -

i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and

ii) Which has been set up under a scheme of a Mutual fund specified under Section 10(23D).

However, the long-term capital gains arising on sale of share or units as referred above shall not be reduced while calculating the book profit under the provisions of Section 115JB of the IT Act. In other words, the book profit shall include profits arising from the sale of such shares or units and recorded in the financial statements of the company prepared as per Schedule VI of the Companies Act, 1956.The company will be required to pay MAT @ 18.5% (as increased by applicablesurcharge of 5%, if the company's total income under IT Act exceeds rupees one crore, education cess of 2% and secondary & higher education cess of 1%) on such book profit.

1.2.4 Section 48 of the IT Act, which prescribes the modeof computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, a deduction of indexed cost of acquisition is available. Indexed cost of acquisition means the cost of acquisition multiplied byCost Inflation Index ("CII") of the year in which the asset is transferred, and divided by the CII of the first year in which the asset was held by the assessee.

1.2.5 As per the provisions of Section 112 of the IT Act, long-term capital gains as computed above [to the extent not exempt under Section 10(38) of the IT Act] would be subject to tax at a rate of 20 percent (as increased by applicable surcharge of 5%, if the company's total income under IT Act exceeds rupees one crore, education cess of 2% and secondary & higher education cess of 1%). However, as per the proviso to Section 112(1), if the tax on long-term capital gains resulting from transfer of listed securities or units [to the extent not exempt under section 10(38) of the IT Act], calculated at the rate of 20 percent (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10 percent (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10 percent (as increased by applicable surcharge of 5%, if the company's total income under IT Act exceeds rupees one crore, education cess of 2% and secondary & higher education cess of 1%).

1.2.6 As per the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, capital gains not exempt under Section 10(38) and arising from transfer of a long - term capital asset shall not be chargeable to tax if such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gains is so invested, the exemption available shall be in the same proportion as the cost of the long-term notified bonds bears to the whole of the capital gain. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is ` 50,00,000.

1.2.7 As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund (where the transaction of sale is chargeable to STT) shall be subject to tax at the rate of 15% (as increased by applicable surcharge of 5%, if the company's total income under IT Act exceeds rupees one crore, education cess of 2% and secondary & higher education cess of 1%). Short-term capital gains arising from transfer of shares, other than those covered by Section 111A of the IT Act, would be subject to tax at normal corporate tax rate.

1.2.8 Under Section 24(a) of the IT Act, the Company is eligible for standard deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out); where the company has income chargeable to tax under the head "*Income from House Property*".

1.2.9 Further, under Section 24(b) of the IT Act, where the house property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amo unt of interest payable on such capital shall be allowed as a deduction in computing the income, if any, from such house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

1.2.10 Under Section 32(1) of the IT Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc and intangible assets such as patent, trademark, copyright, know-how, licenses, etc, if such intangible assets are acquired after 31 March 1998.

1.2.11 As per provision of Section 32(1)(ii a) of the IT Act, any company engaged in the business of manufacturing or production of any article or thing is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant, subject to fulfillment of following conditions:

i) New machinery or plant is acquired and installed on or after 31 March 2005;

ii) Additional depreciation shall be available on all new machinery or plant acquired other than the following:

   a) Ships and Aircraft;

   b) Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;

   c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;

   d) Any office appliances or road transport vehicles; or

   e) Any machinery or plant, the whole of the actual cost of which is allowed a deduction.

1.2.12 Under Section 32(2) of the IT Act, where full effect cannot be given to any depreciation allowance under Section 32(1) of the IT Act in any previous year, owing to there being no profits or gains chargeable for that previous year, or owing to the profits or gains chargeable being less than depreciation allowance, then, subject to the provisions of Section 72(2), depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following previous year and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that previous year, be deemed to be the depreciation allowance for that previous year, and so on for the succeeding previous years.

1.2.13 Under Section 72(1) of the IT Act, where for any AY, the net result of the computation under the head "Profits & Gains of Business or Profession" is a loss to the company (not being a loss sustained in a speculation business), then to the extent to which such loss can be set off against income from any other head of income (other than salary) for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head "Profits & Gains of Business or Profession" for subsequent years. As per Section 72(3) of the IT Act, the loss carried forward can be set off subject to a limit of 8 AYs immediately succeeding the AY for which the loss was first computed. However, as per Section 80 of the IT Act, only a loss which has been determined in pursuance of a return filed in accordance with the provisions of Section 139(3) of the IT Act shall be carried forward and set off under Section 72(1) of the IT Act.

1.2.14 In terms of Section 115JAA(1A) of the IT Act, tax credit shall be allowed for MAT for any AY commencing on or after 1 April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. The credit is available for set off only when tax becomes payable under the normal provisions of the IT Act. The tax credit can be utilized to extent of difference between tax payable under the normal provisions of the IT Act and tax payable under MAT for that year. Credit in respect of MAT paid for AY 2011-2012 and any subsequent AYs shall be available for set-off up to 10 years succeeding the year in which the MAT credit initially arose.

2. Benefits available to resident shareholders under the IT Act

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company Will be liable to pay DDT at the rate of 16.22% (which includes tax rate of 15% plus a surcharge of 5% on DDT and education cess of 3% on the amount of DDT and surcharge thereon) on the total amount declared, distributed or paid as dividend.

2.2 Computation of capital gains

2.2.1 Capital assets may be categorised into short-term capital assets and long-term capital assets based on the period of holding. Shares in a company, listed securities or units or zero coupon bonds will be considered as long-term capital assets if they are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long-term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short-term capital gains".

2.2.2 Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, deduction of indexed cost of acquisition / improvement is available. Indexed cost of acquisition means the cost of acquisition multiplied by CII of the year in which the asset is transferred, and divided by the CII of the first year in which the asset was held by the assessee.

2.2.3 As per the provisions of Section 112 of the IT Act, long-term capital gains [to the extent not exempt under Section 10(38) of the IT Act] would be subject to tax at the rate of 20 percent (as increased by applicable surcharge of 5%, if assessee is a company whose total income under the IT Act exceeds rupees one crore, education cess of 2% and secondary & higher education cess of 1%). However, as per the proviso to Section 112(1) [to the extent not exempt under section 10(38) of the IT Act], if the tax on long-term capital gains resulting from transfer of listed securities or units, calculated at the rate of 20 percent (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10 percent (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10 percent (as increased by applicable surcharge of 5%, if assessee is a company whose total income under the IT Act exceeds rupees one crore, education cess of 2% and secondary & higher education cess of 1%) without allowance of indexation benefit.

2.2.4 As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at the rate of 15% (as increased by applicable surcharge of 5%, if assessee is a company whose total income under the IT Act exceeds rupees one crore, education cess of 2% and secondary and higher education cess of 1%). Short - term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax at normal corporate tax rate.

2.3 Exemption of capital gain from income-tax

2.3.1 As per Section 10(38) of the IT Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax. However, in case of a shareholder being a company, profits on transfer of above referred long-term capital asset shall be taken into account for computing the book profit for the purposes of computation of MAT under Section 115JB of the IT Act (refer para 1.2.3 above)

2.3.2 As per to the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, capital gains not exempt under Section 10(38) and arising from transfer of a long-term capital asset shall not be chargeable to tax if such capital gains are invested in certain notified bonds within a period of six months from the date of transfer. If only part of such capital gains are so invested, the exemption available shall be in the same proportion as the cost of the long-term notified bonds bears to the whole of the capital gains. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is `50,00,000.

2.3.3 As per provision of Section 54F of the IT Act, long term capital gains [in case not covered under Section 10(38)] arising from transfer of the any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ("HUF") will be exempt from tax, if net consideration is utilized, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. If only part of such consideration is invested, the exemption available shall be in the same proportion as the cost of investment bears with the consideration received on transfer of capital asset. The assessee should not own more than one residential house other than the one that is being purchased or constructed.

2.4 Income from Business Profits

Where the equity shares form part of stock-in-trade of a shareholder, any income realized in the disposition of the equity Shares will be chargeable under the head "profit and gains of business or profession" as per the provisions of the IT Act. The nature of the equity shares (i.e. whether held as'stock-in-trade' or as 'investment') is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

As per Section 36(1)(xv) of the IT Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

2.5 Income from other sources [Section 56(2)(vii)]

With effect from 1 October 2009, where any property, other than immovable property(including shares) is received by an individual/ HUF-

i) without consideration and the aggregate fair market value of such property exceeds ` 50,000, or

for a consideration which is less than the aggregate fair market value of such property by at least`50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

This provision is applicable only to shares which are held by the shareholders as a capital asset. This provision is not applicable where shares are received in any of the following modes, namely –

i. From any relative;

ii. On the occasion of marriage of the individual;

iii. Under a will or by way of inheritance;

iv. In contemplation of death of the payer or donor;

v. From any local authority as defined in Explanation to Section 10(20);

vi. From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or

vii. From any trust or institution registered under section 12AA.

3. Benefits available to Non-residents (Other than Foreign Institutional Investors) under the IT Act

3.1 Dividends exempt under Section 10(34) of the IT Act

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company will be liable to pay DDT at the rate of 16.225% (which includes tax rate of 15% plus a surcharge of 5% on DDT and education cess of 3% on the amount of DDT and surcharge thereon) on the total amount declared, distributed or paid as dividend.

3.2 Computation of capital gains

3.2.1. Section 48 of the IT Act contains special provisions relating to computation of capital gains, in the hands of non-residents arising from transfer of shares of an Indian company which were purchased in foreign currency. Computation of capital gains has to be done by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same currency that was initially used to acquire such shares. The capital gain (i.e. sale proceeds less cost of acquisition) computed in the original foreign currency is then converted into Indian Rupees at the prevailing exchange rate.Non-resident shareholders are not entitled to indexation benefit.

3.2.2 As per the provisions of Section 112 of the IT Act, long-term capital gains as computed above [to the extent not exempt under Section 10(38) of the IT Act] would be subject to tax at a rate of 20% (as increased by applicable surcharge of 2%, if assessee is a foreign company, education cess of 2% and secondary & higher education cess of 1%). However, as per the proviso to Section 112(1), if the tax on long-term capital gains resulting on transfer from listed securities or units [to the extent not exempt under section 10(38) of the IT Act], calculated at the rate of 20 percent (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10 percent (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10 percent (as increased by applicable surcharge of 2%, if assessee is a foreign company, education cess of 2% and secondary & higher education cess of 1%).

3.2.3 As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at the rate of 15% (as increased by applicable surcharge of 2%, if assessee is a foreign company, education cess of 2% and secondary & higher education cess of 1%) in addition to the other requirements, as specified in the Section. Short-term capital gains arising from transfer of assets other than those covered by Section 111A of the IT Act, would be subject to tax at normal corporate tax rate.

3.2.4 In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset (including shares of an Indian company) shall be taxable at the rate of 20% in the hands of a Non-Resident Indian. Income by way of long term capital gains in respect of a specified asset [as defined in section 115C (f) of the IT Act], shall be chargeable at 10%.

3.3 Exemption of capital gain from income-tax

3.3.1 According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or unit of equity oriented fund, where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long-term capital gains so earned [which are exempt under Section

10(38) of the IT Act] shall be taken into account while computing the book profit for the purposes of computation of MAT.

3.3.2 According to the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under Section 10(38) and arising to the assessee on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is ` 5,000,000.

3.3.3 As per provision of Section 54F of the IT Act, long term capital gains [in case not covered under Section 10(38)) arising on transfer of any capital asset (not being residential house property] held by an Individual or HUF will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, in the purchase of residential house, or for construction of a residential house within three years. If only part of such consideration is invested, the exemption available shall be in the same proportion as the cost of investment bears with the consideration received on transfer of capital asset. The assessee should not own more than one residential house other than the one that is being purchased or constructed.

3.3.4 In accordance with section 115F, subject to the conditions and to the extent specified therein, long -term capital gain arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax in the hands of non-resident Indian, if the net consideration is invested within six months of the date of transfer in any specified asset.

3.4 Exemption from filing of return of income

In accordance with section 115G, it is not necessary for a Non Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act.

3.5 Taxability as per DTAA

The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the tax treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the IT Act, the provision of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

4. Benefits available to Foreign Institutional Investors ("FIIs") under the IT Act

4.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However, the Company will be liable to pay DDT at the rate of 16.25% (which includes tax rate of 15% plus a surcharge of 5% on DDT and various education cess of 3% on the amount of DDT and surcharge thereon) on the total amount declared, distributed or paid as dividend.

4.2 Taxability of capital gains

4.2.1 As per the provisions of Section 115AD of the IT Act, FIIs will be taxed on the capital gains as follows:

1. Where the total income of a foreign Institutional Investor includes-

a) Income [other than income by way of dividends referred to in section 115-o received in respect of securities (Other than units referred to in section 115AB); or]

b) Income by way of short-term or long term capital gains arising from the transfer of such securities,

The income-tax payable shall be the aggregate of-

i. The amount of income-tax calculated on the income in respect of securities referred to in clause (a), if any, included in the total income, at the rate of twenty percent;

ii. The amount of income-tax calculated on the income by way of short-term capital gains referred to in clause (b), if any, included in the total income, at the rate of thirty percent:

[Provided that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of fifteen percent;]

iii. The amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten percent; and

iv. The amount if income-tax with which the Foreign Institutional Investor would have been chargeable had its total income been reduced by the amount of income referred to in clause (a) and clause (b)

2. Where the gross total income of the Foreign Institutional Investor-

a) Consists only of income in respect of securities referred to in clause (a) of sub-section (1), no deduction shall be allowed to it under sections 28 to 44C or clause (i) or clause(iii) of section 57 or under Chapter VI-A;

b) Includes any income referred to in clause (a) or clause (b) of sub-section (1), the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced, were the gross total income of the Foreign Institutional Investor

3. Nothing contained in the first and second provisions to section 48 shall apply for the computation of capital gains arising out of the transfer of securities referred to in clause (b) of sub-section (1).

Explanation – For the purposes of this section,-

(a) The expression "Foreign Institutional Investor" means such investors as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(b) The expression "Securities" shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956(42 of 1956).]

4.2.2 According to Section 111A of the IT Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at the rate of 15% (as increased by applicable surcharge of 2%, if assessee is a foreign company, education cess of 2% and secondary & higher education cess o f 1%) in addition to the other requirements, as specified in the section.

4.3 Exemption of capital gain from income-tax

4.3.1 According to Section 10(38) of the IT Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long-term capital gain so earned will be required to be taken into account in computing the book profit for the purpose of computation of MAT.

4.3.2 According to the provisions of Section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under Section 10(38) and arising to the assessee on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is ` 5,000,000.

4.4. Income from Business Profits

Where the equity shares form part of stock-in-trade of a shareholder, any income realized in the disposition of the Equity Shares will be chargeable under the head "profit and gains of business or profession", taxable in accordance with the DTAAs between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined inter -alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

If the income realised from the disposition of equity shares is chargeable to tax in India under the head "Profits and gains of business or profession", as per Section 36(1)(xv) of the IT Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, is permitted as a deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

Business profits may be subject to tax at the rate of either 30 percent or 40 percent (as increased by applicable surcharge of 2%, if assessee is a foreign company, education cess of 2% and secondary & higher education cess of 1%), depending upon the legal status of the investor.

4.5 Taxability as per DTAA

The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the tax treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the IT Act, the provision of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

4.6 Benefits available to Mutual Funds under the IT Act

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the IT Act.

5. Benefits available to Venture Capital Companies/Funds

Under Section 10(23FB) of the IT Act, any income of Venture Capital Companies/Funds (set up to raise funds for investment in 'venture capital undertaking') registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. 'Venture capital undertaking' means a domestic company whose shares are not listed in a recognized stock exchange in India and which is engaged in following:

i. Business of-

(A) Nanotechnology;

(B) Information technology relating to hardware and software development;

(C) Seed research and development;

(D) bio-technology;

(E) Research and development of new chemical entities in the pharmaceutical sector;

(F) Production of bio-fuels;

(G) Building and operating composite hotel-*cum*-convention centre with seating capacity of more than three thousand; or

(H) developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in the *Explanation* to clause (*i*) of Section 80IA(4) of the IT Act; or

ii. Dairy or poultry industry.

As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

6. Tax Treaty benefits

An investor has an option to be governed by the provisions of the IT Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

7. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

8. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after 1 October 1998. However as per the provisions of Section 56(2)(viia) of the IT Act, a tax liability would arise where the shares of a company are gifted by any person(s) to a firm or a company in which the public is not substantially interested in the hands of such recipient of shares subject to certain conditions as stipulated in the Section.

Notes:

1) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;

2) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;

3) This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

4) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country/specified territory (outside India) in which the non-resident has fiscal domicile; and

5) The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

6) The tax rates (including rates for tax deduction at source) mentioned in this Statement is applicable for AY 2012-13.

7) Please note that we have not considered the provisions of Direct Tax Code Bill 2010 for the purpose of this Statement.

For Joseph & Rajaram

Chartered Accountants
Firm Regn No: 001375S

Place: Chennai
Date: August 27, 2012

(P.K.JOSEPH)
PARTNER
Membership No:016180

SECTION VI -ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

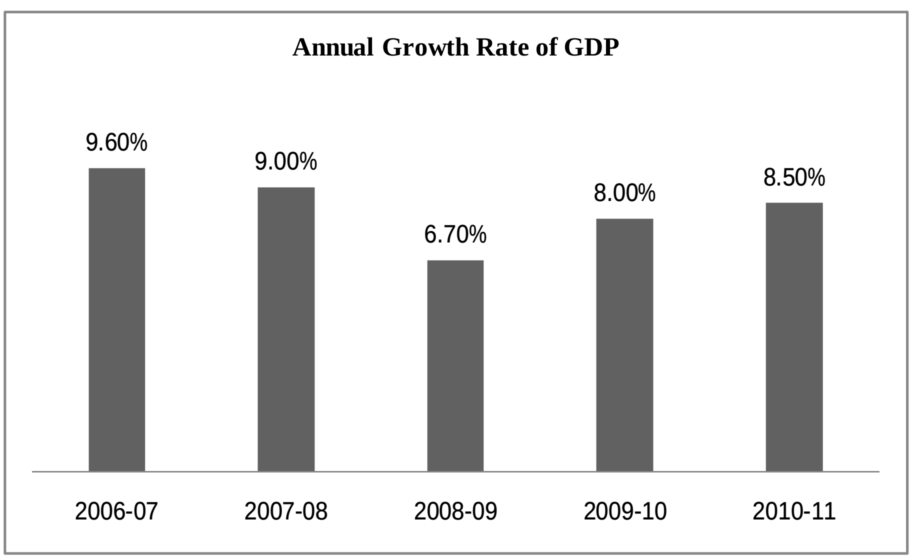
Overview of the Indian Economy

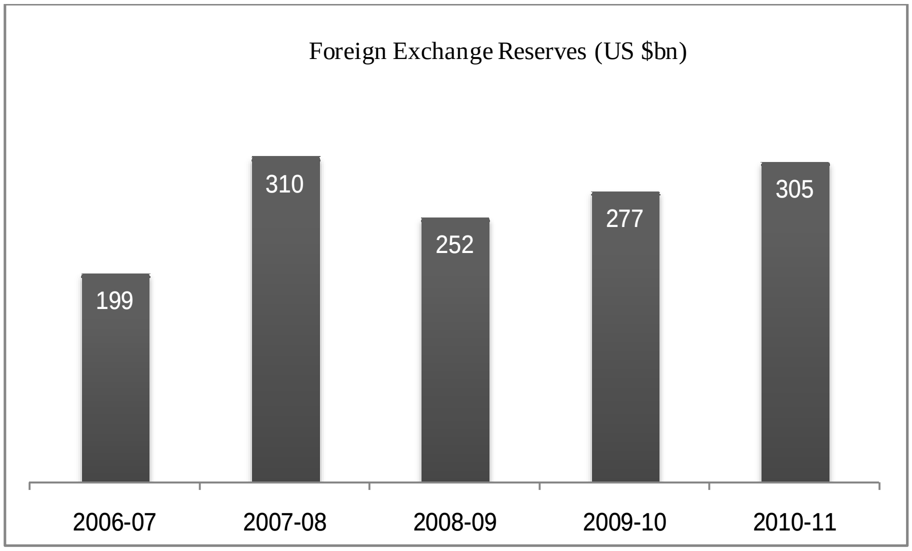
India is the fourth largest economy in the world after the European Union, United States of America and China in purchasing power parity terms, with an estimated Gross Domestic Product ("GDP") (purchasing power parity) of U.S.$ 4.46 trillion in 2011 (Source: CIA World Factbook 2011). India rebounded from the global financial crisis, largely because of strong fundamentals and robust banking policies, posting a GDP growth of 7.8% in 2011. By way of comparison, the below table illustrates the GDP growth in 2011 for certain other countries:

Country	GDP Growth in 2011(%) *
China	9.2
India	**7.8**
Singapore	4.9
Brazil	2.7
United States	1.5
United Kingdom	1.1
Japan	-0.5

* Adjusted for inflation

In 1991, the Government of India initiated a series of comprehensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms that were initiated by the Government were focused on implementing fundamental economic reforms, deregulation of industry, accelerating foreign investment and pushing forward a privatization program for disinvestment in public sector units. Consequent to the reforms, India's economy registered robust growth with an average real GDP rate of more than 7% since 1997.





Infrastructure in India

The Indian economy is based on planning through successive five year plans that set out targets for economic development in various sectors, including the infrastructure sector. The XIth Five Year Plan (“FYP”) aims at a sustainable GDP growth rate of 9%, but there is general consensus that infrastructure inadequacies would constitute a significant constraint in realizing this development potential. To overcome this constraint, an ambitious programme of infrastructure investment, involving both public and private sector, is being developed for the XIth FYP. Infrastructure spending targets for the XIth FYP were revised from approximately 4.60% to approximately 7.60% of GDP representing an increase of over 140% compared to the Xth FYP. [Source: Planning Commission]

The programme strengthens and consolidates recent infrastructure initiatives, such as the Bharat Nirman for building rural infrastructure, as well as sectoral initiatives, such as the National Highways Development Programme (NHDP), the Airport Financing Plan, the National Maritime Development Programme (NMDP) and the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Given the scale of infrastructure spending, the Government of India is encouraging private sector participation through Public Private Partnership (PPP) projects. The Government of India has also set up the Ministry of New and Renewable Energy (MNRE) as the nodal agency for all matters relating to new and renewable energy. *(Source: MNRE – www.mnre.gov.in)*

Indian Thermal Power Industry

India has continuously experienced shortages in energy and peak power requirements. According to the Central Electricity Authority's ("CEA") monthly review of the power sector ("CEA Monthly Review") published in May 2012, the total energy deficit and peak power deficit for May 2012 was approximately 7.5% and 8.1%, respectively. The shortages in energy and peak power have been primarily due to the sluggish progress in capacity addition. The Indian economy is based on planning through successive five year plans ("Five Year Plans") that set out targets for economic development in various sectors, including the power sector. The current revised capacity target for the 11th Five Year Plan (2007-2012) ("11th Plan") is 78,700 MW, of which Thermal Power constitutes 75.8% or 59,693 MW. The total installed power generation capacity in India was 2,02,979 MW as of May 31,2012.

Power Supply in India

Historical Capacity

Each successive Five-Year Plan of the GoI has had increased targets for the addition of power generation capacity. The energy deficit in India is a result of insufficient progress in the development of additional energy capacity. In each of the last four Five-Year Plans (the 8th, 9th, ,10th and 11th Five-Year Plans, covering fiscal 1992 to fiscal 2012), less than 55.0% of the targeted additional energy capacity level was added. India added an average of approximately 20,000 MW to its energy capacity in each of the 9th Plan and 10th Plan periods and approximately 52,000 MW in the 11th Plan. The total capacity addition during the past 30 years between the 6th Five Year Plan and the 11th Plan was approximately 1,14,000 MW. (*Source: CEA Monthly Review (February 2011)*)

Current Capacity

Out of India's total installed capacity of 2,02,979 MW as on May 31, 2012, the installed capacity of thermal power, hydro power and nuclear power accounted for approximately 65.7%, 20.9% and 2.6% respectively. The following table sets forth a summary of India's energy generation capacity as of May 31, 2012 in terms of fuel source and ownership:

Sector	Thermal	Nuclear	Hydro	Renewable Energy Sources	Total
Central	46817.23	4,780.00	9085.40	0.00	**60682.63**
State	55464.93	0.00	27,380.00	3,513.72	**86358.65**
Private	32353.02	0.00	2,595.00	20989.73	**55937.75**
Total	**134625.18**	**4,780.00**	**39060.40**	**24503.45**	**202979.03**

Demand Supply Scenario

The Indian power sector has historically been beset by energy shortages which have been rising over the years. In fiscal 2011, peak energy deficit was 10.3%. The demand for electricity has consistently exceeded the supply, and the demand-supply gap has been widening. The following table provides the peak and normative shortages of power in India for the periods indicated:

Period	Peak Demand (MW)	Peak Met (MW)	Peak Deficit / Surplus (MW)	Peak Deficit / Surplus (%)	Power Requirement (Mu)	Power Availability (MU)	Power Deficit / Surplus (MU)	Power Deficit / Surplus (%)
FY2007	100,715	86,818	(13,897)	(13.8)	690,587	624,495	(66,092)	(9.6)
FY2008	108,866	90,793	(18,073)	(16.6)	739,345	666,007	(73,338)	(9.9)
FY2009	109,809	96,685	(13,124)	(12.0)	774,324	689,021	(85,303)	(11.1)
FY2010	119,166	104,009	(15,157)	(12.7)	830,594	746,644	(83,950)	(10.1)
FY2011	125,077	112,167	(12,910)	(10.3)	862,125	789,013	(73,112)	(8.5)
FY2012	136,193	118,676	(17,517)	(12.9)	9,33,741	837374	(96367)	(10.3)

[Source – Central Electricity Authority]

Demand Projections

To deliver a sustained economic growth rate of 8.0% through to fiscal 2032, India needs, at the least, to increase its primary energy supply between three and four times and its electricity generation capacity between five and six times based on fiscal 2004 levels. With fiscal 2004 as a baseline, India's commercial energy supply would need to grow from 5.2% to 6.1% per annum while its total primary energy supply would need to grow at 4.3% to 5.1% annually. Further, power generation capacity must increase to around 800,000 MW by fiscal 2032 from the fiscal 2004 capacity levels of around 160,000 MW inclusive of all captive plants. (*Source: Planning Commission, Integrated Energy Policy Report of the Expert Committee on Power, August 2006 (the "IEP report August 2006"*). This represents a need for the substantial augmentation of power generation capacity. Such investment in power generation will require increased investment in power transmission and distribution if the additional power is to be effectively disseminated among potential customers.

The table below lays out the projected additional capacity needed by fiscal 2012, fiscal 2017 and fiscal 2022 under different GDP growth rate scenarios:

	Assumed GDP Growth (%)	Electricity Generation required (BU)	Peak Demand (GW)	Installed Capacity (GW)	Capacity Addition Required (GW)
FY2017	8.0	1,524	226	306	157
	9.0	1,687	250	337	188
FY2022	8.0	2,118	323	425	276
	9.0	2,438	372	488	339

Future Capacity Additions

12th Five Year Plan (2012-2017)

A tentative capacity addition of approximately 100,000 MW has been envisaged for the 12th Plan. This comprises an estimated 74,000 MW thermal power, 20,000 MW hydro power, 3,400 MW nuclear power and 2,500 MW from lignite, respectively (*Source: Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August, 2009, organized by the MoP and CEA ("International Conclave August 2009")*). The total fund requirement to achieve the above targeted capacity addition is estimated at ` 11,000.00 billion with an estimated ` 4,950.00 billion being required for generation projects, (*Source: International Conclave August 2009*).

Ultra Mega Power Projects (“UMPPs”)

For meeting the growing needs of the economy, generation capacity in India must rise significantly and sustainably over the coming decades. There is therefore a need to develop large capacity projects at the national level to meet the requirements of different States. Development of UMPPs is one step the MoP is taking to meet this objective. Each project is a minimum of 4,000 MW and involves an estimated investment of approximately U.S.$ 4.00 billion. The projects are expected to substantially reduce power shortages in India. The UMPPs will be awarded to developers on a build-own-operate basis and are expected to be built at 16 different locations. (*Source: website of the MoP*)

Global Steel Industry

The global steel industry is cyclical and the growth or decline of the steel industry is linked to the economic cycle of a country and in particular, to industrial production and infrastructure development. Global production capacity, trade policies of countries and the regional demand-supply scenario also strongly influence the industry.

According to the World Steel Association (WSA), global crude steel production in 2011 was approximately 1,490 mt, while global apparent steel consumption was expected to be 1,398 mt.

Global Steel Production

Growth in steel production has been volatile. According to the WSA, global steel production grew on average by negative 0.5% per year from 1990 to 1995, 2.4% per year from 1995 to 2000 and 6.1% per year from 2000 to 2005. Over the period from 2005 to 2010, global steel production increased by approximately 4.2% per year. Individual rates for these years ranged from a 9.0% growth in 2006 to a 7.9% reduction in 2009.

Overall global crude steel production in 2011 was 1,490 mt, a 5.2% increase in production over the previous year.

In 2011, according to the WSA, crude steel production increased by 11.9% in Asia and by 5.7% in India. [Source: World Steel Association]

The following table sets forth total crude steel production by country or region for the periods indicated:

Country / Region	2005	2006	2007	2008	2009	2010	2011
	(in mt)						
China	353.2	419.1	489.3	500.3	567.8	626.7	683.3
EU	195.6	207.0	209.7	198.0	138.8	172.6	177.4
Japan	112.5	116.2	120.2	118.7	87.5	109.6	107.6
India	45.8	49.5	53.5	57.8	62.8	68.3	72.2
Russia	66.1	70.8	72.4	68.5	60.0	66.9	68.7
United States	94.9	98.6	98.1	91.4	58.2	80.5	86.2
South Korea	47.8	48.5	51.5	53.6	48.6	58.4	68.5
South America	45.3	45.3	48.2	47.4	38.1	43.9	48.4
Middle East	15.3	15.4	16.5	16.6	17.7	19.6	20.3
Rest of the World	167.6	176.9	186.7	176.7	144.5	170.8	157.4
World	**1,144.1**	**1,247.2**	**1,346.1**	**1,329.0**	**1,224.0**	**1417.3**	**1490.0**

Over the past decade, steel production has continued to shift, from its traditional base in heavily industrialized countries to fast-growing developing markets such as China and India. In 2000, the United States and EU accounted for approximately 34.8% and Japan accounted for 12.5% of the global steel production. At the same time, China and India accounted for 15.1% and 3.2%, respectively, of global steel production. In 2011 however, the EU and the US accounted for approximately 17.8% while China and India accounted for 45.9% and 4.8% respectively, of global steel production.

The recent production shift to Asia has largely been the result of proximity to the major growth markets for steel consumption and the greater availability of key raw materials. Moreover, while production in Europe, Japan and the United States have improved following the economic slowdown in 2008 and 2009, steel producers in those regions are facing continued challenges due to slacking demand.

[Source: World Steel Association]

Steel Market Trends

The emergence of China as a significant producer and consumer of steel has been and will continue to be a significant factor affecting the global steel industry. Several additional trends have emerged.

Higher raw material costs. The cost of procuring key raw materials used in the production of steel, including iron ore and coking coal, have steadily increased due to the robust growth in global crude steel production levels. In addition, many of these materials are concentrated in a limited number of locations. Costs associated with transportation and logistics add to the cost of sourcing such raw materials. Consequently, many major iron ore and coal producers are investing in new mines to increase production capacity. Several global steel producers, such as ArcelorMittal, POSCO and Baosteel, have sought to secure their raw materials from low cost, iron ore rich countries such as Brazil and Russia, to secure access to iron ore. Steel producers, including Tata Steel, POSCO, CSN and Bhushan Steel, have acquired stakes in coking coal assets in Africa and Australia in order to secure their future supplies. Recently, several global steel producers have looked to Africa to secure their key raw materials. However, many have faced difficulties with relatively under-developed transportation infrastructure to and from Africa.

Globalisation of the steel industry: Steel production and trade have become increasingly global. Increased access to key raw materials, declining steel tariffs and import restrictions have had a significant impact on domestic steel markets. In addition, developed countries have experienced increased costs associated with labour, freight and raw materials, which have in turn reduced the economic viability of basic steel production. Emerging markets, such as India, have become a target for global steel producers because of their relatively low steel penetration alongside relatively strong GDP growth outlook. In addition, cheap skilled labour and the presence of domestic sources for raw materials make certain emerging markets, including India, attractive locations for steel production operations. Leading steel producers such as ArcelorMittal, Nippon Steel, POSCO, and Severstal are setting up or have announced plans to set up steel operations in India either through joint ventures or independently.

Key Growth Drivers for Indian Steel Industry

The Indian economy is one of the largest economies in the world with a GDP at current prices estimated at US$ 1.4 trillion (₹ 59.5 trillion) for 2010, according to the International Monetary Fund ("**IMF**"). India's economy has grown significantly in recent years with an average annual growth of 8.2% from 2005 to 2010, according to the World Economic Outlook published by the IMF. According to the WSA, apparent steel consumption in India is projected to grow at 13.7% in 2011 after recording growth of 13.9% in 2010. In addition, according to the WSA, India's per capita consumption of finished steel is relatively low at 47.8 kg as compared to China at 405.2 kg, Japan at 418.9 kg, the United States at 192.9 kg and a world average at 181.5 kg in 2009.

Growth in steel demand in India is projected to increase, spurred by the increasing local need for steel based products including from the infrastructure and automobile industries. For example, the Central Government set out its Eleventh Five Year Plan establishing targets for increased total investment in domestic infrastructure from approximately 5% of GDP in Financial Year 2007 to 9% by Financial Year 2012. The Eleventh Five Year Plan included addition of 78,577 megawatts of power capacity and 830 mtpa of new capacity in ports, the expansion of India's four-laned and six-laned highway systems and an expansion of its railway system's freight capacity. The total projected investment in infrastructure during the Eleventh Five Year Plan was ₹ 20,561 billion (including projected investment in infrastructure during the Financial Year 2012 to total approximately ₹ 5,959 billion). In addition, the automobile and automobile components industries are also expected to drive the growth of steel in India. According to the Society of Indian Automotive Manufacturers ("**SIAM**"), the Indian automobile sector has grown rapidly in recent years with total production growing at a CAGR of 21.7% from Financial Year 2004 to Financial Year 2010, driven by growth in production of all of its major segments such as passenger vehicles, commercial vehicles and utility vehicles. This growth has been supported by increases in domestic sales and exports.

Indian Ports Industry

World Seaborne Trade

World seaborne trade has grown almost continuously since the 1970s with over 70% of world merchandise trade by volume being carried by sea. *(Source: Review of Maritime Transport, 2011, UNCTAD (UNCTAD/RMT/2011)).*

Although maritime transport has generally been associated with the carriage of high-volume, low-value goods such as iron ore and coal, over recent years the share of low-volume, high-value goods such as manufactured goods carried by sea has been growing. This shift is a function of global and regional GDP growth and growing dislocation between the locations of resources, manufacturing bases and key areas of consumption. These factors have caused world merchandise trade to grow by over 4 times that of world GDP with world seaborne trade growing at a CAGR of .In 2010, world seaborne trade continued to be dominated by raw materials, with tanker trade accounting for about one third of the total tonnage and other dry cargo including containerized accounting for about 40 per cent. The remainder (about 28 per cent) is made of the five major dry bulks, namely iron ore, coal, grain, bauxite and alumina and phosphate.

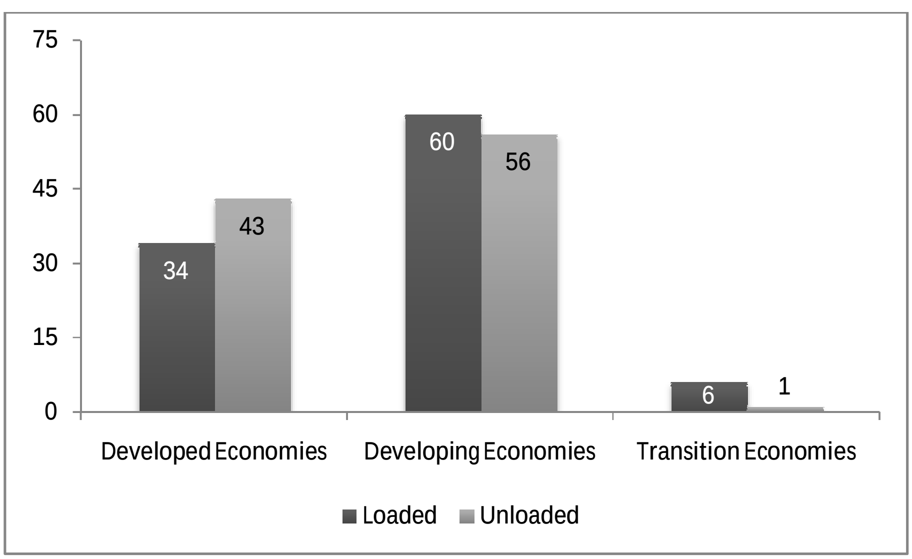
	2007	**2008**	**2009**	**2010**	**2011P**
Container	1,264	1,319	1,201	1,347	1,477
Other Dry	2,066	2,109	1,921	1,976	2,105
Five Major Bulks	1,957	2,059	2,094	2,333	2,477
Crude oil & Products	2,747	2,742	2,642	2,752	2,820

[Source: Review of Maritime Transport, 2011]

Increasing Role of Developing Economies

Developing countries are expanding their participation in a range of different maritime businesses. China and the Republic of Korea between them built 72.4 per cent of world ship capacity (dwt) in 2010, and 9 of the 20 largest countries in ship owning are developing countries. India has recently joined the International Association of Classification Societies; through this it gains easier access to the global ship classification market.

The contribution of developed, developing and transition economies to the total volume of goods loaded and unloaded (in percentage terms) is given below -



[Source: Review of Maritime Transport, 2011]

IndianPort Industry

India has an extensive coastline of 7,517 kilometres (excluding the Andaman and Nicobar Islands). The ports and shipping industry in India have been in greater demand due to the growth in imports and exports on account of India's economic expansion. Indian ports handled approximately 95% of the total volume of the country's trade and about 70% in terms of value *(Source: Working Group Report on Shipping and Inland Water Transport, 11th Five-Year Plan)*.

Major Ports and Non Major Ports

Indian ports are divided primarily into the Major Ports and the non-Major Ports. The classification of a MajorPort compared to a non-Major Port is not based on the capacity or cargo traffic but on control and governance. According to the Department of Shipping, there are 13 MajorPorts and 187 non-Major Ports (state ports or private ports). MajorPort trusts are regulated by the Central Government, which currently manages 11 out of the 12 Major Ports. The MajorPort at Ennore is a corporate entity incorporated under the Indian Companies Act, 1956, and was commissioned in February 2001. The non-Major Ports are regulated by the respective state governments and many of these ports are private ports or captive ports. Major Ports are principally large ports having a combination of dedicated bulk terminals, specialised container terminals and general cargo berths.

Private sector participation has seen an increase in development of terminals in the Major Ports as well as new non-Major Ports. Since 2000, there have been significant developments in the non-Major Ports. This has been attributed to proactive policies of the state maritime boards, more particularly in states such as Gujarat, Andhra Pradesh and Orissa.

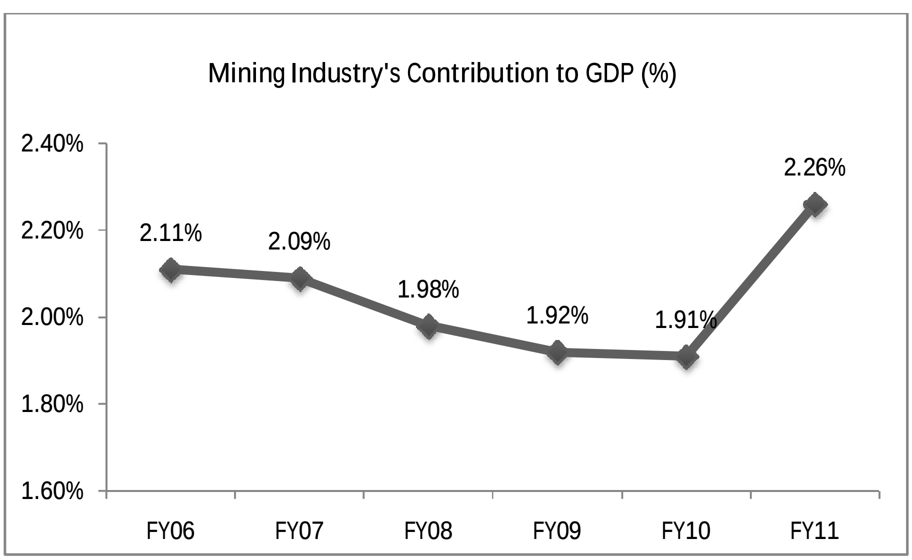
[Source: Review of Maritime Transport, 2011]

Traffic at Indian Ports witnessed strong growth in the recent past

At the end of 1951, India had five Major Ports with a throughput of 20 million tonnes. In the next three decades, India's throughput increased to 78 million tonnes by more than doubling the number of Major Ports. In 1990, India's Major Ports had achieved a total throughput of 148 million tonnes, 272 million tonnes at the end of 2000 and 530 million tonnes at the end of FY 2009, in each case at 12 Major Ports. *(Source: National Maritime Development Programme, 2006, Ministry of Shipping)*

Indian Mining Industry

Mineral production in the country maintained an upward swing. The index of mineral production (base 1993-94=100) for all minerals (excluding atomic minerals) stood at 194.38 points in 2009-10 as against 177.29 points in 2008-09 registering an increase of 9.64%. In the mineral fuel sector, index for coal mining including lignite and petroleum & natural gas increased by 15.47 points (7.84%) and 23.12 points (16.12%), respectively, over 2008-09. Index for non-metallic minerals rose by 7.49 points (3.19%) whereas that for metallic minerals decreased by 6.91 points (2.31%).



The total value of mineral production (including minor minerals but excluding atomic minerals) showed an increase of about 8% in 2009-10 at ` 1,87,717 crore over that recorded in 2008-09 at ` 1,73,482 crore. This was due to overall rise in the production of coal, lignite, natural gas (utilised), petroleum crude, silver, diamond, garnet (abrasive), lead concentrate, zinc concentrate etc.

In metallic ore mining sector, production increased in respect of silver (32%), zinc concentrate (4%), iron ore (3%) and lead concentrate (2%). However, drop in production was observed in case of chromite (16%), gold (14%) manganese ore (13%), bauxite (10%), copper concentrate (9%) and tin concentrate (1%). Among the important non-metallic minerals, rise in production in 2009-10 was observed in diamond (31 times), garnet (abrasive) (36%), fluorite conc. (29%), barytes (27%), kaolin (24%), magnesite (13%) and limestone (3%) while substantial fall in production was noticed in the case of silica sand (19%), mica (crude) (17%), phosphorite/rock phosphate (14%), gypsum (12%), graphite (r.o.m.) (8%), talc/steatite and dolomite (6% each).

The value distribution of mineral production in 2009-10 showed that fuels accounted for about 70%, metallic minerals about 17%, nonmetallic minerals about 2% and minor minerals more than 10%.

India produced as many as 86 minerals which included 4 fuel minerals, 10 metallic minerals, 46 non-metallic (industrial minerals), 3 atomic minerals and 23 minor minerals (building and other materials) in 2009-10.

Indian Mining Industry is characterized by a large number of small operational mines. The total number of working mines, (excluding atomic minerals, minor minerals, petroleum (crude) and natural gas) in the country was 2,628 in 2010-11 as against 2,999 in 2009-10.

Sector	2008-09	2009-10	2010-11
All Minerals	3,150	2,999	2,628
Coal (including Lignite)	574	574	574
Metallic Minerals	719	700	608
Non-Metallic Minerals	1,857	1,725	1,446

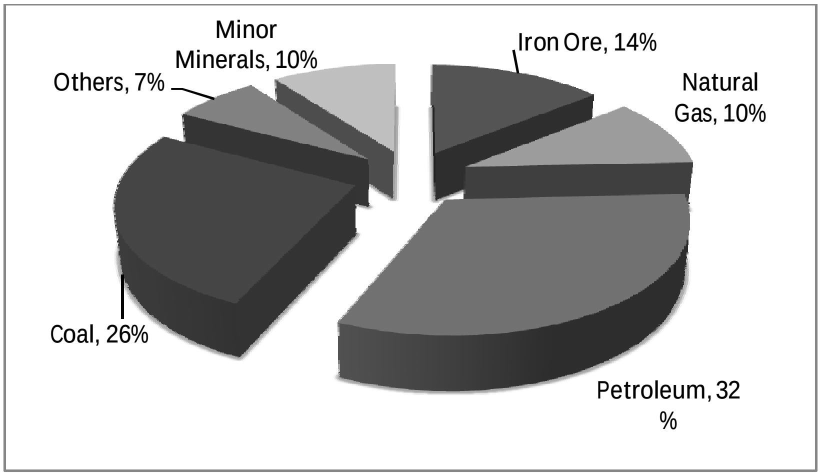
The public sector continued to play a dominant role in mineral production in 2009-10 accounting for 64% or `1,20,444 crore in the total value. Small mines, which were mostly in the private sector, continued to be operated manually either as proprietary or partnership ventures.

In 2010-11, at 2001-05 prices, the advance estimates with respect to the mining and quarrying sector accounted for about 2.26% of the total GDP. The contribution of Mining and Quarrying sector in the total GDP in 2010-11 was `1,10,482 crore (at 2004-05 prices) indicating an increase of 6.2% over that in the preceding year. Similarly, the advance estimates of GDP (at current prices) for the year 2010-11 in respect of mining and quarrying sector accounted for about 2.51% of GDP. The contribution of mining and quarrying sector to GDP for the year 2010-11 is estimated at `182,278 crore which would indicate an increase of 18.2% over that in the previous year.

[Source: Ministry of Mines, Annual Report, 2010]

Minerals

The total value of mineral production (excluding atomic minerals) at ` 1,87,717 crore during 2009-10 increased by about 8% as compared to the previous year. In the total value of mineral production, the fuel minerals contributed the major share of about `1,31,532 crore or 70%. The rest was accrued from metallic minerals `32,274 crore or 17%, nonmetallic minerals ` 4,287 crore or 2% and minor minerals ` 19,624 crore or about 11%. [Source: Ministry of Mines – Annual Report, 2011]



India is endowed with high reserves of iron ore, bauxite and coal; in-fact it is positioned among the leading ten countries globally for these ores. During FY10, the country was second-highest producer of barytes, chromite and talc/steatite/pyrophllite; third in coal and lignite; fourth in iron ore and kyanite/ zinc; sixth in bauxite, eighth in aluminium and tenth in Magnesite. The table below highlights the key mineral reserves in India.

Fuel Minerals

The value of fuel minerals in 2009-10 at ` 1,31,532 crore increased by about 15% as compared to the preceding year. The production of coalat 532 million tonnes during 2009-10 increased by 8% over the previous year. The production of ligniteat 34 million tonnes registered an increase of 5% over the previous year. [Source: Indian Bureau of Mines, Indian Minerals Year Book, 2010]

Metallic Minerals

The value of metallic minerals in 2009-10 at ` 32,274 crore decreased by 8% over the previous year due to lower production reported in bauxite, chromite, copper concentrates, gold and manganese ore. Among the principal metallic minerals, iron ore contributed ` 26,865 crore or 83%, lead (concentrate) & zinc (concentrate) together ` 1,465 crore or about 5% and manganese ore ` 1,270 crore or 4%.

The production of iron oreat about 218.6 million tonnes in 2009-10 increased 3% over the previous year. About 27% of the total production was shared by Public Sector Companies like SAIL (including formerly IISCO), NMDC, OMC, etc. The share of Private Sector was 73%. Almost entire production of iron ore (97%) accrued from Odisha, Karnataka, Goa, Chhattisgarh and Jharkhand.

The production of copper concentrateat 124 thousand tonnes in 2009-10 decreased about 9% as compared to the previous year. The production of chromiteat 3.41 million tonnes in 2009-10 also decreased 16% as compared to the previous year. The production of goldat 2,106 kg (excluding by-product gold recovery from imported concentrates) in 2009-10 reported decrease of about 14% as compared to the previous year. During 2009-10, the production of lead concentrateat 136 thousand tonnes increased 2% and that of zinc concentrate at 1,277 thousand tonnes increased 4% over the previous year.

[Source: Ministry of Mines, Annual Report, 2010]

Non Metallic Minerals

The value of production of non-metallic minerals at `4,287 crore during 2009-10 increased by 5% as compared to the previous year. Limestone retained its leading position by contributing 70% of the total value of non-metallic minerals in 2009-10.

The production of limestoneat 229 million tonnes in 2009-10 registered an increase of 3% over the previous year. Limestone is widely produced in 17 states of the country.

Mining Reserves in India

Mineral	Proven reserves in 2005 (mn tones)	Key States
Bauxite	3,290	Orissa, AP, Maharashtra
Copper	1,394	Rajasthan, MP, Jharkhand
IronOre	25,249	Jharkhand, Chhatisgarh, Orissa, Karnataka
Lead – ZincOre	523	Rajasthan
ManganeseOre	379	Orissa
ChromeOre	66	Orissa

[Source: Ministry of Mines, Annual Report, 2010]

BUSINESS OVERVIEW

OUR BUSINESS

Introduction

We are an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. Our services include belt conveyor maintenance and operations, while our product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection. We believe we have developed a strong brand and goodwill in the industry we operate. In fiscal 2012 products and services contributed ~ 53 % and ~ 43% of our total income. The remaining was contributed by our trading activities in rubber and conveyor system related products.

Today we are one of the few companies in the sub continent offering manufacturing, marketing and servicing activities under one roof. Our services business caters to Belt Splicing, Pulley Lagging, Belt conveyor maintenance, Installation of Belt Conveyors, Belt Reconditioning, Rubber Lining etc. On the other hand our products business caters to design, development, manufacture and supply of Rubber and Polyurethane engineering products for belt cleaning, spillage control, enhanced flow of material, impact & abrasion protection, screening, rubber & polyurethane linings. Since the last two years we have initiated trading in certain manufactured products of international repute which supplements our current product line.

We have four manufacturing units, all of which are located near Chennai. We have pan India presence through our 11 branch offices and 36 site offices located across 14 states. Our international presence through partnerships and distribution network extends across Australia, kingdom of Saudi Arabia, the USA, Germany, Chile, Brazil and Ghana.

Competitive Strengths

Established brand

We believe that we have developed ‘Thejo’ as a strong brand in the industry with a wide range of services and products. We believe that our focus on quality, range and customer satisfaction have enabled us to develop a strong brand recognition and customer loyalty. We have also developed an in-house research and development team to understand and deliver as per our customer requirements. We are in the process of setting up an exclusive research and development centre meeting the standards of Department of Scientific & Industrial Research, India leading to in-house innovation to further strengthen our brand.

Organized and Comprehensive product & service offering

We believe that we are among the few organized players in the industry we operate in. We offer a wide range and variety of products for industries such as mining, power, steel, cement, ports, fertilizers etc.

Our expertise in services business led us to set up our products division. We believe we are among the few organizations that support its service setup with products from its own facilities, enabling us to maintain quality, costs, timely supplies and flexibility to cater to the needs of client emergencies. We believe this is a major advantage when it comes to catering to breakdown maintenance where response time is critical.

Continuous innovation of Product and Services

We believe in order to be successful in our business we need to be innovative. Over the years we have innovated both in product and service offerings. Starting as a manufacturer of adhesives and sheeting catering to our services division, through simulations and field test capabilities we have grown into an engineering solutions provider. We offer our engineering capabilities and experience in manufacturing to develop the best-suited products for our customers. With a focus on international markets we believe it is essential that we continuously innovate and upgrade our product and service offerings.

Our relationships with customers

We believe we enjoy long term relations with majority of our customers from various industrial segments. Large steel plants, mines, power plants, mineral processing plants have renewed contracts for supply of products and services with us year after year. Over the years these clients have provided us with repeat business from existing plants and their new projects. We believe with global expansion of our existing clients, there is ample scope of new business opportunity for us.

Professional management

Our Company is managed by a team of professionals who have been successful in bringing in a right blend of youth and experience. Our management is a blend of experienced professionals from various industrial backgrounds. We believe we have a strong and experienced senior management team and most of our management has been working with us for more than 10 years. Our Promoters have an experience of over 3 decades.

Dedicated team of technical manpower

We have a dedicated team of full time technicians, located across our wide network of branch and site offices. Periodic recruitment of personnel, educating and training them with the required skills is a prime activity of the human resources department. All technicians undergo testing and grading prior to client site placement. Regular feedback from branch/site heads and supervisors provides for continuous upgradation of technicians with respect to their skills. We believe our established human resources practices have contributed in retaining skilled workforce.

Pan India operations with reach to remote areas

Our corporate office and manufacturing units are located in Chennai and we have a wide network of branch and site offices across 14 states. The branch offices are supported by site offices located closer to the client. This we believe reduces the turnaround time and helps in curtailing delays. Our branch and site offices are equipped with requisite administrative set up, stores, logistical support, equipment, tools and inventory.

Our Business Strategy

Broad basing our domestic reach

The domestic market has shown increased growth with many projects coming up in mining, steel, power and ports sector. These sectors form part of the core infrastructure. With thrust in the development of core infrastructure we believe there are ample opportunities available for us to cater to their ever expanding requirement. Accordingly we have segmented the domestic market into zones with each zone having a number of business development managers with well demarcated territory. These managers are supported by product managers, who help in understanding client requirements and oversee execution into desired products.

Polyurethane Division

Polyurethane has characteristics of high wear resistance, impact resistance and certain flow properties which make it a material of choice for many bulk material handling applications. We were initially importing polyurethane blades for use in our belt cleaners. We also use Polyurethane in other products like screens, liners, pump parts, mineral processing equipments and certain customized polyurethane products.

In 2010, we set up a Polyurethane plant over an area of 600 sq. ft. to service the increasing orders and to decrease lead times. The steady increase in orders necessitates the expansion of the plant. We have initiated the setting up of a new plant spread over an area of 3,000 sq. ft. To increase automation and improve quality, we have procured automatic Polyurethane pouring and casting machines. The increasing volumes have helped us in reducing raw material and transportation costs.

Enhance product and service lines through emphasis on R&D

We intend to further strengthen our research & development capabilities to enhance our existing product and service offerings. This we believe will enable us to meet client expectations and service their customized future requirements. Also this will enable us to cater to new industries and diversify our customer base.

Diversify geographically into new locations

Australia

We currently design, manufacture and supply wear and abrasion rubber products for the mineral processing industry in Australia. We have incorporated Thejo Australia Pty Ltd, a subsidiary in Australia to enable us to enter the services business. This company will focus on offering belt conveyor related maintenance services and rubber lining activities, initially to clients in Western Australia. We also intend to sell products for bulk material handling and corrosion protection under the THEJO brand.

Africa

We are also keen to establish a branch/subsidiary in western Africa. We have secured certain orders for mill liners from mine(s) in Ghana. We are exploring other such opportunities and intend to engage agents to market products under the THEJO brand in the Western African countries such as Ghana, Ivory Coast, Burkina Faso, Togo etc.

GCC

Saudi Arabia – We have entered into a joint venture with Hatcon LLC. Saudi Arabia is the largest producer of oil, it has established itself as a prominent industrial player not merely focused on oil exploration and processing. The presence of wide range of industries justifies the establishment of a service center. Our current operations include service activities only as trading is restricted to Saudi nationals /Saudi origin companies only. In due course, we intend to obtain a manufacturing license so that the JV can act as a base to cater to the entire GCC markets.

Brazil – We have entered into a Memorandum of Understanding with Tecnoflex Ind.Mec.Ltda ("Tecnoflex") ("MoU") with an objective of establishing a joint venture in Brazil (wihin a period of three years from the date of the MoU), for marketing of products and services from the combined product profile of our Company and Tecnoflex within Brazil, Argentinia, Uruguay & Paraguay (Brazil, Argentinia, Uruguay & Paraguay are collectively referred to as the "Territory"). Our Company will manufacture and supply its products such as belt cleaners, skirt board sealing systems, impact cushion pads etc to Tecnoflex and Tecnoflex shall promote market and sell our Company's products in the Territory.

Attract, train and retain qualified personnel

We believe that maintaining quality, minimising costs and ensuring timely delivery depend largely upon the technical skill and workmanship of our employees and adoption of latest technology. As competition for qualified personnel increases, we intend to improve our competitiveness by increasing our focus on training our staff and honing their skills. We continuously train our workforce to enhance their knowledge and equip them with the latest skill sets. Further, we have undertaken certain motivational programs for our employees, such as, the reward recognition-respect program.

<u>Manufacturing Process</u>

The manufacturing process can be divided into four main stages –

Mixing – This is the first step in the process where various ingredients and chemicals are mixed to produce a homogeneous stock of rubber compound for further processing. There are three stages of mixing namely

- Mastication – Breaking down rubber to a low viscosity compound while maintaining its homogeneous nature
- Master Batch Mixing – Process of blending rubber, carbon black fillers and chemicals to prepare a stock of rubber that on further blending with final curatives and vulcanizing agents would form the Final Mix compound.
- Final Mixing – The Mixing process is predominantly carried out on the Intermix and the mixed stock is dumped onto a two roll dump mill for sheeting. The sheeted compound is cooled to the ambient temperature by passing through an Air Cooled Festooner. The sheet produced by the Festooner is normally wig wagged and tagged before being stored. Every batch of sheet produced by the Intermix is subject to relevant Quality Control checks and inspections to ensure that the required parameters are satisfied.

Preforming – The compounds produced by the mixing process are warmed on two-roll mills and fed to the calendar or extruder machines at a constant rate.

The calendar is used to convert the heated rubber compound into thin sheets. These sheets are passed through a set of cooling drums and onto a conveyor belt before being consolidated and rolled in required lengths. Some of these rolls are sold directly while the others are sent for further processing.

The Extruder converts the heated rubber compound to solid material in the required shape and length. The output of the extruder, called extradite, is either sent to an autoclave for vulcanizing or used as a slug for feeding a mould which produces a high pressure moulded product.

Vulcanising – The output produced by the calendar and the extradite is in unvulcanized form. This is the final product as required by some clients.

For the requirements of other clients, the calendered sheets are vulcanized either in the autoclave, rotocure or sheeting presses. The choice of equipment depends on the design parameters and cost.

The extradites are fed into moulds and sent into hydraulic presses for vulcanizing them under high pressure and temperature to form products of various designs, shapes and dimensions.

Assurance / Quality Control

The Quality Assurance / Quality Control carries out frequent checks on the process and product specifications as per Quality Assurance Plans, prepared and issued by the Technical team.

Finishing and Inspection

The finished products, which are approved by the Quality Assurance team, are passed on to the Finishing and Inspection team. The function of the department is to ensure that the product meets industry standards in visual appearance.

Expansion of Production Capacity

Expansion of Unit – I

We have undertaken geographical diversification with procurement of orders from Ghana (West Africa), South America, Australia etc. In addition, the growth in demand for products from existing markets has necessitated the establishment of improved shop floor and finished goods stores both in terms of space, facility, and capacity by adding mills, presses and other balancing equipments. The finished goods stores are being planned to be moved to a more spacious facility, which would be able to accommodate the increased business volume.

Lining Plant

We have generated moderate revenue from lining division till recently as we did not undertake aggressive marketing of lining due to infrastructural constraints in Unit-I, where these products are manufactured. During the last two years, our marketing focus and budget for this division has increased, leading to an increased number of Customer Orders and necessitating the setting up of a separate lining facility once a critical mass is achieved. The marketing department envisages the growth in orders to continue in the future. The management is of the view that considering the increased orders and the expected future business, the existing work-space of lining department would not be sufficient to accommodate the increased orders. The methods, operations and processes that are involved in this division need more space with optimized plant layout & automations. As a result, we have decided to establish a separate lining division. We have identified land in the vicinity of our factory premises for the same and have taken it on lease. The lining plant is being set-up with increased automation and is expected to handle large number of orders with enhanced logistics capabilities

Polyurethane Plant

We were importing polyurethane blades for use in belt cleaners, screens, liners, pump parts, mineral processing applications and various types of customized cast polyurethane products. With increase in demand, we outsourced the production of some products to local suppliers. The sustained increase in orders and the requirement of shorter lead times necessitated setting up of an in-house facility for the manufacturing of polyurethane. To meet this requirement in 2010, we set up a polyurethane plant of 600 sq. ft. within our existing Unit 2 premises. To meet the increase in orders we propose to set up a new polyurethane plant on an area measuring 5,000 sq. ft., which we have taken land on lease. We have also procured automatic polyurethane pouring and casting machine to improve quality and turnover by increasing automation and reducing manual intervention.

Power Situation

The total power requirement for our manufacturing units at peak utilization is about 500KVA and the actual sanctioned power limit from Tamil Nadu Electricity Board is 411 KVA. Currently, the Company has been experiencing power cuts for 4 hours during the day apart from a four hour restriction during peak hours (1800 hours to 2200 hours). In addition, the Government has also introduced power cut of 40% on the demand by reducing maximum demand to 248 KVA. We operate two Diesel Generator sets of 250KVA and 180 KVA capacity to meet the balance power requirement. We have also entered into an agreement with M/S Auromira Energy Limited, which allows us to draw power to an extent of 180KW for 24 hours and 180 KW for peak hours. We are procuring power from them at a cost of 9.30 per unit during peak hours and 7.50 per unit during non-peak hours. We have also hired a 500KVA Genset to meet the shortfall. The increased power cost would be passed on to the customers.

Water Requirement

The total consumption of water per day at the manufacturing units is 28,970 litres, out of which 12,900 litres is used for the boiler. The rest of the water requirement is for human resources. The company has four borewells inside the factory premises. The depth of the bore well is 160 feet and absorption is at 120 feet. The water is stored in three different overhead tanks with a combined capacity of 42,000 ltrs.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set below are not exhaustive, and are only intended to provide general information to the investors and are neither designated nor intended to be a substitute to professional legal advice.

We are interalia an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. For the purpose of the business undertaken by our Company, we may be required to obtain licenses and approvals depending upon prevailing laws and regulations. For details of such approvals, please see “Licenses and Approvals” on page 191 of the Red Herring Prospectus.

Industrial Laws

The Industries (Development and Regulation) Act, 1951 and New Industrial Policy, 1991

The Industrial (Development and Regulation) Act, 1951 (“IDRA”) regulates all industrial activities in the country. The IDRA confers on the Government of India, the power to make rules for regulation and development of various industries. The Government of India has been notifying policy statements from time to time to regulate industrial activity. A number of industries have been de-licensed under the New Industrial Policy, 1991 (“Policy”).

The Indian Boilers Act, 1923

This act contains law relating to steam boilers. The Act applies to all boilers used for generating steam under pressure, exceeding 22.75 lters. Capacity and to the steam-pipe, feed pipe, economizer and any mounting or other fitting attached to the boiler. The owner is required to get registered for using a boiler under the provisions of the Indian Boilers Regulations, 1950.

The Petroleum Act, 1934

This act provides for provisions relating to the import, transport, storage, production, refining and blending of petroleum.

The Explosives Act, 1884 and the rules framed thereunder

This Act extends to the whole of India and regulates the manufacture, possession, use, sale, transport, import and export of explosives. It stipulates that no person shall import, export, transport, manufacture, possess, use or sell any explosive which is not an authorised explosive. The Act also prescribes safety standards and qualifications required in order to obtain a license for the manufacture, use, possession, sale etc., of explosives.

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 (“**WPA**”), the Air (Prevention and Control of Pollution) Act, 1981 (“**APA**”) and the Environment Protection Act, 1986.

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area. No person operating any industrial plant, in any air pollution control area shall discharge or cause emission of any air pollutant in excess of the standards prescribed by the State Board in this regard.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Consent for operation of the plant under the APA

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

Consent for operation of the plant under the WPA

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv)Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

Water (Prevention and Control of Pollution) Cess Act, 1977

The Water Cess Act is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

The Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989provides for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings and imposes an obligation on every occupier generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier generating hazardous waste is required to obtain an approval from the Pollution Control Board for collecting, storing and treating the hazardous waste.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for the protection of patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Labour Laws

India has stringent labour related legislation. The following is an indicative list of legislations which are applicable to our operations and workmen:

1. Minimum Wages Act, 1948

2. Contract Labour (Regulation and Abolition) Act, 1970

3. Payment of Bonus Act, 1945

4. Payment of Gratuity Act, 1972

5. EmployeeState Insurance Act, 1948

6. Employees Provident Fund and Miscellaneous Provisions Act, 1952

7. Workmen‘s Compensation Act, 1923

8. Industrial Disputes Act, 1947

9. Industrial Employment (Standing Orders) Act, 1946

Regulation of Foreign Investment in India and Foreign Ownership

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased upto the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Property Laws

The Transfer of Property Act, 1882 ("**TP Act**") lays down general principles for the transfer of immovable property in India. It specifies the categories of property that can be transferred, the persons competent to transfer property, the legitimacy of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act recognizes, among others, sale, mortgage, charge and lease as forms in which an interest in an immovable property may be transferred.

HISTORY AND CORPORATE STRUCTURE

Brief History of our Company

Our Company was incorporated as a private limited company, Thejo Engineering Services Private Limited on March 26, 1986 under the Companies Act. Subsequently, the business of M/s Thejo Engineering Services, a partnership firm between Mrs.Rosamma Joseph and Mr. Thomas John was assigned to Thejo Engineering Services Private Limited by an Agreement for sale of business as a going concern dated December 1, 1986. The name of our Company was changed to Thejo Engineering Private Limited pursuant to fresh certificate of incorporation dated June 17, 2008 issued by the Registrar of Companies, Chennai, Tamil Nadu. The name of our Company was changed from Thejo Engineering Private Limited to Thejo Engineering Limited pursuant to fresh certificate of incorporation dated August 1, 2008 issued by the Registrar of Companies, Chennai, Tamil Nadu.

Changes in the Registered Office of our Company

There have not been any changes in the registered office since our Company's incorporation.

Injunction or Restraining Order

Our Company is not operating under any injunction or restraining order.

Our Shareholders

As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares, including nominees is 21. For further details of our shareholding pattern, please refer to the chapter titled "Capital Structure" on page 24 of this Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

Major Events

Year	Milestone
1989-1990	Established first manufacturing unit at Gudur, Tamil Nadu, India
2001	Set up manufacturing unit at Ponneri, Tamil Nadu
2004	Set up another manufacturing unit at Ponneri, Tamil Nadu
2007	Shifted the manufacturing unit at Gudur to Ponneri, Tamil Nadu

Awards and achievements

Year	Awards and achievements
2005	Received ISO 9001:2008 certification from Det Norske Veritas for manufacture and refurbishing of rubber and rubberized products to general engineering industries in relation to Unit I located at Jagannathapuram Road, Irulipattu Village, Alinjivakkam Post, Ponneri, Chennai – 600 086, India.
2011	Received "NSIC-CRISIL – SE1B" rating for small scale industries from NSIC and CRISIL indicating highest performance capability and moderate financial strength.

For details on the description of our Company's activities, products, the growth of our Company and exports, please refer to "Business Overview", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Basis for Issue Price" on pages 73, 166 and 48 of this Red Herring Prospectus.

Changes in the activities of our Company during the last five years

There has been no change in the activities of our Company during the last five years.

Defaults or Rescheduling of borrowings with financial institutions/ banks

Other than as disclosed in the "Risk Factors" on page xii and "Outstanding Litigation and Material Developments" on page 181of this Red Herring Prospectus, there have been no defaults or rescheduling of borrowings with the financial institutions / banks.

Main objects of our Company

1. To acquire and take over as a going concern the firm functioning at Madras under the name and style of M/s.Thejo Engineering Services, along with its assets and liabilities on such terms and conditions as may be mutually agreed upon.

2. To undertake and carry on the business of production, preparation, pressing, vulcanising, refining, repairing, retreading, mixing, buying and selling in India or abroad, of all articles of rubber, and its allied products including synthetic rubber.

3. To purchase, sell, manufacture, import and export, vulcanising solutions, hardner compounds, lagging rubber sheets, conveyors, conveyor components and accessories, belts, rubber containers, tread rubber, flaps, tyres, tubes and its by products, and to do vulcanising of conveyor belt joints with vulcanising solution and Hardner compounds and to do the lagging of conveyor pulleys and or on any industrial items on which rubber lagging is required.

4. To carry on the business as rubber consultants and contractors relating to rubber, and its allied auxiliary areas and to undertake project work, evaluation, survey, quality control, installation, commissioning, maintenance, repairs and other allied services in rubber and its allied auxiliary areas.

5. To purchase, sell, import and export all types of rubber machineries, industrial goods and technical know-how related to rubber and synthetic rubber.

6. To carry on the business of trading, commerce, buying and selling of or any other like venture relating to various categories of rubber like raw rubber, synthetic rubber, polybutene rubber, etc.

Changes in the Memorandum of Association of our Company

The following changes have been made to the Memorandum of Association of our Company since its incorporation:

Date of shareholders' Approval	Nature of change
May 15, 2008	Change in the name of the Company from Thejo Engineering Services Private Limited to Thejo Engineering Private Limited
June 20, 2008	Change in the name of the Company from Thejo Engineering Private Limited to Thejo Engineering Limited
January 7, 2009	Alteration of the object clause to include: 6. To carry on the business of trading, commerce, buying and selling of any other like venture relating to various categories of rubber like raw rubber, synthetic rubber, polybutene rubber, etc.
August 25, 2011	Alteration of capital clause of the Memorandum of Association to include: The share capital of Company is ` 2,00,00,000/- (Rupees Two Crores Only) divided into 20,00,000 Equity Shares of ` 10 (Rupees Ten Only) each with concommittant power to increase, reduce, subdivide, vary, modify or abrogate any rights, privileges and conditions attaching there to subject to and accordance with the provisions of the Companies Act, 1956

Technology and Market Competence

For details on the technology and market competence of our Company, please see "Business Overview" on page 73 of this Red Herring Prospectus.

Competition

For details on competition faced by our Company, please refer to chapter titled “Competition” “Business Overview” on page 73 of this Red Herring Prospectus.

Subsidiaries

Thejo Hatcon Industrial Services Company LLC, Saudi Arabia

Thejo Hatcon Industrial Services Company LLC, Saudi Arabia (“THISC”) has its registered office situated at P.O. Box 991, P.Code: Near Police Check Post, Damman Jubail Highway, Kingdom of Saudi Arabia. THISC was incorporated as a limited liability company under the relevant laws of Saudi Arabia on November 2, 2009 and THISC has been a subsidiary of our Company since incorporation.

THISC is engaged in the execution of all contracts of installation, maintenance and commissioning of industrial facilities, execution of industrial contracts, paints, sandblasting maintenance and industrial transportation belts and industrial rubber lining, rust treatment and all related works.

The Company entered into a shareholders’ agreement dated January 22, 2008 with Hatcon Industrial Services W.L.L., Bahrain (“Hatcon”) for the formation of THISC.

The authorised, issued, subscribed and paid-up share capital of THISC is 0.50 million SAR divided into 500 equity shares of 1,000 SAR each. As on the date of this Red Herring Prospectus, our Company held 255 equity shares of 1000 SAR each constituting 51% of the equity shares of THISC.

The key terms of the agreement are set forth below:

- *Share capital and subscription*: Unless otherwise mutually agreed and so long as TEL and Hatcon are the only shareholders, our Company and Hatcon shall subscribe to 51% and 49%, respectively, in the paid up capital of THISC and shall arrange for the subscription to the equity capital and confirm and maintain the same.
- *Board of directors*: The board of directors of THISC shall comprise of not more than nine directors. At the time of the incorporation, TEL will nominate three directors and Hatcon shall nominate two directors. As long as the shareholding of TEL and Hatcon is 51% and 49% respectively, TEL and Hatcon shall have the right to nominate further directors in equal numbers.
- *Transfer and encumbrance of shares*: Neither our Company nor Hatcon shall sell its shareholding to any third party, for a period of 36 months from the date of incorporation of the company. Neither TEL nor Hatcon can sell its shareholding to any party after the expiry of the 36 months period unless such shares have been offered to the other party. If the other party does not accept such shares nor designates any person for the purchase of shares, the selling party shall be free to transfer such shares to a third party provided the price at which they are offered shall not be more favourable than the price at which they were offered to the other party.
- *Non-Compete*: THISC shall only promote our Company’s products and services.
- *Termination*: Either party can terminate this agreement in certain events, including breach of terms, compulsory/voluntary liquidation or insolvency of the other party.

Thejo Australia Pty Limited

Thejo Australia Pty Limited (“**Thejo Australia**”) has its registered office situated at First Floor, 160 Sterling Highway, Nedlands, WA, 6009, Australia. Thejo Australia is a proprietary company limited by shares incorporated under the relevant laws in Australia on February 14, 2012. Thejo Australia has been our subsidiary since incorporation.

Capital raising through equity and debt

For details of the equity capital raising of our Company, please refer to the section titled "*Capital Structure*" on page 24of this Red Herring Prospectus.

Shareholders’ and joint venture agreement

Except the shareholders' agreement dated January 22, 2008 with Hatcon Industrial Services W.L.L., Bahrain for incorporation of Thejo Hatcon Industrial Services Company LLC, Saudi Arabia, our Company has not entered into any shareholders' or joint venture agreements.

Strategic and financial partners

Our Company doesnot have any strategic and financial partners.

OUR MANAGEMENT

Board of Directors

Our Articles of Association requires our Company to appoint not less than 3 Directors and not more than twelve Directors. Our Company currently has nine directors.

The following table sets forth details of the Board of Directors as of the date of this Red Herring Prospectus:

Name, father's name, address, designation, occupation and term	Nationality	Date of Appointment as Director	Age (Years)	Other directorships / partnership
Mr. K.J. Joseph S/o Mr. K.J. John **Address**: New No.11 (Old No.5), Balaji Nagar, 1st Street, Royapettah, Chennai 600 014, Tamil Nadu, India **Designation**: Whole-time Director **Occupation**: Businessman **Term**:Liable to retire by rotation **DIN**: 00434410	Indian	April11, 1986	70	Nil
Mr. Thomas John S/o Mr. Ouseph Thomas **Address**: No.1, Sadasivam Street, Gopalapuram, Chennai 600 086, Tamil Nadu, India **Designation**: Managing Director **Occupation**: Businessman **Term**: Liable to retire by rotation **DIN**: 00435035	Indian	March26, 1986	67	Nil
Mr. Manoj Joseph S/o Mr. K.J. Joseph **Address**: New No.11 (Old No.5), Balaji Nagar, 1st Street, Royapettah, Chennai 600 014, Tamil Nadu, India **Designation**: Whole-time Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 00434579	Indian	October 4, 2001	41	Thejo Australia Pty Ltd
Mr. Rajesh John S/o Mr. Thomas John **Address**: No. 1, Sadasivam Street,	Indian	January 16, 2012	36	Thejo Australia Pty Ltd

Name, father's name, address, designation, occupation and term	Nationality	Date of Appointment as Director	Age (Years)	Other directorships / partnership
Gopalapuram, Chennai 600 086, Tamil Nadu, India **Designation**: Whole time Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 05161087				
Mr. N. Ganga Ram S/o Mr. Nilacantaiyer Devarajaiyer **Address**:703, GoldenCastle, Sundarnagar, Kalina, Mumbai 400 098, Maharashtra, India **Designation**: Independent Director **Occupation**: Retired government officer **Term**: Liable to retire by rotation **DIN**: 00001246	Indian	January 16, 2012	77	1. Positive Packaging Industries Limited. 2. Juniper Hotels Private Limited. 3. Sundaram BNP Paribas Home Finance Limited. 4. Chemfab Alkalies Limited.
Mr. V.K. Srivastava S/o Mr. Durga Lal Srivastava **Address**:1, S1, 2 Sunrise Serenity, 40 Feet Road, 4th Cross, Geddelahalli MR Gar, Bangalore 560 094, Karnataka, India **Designation**: Independent Director **Occupation**: Retired government officer **Term**: Liable to retire by rotation **DIN**: 00611678	Indian	January 16, 2012	61	1. Savna Engg & Manufacturing Private Limited. 2. Ophrys Enterprises Private Limited.
Mr. M.P. Vijay Kumar S/o Pravasa Raju Muthu Raju **Address**: B Block, V Floor, Flat E Ceedeeyes Regal Palm Gardens, 383, Velachery Main Road, Chennai 600 042, Tamil Nadu, India **Designation**: Independent Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 05170323	Indian	January 16, 2012	42	Nil
Mr. A. Satyaseelan S/o Venkataramaraju Ayyalraju	Indian	January 16, 2012	59	Nil

Name, father's name, address, designation, occupation and term	Nationality	Date of Appointment as Director	Age (Years)	Other directorships / partnership
Address: Old No. 46/2, New No. 14, Kannadasan Salai, T Nagar, Chennai 600 017, Tamil Nadu, India **Designation**: Independent Director **Occupation**: Advocate **Term**: Liable to retire by rotation **DIN**: 05158896				
Dr. C.N. Ramchand S/o Mr. Nanappan **Address**: K 104, First Floor, 16th Street, Anna Nagar East, OppositeBohanVillaGarden, Chennai 600 012, Tamil Nadu, India **Designation**: Independent Director **Occupation**: Professional **Term**: Liable to retire by rotation **DIN**: 05166709	United Kingdom of Great Britain &Northern Ireland	January 16, 2012	56	Nil

Brief Profiles of our Directors

Mr. K.J. Joseph, Chairman

Mr K J Joseph, one of the promoters is currently the Chairman of the company. He holds a Diploma in Mechanical Engineering and has served 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.

Mr. Thomas John, Managing Director

Mr Thomas John, Co-Promoter of Thejo Engineering Limited is currently the Managing Director of the company. After completion of PUC, he was associated with Pioneer Equipment Company, Phoenix Metals and Alloys Private Limited and FAME Private Limited in various capacities, before starting Thejo Engineering Services.

Mr. Manoj Joseph, Director

Mr. Manoj Joseph is currently the Director, Marketing of the Company. He is a Graduate in Electrical and Electronics Engineering with a Post Graduate Diploma in Business Administration. He joined Thejo Engineering Limited in 1991 and 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.

Mr. Rajesh John, Director

Mr. Rajesh John 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.

Mr. N. Ganga Ram, Independent Director

Mr. N. Ganga Ram holds a Master's Degree in Economics. Besides, he is a Certified Associate of the Indian Institute of Bankers and a Fellow of Economic Development Institute of the World Bank, Washington. After a stint with a commercial bank, Mr.Ganga Ram joined RBI/IDBI where he worked for more than 25 years to retire as Executive Director of IDBI. He was a Consultant to the World Bank, Washington and the Asian Development Bank, Manila and also an Adviser to UTI and ICRA. Presently, he is on the Boards of 5 companies and on certain Committees of NSE.

Mr. V.K. Srivastava, Independent Director

Mr. V.K. Srivastava holds a degree in mechanical engineering and a degree in industrial engineering. He also holds a diploma in management. He has been associated with Bokaro steel plant of the Steel Authority of India Limited ("SAIL") for more than three decades. He started his career with SAIL as a graduate engineer and retired as Managing Director of SAIL. He was the Chairman of the Board of Governors of Birsa Institute of Technology, Sindri. He has also been the Chairman/Director of a number of PSUs.

Mr. M.P. Vijay Kumar, Independent Director

Mr. M.P. Vijay Kumar is a Chartered Accountant, Company Secretary and Cost Accountant with experience of more than twenty years in professional practice as well as industry. Currently, he is the Chief Financial Officer at Sify Technologies Limited. He has been a member of Accounting Standards Board of ICAI and other committees of ICAI.

Mr. A. Satyaseelan, Independent Director

Mr. A. Satyaseelan is a graduate in law. He has more than 35 years of experience in legal domain including 20 years in the Industry. Currently, he is a practising advocate at the Honourable High Court of Madras. Prior to setting up practice, he was heading the legal department of a leading manufacturing company's Corporate Office. He is specializing in corporate and taxation laws.

Dr. C.N. Ramchand, Independent Director

Dr. C.N. Ramchand holds a post-graduate degree in Chemistry and doctorate in Biochemistry. He has more than 25 years of experience in teaching, research, drug discovery programmes, disease mechanism and setting up of research facilities with various entities in United States of America, United Kingdom and India. He has published a number of peer reviewed papers in various international journals. Dr. Ramchand is currently the CEO of Laila Pharmaceuticals Private Limited and is a senior visiting fellow at the University of Sheffield, University of New Castle and SlovakianAcademy of Sciences. He is also a member of the R&D Advisory Committee of Thejo Engineering Limited.

None of our Directors hold current and/ or past directorship(s) for a period of five years in listed companies whose shares have been or were suspended from being traded on the Bombay Stock Exchange Limited or the National Stock Exchange of India Limited or in listed companies who have been / were delisted from stock exchange.

Relationship between Directors

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

There are no arrangements or any understanding with major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of senior management.

Remuneration of our Directors for Financial Year 2011-2012

Sr. No.	Name of the Director	Sitting Fees	Salaries / Perquisites	Total
1	Mr. K.J. Joseph	Nil	15,18,926	15,18,926
2	Mr. Thomas John	Nil	15,14,674	15,14,674
3	Mr. Manoj Joseph	Nil	15,90,000	15,90,000
4	Mr. Rajesh John	Nil	14,14,226	14,14,226

These Directors may also be paid commissions and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act and other applicable laws and regulations.

Shareholding of our Directors in our Company

Save and except as disclosed below, none of our Directors have any shareholding in our Company as on the date of the Red Herring Prospectus.

Director	No. of Equity Shares	% of Pre Issue Equity Share Capital	% of Post Issue Equity Share Capital
Mr. K.J Joseph	1,77,690	14.28	[●]
Mr. Thomas John	2,37,830	19.12	[●]
Mr. Manoj Joseph	82,930	6.67	[●]
Mr. Rajesh John	75,270	6.05	[●]

Our Articles of Association do not require our Directors to hold any qualification Equity Shares in our Company.

Payment or benefit to directors / officers of our Company

Except as disclosed in the "Related Party Disclosure" in Financial Statements on page 103 of the Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers/directors except the normal remuneration for services rendered as Directors, officers or employees.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and/or to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

None of our Directors has been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

Except as stated in this section "Our Management" or the 'Related Party Disclosure' in chapter titled"Financial Statements" on page 85 and103of the Red Herring Prospectus and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of the Red Herring Prospectus.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in our Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason for change
Mr. Manoj Kumar Jain	June 11, 2010	September 21, 2010	Vacation u/s 260 of the Act
Ms. Sujatha Jayarajan	June 11, 2010	September 21, 2010	Vacation u/s 260 of the Act
Mr. Viburajah	June 11, 2010	September, 21, 2010	Vacation u/s 260 of the Act
Ms. Rosamma Joseph	March 26, 1986	December 9, 2011	Resignation
Ms. Celinamma John	April 11, 1986	December 9, 2011	Resignation
Mr. S.P. George	April 11, 1986	December 9, 2011	Resignation
Mr. Anand Trimbak Pethe	March 5, 1990	December 9, 2011	Resignation

Name	Date of Appointment	Date of Cessation	Reason for change
Mr. Rajesh John	January 16, 2012	-	Appointment
Mr. N. Ganga Ram	January 16, 2012	-	Appointment
Mr. V.K. Srivastava	January 16, 2012	-	Appointment
Mr. M.P. Vijay Kumar	January 16, 2012	-	Appointment
Mr. A. Satyaseelan	January 16, 2012	-	Appointment
Dr. C.N. Ramchand	January 16, 2012	-	Appointment

Borrowing powers of the Board

Our Articles, subject to the provisions of the Companies Act, authorise the Board, at its discretion, to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. However, the Board of Directors shall not without the sanction of our members, borrow money (apart from temporary loans obtained from company's bankers in ordinary course of business) exceeding the aggregate of the paid up capital and free reserves of our Company.

Corporate Governance

The provisions of the listing agreement to be entered into with the SME Exchange of NSE ("**SMEEquity Listing Agreement**") with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the SME Exchange. As of the date of the Red Herring Prospectus, our Company has taken steps to comply with the provisions of Clause 52 of the Listing Agreement, including with respect to the appointment of independent directors, the constitution of the Audit, Shareholders/Investors Grievance and Remuneration committees. The Board functions either on its own or through various committees constituted to oversee specific operational areas.

The Chairman of the Board is an executive and non-independent director. The Board of Directors comprises of nine directors, of which four are Executive Directors and five are Independent Directors.

In accordance with Clause 52 of the SME Equity Listing Agreement, our Company has constituted the following committees:

Audit Committee

The Audit Committee was constituted at our Board meeting held on January 16, 2012. The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of our financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee comprises:

Name of Directors	Status
Sri. M.P. Vijay Kumar	Independent Director, Chairman
Sri. N. Ganga Ram	Independent Director, Member
Sri. A. Satyaseelan	Independent Director, Member

Our Company Secretary shall act as the secretary of the Audit Committee.

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

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.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act

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

e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report.

5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

9. Discussion with internal auditors any significant findings and follow up there on.

10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the chief internal auditor.

The audit Committee is required to meet at least four times in a year under Clause 52 of the SME Equity Listing Agreement.

Shareholder/Investors Grievance Committee

The Shareholder/Investors Grievance Committee was constituted at our Board meeting held on January 16, 2012. This Committee is responsible for the redressal of shareholder grievances. The Investor Grievances Committee* comprises:

Name of Directors	Status
Mr. V.K. Srivastava	Independent Director,Member
Dr. C.N. Ramchand	Independent Director, Member
Mr. Thomas John	Promoter&Executive Director Member
Mr. K.J. Joseph	Promoter & Executive Director Member

* The committee will elect a chairman from amongst the members.

Our Company Secretary shall act as the secretary of the Shareholders/Investors Grievance Committee.

The Shareholder/Investors Grievance Committee shall oversee all matters pertaining to investors of our Company. The terms of reference of the Investor Grievance Committee include the following:

1. Oversight and review, all matters connected with the transfer of securities of the Company.

2. Approve issue of duplicate certificates of the Company.

3. Monitor redressal of investors/shareholder grievances related to transfer of shares, non- receipt of balance sheet, non-receipt declared dividend etc., if any.

4. Oversight of the performance of Registrars and Transfer Agents of the Company.

5. Recommend methods to upgrade the standard of services to the investors.

6. Monitor implementation of the Company’s Code of Conduct for Prohibition of Insider Trading.

7. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/ amendment or modification as may be applicable.

Remuneration Committee

The Remuneration Committee was constituted at our Board meeting held on January 16, 2012. The Remuneration Committee comprises:

Name of Directors	Status
Mr. N. Ganga Ram	Independent Director, Chairman
Mr. V.K. Srivastava	Independent Director, Member
Mr. M.P. Vijay Kumar	Independent Director, Member

Our Company Secretary shall act as the secretary of the Remuneration Committee.

The Remuneration Committee has been empowered with the role and function as per the provisions as specified under the SME Equity Listing Agreement, the Act including recommending/ reviewing remuneration of the Managing Directors and Whole Time Directors based on their performance and defined assessment criteria.

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

1. Recommending /reviewing remuneration of the Managing Director and Whole-time Directors based on their performance and defined assessment criteria based on reference by the Board.

2. Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

IPO Committee

This Committee is responsible for dealing with all matters in relation to the initial public offering of our Company. Pursuant to this, the Committee has been authorized by the Board pursuant to a resolution dated December 3, 2011, to carry out and decide upon all activities in connection with the Issue. The IPO Committee comprises:

Name of Members	Status
Mr. K.J. Joseph	Chairman
Mr. Thomas John	Member

The functions of the committee in connection with the Issue include but are not limited to:

1. To decide on the actual size of the Issue, including any offer for sale by promoters/shareholders, and/or any reservations on a firm or competitive basis as may be permitted, timing, pricing and all the terms and conditions of the issue of the Equity Shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;

2. To appoint and enter into arrangements with the book running lead managers, co-managers to the Issue, underwriters to the Issue, syndicate members to the Issue, advisors to the Issue, brokers to the Issue, escrow collection bankers to the Issue, registrars, legal advisors in relation to the Issue, advertising and/or promotion or public relations agencies and any other agencies, intermediaries or persons;

3. To finalise and settle and to execute and deliver or arrange the delivery of the offering documents (the Red Herring Prospectus, Final Prospectus - including the preliminary international wrap and final international wrap, if required, for marketing of the Issue in jurisdictions outside India) memorandum of understanding / agreement with the book running lead managers, memorandum of understanding with the registrar, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the Issue of Equity Shares or the Issue by our Company;

4. To open one or more separate current account(s) with a scheduled bank(s) to receive applications along with application monies in respect of the Issue or any other account with any name and style as required during or after the process of the forthcoming IPO of the Company;

5. To open one or more public Issue account(s) / escrow account(s) / refund account(s) of the Company for the handling of IPO proceeds, refunds for the Issue;

6. To approve/issue all notices, including any advertisement(s) in such newspapers as it may deem fit and proper about the future prospects of the company and the proposed issue conforming to the guidelines/ regulations issued by SEBI and such other applicable authorities;

7. To make any applications to the FIPB, RBI and such other authorities, as may be required, for the purpose of issue of Equity Shares by the Company to non-resident investors, including but not limited to NRI's ,FII's,FVCI's and other non- resident;

8. To take necessary actions and steps for obtaining relevant approvals, consents from FIPB, SEBI, Stock Exchanges, RBI and such other authorities as may be necessary in relation to the IPO;

9. To make applications for listing of the Equity Shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) and any other documentation to the concerned stock exchange(s);

10. To finalise the basis of allocation in consultation with the Lead Managers and the designated stock exchange and to allot the Equity Shares to the successful allottees;

11. To enter the names of the allottees in the Register of Members of our Company;

12. To settle any question, difficulty or doubt that may arise in connection with the IPO including the issue and allotment of the equity shares attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;

13. To do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue;

14. To authorise and approve the incurring of expenditure and payment of fees in connection with the IPO of the Company;

15. To approve and adopt the Red Herring Prospectus and Prospectus, and any other offering document for the public issue as required under Section 60, Section 60B and other relevant provisions of the Companies Act, 1956 and to file the same with the Registrar of Companies ("**ROC**") and SEBI, as the case may be, and to make any corrections or alterations therein;

16. To affix the common seal of the Company on all documents as may be required by law, in relation to the Issue, and in terms of the articles of association of the Company; and

17. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection.

18. To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the Equity Shares as permissible in law, issue of share certificates in accordance with the relevant rules.

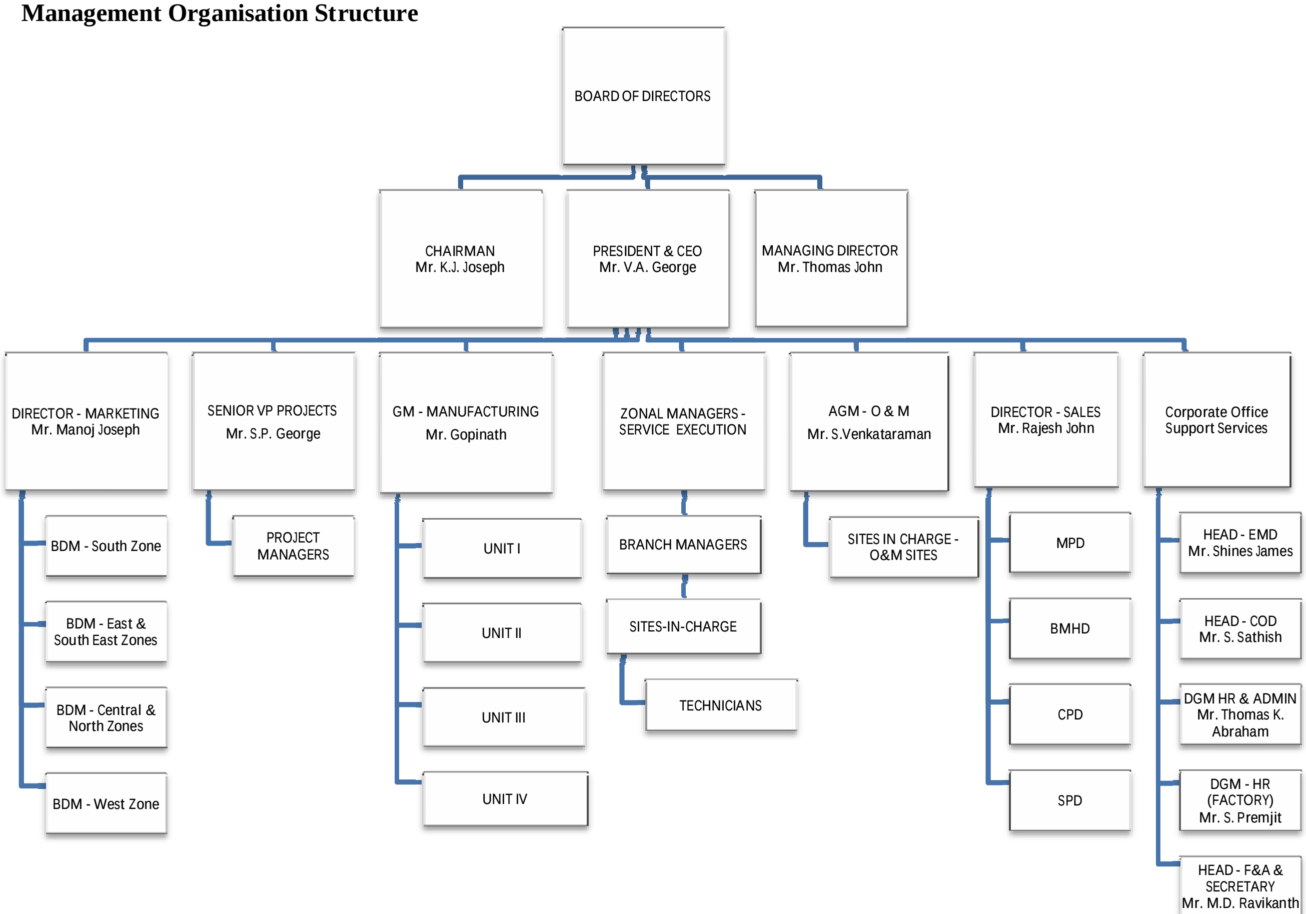
19. To delegate any of the above said powers to any employee or any person, as they deem fit.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchange.

Mr. M.D. Ravikanth, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Management Organisation Structure



Key Managerial Personnel

Provided below are the details of our key managerial personnel, as on the date of the RHP:

Mr. V. A. George, President & CEO, aged 62 years, joined our Company on December 15, 2007. He holds a degree in mechanical engineering and a post graduate diploma in management, in addition to being a certified associate of the Indian Institute of Banking and Finance. He has experience of more than 3½ decades incorporate and banking sectors (both, in public and private); out of which, more than 20 years in senior management positions. He is an adjunct faculty at Loyola Institute of Business Administration, Chennai and RajagiriBusinessSchool, Kochi. He is also the Chairman of Knowledge Xchange, an educational initiative. Prior to joining our Company, he was working in India Cements Capital Limited, as its President. He is currently responsible for overall management of our Company.He was paid a compensation of ` 58.24lacs during the financial year 2011-2012.

Mr. C. Gopinathan, General Manager-Manufacturing, aged 59 years, joined our Company on July 21, 2003. He holds a bachelor's degree in chemistry and has qualified in the London Plastic & Rubber Institute examination. He is a member of Plastic & Rubber Institute, London and Associate Member of Indian Rubber Institute. He has more than 38 years of experience in rubber compounding, processing, testing and production line in rubber and mould product industries. Prior to joining our Company, he was an Executive Director at Marc Rubber Components Private Limited. He is currently the General Manager-Manufacturing, responsible for the manufacturing function of ourCompany. He was paid a compensation of `15.44lacs during the financial year 2011-2012.

Mr. S.P. George, Senior Vice-President, aged 60 years, joined our Company on September 16, 1976. He has experience of more than 35 years in industrial services. He is currently Senior Vice President-Projects, Training & Service Audit, responsible for execution of project contracts, training of Technical Manpower and undertaking audit of service activities. He was paid a compensation of `19.81lacs during the financial year 2011-2012.

Mr. Shine James, Head-Execution & Monitoring Division, aged 40 years, joined our Company on December 31, 1993. He holds a bachelor's degree in commerce. He has 18 years of experience with our Company having served in the accounts and services departments, earlier. He is currently the head of execution &monitoring division, responsible for the monitoring of execution of deliverables by our Company, under various sales and service contracts. He was paid a compensation of `11.28lacs during the financial year 2011-2012.

Mr.S. Sathish, Head-Corporate Planning & Order Processing Department, aged 39 years, joined our Company on November 1, 2011. He holds a bachelor's degree in commerce and a post graduate certificate programme in management. He has 15 years of experience in internal audit, cost audit, management audit, corporate planning and order processing. Prior to joining our company, he was a senior manager in Spectra Management Consultancy Private Limited. He is currently the head of corporate planning and order processing department, responsible for corporate planning, reviewing the costing, processing and acceptance of customer orders.He was paid a compensation of ` 3.64lacs during the financial year 2011-2012.

Mr. Thomas K Abraham, DGM-HR & Administration, aged 44 years, joined our Company on March 1, 2008. He holds a master's degree and an honours diploma in personnel management and industrial relations. He has more than 20 years of work experience in human resources and administration domain. Prior to joining us, he was senior manager, human resources&administration with India Cements Capital Limited. He is currently the Deputy General Manager of human resources&administration departments, responsible for the human resource management and general administration of our Company. He was paid a compensation of ` 9.24lacs during the financial year 2011-2012.

Mr. S. Premjit, DGM-HR (Factory), aged 39 years, joined our Company on January 5, 2005. He holds a bachelor's degree in commerce and a post graduate diploma in personnel management. He has more than 15 years of work experience in human resources domain. Prior to joining our Company, he was Manager-HR with RKHS, Chennai. He is currently the deputy general manager of human resourcesat our manufacturing facilities. He was paid a compensation of ` 9.40 lacs during the financial year 2011-2012.

Mr. S. Venkataramanan, AGM – O&M, aged 40 years, joined our Company on October 9, 2009. He holds a diploma in electrical and electronic engineering. He has 19 years of experience in project execution and industrial maintenance jobs. Prior to joining our Company, he was manager- business development with Hofincons Infotech and Industrial Services Private Limited He is currently the Assistant General Manager of Operations &Maintenance division, responsible for the execution of operations and maintenance contracts undertaken by our Company. He was paid a compensation of `9.73lacs during the financial year 2011-2012.

Mr. M.D. Ravikanth, Finance Controller & Secretary, aged 31 years, joined our Company on March 3, 2008. He is a chartered accountant and a company secretary. He has 9 years of experience in finance, accounts, taxation, internal audit and secretarial domains. Prior to joining our Company, he was senior manager-finance with India Cements Capital Limited. He is currently the finance controller and secretary of our Company, handling accounts, finance, taxation and secretarial matters of our Company. He was paid a compensation of `12.64lacs during the financial year 2011-2012.

All our key managerial personnel as disclosed above are our permanent employees. The key managerial personnel as disclosed above are not key managerial personnel as defined under Accounting Standard 18.

Relationship between Key Managerial Personnel

None of the Key Management Personnel of our company is related to each other.

Family relationships of Directors with Key Managerial Personnel

Except Mr. Rajesh John who is the son in lawof Mr. S.P. George,none of our Directors are related to our Key Managerial Personnel.

Arrangements and Understanding with Major Shareholders

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

Shareholding of the Key Managerial Personnel

Save and except, as disclosed below, none of our Key Managerial Personnel have any shareholding in our Company as on the date of the Red Herring Prospectus.

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares	% of pre Issue Equity Share Capital	% of post Issue Equity Share Capital
1	Mr. V. A. George	25,000	2.01	[●]
2	Mr. S.P. George	62,000	4.98	[●]

Bonus or profit sharing plan of the Key Managerial Personnel

Our Company does not have a performance linked bonus or a profit sharing plan for the Key Managerial Personnel.

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of their respective shareholding as disclosed above and the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel of our Company in the last three years are as follows:

Name of the Key Managerial Person	Designation	Date of change	Reason
Mr. S. Sathish	Head – COD	March 31, 2010	Resignation
Mr. M.J Shaji	Head – COD	April 1, 2010	Transfer
Mr. M.J Shaji	Head – COD	October 31, 2011	Transfer
Mr. S. Sathish	Head – COD	November 1, 2011	Appointment

Employee Stock Option Plan / Employee Stock Purchase Scheme

Our Company does not have any scheme of employee stock option or employee stock purchase.

Loans taken by Directors / Key Management Personnel

None of our Directors/Key Managerial Personnel have taken any loan from our Company.

OUR PROMOTERS

The Promoters of our Company are Mr. K.J. Joseph and Mr. Thomas John.

Mr. K.J. Joseph, aged 70 years, is the Chairman of our Company. He is a resident Indian national. For further details, see the chapter "Management" beginning on page 85 of theRed Herring Prospectus.

His passport number is F7889116. His voter identification card number is KSV3295458.

Mr. Thomas John, aged 67 years, is the Managing Director of our Company. He is a resident Indian national. For further details, see the chapter "Management" beginning on page 85 of theRed Herring Prospectus.

His passport number is Z1740394. His driving license number is TN01 19780006919.

For detailed profile and other details, please see the chapter "Management" beginning on page 85 of theRed Herring Prospectus.

Our Company confirms that the permanent account number, bank account number and passport number of Mr. K.J. Joseph and Mr. Thomas John shall be submitted to the SME Exchangeof NSE at the time of filing the Red Herring Prospectus with them.

Interests of Promoters and Common Pursuits

The Promoters are interested in our Company to the extent of their shareholding. For details on the shareholding of the Promoters in our Company, see the chapter "Capital Structure" beginning on page 24of theRed Herring Prospectus.

Further, the Promoters are also Directors and may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. For further details see the chapter "Management" beginning on page 85 of theRed Herring Prospectus.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to the Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with the Promoters including the properties purchased by our Company other than in the normal course of business.

Further, the Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict of interest as and when it may arise.

Payment of benefits to the Promoters

Except as stated in "Related Party Disclosure" in chapter "Financial Statements" beginning on page 103 of theRed Herring Prospectus, there has been no payment of benefits to the Promoters during the two years preceding the filing of theRed Herring Prospectus.

Confirmations

None of the Promoters have been declared as a wilful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by the Promoters in the past and no proceedings for violation of securities laws are pending against them.

Further, none of the Promoters or the Promoter Group or the Directors has been restrained from accessing the capital markets for any reasons by SEBI or any other entity.

Companies with which the Promoters have disassociated in the last three years

The Promoters have not disassociated from any company during the preceding three years from the date of theRed Herring Prospectus.

Change in the management and control of the Issuer

Other than as disclosed in the Red Herring Prospectus, there has been no change in the management and control of our Company.

Promoter Group

The following persons form part of the Promoter Group:

Individuals

1. Mrs. Rosamma Joseph
2. Mrs. Thresiamma John
3. Mr. K.J. Johnson
4. Mrs. Marykutty Mathew
5. Mrs. Gracy John
6. Mrs. Ilsamma Sebastian
7. Mrs. Animma Jose
8. Mrs. Rosamma Joseph(Jr)
9. Mrs. Meena Roy
10. Mrs. Maya Philip
11. Mr. Manoj Joseph
12. Mr. Manesh Joseph
13. Mrs. Thresiamma Mathew
14. Mr. K.C. Mathew
15. Mr. K.M. Mathew
16. Mrs. Celinamma John
17. Mr. Ouseph Thomas
18. Mr. Mathai Thomas
19. Mr. Devasia Thomas
20. Mrs. Pennamma
21. Mrs. Theya
22. Mrs. Cicily
23. Mrs. Rithu Johnson
24. Mr. Rajesh John
25. Mrs. Thresiamma
26. Mr. Devasia Thomas

27. Mr. Sebastian Thomas
28. Mr.Baby Thomas
29. Mr. Chacko Thomas
30. Mr. Antony Thomas
31. Mrs. Rosamma Joseph
32. Mrs. Sally Thomas
33. Mrs. Leelamma Thomas
34. Mrs. Pushpamma Thomas

HUF and Trusts

NIL

Companies

NIL

GROUP COMPANIES

Our Company does not have any group companies.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings,general financial conditions, capital requirements, results of operations, contractual obligations and overall financial position, applicable Indian legal restrictions, our Articles of Association and other factors considered relevant by the Board of Directors.Our Company has consistently paid dividends in the past and it has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

SECTION VII -FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditors' report on the financial information of Thejo Engineering Limited (formerly known as Thejo Engineering services Private Limited), As Restated, for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 in relation to the Red Herring Prospectus/ Prospectus.

To
The Board of Directors
Thejo Engineering Limited
41, Whites road,
Royapettah,
Chennai - 600 014.

Auditors' Report on Restated Stand-alone Financial Information in connection with the Initial Public Offer of Thejo Engineering Limited

Dear Sirs,

1. This report is issued in accordance with the terms of our Engagement letter dated April 2nd, 2012.

2. The accompanying restated financial information, expressed in Indian Rupees, in Lacs ("Restated Financial Information") of Thejo Engineering Limited (hereinafter referred to as the "Company"), comprising Stand-alone Financial Information in paragraph A below and Other Standalone Financial Information in paragraph B below, has been prepared by the Management of the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (hereinafter referred to as the "Act") and item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the Proposed Initial Public Offer of Equity Shares of the Company (the "Issue") and has been approved by the Board of Directors and initialed by us for identification purposes only. For the purposes of our examination, we have placed reliance on the audited stand alone financial statements of the Company for the year ended March 31, 2012,2011,2010,2009 and 2008 expressed in Indian Rupees, on which we have expressed an unmodified audit opinion on 27th August,2012 , 25th August 2011,26th August 2010,21st August 2009 and 11th July2008 respectively.

Directors' Responsibility for the Restated Financial Information

3. The preparation of the Restated Financial Information, which is to be included in the Red Herring Prospectus ("RHP"), is the responsibility of the Management of the Company and has been approved by the Board of Directors in their meeting held on 27th August, 2012. The Board of Directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditors' Responsibilities

4. Our work has been carried out in accordance with Generally Accepted Auditing Standards and as per the (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Issue. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of, or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

A. Stand-alone Financial Information as per audited standalone financial statements:

5. We have examined the following summarized financial statements of the Company contained in Stand-alone Financial Information of the Company:

a. the "Restated Statement of Assets and Liabilities " as at March 31, 2012, 2011, 2010, 2009 and 2008 (enclosed as Annexure I);

b. the "Restated Statement of Profit and Loss Account" for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 (enclosed as Annexure II); and

c. the "Restated Statement of Cash Flows" for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 (enclosed as Annexure III).

6. The Stand-alone financial information, expressed in Indian Rupees, in Lacs has been derived from the audited stand-alone financial statements of the Company as at and for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 all of which were, expressed in Indian Rupees.

7. We draw your attention to the fact that the Stand-alone financial information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure IV;

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2012. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2012.

B. Other Stand-alone Financial Information:

9. At the Company's request, we have also examined the following Other stand-alone Financial Information relating to the Company as at or for the year ended March 31, 2012 ,2011,2010, 2009 and 2008 proposed to be included in the RHP, prepared by the Management of the Company and as approved by the Board of Directors of the Company and annexed to this report:

§ Statement of Significant Accounting Polices, As Restated (Annexure IV);

§ Statement of Notes to Statement of Summary of Assets and Liabilities and Summary Statement of Profits & Losses, As Restated (Annexure V);

§ Statement of Fixed assets, As Restated(Annexure VI)

§ Statement of Non-current Investments, As Restated(Annexure VII)

§ Statement of Long-term Loans and Advances, As Restated (Annexure VIII)

§ Statement of Inventories, As Restated(Annexure IX)

§ Statement of Trade Receivables, As Restated(Annexure X)

§ Statement of Cash and Cash Equivalents, As Restated(Annexure XI)

§ Statement of Short-term loans and advance, As Restated(Annexure XII)

§ Statement of Other current Assets, As Restated(Annexure XIII)

§ Statement of Long-term borrowings, As Restated(Annexure XIV)

§ Statement of Short-term borrowings, As Restated(Annexure XV)

§ Statement of Trade payables, As Restated(Annexure XVI)

§ Statement of Other current liabilities, As Restated(Annexure XVII)

§ Statement of Short-term provisions, As Restated(Annexure XVIII)

§ Statement of Share capital, As Restated(Annexure XIX)

§ Statement of Reserves and surplus, As Restated(Annexure XX)

§ Statement of Revenue from operations, As Restated(Annexure XXI)

§ Statement of Other income, As Restated(Annexure XXII)

§ Statement of Cost of materials consumed, As Restated(Annexure XXIII)

§ Statement of Changes in finished goods work in progress and stock in trade, As Restated(Annexure XXIV)

- § Statement of Employee benefits expense, As Restated(Annexure XXV)
- § Statement of Finance cost, As Restated(Annexure XXVI)
- § Statement of Other expenses, As Restated(Annexure XXVII)
- § Statement of Tax Shelter ,As Restated(Annexure XXVIII)
- § Statement of Dividend ,As Restated(Annexure XIX)
- § Statement of Accounting ratios, As Restated (Annexure XXX);
- § Statement of Capitalisation ,As Restated (Annexure XXXI);
- § Statement of Deferred tax, As Restated (Annexure XXXII);

Opinion

10. In our opinion

    a. the Restated Financial Information of the Company, as attached to this report and as mentioned in paragraphs A and B above, read with basis of preparation and respective significant accounting policies have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations;

    b. Adjustments have been made with retrospective effect to reflect the changes in accounting policies of the Company (as disclosed in Annexure V to this report) to reflect the same accounting treatment as per the accounting policies as at March 31, 2012 for all the reporting periods ;

    c. The material adjustments relating to previous years have been adjusted in the year to which they relate;

    d. There are no qualifications in the auditors' reports, which require any adjustments; and

    e. Exceptional item on account of sale of land in the year FY 2011-12 and extraordinary items have been disclosed separately.

11. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us and by other firms of chartered accountants on the stand alone financial statements.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restriction on Use

13. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the RHP prepared in connection with the proposed Initial Public Offer of the Company, to be filed by the Company with the Registrar of Companies, SEBI, Stock Exchange and any other authority in connection with the proposed Initial Public Offer. Our work and findings shall in no way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue. We accept no liability to anyone, other than to you, in connection with our report, unless otherwise agreed by us in writing.

For Joseph & Rajaram

Chartered Accountants
ICAI Reg. No. 001375S

P.K.Joseph
Partner
M.No.16180

Place: Chennai
Date: 27th August, 2012

THEJO ENGINEERING LIMITED

ANNEXURE I - SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

` Lacs

PARTICULARS				As at 31st March				
			Ann	2012	2011	2010	2009	2008
A. Non-current assets								
1	Fixed assets		VI					
	(i)	Tangible assets		1,073.69	879.63	889.08	813.95	665.41
	(ii)	Intangible assets		0.42	0.49	0.57	0.66	0.77
	(iii)	Capital work-in-progress		57.99	25.40	-	68.88	100.69
	(iv)	Intangible assets under development		-	-	-	-	-
2	Non-current investments		VII	32.98	32.98	32.98	-	-
3	Long-term loans and advances		VIII	187.41	141.38	115.27	113.03	109.94
4	Other non-current assets			-	-	-	-	-
Total Non-Current Assets (A)				*1,352.49*	*1,079.88*	*1,037.90*	*996.52*	*876.81*
B. Current assets								
1	Current investments			-	-	-	-	-
2	Inventories		IX	1,164.84	812.75	640.81	663.16	540.90
3	Trade receivables		X	3,319.33	2,574.16	1,953.47	1,514.13	1,191.38
4	Cash and cash equivalents		XI	436.08	485.63	432.06	241.21	276.93
5	Short-term loans and advances		XII	842.07	640.63	394.66	300.33	243.49
6	Other current assets		XIII	861.24	618.19	457.87	300.00	239.41
Total Current Assets (B)				*6,623.55*	*5,131.37*	*3,878.86*	*3,018.84*	*2,492.11*
C. TOTAL ASSETS (C) = (A)+(B)				*7,976.04*	*6,211.25*	*4,916.76*	*4,015.36*	*3,368.91*
D. Non-current liabilities								
(a)	Long-term borrowings		XIV	66.87	179.23	284.68	306.13	305.74
(b)	Deferred tax liabilities (Net)		XXXII	31.13	19.09	22.34	20.63	17.19
Total Non-Current Liabilities (D)				*98.00*	*198.32*	*307.03*	*326.76*	*322.93*
E. Current liabilities								
(a)	Short-term borrowings		XV	2,067.83	1,670.79	1,613.95	1,236.88	1,035.79
(b)	Trade payables		XVI	1,392.23	1,028.96	639.57	544.52	460.06
(c)	Other current liabilities		XVII	743.92	779.95	421.66	405.13	252.23
(d)	Short-term provisions		XVIII	1,099.26	805.73	541.81	397.93	281.79
Total Current Liabilities (E)				*5,303.24*	*4,285.43*	*3,216.99*	*2,584.46*	*2,029.87*
F. Total Liabilities (F) = (D)+(E)				*5,401.24*	*4,483.75*	*3,524.02*	*2,911.23*	*2,352.80*
G. Net Worth (G) = (C)-(F)				*2,574.80*	*1,727.50*	*1,392.74*	*1,104.13*	*1,016.11*
Represented by Shareholders' Funds								
(a)	Share capital		XIX	118.47	118.47	118.47	108.47	108.47
(b)	Reserves and surplus		XX	2,456.34	1,609.03	1,274.27	995.66	907.64

PARTICULARS			As at 31st March				
		Ann	2012	2011	2010	2009	2008
(c)	*Total*		*2,574.80*	*1,727.50*	*1,392.74*	*1,104.13*	*1,016.11*

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Assets and Liabilities, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
ANNEXURE II - SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

` Lacs

Particulars	Ann	For the year ended on 31st March				
		2012	2011	2010	2009	2008
Revenue from operations	XXI	11,536.44	9,521.95	6,432.30	6,113.67	4,568.45
Other income	XXII	249.63	98.61	164.15	65.64	65.73
Total Revenue		11,786.07	9,620.56	6,596.45	6,179.31	4,634.18
Expenses:						
Cost of materials consumed	XXIII	4,194.52	3,815.69	2,331.10	2,278.25	1,690.71
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	XXIV	(132.37)	(85.64)	25.00	(68.85)	(45.20)
Employee benefits expense	XXV	3,183.74	2,395.59	1,686.11	1,410.89	1,051.28
Finance costs	XXVI	367.07	277.32	257.53	266.51	200.23
Depreciation and amortization expense		161.48	148.21	148.85	141.35	111.04
Other expenses	XXVII	3,010.38	2,491.65	1,796.92	1,925.65	1,465.46
Total expenses		10,784.81	9,042.82	6,245.52	5,953.81	4,473.52
Profit before exceptional and extraordinary items and tax		1,001.26	577.74	350.93	225.51	160.65
Exceptional items:						
Profit on Sale of Land		284.00	-	-	-	-
Profit before extraordinary items and tax		1,285.26	577.74	350.93	225.51	160.65
Extraordinary Items		-	-	-	-	-
Profit before tax		1,285.26	577.74	350.93	225.51	160.65
Tax expense:						
(1) Current tax		370.86	198.03	122.24	102.31	75.12
(2) Deferred tax		12.04	(3.25)	1.71	3.43	(0.72)
Profit (Loss) for the period		902.36	382.96	226.98	119.76	86.25

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Profits and Losses, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
ANNEXURE-III STATEMENT OF CASH FLOWS, AS RESTATED

` Lacs

PARTICULARS	For the year ended on 31st March				
	2012	2011	2010	2009	2008
A.CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before taxation, as restated	1,285.26	577.75	350.93	225.50	160.66
Adjustment for:					
Depreciation and amortisation	161.48	148.21	148.85	141.35	111.03
Interest Income	(13.94)	(10.28)	(8.70)	(9.68)	(8.20)
Finance Cost paid	367.07	277.32	257.53	266.50	200.23
Loss/(Profit) on sale of fixed assets	(294.04)	(3.89)	(0.20)	(0.88)	(8.47)
Operating profit before working capital changes (i)	1,505.83	989.11	748.41	622.79	455.25
Movements in working capital:					
(Increase) in inventories	(352.09)	(171.93)	22.34	(122.25)	(81.25)
(Increase) in Trade & Other Receivables	(1,000.40)	(907.98)	(532.13)	(376.08)	(207.16)
Increase in current liabilities	202.70	748.88	84.32	183.66	(29.62)
TOTAL (ii)	(1,149.79)	(331.03)	(425.47)	(314.67)	(318.03)
Cash generated from operations (i-ii)	356.04	658.08	322.94	308.12	137.22
Less: Direct taxes paid	(235.28)	(145.13)	(161.64)	(67.21)	(19.51)
Net cash (used in)/from operating activities (A)	120.76	512.95	161.30	240.91	117.71
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets and movement in capital work in progress	(406.05)	(165.53)	(155.41)	(262.89)	(243.61)
Proceeds from sale of fixed assets	312.05	5.31	0.60	5.80	20.04
Investments	-	-	(32.98)	-	-
Bank fixed deposits	(14.37)	(20.04)	(10.83)	(29.03)	(6.40)
Interest received	13.94	10.28	8.70	9.68	8.20
Net cash used in investing activities (B)	(94.42)	(169.98)	(189.92)	(276.44)	(221.77)
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issue of share capital including security premium	-	-	100.00	-	75.00
Finance Cost paid	(367.07)	(277.32)	(257.53)	(266.50)	(200.23)
Repayment of long term loans & other credit facilities	-	(32.12)	-	-	-
Proceeds from long term loans, & Other credit facilities net	285.61	-	381.47	239.94	294.25

PARTICULARS	For the year ended on 31st March				
	2012	2011	2010	2009	2008
Increase/(decrease) in unsecured loans					
From Related Parties	(8.80)	-	(15.30)	(2.66)	(1.95)
Net cash from /(used in) financing activities (C)	(90.26)	(309.44)	208.64	(29.22)	167.07
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(63.92)	33.53	180.02	(64.75)	63.01
cash and cash equivalents at the beginning of the year	330.47	296.94	116.92	181.67	118.66
cash and cash equivalents at the end of the year	266.55	330.47	296.94	116.92	181.67
Reconciliation of cash and cash equivalents					
Cash in hand	15.38	17.27	26.69	13.89	20.67
Bank balance with scheduled banks in current accounts	251.18	313.20	270.25	103.03	161.00
TOTAL	266.55	330.47	296.94	116.92	181.67

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Cash Flows, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

ANNEXURE IV

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, AS RESTATED

1. Background

Thejo Engineering Limited (formerly known as Thejo Engineering Services Private Limited) (The Company) was incorporated on March 26th, 1986 as a private limited Company. The name of the company was changed to Thejo Engineering Private Limited vide a fresh certificate of incorporation dated 17th June, 2008. The company was subsequently converted into a public limited company with consequent change of name as Thejo Engineering limited vide special resolution by the members at their meeting held on 20.06.2008. The registered office of the Company is situated at Aysha Building, No.41, Whites road, Royapettah, Chennai, India 600014. The Company is engaged in the business of manufacturing a wide variety of rubber and polyurethane products used in mining, bulk material handling and corrosion protection applications. The company is the leader in the bulk material handling and conveyor systems solutions and pioneers in the cold vulcanizing process. The company in general is engaged in manufacturing, sales and servicing of belt conveyor systems.

The company has got two subsidiaries outside India namely, Thejo Hatcon Industrial Services LLC,in Saudi Arabi and Thejo Australia Pty Ltd ,Australia. Thejo Australia Pty Ltd is yet to commence any operations as on 31st March, 2012. The company has not invested any amount into Thejo Australia Pty Ltd as on 31st March, 2012.

2. Basis of preparation

The 'Summary Statement of the Assets and Liabilities, As Restated' of the Company as at March 31, 2012, 2011, 2010, 2009 and 2008, the 'Summary Statement of Profits and Losses, As Restated' and the 'Statement of Cash Flows, As Restated' for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 (collectively referred to as 'Restated Summary Statements') have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI'), Stock Exchange(s), Registrar of Companies and any other statutory/other authorities in connection with initial public offering herein after referred to as 'IPO'

The audited financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub -section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act') and the available guiding principles of the Accounting Standard 30, Financial Instruments-Recognition and Measurement issued by the Institute of Chartered Accountants of India in respect of certain derivative instruments. The audited financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part II of Schedule II to the Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI and as amended from time to time.

3. Presentation and disclosure of Financial Statements

Pursuant to applicability of Revised Schedule VI of Companies Act,1956 on presentation of Financial Statements for the financial year 2011-12,the Company has set a policy of classifying Assets and Liabilities into Current and Non-Current portion based on the time frame of 12 months from the date of Financial Statements

4. Use of estimates

The preparation of Restated Summary Statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of Restated Summary Statement and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

5. Fixed assets

Fixed assets are capitalised at acquisition cost of bringing the assets to the working conditions to the intended use. Fixed assets are stated at cost (Gross block less accumulated depreciation and amortization)

6. Depreciation and amortisation

Depreciation on fixed assets is provided at rates as mentioned below, based on estimated economic useful life of the assets on written down method, equal to the rates specified in Schedule XIV of the Companies Act, 1956 from the date on which the asset is put to use.

Description	Rate of Depreciation (%)
Building	10
Plant and machinery	13.91
Office equipment	13.91
Computers	40
Dyes and Moulds	30
Technical know-how	13.91
Furniture and fixtures	18.1
Vehicles	25.89
Electrical Fittings	20

7. Valuation of Inventories

Inventories are valued as follows:

Raw material:
Lower of cost or net realizable value. Cost is determined on a first in first out basis.

Work-in-progress:
Lower of Cost up to the estimated stage of completion or net realizable value.

Finished goods:
Lower of cost or net realizable value. Cost includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity for manufactured goods.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion to make the sale.

8. Revenue recognition

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

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

c) Export sales are accounted at the rate of exchange prevailing as on the date of invoicing.

The difference in the rate of exchange if any is accounted at the time of realization.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

9. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the Summary Statement of Profits and Losses, As Restated.

10. Employee benefits

Wages, salaries, bonus and paid leave are accrued in the year in which the associated services are rendered by employees of the Company.

The Company has three post employment plans in operation viz. Gratuity, Superannuation and Provident Fund.

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 Profit & Loss account for the year. Salaries leave encashment; leave travel allowance and medical reimbursement are accounted and provided for as per the accounting standard 15 on Employee Benefits.

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

11. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Summary Statement of Profits and Losses, As Restated. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

12. Taxes on Income

Tax expense comprises of current tax, deferred tax and fringe benefit tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The provision for current income-tax is recorded based on assessable income and the tax rate applicable to the relevant assessment year.

Deferred income-tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset to the extent it pertains to unabsorbed business loss/ depreciation is recognized only to the extent that there is virtual certainty of realization based on convincing evidence, as evaluated on a case to case basis.

Minimum Alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Summary Statement of Profits and Losses, As Restated and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and write down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income-tax during the specified period.

Fringe benefit tax up to March 31, 2009 has been determined in accordance with the provision of section 115WC of the Income-tax Act, 1961. No liability of the same has been recorded thereafter subsequent to the abolishment of the aforementioned tax.

13. Leases

i) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease rentals are expensed with reference to lease terms.

ii) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis.

14. Earnings per share

Basic earnings per share are calculated by dividing the restated net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue and sub-division of shares.

For the purpose of calculating diluted earnings per share, the restated net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

15. Provisions and Contingencies

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability after an evaluation of the fact and legal aspects of matter involved. Accordingly wherever there is uncertainty in respect of the obligation contingent liability is created.

No provisions are made for present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and Present obligation, where a reliable estimate cannot be made in the financial statements.

16. Dividend

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

17. Restatements

The policy with regard to disclosure of contingent liabilities has been changed for the purpose of this financial information. Even when there is certainty of a present obligation not falling on the company, the obligation is shown as contingent liability.

ANNEXURE V

STATEMENT OF NOTES TO SUMMARY STATEMENT OF ASSETS AND LIABILITIES AND SUMMARY STATEMENT OF PROFITS, AS RESTATED

1. **Contingent liabilities:**

` Lacs

Particulars	As on 31st March,				
	2012	**2011**	**2010**	**2009**	**2008**
Guarantees issued by the bankers	660.15	412.87	324.44	438.48	423.21
Claims against the company not acknowledged as debts:					
Central Excise	55.14	55.14	55.81	55.81	74.31
Sales Tax (APGST)	146.94	146.94	146.94	28.80	28.80
Sales Tax (Jharkhand)	5.31	5.31	5.31	5.31	-
CST	44.03	44.03	44.03	44.03	43.61
Service Tax	5.56	5.56	0.00	0.00	0.00
Customs Duty	12.50	12.50	12.50	12.50	12.50
Income Tax	59.01	58.48	58.48	58.48	0.00

Total	**988.64**	**740.83**	**647.51**	**643.41**	**582.43**

2. Statement of Deferred Tax Assets and Liabilities as Restated

` Lacs

PARTICULARS	**As at March 31,**				
	2012	**2011**	**2010**	**2009**	**2008**
Deferred tax assets arising on account of:	-	-	-	-	-
Opening balance	-	-	0.30	-	-
Timing difference in depreciation	-	4.53	-	-	3.59
Provision for diminution MF value	-	-	-	0.30	-
Change in Tax Rates	0.44	-	-	-	-
Sub total (A)	**0.44**	**4.53**	**0.30**	**0.30**	**3.59**
	-	-	-	-	-
Deferred tax liabilities arising on account of:	-	-	-	-	-
Opening balance	19.09	22.34	20.93	17.19	17.91
Profit on sale of asset	3.26	1.28	0.07	0.30	2.87
	-	-	-	-	-
Reversal of previous year 40(a) disallowance	-	-	-	-	-
Timing difference in depreciation	9.22	-	1.64	3.44	-
Subtotal (B)	31.57	23.62	22.64	20.93	20.78
Deferred tax asset/(Liability), (net) (AB)	**31.13**	**19.09**	**22.34**	**20.63**	**17.19**

3. Additional information

a. Purchase of Goods : ` Lacs

Items	Value	Value	Value	Value	Value
Rubber Items	2,193.48	1,797.76	604.62	904.69	977.62
Others	2220.75	2,104.23	1,699.07	1,426.98	749.14
Total	4,414.23	3,901.99	2,303.69	2,331.67	1,726.76

b. Sales: ` Lacs

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Sales of Products:					
Exports	2,341.57	1,390.54	1,382.80	972.92	580.70
Domestic	4,549.81	4,685.96	2,473.39	2,931.08	2,642.16
Total – Products	*6,891.38*	*6,076.50*	*3,933.60*	*3,904.00*	*3,222.86*
Services – Exports	19.30	42.99	40.50	0.00	7.71
Works & Services – Domestic	4,914.22	3,681.76	2,680.55	2,408.08	1,679.49
Total – Works & Services	*4,933.52*	*3,724.75*	*2,721.05*	*2,408.08*	*1,687.20*
Grand Total	***11,824.90***	***9,801.26***	***6,577.24***	***6,312.08***	***4,910.06***

c. Raw Materials Consumed (including sale of trading items): ` Lacs

Items	2011-12	2010-11	2009-10	2008-09	2007-08
Rubber Items	2212.89	1686.39	572.02	878.90	962.29
Others	1981.63	2129.30	1729.01	1399.36	728.42
Total	4194.52	3815.69	2301.03	2278.26	1690.71

d. Stock Particulars Raw Materials, Finished Goods & Work in Progress: ` Lacs

Items	2011-12	2010-11	2009-10	2008-09	2007-08
Opening Stock					
Rubber Items	595.89	492.01	530.27	474.32	408.19
Others	216.86	148.8	132.89	66.57	51.46
Total	812.75	640.81	663.16	540.89	459.65

Closing Stock					
Rubber Items	862.38	595.89	492.01	530.27	474.32
Others	302.46	216.86	148.80	132.89	66.57
Total	1164.84	812.75	640.81	663.16	540.89

e. Expenditure in Foreign Currency: ` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Foreign Tour	9.49	11.54	4.14	9.64	13.38
Royalty	3.60	23.42	13.32	13.98	9.92
Share Capital in Subsidiary	0.00	0.00	32.09	0.00	0.00
Commission	36.92	20.19	0.00	0.00	0.00
Professional & Consulting Fee	25.59	0.00	0.00	0.00	0.00
Sales Promotion	2.55	0.00	0.00	0.00	0.00
	78.15	55.15	49.55	23.62	23.30

f. Earnings in Foreign Currency: ` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
From Exports	2,360.87	1,433.54	1,443.30	972.92	588.41

g. CIF Value of Imports: ` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Raw materials & Capital goods	511.04	213.54	74.04	96.05	77.35

g. Value of Raw Materials, Components and Spare Parts Consumed: ` Lacs

Items	2011-12		2010-11		2009-10		2008-09		2007-08	
	% of Cons	Value	% of Cons	Value	% of Cons	Value	% of Cons	Value	% of Cons	Value
Imported	11.58	485.76	4.34	165.68	3.40	78.17	4.12	93.85	6.05	102.23
Indigenous	88.42	3708.76	95.66	3650.01	96.60	2222.86	95.88	2184.41	93.95	1588.48
Total		4194.52		3815.69		2301.03		2278.26		1690.71

4. Auditor's Remuneration:

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
For Audit	2.50	1.75	0.50	0.50	0.25
For Taxation	0.50	0.50	1.50	1.00	0.75
For Certification	0.97	0.18	0.00	0.00	0.00
Total	3.97	2.43	2.00	1.50	1.00

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

a. Defined Contribution Schemes:

i) Contribution to Provident Fund is made monthly to the Provident fund authorities.

ii) Contribution to Superannuation Fund for eligible employees is made by way of premium to life Insurance Corporation of India and charged to Profit & loss account for the year.

b. Defined Benefits Scheme:

i) 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 here under:

ASSUMPTIONS

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Discount Rate	8.00%	8.00%	8.00%	8.00%	

Salary Escalation	6.00%	6.00%	6.00%	6.00%	

TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of obligations	129.10	98.95	98.19	65.57	
Interest cost	10.33	7.92	7.86	5.25	
Current service cost	20.97	11.97	10.92	5.49	
Benefits Paid	-18.61	-10.50	-13.88	-12.48	
Actuarial (Gain)/ Loss on obligations	-1.78	20.76	-4.13	34.36	
Present value of obligations as at end of the year	140.00	129.10	98.96	98.19	

TABLE SHOWING CHANGE IN FAIR VALUE OF PLAN ASSETS

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Fair value of plan assets at the beginning of the year	98.70	100.40	88.94	72.67	
Expected return on plan assets	12.07	8.80	8.87	7.23	
Contributions	49.66	0.00	16.47	21.52	
Benefits Paid	-18.61	-10.50	-13.88	-12.48	
Actuarial (Gain)/Loss on plan assets	0.00	0.00	0.00	0.00	
Fair value of plan assets at the end of the year	141.82	98.70	100.40	88.94	

TABLE SHOWING FAIR VALUE OF PLAN ASSETS

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Fair value of plan assets at the beginning of the year	98.70	100.40	88.94	72.67	
Actual return on plan assets	12.07	8.80	8.87	7.23	
Contributions	49.66	0.00	16.47	21.52	
Benefits Paid	(18.61)	-10.50	-13.88	-12.48	
Fair value of plan assets at the end of the year	141.82	98.70	100.40	88.94	
Funded Status	1.82	-30.40	1.44	-9.25	

ACTUARIAL GAIN/LOSS RECOGNISED

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Actuarial (Gain)/Loss for the year-plan assets	0	0	0	0	
Actuarial (Gain)/Loss on obligations	-1.78	20.76	-4.13	34.36	
Actuarial (Gain)/Loss recognized in the year	-1.78	20.76	-4.13	34.36	

THE AMOUNTS TO BE RECOGNIZED IN THE BALANCE SHEETS AND STATEMENT OF PROFIT AND LOSS

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of obligations as at the end of the year	140.00	129.10	98.96	98.19	
Fair value of plan assets as at the end of the year	141.82	98.70	100.40	88.94	
Net Asset/ (Liability) recognized in Balance sheet	1.82	-30.40	1.44	-9.25	

EXPENSES RECOGNIZED IN PROFIT & LOSS ACCOUNT

` Lacs

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	20.97	11.97	10.92	5.49	
Interest Cost	10.33	7.92	7.86	5.25	
Expected return on plan assets	-12.07	-8.8	-8.87	-7.23	
Net Actuarial (Gain)/ Loss recognized in the year	-1.78	20.76	-4.13	34.36	
Expenses recognized in Statement of Profit and Loss	17.44	31.85	5.78	37.87	

Note:

a. Entire plan assets are lying in the Gratuity Fund administered through Life Insurance Corporation of India (P& GS Department)
b. Certain details mentioned above are not available for 2007-08.

6. Confirmations of balances from Debtors and Creditors have not been obtained.

7. The company has not received any communication from its suppliers claiming them to be a micro, medium **or** small scale enterprise.

8. Segment reporting

The company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipments, whose risk and rewards do not vary much. Secondary segmental reporting on the basis of geographical location, though applicable in view of the business operations with the subsidiary company in Saudi Arabia, details are not furnished on account of the size of the operations being less than 10% of the total business.

9. Related Party Disclosure

A. Related Parties

i) Key management personnel

S. No.	For the Year ended March 31,				
	2012	**2011**	**2010**	**2009**	**2008**
1	Mr.K.J. Joseph (Chairman)	Mr.K.J. Joseph (Chairman)	Mr.K.J. Joseph (Chairman)	Mr.K.J. Joseph (Chairman)	Mr.K.J. Joseph (Chairman)
2	Mr. Thomas John (Managing Director)	Mr. Thomas John (Managing Director)	Mr. Thomas John (Managing Director)	Mr. Thomas John (Managing Director)	Mr. Thomas John (Managing Director)
3	Mr. Anand T. Pethe* (Director)	Mr. Anand T. Pethe (Director)	Mr. Anand T. Pethe (Director)	Mr. Anand T. Pethe (Director)	Mr. Anand T. Pethe (Director)
4	Mr.S.P. George* (Director)	Mr.S.P. George (Director)	Mr.S.P. George (Director)	Mr.S.P. George (Director)	Mr.S.P. George (Director)
5	Mr. Manoj Joseph (Director)	Mr. Manoj Joseph (Director)	Mr. Manoj Joseph (Director)	Mr. Manoj Joseph (Director)	Mr. Manoj Joseph (Director)
6	Smt. Celinamma John* (Director)	Smt. Celinamma John (Director)	Smt. Celinamma John (Director)	Smt. Celinamma John (Director)	-
7	Smt. Rosamma Joseph* (Director)	Smt. Rosamma Joseph (Director)	Smt. Rosamma Joseph (Director)	Smt. Rosamma Joseph (Director)	-
8	Mr. Rajesh John# (Director)				

* - Ceased to be Director w.e.f. 9th December, 2011.
#- Appointed as Additional Director w.e.f 16th January, 2012.

ii) Relatives of key management personnel (With whom transactions have taken place during the year)

S. No.	For the Year ended March 31,				
	2012	**2011**	**2010**	**2009**	**2008**
1		Mr. Rajesh John (Son of Mr. Thomas John)	Mr. Rajesh John (Son of Mr. Thomas John)	Mr. Rajesh John (Son of Mr. Thomas John)	Mr. Rajesh John (Son of Mr. Thomas John)
2	Smt. Mercy Sunny (Wife of Mr. S.P.George)	Smt. Mercy Sunny (Wife of Mr. S.P.George)	Smt. Jyothi Pethe (Wife of Mr.Anand T.Pethe)	Smt. Jyothi Pethe (Wife of Mr.Anand T.Pethe)	Smt. Celinamma John (Wife of Mr.Thomas John)
3	Mr. Manesh Joseph (Son of Mr. K.J.Joseph)	Mr. Manesh Joseph (Son of Mr. K.J.Joseph)	Smt. Mercy Sunny (Wife of Mr. S.P.George)	Smt. Mercy Sunny (Wife of Mr. S.P.George)	Smt. Rosamma Joseph (Wife of K.J. Joseph)
4	Smt. Maya Joseph	Smt. Maya Joseph	Mr. Manesh Joseph	Mr. Manesh Joseph	Smt. Jyothi Pethe

	(Daughter of Mr.K.J.Joseph)	(Daughter of Mr.K.J.Joseph)	(Son of Mr. K.J.Joseph)	(Son of Mr. K.J.Joseph)	(Wife of Mr.Anand T.Pethe)
5	Kum. Rithu Johnson (Daughter of Mr.Thomas John)	Kum. Rithu Johnson (Daughter of Mr.Thomas John)	Smt. Maya Joseph (Daughter of Mr.K.J.Joseph)	Smt. Maya Joseph (Daughter of Mr.K.J.Joseph)	Smt. Mercy Sunny (Wife of Mr. S.P. George)
6	-	-	Kum. Rithu Johnson (Daughter of Mr.Thomas John)	Kum. Rithu Johnson (Daughter of Mr.Thomas John)	Mr. Manesh Joseph (Son of Mr. K.J.Joseph)
7	-	-	-	-	Smt. Maya Joseph (Daughter of Mr.K.J.Joseph)
8	-	-	-	-	Kum. Rithu Johnson (Daughter of Mr.Thomas John)

iii) Subsidiary

S.No.	For the year ended March31,				
	2012	2011	2010	2009	2008
1	Thejo Hatcon Industrial services Co LLC, KSA	Thejo Hatcon Industrial services Co LLC, KSA	Thejo Hatcon Industrial services Co LLC, KSA	-	-

B. TRANSACTIONS UNDERTAKEN / BALANCES OUTSTANDING WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

i) Key management personnel

S. No.	Transactions during the year	For the year ended March31,				
		2012	2011	2010	2009	2008
1)	Remuneration paid	123.26	90.49	88.59	80.92	61.06
	Mr. K.J. Joseph	15.19	13.61	12.70	11.61	16.67
	Mr. Thomas John	15.15	13.46	13.37	11.47	16.41
	Mr. Anand Pethe	9.39	8.39	8.89	8.39	7.53
	Mr. S.P. George	21.91	16.67	15.72	14.68	10.27
	Mr. Manoj Joseph	19.39	18.17	16.52	14.58	10.18
	Mrs. Rosamma joseph	12.76	10.17	10.77	10.17	NA
	Mrs. Celinamma John	12.59	10.02	10.62	10.02	NA
	Mr. Rajesh John	16.89	NA	NA	NA	NA
2)	Unsecured Loan	1.50	0.00	8.20	2.04	5.00
	Mr. Manoj Joseph	0.00	0.00	1.25	0.04	5.00
	Mrs. Celinamma John	0.00	0.00	5.70	2.00	NA
	Mrs. Rosamma joseph	0.00	0.00	1.25	0.00	NA
	Mr. Rajesh John	1.50	NA	NA	NA	NA
3)	Interest on loan	0.10	0.00	0.80	1.12	0.68
	Mr. Manoj Joseph	0.00	0.00	0.12	0.14	0.68
	Mrs. Rosamma joseph	0.00	0.00	0.12	0.14	NA
	Mrs. Celinamma John	0.00	0.00	0.56	0.84	NA
	Mr. Rajesh John	0.10	NA	NA	NA	NA
4)	Sitting fees	0.00	0.00	0.00	0.00	0.09
	Mr. K.J. Joseph	0.00	0.00	0.00	0.00	0.02
	Mr. Thomas John	0.00	0.00	0.00	0.00	0.02

S. No.	Transactions during the year	For the year ended March31,				
		2012	2011	2010	2009	2008
	Mr. Anand Pethe	0.00	0.00	0.00	0.00	0.01
	Mr. S.P. George	0.00	0.00	0.00	0.00	0.02
	Mr. Manoj Joseph	0.00	0.00	0.00	0.00	0.02
	Mrs. Rosamma Joseph	0.00	0.00	0.00	0.00	NA
	Mrs. Celinamma John	0.00	0.00	0.00	0.00	NA
	Mr. Rajesh John	0.00	NA	NA	NA	NA
	Note: Fig in bracket indicates liability of the company.					

ii) Relatives of key management personnel (With whom transactions have taken place during the year)

S.NO	Transactions during the year	For the year ended March31,				
		2012	2011	2010	2009	2008
1)	Remuneration paid	3.38	14.59	13.22	11.59	8.48
	Mr.Rajesh John	NA	14.59	13.22	11.59	8.48
	Mr.Manesh Joseph	3.38	0.00	0.00	0.00	0.00
2)	Unsecured Loan	7.30	0.00	7.00	0.33	-3.05
	Smt. Maya Joseph	5.80	0.00	0.00	0.00	-5.80
	Smt. Mercy Sunny	0.00	0.00	0.00	0.00	2.75
	Mr. Manesh Joseph	1.00	0.00	0.00	0.08	0.00
	Mr.Rajesh John	NA	0.00	0.00	0.06	0.00
	Kum. Rithu Johnson	0.50	0.00	0.00	0.05	0.00
	smt. Meena Joseph	0.00	0.00	0.00	0.14	0.00
	Smt. Jyothi Pethe	0.00	0.00	7.00	0.00	0.00
	Mrs. Rosamma joseph	NA	NA	NA	NA	0.00
	Mrs.Celinamma John	NA	NA	NA	NA	0.00
3)	Interest on loan	0.41	0.97	1.46	1.74	2.37
	Mr. Manesh Joseph	0.06	0.11	0.11	0.11	0.12
	Mr.Rajesh John	NA	0.17	0.17	0.17	0.17
	Kum. Rithu Johnson	0.03	0.06	0.06	0.05	0.06
	Smt. Maya Joseph	0.32	0.63	0.63	0.64	0.16
	Smt. Jyothi Pethe	0.00	0.00	0.49	0.77	0.77
	Smt. Mercy Sunny	0.00	0.00	0.00	0.00	0.11
	Smt. Meena Joseph	0.00	0.00	0.00	0.00	0.00
	Mrs. Rosamma joseph	NA	NA	NA	NA	0.14
	Mrs.Celinamma John	NA	NA	NA	NA	0.84
4)	Sitting fees	0.00	0.00	0.00	0.00	0.04
	Mrs. Rosamma joseph	NA	NA	NA	NA	0.02
	Mrs.Celinamma John	NA	NA	NA	NA	0.02

iii) Subsidiary

S.No	Transactions during the year	For the year ended March 31,				
		2012	2011	2010	2009	2008
1)	Share Capital	0.00	0.00	32.98	0.00	0.00

2)	Advance	36.47	184.34	95.87	0.00	0.00
3)	Sales	25.44	48.16	0.00	0.00	0.00
C. BALANCE OUTSTANDING		For the year ended March 31,				
S.No	Particulars	2012	2011	2010	2009	2008
1)	Subsidiary					
	Thejo hatcon industrial services co. LLC KSA					
	Share Capital	32.98	32.98	32.98	-	-
	Advances	336.22	299.75	115.41	-	-
	Sales	28.23	4.13	-	-	-
2)	Key management personnel					
	Unsecured loans taken	-	-	-	8.20	1.29
	Interest on Unsecured Loan				0.25	
3)	Relatives of key management personnel					
	Unsecured loans taken	-	8.80	8.80	15.80	25.08
	Interest on Unsecured Loan	-	0.33	-	0.21	-

10. 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.

11. Previous year figures are re-grouped / re-arranged wherever necessary to conform to current year's (2011-12) classification / disclosure. The revised schedule VI Companies Act, 1956 has become effective from 1st April 2011, for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.

12. Restatement Adjustments

a) As per the restated accounting policy mentioned in point no. 17 of Significant Accounting policies, the contingent liabilities have been restated in item 1 of notes forming part of these accounts.

b) The prior period expenses relating to Income Tax in the years 2008, 2009 and 2012 have been adjusted and brought in the relative prior years.

c) The increase or decrease in stock of inventory is reflected in the cost of goods sold for all the years.

d) Selling and distribution expenses and operating and administrative expenses have been adjusted and regrouped to present uniformly as given in the year 31.03.2012.

e) As per point no. 12 mentioned above regrouping and reclassification of the figures of all the years i.e., F.Y 2007-08 to F.Y 2011-12 have been done to comply with the amendment made in schedule VI of Companies Act, 1956 effective from the financial year commencing from 01.04.2011 in the presentation of financial statements.

Annexure VI: Statement of Fixed Assets, As Restated

PARTICULARS	As at March 31,				
	2012	2011	2010	2009	2008
Tangible Assets					
Land					
Gross Block	65.72	32.76	32.76	32.76	32.76
Accumulated Depreciation	-	-	-	-	-
Net Block	65.72	32.76	32.76	32.76	32.76
Factory Buildings					
Gross Block	335.97	335.97	319.35	293.81	245.33
Accumulated Depreciation	153.94	133.72	112.78	88.80	64.14
Net Block	182.03	202.25	206.57	205.01	181.19
Office Buildings					
Gross Block	31.00	31.00	31.00	22.56	22.56

PARTICULARS	As at March 31,				
	2012	2011	2010	2009	2008
Accumulated Depreciation	12.34	11.35	10.32	9.37	8.67
Net Block	18.66	19.65	20.68	13.19	13.89
Plant and Equipment					
Gross Block	1,140.82	909.06	861.41	730.44	644.57
Accumulated Depreciation	606.79	541.64	486.20	433.39	391.83
Net Block	534.03	367.42	375.21	297.05	252.74
Furniture and Fixtures					
Gross Block	121.07	113.80	89.85	68.57	20.01
Accumulated Depreciation	57.95	44.83	30.30	19.92	12.85
Net Block	63.12	68.97	59.55	48.65	7.16
Vehicles					
Gross Block	292.94	279.15	266.13	265.05	229.35
Accumulated Depreciation	195.71	189.45	177.50	150.68	125.20
Net Block	97.23	89.70	88.63	114.37	104.15
Office equipment					
Gross Block	26.18	24.52	22.99	21.45	19.83
Accumulated Depreciation	17.12	15.77	14.47	13.17	12.07
Net Block	9.06	8.75	8.52	8.28	7.76
Boiler					
Gross Block	37.73	37.73	37.73	37.73	33.78
Accumulated Depreciation	36.39	35.50	34.02	31.55	29.05
Net Block	1.34	2.23	3.71	6.18	4.73
Dyes & Moulds					
Gross Block	35.85	26.49	26.49	26.49	26.49
Accumulated Depreciation	25.89	24.63	23.83	22.69	21.06
Net Block	9.96	1.86	2.66	3.80	5.43
Electrical Fittings					
Gross Block	111.88	106.72	104.65	87.93	55.96
Accumulated Depreciation	71.00	61.71	50.80	40.51	30.48
Net Block	40.88	45.01	53.85	47.42	25.48
Computer					
Gross Block	147.55	118.08	98.40	83.78	63.18
Accumulated Depreciation	103.36	85.73	71.54	58.25	45.00
Net Block	44.19	32.35	26.86	25.53	18.18
Generator					
Gross Block	24.94	24.94	24.94	24.94	23.41
Accumulated Depreciation	17.47	16.26	14.86	13.23	11.47
Net Block	7.47	8.68	10.08	11.71	11.94
Total Tangible Assets					
Gross Block	2,371.65	2,040.22	1,915.70	1,695.51	1,417.23
Accumulated Depreciation	1,297.96	1,160.59	1,026.62	881.56	751.82
Net Block - Total Tangible Assets	1,073.69	879.63	889.08	813.95	665.41
Intangible Assets					
Technical Knowhow					
Gross Block	1.75	1.75	1.75	1.75	1.75
Accumulated Depreciation	1.33	1.26	1.18	1.09	0.98
Net Block	0.42	0.49	0.57	0.66	0.77
Total Intangible Assets					
Gross Block	1.75	1.75	1.75	1.75	1.75
Accumulated Depreciation	1.33	1.26	1.18	1.09	0.98
Net Block - Total Intangible Assets	0.42	0.49	0.57	0.66	0.77
Capital Work In Progress					
Assets Under Construction					
Gross Block	57.99	25.40	-	68.88	100.69

PARTICULARS	As at March 31,				
	2012	2011	2010	2009	2008
Accumulated Depreciation	-	-	-	-	-
Net Block	57.99	25.40	-	68.88	100.69
Total Capital Work In Progress					
Gross Block	57.99	25.40	-	68.88	100.69
Accumulated Depreciation	-	-	-	-	-
Net Block - Total Capital Work in Progress	57.99	25.40	-	68.88	100.69
Grand Total					
Gross Block	2,431.39	2,067.37	1,917.45	1,766.14	1,519.67
Accumulated Depreciation	1,299.29	1,161.85	1,027.80	882.65	752.80
Net Block - Grand Total	1,132.10	905.52	889.65	883.49	766.87

Annexure VII: Statement of Non-Current investments, as restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Investment in Thejo Hatcon Industrial Services Company LLC	32.98	32.98	32.98	-	-
(255 Shares of SAR 1000/- each subscibed at face value)					
Total	32.98	32.98	32.98	-	-

Annexure VIII: Statement of Long Term Loans and Advances, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Unsecured, considered good					
a. EMD and Security Deposits	84.66	65.07	51.87	56.07	41.91
b.Rental Deposit	67.78	50.35	40.53	32.99	32.51
c.Deposit with Government Agencies	1.73	1.77	1.68	1.33	0.50
d.Others	33.23	24.19	21.19	22.65	35.02
Total	187.41	141.38	115.27	113.03	109.94

Annexure IX: Statement of Inventories , As Restated (As certified by management) (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
a. Raw Materials and components	595.44	375.73	289.43	286.77	233.36
b. Work-in-progress	252.69	147.67	121.90	66.14	151.89
c. Finished goods	316.70	289.35	229.49	310.24	155.65
Total	1,164.84	812.75	640.81	663.16	540.90
(All Inventories valued at Cost or Net Realisable value, whichever is less)					

Annexure X: Statement of Trade Receivables, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Trade receivables outstanding for a period less than six months from the date they are due for payment.					
Unsecured, considered good	3,157.70	2,487.16	1,871.09	1,437.76	1,102.42
	3,157.70	2,487.16	1,871.09	1,437.76	1,102.42
Trade receivables outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good	161.63	87.00	82.38	76.38	88.97
	161.63	87.00	82.38	76.38	88.97
Total	3,319.33	2,574.16	1,953.47	1,514.13	1,191.38

PARTICULARS	As at March 31,				
	2012	2011	2010	2009	2008

Annexure XI: Statement of Cash and cash equivalents, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
a. Balances with banks					
(i) In Current Accounts	244.37	272.86	265.56	97.91	125.11
(ii) In Deposit Accounts (Held as Margin Money for BG&LC)	169.52	155.16	135.12	124.30	95.26
b. Cheques, drafts on hand	6.80	40.35	4.68	5.12	35.89
c. Cash on hand	15.38	17.27	26.69	13.88	20.67
Total	436.08	485.63	432.06	241.21	276.93

Annexure XII: Statement of Short-term loans and advances, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Others (unsecured, considered good)					
EMD & Security deposits	253.99	195.20	155.60	168.20	125.74
Others	588.08	445.43	239.06	132.14	117.75
Total	842.07	640.63	394.66	300.33	243.49

Annexure XIII: Statement of Other Current Assets, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Income Tax payments	726.39	491.11	345.98	210.78	147.35
Advance FBT	86.33	86.33	86.33	59.89	56.11
Balance with Central Excise Authority	48.52	40.75	25.55	29.33	35.94
Total	861.24	618.19	457.87	300.00	239.41

Annexure XIV: Statement of Long Term Borrowings, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Secured					
(a) Term loans					
From Banks (excluding Instalments repayable within one year)	66.87	170.43	275.88	282.03	278.98
	66.87	170.43	275.88	282.03	278.98
Unsecured					
(a) Loans and advances from related parties	-	8.80	8.80	24.10	26.76
	-	8.80	8.80	24.10	26.76
Total	66.87	179.23	284.68	306.13	305.74

Annexure XV: Statement of Short Term Borrowings, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008

PARTICULARS	As at March 31,				
	2012	2011	2010	2009	2008
Secured					
(a) Loans repayable on demand					
from banks	2,067.83	1,670.79	1,613.95	1,236.88	1,035.79
Total	2,067.83	1,670.79	1,613.95	1,236.88	1,035.79

Annexure XVI: Statement of Trade payables, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Trade payables:					
Acceptances					
Other than Acceptances	1,392.23	1,028.96	639.57	544.52	460.06
Total	1,392.23	1,028.96	639.57	544.52	460.06

Annexure XVII: Statement of Other Current Liabilities, Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Other payables					
(a) Other payables (comprising of statutory liabilities	640.36	668.52	326.73	320.73	203.63
like PF, ESI, TDS, Service Tax, etc payable but not due,					
salary & other employee benefits payable,					
Contractually reimbursable expenses payable,					
Trade / security deposits received, advances from					
from customers & other currnet liabilities)					
(b) Term Loan Instalments Repayable within 12 months	103.56	111.43	94.93	84.39	48.59
Total	743.92	779.95	421.66	405.13	252.23

Annexure XVIII: Statement of Short Term Provisions, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
(a) Provision for employee benefits					
Provision for Bonus / Ex-gratia	110.07	116.73	60.67	45.67	34.22
(b) Others					
Income Tax	851.54	558.23	360.20	237.96	160.32
Proposed Dividend	47.39	41.47	32.80	27.12	25.09
Dividend Distribution Tax	7.69	6.73	5.57	4.61	4.26
Provision for Fringe Benefit Tax	82.57	82.57	82.57	82.57	57.90
Total	1,099.26	805.73	541.81	397.93	281.79

Annexure XIX: Statement of Share Capital, as restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
Authorized:					
Equity Shares of Rs.100/- each	NA	200.00	200.00	200.00	120.00

PARTICULARS	As at March 31,				
	2012	2011	2010	2009	2008
Equity Shares of Rs.10/- each	200.00	NA	NA	NA	NA
Issued, Subscribed and Paid Up					
Equity Shares of Rs.100/- each Fully Paid up	NA	118.47	118.47	108.47	108.47
Equity Shares of Rs.10/- each Fully Paid up	118.47	NA	NA	NA	NA
Total	118.47	118.47	118.47	108.47	108.47

Annexure XX: Statement of Reserves and surplus, As Restated (`) in Lacs

Particulars	As at 31st March				
	2012	2011	2010	2009	2008
a. Securities Premium Account					
Opening Balance	188.22	188.22	98.22	98.22	31.69
Add : Securities premium credited on Share issue	-	-	90.00	-	66.53
Less : Premium Utilised for various reasons					
Premium on Redemption of Debentures	-	-	-	-	-
For Issuing Bonus Shares	-	-	-	-	-
Closing Balance	188.22	188.22	188.22	98.22	98.22
b. General Reserve					
Opening Balance	242.30	203.99	181.28	169.12	160.49
(+) Current Year Transfer	90.23	38.31	22.71	12.16	8.63
(-) Written Back in Current Year	-	-	-	-	-
Closing Balance	332.53	242.30	203.99	181.28	169.12
c. Surplus					
Opening balance	1,178.53	882.06	716.16	640.29	592.02
(+) Net Profit/(Net Loss) For the current year	902.36	382.96	226.98	119.76	86.26
(+) Transfer from Reserves	-	-	-	-	-
(-) Proposed Dividends	47.39	41.47	32.80	27.12	25.09
(-) Dividend Distribution Tax	7.69	6.73	5.57	4.61	4.26
(-) Transfer to General Reserve	90.23	38.31	22.71	12.16	8.63
Closing Balance	1,935.58	1,178.51	882.06	716.16	640.30
Total	2,456.34	1,609.03	1,274.27	995.66	907.64

Annexure XXI: Statement of Revenue from operations, As Restated (`) in Lacs

Particulars	For the year ended on 31st March 2012	2011	2010	2009	2008
Sales and Services	11,824.90	9,801.26	6,577.24	6,312.08	4,910.06
Less:					
Excise duty	288.46	279.31	144.94	198.40	341.61
Total	11,536.44	9,521.95	6,432.30	6,113.67	4,568.45

Annexure XXII: Statement of Other income, As Restated (`) in Lacs

Particulars	For the year ended on 31st March 2012	2011	2010	2009	2008
Interest Income	13.94	10.27	8.70	9.68	8.19
Packing charges recovered	8.59	14.36	11.73	17.21	12.87
Frieght charges recovered	8.26	6.95	4.10	4.90	8.36
Income from sale of DEPB License & Duty Drawback	149.61	27.38	79.96	23.71	9.63
Profit on sale of assets	10.04	3.88	0.21	0.88	8.46
Miscellaneous Income	59.18	35.77	59.46	9.25	18.22
Total	249.63	98.61	164.15	65.64	65.73

Annexure XXIII: Statement of Cost of materials consumed, As Restated (`) in Lacs

Particulars	For the year ended on 31st March 2012	2011	2010	2009	2008
Opening Stock of Raw Material	375.73	289.43	286.77	233.36	197.31
Add: Purchases made during the year	4,061.83	3,530.98	1,998.19	2,075.11	1,565.04
	4,437.56	3,820.40	2,284.96	2,308.47	1,762.34
Less: Closing Stock of Raw Materials	595.44	375.73	289.43	286.77	233.36
	3,842.11	3,444.68	1,995.53	2,021.70	1,528.99
Add: Consumables	352.40	371.01	335.57	256.56	161.72
Total	4,194.52	3,815.69	2,331.10	2,278.25	1,690.71
Purchase of Traded Goods included in Purchase above	441.10	715.03	22.57	45.01	25.98

Annexure XXIV: Statement of Changes in inventories of finished goods and work-in-progress , As Restated (`) in Lacs

Particulars	For the year ended on 31st March 2012	2011	2010	2009	2008
Opening Stock :					
Work-in-Process	147.67	121.90	66.14	151.89	87.72
Finished Goods	289.35	229.49	310.24	155.65	174.63
Traded Items	-	-	-	-	-
Closing Stock :					
Work-in-Process	252.69	147.67	121.90	66.14	151.89
Finished Goods	316.70	289.35	229.49	310.24	155.65
Traded Items	-	-	-	-	-
Total	(132.37)	(85.64)	25.00	(68.85)	(45.20)

Annexure XXV: Statement of Employee Benefits Expenses, As Restated (`) in Lacs

Particulars	For the year ended on 31st March 2012	2011	2010	2009	2008
(a) Salaries and incentives	2,515.83	1,862.33	1,265.75	1,082.92	817.28

	For the year ended on 31st March				
Particulars	2012	2011	2010	2009	2008
(b) Contributions to PF, Superannuation, Gratuity, ESI & other funds	193.02	164.01	110.60	93.72	82.14
(c) Staff welfare expenses	403.26	299.43	224.78	176.13	127.32
(d) LTA, Ex-gratia, & Leave Encashment	71.63	69.82	84.98	58.12	24.54
Total	3,183.74	2,395.59	1,686.11	1,410.89	1,051.28

Annexure XXVI: Statement of Finance costs, As Restated (`) in Lacs

	For the year ended on 31st March				
Particulars	2012	2011	2010	2009	2008
Interest expense	296.98	229.71	217.83	208.60	151.03
Other finance costs	70.09	47.61	39.71	57.91	49.20
Total	367.07	277.32	257.53	266.51	200.23

Annexure XXVII: Statement of Other expenses, As Restated (`) in Lacs

	For the year ended on 31st March				
Particulars	2012	2011	2010	2009	2008
A. Manufacturing & Other Direct Expenses					
Power and fuel.	261.31	213.50	162.34	153.98	118.57
Labour Charges	176.41	176.12	90.90	102.42	98.96
Repairs to machinery.	12.96	10.69	11.82	7.55	29.55
Factory Maintenance	14.48	21.08	16.64	20.31	20.83
Electrical maintenance	0.11	0.28	2.27	3.69	9.05
Repairs to tools	1.05	1.46	-	5.85	7.05
Testing charges	4.04	3.42	1.02	1.60	2.20
Dyes & Moulding charges	1.45	2.69	5.21	1.00	2.40
Cartage, Coolie & Freight charges	226.82	170.17	122.16	141.77	110.06
Packing materials & charges	93.61	104.29	76.16	60.16	28.94
Service Charges	192.67	160.32	170.33	142.11	126.95
Royalty paid	28.20	23.42	20.37	13.98	9.92
Machinery Leasing expenses	19.08	22.22	23.53	21.18	12.37
Total Manufacturing & Other Direct Expenses	*1,032.19*	*909.65*	*702.74*	*675.59*	*576.83*
B. Administration & Selling Expenses					
Professional Service Charges	184.07	112.25	106.38	85.63	37.28
Rent.	104.83	77.30	61.82	68.24	40.15
Repairs & Maintenance	35.30	26.46	22.94	13.30	11.34
Travelling & Conveyance	251.09	211.27	146.56	150.83	110.65
Foreign Travel expenses	34.05	8.98	14.67	28.30	13.38
Vehicle Maintenance	100.34	93.00	83.47	87.52	70.79
Vehicle hire charges	29.54	15.91	5.83	2.96	3.74
Telephone, Telex & Postage	63.15	60.15	47.23	45.60	40.47
Printing & Stationery	29.50	29.12	26.91	34.14	20.99
Office Maintenance	26.68	20.65	16.12	23.35	14.40
Exchange Difference	-	0.00	0.05	8.53	3.84
Books & Periodicals	3.24	2.47	2.13	3.30	1.82
Computer Maintenance	14.74	8.19	6.10	7.19	5.19
Seminar & Conference	5.99	11.43	1.32	2.25	1.79
Electricity	13.23	11.27	9.78	9.83	9.60
Legal Fee & Charges	6.53	3.81	2.58	2.10	1.31
Donation	10.64	3.81	2.76	2.48	0.64
Recruitment, Training & Development	4.86	42.17	4.39	3.62	0.47

	For the year ended on 31st March				
Particulars	2012	2011	2010	2009	2008
ECGC Premium	3.38	2.10	1.35	2.42	1.34
ISO Certification Charges	1.12	0.41	1.33	1.02	0.48
Provision for diminution in Mutual Fund	-	-	-	0.87	-
Insurance .	10.63	9.35	5.54	5.21	4.67
Rates and taxes, excluding, taxes on income.	5.24	3.83	0.85	15.18	7.50
Director Sitting Fee	1.55	-	-	-	0.13
Commission	43.01	32.32	17.31	0.77	24.54
Advertisement	6.99	5.03	2.94	1.15	2.23
Sales Promotion Expenses	25.18	19.53	20.69	13.44	12.85
Freight on Exports	12.83	17.48	8.18	19.82	7.47
Loading & Unloading charges	32.00	27.34	16.58	14.58	28.81
Late Delivery Charges	15.23	5.52	23.10	47.57	59.24
Bad debts	96.82	95.92	43.53	55.63	27.98
Payments to the auditor					
a. Statutory Audit	2.50	1.75	0.50	0.50	0.25
b. Tax Audit	0.50	0.50	1.50	1.00	0.75
c. for certification	0.97	0.18	0.28	0.21	0.40
Miscellaneous expenses	4.60	2.36	3.98	3.12	6.71
Total Administration & Selling Expenses	*1,180.33*	*961.86*	*708.73*	*761.69*	*573.22*
Sales Tax, Service Tax, & other Indirect Tax expenses	*797.85*	*620.14*	*385.46*	*488.37*	*315.41*
Total	3,010.38	2,491.65	1,796.92	1,925.65	1,465.46

THEJO ENGINEERING LIMITED
Annexure XXVIII TAX SHELTER, AS RESTATED

` Lacs

PARTICULARS	For the year ended on 31st March				
	2012	2011	2010	2009	2008
Profit before tax, As Restated excluding exceptional item(A)	1001.26	577.74	350.93	225.51	160.65
Profit on exceptional item (Sale of land)	284.00	0.00	0.00	0.00	0.00
Tax rate – Normal rate (B)	32.45%	33.22%	33.99%	33.99%	33.66%
Tax rate – Special rate (B1)	21.63%	NA	NA	NA	NA
Tax as per actual rate on normal profits (C=A*B)	324.86	191.91	119.28	76.65	54.08
Tax as per special rate on exceptional item	55.22	0.00	0.00	0.00	0.00
Adjustments					
Tax impact of permanent differences					
Donation not allowable as per the provisions of the Income tax Act, 1961	3.45	1.27	0.94	0.84	-
Expenses in connection with increasing the authiorised share capital	-	-	-	0.27	-
Disallowance on account of delay in deposit of employee's contribution to provident fund	-	-	-	-	-
Disallowance on account of delay in deposit of employee's contribution to employee state insurance	-	0.09	-	-	-
Deduction under 80G of Income tax act, 1961	(1.09)	(0.45)	(0.45)	(0.27)	(0.14)
Profit on short term assets	(3.26)	(1.29)	(0.07)	(0.30)	(0.12)
Prior period items	-	-	-	-	-
Others	-	0.39	1.00	0.30	8.95
Total tax impact of permanent difference (D)	(0.90)	-	1.43	0.84	8.68
Tax impact of timing differences					
Expenses under Sec. 43(B) of the Income-tax act,1961	-	-	-	-	(2.42)
Difference between book depreciation and tax depreciation	(9.22)	4.40	(1.64)	(3.43)	2.36
Total tax impact of timing difference (E)	(9.22)	4.40	(1.64)	(3.43)	(0.06)
Net adjustments F= (D+E)	(10.12)	4.40	(0.21)	(2.59)	8.62
Tax impact of long term capital gains	-	-	-	-	-
Adjusted tax liability (C+F)	369.96	196.31	119.07	74.06	62.70
Total tax as per return of income	NA	196.31	119.07	74.06	62.03

THEJO ENGINEERING LIMITED
Annexure XXIX DIVIDEND, AS RESTATED

PARTICULARS	For the year ended on 31st March				
	2012	**2011**	**2010**	**2009**	**2008**
Face value of equity shares (`)	10	100	100	100	100
Rate of Dividend (%)	40	35	30	25	25
Note:					
Equity Share at face value of Rs 100 each were split into 10 equity shares of Rs 10 each vide Shareholders' Resolution dated 25th August 2011.					

THEJO ENGINEERING LIMITED
Annexure XXX ACCOUNTING RATIOS, RESTATED

S.No	PARTICULARS	For the year ended on 31st March				
		2012	2011	2010	2009	2008
A	Net Worth (Rs. In Lacs)	2,574.81	1,727.51	1,392.75	1,104.14	1,016.12
B	Restated Profit after tax(Rs. In Lacs)	902.36	382.96	226.98	119.76	86.25
	Weighted Average number of Equity shares out standing during the year					
C	For Basic Earnings per share	1,184,740	1,184,740	1,093,233	1,084,740	1,003,569
D	For Diluted Earnings Per Share	1,184,740	1,184,740	1,093,233	1,084,740	1,003,569
E	For Restated Basic Earnings per Share	1,184,740	1,184,740	1,093,233	1,084,740	1,003,569
F	For Restated Diluted Earnings Per Share	1,184,740	1,184,740	1,093,233	1,084,740	1,003,569
G	Basic Earnings Per share (B/C)	76.17	32.32	20.76	11.04	8.59
H	Diluted Earnings Per Share (B/D)	76.17	32.32	20.76	11.04	8.59
I	Restated Basic Earnings Per share (B/E)	76.17	32.32	20.76	11.04	8.59
J	Restated Diluted Earnings Per Share (B/F)	76.17	32.32	20.76	11.04	8.59
K	Annualized Return on Networth (B/A) -	35%	22%	16%	11%	8%
L	Number of shares outstanding at the end of the year	1,184,740	1,184,740	1,184,740	1,084,740	1,084,740
M	Net asset value per share of Rs 10 each	217.33	145.81	117.56	101.79	93.67
N	Face value (Rs)	10.00	10.00	10.00	10.00	10.00

Notes

1. Equity Share at face value of Rs 100 each were split into 10 equity shares of Rs 10 each vide Shareholders' Resolution dated 25th August 2011. Hence all EPS is calculated based on shares of FV of Rs.10/- each for all the years
2. The Ratios have been computed as below:

1) *Basic Earnings per share* : $\dfrac{\text{Net profit after tax (as restated)}}{\text{Weightedaveragenumberofequityshares outstanding during the year/period}}$

2) *Diluted Earnings per share*: $\dfrac{\text{Net profit after tax (as restated)}}{\text{Weightedaveragenumberofdiluted shares outstanding during the year/period}}$

3) *Return on net worth (%)* : $\dfrac{\text{Net profit after tax (as restated)}}{\text{Net worth at the end of the year/period}}$

4) *Net asset value per share* (`) : $\dfrac{\text{Net worth at the end of the year (as restated)}}{\text{Totalnumberofequity shares outstanding during the year/period}}$

3. Earnings per share (EPS) calculation is in accordance with the notified AS 20 'Earnings per share' prescribed by the companies (Accounting Standards) Rules, 2006.

4. The figures stated above are based on the Restated summary statements of the company.

THEJO ENGINEERING LIMITED
Annexure XXXI CAPITALISATION DETAILS

` Lacs

PARTICULARS	Pre Issue as at 31st March 2012
Borrowings:	
Short-term debt	2,067.83
Long-term debt	66.87
Total debt	**2,134.70**
Shareholder's funds:	
Share capital	118.47
Reserve &surplus	2,456.34
Share application money pending allotment	-
Total shareholder's funds	**2,574.81**
Long term debt/equity ratio	**0.03**
Total debt/equity ratio	**0.83**

Notes:

1) The Long term debt/equity ratio has been computed as under:

   Long term debt/total shareholder’s funds

2) The total debt/equity ratio has been computed as under:

   Total debt/Total shareholders’ funds

3) Short term debt is considered as debt due within 12 months from the balance sheet date.

4) Long term debt is considered as debt other than short term debt, as defined above.

5) The figures disclosed above are based on the Restated Summary Statements of the Company.

THEJO ENGINEERING LIMITED
ANNEXURE -XXXII STATEMENT OF DEFERRED TAX ASSETS AND LIABILITIES, AS RESTATED

` Lacs

PARTICULARS	As at 31st March					
	2012	**2011**	**2010**	**2009**	**2008**	**2007**
Deferred tax assets arising on account of:						
Opening balance	-	-	0.30	-	-	-
Timing difference in depreciation	-	4.53	-	-	3.59	-
Change in tax rate	0.44	-	-	-	-	-
Provision for diminution MF value	-	-	-	0.30	-	-
Sub total (A)	**0.44**	**4.53**	**0.30**	**0.30**	**3.59**	**-**
Deferred tax liabilities arising on account of:						
Opening balance	19.09	22.34	20.93	17.19	17.91	9.14
Profit on sale of asset	3.26	1.28	0.07	0.30	2.88	-
Reversal of previous year 40(a) disallowance	-	-	-	-	-	8.13
Timing difference in depreciation	9.22	-	1.64	3.44	-	0.64
Sub total (B)	**31.57**	**23.62**	**22.64**	**20.93**	**20.79**	**17.91**
Deferred tax asset/(Liability), (net) (A-B)	**-31.13**	**-19.09**	**-22.34**	**-20.63**	**-17.20**	**-17.91**

To

The Board of Directors
Thejo Engineering Limited,
41,Whites Road,
Royapettah,
Chennai-600014

Auditors' Report on Restated Consolidated Financial Information in connection with the Initial Public Offer of Thejo Engineering Limited.

Dear Sirs,

1) This report is issued in accordance with the terms of our engagement letter dated April 2nd, 2012.

2) The accompanying restated consolidated financial information ("Restated Consolidated Financial Information") of Thejo Engineering Limited (hereinafter referred to as the "Company") and its subsidiary, comprising Consolidated Financial Information in paragraph A below and Other Consolidated Financial Information in paragraph B below, has been prepared by the Management of the Company in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (hereinafter referred to as the "Act") and item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the Proposed Initial Public Offer of Equity Shares of the Company (the "Issue") and has been approved by the Board of Directors and initialed by us for identification purposes only. For the purposes of our examination, we have placed reliance on the audited consolidated financial statements of the Company for the years ended March 31, 2012 and 2011 on which we have expressed an unmodified audit opinion dated 27th August , 2012.

Directors' Responsibility for the Restated Consolidated Financial Information

3) The preparation of the Restated Consolidated Financial Information, which is to be included in the Red Herring Prospectus ("RHP"), is the responsibility of the Management of the Company and has been approved by the Board of Directors. The Board's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditors' Responsibilities

4) Our work has been carried out in accordance with Generally Accepted Auditing Standards and as per the (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Issue. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise.

   Nothing in this report, nor anything said or done in the course of, or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

A. Consolidated Financial Information as per audited consolidated financial statements:

5) We have examined the following summarized financial statements of the Group contained in Consolidated Financial Information of the Group:
   a. the "Restated Statement of Consolidated Assets and Liabilities" as at March 31, 2012 and 2011 (enclosed as Annexure I);
   b. the "Restated Statement of Consolidated Profits and Losses" for the years ended March 31, 2012 and 2011 (enclosed as Annexure II); and
   c. the "Restated Statement of Consolidated Cash Flows" for the years ended March 31, 2012 and 2011, (enclosed as Annexure III).
6) The Consolidated Financial Information has been derived from the audited financial statements of the subsidiary as at 31st December 2011 and 2010, read with paragraph 7 below and the parent company , as at and for the years ended March 31, 2012 and 2011

7) The audit of the financial information of the subsidiary for the years ended 31st December 2011 and 2010 included in the Restated Consolidated Financial Information of the Group, was conducted by other firm of Chartered Accountants and whose financial statements reflect the Subsidiary's share of total assets of Rs. 82.21 million and net assets of Rs.45.69 million as at December 31, 2011, total revenue of Rs.3.03 million for the year then ended and Subsidiary's share of total assets of Rs. 58.85 million and net assets of Rs.28.77 million as at December 31, 2010, total revenue of Rs."nil" for the year then ended. Accordingly, our opinion on examination of the Consolidated Financial Information and Other Consolidated Financial Information of the subsidiary, in so far as it relates to the amounts included in these Restated Consolidated Financial Information relating to the subsidiary, is based solely on the audit reports furnished to us by the another firm of Chartered Accountants, after making necessary adjustments.

8) We draw your attention to the following:
   a. the Consolidated Financial Information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure IV;
   b. the Consolidated Financial Information does not contain some of the disclosures required by the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.

9) We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2012. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2012.

B. Other Consolidated Financial Information:

10) At the Company's request, we have also examined the following Other Consolidated Financial Information relating to the company and its lone subsidiary for the years ended March 31, 2012, March 31, 2011 proposed to be included in the RHP, prepared by the Management of the Company and as approved by the Board of Directors of the Company and annexed to this report:

- § Statement of Significant Accounting Polices, As Restated (Annexure IV);
- § Statement of Consolidated Notes to Statement of Summary of Assets and Liabilities and Summary Statement of Profits & Losses, As Restated (AnnexureV);
- § Statement of Consolidated Fixed assets, As Restated(Annexure VI)
- § Statement of Consolidated Loans and Advances, As Restated (Annexure VII)
- § Statement of Consolidated other non-current assets, As Restated(Annexure VIII)
- § Statement of Consolidated Inventories, As Restated(Annexure IX)
- § Statement of Consolidated Trade Receivables, As Restated(Annexure X)
- § Statement of Consolidated Cash and Cash Equivalents, As Restated(Annexure XI)
- § Statement of Consolidated Short term loans and advance, As Restated(Annexure XII)
- § Statement of Consolidated Other current Assets, As Restated(Annexure XIII)
- § Statement of Consolidated Long term borrowings, As Restated(Annexure XIV)
- § Statement of Minority Interest, As Restated(Annexure XV)
- § Statement of Consolidated Short term borrowings, As Restated(Annexure XVI)
- § Statement of Consolidated Trade payables, As Restated(Annexure XVII)
- § Statement of Consolidated Other current liabilities, As Restated(Annexure XVIII)
- § Statement of Consolidated Short term provisions, As Restated(Annexure XIX)
- § Statement of Consolidated Share capital, As Restated(Annexure XX)
- § Statement of Consolidated Reserves and surplus, As Restated(Annexure XXI)
- § Statement of Consolidated Revenue from operations, As Restated(Annexure XXII)
- § Statement of Consolidated Other income, As Restated(Annexure XXIII)
- § Statement of Consolidated Cost of materials consumed, As Restated(Annexure XXIV)
- § Statement of Consolidated Changes in finished goods and work in progress, As Restated(Annexure XXV)

- Statement of Consolidated Employees' benefits expense, As Restated(Annexure XXVI)
- Statement of Consolidated Finance cost, As Restated(Annexure XXVII)
- Statement of Consolidated Other expenses, As Restated(Annexure XXVIII)
- Statement of Consolidated Accounting ratios, As Restated (Annexure XXIX);
- Statement of Consolidated Capitalisation, As Restated (Annexure XXX);

11) In our opinion

The Restated Consolidated Financial Information of the company and its lone subsidiary, as attached to this report and as mentioned in paragraphs A and B above, read with respective basis of preparation and significant accounting policies have been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations;

Adjustments have been made with retrospective effect to reflect the changes in accounting policies of the company and its lone subsidiary, (as disclosed in Annexure IV to this report) to reflect the same accounting treatment as per the accounting policies as at March 31, 2012. The material adjustments relating to previous years have been adjusted in the year to which they relate; there are no other qualifications in the auditors' reports which require any adjustments

12) This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us and/or other firms of chartered accountants on the consolidated financial statements.

13) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restriction of Use

14) This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the RHP prepared in connection with the proposed Initial Public Offer of the Company, to be filed by the Company with the Registrar of Companies, SEBI and any other authority, as may be required, in connection with the Initial Public Offer. Our work and findings shall in no way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue. We accept no liability to anyone, other than to you, in connection with our report, unless otherwise agreed by us in writing.

For Joseph & Rajaram
Chartered Accountants
ICAI Reg. No. 001375S

P.K.Joseph
Partner
M.No.16180

Place: Chennai
Date: 27th August, 2012

THEJO ENGINEERING LIMITED

ANNEXURE I - SUMMARY STATEMENT OF CONSOLIDATED ASSETS & LIABILITIES, AS RESTATED

` Lacs

Particulars			Ann	As at 31st March	
				2012	**2011**
A.	**Non-current assets**				
1	Fixed assets		VI		
	(i)	Tangible assets		1,621.23	1,334.80
	(ii)	Intangible assets		0.42	0.49
	(iii)	Capital work-in-progress		58.00	25.40
	(iv)	Intangible assets under development		-	-
2	Non-current investments			-	-
3	Long-term loans and advances		VII	187.41	141.38
4	Other non-current assets		VIII	225.37	102.29
	Total Non-Current Assets (A)			*2,092.42*	*1,604.36*
B.	**Current assets**				
	1	Current investments		-	-
	2	Inventories	IX	1,169.06	812.75
	3	Trade receivables	X	3,324.89	2,570.03
	4	Cash and cash equivalents	XI	456.11	518.33
	5	Short-term loans and advances	XII	506.43	411.18
	6	Other current assets	XIII	861.24	618.19
	Total Current Assets (B)			*6,317.73*	*4,930.48*
C.	***Total Assets (C)=(A)+(B)***			***8,410.15***	***6,534.84***
D.	**Non-current liabilities**				
	(a)	Long-term borrowings	XIV	424.74	479.97
	(b)	Deferred tax liabilities (Net)		28.85	17.95
	(c)	Minority Interest	XV	30.83	27.50
	Total Non-Current Liabilities (D)			*484.42*	*525.42*
E.	**Current liabilities**				
	(a)	Short-term borrowings	XVI	2,067.83	1,670.79
	(b)	Trade payables	XVII	1,398.68	1,028.96
	(c)	Other current liabilities	XVIII	744.63	788.93
	(d)	Short-term provisions	XIX	1,099.52	805.72
	Total Current Liabilities (E)			*5,310.66*	*4,294.40*
F.	***Total Liabilities (F)=(D)+(E)***			***5,795.08***	***4,819.83***
G.	***Net Worth (G)=(C)-(F)***			***2,615.07***	***1,715.01***
H.	***Represented by Shareholders' Funds***				
	(a)	Share capital	XX	118.47	118.47
	(b)	Reserves and surplus	XXI	2,496.60	1,596.54

Particulars			Ann	As at 31st March	
				2012	2011
	(c)	***Total***		***2,615.07***	***1,715.01***

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Assets and Liabilities, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
ANNEXURE II - SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

` Lacs

Particulars		Ann	For the Year Ended on 31st March	
			2012	2011
I.	Revenue from operations	XXII	11,554.10	9,521.95
II.	Other income	XXIII	249.63	98.61
III.	**Total Revenue (I + II)**		11,803.73	9,620.56
IV.	Expenses:			
	Cost of materials consumed	XXIV	4,199.79	3,815.69
	Changes in inventories of finished goods and work-in-progress	XV	(136.59)	(85.64)
	Employee benefits expenses	XVI	3,187.05	2,395.63
	Finance costs	XVII	367.07	277.33
	Depreciation and amortization expense		163.78	150.33
	Other expenses	XVIII	3,025.83	2,493.09
	Total expenses		10,806.93	9,046.43
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		996.80	574.13
VI.	Exceptional items:			
	Profit on Sale of Land		284.00	-
VII.	**Profit before extraordinary items and tax (V - VI)**		1,280.80	574.13
VIII.	Extraordinary Items		-	-
IX.	**Profit before tax (VII- VIII)**		1,280.80	574.13
X	Tax expense:			
	(1) Current tax		370.86	198.03
	(2) Deferred tax		10.90	(4.39)
XI	**Profit (Loss) for the period (IX-X)**		**899.04**	**380.49**
XII	Transfer to Minority Interest		(1.67)	(1.77)
XIII	**Profit (Loss) for the period after tax and transfer to Minority Interest (XI - XII)**		900.71	382.26

Particulars			For the Year Ended on 31st March	
		Ann	2012	2011
XIV	Earnings per equity share:			
	(1) Basic		76.03	32.27
	(2) Diluted		76.03	32.27
	Notes Including significant accounting policies	1-28		

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Assets and Liabilities, as Restated, referred to in our Report of Even date

FOR JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

THEJO ENGINEERING LIMITED
ANNEXURE III - STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

` Lacs

Particulars	For the Year Ended on 31st March	
	2012	2011
Cash flow from Operating Activities		
Profit before tax as per P & L Account	1,280.80	574.13
Adjustment for:		
Depreciation	163.78	150.33
Loss/(Profit) on sale of asset	(294.04)	(3.88)
Interest Paid	367.07	277.33
Interest on Fixed Deposit	(13.94)	(10.27)
Share of Minority Interest in current year profit	1.67	1.77
Foreign Currency Translation Reserve for the year	54.44	(11.81)
Foreign Currency Translation Reserve Adjustment	(84.89)	(0.09)
Operating Profit before working capital changes	1,474.88	977.51
Adjustment for:		
Trade and Other Receivables	(903.91)	(609.72)
Inventories	(356.31)	(171.94)
Trade Payables and Other Liabilities	201.14	757.85
Cash Generated from Operations	415.80	953.70
Direct Taxes Paid	(235.28)	(145.13)
Net Cash from Operating Activities (A)	***180.52***	***808.58***
Cash flow from Investing Activities		
Purchase of Fixed Assets	(415.87)	(622.70)
Sale of assets	312.05	5.31
Investments made	-	-
Bank Fixed Deposits	(14.37)	(20.03)
Interst on Fixed Deposit	13.94	10.27
(Inc)/Dec Pre-operative expenses to the extent not written off	(123.08)	(102.29)
Net cash from Investing Activities (B)	***(227.32)***	***(729.45)***
Cash Flow from Financing Activities		

Particulars	For the Year Ended on 31st March	
	2012	2011
Increase in Share Capital & premium	-	-
Increase in Term loan & Other credit facilities	285.61	(32.12)
Increase in Unsecured loans from Related parties	48.33	300.74
Increase in Minority Interest	3.33	(4.19)
Interest paid	(367.07)	(277.33)
Net Cash from Financing Activities (C)	***(29.79)***	***(12.89)***
Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	***(76.59)***	***66.23***
Opening Cash & Cash Equivalents	363.18	296.94
Closing Cash & Cash Equivalents	286.59	363.18

Note: The above statement should be read with the significant accounting policies and notes to accounts appearing in Annexures IV & V

This is the statement of Cash Flows, as Restated, referred to in our Report of Even date .

FOR JOSEPH & RAJARAM
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO.001375S

P.K.JOSEPH
PARTNER
M.NO.16180

PLACE: CHENNAI
DATE : 27th August, 2012

ANNEXURE IV
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES, AS RESTATED

1) Basis of preparation

The 'Consolidated Summary Statement of the Assets and Liabilities, As Restated' of the Company as at March 31, 2012 and 2011 the ' Consolidated Summary Statement of Profits and Losses, As Restated' and the ' Consolidated Statement of Cash Flows, As Restated' for the years ended March 31, 2012 and 2011 (collectively referred to as 'Restated Consolidated Summary Statements') have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI'), Stock Exchange(s), Registrar of Companies and any other statutory/other authorities in connection with initial public offering herein after referred to as 'IPO'

The audited financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub -section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The audited consolidated financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Consolidated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part II of Schedule II to the Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI and as amended from time to time.

2) Presentation and disclosure of Consolidated Financial Statements

The Consolidated Balance Sheet and Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule VI to the Companies Act, 1956. The Cash Flow Statement has been prepared and presented as prescribed in Accounting Standard 3(AS 3) "Cash Flow Statements" issued by ICAI.

Pursuant to applicability of Revised Schedule VI of Companies Act, 1956 on presentation of financial statements for the financial year 2011-12, the company has set a policy of classifying assets and liabilities into current and non-current portion based on the time frame of 12 months from the date of Consolidated Financial Statements.

3) Principles of Consolidation

a) The financial statements of the Parent Company and its subsidiary/ies 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.

b) The financial statements of the Parent Company and its subsidiary/ies have been consolidated using uniform accounting policies to the extent possible for like transactions and other events in similar circumstances.

c) The excess of cost to the Parent Company of its investment in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the consolidated financial statements as 'goodwill on consolidation' and carried in the balance sheet as an asset. Where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the company, it is recognised as 'capital reserve' and shown under the head Reserves and Surplus, in the consolidated financial statements.

d) 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.

e) In case of Sales made by parent company to subsidiary –Downstream, the transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases. The unrealized profit on the closing inventory held by the subsidiary company out of the sales made by the parent company is reduced from the closing inventory on consolidation as per AS 21.

f) In order to harmonize the accounting policies followed so as to bring in uniformity in consolidation process, adjustments are made wherever required/possible.

4) Foreign currency transactions

a) The reporting currency is Indian Rupee.

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) Financial statements of foreign operations are treated as integral operations and 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) Financial statements of foreign subsidiaries are treated as non-integral operations, their financial statements are translated at the following exchange rates:

1. Share capital: At the original rate when the capital was infused
2. Fixed assets: Exchange rate prevailing at the end of the year
3. Current/Non current assets and current/Non current liabilities: Exchange rate prevailing at the end of the year
4. 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.

5) Use of estimates

The preparation of Restated Consolidated Summary Statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of Restated Consolidated Summary Statement and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

6) Fixed assets

Fixed assets are capitalised at acquisition cost of bringing the assets to the working conditions to the intended use. Fixed assets are stated at cost (Gross block less accumulated depreciation and amortization)

7) Depreciation and amortisation

a) Indian holding Company

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

b) Foreign Subsidiary/(ies)

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

8) Valuation of Inventories

Inventories are valued as follows:

Raw material:
Lower of cost or net realizable value. Cost is determined on a first in first out basis.

Work-in-progress:
Lower of Cost up to the estimated stage of completion or net realizable value.

Finished goods:
Lower of cost or net realizable value. Cost includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity for manufactured goods.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion to make the sale.

9) Revenue recognition

a) In respect of sale of products, revenue is recognised at the point of despatch to customers and in respect of services rendered revenue is recognised as and when invoices are raised.

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

c) Sales made by parent company to subsidiary –Downstream. The transaction of sale and purchase between Parent company and Subsidiary is eliminated by reducing both sales and purchases.

The difference in the rate of exchange if any is accounted at the time of realization.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

10) Sales, Works Contracts and Services Income

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

11) Employee benefits

Wages, salaries, bonus and paid leave are accrued in the year in which the associated services are rendered by employees of the Company.

The Company has three post employment plans in operation viz. Gratuity, Superannuation and Provident Fund.

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 Profit & Loss account for the year. Salaries leave encashment; leave travel allowance and medical reimbursement are accounted and provided for as per the accounting standard 15 on Employee Benefits.

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

12) Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Summary Statement of Consolidated Profits and Losses, As Restated. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

13) Investments

Each category/item of investment is valued as follows:

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

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

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

14) Cash and Cash Equivalents

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

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

15) Taxes on Income

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

The breakup of the major components of the Deferred Tax Assets and Liabilities as at Balance sheet date of the subsidiary company/ies 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 Company/ies is done as per AS 22 and rate of tax as applicable in the respective Country/ies.

16) Leases

a) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease rentals are expensed with reference to lease terms.

b) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis.

17) Earnings per share

Basic earnings per share are calculated by dividing the restated consolidated net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue and sub-division of shares.For the purpose of calculating diluted earnings per share, the restated net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

18) Provisions and Contingencies

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability after an evaluation of the fact and legal aspects of matter involved. Accordingly wherever there is uncertainty in respect of the obligation contingent liability is created.

No provisions are made for present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and Present obligation, where a reliable estimate cannot be made in the financial statements.

19) Dividend

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

20) Restatements

The policy with regard to disclosure of contingent liabilities has been changed for the purpose of this financial information. Even when there is certainty of a present obligation not falling on the company, the obligation is shown as contingent liability.

ANNEXURE V

STATEMENT OF NOTES TO CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES AND CONSOLIDATED SUMMARY STATEMENT OF PROFITS, AS RESTATED

1. **Contingent liabilities:**

` Lacs

Particulars	As on 31st March,	
	2012	2011
Guarantees issued by the bankers	660.15	412.87
Claims against the company not acknowledged as debts:		
Central Excise	55.14	55.14
Sales Tax (APGST)	146.94	146.94
Sales Tax (Jharkhand)	5.31	5.31
CST	44.03	44.03
Service Tax	5.56	5.56
Customs Duty	12.50	12.50
Income Tax	59.01	58.48
Total	**988.64**	**740.83**

2. **Statement of Deferred Tax Assets and Liabilities as Restated**

` Lacs

PARTICULARS	As at March 31,	
	2012	2011
Deferred tax assets arising on account of:		
Opening balance	-	-
Timing difference in depreciation	-	4.53
On account of carry forward losses of subsidiary	1.14	1.15
Provision for diminution MF value	-	-
Change in Tax Rates	0.44	
Sub total (A)	**1.58**	**5.68**
Deferred tax liabilities arising on account of:		
Opening balance	17.95	22.35
Profit on sale of asset	3.26	1.28
Reversal of previous year 40(a) disallowance	-	-
Timing difference in depreciation	9.22	-
Sub total (B)	**30.43**	**23.63**
Deferred tax asset/(Liability), (net) (A-B)	**-28.85**	**-17.95**

3. **Auditor's Remuneration:**

` Lacs

Description	2011-12	2010-11
For Audit	3.35	2.37
For Taxation	0.50	0.50
For Certification	0.97	0.18
Total	4.82	3.05

4. **The company has accounted for the long term defined benefits and contribution schemes as under:**

   a. Defined Contribution Schemes:
   Contribution to Provident Fund is made monthly to the Provident fund authorities.
   Contribution to Superannuation Fund for eligible employees is made by way of premium to life Insurance Corporation of India and charged to Profit & loss account for the year.

   b. Defined Benefits 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 here under:

ASSUMPTIONS

Description	2011-12	2010-11
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

TABLE SHOWING CHANGES IN PRESENT VALUE OF OBLIGATIONS

` Lacs

Description	2011-12	2010-11
Present value of obligations	129.10	98.95
Interest cost	10.33	7.92
Current service cost	20.97	11.97
Benefits Paid	-18.61	-10.50
Actuarial (Gain)/ Loss on obligations	-1.78	20.76
Present value of obligations as at end of the year	140.00	129.10

TABLE SHOWING CHANGE IN FAIR VALUE OF PLAN ASSETS

` Lacs

Description	2011-12	2010-11
Fair value of plan assets at the beginning of the year	98.70	100.40
Expected return on plan assets	12.07	8.80
Contributions	49.66	0.00
Benefits Paid	-18.61	-10.50
Actuarial (Gain)/Loss on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	141.82	98.70

TABLE SHOWING FAIR VALUE OF PLAN ASSETS

` Lacs

Description	2011-12	2010-11
Fair value of plan assets at the beginning of the year	98.70	100.40
Actual return on plan assets	12.07	8.80
Contributions	49.66	0.00
Benefits Paid	(18.61)	-10.50
Fair value of plan assets at the end of the year	141.82	98.70
Funded Status	1.82	-30.40

ACTUARIAL GAIN/LOSS RECOGNISED

` Lacs

Description	2011-12	2010-11
Actuarial (Gain)/Loss for the year-plan assets	0	0
Actuarial (Gain)/Loss on obligations	-1.78	20.76
Actuarial (Gain)/Loss recognized in the year	-1.78	20.76

THE AMOUNTS TO BE RECOGNIZED IN THE BALANCE SHEETS AND STATEMENT OF PROFIT AND LOSS

` Lacs

Description	2011-12	2010-11
Present value of obligations as at the end of the year	140.00	129.10
Fair value of plan assets as at the end of the year	141.82	98.70
Net Asset/ (Liability) recognized in Balance sheet	1.82	-30.40

EXPENSES RECOGNIZED IN PROFIT & LOSS ACCOUNT

` Lacs

Description	2011-12	2010-11
Current Service Cost	20.97	11.97
Interest Cost	10.33	7.92
Expected return on plan assets	-12.07	-8.8
Net Actuarial (Gain)/ Loss recognized in the year	-1.78	20.76
Expenses recognized in Statement of Profit and Loss	17.44	31.85

Note:

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

5. Confirmation of balances from Debtors and Creditors has not been obtained.

6. The company has not received any communication from its suppliers claiming them to be a micro, medium or small scale enterprise.

7. The method of depreciation adopted by the Subsidiary Company is retained for the purpose of consolidation in respect of Subsidiary Company.

8. **Segment reporting**

   The company is primarily engaged in a single segment of activity which encompasses a range of solutions to the maintenance needs of bulk handling equipments, whose risk and rewards do not vary much. Secondary segmental reporting on the basis of geographical location, though applicable in view of the business operations with the subsidiary company in Saudi Arabia, details are not furnished on account of the size of the operations being less than 10% of the total business.

9. **Related Party Disclosure**

   A. Related Parties

   i. Key Management Personnel

S. No.	For the Year ended March 31, 2012	2011
1	Mr.K.J. Joseph (Chairman)	Mr.K.J. Joseph (Chairman)
2	Mr. Thomas John (Managing Director)	Mr. Thomas John (Managing Director)
3	Mr. Anand T. Pethe* (Director)	Mr. Anand T. Pethe (Director)
4	Mr.S.P. George* (Director)	Mr.S.P. George (Director)
5	Mr. Manoj Joseph (Director)	Mr. Manoj Joseph (Director)
6	Smt. Celinamma John* (Director)	Smt. Celinamma John (Director)
7	Smt. Rosamma Joseph* (Director)	Smt. Rosamma Joseph (Director)
8	Mr. Rajesh John# (Director)	

* - Ceased to be Director w.e.f. 9th December, 2011.

#- Appointed as Additional Director w.e.f 16th January, 2012.

ii. Relatives of key management personnel (With whom transactions have taken place during the year)

S.No.	For the year ended on March 31,	
	2012	2011
1		Mr. Rajesh John (Son of Mr. Thomas John)
2	Smt. Mercy Sunny (Wife of Mr. S.P.George)	Smt. Mercy Sunny (Wife of Mr. S.P.George)
3	Mr. Manesh Joseph (Son of Mr. K.J.Joseph)	Mr. Manesh Joseph (Son of Mr. K.J.Joseph)
4	Smt. Maya Joseph (Daughter of Mr.K.J.Joseph)	Smt. Maya Joseph (Daughter of Mr.K.J.Joseph)
5	Kum. Rithu Johnson (Daughter of Mr.Thomas John)	Kum. Rithu Johnson (Daughter of Mr.Thomas John)

iii. Subsidiary

S.No.	For the year ended March31,	
	2012	2011
1	Thejo Hatcon Industrial services Co LLC, KSA	Thejo Hatcon Industrial services Co LLC, KSA

B. TRANSACTIONS UNDERTAKEN / BALANCES OUTSTANDING WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS

i. Key management personnel

` Lacs

S. No.	Transactions during the year	For the year ended March31,	
		2012	2011
1)	Remuneration paid	123.26	90.49
	Mr. K.J. Joseph	15.19	13.61
	Mr. Thomas John	15.15	13.46
	Mr. Anand Pethe	9.39	8.39
	Mr. S.P. George	21.91	16.67
	Mr. Manoj Joseph	19.39	18.17
	Mrs. Rosamma joseph	12.76	10.17
	Mrs. Celinamma John	12.59	10.02
	Mr. Rajesh John	16.89	NA
2)	Unsecured Loan	1.50	0.00
	Mr. Manoj Joseph	0.00	0.00
	Mrs. Celinamma John	0.00	0.00
	Mrs. Rosamma joseph	0.00	0.00
	Mr. Rajesh John	1.50	NA
3)	Interest on loan	0.10	0.00
	Mr. Manoj Joseph	0.00	0.00
	Mrs. Rosamma joseph	0.00	0.00
	Mrs. Celinamma John	0.00	0.00
	Mr. Rajesh John	0.10	NA
4)	Sitting fees	0.00	0.00
	Mr. K.J. Joseph	0.00	0.00
	Mr. Thomas John	0.00	0.00
	Mr. Anand Pethe	0.00	0.00
	Mr. S.P. George	0.00	0.00
	Mr. Manoj Joseph	0.00	0.00
	Mrs. Rosamma Joseph	0.00	0.00
	Mrs. Celinamma John	0.00	0.00
	Mr. Rajesh John	0.00	NA
	Note: Fig in bracket indicates liability of the company.		

ii. Relatives of key management personnel (With whom transactions have taken place during the year)

` Lacs

S.NO	Transactions during the year	For the year ended March31,	
		2012	2011
1)	Remuneration paid	3.38	14.59
	Mr.Rajesh John	NA	14.59
	Mr.Manesh Joseph	3.38	0.00
2)	Unsecured Loan	7.30	0.00
	Smt. Maya Joseph	5.80	0.00
	Smt. Mercy Sunny	0.00	0.00
	Mr. Manesh Joseph	1.00	0.00
	Mr.Rajesh John	NA	0.00
	Kum. Rithu Johnson	0.50	0.00
	smt. Meena Joseph	0.00	0.00
	Smt. Jyothi Pethe	0.00	0.00
	Mrs. Rosamma joseph	NA	NA
	Mrs.Celinamma John	NA	NA
3)	Interest on loan	0.41	0.97
	Mr. Manesh Joseph	0.06	0.11
	Mr.Rajesh John	NA	0.17
	Kum. Rithu Johnson	0.03	0.06
	Smt. Maya Joseph	0.32	0.63
	Smt. Jyothi Pethe	0.00	0.00
	Smt. Mercy Sunny	0.00	0.00
	Smt. Meena Joseph	0.00	0.00
	Mrs. Rosamma joseph	NA	NA
	Mrs.Celinamma John	NA	NA
4)	Sitting fees	0.00	0.00
	Mrs. Rosamma joseph	NA	NA
	Mrs.Celinamma John	NA	NA

iii. Subsidiary

` Lacs

S.No	Transactions during the year	For the year ended March 31,	
		2012	2011
1)	Share Capital	0.00	0.00
2)	Advance	36.47	184.34
3)	Sales	25.44	48.16
	C. BALANCE OUTSTANDING	For the year ended March 31,	
S.No	Particulars	2012	2011
1)	Subsidiary		
	Thejo hatcon industrial services co. LLC KSA		
	Share Capital	32.98	32.98
	Advances	336.22	299.75
	Sales	28.23	4.13
2)	Key management personnel		
	Unsecured loans taken	-	-

S.No	Transactions during the year	For the year ended March 31,	
		2012	2011
	Interest on Unsecured Loan		
3)	Relatives of key management personnel		
	Unsecured loans taken	-	8.80
	Interest on Unsecured Loan	-	0.33

10. 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.

11. Previous year figures are re-grouped / re-arranged wherever necessary to conform to current year's (2011-12) classification / disclosure. The revised schedule VI Companies Act, 1956 has become effective from 1st April 2011, for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.

12. **Restatement Adjustments**

    a) As per the restated accounting policy mentioned in point no. 20 of Significant Accounting policies, the contingent liabilities have been restated in item 1 of notes forming part of these accounts.

    b) The prior period expenses relating to Income Tax in the years 2012 have been adjusted in the relative prior years.

    c) The increase or decrease in stock of inventory is reflected in the cost of goods sold for all the years.

    d) As per point no. 10 mentioned above regrouping and reclassification of the figures of all the years i.e., F.Y 2010-11 and F.Y 2011-12 have been done to comply with the amendment made in schedule VI of Companies Act, 1956 effective from the financial year commencing from 01.04.2011 in the presentation of financial statements.

    e) For the purpose of this financial information the Consolidated Financial Statements have been compiled taking into account the Parent Company in India and its Subsidiary in Saudi Arabia. The Subsidiary commenced operations only in the financial year 2010-11 and accordingly, the Consolidated Financial Statements have been prepared for the financial years 2010-11 and 2011-12.

Annexure VI: Statement of Consolidated Fixed Assets, as restated **` in Lacs**

Particulars	As at 31st March	
	2012	2011
Tangible Assets		
Land		
Gross Block	65.72	32.76
Accumulated Depreciation	-	-
Net Block	65.72	32.76
Factory Buildings		
Gross Block	335.97	703.79
Accumulated Depreciation	153.94	133.72
Net Block	182.03	570.07
Office Buildings		
Gross Block	470.16	31.00
Accumulated Depreciation	12.34	11.35
Net Block	457.82	19.65
Plant and Equipment		
Gross Block	1,206.07	963.80
Accumulated Depreciation	609.42	542.72
Net Block	596.65	421.08

Particulars	**As at 31st March**	
	2012	**2011**
Furniture and Fixtures		
Gross Block	169.13	148.42
Accumulated Depreciation	60.25	45.77
Net Block	108.88	102.66
Vehicles		
Gross Block	292.94	279.15
Accumulated Depreciation	195.71	189.45
Net Block	97.23	89.70
Office equipment		
Gross Block	26.18	24.52
Accumulated Depreciation	17.12	15.77
Net Block	9.06	8.75
Boiler		
Gross Block	37.73	37.73
Accumulated Depreciation	36.39	35.50
Net Block	1.34	2.23
Dyes & Moulds		
Gross Block	35.85	26.49
Accumulated Depreciation	25.89	24.63
Net Block	9.96	1.86
Electrical Fittings		
Gross Block	111.88	106.72
Accumulated Depreciation	71.00	61.71
Net Block	40.88	45.01
Computer		
Gross Block	147.55	118.08
Accumulated Depreciation	103.36	85.73
Net Block	44.19	32.35
Generator		
Gross Block	24.94	24.94
Accumulated Depreciation	17.47	16.26
Net Block	7.47	8.68
Total Tangible Assets		
Gross Block	2,924.12	2,497.40
Accumulated Depreciation	1,302.89	1,162.60
Net Block - Total Tangible Assets	**1,621.23**	**1,334.80**
Intangible Assets		
Technical Knowhow		
Gross Block	1.75	1.75
Accumulated Depreciation	1.33	1.26
Net Block	0.42	0.49
Total Intangible Assets		
Gross Block	1.75	1.75
Accumulated Depreciation	1.33	1.26
Net Block - Total Intangible Assets	**0.42**	**0.49**
Capital Work In Progress		
Assets Under Construction		
Gross Block	58.00	25.40
Accumulated Depreciation	-	-
Net Block	58.00	25.40
Total Capital Work In Progress		
Gross Block	58.00	25.40
Accumulated Depreciation	-	-
Net Block - Total Capital Work in Progress	**58.00**	**25.40**

Particulars	As at 31st March	
	2012	2011
Grand Total		
Gross Block	2,983.87	2,524.55
Accumulated Depreciation	1,304.22	1,163.86
Net Block - Grand Total	**1,679.65**	**1,360.69**

Annexure VII: Statement of Consolidated Long-term Loans & Advances, as restated **` in Lacs**

Particulars	As at 31st March	
	2012	2011
a. EMD and Security Deposits		
Unsecured, considered good	84.66	65.07
b. Other Deposits		
Unsecured, considered good		
Rental Deposit	67.78	50.35
Deposit with Government Agencies	1.73	1.77
Others	33.23	24.19
	102.74	76.31
Total	**187.41**	**141.38**

Annexure VIII: Statement of Consolidated Other Non-Current Assets, as restated **` in Lacs**

Particulars	As at 31st March	
	2012	2011
Pre-Operative Expenses not written off	225.37	102.29
Total	**225.37**	**102.29**

Annexure IX: Statement of Consolidated Inventories, as restated **` in Lacs**

Particulars	As at 31st March	
	2012	2011
a. Raw Materials and components	595.44	375.73
b. Work-in-progress	252.69	147.67
c. Finished goods	321.97	289.35
	1,170.11	*812.75*
Less: Unrealised gain on stock sold by parent to subsidiary	1.06	-
(All Inventories valued at Cost or Net Realisable Value,		
whichever is less)		
Total	**1,169.06**	**812.75**

Annexure X: Statement of Consolidated Trade Receivables, as restated **` in Lacs**

Particulars	As at 31st March	
	2012	2011
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Unsecured, considered good	3,163.26	2,483.02
	3,163.26	2,483.02
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	161.63	87.00
	161.63	87.00
Total	**3,324.89**	**2,570.03**

Particulars	As at 31st March	
	2012	2011

Annexure XI: Statement of Consolidated Cash & Cash Equivalents, as restated		` in Lacs
Particulars		As at 31st March
	2012	**2011**
a. Balances with banks		
(i) In Current Accounts	260.74	305.37
(ii) In Deposit Accounts (Held as Margin Money for BG&LC)	169.52	155.16
b. Cheques, drafts on hand	6.80	40.35
c. Cash on hand	19.05	17.45
Total	**456.11**	**518.33**

Annexure XII: Statement of Consolidated Short-term Loans & Advances, as restated		` in Lacs
Particulars		As at 31st March
	2012	**2011**
Others (unsecured, considered good)		
EMD & Security deposits	253.99	195.20
Others	252.45	215.98
Total	**506.43**	**411.18**

Annexure XIII: Statement of Consolidated Other Current Assets, as restated		` in Lacs
Particulars		As at 31st March
	2012	**2011**
Income Tax payments	726.39	491.11
Advance FBT	86.33	86.33
Balance with Central Excise Authority	48.52	40.75
	-	-
Total	**861.24**	**618.19**

Annexure XIV: Statement of Consolidated Long-term Borrowings, as restated		` in Lacs
Particulars		As at 31st March
	2012	**2011**
Secured		
(a) Term loans		
From Banks (excluding Instalments repayable within one year)	66.87	170.43
	66.87	170.43
Unsecured		
(a) Loans and advances from related parties	357.88	309.54
	357.88	309.54
Total	**424.74**	**479.97**

Annexure XV: Statement of Consolidated Minority Interest, as restated		` in Lacs
Particulars	**As at 31st March**	
	2012	**2011**
Opening Balance	27.50	
Additions during the year		
a.Share capital		31.69
b.Retained earnings at 01/01/2011		
c.Share of (Loss)/profit of the year	(1.67)	(1.77)
d.FCTL on P&L bal c/f in Thejo Hatcon BS	(0.25)	
e.Foreign currency Transalation Reserve(Adj for the year)	5.24	(2.41)
Total	**30.83**	**27.50**

Annexure XVI: Statement of Consolidated Short-term Borrowings, as		` in Lacs

Particulars	As at 31st March	
	2012	2011
restated		

Particulars	As at 31st March	
	2012	2011
Secured		
(a) Loans repayable on demand		
from banks	2,067.83	1,670.79
Total	**2,067.83**	**1,670.79**

Annexure XVII: Statement of Consolidated Trade Payables, as restated ` in Lacs

Particulars	As at 31st March	
	2012	2011
Trade payables:		
Other than Acceptances	1,398.68	1,028.96
Total	**1,398.68**	**1,028.96**

Annexure XVIII: Statement of Consolidated Other Current Liabilities, as restated ` in Lacs

Particulars	As at 31st March	
	2012	2011
Other payables		
Salary and other employee benefits	323.35	236.89
Statutory dues		
Commercial Tax liability	13.66	8.03
Service Tax Liability	18.46	126.12
ESI payable	3.77	3.52
EPF	23.27	16.69
Professional Tax	3.45	0.59
TDS	14.30	10.30
Others	13.73	39.38
Outstanding Liabilities	227.08	235.98
(b) Term Loan Instalments Repayable within 12 months	103.56	111.43
Total	**744.63**	**788.93**

Annexure XIX: Statement of Consolidated Short-term Provisions, as restated ` in Lacs

Particulars	As at 31st March	
	2012	2011
(a) Provision for employee benefits		
Provision for Bonus / Ex-gratia	110.34	116.73
(b) Others		
Income Tax	851.54	558.23
Proposed Dividend	47.39	41.47
Dividend Distribution Tax	7.69	6.73
Provision for Fringe Benefit Tax	82.57	82.57
Total	**1,099.52**	**805.72**

Annexure XX: Statement of Consolidated Share Capital, as restated ` in Lacs

Particulars	As at 31st March	
	2012	2011

Particulars	As at 31st March	
	2012	2011
Authorized		
Equity Shares of Rs.100/- each	NA	200.00
Equity Shares of Rs.10/- each	200.00	NA
Issued, Subscribed & Paid up		
Equity Shares of Rs.100/- each	NA	118.47
Equity Shares of Rs.10/- each	118.47	NA
Total	**118.47**	**118.47**

Annexure XXI: Statement of Consolidated Reserves & Surplus, as restated ` in Lacs

Particulars	As at 31st March	
	2012	2011
a. Securities Premium Account		
Opening Balance	188.22	188.22
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	188.22	188.22
b. General Reserve		
Opening Balance	242.30	203.99
(+) Current Year Transfer	90.23	38.31
(-) Written Back in Current Year	-	-
Closing Balance	**332.53**	**242.30**
c. Surplus		
Opening balance	1,166.01	882.06
(+) Net Profit/(Net Loss) For the current year	900.71	382.26
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	47.39	41.47
(-) Dividend Distribution Tax	7.69	6.73
(-) Transfer to General Reserve	90.23	38.31
Foreign currency translation reserve	54.44	(11.81)
Closing Balance	**1,975.85**	**1,166.01**
Total	**2,496.60**	**1,596.54**

Annexure XXII: Statement of Consolidated Revenue from Operations, as restated ` in Lacs

Particulars	For the Year Ended on 31st March	
	2012	2011
Sales, Service & Works Contract	11,842.56	9,801.26
Other operating revenues	-	-
Less:	-	-
Excise duty	288.46	279.31
Total	11,554.10	9,521.95

Annexure XXIII: Statement of Consolidated Other Income, as restated ` in Lacs

Particulars	For the Year Ended on 31st March	
	2012	2011
Interest Income (in case of a company other than a finance company)	13.94	10.27
Miscellaneous Income	59.18	35.77
Packing charges recovered	8.59	14.36

Particulars	**For the Year Ended on 31st March**	
	2012	**2011**
Frieght charges recovered	8.26	6.95
Income from sale of DEPB License & Duty Drawback	149.61	27.38
Profit on sale of assets	10.04	3.88
Total	249.63	98.61

Annexure XXIV: Statement of Consolidated Cost of Materials Consumed, as restated ` in Lacs

Particulars	**For the Year Ended on 31st March**	
	2012	**2011**
Opening Stock of Raw Material	375.73	289.43
Add: Purchases made during the year	4,067.10	3,530.98
	4,442.83	3,820.40
Less: Closing Stock of Raw Materials	595.44	375.73
	3,847.39	3,444.68
Add: Consumables	352.40	371.01
Total	4,199.79	3,815.69
Purchase of Traded Goods included in Purchase above	441.10	715.03

Annexure XXV: Statement of Changes in Consolidated Finished Goods and Work in Progress as restated ` in Lacs

Particulars	**For the Year Ended on 31st March**	
	2012	**2011**
Opening Stock :		
Work-in-Process	147.67	121.90
Finished Goods	289.35	229.49
(-) Unrealised gain in stock sold from parent to subsidiary	-	-
Closing Stock :		
Work-in-Process	252.69	147.67
Finished Goods	321.97	289.35
(-) Unrealised gain in stock sold by parent to subsidiary	1.06	-
Total	(136.59)	(85.64)

Annexure XXVI: Statement of Consolidated Employee Benefit Expenses, as restated ` in Lacs

	For the Year Ended on 31st March	
Particulars	**2012**	**2011**
(a) Salaries and incentives	2,518.15	1,862.33
(b) Contributions to PF, Superannuation, Gratuity, ESI & other funds	193.02	164.01
(c) Staff welfare expenses	404.25	299.47
(d) LTA, Ex-gratia, & Leave Encashment	71.63	69.82
Total	3,187.05	2,395.63

Annexure XXVII: Statement of Consolidated Finance Costs, as restated ` in Lacs

	For the Year Ended on 31st March	
Particulars	**2012**	**2011**
Interest expense	296.98	229.71
Other finance costs	70.09	47.62
Total	367.07	277.33

Annexure XXVIII: Statement of Consolidated Other Expenses, as restated ` in Lacs

	For the Year Ended on 31st March	
Particulars	**2012**	**2011**
A. Manufacturing & Other Direct Expenses		
Power and fuel.	261.31	213.50
Labour Charges	176.41	176.29
Repairs to machinery.	12.96	10.69
Factory Maintenance	14.48	21.08
Electrical maintenance	0.11	0.28
Repairs to tools	1.05	1.46
Testing charges	4.04	3.42
Dyes & Moulding charges	1.45	2.69

Particulars	For the Year Ended on 31st March	
	2012	2011
Cartage, Coolie & Freight charges	226.82	170.17
Packing materials & charges	93.61	104.29
Service Charges	192.67	160.32
Royalty paid	28.20	23.42
Machinery Leasing expenses	19.08	22.22
Total Manufacturing & Other Direct Expenses	*1,032.19*	*909.82*
B. Administrative & Selling Expenses		
Professional Service Charges	184.92	112.87
Rent.	104.83	77.30
Repairs & Maintenance	35.94	26.46
Travelling & Conveyance	255.21	211.73
Foreign Travel expenses	34.05	8.98
Vehicle Maintenance	100.80	93.00
Vehicle hire charges	29.54	15.91
Telephone, Telex & Postage	66.55	60.15
Printing & Stationery	29.50	29.12
Office Maintenance	27.04	20.65
Exchange Difference	-	0.00
Books & Periodicals	3.24	2.47
Computer Maintenance	14.77	8.27
Seminar & Conference	5.99	11.43
Electricity	13.23	11.27
Legal Fee & Charges	6.53	3.81
Donation	10.64	3.81
Recruitment, Training & Development	4.86	42.17
ECGC Premium	3.38	2.10
ISO Certification Charges	1.12	0.41
Provision for diminution in Mutual Fund	-	-
Insurance	13.25	9.35
Rates and taxes, excluding, taxes on income.	6.36	3.83
Director Sitting Fee	1.55	-
Commission	43.01	32.32
Advertisement	6.99	5.09
Sales Promotion Expenses	25.66	19.59
Freight on Exports	12.83	17.48
Loading & Unloading charges	32.00	27.34
Late Delivery Charges	15.23	5.52
Bad debts	96.82	95.92
Payments to the auditor		
a. Statutory Audit	2.50	1.75
b. Tax Audit	0.50	0.50
c. for certification & other services	0.97	0.18
Miscellaneous expenses	5.99	2.37
Total Administration & Selling Expenses	*1,195.79*	*963.13*
Sales Tax, Service Tax, & other Indirect Tax expenses	*797.85*	*620.14*
Total	3,025.83	2,493.09

THEJO ENGINEERING LIMITED
ANNEXURE XXIX - STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS

(All amounts in ` Unless stated otherwise)

S.No	Particulars	For the year ended on 31st March	
		2012	2011
A	Net Worth (Rs. In Lakhs)	2,615.08	1,715.01
B	Restated Profit after tax(Rs. In Lakhs)	900.71	382.26
	Weighted Average number of Equity shares outstanding during the year		
C	For Basic Earnings per share	1,184,740	1,184,740
D	For Diluted Earnings Per Share	1,184,740	1,184,740
E	For Restated Basic Earnings per Share	1,184,740	1,184,740
F	For Restated Diluted Earnings Per Share	1,184,740	1,184,740
G	Basic Earnings Per share (B/C)	76.03	32.27
H	Diluted Earnings Per Share (B/D)	76.03	32.27
I	Restated Basic Earnings Per share (B/E)	76.03	32.27
J	Restated Diluted Earnings Per Share (B/F)	76.03	32.27
K	Annualized Return on Networth (B/A) -	34%	22%
L	Number of shares outstanding at the end of the year	1,184,740	1,184,740
M	Net asset value per share of Rs 10 each	220.73	144.76
N	Face value (Rs)	10.00	10.00

Notes

5. Equity Share at face value of Rs 100 each were split into 10 equity shares of Rs 10 each vide Shareholders' Resolution dated 25th August 2011. Hence all EPS is calculated based on shares of FV of Rs.10/- each for all the years

6. The Ratios have been computed as below:

5) *Basic Earnings per share* : $\frac{\text{Net profit after tax (as restated)}}{\text{Weightedaveragenumberofequityshares outstanding during the year/period}}$

6) *Diluted Earnings per share*: $\frac{\text{Net profit after tax (as restated)}}{\text{Weightedaveragenumberofdiluted shares outstanding during the year/period}}$

7) *Return on net worth (%)* : $\dfrac{\text{Net profit after tax (as restated)}}{\text{Net worth at the end of the year/period}}$

8) *Net asset value per share* (`) : $\dfrac{\text{Net worth at the end of the year (as restated)}}{\text{Totalnumberofequity shares outstanding during the year/period}}$

7. Earnings per share (EPS) calculation is in accordance with the notified AS 20 'Earnings per share' prescribed by the companies (Accounting Standards) Rules, 2006.

The figures stated above are based on the Restated summary statements of the company

THEJO ENGINEERING LIMITED
ANNEXURE XXX - STATEMENT OF CONSOLIDATED CAPITALISATION

(All amounts in ` lakhs, unless stated otherwise)

PARTICULARS	Pre Issue as at March 31,2012
Borrowings:	
Short-term debt	2,067.83
Long-term debt	424.74
Total debt	**2,492.57**
Shareholder's funds:	
Share capital	118.47
Reserve &surplus	2,496.60
Share application money pending allotment	-
Total shareholder's funds	**2,615.07**
Long term debt/equity ratio	**0.16**
Total debt/equity ratio	**0.95**

Notes:

1. The Long term debt/equity ratio has been computed as under:
   Long term debt/total share holder's funds

2. The total debt/equity ratio has been computed as under:
   Total debt/Total share holders funds

3. Short term debt is considered as debt due within 12 months from the Consolidated Balance Sheet date.

4. Long term debt is considered as debt other than short term debt, as defined above.

5. The figures disclosed above are based on the Restated Summary Consolidated Statements of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and for the years ended March 31, 2008, 2009, 2010, 2011 and 2012 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in "Financial Statements" on page 103.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and the SEBI ICDR Regulations.

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "**Risk Factors**" and "**Forward-Looking Statements**" on pagesxii and xi, respectively.*

Overview

We are an Engineering Solutions provider for Bulk Material Handling, Mineral Processing and Corrosion Protection to the Core Sector Industries like mining, power, steel, cement, ports, fertilizers etc. Our services include belt conveyor installation, maintenance and operations, while our product portfolio covers design, manufacture and supply of engineering products for Bulk Material Handling, Mineral Processing and Corrosion Protection. We believe we have developed a strong brand and goodwill in the industry we operate. In fiscal 2012, manufactured products and services contributed 53% and 43% of our total income. The remaining 4% was contributed by trading of rubber related products and conveyor accessories.

Today we are one of the few companies in the sub continent offering manufacturing, marketing and servicing activities under one roof. Our services business caters to Belt Splicing, Pulley Lagging, Belt conveyor maintenance, Installation of Belt Conveyors, Belt Reconditioning, Rubber Lining etc. On the other hand our products business caters to design, development, manufacture and supply of Rubber and Polyurethane engineering products for belt cleaning, spillage control, enhanced flow of material, impact & abrasion protection, screening, rubber & polyurethane linings. Since the last two years we have initiated trading in certain manufactured products of international repute which supplements our current product line.

We have four manufacturing units, all of which are located near Chennai. We have pan India presence through our 11 branch offices and 36 site offices located across 14 states. Our international presence through partnerships and distribution network extends across Australia, Kingdom of Saudi Arabia, the USA, Germany, Chile, Brazil and Ghana.

Factors Affecting our Result of Operations

Our results of operations, cash flows and financial condition are affected by a number of factors, including the following:

Ability to managegrowth: We have experienced high growth in recent years primarily due to an increase in the scale of our business, diversification and entering new markets. Our products division for the Mineral Processing industry has grown significantly as we target new geographies. We have also entered the "Operations & Maintenance" business where we are given charge of the maintenance of the entire plant. Our employees' numbers have risen significantly from 983 as of March 31, 2009 to 1,900 as of March 31, 2012, primarily due to the significant number of employees in the Operations & Maintenance division. Such growth and diversification has presented and may continue to present challenges such as the recruitment, training, management and retention of a large number of employees and the development and improvement of our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Ability to source and manage cost effective funding and working capital requirements: Our business requires a significant amount of working capital. For our working capital, banks fund up to 75% of our net current assets with the remaining 25% provided by us from internal accruals. Our operating results and future growth will depend on our ability to optimize the working capital cycle time and to continue to source adequate working capital commensurate with the size of our business. Our debt service costs as well as overall cost of funds depend on many factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the equity and debt markets.

Competition: Our business is subject to intense price competition. We compete against various multi-national, national and regional players. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. In selecting contractors for services' projects, clients generally limit the tender to contractors they have pre-qualified based on technical and financial criteria. The technical criteria includes experience, technical ability, past performance, reputation for quality, safety record and the size of previous contracts executed in similar projects with them or otherwise. Additionally, while these are important considerations, price is a major factor in most tender awards and negotiated contracts.

Government policies and budgetary allocations: Our business and revenues are substantially dependent on projects awarded by government authorities, including central, state and local authorities and agencies and public sector undertakings (Government-owned companies). Any adverse changes in government policies and budgetary allocation for the infrastructure sector could materially and adversely affect our financing, capital expenditure, revenues, development or operations relating to our existing and proposed projects as well as our ability to participate in competitive bidding or negotiations for our future projects.

Exchange rate fluctuations: Changes in currency exchange rates influence our results of operations. While most of our revenues are denominated in Indian rupees, a significant portion of our earnings are denominated in currencies other than Indian rupees, primarily Australian Dollars. We export our products to countries like Australia, Ghana and Brazil. The exchange rate between the Rupee and the currencies of these countries may fluctuate significantly in the future.

Interest rate fluctuations: Most of our borrowings are subject to floating rates of interest, which exposes us to the risk of interest rate fluctuations and increased cost of funds. Floating rate debt exposes us to market risk as a result of change in interest rates. We undertake debt obligations to support capital expenditures, working capital needs and general corporate expenses. Upward fluctuations in interest rates increase the cost of new debt and interest cost of outstanding variable rate borrowings, which may in turn adversely affect our results of operations.

Ability to attract, recruit and retain skilled personnel: A significant number of our employees are skilled technicians and we face strong competition to attract, recruit and retain these and other skilled and professionally qualified staff. The loss of any of the members of our senior management or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

General economic and business conditions: We are affected by general global and Indian economic conditions. India's GDP, and the GDP and economic and other conditions of the countries in which we operate or intend to operate has been and will continue to be of importance in determining our operating results and future growth.

Significant Accounting Policies

Basis of Accounting

The audited financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub -section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act') The audited financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part II of Schedule II to the Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI and as amended from time to time.

Use of Estimates

The preparation of Restated Summary Statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of Restated Summary Statement and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

Revenue Recognition

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

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

c) Export sales are accounted at the rate of exchange prevailing as on the date of invoicing.

The difference in the rate of exchange if any is accounted at the time of realization.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Valuation of Inventories

Inventories are valued as follows:

Raw material:

Lower of cost or net realizable value. Cost is determined on a first in first out basis.

Work-in-progress:

Lower of Cost up to the estimated stage of completion or net realizable value.

Finished goods:

Lower of cost or net realizable value. Cost includes direct material and labour expenses and appropriate proportion of manufacturing overheads based on the normal capacity for manufactured goods.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion to make the sale.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the Summary Statement of Profits and Losses, As Restated.

Employee benefits

Wages, salaries, bonuses and paid leave are accrued in the year in which the associated services are rendered by employees of the Company.

The Company has three post employment plans in operation viz. Gratuity, Superannuation and Provident Fund.

Defined contribution schemes: contribution to provident fund is made monthly to the provident fund authorities. Contributions to superannuation and Gratuity fund for eligible employees is made by way of premium to Life Insurance Corporation of India and charged to Profit & Loss account for the year. Salaries leave encashment; leave travel allowance and medical reimbursement are accounted and provided for as per the Accounting Standard 15 on Employee Benefits.

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

Taxes on Income

Tax expense comprises of current tax, deferred tax and fringe benefit tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The provision for current income-tax is recorded based on assessable income and the tax rate applicable to the relevant assessment year.

Deferred income-tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset to the extent it pertains to unabsorbed business loss/ depreciation is recognized only to the extent that there is virtual certainty of realization based on convincing evidence, as evaluated on a case to case basis.

Minimum Alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Summary Statement of Profits and Losses, As Restated and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and write down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income-tax during the specified period.

Fringe benefit tax up to March 31, 2009 has been determined in accordance with the provision of section 115WC of the Income-tax Act, 1961. No liability of the same has been recorded thereafter subsequent to the abolishment of the aforementioned tax.

Leases

i) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease rentals are expensed with reference to lease terms.

ii) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis.

Provisions and Contingencies

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability after an evaluation of the fact and legal aspects of matter involved. Accordingly wherever there is uncertainty in respect of the obligation contingent liability is created.
No provisions are made for present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and present obligation, where a reliable estimate cannot be made in the financial statements.

Summary Results of Operations

			Fiscal					
			2010		2011		2012	
			Amount	**Percentage of Total Income**	**Amount**	**Percentage of Total Income**	**Amount**	**Percentage of Total Income**
			(` lacs)	**%**	**(` lacs)**	**%**	**(` lacs)**	**%**
INCOME								
Income from Operations			6,432.30	97.51%	9,521.95	98.98%	11536.44	97.88%
Other Income			164.15	2.49%	98.61	1.02%	249.63	2.12%
Total Income			6,596.45	100.00%	9,620.56	100.00%	11786.07	100.00%
EXPENDITURE								
Cost of Materials Consumed			2,331.10	35.72%	3815.69	38.77%	4194.52	35.59%

			Fiscal					
			2010		2011		2012	
			Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
			(` lacs)	%	(` lacs)	%	(` lacs)	%
Change in inventory			25.00	10.65%	(85.64)	(9.46%)	(132.37)	(1.12%)
Employee Benefits Expense			1,686.11	25.56%	2,395.59	24.90%	3183.74	27.01%
Finance Costs			257.53	3.90%	277.32	2.88%	367.07	3.11%
Depreciation & Amortization			148.85	2.26%	148.21	1.54%	161.48	1.37%
Other Expenses			1796.92	27.24%	2491.65	25.90%	3010.38	25.54%
Total Expenditure			6,245.52	94.68%	9,042.80	93.99%	10784.81	91.50%
Profit Before Exceptional and Extraordinary items			350.93	5.32%	577.74	6.01%	1001.26	8.50%
Exceptional Items			0.00	0.00%	0.00	0.00%	284	2.41%
Profit before Tax			350.93	5.31%	577.74	6.01%	1285.26	10.91%
Current Tax			122.24	1.88%	198.03	2.02%	370.86	3.15%
Deferred Tax			1.71		(3.25)		12.04	0.10%
Profit / (Loss) after Tax			226.98	3.44%	382.96	3.98%	902.36	7.66%

Adjustments for Restatement

The following table sets forth information relating to the restatement adjustments for the periods indicated:

Particulars	Fiscal		
	2009	2010	2011
	(` lacs)		
-	-	-	-

Components of Income and Expenditure

Income

Our income comprises income from operations and other income.

Income from Operations

We derive income from the sale of products manufactured by us as well as the services provided by us.

We manufacture and sell a range of products catering to the Bulk Material Handling, Mineral Processing and Corrosion Protection sectors.

We provide services where we help our clients install, repair and maintain their conveyor belt systems. We provide Operations & Total Maintenance services, where the client outsources the entire plant maintenance to us.

Other Income

Other Income primarily includes the sale of duty entitlement pass book license, which is a rebate on the duty paid for export sales.

Expenditure

Our expenditure comprises (i) cost of materials consumed, (ii) change in inventory, (iii) employee costs, (iv) finance costs, (v) depreciation and amortization expenses and (vi) other expenses.

Cost of Materials Cosnumed

Cost of materials consumed comprises (i) raw material consumed and (ii) purchase of goods for resale / trading, as adjusted for any increase or decrease in our inventory stock and (iii) consumables.

Raw material consumed represents the materials which are used for the manufacture of our products, primarily natural rubber, synthetic rubber and carbon black.

Purchase of goods for resale mainly represents the rubber that we purchase to sell to other companies like tyre manufacturers.

Change in Inventory

Change in Inventory comprise of difference in opening and closing balance of Finished Goods, Work in Progress and Stock in Trade

Employee Benefits Expenses

Employee cost comprises salaries, wages and bonus, contributions to provident and other funds,staff welfare payments, LTA and leave encashment.

Finance Costs

Finance charges comprise interest expense relating to our secured and unsecured loans as well as other bank charges for non-fund based facilities.

Other Expenses

Other Expenses include (i) Manufacturing and Other Direct Expenses, (ii) Administration and Selling Expenses and (iii) Sales Tax, Service Tax and Other Indirect Tax Expenses.

Fiscal 2012 Compared to Fiscal 2011

Key developments in Fiscal 2011 and 2012

In Fiscal 2011, we have entered the African market by procuring orders from Ghana in the mineral processing industry. We executed the installation project of the Adani Port conveyor system, the fastest conveyor belt in the country, at Mundra, Gujarat.

In Fiscal 2012, we have incorporated Thejo Australia Pty Limited, our 100% subsidiary in Australia. We have also signed a Memorandum of Understanding with a Brazilian company, which would be distributing our products in that country.

Summary of major heads of Income and Expenditure

Income

Total Income increased by ` 2165.51 lacs or 22.5% from ` 9,620.56 lacs in Fiscal 2011 to ` 11,786.07 lacs in Fiscal 2012. Income from our Domestic sales increased by ` 1,087.15 lacs or 13.44% from ` 8,088.41 lacs in Fiscal 2011 to ` 9175.57 lacs in Fiscal 2012.

Income from our Export Sales increased by 927.34 lacs or 64.69% from ` 1,433.53 lacs in Fiscal 2011 to ` 2,360.87 lacs in Fiscal 2012. This increase was mainly due to our foray into new geographies in West Africa.

Other Income

Other Income increased by `151.02 lacs from `98.61 lacs in Fiscal 2011 to ` 249.63 lacs in Fiscal 2012. This increase was mainly due to the increase in the sale of duty entitlement pass book license by ` 122.23 lacs from ` 27.38 lacs in Fiscal 2011 to ` 149.61 lacs in Fiscal 2012.

Expenditure

Total expenditure increased by ` 1,742.00 lacs, or 19.3%, from ` 9,042.82 lacs in fiscal 2011 to ` 10,784.81 lacs in fiscal 2012. As a percentage of total income, total expenditure decreased from 94.0% in fiscal 2011 to 91.5% in fiscal 2012.

Cost of Materials Consumed

Cost of materials consumed represent (i) raw material consumed and (ii) purchase of goods for resale, as adjusted for any increase or decrease in stocks at the end of the relevant period and (iii) cost of consumables. Cost of materials consumed increased by ` 378.83 lacs, or 9.9%, from ` 3,815.69 lacs in fiscal 2011 to ` 4,194.52 lacs in fiscal 2012, reflecting our expanded operations. As a percentage of total income, cost of goods sold decreased from 39.7% in fiscal 2011 to 35.6% in fiscal 2012. This is primarily because of a decrease in the contribution of trading activities in the revenues generated by the Company.

Change in Inventory

Total inventory at the end of fiscal 2012 was `569.39 lacs, up by `132.37 lacs from `437.02 lacs in fiscal 2011.

Employee Costs

Employee costs increased by ` 788.15 lacs, or 32.9%, from ` 2,395.59 lacs in fiscal 2011 to ` 3,183.74 lacs in fiscal 2012. This increase was due to an increase in the number of our employees from 1,410 as at March 31, 2011 to [] as at March 31, 2012, as well as a general increase in salaries and wages to existing employees. Salaries and incentives rose from `1,862.33 lacs in fiscal 2011 to `2,515.83 lacs in fiscal 2012, implying a 35.1% increase. As a percentage of total income, employee cost was 24.9% and 27.0% in fiscal 2011 and 2012, respectively.

Finance Costs

Finance Cost increased by ` 89.75 lacs, or 32.4%, from ` 277.32 lacs in fiscal 2011 to ` 367.07 lacs in fiscal 2012 The increase in interest paid was primarily due to an increase in the utilization of cash credit in Fiscal 2012.Short term borrowings increased from `1,670.79 lacs in fiscal 2011 to `2,067.83 lacs in fiscal 2012.As a percentage of total income, finance cost increased from 2.9% in fiscal 2011 to 3.1% in fiscal 2012.

Depreciation and Amortization

Depreciation and amortization increased by ` 13.27 lacs, or 9.0%, from ` 148.21 lacs in fiscal 2011 to ` 161.48 lacs in fiscal 2012. This increase was primarily due to the addition of fixed assets during the year. As a percentage of total income, depreciation and amortization decreased from 1.5% in fiscal 2011 to 1.4% in fiscal 2012

Other Expenses

Manufacturing and Direct Expenses increased from `909.65 lacs in fiscal 2011, by 13.5%, to `1,032.19 lacs in fiscal 2012. This was mainly due to the increase in power and fuel costs from `213.50 lacs in fiscal 2011 to `261.31 lacs in fiscal 2012. Cartage, coolie and freight charges also increased by `56.65 lacs or 33.3% from `170.17 lacs in fiscal 2011 to `226.82 lacs in fiscal 2012.

Administrative and Selling Expenses have increased by `218.48 lacs or 22.7% from `961.86 lacs in fiscal 2011 to `1180.33 lacs in fiscal 2012.

Sales Tax, Service Tax and Other Indirect Tax Expenses increased by `177.71 lacs or 28.7% from `620.14 lacs in fiscal 2011 to `797.85 lacs in fiscal 2012.

Profit before Exceptional and Extraordinary Items and Tax

As a result of the foregoing, profit before exceptional and extraordinary items and tax increased by ` 423.52 lacs, or 73.3%, from ` 577.74 lacs in fiscal 2011 to ` 1,001.26 lacs in fiscal 2012. As a percentage of total income, our profit before exceptional and extraordinary items and tax increased from 6.0% in fiscal 2011 to 8.5% in fiscal 2012.

Exceptional Items

A profit of ` 284.00 lacs was booked on the sale of land in fiscal 2012. The land had a book value of ` 16.00 lacs and was sold for a sum of ` 300.00 lacs. The land was situated in Chennai and was of about 33 cents in area.

Tax Expense

Tax expense increased by ` 188.12 lacs, or 96.6%%, from ` 194.78 lacs in fiscal 2011 to ` 382.90 lacs in fiscal 2012. This increase was primarily due to higher taxes paid on account of higher profits and exceptional gains.

Profit after Tax, as Restated

As a percentage of total income, profit after tax, without considering exceptional income, increased from 4.0% in fiscal 2011 to 5.7% in fiscal 2012.

For the reasons stated above, our profit after tax, as restated, was ` 902.36 lacs in fiscal 2012, which was higher than our profit after tax, as restated in fiscal 2011 of ` 382.96 lacs.

Fiscal 2011 Compared to Fiscal 2010

Key developments in Fiscal 2010 and 2011

In Fiscal 2010, we entered the “Operations & Maintenance” segment, where the client outsources the maintenance of the entire plant to us. We incorporated a subsidiary, Thejo Hatcon Industrial Services Company LLC, on the 2nd of November, 2009, in partnership with Hatcon Industrial Services W.L.L. BAHARIN. We have a 51% stake in the subsidiary, which provides services to clients in Saudi Arabia.
In Fiscal 2011, we have entered the African market by procuring orders from Ghana in the mineral processing industry. We executed the installation project of the Adani Port conveyor system, the fastest conveyor belt in the country, at Mundra, Gujarat.

Summary of major heads of Income and Expenditure

Income

Total Income increased by ` 3,024.11 lacs or 45.8% from ` 6,596.45 lacs in Fiscal 2010 to ` 9620.56 lacs in Fiscal 2011. Income from our Domestic sales increased by ` 3,079.41 lacs or 61.5% from ` 5,009.00 lacs in Fiscal 2010 to ` 8,088.41 lacs in Fiscal 2011.

Income from our Export sales increased by `10.23 lacs or 0.7% from `1,423.30 lacs in Fiscal 2010 to `1,433.53 lacs in Fiscal 2011.

Other Income

Other Income decreased by `65.54 lacs from `164.15 lacs in Fiscal 2010 to ` 98.61 lacs in Fiscal 2011. This decrease was mainly due to the reduction in the sale of duty entitlement pass book license by ` 52.58 lacs from ` 79.95 lacs in Fiscal 2010 to ` 27.37 lacs in Fiscal 2011.

Expenditure

Total expenditure increased by ` 2,797.29 lacs or 44.8%, from ` 6,245.52 lacs in fiscal 2010 to ` 9,042.80 lacs in fiscal 2011. As a percentage of total income, total expenditure decreased from 94.7% in fiscal 2010 to 94.0% in fiscal 2011.

Cost of Materials Consumed

Cost of materials consumed represent (i) raw material consumed and (ii) purchase of goods for resale, as adjusted for any increase or decrease in stocks at the end of the relevant period and consumables. Cost of goods sold increased by `1,484.59

lacs, or 63.7%, from ` 2,331.10 lacs in fiscal 2010 to ` 3,815.69 lacs in fiscal 2011, reflecting our expanded operations as well as the increase in raw material prices. As a percentage of total income, cost of materials consumed increased from 35.3% in fiscal 2010 to 39.7% in fiscal 2011. This is primarily because of an increase in the contribution of trading activities in the revenues generated by the Company.

Change in Inventory

Total Inventory at the end of fiscal 2011 increased by ` 85.64 lacs or 24.4% to ` 437.02 lacs from ` 351.38 lacs in fiscal 2010.

Employee Costs

Employee costs increased by ` 709.48 lacs, or 42.1%, from ` 1,686.11 lacs in fiscal 2010 to ` 2,395.59 lacs in fiscal 2011. This increase was due to an increase in the number of our employees from 1,064 as at March 31, 2010 to 1,410 as at March 31, 2011, as well as a general increase in salaries and wages to existing employees. As a percentage of total income, employee cost was 25.6% and 24.9% in fiscal 2010 and 2011, respectively.

Finance Costs

Total Finance costs increased by ` 19.79 lacs, or 7.7%, from ` 257.53 lacs in fiscal 2010 to ` 277.32 lacs in fiscal 2011 despite a decrease in secured loans from ` 1,984.77 lacs as of March 31, 2010 to ` 1,952.65 lacs as of March 31, 2011. The increase in interest paid was primarily due to an increase in the utilization of cash credit in Fiscal 2011. As a percentage of total income, finance costs decreased from 3.9% in fiscal 2010 to 2.9% in fiscal 2011.

Depreciation and Amortization

Depreciation and amortization decreased by ` 0.64 lacs, or 0.4%, from ` 148.85 lacs in fiscal 2010 to ` 148.21 lacs in fiscal 2011. This decrease was primarily the result of the WDV method of depreciation followed by the Company. As a percentage of total income, depreciation and amortization decreased from 2.3% in fiscal 2010 to 1.5% in fiscal 2011.

Other Expenses

Manufacturing and other direct expenses increased by ` 206.92 lacs, or 29.4%, from ` 702.74 lacs in fiscal 2010 to `909.65 lacs in fiscal 2011. Labour charges have increased from `90.90 lacs in 2010 to `176.12 lacs in Fiscal 2011. Power & Fuel expenses have increased by 31.5% from `162.34 lacs in Fiscal 2010 to `213.50 lacs in Fiscal 2011. As a percentage of total income, manufacturing expenses decreased from 10.7% in fiscal 2010 to 9.5% in fiscal 2011.

Administrative and selling expenses increased by ` 253.13 lacs, or 35.7%, from ` 708.73 lacs in fiscal 2010 to ` 961.86 lacs in fiscal 2011. Travel and conveyance costs increased from `146.56 lacs in Fiscal 2010 to `211.27 lacs in Fiscal 2011 and training costs have increased from `4.39 lacs in Fiscal 2010 to `42.17 lacs in Fiscal 2011. As a percentage of total income, administrative and selling expenses was 10.7% and 10% in fiscal 2010 and 2011, respectively.

Sales Tax, Service Tax and Other Indirect Tax Expenses increased by `234.68 lacs or 60.9% from ` 385.46 lacs in fiscal 2010 to ` 620.14 lacs in fiscal 2011.

Profit before Tax

As a result of the foregoing, profit before tax increased by ` 226.81 lacs, or 64.6%, from ` 350.93 lacs in fiscal 2010 to ` 577.74 lacs in fiscal 2011. As a percentage of total income, our profit before tax increased from 5.3% in fiscal 2010 to 6.0% in fiscal 2011.

Tax Expenses

Tax expense increased by ` 70.83 lacs, or 57.1%, from ` 123.95 lacs in fiscal 2010 to ` 194.78 lacs in fiscal 2011. This increase was primarily due to higher taxes paid on account of higher profits. Our effective tax rate in fiscal 2010 was 35.3% as compared to 33.7% in fiscal 2011.

Profit after Tax, as Restated

As a percentage of total income, profit after tax increased from 3.4% in fiscal 2010 to 4.0% in fiscal 2011.

For the reasons stated above, our profit after tax, as restated, was ` 382.96 lacs in fiscal 2011, which was higher than our profit after tax, as restated in fiscal 2010 of ` 226.98 lacs.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements. Our business requires a substantial amount of working capital to finance our inventory and debtors. As at March 31, 2012 out total outstanding debt was `2,134.70 lacs. For further information, see "*Financial Indebtedness*" on page 177 respectively.

In addition, as of March 31, 2012, we have availed non-fund based credit facilities from our bankers amounting to `lacs in the form of letter of credit to suppliers and ` 660.15 lacs in the form of Bank Guarantees given totaling to `[].

Cash Flows

	Fiscal			
		2010	**2011**	**2012**
	(` lacs)			
Net Cash provided by / (used in) Operating Activities		161.30	512.95	120.76
Net Cash provided by / (used in) Investing Activities		(189.92)	(169.98)	(94.42)
Net Cash provided by / (used in) Financing Activities		208.64	(309.44)	(90.26)

The following table sets forth selected items from our restated cash flow statement for the periods indicated:

Operating Activities

Net cash generated from operating activities was ` 120.76 lacs in fiscal 2012, although net profit before tax and prior period expenses was ` 1,285.26 lacs in such period. The difference was primarily attributable to an increase in inventories of ` 352.09 lacs due to the increase in sales, an increase in trade and other receivables of ` 1,000.40 lacs again primarily due to an increase in sales.

Net cash generated from operating activities was ` 512.95 lacs in fiscal 2011, although net profit before tax and prior period expenses was ` 577.75 lacs in such period. The difference was primarily attributable to an increase in inventories of ` 171.93 lacs due to the increase in sales, an increase in trade & other receivable of ` 907.98 lacs again primarily due to an increase in sales. It was offset to some extent by the increase in current liabilities of `748.88 lacs.

Net cash from operating activities was ` 161.30 lacs in fiscal 2010, although net profit before tax and prior period expenses was ` 350.93 lacs in such period. The difference was primarily attributable to an increase in trade & other receivables of ` 532.13 lacs.

Investing Activities

Net cash used in investing activities in fiscal 2012 was ` 94.42 lacs, and consisted of purchase of fixed assets including capital work in progress of ` 406.05 lacs, primarily plant and machinery at factories and sites. It was off set by sale of land for an amount of ` 300 lacs

Net cash used in investing activities in fiscal 2011 was ` 169.98 lacs, and consisted of purchase of fixed assets including capital work in progress of ` 165.53 lacs, primarily plant and machinery at factories and sites.

Net cash used in investing activities in fiscal 2010 was ` 189.92 lacs, and consisted of purchase of fixed assets including capital work in progress of ` 155.41 lacs, primarily plant and machinery at factories and sites.

Financing Activities

Net cash used in financing activities in fiscal 2012 was ` 90.26 lacs, mainly resulting from interest payment on short-term loans of ` 367.07 lacs primarily from working capital loans, which was partially offset by the availing of new loans of ` 285.61 lacs.

Net cash used in financing activities in fiscal 2011 was ` 309.44 lacs, mainly resulting from interest payment on short-term loans of ` 277.32 lacs primarily from working capital loans.

Net cash generated from financing activities in fiscal 2010 was ` 208.64 lacs resulting from the net proceeds from long term loans of ` 381.47 lacs and proceeds from the issue of share capital including security premium of ` 100.00 lacs, but offset to some extent by the payment of interest on short-term loans of `257.53 lacs to commercial banks.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. However, the ICAI has announced a road map for the adoption of, and convergence of Indian GAAP with, IFRS announced by the Ministry of Corporate Affairs, GoI in January, 2010, pursuant to which we will be required to prepare our annual and interim financial statements under IFRS beginning with financial year commencing April 1, 2013. The convergence of certain Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

Related Party Transactions

We have entered into and expect to enter into transactions with a number of related parties, including our Promoters. For further information regarding our related party transactions, see "***Related Party Disclosure***" at Financial Statements on page 103.

Unusual or Infrequent events or Transactions

Except as discussed in this Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent" or "exceptional".

Significant economic changes

Except as discussed in this Red Herring Prospectus, to the best of our knowledge, there have been no other significant economic changes that are likely to have a material adverse impact on our operations or financial condition.

Known trends or uncertainties

Our business has been impacted and we expect will continue to be impacted by the trends identified in this section and the uncertainties described in "***Risk Factors***" on page xii. To our knowledge, except as we have described in this Red Herring Prospectus, there are no other known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future changes in relationship between costs and revenues

Except as described in this section and in "***Risk Factors***" and "***Business Overview***" on pages xii and 73, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Significant regulatory changes that materially affected or are likely to affect income from continuing operations

Except as described in "***Key IndustryRegulations and Policies***" on page78, there have been no significant regulatory changes that have materially affected or are likely to affect our income from continuing operations.

FINANCIAL INDEBTEDNESS

As onJuly 31, 2012 our Company has significant outstanding secured borrowing of approximately `2,536.53 Lacs. A summary of such significant outstanding secured borrowing together with a brief description of certain significant terms of such financing arrangements is as under:

Term Loan

Name of the Lender and nature and date of the loan agreement	Amount Sanctioned	Amount Outstanding as on July 31, 2012 (` lacs.)	Security	Repayment Date/ Schedule	Rate of Interest
State Bank of Mysore and South Indian Bank Limited (Consortium Term Loan)					
Term Loan Agreement dated March 7, 2007	` 200 lacs (`120 lacs State Bank from Mysore and `80 lacs from South Indian Bank Limited*)	State Bank of Mysore- 21.44 Axis Bank Limited- 30.57	First charge by way of equitable mortgage on all the immovable properties and assets of our Company. First charge by way of hypothecationon on all the movables including movable machinery, spare tools all present and future goods, book debts, documents of title to goods and other assets including documents of title to goods, receivables, by way of cash assistance and/or cash under the cash incentive schemes, bills, invoices, documents, contracts, engagements, securities, investments and rights, both present and future.	Term loan of ` 120 lacs is repayable in 60 equal monthly installments of ` 2 lacs each after an initial moratorium period of 15 months from the date of first disbursement. Term loan of ` 80 lacs is repayable in 60 equal installments (59 installmenrts of `1,33,000 and the last installment of `1,53,000) each after an initial moratorium period of 15 months from the date of first disbursement.	14% p.a.
Term Loan Agreement dated February 15, 2008	` 132.50 lacs (`81 lacs State Bank from Mysore and `51.50 lacs from Axis Bank	State Bank of Mysore- 30.97 Axis Bank Limited- 18.36	First charge by way of equitable mortgage on all the immovable properties and assets of our Company. First charge by way of hypothecationon on all the movables including movable machinery, spare tools all present and future goods,	Term Loan of ` 81 lacs is repayable in 60 equal monthly installments of ` 1.35 lacs each after an initial moratorium period of 15 months from the	14% p.a.

Name of the Lender and nature and date of the loan agreement	Amount Sanctioned	Amount Outstanding as on July 31, 2012 (` lacs.)	Security	Repayment Date/ Schedule	Rate of Interest
	Limited*)		book debts, documents of title to goods and other assets including documents of title to goods, receivables, by way of cash assistance and/or cash under the cash incentive schemes, bills, invoices, documents, contracts, engagements, securities, investments and rights, both present and future.	date of first disbursement. Term Loan of ` 51.50 lacs is repayable in 60 equal installments of `86,000 each after an initial moratorium period of 15 months from the date of first disbursement.	
Term Loan Agreement dated March 31, 2009	` 200 lacs (`120 lacs State Bank from Mysore and `80 lacs from South Indian Bank Limited*)	State Bank of Mysore- 24.63 Axis Bank Limited- 9.81	First charge by way of equitable mortgage on all the immovable properties and assets of our Company. First charge by way of hypothecationon on all the movables including movable machinery, spare tools all present and future goods, book debts, documents of title to goods and other assets including documents of title to goods, receivables, by way of cash assistance and/or cash under the cash incentive schemes, bills, invoices, documents, contracts, engagements, securities, investments and rights, both present and future.	Term loan of ` 120 lacs is repayable in 60 equal monthly installments of ` 2 lacs each after an initial moratorium period of 15 months from the date of first disbursement. Term loan of ` 80 lacs is repayable in 60 equal installments (59 installmenrts of `1.34 lacs and the last installment of `94,000) each after an initial moratorium period of 15 months from the date of first disbursement.	14% p.a.
State Bank of Mysore and Axis Bank Limited (Consortium Term Loan) Term Loan Consortium Agreement	` 300 lacs (`180 lacs from State Bank of Mysore and ` 120 lacs from Axis Bank Limited)	State Bank of Mysore- NIL Axis Bank Limited- NIL	First charge by way of equitable mortgage of all the immovable properties and assets of our Company. First charge by way of hypothecation on all movables, including movable machinery, spare tools all present and future goods,	Term loan of ` 180 lacs is repayable in 60 monthly installments of ` 3 lacs each after an initial moratorium period of 15 months from the	14% p.a.

Name of the Lender and nature and date of the loan agreement	Amount Sanctioned	Amount Outstanding as on July 31, 2012 (` lacs.)	Security	Repayment Date/ Schedule	Rate of Interest
dated December 8, 2011			book debts, documents of title to goods and other assets including documents of title to goods, receivables, by way of cash assistance and/or cash under the cash incentive schemes, bills, invoices, documents, contracts, engagements, securities, investments and rights, both present and future.	date of first disbursement. Term loan of ` 120 lacs is repayable in 60 monthly installments of ` 2 lacs each after an initial moratorium period of 15 months from the date of first disbursement.	

* Axis Bank Limited has taken over the existing limits from South Indian Bank vide its letter dated November 28, 2011.

Working Capital Loan

Name of the Lender and nature and date of the loan agreement	Amount Sanctioned	Amount Outstanding on July 31, 2012 (` lacs.)	Security	Repayment Date/ Schedule	Rate of Interest (% per annum)
State Bank of Mysore and Axis Bank Limited (Consortium Working Capital Loan) Working Capital Consortium Agreement dated December 8, 2011	` 4,500 lacs (Cash Credit - `1,500 lacs, Letter of Credit – 750 lacs, Bank Guarantee – 1000 lacs & Stand by line of credit – 150 lacs from State Bank of Mysore and Working Capital – 1000 lacs & Stand by Line of Credit - 100 lacs from Axis Bank Limited)	State Bank of Mysore-Cash Credit-1498.30 Letters of Credit - 325.47 Bank Guarantee-668.02 Axis Bank Limited-Cash Credit-902.45	First pari passu charge of our Company's current assets namely, stocks of raw materials, semi-furnished and furnished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable, and book debts and all other movables of our Company.	On demand	Cash Credit – 13.75 Cheque / Demand Purchase – 13.75 Letter of Credit – 75% of the applicable charges as per the extant instructions from time to time. Bank Guarantee – 75% of the applicable charges as per the extant instructions from time to time.

Restrictive Covenants

Many of our financing agreement include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company is required to obtain the prior written consent of the lenders in the following instances:

§ Change in the capital structure of our Company;

§ Formulate any scheme of amalgamation / reconstruction;

§ Implement any scheme of expansion / diversification / modernization / other than incurring routine capital expenditure;

§ Make any corporate investments or investments by way of share capital or debentures or land or advance funds to or place deposits with any other concern except give normal trade credits or place on security deposits in the normal course of business or make advances to employees;

§ Substantial changes in the management set up;

§ Enter into any borrowing or non-borrowing arrangements, either secured or unsecured, with any other lender or financial institution;

§ Undertake guarantee obligations on behalf of any other company, firm or person, including in certain cases, to the Subsidiaries of our Company;

§ Sell, assign, morgage or otherwise dispose off any of the fixed assets charged to the bank.

Our Company has from time to time, obtained the consent of its lenders to undertake certain corporate actions and enter into various transactions. Our Company has obtained the requisite consents from its lenders in order to undertake the present public issue. For further information on restrictive covenants, please see "Risk Factors" on page xii of this Red Herring Prospectus.

Under certain facility agreements and sanction letters, the facilities availed of by our Company are repayable on demand.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiary, our Directors, our Promoter and Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company and our Subsidiary, default in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings exceeding Rs 0.10 million, which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act, 1956) other than unclaimed liabilities of our Company and our Subsidiary and no disciplinary action has been taken by SEBI or any stock exchange against our Company, our Subsidiary, our Promoters, our Directors and Group Companies.

Litigations against our Company

Notices against our Company

Income Tax

1. A notice of demand dated September 20, 2011 was issued to our Company by the Income Tax Officer, TDS WARD II (5) ("**Assessment Officer**"), Chennai, under section 156 of the Income Tax Act, 1961, demanding payment of ` 45,282 for the assessment year 2010-2011 in respect of form number 24Q of 4th quarter. Our Company replied vide letter dated January 2, 2012 requesting the Assessment Officer to provide the records reflecting short payment. The matter is currently pending.

2. A notice of demand bearing number 20/JA/CHEWT1525/0000784794 dated October 21, 2011 was issued to our Company by the Assessment Officer demanding payment of ` 8,485 as interest payable till date due to late deposit of tax in form number 26Q for the 4th quarter. Our Company replied vide letter dated January 9, 2012 stating that the due date for remittance was wrongly taken as April 7, 2010 for TDS deducted on March 31, 2010 and the interest was calculated accordingly without taking into consideration the interest already paid by our Company to an extent of ` 5,223. Our Company also clarified that, the balance amount aggregating to ` 3,777 were paid on January 9, 2012. The matter is currently pending.

3. Our Company received an intimation bearing reference number CPC/1213/H1/12002427294 dated May 4, 2012 from the Assistant Commissioner of Income Tax under section 245 of the Income Tax Act 1961("Act"), demanding the payment of ` 5,43,233 for the various assessment year 2003 - 04, 2004 - 05, 2005 - 06, 2007 - 08 & 2008 – 09. Our Company replied vide letter dated June 27, 2012, requesting the Assistant Commissoner of Income Tax to provide the copy of intimation under section 143(1) of the Act for the above said assessment years. The matter is currently pending.

Service Tax

1. A notice bearing number O.C. No. 222 /2012 ("**Notice**") was issued by the Superintendant of Central Excise, Muthunagar Range, Tuticorin ("**Superintendent**") to our Company, stating that our Company has been providing works contract and other services without registering the premises with the department and without paying the appropriate service tax under applicable law. The Superintendent vide Notice demanded our Company to pay service tax upon receipt of the Notice and report compliance of the same. Further, our Company was called upon to furnish inter-alia copy of the Income Tax Return along with the Balance Sheet, Profit and Loss Account and copies of the TDS Certificates (issued/received) for the last three financial years, bank statement for the last three financial years and bills issued in respect of the works contract services. Our Company vide its reply dated January 20, 2012 informed that our Company had taken service tax registration for its head office at Chennai though services are performed at different locations and that service tax has already been paid in respect of services provided at Tuticorin and further submitted the documents as demanded. The matter is currently pending.

2. Our Company received a notice bearing no. C.No.IV/16/279/2011- Gr.V dated July 26, 2012 from Superintendent of Service Tax, Nandanam, Chennai – 600 035 ("**Superintendent**"), stating that during the scrutiny of ST – 3 returns for the half year ended March, 31 2012, there is a short payment of tax of ` 5,31,559 and also short payment of interest of `1,328 in respect of service tax registration number AAACT1261FSD021 and requested the company to remit the same. Our Company replied vide letter dated August 09, 2012, providing the details of remittance to show that there is no short payment as claimed in the notice.

Sales Tax Cases

1. The Assistant Commissioner (CT) ("**Authority**") vide order number CST/32022/2009-10 dated April 10, 2012 refixed the taxable turnover for the year 2009-10 under the Central Sales Tax Act, 1956 as ` 18,17,51,626 and determined the total tax due as ` 68,00,380. The Authority subsequently issued a demand notice in Form 3 demanding payment of ` 24,66,371 after deducting the amount already made towards the tax. Our Company vide a letter dated August 10, 2012 has requested the Authority to give 60 days time to submit the remaining statutory forms. The matter is currently pending.

2. The Assistant Commissioner (CT) ("**Authority**") vide order number CST/32022/2008-09 dated April 9, 2012 refixed the taxable turnover for the year 2008-9 under the Central Sales Tax Act, 1956 as ` 18,37,77,340 and determined the total tax due as ` 67,10,031. The Authority subsequently issued a demand notice in Form 3 demanding payment of ` 14,80,453 after deducting the amount already made towards the tax. Our Company vide a letter dated August 10, 2012 has requested the Authority to give 60 days time to submit the remaining statutory forms. The matter is currently pending.

3. The Assistant Commissioner (CT) ("**Authority**") vide order number CST/32022/2007-08 dated April 9, 2012 refixed the taxable turnover for the year 2007-8 under the Central Sales Tax Act, 1956 as ` 14,71,29,869 and determined the total tax due as ` 59,22,734. The Authority subsequently issued a demand notice in Form 3 demanding payment of ` 7,53,554 after deducting the amount already made towards the tax. Our Company vide a letter dated August 10, 2012 has requested the Authority to give 60 days time to submit the remaining statutory forms. The matter is currently pending.

Litigations by our Company

Customs and Central Excise Cases

1. Our Company received a show-cause notice bearing number (C. No. V/15/12/2007-Adj) dated December 14, 2007 from the Assistant Commissioner of Customs and Central Excise, Nellore Division ("**Assistant Commissioner**"), as to why an amount of ` 66,394 along with interest and penalty should not be paid by us as the differential duty under section 11A of the Central Excise Act, 1944. The Assistant Commissioner alleged that our Company was adopting fixed price in respect of the clearances made from our factory to our depots and branches across the country for the period from January 01, 2007 to April 30, 2007. Our Company clarified that the lagging sheets produced at the factory were transferred to our depots for carrying out service contracts and were for internal consumption only and hence, the clearances were valued on the cost construction basis. The Assistant Commissoner alleged that our Company had violated the Rule 8 of the Central Excise Valuation Rules, 2000 as the lagging sheets were not used for production or manufacture of other articles as under Rule 8. Our Company vide reply dated December 10, 2008 stated that the CESTAT had allowed the adoption of the cost construction basis in similar circumstances.

   The Assistant Commissioner vide order-in-original dated March 18, 2008 directed our Company to pay a sum of ` 66,394 being the differential duty, ` 64,827 being the penalty under section 11AC of the Central Excise Act, 1944, interest under the applicable rates as under the Central Excise Act, 1944 and penalty of ` 2,000 under Rule 25 and 26 of the Central Excise Rules, 2002.

   Our Company filed an appeal before the Commissioner of Central Excise (Appeals) ("**Commissioner Appeals**") stating that the order of the Assistant Commissioner is erroneous in law. The Commissioner Appeals vide order dated October 31, 2010 upheld the demand of duty and interest made by the Assistant Commissioner and set aside the penalties imposed by the Assistant Commissioner.

   Our Company filed an appeal (No. 28/2009) against the order of the Commissioner Appeals with the CESTAT, Bangalore and also prayed for waiver of pre-deposit for hearing the appeal. CESTAT vide order dated May 4, 2009 has granted the waiver and the matter is currently pending.

2. Our Company received show cause notices bearing numbers C.No. V/22/15/14/2006-Adj dated August 23, 2006 ("**SCN 1**") & C.No. V/22/15/2007-Adj dated January, 29, 2007 ("**SCN 2**"), respectively from the Assistant Commissioner of Customs and Central Excise, Nellore Division ("**Assistant Commissioner**"), as to why an amount of ` 22,179 &` 67,614/- respectively along with interest and penalty should not be paid by us as the differential duty under section 11A of the Central Excise Act, 1944. The Assistant Commissioner alleged that our Company was adopting fixed price in respect of the clearances made from our factory to our depots and branches across the country for the period from September 1, 2005 to March 31, 2006 and from April 1, 2006 to December 31, 2006. Our Company clarified that the lagging sheets produced at the factory were transferred to our depots for carrying out service contracts and were for internal consumption only and hence, the clearances were valued on the cost construction basis. The Assistant Commissoner alleged that our Company had violated the Rule 8 of the Central Excise Valuation Rules, 2000 as the lagging sheets were not used for production or manufacture of other articles as under Rule 8. Our Company vide reply dated September 18, 2006 & February, 20, 2007 respectively stated that the CESTAT had allowed the adoption of the cost construction basis in similar circumstances and stated that rule 7 of the valuation rules cannot be invoked in the instant case.

   The Assistant Commissioner vide order-in-original No. 5/2007 dated June, 29, 2007 ("**Order 1**") directed our Company to pay a sum of ` 22,179 being the differential duty, ` 22,179 being the penalty under section 11AC of the Central Excise Act, 1944, interest under the applicable rates as under the Central Excise Act, 1944 and penalty of ` 500 under Rule 25 and 26 of the Central Excise Rules, 2002 in respect of SCN 1.

   The Assistant Commissioner vide order-in-original 07/2007 dated July, 31, 2007 ("**Order 2**") directed our Company to pay a sum of ` 67,614 being the differential duty, ` 66,288/- being the penalty under section 11AC of the Central Excise Act, 1944, interest under the applicable rates as under the Central Excise Act, 1944 and penalty of ` 2,000 under Rule 25 and 26 of the Central Excise Rules, 2002 in respect of SCN 2.

   Our Company filed an appeal before the Commissioner of Central Excise (Appeals) ("**Commissioner Appeals**") against Order 1 and Order 2 stating that the same is erroneous in law. The Commissioner Appeals vide order No. 18 & 19/2008 dated February, 28, 2008 ("Order 3") upheld order 1 and Order 2 and directed our Company to pay a sum of ` 67,614 as the differential duty, ` 66,288 being the penalty under section 11AC of the Central Excise Act, 1944, penalty as per the provisions of the Central Excise Act, 1944 and ` 2,000 under Rule 25 and 26 of the Central Excise Rules, 2002 in respect of Order 2 and pay a sum of ` 22,179 as the differential duty, ` 22,179 being the penalty under section 11AC of the Central Excise Act, 1944, penalty as per the provisions of the Central Excise Act, 1944 and ` 500 under Rule 25 and 26 of the Central Excise Rules, 2002 in respect of Order 1.

   Our Company filed an appeal (No. 1105 & 1106/2008) dated June 1, 2008 ("**Appeal**") against the Order 3 of the Commissioner Appeals with the Customs Excise and Service Tax Appellate Tribunal, Bangalore ("**CESTAT**") and also prayed for waiver of pre-deposit and stay of operation of Order 3 pending disposal of the appeal. CESTAT vide order dated November 6, 2008 (communicated on November 26, 2008) ordered the pre-deposit of the entire duty amount within two months. Our Company paid the said amount on January 21, 2009. The Appeal is currently pending.

3. A show cause notice dated June 2, 2000 was issued to our Company by the Commissioner of Central Excise II, Chennai ("**Commissioner**"), proposing a duty demand of ` 186.71 lakhs. Subsequently, the Commissioner vide order in original bearing number 36/2003 dated October 30, 2003 ("**Order**") confirmed the demand of ` 133.89 lacs and also imposed penalties of equal sum under section 11 AC read with rule 173 Q of the Central Excise Rules 1944. The Order also proposed to impose personal penalties of ` 15 lacson the directors namely, Mr. K. J Joseph, Mr. Thomas John, Mr. D.S Rajagopal and Mr. Manoj Joseph. Aggrieved, our Company has filed an appeal bearing number E/88-92/2004 before the Central Excise and Service Tax Appellate Tribunal against the Order and filed a stay application before the CESTAT for waiver of pre deposit and stay of recovery in respect of the duty and penalty amounts. The Revenue has also filed an appeal bearing number E/1360/2004 before the CESTAT against the Order, for dropping proceedings in respect of certain issues. CESTAT vide interim order dated May 26, 2004 ("**Interim Order**") dispensed with the requirement of predeposit of penalty amounts and stay of recovery in respect of the amounts of duty demanded by the Commissioner, barring the amount of ` 5.46 lakhs. The CESTAT vide Order number 483 to 488 of 2005 dated March 22, 2005 ("**Order 1**") dismissed the appeal filed by the Revenue on issues 3 & 4 of the Show Cause Notice for an amount aggregating to 19.51 lacs and allowed the appeal filed by our Company on issues 5, 7 and 8 of the Show Cause Notice aggregating to 104.26 lacs. The CESTAT vide Order 1, set aside the personnel penalties imposed against the directors and the mandatory penalties imposed under section 11 AC read with rule 173 Q of the Act. The CESTAT, however upheld the order of the Commissioner on issue 6 of the Show Cause Notice and confirmed the demand of ` 24.69 lacs and imposed penalty for an amount of ` 5 lakhs. Our Company filed a civil miscellaneous appeal bearing number CMA NPDB 3748 of 2005 ("**Appeal**") before the High

Court of Judicature at Madras ("**High Court**") against the Order 1 passed by the Customs, Excise and Service Tax Appellate Tribunal ("**CESTAT**") and a stay petition bearing number 18765 of 2005 for grant of interim stay of Order 1 and all further proceedings in Order 1. The High Court vide interim order dated January 18, 2006 ("**Interim Order 1**") extended the stay granted on November 28, 2005. The matter is currently pending before the High Court.

4. A demand cum show cause notice dated October 1, 2001 ("**Demand Notice**") was issued to our Company by the Deputy Commissioner of Customs (EPCG) ("**Deputy Commissioner**"). Our Company has filed bills of entry for the clearance of capital goods in terms of customs License number 04500213 dated February 17, 1997. The goods covered by the said bills of entry and license were allowed for clearance at concessional rate of 15% subject to export obligation on execution of bond towards the total differential duty amounting to ` 12,49,529 and bank guarantee. The Deputy Commissioner claims that our Company has neither produced any proof of completion of Export Obligation within the time limit nor has produced any evidence to show extension of time limit towards fulfillment of export obligation period. Hence, the Demand Notice was issued demanding our Company to produce inter-alia evidence of pro-rata fulfillment of export obligation along with documents like original installation certificate, original statement of export etc and in case of failure to produce the same to show cause as to why the 10%, 20% and 30% pro-rata/entire amount of differential duty along with interest at the rate of 24% shall not be confirmed in terms of the Customs Notification Number 110/95. Our Company replied vide letter dated October 18, 2001 inter-alia stating that it has already submitted the details of export obligation fulfilled up to March 31, 2000 and further it has time up to March 31, 2002 to full fill the export obligation under the import license. Subsequently, our Company vide letter dated March 11, 2002 requested Zonal Joint Director General of Foreign Trade ("**Joint DGFT**") for extension of export obligation for three years from February 16, 2002. Joint DGFT vide letter dated May 8, 2002 advised our Company to approach DGFT, New Delhi for necessary extension in export obligation and to furnish Appendix 9A showing year wise, percentage wise fulfilment of Export Obligation for the export products. Accordingly, our Company vide letter dated October 15, 2002 requested Director General of Foreign Trade, New Delhi ("**DGFT**") for extension of export obligation. Subsequently, the Joint DGFT vide letter dated December 2, 2002 demanded our Company to produce the original receipt for payment of customs duty along with 24% interest as our Company failed to obtain the extension. Later, DGFT vide letter dated January 23, 2003 informed that the matter regarding extension in EO period beyond the permissible period of one year in respect of 15% duty EPCG license is taken up with Department of Revenue. The Deputy Commissioner vide letter dated March 7, 2003 demanded our Company to forward inter-alia the original installation certificate, original E.P Copies of shipping bills etc. The Joint DGFT again issued a letter dated June 26, 2003 stating that as per the EPCG license our Company should have maintained annual average of US $ 16410 for each financial year from the year of issue of license and failure to comply with the obligation within 5 years is liable to interest of 15% per annum and further stated that the export obligation period could be extended till March 31, 2004 upon execution of bank guarantee valid up to March 31, 2005. Further, the Commissioner of Customs vide letter dated February 22, 2005 advised our Company to renew the validity of the bank guarantee for a further period of one year i.e., till March 12, 2006. Our Company had renewed the bank guarantee. Subsequently, our Company vide letter dated September 7, 2007 requested further extension of period of export obligation under EPCG License. In the meanwhile, our Company had renewed the bank guarantee again . The matter is currently pending.

5. A notice bearing number 515/2003 dated June 20, 2003 ("**Notice**") was issued to our Company by the Superintendant of Customs and Central Excise, Gudur ("**Superintendant**") demanding payment of differential duties of ` 98,755 along with penal interest for short payment of duty on the clearances effected to depots from April 1, 2002 to March 31, 2003 in terms of rule 7 of the Central Excise Valuation Rules, 2002. Subsequently, the Superintendant issued additional reminder notices dated January 3, 2004, June 30, 2004 and July 16, 2004 for the payment of differential duty. The notice dated July 16, 2004 also called upon our Company to submit information in respect of all depot clearances effected from July 1, 2000 till June 2004. Our Company replied vide letter dated July 26, 2004 stating that stock transfers to depots cannot be assessed at transaction value and is valued as per Rule 8 of the Valuation Rules 2000 of the Central Excise Act 1944 and further sought withdrawal of the demand made.

   A show cause notice O.R.No. 84/2004-CE dated March 29, 2005 ("**Show Cause Notice**"), was issued to our Company by the Commissioner of Customs and Central Excise ("**Authority**") directing our Company to show cause inter-alia as to why the differential amount of central excise duty amounting to ` 18,25,288 should not be levied under proviso to section 11A(1) of the Central Excise Act, 1944 along with interest and penalty, for non payment of differential duty on goods cleared to the depot for the period from July 2000 to June 2004. Our Company was also asked to show cause as to why the amount of ` 8,13,200 paid by our Company should not be appropriated by the Government of India and adjusted towards the aforesaid duty. Our Company vide its reply dated April 22, 2005 clarified all points and requested the Authority to drop the proceedings.

A show cause notice C.No. V/40/15/170811 dated June 9, 2005 ("**Show Cause Notice**") was issued to our Company by the Commissioner of Customs and Central Excise ("**Authority**") directing our Company to show cause as to why an amount of ` 3,42,194 along with education cess of ` 6,844 should not be demanded and recovered from them in terms of section 11 A of the Central Excise Act, 1944 along with interest and penalty for non payment of differential duty on goods cleared to the depot for the period from July 1, 2004 to January 31, 2005. Our Company vide its reply dated August 10, 2005 clarified all points and requested the Authority to drop the proceedings.

A show cause notice number V/40/15/26/2005TI dated January 30, 2006 was issued to our Company by the Commissioner of Customs and Central Excise ("**Authority**") directing our Company to show cause as to why an amount of ` 1,20,826 along with education cess of ` 2,417 should not be demanded and recovered from our Company in terms of section 11 A of the Central Excise Act, 1944 along with interest and penalty for non payment of differential duty on goods cleared to the depot for the period from February 1, 2005 to August 31, 2005. Our Company vide its reply dated February 25, 2006 clarified all points and requested the Authority to drop the proceedings.

Subsequently, Commissioner of Customs and Central Excise ("**Commissioner**") vide order in original CE-06/2006 dated March 31, 2006 ("**Order**") confirmed the duty demand of ` 18,25,288 for the period July 2000 to June 2004, `3,49,038 for the period July 2004 to January 2005 and ` 1,23,243 for the period February 2005 to August 2005 along with penalty of ` 18,25,288 under section 11 AC of the Central Excise Act, 1944 and ` 25,000 under Rule 25 of the Central Excise Rules, 2002 along with interest. Aggrieved, our Company filed an appeal bearing number 81/2006 dated June 8, 2006 ("**Appeal**") before the Commissioner of Central Excise (Appeals) ("**Commissioner (Appeals)")**, praying that the Order be set aside. Our Company has also filed a stay petition dated June 8, 2006 ("**Stay Petition**") for waiver of pre-deposit and stay of operation of the Order. The Commissioner Appeals vide order dated August 01, 2007 ("**Order 1**") dismissed the Appeal. Aggrieved, our Company filed an appeal bearing number 30/2008 dated October 16, 2007 ("**Appeal 1**") before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore ("**CESTAT**"), praying inter alia that Order 1 be set aside. Our Company has also filed a stay petition dated October 16, 2007 ("**Stay Petition**") for waiver of pre-deposit and stay of operation of Order 1 pending disposal of Appeal 1. The CESTAT vide order dated April 17, 2008 allowed the Appeal 1 and remanded the matter to Commissioner (Appeals) for reconsideration. Subsequently, the Commissioner (Appeals) vide order dated October 31, 2008 ("**Order 2**"), confirmed the Order with respect to duty demand and interest, and set aside the penalties imposed. The Committe of Commissioners of Customs, Central Excise and Service Tax ("**Committee**") vide order number C. No. V/02/160/2008-Trib ("**Order 3**") examined Order 2 and held that Order 2 is not legal and proper with regard to setting aside of penalty under Section 11 AC and authorised the Commisssioner to file an appeal with CESTAT on behalf of the Committee against Order 2. Aggrieved by Order 2, our Company filed an appeal dated January 9, 2009 ("**Appeal 2**") before the CESTAT, praying inter alia that the duty demand under Order 2 be set aside. Our Company has also filed a stay petition dated January 9, 2009 ("**Stay Petition**") inter alia for waiver of pre-deposit and stay of operation of Order 2 pending disposal of Appeal 2. The matter is currently pending before the CESTAT.

Civil Cases

1. Our Company filed a suit O.S.No. 53/2011 dated June 07, 2011 ("**Suit**") before the Court of Subordinate Judge of Neyveli ("**Court**") against the Chairman and Managing Director, Neyveli Lignite Corporation ("**Defendent 1**") and General Manager (Materials Management), Neyveli Lignite Corporation ("**Defendant 2**") together referred to as the ("**Defendants**"). The Defendants had floated tenders for the purchase of following items, namely, rubber solution, tie gum, steel chord splicing materials etc for their steel chord conveyor belts. The Defendants accepted our Company's quotation and issued their purchase order number PO/07-8/003381/TC/ENQ/07-08/000684/MM17(2)/42/11 dated September 24, 2007 and our Company furnished its bank guarantee for contract performance from State Bank of Mysore for an amount of ` 30,34,319 ("**Bank Guarantee**"). On March 21, 2009, the Defendants issued a letter, stating that there were joint failures and demanded our Company to take back the unutilised material. Further, on May 16, 2009 the Defendants vide a letter called upon our Company to pay a sum of ` 37,42,300 for the materials rejected and failed joints. Our Company vide its letter dated June 9, 2009 replied to the Defendants stating that our Company agreed to take back the splicing materials rejected by the Defendants and replace the same. Again on May 18, 2010 the Defendants issued a notice by including additional claim of ` 14.955 lacsenhancing the total claim to `52.378 lacsand calling upon our Company to pay a sum of ` 52,37,800. Further, on March 16, 2011 our Company issued a comprehensive letter to Defendants stating that they are willing to arrive at a solution to settle the issues. Subsequently, the Defendants vide its letter dated May 10, 2011 called upon our Company to remit a sum of `29,21,700 towards the cost of unutilized materials returned failing which threatened to invoke the Bank Guarantee and they also asked to effect free replacement towards warranty claim. Aggrieved, our Company filed the Suit inter-alia praying that the Court be pleased to pass a decree declaring that the Defendants are not entitled to invoke the Bank Guarantee until the actual amount payable is ascertained and for permanent

injunction restraining the Defendants from invoking the Bank Guarantee till the amount is ascertained. The Defendant vide its interim application in O.S 53/2011dated July 16, 2011 filed before the Court under section 8 of the Arbitration Act, 1996 prayed that the matter be referred to Arbitration and the Suit be dismissed with cost as the Suit is not maintainable. The Court has dismissed the case stating that they do not have jurisdiction to decide the case. Hence, our Company has filed an interim application I.A. No. 4775/2011 in O.P. NO. 199/2011 dated November 28, 2011 before the Principal District Judge, Cuddalore, praying for a temporary injunction restraining the Defendants from invoking the Bank Guarantee during pendency of the aforementioned Suit. The Principal District Judge vide order dated April 20, 2012 extended the interim stay till August 17, 2012.

Sales Tax Cases

1. A show cause notice bearing number GI. No.5845/03-04 (CST) dated January 27, 2007 ("**Show Cause Notice**") was issued to our Company by the Commercial Tax Officer, Gudur ("**Authority**") rejecting the net turnover reported by our Company as per Form AR III and IV statements and determined the net turnover for the year 2003-2004 under the Central Sales Tax Act, 1956 ("**Act**") as ` 1,68,37,877.Our Company vide its reply dated March 7, 2007 stated our objections and requested the Authority to pass the final assessment order without making additions to the reported turnover in the Audit Report. The Authority vide order dated March 28, 2007 rejected the turnovers reported in AR III and AR IV statements and confirmed the net turnover for the year 2003-2004 under the Act as ` 1,68,37,877 and assessed our Company with a tax of `7,50,354. Our Company was also issued a demand notice in Form C.S.T-VIII for an amount of ` 96,071 as the balance tax due. Subsequently a revised show cause notice bearing number R.V. No. 6/07-08/A6 dated June 25, 2007 ("**Revised Show CauseNotice**") was issued by the Deputy Commissioner to our Company, stating that our Company was assessed under the Central Sales Tax Act for 2003-04 vide proceedings in G.I. No. 5845/03-04 dated March 28, 2007 on the net turnover of ` 1,41,80,008 and demanding our Company to submit inter-alia the name of the branch, address of the branch with RC No and assessing authority under whose jurisdiction it lies, mode of dispatch of goods from Nellore to other state branches, copies of assessment orders of other states, rents and salary paid details to staff of branches held in other states etc. Our Company replied vide letter dated August 31, 2007 submitting most of the documents sought through the Revised Show Cause Notice. The matter is currently pending.

2. The Commercial Tax Officer, Naidupet ("**Authority**") vide assessment order dated February 28, 2002 ("**Assessment Order**") bearing reference number G.I.NO.5845/2000-2001, assessed a tax liability of ` 1,14,305 payable by our Company under the Andhra Pradesh General Sales Tax Act, 1957 ("**Act**") for the year ending March 31, 2001. A demand notice in continuance of the Assessment Order demanding payment of ` 3,402 after deducting the total amount already paid towards the tax due was issued to our Company. Subsequently, the Authority vide revised order dated July 19, 2002 ("**Revised Assessment Order**") rectified the error in the Assessment Order and determined the tax due as ` 1,14,305. The Authority also issued a refund of ` 2,29,080 after considering the tax already paid. Subsequently, the Deputy Commissioner, Commercial tax ("**Deputy Commissioner**") issued a revision show cause notice dated August 29, 2005 ("**Revision Notice**"), withdrawing the exemption allowed on a turnover of ` 26,83,676 and ` 76,17,376 and proposing to reassess the tax payable under section 5 of the Act, inter-alia, on the grounds that our company has not produced audited balance sheet, Profit and loss Account and Annual Report. Our Company vide its reply dated November 7, 2005 clarified all the points raised in the Revision Notice and enclosed the Profit and Loss Account and Annual Report. Subsequently, the Deputy Commissioner vide order dated February 14, 2006 ("**Order 1**") rejected the objections filed by our Company and instructed the Authority to recast the taxable turnover and calculate tax accordingly. Accordingly, the Authority vide order dated February 17, 2006 ("**Order 2**") determined the total tax due to be ` 5,55,473 and issued a demand notice in Form B seeking payment of the ` 4,41,168 after deducting the tax already paid. Aggrieved, our Company filed an appeal bearing number 248/11of 2006 dated March 18, 2006 ("**Appeal**") before the Andhra Pradesh Sales Tax Appellate Tribunal ("**APSTAT**"), praying that the Appeal be allowed and the revision proceedings of the Deputy Commissioner by Order 1 be set aside and the Assessment Order be restored. Company also filed a stay petition ("**Stay Petition**") before the Joint Commissioner of Commercial Tax ("**Joint Commissioner**"). The Joint Commissioner vide order dated May 15, 2006 ("**Order**") rejected the Stay Petition. Aggrieved by the Order, our Company filed a writ petition 16213/2006 before the High Court of Judicature at Andhra Pradesh ("**Court**") praying that the Court be pleased to issue a writ of Certiorari or any other direction for quashing the Order and restraining the Authority from taking any coercive steps for collection of disputed tax of ` 4,41,168. The Court vide order dated August 4, 2006 granted stay of the Order on the condition of payment of 50% of the total tax due within four weeks from August 4, 2006. The APSTAT vide order dated March 16, 2012 allowed our Appeal and remanded the matter back to the Authority. The matter is currently pending.

3. The Commercial Tax Officer, Naidupet ("**Authority**") vide order dated February 28, 2002 ("**Order**") bearing reference number G.I.No. 5848/00-01 assessed our Company with a tax liability of ` 4,86,037 for the year 2000-2001 under Central Sales Tax Act. The Authority also issued a notice of final assessment and refund order dated February 28, 2002 stating that there was a refund of 41,174 and the same would be adjusted to the tax due for the period 2002-2003. Subsequently, the Deputy Commissioner, Commercial tax ("**Deputy Commissioner**") issued a revision show cause notice dated August 29, 2005 ("**Revision Notice**"), proposing to reassess the tax under section 3 (a) of the Central Sales Tax Act, 1956 inter-alia on the grounds that our Company has not produced audited balance sheet and profit and loss account. Our Company vide its reply dated December 9, 2005 clarified all the points raised in the Revision Notice and sought the dropping of proceedings initiated for re-assessment. Subsequently, the Deputy Commissioner vide order dated May 24, 2006 ("**Order 1**") inter alia set aside the Order and the turnover of ` 1,38,25,291 being stock transfers were rejected and treated as interstate sales of rubber sheets and adhesives and accordingly brought to tax. Relying on Order 1, the Authority passed an order dated July 13, 2006 ("**Order 2**") determining the total taxable turnover as ` 21,45,053 and issued a demand notice in Form B seeking payment of ` 16,17,852 after deducting the tax already paid. Aggrieved, our Company filed a writ petition number 19074 of 2006 dated September 2006 ("**Writ Petition**") before the High Court of Judicature at Andhra Pradesh, praying that Order 1 and Order 2 be stayed pending the disposal of the Writ Petition and also for issuance of a writ of certiorari or any other writ/order calling for records in relation to Order 1 and Order 2 and for quashing the same. The High Cout vide order dated September 22, 2006 stayed Order 1 and 2 subject to submission of bank guarantee for an amount equal to 50% of the total tax due within four weeks from September 22, 2006. Our Company has accordingly submitted the bank guarantee. The matter is currently pending.

4. A show cause notice bearing number GI. No. 5845/2002-2003(CST) dated December 31, 2003("**Show Cause Notice**") was issued to our Company by the Commercial Tax Officer, Naidupet ("**Authority**") inter alia calling upon our Company to file their objections to the proposed assessment under the Central Sales Tax Act, 1956 ("**Act**") for the year 2002-2003. Subsequently, the Authority vide revised show cause notice bearing number G.I.No. 5845/2002-03 (CST) dated May 28, 2005 ("**Revised Notice**"), inter alia informed our Company that the documents of export sales, stock transfers and original 'C' forms were not submitted and further the effective date of registration of buyers is not stated on the 'C' declaration forms to prove that they are registered at the time of purchase from the assessee and called upon our Company to produce the recorded evidence within 7 days. The Authority vide assessment order dated January 27, 2006 ("Order 1") finalised the net turnover as ` 1,63,39,327 for the purpose of assessment under the Act and issued a demand notice for an amount of `2,36,043 as the balance tax due from our Company. Aggrieved, our Company filed an appeal dated February 22, 2006 before the Appellate Deputy Commissioner praying that Order 1 be quashed summarily as the same is not sustainable under law in the circumstances of the case. The Appellate Deputy Commissioner vide his order dated September 26, 2007 remanded the matter to the Authority. The matter is currently pending.

5. A show cause notice bearing number GI. No. 5845/2002-2003 dated December 31, 2003 ("**Show Cause Notice")** was issued to our Company by the Commercial Tax Officer, Naidupet ("**Authority")** inter-alia calling upon our Company to file their objections to the proposed assessment of the net turnover of ` 39,01,936 under theAndhra Pradesh General Sales Tax Act, 1957 ("**Act**") for the year 2002-2003. Subsequently, the Authority vide revised show cause notice bearing number GI.No. 5845/2002-03 dated May 28, 2005 ("**Revised Notice**"), inter-alia determined the net turnover taxable as ` 1,48,73,150. Our Company filed its objections vide its reply dated November 16, 2005. The Authority vide assessment order dated January 27, 2006 confirmed the net taxable turnover as `1,48,73,150 ("**Order**") and issued a demand notice in Form B3 for an amount of ` 8,40,496 as the balance tax due from our Company. Aggrieved, our Company filed an appeal bearing number 187/2005-2006/NLB dated February 22, 2006 before the Appellate Deputy Commissioner (C.T) (FAC), Guntur ("**Deputy Commissioner**") against the Order inter-alia on the grounds that the Authority has allowed only 30% deduction under Rule 6(3) of Andhra Pradesh General Sales Tax Rules towards the labour component from the total cost of works undertaken by the Appellants. The Deputy Commissioner vide order dated February 27, 2007 inter-alia set aside the Order and remanded the matter back to the Authority with a direction to call for the books of accounts for the purpose of verification of incorporation value of the materials transferred and also the value of skill and labour as compared with the incorporation value of the material in deciding the issue. Subsequently, the Authority vide notice dated June 21, 2007 and August 21, 2007 ("**Notices**") demanded that our Company produce its books of account for the year 2002-2003 along with documentary evidence in support of their contention. Our Company replied to the Notices stating that the assessment proceedings for the year 2002-2003 be deferred till the final order is received from Deputy Commissioner in respect of assessment proceedings for the year 2003-2004, since the contentions involved in that year are also similar. The matter is currently pending.

6. A show cause notice bearing number G.I No. 5845/2001-2002 dated February 18, 2003 was issued to our Company, by the Commercial Tax Officer, Naidupet ("**Authority**"), calling upon our Company to file their objections to the proposed assessment of the net turnover of ` 36,69,434 under the Andhra Pradesh General Sales Tax Act, 1957 ("**Act**") for the year 2001-2002. The Authority vide assessment order dated September 15, 2003 ("**Order**") assessed our Company with a tax liability of ` 3,22,533 under the Act. Our Company was also issued a refund order in Form C amounting to ` 41, 249 in continuance to the Order after deducting the total amount already paid towards the tax due. Subsequently, Deputy Commissioner (CT) ("**Deputy Commissioner**") vide revised show cause notice bearing number R.V.No. 92/05-06/A6 dated August 29, 2005 ("**Revised Notice**"), proposed to reassess the tax by disallowing exemption on labour charges amounting to `96,26,203. Our Company objected to the same, vide its reply dated November 7, 2005. The Deputy Commissioner vide order bearing number R.V.No.92/05-06/A6 dated March 08, 2006 ("**Order 1**") rejected the objections filed by our Company and determined the taxable turnover as ` 1,00,54,080 and issued instructions to the Authority to give effect to Order 1. Accordingly, the Authority vide order dated March 21, 2006 (**Order 2**) determined the total tax due to be ` 8,33,305 and issued a demand notice in Form B3 demanding payment of ` 5,10,772 after deducting the tax already paid. Aggrieved, our Company filed an appeal before the Sales Tax Appellate Tribunal, Andhra Pradesh ("**STAT**") praying that Order 1 be set aside. Our Company also filed a stay petition ("**Stay Petition**") before the Joint Commissioner of Commercial Tax ("**Joint Commissioner**") to stay collection of the disputed tax of ` 5,10,772. The Joint Commissioner vide order dated June 29, 2006 ("**Order 3**") rejected the Stay Petition. Aggrieved, our Company filed a writ petition 16306 dated July 27, 2006 ("**Petition**") before the High Court of Judicature of Andhra Pradesh, Hyderabad ("**Court**") inter-alia praying for the issuance of a writ of certiorari or any other appropriate writ quashing Order 2 and restrain the Authority from taking any coercive steps for collection of the disputed tax amounting to ` 5,10,771 and also to grant stay of collection of the disputed tax pending disposal of the Petition. The Court vide order dated August 4, 2006 granted stay of Order 1 on the condition of payment of 50% of the total tax due within four weeks from August 4, 2006. Subsequently, STAT vide its order dated March 16, 2012 allowed the Appeal and the matter has been remanded back to the Authority. The matter is currently pending.

7. Commercial Tax Officer ("**Authority**") vide assessment order dated February 18, 2003 ("**Order**") assessed our Company with a tax liability of ` 36,33,174 under the Central Sales Tax Act for the year 2001-2002 and issued a demand notice for an amount of ` 30,16,304 after deducting the total amount already paid towards the tax due. Subsequently, the Authority vide revised order dated September 15, 2003 ("**Order 1**") determined the tax due as ` 6,69,605 and issued a demand notice for an amount of `52,735 after deducting the total amount already paid towards the tax due. The Deputy Commissioner (CT) ("**Deputy Commissioner**") vide revision show cause notice bearing number R.V.No.91/05-06/A6 dated August 29, 2005 set aside the assessment proceedings and proposed to reassess the tax under section 3 (a) by virtue of power vested in under section 9(2) of the Central Sales Tax Act, 1956 inter-alia on the grounds that the assessee has not produced audited balance sheet, profit and loss account and annual report. Our Company replied to the revised show cause notice on December 9, 2005 clarifying all the points raised and requesting for dropping the proposal for reassessment. The Deputy Commissioner vide order dated March 21, 2006 ("**Order 2**") set aside the Order and treated ` 2,08,93,930 as interstate sale of rubber sheets and adhesives was brought to tax. Accordingly, the Authority vide order dated March 31, 2006 ("**Order 3**") determined the total tax due to be ` 31,76,877 and issued a demand notice in Form CST-VIII seeking payment of ` 25,07,272 after deducting the tax already paid. Aggrieved, our Company filed an appeal dated May 29, 2006 ("**Appeal**") before the Sales Tax Appellate Tribunal ("**STAT**") praying that the Order 3 be set aside by restoring Order 1 and grant other relief as it may deem necessary. Our Company has also filed a stay petition dated May 26, 2006 ("**Stay Petition**") before the Joint Commissioner (CT) seeking stay of collection of disputed tax of ` 25,07,272. The Joint Commissioner vide order dated June 29, 2006 ("**Order 4**") rejected the Stay Petition. Aggrieved, our Company filed a writ petition ("**Petition 1**") before the High Court of Judicature at Andhra Pradesh ("**High Court**")for quashing and setting aside Order 4. Our Company has also filed a writ petition 121750 of 2996 dated October 31, 2006 ("**Petition 2**") before the High Court, praying that the High Court be pleased to issue a writ of certiorari or any other appropriate writ for calling of records relating to Order 2 and Order 3 and quash the same and also for staying the operation of Order 2 and Order 3 pending disposal of the Petition. High Court vide Order dated November 15, 2006 ("**Order 5**") dismissed both Petition 1 and Petition 2. The company filed an appeal with Supreme Court against Order 5. The appeal was dismissed by Supreme Court. The company has since paid `10 lacs against the demand made. Subsequently, STAT vide order dated March 16, 2012 allowed our Appeal and has remanded the matter back to the Authority. The matter is currently pending.

8. A showcause notice bearing number GI. No. 5845/2003-2004 dated January 27, 2007 ("**Show Cause Notice**") was issued to our Company by the Commercial Tax Officer, Gudur ("**Authority**") rejecting the turnovers reported in the audit report and determined the net turnover for the year 2003-2004 under Andhra Pradesh General Sales Tax Act as ` 1,56,13,753. Our Company vide its reply dated March 07, 2007 stated that the labour charges and material value in works contracts amounting to `1,70,76,113 is ascertainable from our books of account so it is requested the

Authority to finalise the assessment either vide rule 6(2) or by rule 6(3)(i) Andhra Pradesh General Sales Tax Rules. Subsequently, the Authority vide assessment order dated March 16, 2007 ("**Order"**) determined the net turnover as ` 1,56,13,753 and issued a demand notice in Form-B3 for an amount of ` 9,91,921 as the balance tax due from our Company. Aggrieved, our Company filed an appeal dated May 14, 2007 ("**Appeal**") before the Appellate Deputy Commissioner (CT), Guntur against the Order. The Appellate Deputy Commissioner vide order dated September 26, 2007 set aside the Order and the matter was remanded back to the Authority. The matter is currently pending.

9. The Deputy Commissioner of Commercial Tax ("**Deputy Commissioner**") had passed an assessment order dated November 25, 2008 ("**Order**") in relation to Jharkhand Sales Tax in relation to the year 2004-05 disallowing certain labour charges and treating them as sales. The Deputy Commissioner had determined a tax due of ` 8,71,901 and after adjusting the monthly tax payment of ` 3,41,109, a balance tax payable of ` 5,30,792 was determined. Our company has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeal) against the Order. The matter is currently pending.

10. The Deputy Commissioner of Commercial Tax ("**Deputy Commissioner**") had passed an assessment order dated November 25, 2008 ("**Order**") disallowing certain labour charges and treating them as sales in relation to CST for the year 2004-05 in the state of Jharkand. The Deputy Commissioner had determined a tax due of ` 2, 57, 546 and after adjusting the monthly tax payment of ` 2,15,409, a balance tax payable of ` 42,137 was determined. Our company has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeal) against this order. The matter is currently pending.

11. A Show Cause Notice bearing number 5845/2004-2005 dated March 10, 2008 ("**Show Cause Notice**") was issued to our Company by the Commercial Tax Officer determined the total tax due as ` 5,70,620 under the APGST Act for the year 2004-2005.The Commercial Tax Department vide assessment order dated March 29, 2008 ("**Order**") assessed our Company with a tax liability of ` 5,70,620 under the Andhra Pradesh General Sales Tax Act for the year 2004-2005 and issued a demand notice for an amount of ` 3,24,586 after deducting the total amount already paid towards the tax due. Our Company has paid the balance amount due amounting to Rs.38716after adjusting against the tax already paid which was not taken into account. Subsequently, a revised show causes notice bearing number 1004/2009 A8 dated February 22, 2010 ("**RevisedShow Cause Notice**") was issued by the Commercial Tax Department to our Company, proposing to revise the assessment made for the year 2004-2005 inter-alia on grounds that there were discrepancies between the annual accounts compiled by the chartered accountant and the turnover actually assessed and to tax VAT on works contracts on presumptive basis. The Revised Show Cause Notice proposed to revise tax due as ` 1,18,13,775. Our company has replied vide its letter dated May 20, 2010 stating that the turnover in our annual accounts comprises of sales pertaining to our units all over India & turnover made from our branches at Andhra Pradesh only are subject to tax under APGST Act, 1957. Relating to works contracts, we have stated that since most of our contracts extent beyond one financial year, it is subject to tax based on materials actually consumed and requested the authority to drop the proposals in the Revised Show Cause Notice. Subsequently, we attended a personal hearing on February 4, 2012. The Appellate Deputy Commissioner vide order dated March 28, 2012 revised the tax due as ` 1,18,13,775 as proposed in the notice stating that our company has not given back up to support our contentions. Aggrieved, the company has filed a writ petition no. 11535/2012 in the Honorurable High Court of Andhra Pradesh seeking to set aside the order of the Appellate Deputy Commissioner. The Honourable High Court vide its order dated April 26, 2012 set aside the order of Apellate Deputy Commissioner and remanded the matter back to the Commercial Tax Officer. The matter is currently pending.

Income Tax Cases

1. Our Company filed its return of income for the assessment year 2001-2002 declaring total income of ` 91,16,490. Subsequently, a notice dated March 26, 2008 was issued to our Company by the Assistant Commissioner of Income Tax, Company Circle III (2) ("Authority"), under section 148 of the Income Tax Act, 1961proposing to reassess the income for the assessment year 2001-2002 on the ground that the income chargeable to tax has escaped assessment within the meaning of section 147 of the Income Tax Act, 1961. Our Company vide its reply dated April 26, 2008 furnished the statement of income of our Company. The Authority vide order dated December 22, 2008 ("Order") held inter-alia that the excise duty payments on stock transfers debited to P&L account of ` 70,67,016 is disallowed and added to total income of our Company resulting in a demand of ` 58,47,531 towards tax and interest. The Authority vide order dated March 2, 2009 rejected the Petition. Aggrieved, our Company filed an appeal dated January 19, 2009 ("Appeal") before the Commissioner of Income Tax (Appeals) ("CIT (A)") against the Order. Our Company also filed a rectification petition ("Petition") dated February 23, 2009 before the Authority against the Order on the ground that the disallowance of excise duty is against the provisions of section 43 B. The Authority vide order dated March 2, 2009 rejected the Petition. The company has also deposited Rs. 30 lacs in respect of this case. The matter is currently pending with CIT (A).

Litigation against our Directors

Civil Cases

1. **Sri. N. Ganga Ram, Director**

The Official Liquidator, World Wide Pharma Limited has filed a petition bearing case number COMPA/806/2002 dated December 31, 2002 before the Honourable High Court of Andhra Pradesh against Sri S.V.S Rao and seven others, for default in filing statement of affairs of the company in the prescribed form under section 454 of the Companies Act, 1956 ("Act") and thereby constituting an offence under section 454 (5) of the Act. Sri. N. Ganga Ram is listed as the 4^{th} Respondent in the said petition as he was a non executive independent director of World Wide Pharma Limited, against which a winding up order was passed. The matter is currently pending.

2. LICENSES AND APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of the Red Herring Prospectus.

I. Approvals for the Issue

Corporate Approvals

1. Our Board has, pursuant to a resolution passed at its meeting held on December 3, 2011 authorized the Issue.

2. Our shareholders have pursuant to a resolution dated January 3, 2012 under Section 81(1A) of the Companies Act, authorised the Issue.

Approvals from Stock Exchange

1. Our Company has received in principleapproval from the SME Platform of the NSE dated March 27, 2012 for listing of Equity Shares issued pursuant to the Issue.

Approvals from Lenders

All approvals required from the lenders in relation to the Issue have been obtained.

II. Incorporation Details

1. Corporate Identity Number: U27209TN1986PLC012833

2. Certificate of Incorporation dated March 26, 1986 issued by the Registrar of Companies, Tamil Nadu, Chennai.

3. Certificate of change of name of our Company from “Thejo Engineering Services Private Limited” to “Thejo Engineering Private Limited” dated June 17, 2008, issued by the Registrar of Companies, Tamil Nadu, Chennai.

4. Certificate of change of name of our Company from “Thejo Engineering Private Limited” to “Thejo Engineering Limited” dated August 1, 2008, issued by the Registrar of Companies, Tamil Nadu, Chennai.

III. Tax Related Registrations

1. Permanent Account Number: AAACT1261F

2. Tax deduction Account Number: CHET00307G

3. Central Excise Registrations:

Sl. No.	Location	Number
1.	S No. 176/3 and 181/68 Thejo Engineering Limited Unit 1 Jagannadhapuram Road, Irulipattu Village, Solavaram, Thiruvallur, Tamil Nadu 600 067	AAACT1261FXM001
2.	S No. 101/5 Thejo Engineering Limited Unit 2 Jagannadhapuram Road, Athipedu Village, Ponneri Taluk, Solavaram, Thiruvallur, Tamil Nadu 600 067	AAACT1261FXM002
3.	Shed No 1, Industrial Estate, Malavya Nagar, Nellore, Andhra Pradesh –	AAACT1261FXM003

Sl. No.	Location	Number
	524102	
4.	S No. 100/5, Thejo Engineering Limited Unit – 3 Jagannadhapuram Road, Athipedu Village, Ponneri Taluk, Solavaram, Thiruvallur, Tamil Nadu 600 067	AAACT1261FXM007
5.	EWS – 341, Second Floor, Vaishali Nagar, Bhilai, Chhattisgarh 490 023	AAACT1261FXD002
6.	15 Sukhat Khan Building, Khashmahal, Tatanagar, Jamshedpur (East Singhbhum) Jharkhand 831 002	AAACT1261FXD003
7.	Plot number 142 Ward number 6,, Koradi Gram Panchayat, Koradi, Khaparkheda, Nagpur, Maharashtra 441 102	AAACT1261FXD005
8.	170/2, 1st Floor, Munuswamy Street, Ambattur Industrial Estate, Chennai, Tamil Nadu 600 058	AAACT1261FXD006
9.	S.No. 179/3B, Thejo Engineering Limited – PU Division, Jaganathapuram, Irulipattu Village, Alinjivakkam, Thiruvallur, Tamil Nadu 600 067	AAACT1261FEM009

4. Service Tax Registrations:

Sl. No.	Location	Number
1.	736/D, Thejo Engineering Limited Nelson Square, Katol Road, Chhaoni, Nagpur, Maharashtra 440 013	AAACT1261FST001
2.	5-6-163/7-A, Thejo Engineering Limited, Salapally Road, Krishna Nagar, NTPC Jyothinagar, Karim Nagar, Andhra Pradesh 505 215	AAACT1261FST002
3.	Aysha Building, No 41, Whites Road, Royapettah, Chennai, Tamil Nadu 600 014	AAACT1261FST003
4.	Ground Floor, CB – 163, Room No. 2, Ring Road, Naraina, West Delhi Delhi – 110 028	AAACT1261FST004
5.	15 Sukhat Khan Building, Khashmahal, Tatanagar, Jamshedpur (East Singhbhum) Jharkhand 831 002	AAACT1261FST005
6.	155, Type – II, Shakti Nagar, Sunbhadra, Uttar Pradesh 231 222	AAACT1261FST006
7.	Old C-39, MPEB Quarter, Sarni, Betul, Madhya Pradesh 460 447	AAACT1261FST007
8.	S No. 100/5, Thejo Engineering Limited Unit – 3 Jagannadhapuram Road, Athipedu Village, Ponneri Taluk, Solavaram, Thiruvallur, Tamil Nadu 600 067	AAACT1261FST008
9.	S No. 176/3 and 181/6A Thejo Engineering Limited Unit 1 Jagannadhapuram Road, Irulipattu Village, Solavaram, Thiruvallur, Tamil Nadu 600 067	AAACT1261FST009
10.	S No. 101/5C Thejo Engineering Limited Unit 2 Jagannadhapuram Road, Athipedu Village, Ponneri Taluk, Solavaram,	AAACT1261FST010

Sl. No.	Location	Number
	Thiruvallur, Tamil Nadu 600 067	
11.	Door no. 3798, Plot no. 35&38, Raghavendra Colony-B, Deosugur, Shaktinagar, Raichur, Karnataka – 584 170	AAACT1261FST011
12.	Sharma Chhak, Hatatota, Talcher, Angul Orissa 759 100	AAACT1261FST012
13.	No. 1, Industrial Estate, Gudur, Nellore, Andhra Pradesh 524 102	AAACT1261FST013
14.	26-40-4, Chaitanya Nagar, Gajuvaka, Vishakhapatnam, Andhra Pradesh 530 026	AAACT1261FST014
15.	Mulji Mistry Building, 1-B, Raghav Vadi, Tejpal Road, Vile Parle East, Mumbai, Maharashtra 400 057	AAACT1261FST015
16.	170/2 Munusamy Street, Vanagaram Road, Athipet Ambattur, Chennai, Tamil Nadu 600 058	AAACT1261FST016
17.	5-69/1, RGM School Street, Ibrahimpatnam, Vijayawada, Krishna, Andhra Pradesh 521 456	AAACT1261FST017
18.	95/A Ward 1, Bellary – Hospet Main Road, Tornagallu, Bellary, Karnataka 583 123	AAACT1261FST018
19.	1/129, LIC Road, Goradongri, Betul, Madhya Pradesh 460 001	AAACT1261FST019
20.	448, Indira Commercial Complex, Transport Nagar, Korba, Chhattisgarh 495 677	AAACT1261FST020
21.	170/2, 1st Floor, Eastern Wing, Munusamy Street, Vanagaram Road, Athipet Ambattur, Chennai, Tamil Nadu 600 058	AAACT1261FSD021
22.	S.No. 179/3B, Thejo Engineering Limited Jaganathapuram, Irulipattu Village, Alinjivakkam, Thiruvallur, Tamil Nadu 600 067	AAACT1261FSD022

IV. Approvals/ licenses in relation to the business of our Company

We require various approvals and/ or licenses under various rules and regulations to conduct our business.

Some of the material approvals required by us to undertake our businesses including manufacture of rubber pads, rubber solutions, rubber sheets and conveyor compounds are set out below:

Our company was issued Entrepreneur Memorandum Number 330011313460 Part II Medium on February 1, 2012 by the Government of Tamil Nadu, Department of Industries and Commerce for its unit at No 1, Jaganathapuram main road, Irulipattu village, Ponneri Taluk, Chennai, Thiruvallur District.

Our Company was registered under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 vide letter number TN/17299/Enf/D/Regl dated July 24, 1986 issued by the Regional Commissioner Employees Provident Funds, Tamil Nadu.

Our company was registered under the Employees State Insurance Act, 1948 vide letter number 51-36491-101 dated July 17, 1986 issued by the Regional Director, Tamil Nadu. The company has obtained sub-code for the above registration at various sites/branches, wherever required.

Approval from Electrical Inspectorate, Government of Tamil Nadu dated March 18, 2010 to commission the electrical installations (Generator) with a capacity of 180 KVA and 250 KVA for the Ponneri Unit I and Ponneri Unit IV.

Approval from Tamil Nadu Electricity Board dated July 21, 2008 for HT supply for an additional 250 KVA for the Ponneri Unit I and Ponneri Unit IV.

(i) Ponneri Unit – I

Sl. No.	Description of License/ consent/ Approval/ Regn.	Date of Issue	Valid Upto
1.	Contract Labour License (no. 5/2005) under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970	October 25, 2011	December 31, 2012
2.	Certificate (no. 333/NAC/11-12) for use of boiler under the Indian Boilers Act, 1923	March 28, 2012	September 27, 2012
3.	Fire license (no. 2225/20/2012) under section 13 of Tamil Nadu Fire Services Act.	March 30, 2012	March 30, 2013
4.	Factory License SL No. 42964, Regn No. TVR 6860	December 16, 2011	December 31, 2012

(ii) Ponneri Unit – II

Sl. No.	Description of License/ consent/ Approval/ Regn.	Date of Issue	Valid Upto
1.	Certificate (no. 03/NAC/12-13) for use of boiler under the Indian Boilers Act, 1923	April 17, 2012	April 16, 2013
2.	Contract Labour License (no. 5/2005) under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970	October 25, 2011	December 31, 2012
3.	Fire license (no. 2224/2/2012) under section 13 of Tamil Nadu Fire Services Act.	March 30, 2012	March 30, 2013
4.	Factory License SL No. 43234, Regn No. TVR-7240.	December 16, 2011	December 31, 2012

(iii) Ponneri Unit – III

Sl. No.	Description of License/ consent/ Approval/ Regn.	Date of Issue	Valid Upto
1.	Contract Labour License (no. 5/2005) under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970	October 25, 2011	December 31, 2012
2.	Fire license (no. 2223/23/2012) under section 13 of Tamil Nadu Fire Services Act.	March 30, 2012	March 30, 2013
3.	Factory License SL No. 43234, Regn No. TVR-7240.	December 16, 2011	December 31, 2012

(iv) Ponneri Unit – IV

Sl. No.	Description of License/ consent/ Approval/ Regn.	Date of Issue	Valid Upto
1.	Contract Labour License (no. 5/2005) under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970	October 25, 2011	December 31, 2012
2.	License number	March 1, 2010	December 31, 2012

Sl. No.	Description of License/ consent/ Approval/ Regn.	Date of Issue	Valid Upto
	P/HQ/TN/15/4644(P167822) under the provisions of Petroleum Act, 1934 to Import and Store Petroleum in Installation. The license is for the importation of 45KL of Petroleum.		
3.	Fire license (no. 2225/20/2012) under section 13 of Tamil Nadu Fire Services Act.	March 30, 2012	March 30, 2013
4.	Factory License SL No. 42964, Regn No. TVR 6860	December 16, 2011	December 31, 2012

Licenses / Approvals which have expired and have been applied for renewal:

1. Application dated January 21, 2011 for renewal of Tamil Nadu Pollution Control Board license under Water (Prevention and Control of Pollution) Act, 1974 and under Air (Prevention and Control of Pollution) Act, 1981.

Licenses / Approvals which are pending and have been applied for registration:

1. Application dated November 28, 2009 made for issue of separate Factory License in respect of Ponneri Unit III.
2. Application bearing reference number 207657-AB dated March 19, 2012 has been filed with the patent office for taking on record, the assignment of right, title and interest in respect of patent bearing number 207657 for the invention "A device to seal belt conveyors against spillage of materials" by Mr. Manoj Joseph in favour of our Company.

V. Intellectual Property

a. Trade Marks Registrations

Trademark and Class	Trademark Registration No.	Goods	Date of Issue/Application	Valid/ Renewed Upto
Thejo (Logo) in class 17	672148	Moulded and extruded rubber products	July 6, 1995	July 6, 2015
Thejo (Logo) in class 1	672147	Industrial adhesives included in class 1	July 6, 1995	July 6, 2015

b. Trade Marks Applications

Trademark and Class	Trademark Registration No.	Goods	Date of Application
Thejo (Logo) in class 1	2169905	Polyurethane for industrial purposes	July 4, 2011
Thejo (Logo) in	2150014	1 – Industrial Adhesives	May 25, 2011

Trademark and Class	Trademark Registration No.	Goods	Date of Application
class 1, 7, 17 and 37		7 – Machines and parts thereof 17 – Moulded and extruded rubber products 37 – Building construction; repair; installation services.	
THOR (Word) in class 17	2264610	Rubber and goods made of rubber and polyurethane including rubber liners and screeen panels, plastics in exturded form for use in manufacture including screen panels, made of polyurethane, stopping and insulating materials and flexible pipes, being goods.	January 11, 2012

c. Design Registration

Design Registration No.	Goods	Date of Application	Valid/ Renewed Upto
173894	Skirt rubber block for use in conveyor systems	May 20, 1997	November 18, 2013

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on December 3, 2011. The shareholders have, at the Extraordinary General Meeting of our Company held on January 3, 2012, approved the Issue pursuant to Section 81 (1A) of the Companies Act.
The SME platform of the National Stock Exchange of India Limited has given approval for the Issue on March 27, 2012. NSE is the Designated Stock Exchange.

Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoters, the Promoter Group, or the person (s) in control of our Company have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchange in India.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same. Other than as disclosed in the "Risk Factors" on page xii, "History and Corporate Structure" on page 81and "Outstanding Litigation and Material Developments" on page 181of this Red Herring Prospectus, our Promoters and the relatives of the Promoters (as defined under the Companies Act), have not been identified as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for this Issue

Our Company is eligible for the Issue in accordance with Regulation 106M(1) and other provisions of Chapter XB of the SEBI ICDR Regulations as the post issue face value capital does not exceeed 10 crore rupees.

We confirm that:

1. In accordance with Regulation 106(P) of the SEBI ICDR Regulations, this Issue has been hundred percent underwritten and that the BRLM has underwritten more than 15% of the Total Issue Size. For further details pertaining to said underwriting see chapter titled "GeneralInformation" on page 15.

2. In accordance with Regulation 106(O) of the SEBI ICDR Regulations, our Company has not filed any Draft Red Herring Prospectus with SEBI nor has SEBI issued any observations on our Draft Red Herring Prospectus. Also, we shall ensure that the BRLM submits a copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required by SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

3. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, IDBI Capital Market Services Limited as the BRLM and also the Market Maker will ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the market making arrangement see chapter titled "General Information" on page 15.

Further, we undertake that the number of Allottees in the Issue shall be atleast 50. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE

OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKET SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKET SERVICES LIMITED WILL FURNISH TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●].

AS PER REGULATION 106(O) OF THE SEBI ICDR REGULATIONS, ONLY THE PROSPECTUS HAS TO BE FILED WITH SEBI ALONGWITH A DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS BY THE BRLM. ACCORDINGLY, THIS SECTION WILL BE UPDATED AT THE TIME OF FILING THE PROSPECTUS WITH STOCK EXCHANGE AND ROC AND PROSPECTUS AND DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS WITH SEBI.

The filing of the Red Herring Prospectus does not, however, absolve our Company from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Book Running Lead Manager any irregularities or lapses in the Red Herring Prospectus.

All legal requirements pertaining to the issue have been complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Tamil Nadu, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

DISCLAIMER STATEMENT OF OUR COMPANY, OUR DIRECTORS, AND THE BOOK RUNNING LEAD MANAGER

Our Company, the Directors and the Book Running Lead Manager accepts no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information, including our Company's website www.thejo-engg.com would be doing so at his or her own risk**.**

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM and our Company, the Underwriting Agreement entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Caution

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the BRLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the BRLM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Chennai, Tamil Nadu, India.

Disclaimer in respect of jurisdiction

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) and to eligible NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions). The Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Chennai, Tamil Nadu, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been submitted to the Stock Excahnges. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1993, as amended ("U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Each purchaser that is acquiring the Equity Shares issued pursuant to this Issue, by its acceptance of this Red Herring Prospectus and of the Equity Shares issued pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with the Company, the BRLM that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

3. the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

5. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with all applicable laws, including the securities laws of the States of the United States;
7. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES

8. the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and the purchaser acknowledges that the Company, the BRLM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Disclaimer Clause of the SME platform of the National Stock Exchange of India Limited (NSE)

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/163547-E dated March 27, 2012 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinised this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulations 106(M)(3) and 106(O) of the SEBI ICDR Regulations. However a copy of the Prospectus will be filed with SEBI at SEBI Southern Regional Office, D'Monte Building, 3rd Floor, No. 32, D'Monte Colony, TTK Road, Alwarpet, Chennai – 600 018.

A copy of the Red Herring Prospectus, along with documents has been filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the ROC at the office of the Registrar of Companies, Tamil nadu.

Listing

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on the SME platform of the NSE. Initial listing applications have been made to the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. NSE shall be the Designated Stock Exchange. In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchange, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it (i.e. from the date of refusal or within ten working days from the Bid/Issue Closing Date, whichever is earlier) then our Company and every director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading on the SME platform of the NSE are taken within twelve Working Days of Bid/Issue Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the

Companies Act which is reproduced below:

"Any person who-

(a) **makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or**

(b) **otherwise induces a company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Consents

Consents in writing of our Directors, our Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to our Company, the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks, Refunds Bank, the Market Maker, the Nominated Investor and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with RoC and have agreed that such consents have not been withdrawn upto the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

M/s Joseph and Rajaram , Chartered Accountants, our statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Prospectus for registration to the Registrar of Companies.

M/s Joseph and Rajaram, Chartered Accountants have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in the Red Herring Prospectus and will not withdraw such consent upto the time of delivery of the Prospectus for registration with the Registrar of Companies.

Expert Opinion

Except for the Auditor's Report of the Auditors of our Company on the audited financial information, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ` [●] lacs. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the Book Running Lead Manager to the Issue and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

(` in lacs)

Particulars	Amounts*	As percentage of total expenses	As a percentage of Issue size
Lead management fees (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Legal Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Would be incorporated post finalization of Issue Price*

Fees payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Issue Agreement signed between our Company and the Book Running Lead Manager a copy of which is available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Agreement signed between our Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Previous public or rights issues by our Company during the Last Five Years

Except as disclosed in this Red Herring Prospectus, our Company has not made any public or rights issues during the five years preceding the date of this Red Herring Prospectus.

Previous issue of shares otherwise than for cash

Except as disclosed in the chapter "Capital Structure" beginning on page 24 of this Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission or brokerage on previous issues

No sum has been paid or payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any capital issue since inception

Neither our Company nor any other Company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the Stock Exchanges and has not made any capital issue since inception.

Promise vs Performance – Previous Issues of our Company and our Group / Subsidiary / Associate Companies

Our Company has not made any public issue of Equity Shares since its incorporation.

None of our Group / Subsidiary / Associate Companies have made any public issues in the past.

Outstanding debentures or bond issues

As on the date of filing the Red Herring Prospectus, our Company does not have any outstanding debentures or has made any bond issue.

Outstanding Preference Shares

As on the date of filing the Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

The Agreement between the Registrar to the Issue and our Company entered on January 24, 2012 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the designated branch of the relevant SCSB or Syndicate ASBA Bidding Location where the Bid cum Application Form was submitted by the ASBA Bidder and the details of the member of the Syndicate through whom the Bid cum Application Form was submitted (in the event the Bid cum Application Form was submitted through a member of the Syndicate).

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. Our Company has also constituted an Investors' Grievance Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

Our Company has appointed Mr. M.D. Ravikanth, Company Secretary as the Compliance Officer and he may be contacted at 41, Cathedral Road, VDS House, Chennai 600 086, Tamil Nadu, India, Tel: +91 44 4222 1900; Fax: +91 44 4222 1910;Email: investor@ thejo-engg.com for redressal of any complaints.

Changes in the Auditors during last three years and reasons thereof

There have been no changes in our auditors in the last three years.

Capitalisation of reserves or profits during the last five years

Our Company has not capitalized its reserves in the last five years.

Revaluation of assets during the last five years

Our Company has not revalued its assets in the last five years.
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SECTION VIII -ISSUE INFORMATION

ISSUE STRUCTURE

Public Issue Of [●] Equity Shares of ` 10 each For cash at a price Of `[●] per Equity Share (including a share premium of `[●] per Equity Share) aggregating upto `1,900.01 Lacs (The "Issue") by our Company.of which [●] Equity Shares of ` 10 each will be reserved for subscription by Market Makers to the Issue ("Market Maker Reservation Portion"). The Issue less the Market Maker Reservation Portion i.e. Issue Of [●] Equity Shares Of ` 10 each is hereinafter referred to as the "Net Issue". The Issue and The Net Issue Will Constitute [●] % And [●]%, respectively of the post Issue paid up equity share capital of the Company.

On August 27, 2012, our Company has, by way of a Pre-IPO Placement, alloted 59, 236 Equity Shares to SVCL, for an aggregate consideration of ` 199.99 lacs, at a premium of ` 327.63 per Equity Share.

The Issue will constitute [●] % of the total post issue paid-up equity capital of our Company. The Issue is being made through the Book Building Process:

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
Number of Equity Shares*	Not more than [●]Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than [●]Equity Shares shall be available for allocation or Net Issue less allocation to Qualified Institutional Bidders and Retail Individual Bidders	Not less than [●]Equity Shares shall be available for allocation or Net Issue less allocation to Qualified Institutional Bidders and Non-Institutional Bidders	[●] Equity Shares
Percentage of the Issue Size available for allocation	Not more than 50% of the Net Issue shall be allocated to QIBs. However, not less than 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of the Net Issue shall be available for allocation or Net Issue less allocation to Qualified Institutional Bidders and Retail Individual Bidders	Not less than 35% of the Net Issue shall be available for allocation or Net Issue less allocation to Qualified Institutional Bidders and Non-Institutional Bidders	[●]% of the Issue
Basis of Allocation, if respective category is oversubscribed	Proportionate, subject to minimum allotment of 300 Equity Shares and further allotment in multiples of 300 Equity Shares each, as follows: (a) [●]Equity Shares, constituting 5% of the QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds; (b) [●]Equity Shares shall be allotted on a proportionate	Proportionate	Proportionate	Firm Allotment

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
	basis to all QIBs including Mutual Funds receiving allocation as per (a) above			
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ` 2,00,000 and in multiples of 300 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ` 2,00,000 and in multiples of 300 Equity Shares thereafter	300 Equity Shares.	[●] Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed ` 2,00,000	[●] Equity Shares
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot***	300 Equity Shares and in multiples of 300 Equity Shares thereafter.	300 Equity Shares and in multiples of 300 Equity Shares thereafter.	300 Equity Shares.	[●] Equity Shares
Allotment Lot	300 Equity Shares and in multiples of 300 Equity Shares thereafter.	300 Equity Shares and in multiples of 300 Equity Shares thereafter.	300 Equity Shares and in multiples of 300 Equity Shares thereafter	[●] Equity Shares
Trading Lot	300 Equity Shares, however the Market Makers may accept odd lots if any in the market as required under the SEBI ICDR Regulations, 2009.	300 Equity Shares, however the Market Makers may accept odd lots if any in the market as required under the SEBI ICDR Regulations, 2009.	300 Equity Shares, however the Market Makers may accept odd lots if any in the market as required under the SEBI ICDR Regulations, 2009.	300 Equity Shares,
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with the Insurance	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed ` 2,00,000 in value.	Market maker

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders	Market Maker Reservation Portion
	Regulatory and Development Authority, provident funds, (subject to applicable laws) with minimum corpus of ` 2500 lacs and pension funds with minimum corpus of ` 2500 lacs in accordance with applicable law, National Investment Fund set up by Government of India, insurance funds set up and managed by the army, navy and air force of the Union of India and insurance funds set up and managed by the Department of Posts, India, Nominated Investor(s) and Market Maker (s).			
Terms of Payment	Full Bid Amount On Bidding through the ASBA Process	Full Bid Amount on bidding through the ASBA Process	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in QIBs, Non-Institutional and Retail Individual categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of our Company, the BRLM, the Designated Stock Exchange and subject to applicable provisions of SEBI ICDR Regulations.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

*** SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the "Circular") standardized the lot size for Intial Public Offer proposing to list on SME exchange/platform and for the secondary market trading on such exchange/platform, as under

Price Band (in Rs)	Lot Size (No of shares)
Upto 14	10,000
more than 14 upto 18	8,000
more than 18 upto 25	6,000
more than 25 upto 35	4,000
more than 35 upto 50	3,000
more than 50 upto 70	2,000
more than 70 upto 90	1,600
more than 90 upto 120	1.200
more than 120 upto 150	1,000
more than 150 upto 180	800
more than 180 upto 250	600
more than 250 upto 350	400
more than 350 upto 500	300
more than 500 upto 600	240
more than 600 upto 750	200

Price Band (in Rs)	Lot Size (No of shares)
More than 750 upto 1000	160
above 1000	100

Further to the Circular, at the Initial Public Offer stage the Registrar to Issue in consultation with BRLM, our Company and NSE shall ensure to finalize the basis of allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the same, as shall be the IPO Lot Size at the application/allotment stage, facilitating secondary market trading. At the Initial Public Offering stage if the price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into. For example: if the proposed price band is at 24-28 then the Lot size shall be 4000 shares. The lot size shall not be reduced by NSE to below the initial lot size if the trading price is below the IPO issue price. NSE can review the lot size once in every 6 months / wherever warranted, by giving an advance notice of at least one month to the market. However, as far as possible the stock exchange shall ensure that odd lots are not created. Further, NSE shall ensure that the lot size shall be the same for a securities traded across the Stock Exchanges.In case of oversubscription, if the option to retain ten percent of the net offer to public for the purpose of making allotment in minimum lots is exercised, then it shall be ensured by the Issuer/Stock Exchanges/ BRLM that the post issue paid up capital of the issuer does not go beyond ` 25 crore.

Withdrawal of the Issue

In accordance with the SEBI ICDR Regulations, our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid/ Issue Opening Date but before the Allotment of Equity Shares, without assigning the reasons thereof. Provided, if our Company withdraws the Issue after the Bid/ Issue Closing Date, the Company will give the reason thereof within two days of the Bid/ Issue Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges shall also be informed promptly and the BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus.

In terms of the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion are not allowed to withdraw their Bids after the Bid/ Issue Closing Date.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, *i.e.* from the date of withdrawal, then our Company, on and from such expiry of 8 days, be liable to repay the money, with such interest as prescribed under Section 73 of the Companies Act.

Letters of Allotment, refund orders or instructions to SCSBs

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within 12 Working Days from the Bid Closing Date to all successful Allottees.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the NECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 12 Working Days of the Bid Closing Date through speed post or registered post.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid Cum Application Form for withdrawn, rejected or unsuccessful or partially successful ASBAs within 12 Working Days from the Bid Closing Date.

Interest in case of delay in dispatch of refund orders or instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days from the Bid Closing Date;

- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Bid Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 12 Working Days from the Bid Closing Date.
- It shall pay interest at 15% p.a. if the refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 Working Days from the Bid Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 12 Working Days of the Bid Closing Date.
- If such money is not repaid within 8 days from the Company becoming liable to repay, our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

Our Company will provide adequate funds required for dispatch of refund orders or CAN to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.
In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Bid/Issue Programme*

BID OPENING DATE	September 4, 2012
BID CLOSING DATE	September 6, 2012

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted by the ASBA Bidders, the Designated Branches and the Syndicate ASBA Bidding Locations except that:

(i) in case of Bids by QIBs under the QIB Portion, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date;

(ii) in case of Bids by Non-Institutional Bidders, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date; and

(iii) in case of Bids by Retail Individual Bidders, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. on the Bid Closing Date, which may be extended up to such time as deemed fit by the Stock Exchange after taking into account the total number of applications received up to the closure of timings and reported by BRLM to the Stock Exchanges within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

QIB Bidders may note that only upward revision is permitted with respect to the quantity and/or price of the Equity Shares, in any option, for which a Bid has been submitted.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap shall not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bidding Period shall be extended for at least three additional Working Days after such revision, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLM and the terminals of the other members of the Syndicate.

Indicative dates of Bid closing, finalization of Basis of Allotment, credit of Equity Shares to successful Bidder's demat account, initiation of refunds and commencement of trading of Equity Shares:

Activity	Indicative dates
Bid Closing Date	September 6, 2012
Finalisation of Basis of Allotment	September 10, 2012
Credit of Equity Shares	September 11, 2012
Initiation of refunds	September 11, 2012
Commencement of trading of Equity Shares	September 14, 2012

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the Listing Agreement to be entered with the NSE, the terms of this Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("**CAN**") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies act and of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section "Main Provisions of the Articles of Association" beginning on page 249 of this Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, the Articles of Association and the Listing Agreements.

Face Value and Issue Price

The face value of each Equity Share is ` 10. The Floor Price of Equity Shares is ` 402 per Equity Share and the Cap Price is ` 430 per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

Compliance with Regulations issued by SEBI

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

§ Right to receive dividend, if declared;

§ Right to attend general meetings and exercise voting powers, unless prohibited by law;

§ Right to vote on a poll either in person or by proxy;

§ Right to receive offers for rights shares and be allotted bonus shares, if announced;

§ Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;

§ Right of free transferability; and

§ Such other rights, as may be available to a shareholder of a listed public company under the Companies Act the terms of the listing agreements executed with the Stock Exchange, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled "Main provision of the Articles of Association of our Company" beginning on page 249of this Red Herring Prospectus.

Market Lot, Trading Lot and Minimum Application Value

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. the

The trading of Equity Shares will happen with the minimum contract size of 300 equity shares and the same may be modified by the SME Platform of NSE from time to time by giving prior notice to investors at large. The trading lot is 300 Equity Shares. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of 300 Equity Share, subject to a minimum allotment of 300 Equity Shares. For details of allocation and allotment, please refer to the section titled "Issue Procedure" beginning on page 214 of this Red Herring Prospectus.

Joint Holders

Subject to provisions contained in our Articles of Association, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in Tamil Nadu.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered / Corporate Office or to our Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such allotment of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to allot the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If our Company does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

Migration to Main Board

Our company may migrate to the main board of NSE from the SME Exchange on a later date subject to the following:

a) If the Paid up Capital of our Company is likely to increase above ` 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

b) If the Paid up Capital of our company is more than 10 crores but below ` 25 crores, our Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares offered though this issue are proposed to be listed on the SME Platform of NSE (SME Exchange) and traded in the SME Call auction market, wherein the BRLM shall ensure compulsory Market Making through registered Market Makers of the SME Exchange for a minimum period of three years from the date of listing of shares offered though this Red Herring Prospectus. For further details of the Market Making arrangement see chapter titled "General Information" on page 15 of this Red Herring Prospectus.

Arrangement for disposal of odd lot

The trading of the equity shares will happen in the minimum contract size of 300 shares. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Exchange.

Bid/Issue Period

Issue Programme	
BID OPENS ON	September 4, 2012
BID CLOSES ON	September 6, 2012

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centres mentioned in the Bid Cum Application Form, or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, except on the Bid/ issue Closing Date. Please refer to the section titled "***General Information***" on page 15.

Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid cum Application Form, the OCB shall be eligible to be considered for share allocation.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Restriction on transfer of Equity Shares

Except for lock-in as detailed in "Capital Structure" beginning on page 24of this Red Herring Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please see "Main Provisions of the Articles of Association" beginning on page 249 of this Red Herring Prospectus.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to the National Stock Exchange and the BRLM through the Registrar shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

In the event of withdrawal of the Issue anytime after the Bid/OIssueffer Opening Date, Our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it, ***i.e.*** from the date of withdrawal, then Our Company, on and from the expiry of 8 days, be liable to repay the money, with such interest at the rate prescribed under Section 73 of the Companies Act.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall be required to file a fresh Red Herring Prospectus.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. The SEBI Circular no.CIR/CFD/DIL/1/2011 dated April 29, 2011 ("Circular") has made applications by QIBs and Non-Institutional Bidders compulsorily through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. ASBA Bidders may also apply electronically through the internet banking facility wherever provided for by the SCSB. Bidders other than ASBA Bidders are required to submit their Bids to the Syndicate.

Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.

Book Building Procedure

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Out of the QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

Further, not less than 15% of the Issue would be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

All Bidders applying through cheques or demand drafts are required to submit their Bids through the Syndicate.

All QIBs and Non Institutional Bidders compulsorily have to apply in this Issue through the ASBA process. Retail Individual Bidders have the option of applying in this Issue through the ASBA process ASBA Bidders are required to submit their Bids to the SCSBs or to the Syndicate (at Syndicate ASBA Bidding Locations).

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Pursuant to SEBI circular CIR/CFD/DIL/4/2011 dated September 27, 2011, Bid cum Application Forms have been standardized and it has been decided that henceforth there would only be a single form for ASBA and non-ASBA Bidders. It has also been decided that the Bid cum Application Form (accompanied with abridged prospectus) would be printed in a booklet form of A4 size paper.

Retail Individual Bidders may Bid through the ASBA process at their discretion. However, QIBs and Non-Institutional Bidders must compulsorily use the ASBA process to participate in the Issue**.**

Retail Individual Bidders through the non-ASBA process

In the event of Bidding through the non-ASBA process, the Retail Individual Bidders shall only use a Bid cum Application Form bearing the stamp of a member of the Syndicate. Copies of the Bid cum Application Form will be available with the members of the Syndicate and at our Registered and Corporate Office.

Retail Individual Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Amount) in the Bid cum Application Form and such options shall not be considered as multiple Bids. The Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Retail Bidder and countersigned by the relevant member of the Syndicate.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, Retail Individual Bidders are deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Retail Individual Bidder. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Formshall be considered as the application form.

Retail Individual Bidders, QIBs and Non-Institutional Bidders Bidding through the ASBA process

ASBA Bidders can submit their Bids by submitting Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the members of Syndicate at the Syndicate ASBA Bidding Locations. The physical Bid cum Application Forms will be available with the Designated Branches, members of the Syndicate at the Syndicate ASBA Bidding Locations and at our Registered Office and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date. In the event the Bid cum Application Form downloaded from the websites of the Stock Exchanges is submitted with a member of Syndicate, the relevant member of the Syndicate should stamp it before uploading the details of the Bid cum ApplicationForm. Bid cum Application Forms (except Bids submitted through electronic mode) shall be serially numbered.

In case of application in physical mode, the ASBA Bidder shall submit the Bid cum Application Form bearing the stamp of the SCSB and/or Designated Branch and/or the member of the Syndicate, as the case may be, at the relevant Designated Branch or to the members of the Syndicate at the Syndicate ASBA Bidding Locations, respectively. The Bid cum Application Form shall be serially numbered, and the date and time shall be stamped at the Bidding center.

ASBA Bidders Bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch where the ASBA Account is maintained. ASBA Bidders Bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that Bid cum Application Forms submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (A list of such branches is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html**).**

In case of application in electronic form, the ASBA Bidder shall submit the Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for Bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids.

Upon completing and submitting the Bid cum Application Form to the SCSB or to the member of the Syndicate at the Syndicate ASBA Bidding Locations, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart.

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
Retail Individual Bidders	Either (i) ASBA or (ii) non-ASBA	Bid cum Application Form.	In case of an ASBA Bidder: (i) If using physical Bid cum Application

Category of bidder	Mode of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
			Form: (a) to the members of the Syndicate only at Syndicate ASBA Bidding Locations; **or** (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; **or** (ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; **or** In case of non-ASBA Bidder: (i) if using physical Bid cum Application Form, to the members of the Syndicate at the Bidding Centres as stated in the Bid cum Application Form. (ii) if using electronic Bid cum application Form, electronically through internet banking facility.
Non-Institutional Bidders and QIBs	ASBA (*Kindly note that ASBA is mandatory and no other mode of Bidding is permitted*)	Bid cum Application Form.	(iii) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Syndicate ASBA Bidding Locations; **or** (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; **or** (iv) If using electronic Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Who can Bid?

1. Indian nationals resident in India, who are competent to contract under the Indian Contract Act, 1872, as amended, in single or joint names (not more than three). Based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship);

2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows:

   Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through the Karta XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;

3. Companies, corporate bodies, limited liability partnerships and societies registered under the applicable laws in India and authorized to invest in equity shares under their respective constitutional or charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs (whether on a repatriation basis or on a non-repatriation basis), subject to applicable law; NRIs other than Eligible NRIs are not permitted to participate in this Issue.
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
7. Multilateral and bilateral development financial institution;
8. Venture capital funds registered with SEBI;
9. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
11. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
12. Eligible QFIs;
13. State Industrial Development Corporations;
14. Insurance companies registered with the Insurance Regulatory and Development Authority;
15. Provident funds with a minimum corpus of ` 2500 lacs and who are authorized under their constitution to hold and invest in equity shares;
16. Pension funds with a minimum corpus of ` 2500 lacs and who are authorized under their constitution to hold and invest in equity shares;
17. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
18. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their respective constitutions to hold and invest in equity shares;
19. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
20. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;
21. Insurance funds set up and managed by army, navy or air force of the Union of India
22. Limited liability partnerships;
23. Insurance funds set up and managed by the Department of Posts, India; and
24. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.
25. Nominated Investor and Market Makers.
26. Any other person eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and polices applicable to them.

As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it

obtains a prior approval from the RBI. On submission of such approval along with the Bid cum Application Form, the OCB shall be eligible to be considered for share allocation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates and affiliates of BRLM and Syndicate Member

The BRLM and the Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting or market making obligations. Associates and affiliates of the BRLM and the Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients. All categories of investors, including associates or affiliates of BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts maintained with authorized dealers registered with the RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be.

Eligible NRIs Bidding on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts. Eligible NRIs Bidding on a non-repatriation basis are advised to use the Bid cum Application Form meant for Resident (White in colour). Bids by Eligible NRIs for a Bid Amount of up to ` 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ` 200,000 would be considered under Non-Institutional Portion for the purposes of allocation. Eligible NRIs Bidding under the Non-Institutional Portion are required to utilise the ASBA facility to submit their Bids.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of a FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of our Company or 5% of our total issued capital in case such sub-account is a foreign corporate or foreign individual.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "SEBI FII Regulations"), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company or the BRLM.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Pursuant to the SEBI ICDR Regulations, the shareholding of SEBI registered VCFs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft red herring prospectus with SEBI.

Refunds, dividends and other distributions, if any, will be payable in Indian rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian rupees will be converted into USD or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("**LLP Act**") a certified copy of certificate of registration issued under the LLP Act must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

Bids by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than five percent of paid up equity capital of the company at any point of time.

Further, aggregate shareholding of all QFIs shall not exceed ten percent of the paid up equity capital of the Company at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

QFI applicants which are QIBs or whose application amount exceeds ` 200,000 can participate in the Issue only through the ASBA process.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "**IRDA Investment Regulations**"), are broadly set forth below:

1. **equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;**

2. **the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans ("ULIPs") ; and**

3. **The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).**

In addition, the IRDA, by circular bearing number IRDA/INV/CIR/027/2008-09 dated December 26, 2008 partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ` 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. Provident funds/pension funds can participate in the Issue only through the ASBA process.

Bids by Banking Companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid-up share capital of the investee company or 30% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in the Equity Shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks (currently reflected in the RBI Master Circular of July 1, 2011). Banking companies can participate in the Issue only through the ASBA process.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ` 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of ` 2500 Lacs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or SEBI registration certificate (as applicable) and/or bye laws must be lodged with the Bid cum Application Form. With respect to Bids made by limited liability partnerships registered under the Limited Liability

Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(i) With respect to Bids by VCFs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(ii) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(iii) With respect to Bids made by provident funds with minimum corpus of ` 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of ` 2500 Lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject such Bid, in whole or in part, in either case without assigning any reasons thereof.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of 300 Equity Shares and in multiples of 300 Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed `200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed `200,000. Where the Bid Amount is over `200,000 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to Bid and to acquire the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds `200,000 and in multiples of 300 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under the SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and QIB Bidders, Non – Institutional Bidders are required to pay, mandatorily through the ASBA process, the entire Bid Amount upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ` 200,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ` 200,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-off Price. **Please note that QIBs and Non-Institutional Bidders can participate in the Issue only through the ASBA process.**

Information for Bidders

1. Our Company and the BRLM shall publish the Bid/Issue Opening Date and the Bid/Issue Closing Date in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper (Tamil) with vide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.

2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.

3. The Syndicate and the SCSBs, as applicable, will circulate copies of the the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSBs shall ensure that the abridged prospectus is made available on their websites.

4. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and / or the Bid cum Application Form can obtain the same from our Registered Office or Corporate Office or from the members of the Syndicate or the SCSBs.

5. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.

6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the BRLM or Syndicate Member otherwise they are liable to be rejected. ASBA Bidders may submit the Bid cum Application Form to the Designated Branches of SCSBs directly or through a member of the Syndicate at Syndicate ASBA Bidding Centres.

7. Please ensure that in the event the Bid cum Application form is submitted at the terminals of the Syndicate Members and the payment is proposed to be made through the ASBA process, the SCSB with whom the payment is to be blocked has a branch at any of the bidding centres referred to in the Circular.

8. With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be suspended for credit, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

9. For ASBA Bidders, copies of the Bid Cum Application Form will be available for all categories of Bidders, with the Designated Branches, members of the Syndicate (in the Syndicate ASBA Bidding Centres) and at our Registered and Corporate Office. Electronic Bid Cum Application Form will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one Working Day prior to the Bid/Issue Opening Date. Copies of the Bid Cum Application Form will be available for the Retail Bidders with the members of the Syndicate and at our Registered and Corporate Office.

Bidders are advised not to submit the Bid cum Application Form directly to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

Additional information specific to ASBA Bidders

1. Bid Cum Application Form in physical form will be available with the Designated Branches, members of the Syndicate at the Syndicate ASBA Bidding Centres and at our Registered and Corporate Office. Electronic Bid Cum Application Form will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one Working Day prior to the Bid/ Issue Opening Date. Further, the SCSBs will ensure that a soft copy of the abridged Prospectus is made available on their websites. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the abridged Prospectus and Bid Cum Application Form to the SCSBs and the Syndicate at the Syndicate ASBA Bidding Centres.

2. The ASBA Bids should be submitted in the physical mode to the Syndicate on the prescribed Bid Cum Application Form at the Syndicate ASBA Bidding Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. **Bid cum Application Form in electronic mode can be submitted only to the SCSBs with whom the ASBA Account is maintained and not to the members of Syndicate.** SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account.

   ASBA Bidders Bidding through a member of the Syndicate should ensure that the Bid Cum Application Form is submitted to a member of the Syndicate at the Syndicate ASBA Bidding Centres and that the SCSB where the ASBA Account is maintained as specified in the Bid Cum Application Form, has named at-least one branch in the relevant Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid Cum Application Form, as displayed on the website of SEBI (http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html). ASBA Bidders Bidding directly through the SCSBs should ensure that the Bid Cum Application Form is submitted to a Designated Branch where the ASBA Account is maintained (http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612820687.html).

3. For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Centres, the members of the Syndicate shall upload the ASBA Bid on to the electronic Bidding system of the Stock Exchanges and deposit the Bid Cum Application Form with the relevant branch of the SCSB at the relevant Syndicate ASBA Bidding Centres

authorized to accept such Bid Cum Application Form from the members of the Syndicate (as displayed on the website of SEBI (http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid Cum Application Form. For ASBA Bids submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid Cum Application Form, before entering the ASBA Bid into the electronic Bidding system.

ASBA Bidders should ensure that they have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form to the members of the Syndicate at the Syndicate ASBA Bidding Centres or the respective Designated Branch. An ASBA Bid where the corresponding ASBA Account does not have sufficient funds equal to the Bid Amount at the time of blocking the ASBA Account is liable to be rejected.

4. The members of the Syndicate at the Syndicate ASBA Bidding Centres and the SCSBs shall accept ASBA Bids only during the Bid/Issue Period and only from the ASBA Bidders. The SCSB shall not accept any Bid Cum Application Form after the closing time of acceptance of Bids on the Bid/ Issue Closing Date.

5. The Bid Cum Application Form shall bear the stamp of the SCSBs and/or the Designated Branch, member of the Syndicate at the Syndicate ASBA Bidding Centres (as displayed on the website of SEBI (http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html), if not, the same shall be rejected.

   Bidders may note that in case the DP ID, BAN and PAN mentioned in the Bid Cum Application Form, as the case may be and entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, BAN and PAN available in the Depository database, the Bid Cum Application Form is liable to be rejected and our Company and the members of the Syndicate shall not be liable for losses, if any.

For Bid Cum Application Form, the basis of allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic Bid details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic Bid details and the Depository database. In case of any discrepancy between the electronic Bid data and the Depository records, our Company in consultation with the Designated Stock Exchange, the BRLM, the Registrar and the Company, reserves the right to proceed as per the Depository records or treat such Bid as rejected.

For ASBA Bids submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match the same with the Depository database for correctness of DP ID, BAN and PAN. In cases where any DP ID, BAN and PAN mentioned in the Bid file for an ASBA Bidder does not match the one available in the Depository database, our Company in consultation with the Designated Stock Exchange, the BRLM, the Registrar, reserves the right to proceed as per the depository records on such ASBA Bids or treat such ASBA Bids as rejected. The Registrar to the Issue will reject multiple ASBA Bids based on common PAN as available on the records of the Depositories.

For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Centres, the basis of allotment will be based on the Registrar's validation of the electronic Bid details with the depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic Bid details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic Bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, our Company in consultation with the Designated Stock Exchange, the BRLM, the Registrar and the Company, reserves the right to proceed as per the depository records or treat such Bid as rejected.

Based on the information provided by the Depositories, the Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

Method and Process of Bidding

a. The details of the Price Band and the minimum Bid lot size shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one Tamil newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

b. The Bid/Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one Tamil daily newspaper with wide circulation and the Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Tamil daily newspaper with wide circulation, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

c. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

d. The Bidder cannot Bid on another Bid cum Application Form after his or her Bid on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids".

e. The members of the Syndicate/SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.

f. During the Bid/Issue Period, Bidders may approach any member of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the members of Syndicate at Syndicate ASBA Bidding Centres or the Designated Branches of the SCSBs to register their Bids.

g. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled 'Payment Instructions' beginning on page 214 of the Red Herring Prospectus.

h. Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

i. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

j. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

k. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Please note that QIBs and Non-Institutuonal Bidders shall mandatorily submit their Bids through the ASBA process.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels and Revision of Bids

The Bidders can Bid at any price within the Price Band, in multiples of 300 equity shares. The Price Band and the minimum Bid Lot Size for the Issue shall be advertised in three daily newspapers (one in English, one in Hindi, and in one Tamil daily newspaper, with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date.

1. In accordance with SEBI ICDR Regulations, our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

2. Our Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

3. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

4. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.

5. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ` 200,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.

6. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.

7. Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is greater than ` 1,00,000 .

IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALISED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE, AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM

APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the Stock Exchange. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant laws, rules, regulations, guidelines and approvals.

Escrow Mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please refer to "Issue Procedure – Payment Instructions" on page 214 of this Red Herring Prospectus.

Electronic Registration of Bids

(a) The members of the Syndicate and the SCSBs will register the Bids using the online facilities of the Stock Exchange. There will be at least one online connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(b) The Stock Exchange will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

(c) The aggregate demand and price for Bids registered on the electronic facilities of NSE will be downloaded on a regular basis, consolidated and displayed online at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the website of the Stock Exchange during the Bid/Issue Period along with category wise details.

(d) At the time of registering each Bid, the member of the Syndicate shall enter the following details of the Bidder in the online system:

- Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;

- Cheque Amount;
- Cheque Number;
- Bid cum Application Form number;
- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
- Bid cum Application Form Number.
- PAN (of First Bidder if more than one Bidder)
- Investor Category and Sub-Category:
- DP ID
- Client ID
- Number fo Equity Shares Bid for
- Price Option and Bid Amount
- Bank Account Number

  With respect to ASBA Bids submitted to the members of Syndicate at the Syndicate ASBA Bidding Centres, at the time of registering each Bid, the members of Syndicate shall enter the following details on the online system:

- Bid cum Application Form number
- PAN (of the First Bidder, in case of more than one Bidder)
- Investor Category and sub-category
- DP ID
- Client ID
- Number of Equity Shares Bid for
- Price per Equity Share (price option) and Bid Amount
- Bank code for the SCSB where the ASBA Account is maintained
- Location of Syndicate ASBA Bidding Location

Retail	Non-institutional	QIBs
(No sub category)	-Individual - Corporate - Other	- Mutual Funds - Financial Institutions - Insurance companies - Foreign Institutional Investors other than corporate and individual - Sub- accounts

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated

Braches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the BRLM or the Syndicate Member or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, bidding in the QIB Portion, the BRLM or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSB shall have no right to reject Bids except on technical grounds.

(h) It is to be distinctly understood that the permission given by the Stock Exchange to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

(a) The Bidding process shall be only through an electronically linked transparent Bidding facility provided by the Stock Exchange. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of each day of the Bid/Issue Period. It will also be available on the website of the NSE at www.nseindia.com.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ` 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ` 2,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

(h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft, as applicable, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(j) The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one day post the Bid/Issue Closing Period.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

(a) Not more than 50% of the Issue (including 5% of QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(b) Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(c) Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [–] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM.

(d) Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.

(e) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid/Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchange will also be informed promptly.

(f) In terms of SEBI ICDR Regulations, QIB Bidders bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date.

(g) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLM and the Syndicate Members have entered into an Underwriting Agreement on August 25, 2012.

(b) For terms of the Underwriting Agreement please see chapter titled 'General Information' beginning on page no. 15

Filing with the ROC

We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Tamil language newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC in an English national daily newspaper, a Hindi national daily newspaper and a Tamil daily newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

(a) Upon approval of Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the BRLM and Syndicate Members a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allocation for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by our Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.

(b) The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue.

(c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

(d) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

Notice to QIBs bidding in the QIB Portion: Allotment Reconciliation and Revised CANs

QIBs bidding in the QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them after the final Basis of Allotment, as approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar to the Issue. The CAN will constitute a valid, binding and irrevocable contract (subject only to the issue of a revised CAN, if any). Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within twelve Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure that the credit of Equity Shares to the successful Bidder's Depository Account is completed within two Working Days from the date of Allotment.

2. As per SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

General Instructions

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Bid cum Application Form;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the BRLM or Syndicate Member. With respect to ASBA Bidders ensure that your Bid is submitted (i) at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account or (ii) to a member of the Syndicate at Syndicate ASBA Bidding Centres;

e) With respect to ASBA Bids ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

f) Ensure that you have requested for and receive a TRS for all your Bid options;

g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the Bid cum Application Form to the respective Designated Branch of the SCSB;

h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted though the SCSBs;

j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

k) Ensure that the Bid is within the Price Band;

l) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

m) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

n) In the event you are a QIB or a Non-Institutional Bidder, ensure that you have applied through the ASBA process.

o) Ensure that in the event a Bid cum Application form is submitted at the terminals of the Syndicate Members and the payment is proposed to be made through the ASBA process, the SCSB with whom the payment is to be blocked has a branch at any of the bidding centres referred to in the Circular.

p) Ensure that the Bid cum Application Forms submitted at the Bidding Centres bear the stamp of the members of the Syndicate;

q) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated

July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act, 1961. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

r) Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

Don'ts:

a) Do not Bid for lower than the minimum Bid size;

b) Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;

c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;

d) Do not pay the Bid amount in cash, by money order or by postal order;

e) Do not provide your GIR number instead of your PAN number.

f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;

g) Do not Bid at Cut-off price (for QIBs and Non-Institutional Bidders);

h) Do not Bid for a Bid Amount exceeding ` 2,00,000 (for Bids by Retail Individual Bidders);

i) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

j) Do not submit Bid accompanied with Stock invest; and

k) Do not make payment through cheques/ demand drafts in the event you are a QIB or a Non-Institutional Shareholder.

INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

Do's:

1. Check if you are eligible to Bid under ASBA;

2. Ensure that you specify ASBA as the 'Mode of Application' and use the Bid cum Application Form bearing the stamp of the relevant SCSB or the members of the Syndicate (except in case of electronic Bid cum Application Forms);

3. Read all the instructions carefully and complete the Bid cum Application Form;

4. Ensure that your Bid cum Application Form is submitted at a Designated Branch where the ASBA Account is maintained and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company, or the Registrar to the Issue or the Book Running Lead Manager;

5. In case of Bid cum Application Form submitted to a member of the Syndicate at the Syndicate ASBA Bidding Centre, ensure that the SCSB where the ASBA Account is maintained as specified in the Bid cum Application Form, has named at-least one branch as displayed on the website of SEBI in the Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid cum Application Form;

6. Ensure that the Bid cum Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;

7. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

8. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form to the respective Designated Branch or to the members of the Syndicate at the Syndicate ASBA Bidding Centres;

9. Ensure that you have correctly checked the authorisation box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form;

10. Ensure that you receive an acknowledgement from the Designated Branch or from the members of the Syndicate at the Syndicate ASBA Bidding Centres, as the case maybe, for the submission of your Bid cum Application Form; and

11. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

1. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Branch or to the members of the Syndicate at the Syndicate ASBA Bidding Centres;

2. Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA;

3. Do not send your physical Bid cum Application Form by post. Instead submit the same to a Designated Branch or to a member of the Syndicate at the Syndicate ASBA Bidding Location;

4. Do not submit more than five Bid cum Application Form per ASBA Account;

5. Do not submit the Bid cum Application Form with a member of the Syndicate at a location other than the Syndicate ASBA Bidding Centres; and

6. Do not submit ASBA Bids to a member of the Syndicate at the Syndicate ASBA Bidding Location unless the SCSB where the ASBA Account is maintained as specified in the Bid cum Application Form, has named at-least one branch, as displayed on the SEBI website (http://www.sebi.gov.in/cms/sebi_data/attachdocs/1345612849756.html) in the relevant Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid cum Application Form.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office or our Corporate Office. **Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. Bid cum Application Forms shall also be available at the website of the stock exchange at www.nseindia.com. Syndicate/ sub-syndicate members may also procure Bid cum Application Forms directly from the investors and submit it to the SCSBs and shall upload the Bid and other details of such Bid cum Application Forms in the bidding platform provided by the stock exchanges and forward the same to the respective SCSBs. The SCSBs shall verify the signatures of such applicants block the requisite quantum of funds and forward these forms to the Registrar.**

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

(c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct are legible.

(d) The Bids from the Retail Individual Bidders must be for a minimum of 300 Equity Shares and in multiples of 300 thereafter subject to a maximum Bid amount of ` 200,000.

(e) For Non-institutional and QIB Bidders, bidding under the QIB Portion, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ` 200,000 and in multiples of 300 Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds ` 200,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

(f) In single name or in joint names (not more than three and in the same order as their Depository Participant details).

(g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(h) Bids through ASBA must be:

(i) made only in the prescribed Bid cum Application Form or Revision Forms (if submitted in physical mode) or the electronic mode.

(ii) made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).

(iii) completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Red Herring Prospectus and in the Bid cum Application Form.

(b) If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Bid cum Application Forms.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of the Permanent Account Number of the Sole/First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS/NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first Bidder, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non-Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of upto ` 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ` 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid cum Application Form, the OCB shall be elgibible to be considered for share allocation.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

This section is applicable only for Retail Individual Bidders.

Our Company and the BRLM shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of their Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and the Escrow Agreement entered into amongst our Company, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Registrar to the Issue and BRLM to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account.

Payment into Escrow Account for Bidders other than ASBA Bidders:

This section is applicable only for Retail Individual Bidders.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.

2. The payment instruments for payment into the Escrow Account should be drawn in favor of:

    a. In case of Resident Retail Investors: **“Escrow Account – Thejo Engineering Limited - Public Issue - R”;**

    b. In case of Non Resident Retail investors: **“Escrow Account – Thejo Engineering Limited - Public Issue - NR”;**

3. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

4. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account ‘SPNR’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account ‘SPNR’.

6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other then ASBA Bidders) till the Designated Date.

8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.

9. No later than ten working days from the Bid/Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

10. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

12. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form

13. Payments made through cheques without the Magnetic Ink Character Recognition ("MICR") code will be rejected.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Payment by cash / money order

Payment through cash/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs, either by the Syndicate or sub-syndicate members at Syndicate ASBA Bidding Centres or by the ASBA Bidders directly.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Please ensure that in the event a Bid cum Application form is submitted at the terminals of the Syndicate Members and the payment is proposed to be made through the ASBA process, the SCSB with whom the payment is to be blocked has a branch at any of the bidding centres referred to in the Circular.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments / refunds will be made out in favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- The Bids will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds registered with SEBI and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicates the scheme for which the Bid has been made.

After submitting a Bid cum Application Form either in physical or electronic mode, where such ASBA Bid is uploaded with the Stock Exchange, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another Bid cum Application Form. Submission of a second Bid cum Application Form to either the same or to another Designated Branch of the SCSB or to any member of the Syndicate, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. Duplicate copies of Bid cum Application Form available on the website of the Stock Exchange bearing the same application number will be treated as multiple Bids and are liable to be rejected. More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account. However, an ASBA Bidder may revise the Bid through the Bid Revision Application Form.

Permanent Account Number ("PAN")

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their ASBA Bids during the Issue Period by submitting a request for the same to the member of the Syndicate or the Designated Branch, as the case may be, through whom the ASBA Bid had been placed. In case of ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Centres, upon receipt of the request for withdrawal from the ASBA Bidder, the relevant Syndicate Member shall do the requisite, including deletion of details of the withdrawn Bid cum Application Form from the electronic Bidding system of the Stock Exchange and forwarding instructions to the relevant branch of the SCSB for unblocking of the funds in the ASBA Account. In case of ASBA Bids submitted to the Designated Branch, upon receipt of the request for withdrawal from the ASBA Bidder, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Bid cum Application Form from the electronic Bidding system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalisation of Allotment. The Registrar shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'. QIBs cannot withdraw their Bids after the Issue Closing Date.

Right to Reject Bids

In case of QIB Bidders, bidding under the QIB Portion, our Company, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids on technical grounds. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

2) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;

4) PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

5) Bids for lower number of Equity Shares than specified for that category of investors;

6) Bids at a price less than the Floor Price;

7) Bids at a price more than the Cap Price;

8) Submission of more than five Bid cum Application forms per bank account in the case of ASBA Bids;

9) Bids at cut-off price by Non-Institutional and QIB Bidders;

10) Bids for number of Equity Shares which are not in multiples of 300 Equity Shares ;

11) Category not ticked;

12) Multiple bids as defined in this Red Herring Prospectus;

13) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

14) Bids accompanied by Stock invest/ money order/postal order/cash;

15) Signature of sole and / or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

16) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;

17) Bid cum Application Form by ASBA bidders does not have the stamp of the SCSB, except for Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the Bid Cum Application Forms shall bear an unique application number;

18) Bids by QIBs not submitted through the BRLM / Syndicate Members or in case of ASBA Bids for QIBs submitted to SCSBs, not intimated to the BRLM / Syndicate Members;

19) Signatures of the bidder not matching with his sign on record with the SCSB in the event a Bid cum Application Form is submitted through a Syndicate/ sub – syndicate member.

20) Bid cum Application Form does not have Bidder's depository account details;

21) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;

22) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;

23) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

24) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled 'Issue Procedure - Maximum and Minimum Bid Size' beginning on page 214 of the Red Herring Prospectus;

25) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);

26) Bids by persons in the United States;

27) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

28) Bids not uploaded on the terminals of the Stock Exchanges;

29) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

30) Bids by OCBs without specific approval of the RBI;

31) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;

32) ASBA Applications made by using duplicate copy of Bid cum Application Form downloaded from the website of the Stock Exchange (i.e. two Bid cum Application Forms bearing the same unique identification number);

33) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ` 2,00,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date;

34) Bids by NRIs not disclosing their residential status;

35) Bids less then 300 equity shares; and

36) Application through cheques/ demand drafts by QIBs and Non-Institutional Investors.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES THE APPLICATION IS LIABLE TO BE REJECTED AND OUR COMPANY AND THE MEMBERS OF THE SYNDICATE SHALL NOT BE LIABLE FOR LOSSES, IF ANY.

FURTHER, BIDS BY PERSONS PROHIBITED FROM BUYING, SELLING OR DEALING IN THE EQUITY SHARES DIRECTLY OR INDIRECTLY BY SEBI OR ANY OTHER REGULATORY AUTHORITY WILL BE REJECTED.

For Bid cum Application Forms submitted by non-ASBA Bidders, the Basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic Bid details in terms of SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic Bid details and the Depository database. In case of any discrepancy between the electronic Bid data and the Depository records, our Company in consultation with the BRLM, the Registrar and the Designated Stock Exchange, reserves the right to proceed as per the Depository records or treat such Bid as rejected.

For ASBA Bids submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match such data with the Depository database for correctness of DP ID, Client ID and PAN. In cases where any DP ID, Client ID and PAN mentioned in the Bid file does not match the one available in the Depository database, our Company reserves the right to proceed as per the Depository records for such ASBA Bids or treat such ASBA Bids as rejected. The Registrar will reject multiple ASBA Bids based on common PAN.

For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations, the Basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic Bid data and the Depository records. In case of any discrepancy between the electronic Bid data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the BRLM and the Registrar, reserves the right to proceed as per the Depository records or treat such ASBA Bid as rejected.

Basis of Allotment or Allocation

For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to [–] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4. If the aggregate demand in this category is greater than [–] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis being not less than 300 Equity Shares and in multiples of 300 Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2. The Issue Size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to [–] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4. In case the aggregate demand in this category is greater than [–] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis being not less than 300 Equity Shares and in multiples of 300 Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

For Qualified Institutional Bidders in the QIB Portion

1. Bids received from the QIB Bidders bidding in the QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion shall be determined as follows:

   (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the QIB Portion.

   (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

   (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs bidding in the QIB portion shall be determined as follows:

   (i) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

   (ii) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.

   (iii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

The aggregate Allotment available for allocation to QIB Bidders bidding in the QIB Portion shall not be more than [–] Equity Shares.

Method of proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, we shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a. Bidders will be categorised according to the number of Equity Shares applied for;

b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d. In all Bids where the proportionate Allotment is less than 300 Equity Shares per Bidder, the Allotment shall be made as follows:

   i. Each successful Bidder shall be allotted a minimum of 300 Equity Shares; and

ii. The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e. If the proportionate Allotment to a Bidder is a number that is more than 300 but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF") in the QIB Portion

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	2,000 million Equity Shares
2.	Allocation to QIB (50%)	1,000 million Equity Shares
4.	Portion available to QIBs	1,000 million Equity Shares
	Of which:	
	a. Allocation to MF (5%)	50 million Equity Shares
	b. Balance for all QIBs including MFs	950 million Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	5,000 million Equity Shares

B. Details of QIB Bids in the QIB Portion

Sr. No.	Type of QIB bidders#	No. of Equity Shares bid for (in millions)
1	A1	500
2	A2	200
3	A3	1,300
4	A4	500
5	A5	500
6	MF1	400
7	MF2	400
8	MF3	800
9	MF4	200
10	MF5	200
	Total	5,000

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of Equity Shares in millions)

Type of QIB bidders	Equity Shares bid for (in million)	Allocation of 50 millions Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 950 millions Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	500	0	96.00	0
A2	200	0	38.40	0
A3	1,300	0	249.50	0
A4	500	0	96.00	0
A5	500	0	96.00	0
MF1	400	10	74.80	84.80

Type of QIB bidders	Equity Shares bid for (in million)	Allocation of 50 millions Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 950 millions Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
MF2	400	10	74.80	84.80
MF3	800	20	149.70	169.70
MF4	200	5	37.40	42.40
MF5	200	5	37.40	42.40
	5,000	**50**	**950**	**424.20**

Please Note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 214 of this Red Herring Prospectus.

2. Out of 1,000 millions Equity Shares allocated to QIBs, 50 millions (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 millions Equity Shares in QIB category.

3. The balance 950 millions Equity Shares (will be allocated on proportionate basis among 10 QIB applicants who have applied for 5,000 million Equity Shares (including five MF applicants who applied for 2,000 million Equity Shares).

4. The figures in the fourth column entitled "Allocation of balance 950 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X950 / 4950.

   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 950 / 4950.

   The numerator and denominator for arriving at allocation of 1000 millions Equity Shares to the 10 QIBs are reduced by 50 millions Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

a. a tripartite agreement dated March 16, 2012 with NSDL, our Company and Registrar to the Issue;

b. a tripartite agreement dated February 9, 2012 with CDSL, our Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with their Depository Participant.

(g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of our Company would only be in dematerialized form only for all investors.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years".

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through one of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

2. ECS / NECS – Payment of refund would be done through ECS / NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to

availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

3. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

4. RTGS – Applicants having a bank account at any of the abovementioned centres and whose refund amount is or exceeds ` 0.2 million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding IFSC code. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve working days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within ten days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within ten days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within ten days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within ten Working Days of the Bid / Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within ten days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within eight days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the ten working days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day our Company becomes liable to repay (i.e. twelve Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Letters of Allotment or Refund Orders or instructions to the SCSBs

We shall give credit to the beneficiary account with Depository Participants within ten Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS / NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Bidder's sole risk within ten days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within ten days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working days of the Bid/Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than twelve Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within ten Working days from the Bid / Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within eight Working Days of the Bid/Issue Closing Date, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertaking by our Company

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;

2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within twelve Working days of the Bid/Issue Closing Date;

3. that the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;

4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within twelve Working days of the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within nine working days of the Bid/Issue Closing Date.

6. That the instruction for electronic credit of Equity Shares / refund orders / intimation about the refund to non-resident Indians shall be completed within the specified time;

7. That no further Issue of Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

8. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. The Book Running Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the ASBA Accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh Red Herring Prospectus with SEBI.

In the event of withdrawal of the Issue any time after the Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, ***i.e.*** from the date of withdrawal, then our Company, on and from such expiry of eight days, be liable to repay the money, with such interest as prescribed under Section 73 of the Companies Act.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

(a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

(b) details of all monies utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchange where listing is sought has been received.

SECTION IX -MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of our Articles relating to, inter alia, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

The regulations contained in Table 'A' of the First Schedule to the companies Act 1956 shall apply to our company except so far as the same are expressly dealt with herein in these Articles.

Capital & Shares		
3		The authorized share capital of the Company is as stated in clause V of Memorandum of Association of the Company. The Company may from time to time by Ordinary Resolution increase its authorized share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution. The minimum paid up Capital of the Company shall be ` 5,00,000/-(Rupees Five Lacs only) or such higher amount as may be prescribed.
4		Shares shall be under the control of Board of Directors, who may allot or dispose of the same to such persons and for such consideration and upon such terms and conditions as they may determine.
Lien		
5		That fully paid shares shall be free from all lien and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
6		No unclaimed or unpaid dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the company shall comply with all provisions of sections 205 A, 205 B and 205 C of the Act in respect of unclaimed or unpaid dividend.
Share Certificate		
7		Share certificate shall be issued in marketable lots. Where share certificates are issued for more or less than marketable lots, sub-division/ consolidation into marketable lots shall be done free of charge.
8		No fees shall be charged for issue of duplicate share certificates in replacement of those that are old, decrepit, worn out or where the cages on the reverse have been completely exhausted.
9		Share certificate shall be issued within one month from the date of lodgement for transfer, transmission, sub-division, etc.
Transfer and Transmission of Shares		
10		The Board of Directors may, in their absolute discretion decline to register any transfer of shares without assigning any reason.
11		The registration of a transfer shall not be refused on the ground of the transfer being alone or jointly with any other persons indebted to the company on any account, whatsoever.
12		The form of transfer shall be in the form 7B prescribed under the companies Act or such other form as may be prescribed by the Central Government from time to time and the provision of section 108 of the companies Act, 1956, will duly be complied with.
13		No fee shall be charged for registration of transfer or for effecting transmission or for registering any letters of Probate, Letters of Administration and similar other documents.
14		That any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.
15		That option or right to call of shares shall not be given to any person except with the sanction of the Company in general meetings.
Borrowing Powers		
16		Subject to the Provisions of Section 292 and 293 of the Act, the Board of Directors may from time to time, at absolute discretion, raise or borrow any sum or sums of money for the purpose of the company from any person, banks, firms or companies.(Expressly including any person holding the office of the Director) and may secure payment of such moneys in

		such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of redeemable debentures of the Company, or by making, drawing accepting or endorsing on behalf of the company any promissory notes or bills of exchange or giving or issuing any other security of the company or by mortgage or charge on all or any of the property of the Company both present and future including its uncalled capital for the time being and the Directors may guarantee the whole or part of the loans and debts raised or incurred by one on behalf of the Company or any interest payable thereon with power to the Board to indemnify the guarantors from or charge liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property or asset of the Company or otherwise.
17		Any debenture or other security may be issued at a discount, premium or otherwise and (with the sanction of the Company in General Meeting) with any special privileges as to redemption, surrender, drawing, allotment of shares, appointment of Directors or otherwise.
18		Debentures, Debenture stock, Loan/loan stock, Bonds or other Securities, with a right to allotment of or conversion into Equity Shares shall not be issued except with the sanction of the Company in General Meeting.
Assignment of Uncalled Capital		
19		If any uncalled capital of the Company is included in or by any mortgage or other securities, the directors may subject to the provisions of the Act and these presents make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is expected.
20		If the Directors or any of them or any other persons shall be personally liable for payment of any sum primarily due from the Company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
Capitalisation of Profits and Reserves		
21		Subject to the relevant provisions of the Act and the rules made there under, the profits and/or reserves of the company may be capitalised after duly complying with the relevant statutory requirements.
Book Closure		
22		Each register of holders of debentures of the company may be closed for any period not exceeding in the whole thirty days in any year. Subject as aforesaid, every such register shall be open to the inspection of the register holder of any such debentures and of any member, but the Company may in General Meeting impose any reasonable restrictions so that at least 2 hours in each day, when such register is open, are allowed for inspection.

SECTION X -OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which will be attached to the copy of the Red Herring Prospectus, will be delivered to the Registrar of Companies, Tamil Nadu, Chennai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on working days (Monday to Friday) from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Agreement entered into between our Company and the Registrar to the Issue dated January 24, 2012.

2. Escrow Agreement dated August 25, 2012 between our Company, the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Bank(s) and the Registrar to the Issue.

3. Syndicate Agreement dated August 25, 2012 between our Company, the Book Running Lead Manager, and the Syndicate Members.

4. Underwriting Agreement dated August 25, 2012 between our Company, the Book Running Lead Manager, and the Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our certificate of incorporation dated March 26, 1986 issued by the Registrar of Companies, Tamil Nadu, Chennai.

3. Board resolutions authorising the Issue dated December 3, 2011.

4. Shareholders’ resolution authorizing the Issue dated January 3, 2012.

5. Report of our Statutory Auditors M/s Joseph and Rajaram, Chartered Accountants, on our Company’s Restated Standalone and Consolidated Financial Statements as of and for the Financial Years ended March 31, 2007, 2008, 2009, 2010, 2011 and 2012 dated August 27, 2012 including their consent.

6. Statement of Tax Benefits from, M/s Joseph and Rajaram, Chartered Accountants dated March 12, 2012 including their consent.

7. Consents of Bankers to our Company, Book Running Lead Manager,Syndicate Member(s), Registrar to the Issue, Escrow Collection Banks, Refund Bank(s), the Statutory Auditors, Domestic Legal Counsel to the Issue, the Market Maker, the Nominated Investor, Directors of our Company, Company Secretary and Compliance Officer as referred to, in their respective capacities.

8. Due diligence certificate dated [●], issued to SEBI by the Book Running Lead Manager upon filing the Prospectus.

9. In-principle listing approval dated March 27, 2012 received from NSE.

10. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated March 16, 2012.

11. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated February 9, 2012.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors, hereby certify and declare that, all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations / guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Name	Designation	Signature
Mr. K.J. Joseph	Whole-time Director	(Thomas K Abraham PoA holder)
Mr. Thomas John	Managing Director	
Mr. Manoj Joseph	Whole-time Director	
Mr. Rajesh John	Whole-time Director	
Mr. N. Ganga Ram	Non – Executive Independent Director	
Mr. V.K. Srivastava	Non – Executive Independent Director	
Mr. M.P. Vijay Kumar	Non – Executive Independent Director	
Mr. A. Satyaseelan	Non – Executive Independent Director	
Mr. C.N. Ramchand	Non – Executive Independent Director	

Signed by the Chief Executive Officer

Mr. V.A. George

Signed by the Finance Controller & Secretary

Mr. M.D. Ravikanth

Date: August 27, 2012

Place: Chennai

ANNEXURE A

Table 1: Price Information of Previous Issue(s) handled by **IDBI Capital Market Services Limited**

Sr. No.	Issue Name	Issue Size (`Cr)	Issue Price (`)	Listing Date	Opening Price on listing date (`)	Closing Price on listing date (`)	% Change in price on listing date (Closing) vs Issue Price	Benchmark Index on listing date (Closing)	Closing price as on 10th calendar day from listing day (`)	Benchmark Index as on 10th calendar days from listing day (Closing)	Closing Price as on 20th calendar day from listing day (`)	Benchmark Index as on 20th calendar days from listing day (Closing)	Closing Price as on 30th calendar day from listing day (`)	Benchmark index as on 30th calendar days from listing day (Closing)	% Change in price after 30 days vs Issue Price
1	NBCC Limited	127.20	106	12/4/2012	101.00	96.95	-8.54%	5276.85	98.20	5290.85	96.05	5248.15	86.55	4928.90	-18%
2	SRS Limited	203.00	58.0	16/9/2011	68.00	33.25	-42.67%	5084.25	33.85	4835.40	30.10	4751.30	35.60	5132.30	-39%
3	Aanjaneya Lifecare Limited	117.00	234.0	27/5/2011	218.00	311.10	32.95%	5526.60	355.25	5625.45	364.40	5581.10	376.55	5574.85	61%
4	MOIL Limited	1237.95	375.0	15/12/2010	565.00	465.05	24.01%	5892.30	448.85	6011.60	453.95	6157.60	442.15	5751.90	18%
5	Gujarat Pipavav Port Limited	553.85	46.0	9/9/2010	56.10	54.05	17.50%	5640.05	54.00	5884.95	54.70	6029.50	59.75	6103.45	30%
6	SJVN Limited	1043.91	26.0	20/5/2010	27.10	25.10	-3.46%	4947.60	24.20	5066.55	24.10	4987.10	24.10	5262.60	-7%

Notes:

In case of discounts given to certain categories of investors, the undiscounted issue price has been taken as the issue price.

Issue size has been taken net of promoter's contribution, if any.

If the Xth calendar day from listing day is not a working day, closing price on previous working day is taken.

All prices are according to trades on NSE and the benchmark index is the Nifty.

<u>Table 1a:</u> Summary Statement of Disclosures for **IDBI Capital Market Services Limited**

Financial Year	**Total No. of IPOs**	**Total Funds Raised (`Cr)**	**No. of IPOs trading at discount on listing date**			**No. of IPOs trading at premium on listing date**			**No. of IPOs trading at discount as on 30th calendar day from listing day**			**No. of IPOs trading at premium as on 30th calendar day from listing day**		
			Over 50%	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**
2012-2013	1	127.20			1						1			
2011-2012	2	320		1			1			1		1		
2010-2011	3	2835.71			1			2			1		1	1

Note:

Total Funds raised is taken as the sum of individual Issue Size.

Track record of past issues handled by BRLM

For details regarding the track record of the BRLM to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLM at <u>www.idbicapital.com</u>.