



**TECHNO ELECTRIC & ENGINEERING COMPANY LTD.**

**ANNUAL REPORT & ACCOUNTS  
2008-2009**



## **Techno Electric & Engineering Company Limited**

### **Board of Directors**

P. P. Gupta	– <i>Managing Director</i>
V. D. Mohile	– <i>Independent Director</i>
K. M. Poddar	– <i>Independent Director</i>
K. Vasudevan	– <i>Independent Director</i>
K. K. Rai	– <i>Independent Director</i>
S. N. Roy	– <i>Independent Director</i>

### **Company Secretary**

N. Brahma

### **Bankers**

Vijaya Bank  
State Bank of India  
IDBI Bank  
ICICI Bank  
ABN Amro Bank  
Standard Chartered Bank  
Allahabad Bank  
YES Bank  
Citibank N.A.  
Indusind Bank

### **Auditors**

S. S. Kothari & Co.  
Centre Point  
21, Old Court House Street  
Kolkata- 700 001

### **Registered Office**

P-46A, Radha Bazar Lane  
Kolkata- 700001

### **Corporate Office**

3F, Park Plaza  
71, Park Street  
Kolkata- 700016

### **Registrar and Share Transfer Agent**

Niche Technologies Private Ltd.  
D-5 II, Bagree Market, 5th Floor  
71, B. R. B. Basu Road  
Kolkata-700001  
Ph.: 2234-2318/3576, 2235-7270/7271/3070  
Fax: 2215-6823

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## DIRECTORS' REPORT

To  
The Members of  
Techno Electric & Engineering Co. Ltd.

Your Directors have pleasure in presenting the 46<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

	Year ended 31st March, 2009 (Rs. in lacs)	Year ended 31st March, 2008 (Rs. in lacs)
Profit before Interest & Depreciation	8563.80	6222.26
Less : Interest	63.51	29.87
Depreciation	61.56	60.24
Profit before Tax	8438.73	6132.15
Provision for Taxation (including Deferred Income Tax, Fringe Benefit Tax and Security Transaction Tax)	2132.64	1226.36
Profit after Taxation	6306.09	4905.79
Balance brought forward from previous year	1.09	3.24
	<u>6307.18</u>	<u>4909.03</u>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	5638.00	4240.00
Proposed Dividend	570.91	570.91
Provision for tax on Proposed Dividend	97.03	97.03
Surplus carried to Balance Sheet	1.24	1.09
	<u>6307.18</u>	<u>4909.03</u>

### DIVIDEND

Your Directors have recommended a dividend of Rs.1.00 (previous year Rs.1.00) per Equity Share of nominal value of Rs. 2/- each.

### REVIEW OF THE OPERATIONS

The Company has achieved a turnover of Rs.48603.48 lacs as compared to Rs. 42955.84 lacs and profit after tax of Rs. 6306.09 lacs as compared to Rs. 4905.79 lacs during the previous year. Despite being a volatile year, the Company could better its performance due to timely completion of projects and growth in other income.

During the year under review your Company has **successfully completed** the following projects :

- Yard Piping for NALCO Captive Power Plant, Phase-II;

- Aluminium Busbar fabrication and installation package (Part-A, C & D) at Aluminium Smelter Plant at Angul, Phase-II expansion of NALCO;
- Fuel Oil Handling System for 2 x 600 MW Hisar TPP at Hisar, Haryana through Reliance Energy Limited;
- Aluminium Busbar fabrication and installation package at Jharsuguda Smelter (Phase-I) for Vedanta Aluminium Ltd;
- Sub-Station Package (Package A) for Sub-Transmission System associated with BSTS, Phast-II, Part-I for BSEB from PGCIL;
- 132 KV Power Receiving Station for Bina Refinery Project at Bina (M. P.) for Bharat Oman Refinery Ltd.;
- Switchyard Extension Package for EPC construction of 2 Nos. 400 KV Line Bays for Vijayawada TPS, Stage-IV, Unit-7 of APGENCO;
- Power Distribution Package at Bhatinda Refinery Project of HPCL-Mittal Energy Ltd;
- Cabling, Earthing and Lightning Protection Package for 1 x 250 MW Chandrapura TPS, Units 7 from BHEL;
- Turnkey execution of 30 MW Turbo-Generator Package with Auxiliaries for Tata Chemicals Ltd, Mithapur.

The works for the following projects are progressing satisfactorily and are expected to be completed during the year as per schedule.

- 1) Setting up of 2 x 40 MW Waste Heat Recovery based Power Plant for Bengal Energy Limited;
  - 2) Ash Water Recirculation and Treatment System Package for Farakka STPP, Stage-III (1 x 500 MW) and Korba STPP, Stage-II (1 x 500 MW) of NTPC Limited;
  - 3) Turnkey execution of 400 KV GSS at Hindaun, Jaisalmer and Bermer (Extension) Sub-Stations of Rajasthan Rajya Vidut Prasaran Nigam Ltd;
  - 4) EPC Construction of 132/33 KV Sub-Station at Kurseong of West Bengal State Electricity Transmission Co Ltd;
  - 5) Power Distribution Package in setting up of Coach Factory of East Central Railway at Harnaut, Bihar;
  - 6) Electrical Installation work for New Parli TPS, Unit-2 (250 MW) and for Paras TPS, Unit-2 of MSPGCL;
  - 7) Sub-Station Package (Package-C) for Sub-Transmission System associated with BSTS, Phase-II, Part-II of BSEB from PGCIL
- During the year the Company has bagged many prestigious orders, the major amongst them, are for –
- 1) Turnkey execution of R&M Package for 220/132/33 KV Grid Sub-Stations at Biharsheriff and 132/33 KV Grid Sub-Station at Baripahari for BSEB, Patna.
  - 2) 220/132/33 KV Sub-Station including D/C LILO of 132 KV Barhi-Koderma Line at Koderma for DVC.



- 3) Cabling, Earthing and Lightning Protection System including ETC of Electrical Main Plant equipments for 1 x 250 MW, Unit-III at Budge Budge Generating Station of CESC for BHEL.
- 4) Turnkey execution of 220 KV Power Receiving Station and construction of Power Distribution Infrastructure at Paradip Refinery, IOCL, New Delhi.
- 5) Turnkey execution of 220 KV Switchyard (Extension) Package for Harduagunj Thermal Power Plant (2x250 MW) of UP Rajya Vidyut Utpadan Nigam Ltd, Lucknow.
- 6) Turnkey execution of 220/66 KV Sub-Station at Nalagarh, Dist. Solan (H.P) for Himachal Pradesh State Electricity Board.
- 7) Supply, Installation including associated Civil Works for Creation of Rural Electricity Infrastructure and Household Electrification in Madhepura & Saharsa District of Bihar under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY-in XIth Plan) for BSEB, Patna.
- 8) Supply, erection, testing & commissioning of Sub-transmission lines, distribution lines, power transformers, new Sub-stations, augmentation of existing Sub-station, distribution transformers of varying capacities, renovation and modernisation works in Bhokar & Nanded Divisions under Nanded Circle of Latur Zone for Maharashtra State Electricity Distribution Co. Ltd.
- 9) Cabling, earthing, lightning protection, illumination, plant communication system, DC Power Supply system, Standby Power Supply System for Harduagunj Power Plant extension (2x250 MW) of UP Rajya Vidyut Utpadan Nigam Ltd, Lucknow.
- 10) Supply of Station Piping, Fuel Oil Unloading & Storage Package for NTECL's Vallur Thermal Power Project (3x500 MW) of NTPC Tamilnadu Energy Company Ltd.
- 11) Station Piping Package for Bongaigaon Thermal Power Project (3x250 MW) for NTPC Ltd.
- 12) Ash Water Recirculation System for Simhadri Super Thermal Power Project, Stage-II (2x500 MW) for NTPC Ltd.
- 13) Supply, Fabrication, Erection, and installation of Aluminium Bus Bars for Aluminium Smelter Expansion Project (Phase-II) at Jharsuguda, Orissa for Vedanta Alumina Ltd.
- 14) Fuel Oil System for 2x500 MW Units at Durgapur Steel TPS, West Bengal for BHEL.
- 15) Miscellaneous Tank Package for 2x500 MW Units at Durgapur Steel TPS, West Bengal for BHEL.
- 16) Fuel Oil System for 2x500 MW Units at Koderma TPS, Jharkhand for BHEL.
- 17) Miscellaneous Tank Package for 2x500 MW Units at Koderma TPS, Jharkhand for BHEL.

Your Company has participated in many prestigious tenders in Public and Private Sectors and some of them in which it is competitively placed are likely to be finalized shortly in Company's favour.

#### **DIVERSIFICATION**

As you are aware that your Company has taken up steps to produce power from Non-conventional Energy sources by setting up of Bio-Mass based Power Generating Units all over the country and had obtained licenses for 2 Nos. Units to set up 10/12 MW Bio-Mass based Power Plants, one in North Dinajpur District of West Bengal and the other in Rajgarh District of Madhya Pradesh. During the current year the Company has obtained 2 more licences to set up Bio-mass based power plants, one in West Bengal and the other in Rajasthan.

#### **FUTURE OUTLOOK**

India is the 6<sup>th</sup> largest energy consumer accounting for approximately 3.4% of global energy consumption. The rise in India's economy has increased the demand for energy at a grater pace than the supply. More than 75% of the electricity consumed in the country is contributed by thermal power plants. To reduce more dependency on thermal power and to augment the generation and supply to meet the increased demand, the Government is giving more emphasis on other resources viz.; Hydro Power, Nuclear Power, Wind Power, Bio-mass based Power etc. Techno has taken initiative to enter into generation segment and in the process of setting up of Bio-mass based power plants in various parts of the country.

As of March, 2009, the total installed capacity was little more than 1,47,000 MW. During the 11<sup>th</sup> plan, 12,717 MW capacity addition has been achieved till March, 2009 out of the total targeted capacity addition of 78,700 MW. Inadequate equipment capacity and shortages in fuel and manpower are said to be the major factors responsible for the dismal performance. To achieve the target another 65,983 MW capacity addition is required for which orders have already been placed and are under process in various stages. Private sector participation and contribution is rising since passage of the Electricity Act, 2003 and reached up to 15.46% by March, 2009. Further, the development of Ultra Mega Power Projects (UMPPs) being a thrust area shall play a major role for capacity addition in future and are expected to bring huge private investments. Your Company shall take all possible steps to participate and grab more opportunities.

Even though India has the third largest transmission and distribution network in the world, many parts of the country is not yet connected with electrical power. During 2008-09, 12742ct.km transmission lines and 19229 MVA transformation capacity were added at voltages above 220kv both in central and state sectors. The growth rate of transmission network at 220kv and above voltages was about 6-7 percent during the past decade. The Government has set a growth target of 10% in network length and 14% in capacity for the 11<sup>th</sup> plan. Development of National Grid and upgradation of transmission and distribution network in the country is needed to streamline the uneven supply of power from generating stations to various parts which shall create more new opportunities for the Company in future.

DIRECTORS' REPORT (Contd.)

It seems that the future outlook of the power sector as a whole is positive, your Company is prepared to face the challenges and reap the benefits with aggressive participation and hope shall succeed in getting more business.

**DIRECTORS**

Mr. K. K. Rai, Director who retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment, be appointed. A brief profile of Mr. Rai is given in the Corporate Governance Report.

Mr. Ajay Relan, nominee of Citigroup Venture Capital International Growth Partnership Mauritius Limited (CVCIGPML) has resigned on July 31, 2008 from the Board consequent upon withdrawal of his nomination by CVCIGPML.

Mr. Vivek Chhachhi was appointed on October 25, 2008 as nominee director of CVCIGPML and subsequently resigned on March 30, 2009 consequent upon disinvestment by CVCIGPML from the Company.

Mr. S. N. Roy was appointed as an additional Director on January 30, 2009 and be appointed as Director of the Company by the Shareholders at the ensuing Annual General Meeting. A brief profile of Mr. Roy is given in the Corporate Governance Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm

- i) that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) that the selected accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period and applied them consistently;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and for detecting fraud and other irregularities;
- iv) that the accounts for the period ended March 31, 2009 are on a going-concern basis.

**AUDITORS**

The Auditors M/s. S. S. Kothari & Co., Chartered Accountants hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Place : Kolkata

Dated : The 17th day of August, 2009

**AUDITORS' REPORT**

The comments by the Auditors in their report are self-explanatory and in the opinion of the Board do not require any further clarification.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance along with the Auditors' Certificate on its compliance, Certificate of Managing Director and the Chief Financial Officer on financial statements and a Declaration from the Managing Director under Clause 49(I)(D) are annexed.

**THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY**

As the Company's activities do not involve by and large any consumption of energy of any significant level and accordingly no comments are necessary in respect of energy conservation and reduction of energy consumption. In any event continuous efforts and proper steps are always being taken to conserve energy to the extent possible through conservation measures.

**B. TECHNOLOGY ABSORPTION**

As required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, particulars relating to technology absorption as per Form B is annexed (Annexure - A).

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings (under deemed export)	-	Rs. 1352.96 lacs
Foreign Exchange Outgo	-	Rs. 334.36 lacs

**EMPLOYEES**

The relations between the Employees and the Management continued to be cordial and stable at all levels. Your Directors wish to place on record their appreciation of the devoted services of all executives and staff of the Company.

During the year, no employee was in receipt of remuneration of or in excess of the amount prescribed under Section 217 (2A) of the Companies Act, 1956.

**ACKNOWLEDGEMENTS**

Your Directors wish to express their thanks to the esteemed shareholders, various customers and their consultants, different Government Departments, Company's Bankers for their continued support to the Company.

For and on behalf of the Board of Directors  
P. P. GUPTA : *Managing Director*  
S. N. ROY : *Director*



## TECHNOLOGY ABSORPTION

### FORM – B

Disclosure of particulars with respect to Technology Absorption as per Section 217(1)(e) of the Companies Act, 1956, read with The Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2009.

#### Technologies Absorbed:

#### Research & Development (R & D)

- |   |   |  |
|---|---|--|
| 1. Specific Areas in which R&D carried out by the Company | : | NIL  |
| 2. Benefit derived as a result of the above R&D           | : | N. A   |
| 3. Future Plan of Action                                  | : | None   |
| 4. Expenditure on R & D                                   | : | N. A   |
| 5. Technology absorption, adaptation                      | : | The Company being a Project and innovation Engineering Firm, constant efforts are made to develop cost effective new products/ systems to give trouble free service in its line of activities. |

Place : Kolkata

Dated : The 17th day of August, 2009

For and on behalf of the Board of Directors

P. P. GUPTA : *Managing Director*

S. N. ROY : *Director*

REPORT ON CORPORATE GOVERNANCE

**Company's Philosophy on Corporate Governance :**

The basic principle of Corporate Governance includes right and equitable treatment of shareholders, protecting the interest of stakeholders, appropriate mix of skilled executive and non-executive directors on the Board, integrity and ethical behavior within the organization, disclosure, transparency and accountability etc. Techno is committed to adopt these principles in a fair and reasonable manner for achieving value creation for and fulfilling obligations to all stakeholders and has complied with the requirements of Code of Corporate Governance as mentioned in Clause 49 of the Listing Agreement and the disclosures are as follows:

**Board of Directors :**

The Board of Directors is constituted in compliance with Clause 49 of the Listing Agreement. There are six members, out of which Five members are Non-Executive Independent. The Company has an Executive Chairman (Managing Director).

Five meetings of the Board have been held during the year on 26.04.2008, 27.06.2008, 26.07.2008, 25.10.2008, 30.01.2009.

The details of Directors, Directorships and Committee Positions held in other public limited companies, attendance at Board Meetings and Annual General Meeting etc. are provided here in below :

Name of the Director	Category	No. of other Directorships	No. of other Committee Positions held		No. of Board Meetings attended	Attendance at the last Annual General Meeting
			Chairman	Member		
Mr. P.P. Gupta Managing Director	Executive	2	-	-	5	Yes
Mr. K.M.Poddar Director	Independent Non-Executive	2	1	1	4	No
Mr. V.D. Mohile Director	Independent Non-Executive	1	-	-	5	Yes
Mr. K. Vasudevan Director	Independent Non-Executive	2	1	-	5	Yes
Mr. K. K. Rai Director	Independent Non-Executive	4	-	2	5	Yes
Mr. S. N. Roy* Director	Independent Non-Executive	5	-	1	-	-

\*Appointed as an Additional Director (Independent) u.e.f. 30th January, 2009

**Details of Directors seeking appointment/ reappointment**

Mr. K. K. Rai, aged about 65 years is a Bachelor of Arts and a member of C.A.I.I.B. He is a retired Banking professional having 40 years of Banking experience and had held important portfolios. He was the Executive Director of Allahabad Bank. Mr. Rai also holds directorship in some other reputed companies. He holds 0.001% shares of the Company but has no relationship with any other director. He is liable to retire at the ensuing Annual General Meeting and seeking reappointment for the office of director.

Mr. S. N. Roy aged about 66 years is a Bachelor of Engineering (Electrical) from Indian Institute of Technology (IIT), Kharagpur. He started his career with Indian Oil Corporation (IOC) as management trainee and thereafter joined Bharat Heavy Chemicals Limited (BHEL) in 1978 and retired as Executive Director in the year 2003. He does not hold any shares in the Company and also has no relationship with any other director. Mr. Roy was appointed an Additional Director of the Company on 30<sup>th</sup> day of January, 2009 by the Board of Directors and seeking appointment by the shareholders at the ensuing Annual General Meeting.

**Disclosure on relationship between Directors**

The Directors have no relationship between themselves except as Board colleagues.

**Remuneration of Directors**

The Board has fixed the remuneration by way of sitting fees payable to the Non-Executive Directors including Independent Directors, which is within the limits prescribed by the Companies Act, 1956. There is no other remuneration paid/payable to the Non-Executive Directors except the sitting fees. However, the Company has constituted a Remuneration Committee during the year 2009-10.



**Directors' Shareholding**

As on 31<sup>st</sup> March, 2009, Mr. P. P. Gupta, Mr. V. D. Mohile and Mr. K. K. Rai hold 1,53,000, 9,302, and 1,000 Equity Shares of the Company respectively.

**Code of Conduct**

All Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of conduct for the year ended 31<sup>st</sup> March, 2009.

**Audit Committee**

The Audit Committee comprises four Non-Executive Independent Directors having sound financial and accounting knowledge :

Mr. K. Vasudevan	-	Non-Executive (Independent)	-	Chairman
Mr. K. M. Poddar	-	Non-Executive (Independent)	-	Member
Mr. V. D. Mohile	-	Non-Executive (Independent)	-	Member
Mr. K. K. Rai	-	Non-Executive (Independent)	-	Member

Mr. N. Brahma, Company Secretary acts as the secretary to the committee.

Five meetings of the Audit Committee were held on 26.04.2008, 27.06.2008, 26.07.2008, 25.10.2008, 30.01.2009. The attendance by members are as follows :

Name	Number of Attendance
Mr. K. Vasudevan, Chairman	5 (Five)
Mr. K. M. Poddar, Member	4 (Four)
Mr. V. D. Mohile, Member	5 (Five)
Mr. K. K. Rai, Member	5 (Five)

Mr. P. P. Gupta, Managing Director, Mr. P. K. Lohia, President (Finance), Mr. N. M. Bachhawat, Sr. Dy. General Manager (Accounts) and representatives of the Statutory Auditors of the Company attended the meetings by invitation.

The Audit Committee is entrusted with the following powers :

1. To investigate any activity within the terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if considers necessary.

The role of the Audit Committee has been defined by the Board, which includes the matters prescribed in Clause 49(II)(D) of the Listing Agreement. The Audit Committee is also empowered to review the following informations :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the 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.

**Remuneration Committee :**

The Company has constituted a Remuneration Committee comprising of three Independent Directors. The committee shall determine and recommend the remuneration payable to the Non-Executive Directors and the Managing Director etc.

**Shareholders'/ Investors' Grievance Committee :**

The Company has a Shareholders'/ Investors' Grievance Committee comprising of three Non-Executive Independent Directors. The Committee addresses the grievances of shareholders. During the year, the Company had received 4 complaints on various matters which were suitably resolved and there were no grievance from any of the shareholders.

Mr. N. Brahma, Company Secretary is the Compliance Officer.

**Share Transfer Committee :**

To expedite the process of transfer / transmission of physical shares which are very negligible, a Share Transfer Committee is in place. The committee approves the share transfers / transmissions and a summary of transfer / transmission is placed before the Board at regular intervals.



**REPORT ON CORPORATE GOVERNANCE (Contd.)**

**General Body Meetings :**

Particulars of General Body Meetings for the last three years :

Financial Year Ended	Day & Date	Venue	Time	No. of Special Resolutions Passed
31 <sup>st</sup> March, 2006 AGM	Saturday, 23 <sup>rd</sup> September, 2006	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11.00 a.m.	1
31 <sup>st</sup> March, 2007 AGM	Saturday, 25 <sup>th</sup> August, 2007	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 a.m.	Nil
31 <sup>st</sup> March, 2008 AGM	Saturday, 26 <sup>th</sup> July, 2008	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11.00 a.m.	Nil
EGM	Saturday, 18 <sup>th</sup> March, 2006	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 a.m.	3
EGM	Thursday, 19 <sup>th</sup> October, 2006	Bharatiya Bhasa Parishad 36A, Shakespeare Sarani, Kolkata – 17	3 p.m.	1
EGM	Saturday 13 <sup>th</sup> January, 2007	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 a.m.	1

Two Special Resolutions were passed in the last year through postal ballot. Brief details are given below:

1. To approve alteration in the Objects Clause of the Memorandum of Association in terms of Section 17 of the Companies Act, 1956; and
2. To approve commencement and undertaking of the new business as set out in the Objects Clause in terms of Section 149(2A) of the Companies Act, 1956.

Both the resolutions as aforesaid were passed by the shareholders with requisite majority.

None of the business required to be transacted at the ensuing AGM is proposed to be passed through postal ballot.

**Subsidiary Companies:**

The Company does not have subsidiary.

**Disclosures :**

1. There were no materially significant related party transactions i.e. transactions of material nature, with its promoters, directors or the management or their relatives etc. (except the payment of remuneration to the Managing Director), during the year, that may have potential conflict with the interest of the Company at large.
2. There were no non-compliance by the Company during the last three years on any matter related to the capital markets and no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority.
3. No treatment different from the prescribed Accounting Standard has been followed in the preparation of the financial statements.
4. The Board assesses the risk on a regular basis and advises the steps and procedures for its minimization.
5. The Company has not raised any amount through public issues, rights issues, etc. during the year.
6. The non-executive Directors have not been paid any remuneration other than sitting fees.
7. A Management Discussion and Analysis Report is added to the directors report and forms part of this Annual Report.

**Means of communication :**

The details of publication of Quarterly Results are as under :

Business Standard	-	All India Edition
Aajkaal (Regional)	-	Kolkata

The Quarterly Results have also been sent to the Stock Exchanges pursuant to the listing agreement and also filed electronically in the Corpfilng system. Further, the financial and other information(s) are also available at the Company's website [www.techno.co.in](http://www.techno.co.in)

**General Shareholder Information :**

1. The 46<sup>th</sup> Annual General Meeting is scheduled to be held on 17<sup>th</sup> day of September, 2009 at 11.30 a.m. at The Calcutta School of Music, 6B, Sunny Park, Kolkata-700019.
2. Financial Year : April to March
3. Financial Calendar : By last week of the month subsequent to the (Reporting of Financial Results) ending month of the quarter.
4. Date of Book closure : From 11<sup>th</sup> September, 2009 to 17<sup>th</sup> September, 2009 (both days inclusive).
5. Dividend payment date : within 30 days of declaration



6. Listing on Stock Exchanges :

Stock Exchange	Stock Code / Symbol
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.	505397
The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata - 700001.	030122
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	TECHNOELEC

Note: Annual Listing Fees for the year 2009-10 have been paid to all the Stock Exchanges as mentioned above.

7. Market Price Data :

Stock Exchange	Month	BSE			NSE			
		High	Low	Volume	High	Low	Volume	
2008	April	227.75	193.50	58933	239.95	192.05	60449	
	May	218.00	163.00	55596	225.00	165.10	51577	
	June	172.00	126.00	236831	117.00	126.10	367715	
	July	155.00	117.55	22013	159.50	120.00	170177	
	August	155.00	131.00	35130	167.00	130.00	16404	
	September	158.75	89.05	43679	144.50	86.05	28917	
	October	99.00	61.00	36290	108.95	61.25	36472	
	November	85.50	62.30	25301	89.00	62.70	21294	
	December	79.85	56.25	53940	79.90	58.00	36484	
	2009	January	79.00	48.15	67235	77.50	53.10	78591
		February	73.00	57.00	144555	73.00	58.00	21879
		March	78.00	48.00	69425	78.00	51.05	6089928

The shares of the Company have not been traded in The Calcutta Stock Exchange Association Limited during the Financial Year ended 31<sup>st</sup> March, 2009

8(i). Comparison of Stock Performance with BSE Sensex :

Month	Price at BSE			BSE Sensex				
	Opening	Closing	Change (%)	Opening	Closing	Change (%)		
2008	April	217.05	209.80	-7.25	15772	17287	9.61	
	May	218.00	166.00	-52.00	17560	16416	-6.52	
	June	172.00	130.40	-41.60	16591	13462	-18.86	
	July	125.00	145.65	20.65	13480	14356	6.50	
	August	146.80	140.05	-6.75	14064	14565	3.56	
	September	137.10	92.75	-44.35	14413	12860	-10.77	
	October	95.00	75.55	-19.45	13007	9788	-24.75	
	November	80.10	70.30	-9.80	10209	9093	-10.94	
	December	75.70	71.55	-4.15	9163	9647	5.29	
	2009	January	73.70	62.75	-10.95	9721	9424	-3.05
		February	60.00	58.45	-1.55	9364	8892	-5.04
		March	58.10	75.55	17.45	8763	9708	10.79

**TECHNO ELECTRIC & ENGINEERING CO. LTD.**

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

(ii). Comparison of Stock Performance with NSE Nifty :

Month	Price at NSE			NSE Nifty		
	Opening	Closing	Change (%)	Opening	Closing	Change (%)
2008 April	220.00	210.70	-9.30	4736	5166	9.09
May	225.00	165.10	-59.90	5265	4870	-7.51
June	167.50	128.85	-38.65	4869	4041	-17.02
July	123.00	145.50	22.50	4040	4333	7.26
August	139.00	140.65	1.65	4332	4360	0.66
September	137.00	92.50	-44.50	4356	3921	-9.98
October	108.95	74.65	-34.30	3922	2886	-26.42
November	89.00	66.35	-22.65	2885	2755	-4.52
December	71.55	71.15	-0.40	2755	2959	7.40
2009 January	72.00	62.45	-9.55	2963	2875	-2.99
February	66.00	58.70	-7.30	2872	2764	-3.78
March	62.00	76.05	14.05	2765	3021	9.27

9. Registrar and Transfer Agents : Niche Technologies Pvt. Limited  
D-511, Bagree Market  
71, B.R.B.B. Road  
Kolkata – 700001.  
Tel : (033) 22357270 / 22357271  
Fax : (033) 22156823  
Email : nichetechpl@nichetechpl.com

10. Share Transfer System :

The share transfers in physical form are processed within 15 days from the date of receipt of the valid documents complete in all respect.

11(i). Distribution of Shareholding as on 31<sup>st</sup> March, 2009 :

Slab	No. of Shareholders		No. of Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 500	3614	83.02	412238	0.72
501 - 1000	301	6.92	250362	0.44
1001 - 5000	323	7.42	776893	1.36
5001 - 10000	55	1.26	405693	0.71
10001 - 50000	34	0.78	641891	1.12
50001 - 100000	1	0.02	56195	0.1
100001 & Above	25	0.58	54547928	95.55
<b>Total</b>	<b>4353</b>	<b>100</b>	<b>57091200</b>	<b>100.00</b>

(ii) Shareholding Pattern as on 31<sup>st</sup> March, 2009 :

Shareholders (Category)	No. of Shares held	% of Total Shares
Promoters	31382923	54.97
Private Corporate Bodies	19880294	34.82
Indian Public	2691627	4.72
Foreign Institutional Investors (FIIs)	759000	1.33
Mutual Funds	2334195	4.09
Non-Resident Indians (NRIs)	13074	0.02
Others ( Clearing Members)	30087	0.05
<b>Total</b>	<b>57091200</b>	<b>100</b>



12. The Shares of the Company are compulsorily traded in dematerialized form and tradable with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN of the Company's Shares is **INE470B01023**.

Details of dematerialization of shares as on 31<sup>st</sup> March, 2009 are given below :-

Name of the Depository	No. of Shares	% of Total Share Capital
National Securities Depository Limited	47000044	82.32
Central Depository Services (India) Limited	578918	1.01

13. The Company has not issued any GDRs / ADRs / Warrants or any Convertible Instruments during the financial year.

14. Plant Locations : Not Applicable.

15. Company Details:

Address for Correspondence : Techno Electric & Engineering Company Ltd.  
 P-46A, Radha Bazar Lane  
 Kolkata – 700001.  
 Tel : (033) 22254671, 22254472, 22253276, 3021 2600  
 Fax : (033) 22254478  
 E-Mail : techno@cal.vsnl.net.in  
 investors@techno.co.in  
 Website : <http://www.techno.co.in>

Corporate Identity Number : L45309WB1963PLC025898

**Compliance with Non-Mandatory Requirements :**

- (1) **The Board:** The Company does not have a Non-Executive Chairman. All the Independent Directors on the Board are professionals and vastly experienced. No tenure has been specified for the Independent Directors. At present, two Directors on the Board have tenure in aggregate exceeding nine years.
- (2) **Remuneration Committee:** The Company has a Remuneration Committee comprising of three independent directors to determine the remuneration of both Non-executive and Executive Directors.
- (3) **Shareholders Rights:** Half-yearly declaration of financial performance including summary of the significant events are presently not being sent to the shareholders.
- (4) **Audit Qualifications:** During the year under review, there was no audit qualifications in the Company's financial statements and for moving towards a regime of unqualified financial statements, the Company is adopting best practices.
- (5) **Training of Board Members:** Presently the Company does not have such training programme. All the Board Members are vast experienced and have expertise in their respective fields.
- (6) **Mechanism for evaluating Non-executive Board Members:** Evaluation of performance of Non-Executive Directors are being done at the Board Meetings.
- (7) **Whistle Blower Policy Mechanism:** The Company does not have a Whistle Blower Mechanism at present but access to the Audit Committee has not been denied to any executive/personnel.

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## CERTIFICATE

To the Members of  
Techno Electric & Engineering Company Limited

We have examined the compliance of conditions of code of Corporate Governance by Techno Electric & Engineering Company Limited, for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the company's management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an express of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing agreement.

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company and placed before the Investors' Grievance Committee, as on 31<sup>st</sup> March, 2009 there are no investor grievance matters against the Company remaining unattended/pending for more that 30 days.

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

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 17th day of August, 2009

For S. S. KOTHARI & CO.  
*Chartered Accountants*  
R. N. BARDHAN  
*Partner*  
Membership No. 17270



**Certificate of Managing Director and Chief Financial Officer on  
Financial Statements under Clause 49 of the Listing Agreement.**

We, P. P. Gupta, Managing Director and P. K. Lohia, President (Finance) of Techno Electric & Engineering Company Limited hereby certify that :

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief :
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that :
- i. there have been no significant changes in internal control over financial reporting during the year;
  - ii. there have been no significant changes in accounting policies during the year; and
  - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Kolkata  
Date : 17th day of August, 2009

P. P. Gupta  
*Managing Director*

P. K. Lohia  
*President (Finance)*

**Declaration under Clause 49(I)(D) of the Listing Agreement**

Pursuant to Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and Senior Management personnel of Techno Electric & Engineering Company Limited have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2009.

Place : Kolkata  
Date : 17th day of August, 2009

P. P. Gupta  
*Managing Director*

MANAGEMENT DISCUSSION AND ANALYSIS

**i) Industry Structures and Developments :**

India's emerging economic growth in the recent past is likely to continue in future which is highly dependent on infrastructure developments. The newly formed Central Government has already indicated that more emphasis shall be given to infrastructure development to attract more foreign investments into the country. Since, electrical energy is one of the back-bone of any economy, power sector development in the country is very much essential for overall economic growth. Major structural changes is poised to take place in the power generation industry due to increased private participation and diversification in fuel mix. After the signing of the civil nuclear treaty, India has become an attractive destination for investments in nuclear power segment and also the Nuclear Suppliers Group has allowed its members to engage in civilian nuclear technology trade with India. Setting up of Ultra Mega Power Projects, rise in private sector contribution, improvement in productivity, growth in captive generation, emphasis on renewable energy are some of the major steps taken by the Government for increasing capacity addition in the 11<sup>th</sup> plan. To streamline the transmission and distribution segment, various majors have been taken by the government and much more need to be done.

**ii) Opportunities and Threats :**

The gap between supply and demand for power in the country is increasing everyday due to progressive economy. To close this fast moving gap, the Government is coming up with various measures and encouraging power generation from non-conventional sources and also giving more attention to civil nuclear power. Therefore, many more projects are expected to come up in future thereby creating more opportunities for the Company in specific and power sector as a whole. Also, modernization and expansion programme of existing projects initiated by the Government has added more opportunities for the Company in various segments viz; Generation, Transmission and Distribution. Further, the concessions provided for setting up of power generating plants from non-conventional sources has created more investment opportunities in the sector and the Company has already floated four subsidiary companies as Special Purpose Vehicles for generation, distribution and transmission of power from non-conventional sources. Rural electrification initiative by the Government has played a major role for the growth of power industry as well as for the Company, because the Company is actively engaged in this segment. However, delay in acquisition of suitable land, environmental clearances and other statutory approvals and adverse changes in policies are considered to be a threat that may affect the operation of the Company.

**iii) Segment-wise Performance :**

The Company operates in a single business segment i.e. execution of power projects and comparatively performing better than the others in the industry.

**iv) Outlook :**

India has been categorized as a power deficit nation, because of the geographical locations of the sources of power both conventional and non-conventional. Efforts are being made to make quality power available all over the nation at reasonable rates. The per capita consumption of power in our country is one of the lowest in the world. The current economic growth and the growth foreseen in future has triggered the increased demand for power. To keep pace with the increased demand, the Central Government has taken various policy measures for all segments viz.; Generation, Transmission and Distribution. Apart from generation, the transmission and distribution of power are proposed to be streamlined to cope with the increased capacity addition. Techno is actively involved in the projects in all segments and successfully participated and done better. The power sector is expected to grow in future at a rapid pace which is favorable for the growth of the Company. Techno is competent enough to face all future challenges and move forward in the growth path.



**v) Risks and Concerns :**

The nature of business activities carried on by the Company is working capital intensive. Therefore, there is always an amount of risk involved due to fluctuation in material prices, cost overrun, delay in project execution. However, timely decision making and internal policy measures adopted by the Company has minimized the risk and the Company is concerned about managing the risk in future.

**vi) Internal Control Systems and their adequacy :**

The Company has an adequate internal control system commensurate with its size and nature of its business with regard to purchases of inventory and fixed assets and for sale of goods and services. The system is upgraded continuously to meet the statutory requirements and changing business conditions.

**vii) Financial Performance :**

During the year, Net Sales / Income from operation have been increased to Rs. 48603.48 lacs from Rs. 42955.84 lacs during the previous year. The other income has also been substantially increased to Rs.3115.07 lacs from Rs. 1176.30 lacs. The profit after tax has also increased substantially from Rs. 4905.79 lacs in the previous year to Rs. 6306.09 lacs during the year.

**viii) Human Resource Development and Industrial Relations :**

The Company has made adequate addition of employees in all departments to meet the growing business needs in the year under review and also committed to do the same on a regular basis as per the requirements in future. There are more than 400 employees as on 31<sup>st</sup> March, 2009 and is expected to grow further during the current year. Cordial relationships have been maintained between the employees and the management at all levels and at various locations.

**ix) Cautionary Statement :**

Statements in the Management Discussion and analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The factors that could make a difference to the Company's operations inter-alia includes the economic conditions, Government policies and other related / incidental factors.



# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## AUDITORS' REPORT

To  
The Shareholders of  
Techno Electric & Engineering Co. Ltd.

We have audited the Balance Sheet of Techno Electric & Engineering Company Limited as at 31<sup>st</sup> March, 2009, the Profit and Loss Account and the Cash Flow Statement of the said Company for the year ended on that date, annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) According to the information and explanations given to us and on the basis of written representations received from the Directors of the Company, taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director under Section 274(1) (g) of the Companies Act, 1956.
- e) *Subject to Note No 2 of part A of Schedule 13 regarding accounting of certain income and expenditure on cash basis, amount indeterminate*, in our opinion and to the best of our information and according to explanations given to us, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 and the said accounts, read together with the Accounting Policies and Notes appearing in Schedule 13, give the information required by the Companies Act, 1956 in the manner so required and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account gives a true and fair view of the profit for the year ended on

that date and the cash flow statement gives a true and fair view of the cash flow for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and the information and explanations given to us, we further report that :

1.
  - a) The Company has maintained proper records of Fixed Assets showing full particulars including quantitative details and situations in respect of assets acquired subsequent to 1<sup>st</sup> July, 1970.
  - b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
  - c) Substantial part of fixed assets have not been disposed off during the year.
2.
  - a) The Inventories included under work-in-progress have been physically verified by the Management during the year at reasonable intervals.
  - b) In our opinion and according to the information and explanation given to us the procedures of physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) In our opinion and according to the information and explanation given to us the Company has maintained proper records of inventories and the discrepancies noticed on such physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3.
  - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Hence, Clause 4(iii)(b) to 4(iii)(d) of the order are not applicable.
  - b) The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, Hence, clauses 4(iii)(f) and 4(iii)(g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control



## AUDITORS' REPORT (Contd.)

procedures commensurate with the size of Company and the nature of its business with regard to purchases of inventory and Fixed Assets and for the Sale of goods and services.

5. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register required to be maintained under the Section 301 of the companies Act 1956. Accordingly, Clause 4(V)(b) of the Order is not applicable to the Company.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of business.
8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
9. a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Income-tax, Sales-tax, custom duty, investor education and protection fund, wealth tax, service tax and any other material statutory dues applicable to it and there is no outstanding as on 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.  
b) According to the information and explanations given to us, there are no dues in respect of Income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has neither accumulated losses as at 31<sup>st</sup> March, 2009 nor incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institution or bank as may be ascertained from the

examination of the books of account and other records of the company.

12. According to information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of debentures.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
14. We have broadly reviewed the books of accounts and records maintained by the Company and state that prima facie, proper records have been maintained of the transactions and contracts relating to purchase and sale of investments and timely entries have been made therein. All the investments have been held by the Company in its own name.
15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, applied for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The Company has not raised any money through public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Centre Point  
21, Old Court House Street  
Kolkata-700 001  
The 17th day of August, 2009

For S. S. KOTHARI & CO.  
Chartered Accountants  
R. N. BARDHAN  
Partner  
Membership No. 17270

TECHNO ELECTRIC & ENGINEERING CO. LTD.

BALANCE SHEET AS AT 31ST MARCH, 2009

	<u>Schedule</u>	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	No.	Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	11,41,82,400		11,41,82,400	
Reserves & Surplus	2	<u>2,16,40,32,271</u>		<u>1,60,02,17,193</u>	
			2,27,82,14,671		1,71,43,99,593
<b>Loan Funds</b>	3		<u>42,01,16,553</u>		<u>8,46,611</u>
			<u>2,69,83,31,224</u>		<u>1,71,52,46,204</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	9,97,77,719		9,53,98,008	
Less: Depreciation		<u>5,23,51,522</u>		<u>4,69,69,746</u>	
<b>Net Block</b>			4,74,26,197		4,84,28,262
<b>Investments</b>	5		1,51,43,89,077		1,54,45,05,506
<b>Current Assets, Loans &amp; Advances</b>					
A. Current Assets		1,23,55,98,585		84,50,02,964	
B. Loans & Advances		<u>1,38,41,49,474</u>		<u>12,84,43,742</u>	
			<u>2,61,97,48,059</u>		<u>97,34,46,706</u>
<b>Less: Current Liabilities &amp; Provisions</b>					
A. Current Liabilities	7	1,35,53,57,700		76,76,71,895	
B. Provisions		<u>12,14,30,440</u>		<u>7,71,75,560</u>	
			<u>1,47,67,88,140</u>		<u>84,48,47,455</u>
<b>Net Current Assets</b>			1,14,29,59,919		12,85,99,251
<b>Deferred Tax Assets (Liabilities)</b>	8		(64,43,969)		(62,86,815)
			<u>2,69,83,31,224</u>		<u>1,71,52,46,204</u>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>					
	13				
The Schedules referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our Report of even date.					
Centre Point 21, Old Court House Street Kolkata - 700 001 The 17th day of August, 2009		For S. S. KOTHARI & CO. Chartered Accountants (R. N. BARDHAN) Partner Membership No. 17270		N. BRAHMA Company Secretary	P. P. GUPTA Managing Director S. N. ROY Director

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2009**



	<i>Schedule</i>	<u>2008-2009</u>	<u>2007-2008</u>
	No.	Rs.	Rs.
<b>INCOME</b>			
Operating Income	9	4,86,03,48,131	4,29,55,84,374
Other Income	10	<u>31,15,06,881</u>	<u>11,76,30,268</u>
		<u>5,17,18,55,012</u>	<u>4,41,32,14,642</u>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Inventories	11	31,50,556	(74,12,521)
Operative, Administrative & Other Expenses	12	4,30,72,68,457	3,79,33,45,799
Interest		63,51,463	29,87,615
Insurance On Keymen Policy		50,55,285	50,55,285
Depreciation		<u>61,55,979</u>	<u>60,23,843</u>
		<u>4,32,79,81,740</u>	<u>3,80,00,00,021</u>
<b>PROFIT</b>			
Profit before Taxation		84,38,73,272	61,32,14,621
Provision for Income Tax			
Current Tax		20,89,00,000	11,68,00,000
For earlier years		—	14,40,492
Provision for Wealth Tax			
For earlier years		88,794	—
Provision for Fringe Benefit Tax			
Current Tax		41,00,000	38,00,000
For earlier years		—	1,38,964
Deferred Income Tax		1,57,154	4,28,674
Security Transaction Tax		<u>18,396</u>	<u>27,965</u>
Profit after Taxation		63,06,08,928	49,05,78,526
Balance brought forward		<u>1,09,162</u>	<u>3,24,486</u>
		<u>63,07,18,090</u>	<u>49,09,03,012</u>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		56,38,00,000	4,24,00,000
Proposed Dividend		5,70,91,200	5,70,91,200
Provision for Tax on Proposed Dividend		97,02,650	97,02,650
Surplus carried to Balance Sheet		<u>1,24,240</u>	<u>1,09,162</u>
		<u>63,07,18,090</u>	<u>49,09,03,012</u>
Earning Per Share (Basic & Diluted )		11.05	8.80

**Significant Accounting Policies &  
Notes on Accounts**

13

The Schedules referred to above form an integral part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our Report of even date.

Centre Point 21, Old Court House Street Kolkata - 700 001 The 17th day of August, 2009	For S. S. KOTHARI & CO. <i>Chartered Accountants</i> (R. N. BARDHAN) <i>Partner</i> Membership No. 17270	N. BRAHMA <i>Company Secretary</i>	P. P. GUPTA <i>Managing Director</i> S. N. ROY <i>Director</i>
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**TECHNO ELECTRIC & ENGINEERING CO. LTD.**

**SCHEDULES TO THE ACCOUNTS**

	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs.	Rs.	Rs.	Rs.
<b>1. SHARE CAPITAL</b>				
<b>Authorised</b>				
7,49,00,000 Equity Shares of Rs.2 each	14,98,00,000		14,98,00,000	
20,000 Preference Shares of Rs. 10 each	<u>2,00,000</u>		<u>2,00,000</u>	
		<u>15,00,00,000</u>		<u>15,00,00,000</u>
<b>Issued, Subscribed and Paid Up</b>				
5,70,91,200 Equity Shares of Rs. 2 each Fully Paid up		<u>11,41,82,400</u>		<u>11,41,82,400</u>
		<u>11,41,82,400</u>		<u>11,41,82,400</u>
<b>NOTES:</b>				
<b>Issued Subscribed and Paid up Capital includes :</b>				
(a) 2,95,000 Equity Shares of Rs.2 each, allotted as fully paid-up pursuant to a contract without payment being received in cash.				
(b) 1,31,92,000 Equity Shares of Rs.2 each, allotted as fully paid-up Bonus Shares on 21.12.2004 by capitalisation of share premium account.				
(c) 2,11,07,200 Equity Shares of Rs.2 each, allotted as fully paid-up Bonus Shares on 04.11.2005 by capitalisation of share premium account and free reserves.				
(d) 16,00,000 Equity Shares of Rs.2 each allotted as fully paid up at a premium of Rs.78 per share to Citigroup Venture Capital International Growth Partnership Mauritius Ltd., its associated trustees and a Promoter Group Company on account of conversion of 16,00,000 convertible warrants on 28.01.2008.				
<b>2. RESERVES AND SURPLUS</b>				
<b>Capital Reserve :</b>				
Profit on re-issue of Forfeited Shares:				
As per last Account		6000		6,000
<b>Share Premium Account :</b>				
As per last Account	66,88,00,000		54,40,00,000	
Add : Addition during the year	<u>—</u>	66,88,00,000	<u>12,48,00,000</u>	66,88,00,000
<b>General Reserve :</b>				
As per Last Account	93,13,02,031		51,02,58,565	
Less: Adjustment For				
Transitional				
Obligation of Leave				
Encashment	<u>—</u>		<u>29,56,534</u>	
	93,13,02,031		50,73,02,031	
Add: Transferred from				
Profit & Loss Account	<u>56,38,00,000</u>	<u>1,49,51,02,031</u>	<u>2,16,39,08,031</u>	<u>42,40,00,000</u>
				93,13,02,031
<b>Profit &amp; Loss Account :</b>				
Balance as per annexed Account			1,24,240	1,09,162
			<u>2,16,40,32,271</u>	<u>1,60,02,17,193</u>
<b>3. LOAN FUNDS</b>				
<b>Secured Loans :</b>				
From Banks		42,01,16,553		8,46,611
		<u>42,01,16,553</u>		<u>8,46,611</u>

## SCHEDULES TO THE ACCOUNTS

### 4. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st March 2008	Additions During the year	Sales/Adjust- ment during the year	Total upto 31st March 2009	upto 31st March 2008	For the year	On Sales/ Adjustment during the year	Total upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	1,22,752	-	-	1,22,752	-	-	-	-	1,22,752	1,22,752
Factory Building	7,20,328	-	-	7,20,328	5,81,545	24,059	-	6,05,604	1,14,724	1,38,783
Non-Factory Building	77,81,235	56,977	-	78,38,212	10,29,657	1,39,831	-	11,69,488	66,68,724	67,51,578
Plant & Machinery	3,84,34,773	6,41,191	-	3,90,75,964	1,66,36,722	14,47,608	-	1,80,84,330	2,09,91,634	2,17,98,051
Office Equipment	2,69,19,185	19,53,191	-	2,88,72,376	1,80,34,066	30,16,331	-	2,10,50,397	78,21,979	88,85,119
Furniture & Fixture	42,75,740	61,486	-	43,37,226	37,63,056	1,00,167	-	38,63,223	4,74,003	5,12,684
Construction Vehicle	63,89,899	10,59,635	-	74,49,534	33,39,713	4,92,929	-	38,32,642	36,16,892	30,50,186
Vehicle	1,07,54,096	17,75,409	11,68,178	1,13,61,327	35,84,987	9,35,054	7,74,203	37,45,838	76,15,489	71,69,109
<b>Total</b>	<b>9,53,98,008</b>	<b>55,47,889</b>	<b>11,68,178</b>	<b>9,97,77,719</b>	<b>4,69,69,746</b>	<b>61,55,979</b>	<b>7,74,203</b>	<b>5,23,51,522</b>	<b>4,74,26,197</b>	<b>4,84,28,262</b>
Figures for the Previous year	8,23,17,377	1,36,27,840	5,47,209	9,53,98,008	4,12,56,709	60,23,843	3,10,806	4,69,69,746	4,84,28,262	

#### Notes:

1. Conveyance Deeds in respect of Non-Factory Buildings amounting to Rs.68,43,669 (Previous year Rs.71,96,669) are in the process of being executed in favour of the Company .



**TECHNO ELECTRIC & ENGINEERING CO. LTD.**

**SCHEDULES TO THE ACCOUNTS**

	Face Value	31st March		31st March	
	Per Share/Unit	2009		2008	
	Rs.	Nos.	Rs.	Nos.	Rs.
<b>5. INVESTMENTS</b>					
<b>Unquoted</b>					
<b>Fully Paid-Equity Shares:</b>					
Tega India Ltd.	10			7	70
Techno Leasing & Finance Co.Pvt. Ltd.	10			10	100
Techno International Ltd.	10	170060	1700600	170060	17,00,600
North Dinajpur Power Ltd.	10	20000	200000	—	—
Rajgarh BioPower Ltd.	10	20000	200000	—	—
<b>Fully Paid Units with Mutual Funds: *</b>					
ING Fixed Maturity Fund-Series-XXII-Growth	10	—	—	10000000	10,00,00,000
ING Fixed Maturity Fund-Series-XXXII-Inst.-Growth	10	—	—	5000000	5,00,00,000
ING Income Fund-Inst-Dividend	10	—	—	979332.460	1,03,14,046
Reliance Income Fund-Retail-Dividend	10	—	—	1850317.884	2,03,14,097
Lotus India Liquid Plus Fund-Inst-Dividend	10	—	—	11703143.131	11,75,46,813
Lotus India Qtrly Int Fund-Plan A-Dividend	10	—	—	8014272.845	8,01,43,048
Lotus India Liquid Fund-Sup IP-Dividend	10	—	—	10001099.147	10,00,10,993
UTI Fixed Maturity Plan-Yearly Series-Inst-Growth	10	—	—	5000000	5,00,00,000
J.M Income Fund-Dividend	10	—	—	920173.12	1,00,67,705
J.M.Interval Fund-Qtrly. Plan 5-Inst-Dividend	10	—	—	9062000.029	9,06,20,007
ABN AMRO FTP-Series 10-Plan-F-Inst-Growth	10	10000000	10,00,00,000	10000000	10,00,00,000
Reliance Money Manager Fund-Inst-Growth	10	17684.411	2,10,29,456	—	—
<b>Fully Paid Bonds: *</b>					
9.34% State Bank of Travancore Perpetual Bonds	10,00,000	106	10,62,43,800	106	10,62,43,800
9.45% Union Bank of India Perpetual Bonds	10,00,000	200	20,01,47,400	200	20,01,47,400
9.75 % Punjab National Bank Perpetual Bonds	10,00,000	—	—	5	50,00,000
0% Nabard Bhavishya Nirman Bonds	8,250	—	—	447	37,73,127
7.45 %ICICI Bank Bonds	10,00,000	—	—	2	19,00,000
9.45 % Punjab National Bank Tier I Perpetual Bonds	10,00,000	—	—	2	20,00,000
9.32% Punjab State Financial Corp SLR Bonds 2012	192,50,000	—	—	1	2,04,08,850
9.32% Punjab State Financial Corp SLR Bonds 2010	60,00,000	—	—	1	63,58,800
8.95 % IDFC Bonds	10,00,000	—	—	209	20,90,00,000
9.08 % State Bank of Mysore Upper Tier II Bonds	10,00,000	—	—	59	5,90,00,000
8.00 % Uttar Pradesh State Financial Corp SLR Bonds	100	—	—	150000	1,53,97,500
9.35 % Punjab National Bank Tier II Bonds	10,00,000	—	—	116	11,60,00,000
8.00 % Uttar Pradesh State Financial Corp SLR Bonds	100	—	—	600000	6,15,90,000
8.50 % IRFC Bonds 26/12/2023	10,00,000	10	1,00,05,000	—	—
11.25 % PFC Bonds 28/11/2018	10,00,000	29	3,36,48,700	—	—
8.65 % IRFC Bonds 15/01/2024	10,00,000	43	4,30,00,000	—	—
6.85 % IIFCL TAXFREE Bonds 22/01/2014	1,00,000	68	68,00,000	—	—
11.30% IDBI Bonds 15/12/2018	10,00,000	42	4,66,20,000	—	—
8.75 % IRFC Bonds 29/11/2026	10,00,000	19	1,82,40,000	—	—
6.85 % IIFCL Taxfree Bonds 06/03/2014	1,00,000	1722	17,22,00,000	—	—
0% NOVO IV Trust Locomotive 18/04/2009	10,05,574	693	69,45,24,600	—	—
9.78% SBBJ Upper Tier II 15/10/2022	10,00,000	3	30,60,900	—	—
9.90% SBOP Bonds Upper Tier 28/09/2002	10,00,000	5	51,26,500	—	—
9.75% HPFC Bonds 2012	25,00,000	1	25,62,500	—	—
10.10% ICICI Bank Perpetual Bonds	10,00,000	40	4,09,00,000	—	—
			<u>150,62,09,626</u>		<u>1,53,75,36,956</u>
<b>Quoted</b>					
<b>Fully Paid-Equity Shares:</b>					
Spentex Industries Ltd.	10	30,954	18,51,678	30954	18,51,678
GIC Housing Finance Ltd.	10	103000	41,04,532	103000	41,04,532
Ranbaxy Laboratories Ltd.	5	2694	12,10,901	—	—
Ascu Arch Timber Protection Ltd.	10	50617	10,12,340	50617	10,12,340
			<u>81,79,451</u>		<u>69,68,550</u>
			<u>1,51,43,89,077</u>		<u>1,54,45,05,506</u>
Aggregate Value of Unquoted Investments			1,50,62,09,626		1,53,75,36,956
Aggregate Value of Quoted Investments					
Book Value			81,79,451		69,68,550
Market Value			51,71,682		76,82,143
* Represents Short term Investment					

SCHEDULES TO THE ACCOUNTS



	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs.	Rs.	Rs.	Rs.
<b>6. CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A. Current Assets :</b>				
<b>Inventories</b>				
(As per Inventories taken, valued and certified by Management)				
Contract Work-in-Progress (Refer Note No.2 of Part B of Schedule 13 )		63,60,425		95,10,981
<b>Sundry Debtors</b>				
(Unsecured & Considered Good)				
Debts outstanding for a period exceeding Six months	36,28,759		32,00,000	
Others	<u>21,52,65,934</u>	21,88,94,693	<u>14,03,53,711</u>	14,35,53,711
<b>Retention Money Receivable</b>				
(Unsecured & Considered Good)				
Outstanding for a period exceeding Six months	42,39,30,248		29,03,96,448	
Others	<u>20,16,13,088</u>	62,55,43,336	<u>15,86,69,951</u>	44,90,66,399
<b>Cash and Bank Balances</b>				
Cash in hand (As certified)		29,48,020		27,21,898
<b>Balance with Scheduled Banks</b>				
On Current Account	31,01,05,079		14,80,24,018	
On Fixed Deposits	7,17,18,092		9,20,97,017	
On Margin Deposit	<u>28940</u>	<u>38,18,52,111</u>	<u>28,940</u>	<u>24,01,49,975</u>
		<u>1,23,55,98,585</u>		<u>84,50,02,964</u>
<b>B. Loans and Advances</b>				
(Unsecured & Considered Good)				
Loans (including accrued interest)		87,12,30,150		-
Advances recoverable in cash or in kind or for value to be received		50,36,54,071		10,83,10,730
Deposits		<u>92,65,253</u>		<u>2,01,33,012</u>
		<u>1,38,41,49,474</u>		<u>12,84,43,742</u>



TECHNO ELECTRIC & ENGINEERING CO. LTD.

SCHEDULES TO THE ACCOUNTS

	<u>31st March, 2009</u>	<u>31st March, 2008</u>
	Rs.	Rs.
<b>7. CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities :</b>		
Offered to Deities Shree Ganeshji	182	171
Sundry Creditors	43,81,86,939	47,34,56,740
Advance Received from Customers	91,64,56,460	29,37,34,229
Unpaid Dividend	7,14,119	480,755
	<u>1,35,53,57,700</u>	<u>76,76,71,895</u>
<b>B. Provisions :</b>		
Income Tax ( Net of Advance Tax & Tax Deducted at Source Rs.40,83,14,851, Previous Year Rs.24,22,02,363)	4,81,43,825	53,60,797
Fringe Benefit Tax ( Net of Advance Tax Rs.1,07,81,991, Previous Year Rs.64,84,761)	3,68,009	5,65,239
Leave Encashment	61,24,756	44,55,674
Proposed Dividend	5,70,91,200	5,70,91,200
Tax on Proposed Dividend	97,02,650	97,02,650
	<u>12,14,30,440</u>	<u>7,71,75,560</u>
<b>8. DEFERRED TAX ASSETS / (LIABILITIES )</b>		
<b>Deferred Tax Liabilities:</b>		
Depreciation on fixed assets.	(64,43,969)	(62,86,815)
	<u>(62,86,815)</u>	<u>(62,86,815)</u>
	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
<b>9. OPERATING INCOME</b>		
Sales	4,86,03,48,131	4,29,55,84,374
	<u>4,86,03,48,131</u>	<u>4,29,55,84,374</u>
<b>10. OTHER INCOME</b>		
Dividend	2,52,39,145	2,52,04,708
Interest:		
On Loans and Advances	15,08,28,659	-
On Investments	6,71,95,172	4,95,71,560
On Fixed Deposit Receipts	67,95,920	2,27,03,631
On Others	1,92,300	1,18,055
Profit on Sale of Investments (Net)	6,03,24,119	1,95,78,350
Miscellaneous Receipts	9,31,566	4,53,964
	<u>31,15,06,881</u>	<u>11,76,30,268</u>

SCHEDULES TO THE ACCOUNTS



	<u>2008-2009</u>		<u>2007-2008</u>	
	Rs.	Rs.	Rs.	Rs.
<b>11. (INCREASE) / DECREASE IN INVENTORIES</b>				
Opening Stock				
Contract Work-in-Progress	95,10,981		20,98,460	
Less: Closing Stock				
Contract Work-in-Progress	<u>63,60,425</u>	<u>31,50,556</u>	<u>95,10,981</u>	<u>(74,12,521)</u>
		<u>31,50,556</u>		<u>(74,12,521)</u>
<b>12. OPERATIVE, ADMINISTRATIVE AND OTHER EXPENSES</b>				
Materials, Stores and Services	3,76,72,21,577		3,36,44,26,299	
Salaries, Wages, Gratuity & Bonus	14,02,17,113		11,71,40,152	
Contributions to Provident & Other Funds	84,66,602		60,99,786	
Staff Welfare	1,82,76,768		1,79,82,699	
ESI Contribution	1,76,558		2,74,614	
Freight & Handling Charges	4,50,68,482		4,73,18,338	
Travelling & Conveyance	4,51,71,016		3,82,31,247	
Rent	1,27,92,121		96,51,500	
Rates & Taxes	3,25,823		3,21,238	
Insurance	111,66,797		1,40,78,425	
Sales Tax (Net)	5,50,85,260		4,52,75,606	
Service Tax (Net)	2,45,78,059		1,46,81,610	
Marketing Commission	15,50,000		12,00,000	
Power & Fuel	53,26,622		56,33,185	
Hire Charges	19,13,507		31,01,541	
Repairs to Plant & Machinery	2,28,095		5,20,352	
Managing Director's Remuneration	11,70,000		9,15,000	
Directors' Fee	1,90,000		1,90,000	
Auditors' Remuneration	2,63,014		1,69,660	
Bank Charges	3,12,29,033		1,55,23,370	
Loss on Sale of Fixed Assets (Net)	2,05,975		1,99,403	
Exchange Rate Difference	1,95,53,341		4,013	
Miscellaneous	<u>11,70,92,694</u>		<u>9,04,07,761</u>	
	<u>4,30,72,68,457</u>		<u>3,79,33,45,799</u>	

SCHEDULES TO THE ACCOUNTS

13. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. Accounting Concept

The Accounts are prepared under the historical cost convention, modified by the revaluation of certain Fixed Assets. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles.

2. Recognition of Income & Expenditure

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on Accrual basis. However, since it is not possible to ascertain with reasonable accuracy, the quantum to be provided in respect of Warranty and Liquidated Damages, Works Contract Tax, Insurance Claim, Marketing Commission, Export Benefits, Bill Discounting Charges, the same are continued to be accounted for on cash basis.

3. Sales

The Company recognises Revenue for Supply Contracts on the basis of Bills raised against Supplies and for Erection & Construction Contracts on reaching reasonable stage of completion of respective Contracts. However, certain Escalation and other Claims, which are not ascertainable / acknowledged by the customers are not taken into account.

4. Fixed Assets

(a) Fixed Assets are stated at their original cost adjusted by revaluation of certain Plant and Machinery and Construction Vehicle as per valuer's report dated 15th June, 1977

(b) Depreciation is calculated at the rates specified in Schedule XIV to the Companies Act, 1956 and is provided for on Straight Line Method on all assets except Office Equipments, Furniture & Fixtures which is provided for on Written Down Value Method.

5. Impairment of Assets

Impairment loss is recognized where applicable when the carrying value of the Fixed Assets of a cash generating unit exceeds its market value or value in use whichever is higher.

6. Investments

Long Term Investments are carried at cost less provision for permanent diminution in value of such investments determined individually. Short term investments are carried at lower of cost or fair value determined individually.

7. Inventories

Contract Work-in-Progress is stated at direct cost. However, materials purchased are charged to Profit and Loss Account as and when purchased. Process Stock is valued at cost or net realisable value whichever is lower.

8. Foreign Currency Transactions

Foreign Currency Transactions are normally recorded on the basis of exchange rate prevailing on the date of their occurrence. Foreign Currency Assets and Liabilities as on Balance Sheet date are revalued in the accounts on the basis of exchange rate prevailing at the close of the year and exchange difference arising therefrom is dealt in the Profit & Loss Account, except in respect of fixed assets which is adjusted to the value of asset.

9. Retirement Benefits

Contribution to defined contribution scheme in the form of Provident and other funds are charged to the Profit and Loss account. In respect of certain employees, Provident Fund contributions for certain employees are made to Trust administered by the trustees. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and short fall, if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which the Company has no further obligations beyond its monthly contribution.



The Company has defined benefit plan for post-employment benefit in the form of gratuity for all employees, which are controlled by a Trust, administered by the Trustees, Liability for above defined benefit plan is provided on the basis of actuarial valuation as at the Balance Sheet date carried out by an independent actuary. The actuarial method used for measuring the liability is the projected unit credit method.

In respect of leave encashment benefits to employees, liability is provided for on the basis of actuarial valuation as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the projected unit credit method.

**10. Taxation**

Current tax is determined on the basis of the amount payable for the year under Income Tax Act. Deferred tax is calculated at current statutory Income Tax rate and is recognised on timing differences between taxable income and accounting income. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward 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 realised.

**11. Segment Reporting**

The Accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment revenue and expenses are directly attributable to the segment. Revenue and expenses like dividend, interest, profit/loss on sale of assets and investments etc., which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have not been included therein.

All segment assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include investments, miscellaneous expenditure not written off, share capital, reserves and surplus, unpaid dividend, deferred tax liability, provision for tax and proposed dividend.

**12. Contingent Liabilities**

These are not provided for and are disclosed by way of Notes.

**B. Notes on Accounts**

1. Contingent Liabilities not provided for in respect of:
  - i) Letters of Credit outstanding Rs.32,74,63,333 ( Previous Year Rs.35,08,88,291)
2. Materials and Stores purchased during the year include Stores Rs 9,45,78,029 (Previous year Rs. 7,67,94,960) The consumption of such materials included in outlay and contract work- in - progress have been taken by the Auditors as certified.
3. Interest paid includes Rs. 25,59,160 on Term Loans (Previous year Rs.80,052)
4. The Deferred Tax Liabilities of Rs. 1,57,154 for the year has been recognised in the profit and Loss Account.

5. Secured Loans	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
<u>From Banks</u>		
a) Foreign Currency Loan	41,97,42,991	—
Secured against hypothecation by way of first charges of entire current assets comprising of stock of raw materials, work in process, finished goods and book debts ranking pari passu with other working capital financing bank in the Multiple Banking Arrangement.		
b) Secured against Hypothecation of specified Vehicles	3,73,562	8,46,611
c) The company also enjoys an overdraft facility with Scheduled Banks against hypothecation of Components, Raw-Materials, Work -in-Progress, Plant & Machinery, Book Debts ranking pari passu with (a) above and personal guarantee of a Director.		

**TECHNO ELECTRIC & ENGINEERING CO. LTD.**

**SCHEDULES TO THE ACCOUNTS**

6. Disclosures in accordance with revised AS-15 on "Employees Benefits"-

Particulars	Amount (in Rs.)	Amount (in Rs.)
a) Defined Contribution Plans-		
The Company has recognized the following amount in the Profit & Loss Account for the year .		
Employers contribution to Provident & Other Funds	78,60,903	54,94,784
b) Defined Benefit Plans:-		
The following figures are as per actuarial valuation as at the Balance Sheet date carried out by an independent actuary:		
	<u>2008-2009</u>	<u>2007-2008</u>
i) <u>Present Value of defined benefit obligation</u>	<u>Gratuity (Rs)</u>	<u>Gratuity (Rs)</u>
Present Value of obligations at beginning of the year	1,20,75,265	85,28,175
Service Cost	15,51,004	12,05,652
Interest Cost	8,77,316	6,94,560
Benefits Settled	(75,54,11)	(71,37,39)
Actuarial (gain)/Loss	16,18,382	23,60,617
Present Value of obligations at the end of the year	<u>1,53,66,556</u>	<u>1,20,75,265</u>
ii) <u>Change in fair value of plan assets</u>		
Fair value of plans assets at beginning of the year	2,09,44,343	1,63,58,343
Acquisition adjustments	—	12,48,000
Expected return on plan Assets	16,75,547	13,08,667
Actuarial gain/(loss)	16,15,724	(59,49,28)
Contribution	32,91,292	33,38,000
Benefits settled	(75,54,11)	(71,37,39)
Faire value of plans assets at the end of the year	<u>2,67,71,495</u>	<u>2,09,44,343</u>
iii) <u>Reconciliation of present value of the defined obligation plan and the fair value of the plan assets.</u>		
Fair value of plan assets at the end of the year	2,67,71,495	2,09,44,343
Present value of the defined benefit obligations at the end of the year	<u>1,53,66,556</u>	<u>1,20,75,265</u>
* Asset/(Liability)	<u>1,14,04,939</u>	<u>88,69,078</u>
* The excess of assets over liabilities in respect of Gratuity have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.		
iv) <u>Net Gratuity and other Cost</u>		
Service Cost	15,51,004	12,05,652
Interest Cost	8,77,316	6,94,560
Expected return on plan assets	(1,67,55,47)	(13,08,667)
Actuarial (Gain)/Loss	2,657	29,55,545
Net Gratuity Cost	7,55,430	35,47,090
v) <u>Actuarial Assumptions</u>		
Discount Rate	7.50%	8.50%
Inflation Rate (Salary escalation rate)	5.00%	6.00%
Return on Assets	8.00%	8.00%
vi) For each major category of plan assets following is the percentage that each major category constitute of the fair value of the plan assets		
Central Government Securities	20.86%	22.70%
State Government Securities	12.24%	14.80%
PSU Bonds	29.93%	32.10%
Investment with Bank in Special Deposit Scheme	10.44%	13.04%
Administered by Birla Sun Life Insurance Company Limited	<u>26.53%</u>	<u>17.36%</u>
	<u>100.00%</u>	<u>100.00%</u>

# SCHEDULES TO THE ACCOUNTS



7. Fixed Deposit Receipts of Rs.6,36,36,124 are lodged with the Bankers of the Company as Margin against Bank Guarantees issued/ to be issued in favour of the Company.
8. In the opinion of the management, diminutions in the value of certain Investments Rs 30,07,769 ( Previous year Rs 14,33,976 ) are not permanent in nature and hence no provision has been made for the same.
9. Fixed deposit receipts amounting to Rs 26,61,780 are lodged with a client/ Sales Tax authorities as Security/ Registration Deposits.
10. To the extent identified from available information, there is no amount due to Micro, Small and Medium size enterprises as on 31st March,2009

## 11. Investments:

Investments purchased and sold during the year	Units	Nos.	Face Value (Rs.)
1316 ING Liquid Plus Fund -Institutional-Monthly-Dividend	"	12188977.289	10
Reliance Mutual Fund- Reliance Income Fund-Retail Plan- Monthly Dividend Plan	"	2883.453	10
Reliance Liquid Plus Fund-Institutional-Monthly Dividend Plan	"	69708.270	1000
Reliance Liquid Plus Fund- Institutional-Monthly Dividend Plan	"	210187.955	1000
Reliance Liquid Fund- Growth	"	8089067.698	10
Reliance Fixed Horizon Fund- VII Series 11 Institutional-Dividend Plan	"	10000000.000	10
Lotus India Liquid Plus Fund-Institutional Monthly-Dividend	"	3224041.957	10
Lotus India Quarterly Interval Fund-Plan A-Dividend	"	9415579.292	10
Lotus India liquid Fund -Supr Inst.-Monthly-Dividend	"	101404.228	10
Lotus India Quartely Interval- Fund-Plan C-Dividend	"	10309069.033	10
J.M.Interval Fund-Quarterly - Dividend Plan-Inst Dividend-Plan (303)	"	120783.320	10
J.M.Money Manager Fund-Super Plus Plan-Fortnightly Dividend (242)	"	18070942.436	10
J.P.Morgan Asset Management- JPPDI JP Morgan India Liquid Plus Fund-Dividend.Plan	"	12061470.053	10
B-332FD Birla Sun Life Liquid-Plus Inst-fortnightly Dividend-Re-Investment	"	2877649.313	10
Mirac Asset Liquid Fund- Inst.Groth	"	29371.891	1000
Mirac Asset Liquid Fund- Inst.-Dividend Plan (Monthly) Reinvestment	"	81996.310	1000
Bharti AXA Treasury Plus- Inst Monthly-Dividend Plan	"	140103.859	1000
1316 ING Liquid Plus Fund-Institutional Monthly-Dividend	"	5359579.334	10
Reliance Liquid Fund-Growth	"	8096886.720	10
Reliance Floating rate Fund-Monthly-Dividend Plan	"	1003729.105	10
Lotus India Liquid Fund-Inst Monthly-Dividend	"	10311337.028	10
J.M.High Liquidity Funds Super Inst Plan-Growth (94)	"	19129090.756	10
Mirac Asset Liquid Fund- Super Inst Dividend Plan Monthly Re-Investment	"	132805.785	1000
Templeton India Ultra Bonds- Fund Inst Plan-Daily-Dividend	"	5006879.553	10
32 IN ICICI Prudential- Inst Liquid Plan Weekly Dividend Opt.Reinvest-Dividend	"	11900497.659	10
Reliance Liquidity Fund-Monthly-Dividend Pay out	"	6216636.124	10
Reliance Liquid Fund-Treasury Plan-Inst Option Growth	"	21622522.770	10
ING Liquid Institutional-Weekly Dividend	"	5010526.217	10
HDFC Liquid Fund-Premium Plus-Dividend Option Re-invest (Div) Reinv)	"	32322256.436	10
ICICI Prudential Flexible-Income Plan Premium Growth	"	3086534.069	10
UTI Liquid Cash Plan-Institutional Growth Option	"	55730.573	1000
Templeton India Treasury-Management A/c Super Inst-Plan Growth	"	77089.745	1000
Reliance Money Manager Fund -Inst Option Growth Plan	"	243279.080	1000
32IN ICICI Prudential-Inst Liquid Plan Weekly Dividend (Dividend Reinvested)	"	3377465.222	10
311SG ICICI Prudential Inst Liquid Plan Super Inst-Growth	"	8533314.357	10
Kotak Liquid (Institutional) Growth	"	1714707.042	10
JM- High Liquidity Fund Institutional-Growth	"	2072896.873	10
<b>Shares</b>			
New Delhi Television Ltd		25000	4
Aztec Soft Ltd		15000	3
Basf Ltd		293	10
Ranhaxy Laboratories Ltd.		2306	5
<b>Bonds</b>			
0 % Nabard Bhavishya Nirman		3546	8250
9.08 SBM Upper Tier II Bonds 16/01/2023		40	10,00,000
8.95 % IDFC Bonds 17/01/2018		415	10,00,000
9.45% PNB Tier I Perpetual Bonds		3110	10,00,000
9.35% PNB Upper Tier II Bonds 05/03/2023		79	10,00,000
9.35 % sbh upper Tier II Bonds 19/03/2023		90	10,00,000
8.75 % IRFC BONDS 29/11/2026		588	10,00,000
9.08 % HDFC LTD BONDS 18/01/2013		72	10,00,000
9.85% SBBJ Perpetual Bonds		12	10,00,000
9.95% SBT Perpetual Bonds		17	10,00,000
9%Canara Bank Bonds 2018		2	10,00,000
11.50%MKVDC 30/06/2013		170	1,00,000
9.40% PFC Bonds 25/03/2013		51	10,00,000
10.10% SBI Upper Tier -II 12/09/2022		187	10,00,000
11.30% Hpidb Bonds 2015		500	10,00,000
0% ICICI Bonds 28/04/2017		20	20,000
9.95% SBH Perpetual Bonds		4	10,00,000
9.98 % icici Bank Perpetual Bonds		4	10,00,000
9.80 % LIC Housing Finance Ltd		49	10,00,000
11 % IDFC Bonds 21/07/2010		5	10,00,000
7.45 % Union Bank of India 23/04/2015		11	10,00,000
8.40% Kerala Power Fin Corp.Ltd 2013		10	10,00,000
8.40 % Appenco Bonds 2014		6	10,00,000
9.05% IDFC Bonds 12/10/2010		10	10,00,000

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## SCHEDULES TO THE ACCOUNTS

9.35% Bank of India Bonds 31/07/2021	7	10,00,000
10.22% HPSEB Bonds 2010	56	5,00,000
10.65% APPFCL Bonds 29/06/2013	40	10,00,000
9.47% PGC Bonds 31/03/2016	13	12,50,000
8.35 % APSFC SLR Bonds 20/12/2011	100000	100
9.28% PFC Bonds 28/12/2017	15	10,00,000
11.25% GEB Bonds 2009	100	1,00,000
12% GEB Bonds 2009	3	10,00,000
12.50 % MVRP Bonds 15/09/2011	20	1,00,000
11.30% HPIDB Bonds 07/11/2014	84	1,00,000
10.85 % PFC Bonds 11/08/2018	53	10,00,000
9.45 % PNB Upper Tier II Bonds 27/03/2023	260	10,00,000
9.50 % MPVC LTD Bonds 2016	30	10,00,000
11.25 % HDFC LTD Bonds 04/09/2018	45	10,00,000
10.70 % IRFC Bonds 11/09/2023	109	10,00,000
11.15 % UBI PERPETUAL Bonds	44	10,00,000
7.80 % Apgenco Bonds 2014	4	10,00,000
10.79 % PNB HSG.Fin Ltd Bonds 30/09/2013	177	10,00,000
11.05 % IOB Bonds 17/09/2023	58	1000,000
13.50% MJP Bonds 19/02/2013	940	1,00,000
10.85 % REC Bonds 30/09/2018	141	10,00,000
10.85 % PNB UPPER TIER II Bonds 29/09/2023	498	10,00,000
11.75 % REC Bonds 03/11/2011	22	10,00,000
9.08 % HDFC LTD Bonds 18/01/2023	100	10,00,000
9.90% SBOP BONDS UPPER TIER 2022	5	10,00,000
11 % PFC BONDS 15/09/2018	36	10,00,000
5.90 % ALLAHABAD BANK Bonds 30/6/2012	3	10,00,000
9.35 % IIFCL BONDS 17/11/2023	680	10,00,000
9.20 % PNB HSG FIN LTD Bonds 16/01/2023	6	10,00,000
8.82 % IIFCL BONDS 19/12/2022	50	10,00,000
7.35 % HUDCO BONDS 2013	1	10,00,000
9.08 % SBM UPPER TIER II Bonds 16/01/2023	50	1000,000
9.35 % UBI Bonds 12/04/2018	5	10,00,000
8.90 % KRCL Bonds 01/09/2016	388	10,00,000
11.25 % PFC Bonds 28/11/2018	521	10,00,000
11.50 % IDBI SLR Bonds 2011	1900	1,000
8.63 % PGC Bonds 31/07/2017	3	12,50,000
12.50 % HUDCO Bonds 08/09/2009	23	1,00,000
10% HUDCO Bonds 2014	5	10,00,000
11.15 % HUDCO 2011- 20/07/2011	20	1,00,000
0% PFC BONDS 2022	121	20,000
7.40 % UBI Bonds 2015	3	10,00,000
9.40% Oriental Bank of Commerce	10	10,00,000
11.30% IDBI Bonds 15/12/2018	1018	10,00,000
9.20 % NABARD Bonds 16/08/2012	50	10,00,000
9.33 % PGC STRIP 15/12/2014	30	12,50,000
9.33 % PGC STRIP 15/12/2013	30	12,50,000
9.33 % PGC STRIP 15/12/2012	30	12,50,000
9.33 % PGC STRIP 15/12/2018	27	12,50,000
9.33 % PGC STRIP 15/12/2023	20	12,50,000
9.33 % PGC STRIP 15/12/2022	20	12,50,000
9.33 % PGC STRIP 15/12/2021	20	12,50,000
9.33 % PGC STRIP 15/12/2020	20	12,50,000
9.33 % PGC STRIP 15/12/2019	20	12,50,000
9.33 % PGC STRIP 15/12/2017	30	12,50,000
9.33 % PGC STRIP 15/12/2015	30	12,50,000
10.90% PFC Bonds 11/08/2013	10	10,00,000
10.75 % PFC Bonds 15/07/2011	15	10,00,000
11.40 % PFC Bonds 28/11/2013	1	10,00,000
9.30 % WRIDFC Bonds 2017	7	10,00,000
8.95 % Central Bank of India 04/10/2016	3	10,00,000
7 % Fertilizer Bonds 10/12/2022	2500000	100
8.50 % IRFC Bonds 26/12/2023	37	10,00,000
8.65 % IRFC Bonds 15/01/2024	224	10,00,000
8.65 % REC Bonds 15/01/2019	70	10,00,000
8.83 % NLC Bonds 23/01/2019	27	10,00,000
6.85 % IIFCL TAXFREE BONDS 22/01/2014	352	1,00,000
9.20 % PGC Bonds 12/03/2016	40	12,50,000
9.20 % PGC Bonds 12/03/2021	9	12,50,000
9.20 % PGC Bonds 12/03/2018	40	12,50,000
9.20 % PGC Bonds 12/03/2014	40	12,50,000
9.20 % PGC Bonds 12/03/2013	40	12,50,000
9.20 % PGC Bonds 12/03/2015	16	12,50,000
8.90% PNB Perpetual Bonds	23	10,00,000
6.85 % IIFCL Taxfree Bonds 20/03/2014	14335	1,00,000
9.78% SBBJ Upper Tier II 2022	3	10,00,000
9.45% REC Bonds 04/04/2013	6	10,00,000

SCHEDULES TO THE ACCOUNTS



	<u>2008-2009</u>	<u>2007-2008</u>
12. Remuneration to Managing Director :	Rs.	Rs.
Salary	11,70,000	9,15,000
Contribution to Provident Fund	1,40,400	1,09,800
Perquisites	16,832	36,853
	<u>13,27,232</u>	<u>10,61,653</u>
13. Remuneration to Auditors :		
Audit Fees	1,21,330	1,01,124
Tax Audit Fees	16,545	11,236
Certification Work	97,049	57,300
Consultation Charges	28,090	—
	<u>2,63,014</u>	<u>1,69,660</u>

14. Additional Information :

A. Materials bought & consumed for Job Work/Production excluding cost of services :

		<u>2008-2009</u>		<u>2007-2008</u>	
	Unit	Qty.	Value Rs.	Qty.	Value Rs.
Steel	M.T.	10623	40,30,75,273	11865	37,99,40,407
Cement	M.T.	21047	8,93,54,681	17958	7,88,21,949
Pipes & Tubes	MTR.	188270	12,01,69,029	91887	15,99,40,111
Sub-Station Structures	M.T.	7293	37,09,76,026	5518	28,25,08,144
Boiler Structures & Accessories	M.T.	581	5,86,42,848	—	—
Valves	Nos.	1034	1,61,52,997	5691	6,89,72,172
Insulators & Fittings	Nos.	636194	25,67,50,015	424814	12,73,95,636
Power & Control Cables and AAAC/ACSR Conductor	MTR.	5162678	29,12,59,527	5785203	31,79,27,966
Transformer	Nos.	1601	62,33,09,203	1962	61,35,08,830
Surge Arrestor	Nos.	277	81,55,113	633	83,51,021
Control ,communication, metering and dataloging system	Nos.	110401	28,25,33,964	80505	15,49,59,211
Isolators	Nos.	4600	7,94,86,840	4944	8,24,49,058
Circuit Breaker	Nos.	250	13,68,24,177	384	18,99,19,665
PLCC Equipment	Nos.	5447	8,74,85,047	3672	4,94,03,581
Cable Tray and Flexible Support	Nos.	40640	3,51,78,894	41771	3,37,55,207
Distribution Board	Nos.	2840	5,05,15,689	2972	5,44,68,732
Motor & Pumps	Nos.	53	34,41,085	95	76,37,171
PSC Poles	Nos.	12781	3,53,36,633	70638	13,42,13,857
DG Set	Nos.	10	2,27,89,054	—	—
Battery and Charger	Nos.	132	3,09,93,153	136	3,14,60,794
Others		—	45,05,45,730	—	29,77,47,901
			<u>3,45,29,74,978</u>		<u>3,07,33,81,413</u>

Notes : Above information does not include materials supplied by the Clients on non-chargeable basis.



TECHNO ELECTRIC & ENGINEERING CO. LTD.

SCHEDULES TO THE ACCOUNTS

B. Detail of Sales	Unit	2008-2009		2007-2008	
		Qty.	Value Rs.	Qty.	Value Rs.
Mechanical Auxilary System	Nos.	6	46,64,18,211	5	49,03,41,962
Comprehensive Electrical System	Nos.	5	11,59,82,665	4	11,81,30,654
Sub-Station/Switchyard (EHT)	Nos.	19	3,15,07,72,135	12	2,57,52,23,686
Power Plant (EPC)	Nos.	1	19,39,00,000	—	—
Power Distribution Net Work (HT)	Nos.	6	78,88,25,579	6	98,78,82,437
Others			14,44,49,541		12,40,05,635
			<u>4,86,03,48,131</u>		<u>4,29,55,84,374</u>
C. Consumption of Imported and Indigenous Raw-Materials & Stores and the percentage thereof					
		2008-2009		2007-2008	
		%	Value Rs.	%	Value Rs.
Indigenous		99	3,41,28,00,128	99	3,06,89,82,838
Imported		1	4,01,74,850	1	43,98,575
			<u>3,45,29,74,978</u>		<u>3,07,33,81,413</u>
D. CIF Value of Imports :					
Materials			2,98,06,736		33,38,166
			2,98,06,736		33,38,166
E. Earnings in Foreign Exchange					
Export of Goods :					
Deemed Export Under					
Global Tender at Ex-works value.					
			13,52,95,645		25,47,31,397
			<u>13,52,95,645</u>		<u>25,47,31,397</u>
F. Expenditure in Foreign Currency					
i) Travelling			4,41,773		19,96,996
ii) Technical Services			-		4,36,280
ii) Others			31,88,478		4,325
			<u>36,30,251</u>		<u>24,37,601</u>
15. Earnings Per Share:					
Profit / (Loss) after taxation as per Profit and Loss Account			63,06,08,928		49,05,78,526
Weighted average number of Equity Shares outstanding (Basic & Diluted)			5,70,91,200		5,57,70,981
Basic and diluted earning per Share in Rupees (Face Value Rs.2 per Share)			11.05		8.80

SCHEDULES TO THE ACCOUNTS



16. Segment Reporting :

Based on the guiding principles given in Accounting Standards on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India, the Company’s primary business segment is ‘Construction’- Financial information about the primary business segment is presented in the table given below:

	For the year ended 31st March, 2009			For the year ended 31st March, 2008		
	Construction Rs.	Corporate Rs.	Total Rs.	Construction Rs.	Corporate Rs.	Total Rs.
<b>A. REVENUE</b>						
1. Sales	4,86,03,48,131		4,86,03,48,131	4,29,55,84,374	—	4,29,55,84,374
2. Others	9,31,566	31,05,75,315	31,15,06,881	4,53,964	11,71,76,304	11,76,30,268
3. Total Revenue	4,86,12,79,697	31,05,75,315	5,17,18,55,012	4,29,60,38,338	11,71,76,304	4,41,32,14,642
<b>B. RESULT</b>						
1. Segment Result/Operating Profit before tax and interest	53,96,49,420	31,05,75,315	85,02,24,735	49,90,25,932	11,71,76,304	61,62,02,236
2. Interest Expenses			63,51,463	—	—	29,87,615
3. Provision for Taxation			21,32,64,344	—	—	12,26,36,095
4. Net Profit			63,06,08,928	—	—	49,05,78,526
<b>C. OTHER INFORMATION</b>						
1. Segment Assets	2,66,71,74,256	1,51,43,89,077	4,18,15,63,333	1,02,18,74,968	1,54,45,05,506	2,56,63,80,474
2. Segment Liabilities	1,36,11,41,899	2,82,04,21,434	4,18,15,63,333	77,24,93,425	1,79,38,87,049	2,56,63,80,474
3. Capital Expenditure	55,47,889		55,47,889	1,36,27,840	—	1,36,27,840
4. Depreciation	61,55,979		61,55,979	60,23,843	—	60,23,843

17. Related Party disclosures under Accounting Standard 18 :

a) Name of the related party and nature of relationship:

<u>Name</u>	<u>Relationship</u>
Mr.P. P. Gupta (Managing Director)	Key Management Personnel

b) Transactions during the year :

Name	Relationship	Services Received Rs.	Remuneration Rs.	Outstanding as at 31st March,2009 Rs.	Amount Written off/written back Rs.
Mr. P. P. Gupta	Key Management	—	13,27,232	—	—
(Managing Director)	Personnel	(—)	(10,61,653)	(—)	(—)

Figures in brackets relate to previous year

18 Previous year’s figures have been re-grouped and re- arranged wherever considered necessary.

**TECHNO ELECTRIC & ENGINEERING CO. LTD.**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Corporate Identity No.**                      State Code    
**Balance Sheet Date**

**II. Capital Raised During the Year (Amount in Rs. Thousand)**

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Sources of Funds :	Total Liabilities	Total Assets
	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/>	<input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/>
	Paid-up Capital	Reserve & Surplus
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/>	<input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/>
	Secured Loans	Unsecured Loans
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Application of Funds :	Net Fixed Assets	Investments
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/>	<input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="9"/>
+ -	Net Current Assets	Misc. Expenditure
Including Deferred Tax Liabilities 6444 <input type="text" value="+"/> <input type="text" value=""/>	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	Accumulated Loss	
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

**IV. Performance of the Company (Amount in Rs. Thousand)**

Turnover	Total Expenditure
<input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="5"/>	<input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/>
+ - Profit Before Tax	+ - Profit After Tax
<input type="text" value="+"/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="3"/>	<input type="text" value="+"/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="9"/>
Earning Per Share(Rs.)	Dividend Rate (%)
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/>
(Basic & diluted)	

**V. Generic Names of Three Principal Products, Services of the Company (as per monetary terms)**

Item Code No. (ITC Code)               
 Product Description

Centre Point  
 21, Old Court House Street  
 Kolkata - 700 001  
 The 17th day of August, 2009

For S. S. KOTHARI & CO.  
 Chartered Accountants  
 (R. N. BARDHAN)  
 Partner  
 Membership No. 17270

N. BRAHMA  
 Company Secretary

P. P. GUPTA  
 Managing Director  
 S. N. ROY  
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009



	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
<b>A. Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax and Extraordinary Items</b>	84,38,73,272	61,32,14,621
Adjustments for :		
Depreciation	61,55,979	60,23,843
(Profit)/Loss on Sale of Fixed Assets	2,05,975	1,99,403
Interest/Dividend Income	(25,02,51,196)	(9,75,97,954)
(Profit) /Loss on Sale of Investments (Net)	(6,03,24,119)	(1,95,78,350)
Interest Paid	63,51,463	29,87,615
<b>Operating Profit before Working Capital Changes</b>	<b>54,60,11,374</b>	<b>50,52,49,178</b>
Adjustments for :		
Trade and Other Receivables	(1,50,75,23,651)	(13,30,59,610)
Inventories	31,50,556	(74,12,521)
Trade Payables	58,93,54,887	30,07,86,532
<b>Cash Generated from Operations</b>	<b>(36,90,06,834)</b>	<b>66,55,63,579</b>
Interest Paid	(63,51,463)	(29,87,615)
Direct Taxes Paid (Net of refunds)	(17,05,21,392)	(11,80,24,217)
<b>Cash Flow before Extraordinary Items</b>	<b>(54,58,79,689)</b>	<b>54,45,51,747</b>
Extraordinary Items	-	-
<b>Net Cash Flow from Operating Activities</b>	<b><u>(54,58,79,689)</u></b>	<b><u>54,45,51,747</u></b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(55,47,889)	(1,36,27,840)
Sale of Fixed Assets	1,88,000	37,000
(Increase)/Decrease in Investments	9,04,40,548	(82,76,11,731)
Interest Income	22,50,12,051	7,23,93,246
Dividend Income	2,52,39,145	2,52,04,708
<b>Net Cash used in Investing Activities</b>	<b><u>33,53,31,855</u></b>	<b><u>(74,36,04,617)</u></b>

TECHNO ELECTRIC & ENGINEERING CO. LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from New Equity Issue	—	12,80,00,000
Proceeds from Borrowings	41,92,69,942	(4,54,068)
Dividend paid	(6,67,93,850)	(3,24,60,965)
<b>Net Cash used in Financing Activities</b>	<u>35,24,76,092</u>	<u>9,50,84,967</u>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	14,19,28,258	(10,39,67,903)
Opening Balance of Cash & Cash Equivalents	24,28,71,873	34,68,39,776
Closing Balance of Cash & Cash Equivalents	38,48,00,131	24,28,71,873

This is the Cash Flow Statement referred to in our Audit Report of even date.

Centre Point  
21, Old Court House Street  
Kolkata-700 001  
The 17th day of August, 2009

For S. S. KOTHARI & CO.  
*Chartered Accountants*  
(R. N. BARDHAN)  
*Partner*  
Membership No. 17270

N. BRAHMA  
*Company Secretary*

P. P. GUPTA  
*Managing Director*  
S. N. ROY  
*Director*

**ATTENDANCE SLIP**  
**TECHNO ELECTRIC & ENGINEERING CO. LTD.**



REGISTERED OFFICE:  
P46A, Radha Bazar Lane , Kolkata 700 001  
(To be handed over at the entrance of the Meeting Hall)

Full Name & Address of Member / :  
Proxy attending the meeting :  
Full Name of First Holder :  
(If Joint Holder/Proxy attending)  
Folio No. : .....  
DPID No. : .....  
Client ID No. : .....  
No. of Shares held : .....

I hereby record my presence at the 46th ANNUAL GENERAL MEETING of the Company held on Thursday, 17th September, 2009 at 11.30 a.m. at The Calcutta School of Music, 6B, Sunny Park, Kolkata - 700 019.

SIGNATURE OF THE MEMBER/REPRESENTATIVE/PROXY\*

\*Strike out whichever is not applicable

**FORM OF PROXY**  
**TECHNO ELECTRIC & ENGINEERING CO. LTD.**

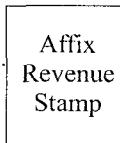


REGISTERED OFFICE:  
P46A, Radha Bazar Lane , Kolkata 700 001

I/We..... of .....  
being a member / members of TECHNO ELECTRIC & ENGINEERING COMPANY LIMITED hereby appoint  
..... of .....  
of failing him / her ..... of .....  
as my / our Proxy to vote for me / us, on my / our behalf at the 46th ANNUAL GENERAL MEETING of the Company held on  
Thursday, 17th September, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009

Signature : .....



Folio No. : .....

DPID No. : .....

Client ID No. : .....

**NOTE :** The Form of Proxy duly completed must be deposited at the Registered Office of the Company, P-46A, Radha Bazar Lane, Kolkata-700 001 not later than 48 hours before the time for holding the meeting.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 46<sup>th</sup> Annual General Meeting of the Members of Techno Electric & Engineering Company Ltd. will be held at "The Calcutta School of Music", 6B, Sunny Park, Kolkata – 700 019 on Thursday, the 17<sup>th</sup> day of September, 2009 at 11.30 a.m. to transact the following business : –

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009, Profit & Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. K. K. Rai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. S. N. Roy, who was appointed as Additional Director of the Company by the Board of Directors and ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Members of the Company be and is hereby accorded to the variation in terms of remuneration of Mr. P. P. Gupta, Managing Director, by way of payment of commission upto 1% of the net profits of the Company per financial year in addition to his present remuneration on the terms and conditions contained in the draft supplemental agreement to be entered into between the Company of the one part and Mr. P. P. Gupta on the other part, a copy whereof duly initialled by the Chairman as placed before this meeting be and is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement so as not to exceed the limits prescribed under the Companies Act, 1956 read with Schedule XIII to the said Act (including any modifications or re-enactments thereof for the time being in force or any amendments or modifications that may hereafter be made thereto by the Central Government) and as may be agreed to between the Board of Directors and Mr. P. P. Gupta."

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Mr. P. P. Gupta, as Managing Director, the salary and perquisites set out in the original agreement be paid or granted to him as minimum remuneration which shall not exceed the applicable ceiling limit as stipulated in Schedule XIII to the said Act for the time being in force and any amendment thereof."

7. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) read with Directors' Relatives (office or Place of Profit) Rules, 2003, consent of the Company be and is hereby accorded to Mr. Ankit Gupta, son of Mr. P. P. Gupta, Managing Director of the Company, to hold an office or place of profit in the Company as Management Executive with effect from 1<sup>st</sup> June, 2009 on a monthly consolidated remuneration of Rs. 25000/- together with normal increment as per the general policy of the Company and that during his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the above resolution and to settle any question, difficulties or doubts that may arise in this regard.



8. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution: "RESOLVED pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and permissions as may be needed THAT the regulations contained in the printed document submitted before this meeting and duly initialled by the Chairman for the purpose of identification be and is hereby approved and adopted as the Articles of Association of the Company in substitution of the existing Articles of Association."

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HER-SELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 11<sup>th</sup> September, 2009 to Thursday, the 17<sup>th</sup> September, 2009, (both days inclusive).
3. Dividend on Equity shares, if declared at the meeting, will be paid to those members, whose names shall appear in the Company's Register of Members at the close of working hours of the Company on Thursday, the 10<sup>th</sup> September, 2009. In respect of the shares held in Electronic form, the Dividend will be paid to those persons whose names shall appear as beneficial owners as at the end of the business hours on Thursday, the 10<sup>th</sup> September, 2009 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd.
4. Dividends which have remained unpaid / unclaimed over a period of seven years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government under Sections 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid/unclaimed amounts in respect of dividends including interim dividend paid by the Company upto the financial year ended 31<sup>st</sup> March, 2001 have been transferred to the said Fund. Shareholders are advised to encash the unpaid Dividend Warrants / Cheques for the financial year ended 31<sup>st</sup> March, 2002 onwards, before transfer to the above referred Fund and no claim will be entertained thereafter by the Company. The unpaid/unclaimed dividend for the year ended 31<sup>st</sup> March, 2002 can be claimed upto 30<sup>th</sup> September, 2009.
5. Members holding shares in physical form are requested to intimate change in their registered address mentioning full address in block letters with Pin code of the Post Office and bank particulars to the Company's Registrar and Share Transfer Agent and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.
6. Members are requested to bring their copy of Annual Report to the meeting. A member desirous of getting any information on the accounts of the Company is requested to send the queries to the Company at least 10 days in advance of the meeting i.e. by 7<sup>th</sup> September, 2009 so that proper information can be made available at the meeting.
7. Members, who hold shares in dematerialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.
8. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participants for admission to the meeting hall.
9. The Company's shares are listed with the Bombay Stock Exchange Limited, National Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. The Company has paid the Listing fees for the year 2009-10 to all the aforesaid Stock Exchanges.

**Regd. Office :**

P-46A, Radha Bazar Lane  
Kolkata - 700 001

Dated: the 17<sup>th</sup> day of August, 2009

By order of the Board of Directors

**(N Brahma)**  
Company Secretary





## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

### **Item No. 5:**

Mr. S. N. Roy was appointed as an Additional Director of the Company on 30<sup>th</sup> day of January, 2009 by the Board of Directors. According to the provisions of section 260 of the Companies Act, 1956, he holds office as Director only upto the date of the ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. S. N. Roy as a Director along with a deposit of rupees five hundred. Mr. S. N. Roy aged about 66 years is a Bachelor of Engineering (Electrical) from Indian Institute of Technology (IIT), Kharagpur. He started his career with Indian Oil Corporation (IOC) as management trainee and thereafter joined Bharat Heavy Chemicals Limited (BHEL) in 1978 and retired as Executive Director in the year 2003. The Board considers it desirable that the Company should continue to avail his service which will be in the interest of the Company. As such the Board recommends the proposed resolution.

None of the Directors except Mr. S. N. Roy is concerned or interested in the above resolution.

### **Item No. 6:**

Mr. P. P. Gupta was re-appointed as Managing Director of the Company for a period of 3 years with effect from 01.01.2009 with the approval of Board of Directors and the Shareholders of the Company. The Board of Directors of the Company at its meeting held on April 25, 2009 has revised the remuneration of Mr. P. P. Gupta on recommendation of the Remuneration Committee and resolved to pay him commission upto 1% of the net profits of the Company per financial year in addition to his present salary, perquisites and allowances.

The revised terms of Remuneration of Mr. P. P. Gupta is set out below :

<b>Component</b>	<b>Existing</b>	<b>Revised</b>
<b>Salary</b>	Rs.1,50,000/- per month in grade of Rs. 1,50,000 – Rs.15,000 – Rs.1,95,000	Rs.1,50,000/- per month in grade of Rs. 1,50,000 – Rs.15,000 – Rs.1,95,000
<b>Perquisites</b>	<p><b>Housing :</b></p> <p>i) Unfurnished accommodation hired by Company : 60% of salary over and above the amount, if any payable by Shri Gupta (i.e. 15% of salary or actual amount payable by the Company for the accommodation, whichever is lower).</p> <p>ii) Accommodation owned by Company : Deduction of 15% salary of Shri Gupta.</p> <p>iii) No accommodation provided by Company: House Rent Allowance subject to ceiling in (i) above.</p> <p><b>Medical Reimbursement :</b></p> <p>1 month salary in a year or 3 months salary over a period of 3 years for self and family.</p> <p><b>Leave Travel Concession :</b> Once in a year for self and family.</p> <p><b>Club Fee :</b> Maximum upto 2 clubs. Admission and Life Membership Fee not allowed.</p> <p><b>Personal Accident Insurance :</b> Rs. 15000/- per annum.</p> <p><b>Contribution to Provident Fund, Superannuation Fund or Annuity Fund :</b> As per the rules of the Company but shall not be included in computation of the ceiling on perquisites to the extent these are either singly or put together are not taxable under the Income Tax Act.</p> <p><b>Gratuity :</b> Half a month's salary for every completed year of service.</p> <p><b>Encashment of Leave :</b> As per Company Rules at the end of the tenure.</p> <p>Free use of car with Driver for Company's Business.</p> <p>Free Telephone Facility at residence.</p>	<p><b>Housing :</b></p> <p>D) Unfurnished accommodation hired by Company : 60% of salary over and above the amount, if any payable by Shri Gupta (i.e. 15% of salary or actual amount payable by the Company for the accommodation, whichever is lower).</p> <p>ii) Accommodation owned by Company : Deduction of 15% salary of Shri Gupta.</p> <p>iii) No accommodation provided by Company : House Rent Allowance subject to ceiling in (i) above.</p> <p><b>Medical Reimbursement :</b></p> <p>1 month salary in a year or 3 months salary over a period of 3 years for self and family.</p> <p><b>Leave Travel Concession :</b> Once in a year for self and family.</p> <p><b>Club Fee :</b> Maximum upto 2 clubs. Admission and Life Membership Fee not allowed.</p> <p><b>Personal Accident Insurance :</b> Rs. 15000/- per annum.</p> <p><b>Contribution to Provident Fund, Superannuation Fund or Annuity Fund :</b> As per the rules of the Company but shall not be included in computation of the ceiling on perquisites to the extent these are either singly or put together are not taxable under the Income Tax Act.</p> <p><b>Gratuity :</b> Half a month's salary for every completed year of service.</p> <p><b>Encashment of Leave :</b> As per Company Rules at the end of the tenure.</p> <p>Free use of car with Driver for Company's Business.</p> <p>Free Telephone Facility at residence.</p>
<b>Commission</b>	<b>NIL</b>	<b>1% of net profits of the Company per financial year in addition to the salary and perquisites.</b>



Provided that in the event of loss or inadequacy of profits of the Company in any year during his tenure of office, Mr. P. P. Gupta shall for that year receive the above remuneration comprising Salary and Perquisites etc. as minimum remuneration.

The remuneration payable to Mr. P. P. Gupta, Managing Director of the Company is subject to the limits prescribed under the provisions of the Companies Act, 1956 and Schedule XIII to the said Act.

The variation in terms of remuneration of Mr. Gupta as the Managing Director require the approval of the Members of the Company in General Meeting as per the provisions of the Companies Act, 1956. In the interest of the Company, the Board recommends the resolution as set out in Item No. 6 for approval of the Members.

The draft Supplemental Agreement referred to in the resolution set out in Item No. 6 of the covering notice will be available for inspection by the Members of the Company at its Registered Office at P-46A, Radha Bazar Lane, Kolkata -- 700 001 on any working day prior to the date of the Meeting during usual business hours and will be available at the Meeting.

None of the Directors of the Company except Mr. P. P. Gupta is deemed to be concerned or interested in this resolution.

An abstract of the terms of variation in remuneration of Mr. P. P. Gupta and the memorandum of concern and interest were sent to the members on 11.05.2009 pursuant to Section 302 of the Companies Act, 1956.

**Item No. 7:**

In terms of Section 314 of the Companies Act, 1956, appointment of a relative of a director to any office or place of profit in the Company carrying a monthly remuneration of Rs. 10000/- or more but less than Rs. 50000/- requires consent of the Company by Special Resolution. Mr. Ankit Gupta is a relative of Mr. P. P. Gupta, Managing Director as per Section 6 of the Companies Act, 1956 and his appointment would be an office of profit carrying a remuneration exceeding Rs. 10000/- p.m.

Hence the special resolution at Item No. 7 of the accompanying notice is recommended by the Directors for your approval.

Mr. Ankit Gupta is a Bachelor of Science (Corporate Finance and Accounting) with Minor in Computer Information Systems from Bentley University in Waltham, Massachusetts, U. S. A.

None of the Directors except Mr. P. P. Gupta, Managing Director being related to Mr. Ankit Gupta is deemed to be concerned or interested in the said resolution.

**Item No. 8:**

In terms of the Investment Agreement by the Company with M/s. Citigroup Venture Capital Growth Partnership Mauritius Limited (CVCGPIML), the Articles of Association of the Company were altered on 13<sup>th</sup> day of January, 2007. Since, CVCGPIML have disinvested from the Company, the Investment Agreement has become redundant and ineffective. Therefore, it is necessary to amend/alter the Articles of Association of the Company by substituting the same with the printed document a copy of which duly initialled by the Chairman for the purpose of identification shall be available at the venue of the meeting.

None of the Directors is concerned or interested in the proposed resolution except as shareholder of the Company.

**Regd. Office :**

P-46A, Radha Bazar Lane  
Kolkata - 700 001  
Dated: the 17<sup>th</sup> day of August, 2009

By order of the Board of Directors

(N Brahma)  
Company Secretary