



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

### **Board of Directors**

P. P. Gupta — *Managing Director*  
V. D. Mohile — *Independent Director*  
K. M. Poddar — *Independent Director*  
K. Vasudevan — *Independent Director*

### **Company Secretary**

N. Brahma

### **Bankers**

Vijaya Bank  
State Bank of India  
IDBI Bank  
ICICI Bank  
ABNAMRO Bank  
Standard Chartered Bank  
Allahabad Bank  
YES Bank

### **Auditors**

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

### **Registered Office**

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

### **Corporate Office**

508-509, Skipper Corner  
88, Nehru Place  
New Delhi - 110 019

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

Niche Technologies Private Ltd.  
D-511, Bagree Market, 5th Floor  
71, B. R. B. Basu Road  
Kolkata - 700 001  
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 43rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2006.

### FINANCIAL RESULTS

	Year ended 31st March, 2006 (Rs. in lacs)	Year ended 31st March, 2005 (Rs. in lacs)
Profit before Interest & Depreciation	1803.10	694.57
Less : Interest	21.80	4.95
Depreciation	46.04	37.62
Profit before Tax	1735.26	652.00
Provision for Taxation (including Deferred Income Tax, Fringe Benefit Tax and Security Transaction Tax)	513.01	161.53
Profit after Taxation	1222.25	490.47
Balance brought forward from previous year	0.17	0.04
	<u>1222.42</u>	<u>490.51</u>

### APPROPRIATIONS

Transfer to General Reserve	1005.00	370.00
Proposed Dividend	189.97	105.54
Provision for tax on Proposed Dividend	26.64	14.80
Surplus carried to Balance Sheet	0.81	0.17
	<u>1222.42</u>	<u>490.51</u>

### DIVIDEND

Your Directors have recommended a dividend of 20% (previous year 20%) on Paid-up Equity Share Capital, i.e. Rs. 0.40 per equity share of Rs. 2/- each.

### REVIEW OF THE OPERATIONS

The Company has achieved a turnover of Rs. 25064.73 lacs as compared to Rs. 11521.00 lacs during last year. In spite of stiff rise in the prices of equipments due to abnormal price rise of non-ferrous metals like copper, zinc, aluminium etc., the Company could better its operating profits due to timely procurement and stronger relationships.

During the year under review, the company has successfully completed the following projects.

- 400/220 KV Sub-station at Mahaboobnagar and Chittor of APTRANSCO.
- 400 KV Biharshariff Sub-Station (Extension) & 400 KV Muzaffarpur Sub-Station (Extension) associated with System Strengthening in Eastern Region (Package 'B') of PGCIL.
- 220/33KV, 100 MVA Borjora Sub-Station of DVC.
- 132/33 KV Sub-Station (Package 'B') associated with Bihar Sub-Station System (Part 'A') of PGCIL.
- New 33/11KV Sub-Station and associated 33KV Feeders/ Lines in the District of Muzaffarpur, Bihar (Pkg - I) on Turnkey basis in Prime Minister Gramoday Yojna (Package 'C' - 1) of PGCIL.
- Cabling, Earthing and Lightning Protection System for 2 x 500 MW Rihand Thermal Power Station of NTPC for BHEL.
- Construction Power Package for Naphtha Cracker Project of IOCL at Panipat.
- 1 No. 12 MW capacity Captive Power Project (Waste Heat Recovery Based) at Haldia for Electrosteel Castings Ltd.

The work for Turnkey Execution Strengthening and Improvement of Sub-Transmission and Distribution Network in Guwahati Electrical Circle - I of ASEB, Turnkey Execution Phase - II works of Strengthening and Improvement of Sub-Transmission and Distribution Network in Cachar Electrical Circle of ASEB, Fuel Oil (LDO) Handling System and Condensate Storage Tanks Package for 2 x 500 MW Vindhyachal STPP (STG-III) 9 & 10 of BHEL, Construction of new 33/11 KV Sub-station, Renovation and Modernisation of existing 33/11 KV Sub-station for Saharsa Circle, Bihar of BSEB, Revamping/Establishment of New Distribution Transformers and associated works in Muzaffarpur Circle of BSEB under APDRP Scheme, Electrical Installation Works, New Parli 1x250 MW Unit # 1 of MSEP, Fuel Oil Handling System for Gautami Stage - I 469 MW CCPP of Gautami Power Pvt. Ltd. through ALSTOM, Ash Water Re-circulation System Package for Vindhyachal STPP, State-III (2x500MW) of NTPC Ltd., 1x500 MW Sanjay Gandhi - TPS Unit # 5 at Birsinghpur (MPSEB) Package for Fuel Oil Handling System from BHEL, Cabling, Earthing, Lightning Protection System for 2x500 MW Vindhyachal STPP State - III of NTPC Ltd. from BHEL, 400KV Pothead Yard Package @ BHEP of J&K SPDCL from ALSTOM, DM Water Storage Tank & Condensate Storage Tank of 1x500 MW, Birsinghpur STPP Unit # 5 from BHEL of MPEB, Electrical Equipment Erection Package for Unit # 9 & 10 of Stage - III (2x500MW) at Vindhyachal Super Thermal Power Project from BHEL of NTPC Ltd. And 1x500 MW Bellary



## DIRECTORS' REPORT (Contd.)

Thermal Power Station (Stage-I) for Fuel Oil System from BHEL of KPCL are progressing satisfactorily and are expected to be completed on schedule.

During the year, the Company has bagged many prestigious orders. The major amongst them are 220/33 KV Durgapur Sub-Station and 132/33 KV Jamuria Sub-Station of DVC, 2x100 MVA, 220/132 KV Sub-Station at Bhadrak of OPTCL, 132/33 KV Sub-Stations in the Districts of Bankura, Hooghly and Bardhaman on turnkey basis from WBSEB, Strengthening and Improvement of Sub-transmission and Distribution network in Lakhimpur Electrical Circle of ASEB, Strengthening and Improvement of Sub-transmission and Distribution network in Saharsa Circle (Part I & II) of BSEB from PGCIL, Rural Electrification work in Saran-Siwan District of Bihar under Rajiv Gandhi Grameen Vidyutikaran Yojana, Cabling, Earthing & Lightning Protection system for 1 x 500 MW Birsinghpur STPP Unit-5 and 2 x 250 MW Mejia TPS Units 5 & 6 of DVC from BHEL, Fuel Oil Handling system package for 2 x 250 MW Mejia TPS Unit 5 & 6 of DVC and Fuel Oil Handling system package and Condensate Storage Tank package for Amarkantak TPS of MPEB from BHEL.

Your Company has participated in many prestigious tenders in Public and Private Sectors and some of them are likely to be finalised shortly in Company's favour.

### FUTURE OUTLOOK

In order to keep India's economic momentum on track, the power sector needs to add at least 100,000 MW of generating capacity to the already existing capacity of 146,386 MW by year 2012. This translates to a required outlay of Rs. 9,00,000 crores in the generation, transmission and distribution segments. To attract the required investment, the Ministry of Power enacted legislative reforms, namely Electricity Act, 2003, National Electricity Policy, National Tariff Policy etc. Consequently, the business landscape in the power sector become transparent and investor friendly. Your company is well poised to make significant gains from the execution of large turnkey contracts in the various sub segments of the power sector.

The combined capital expenditure expected in the generation segment is estimated at Rs. 4,50,000 crores by 2012. This includes thermal, wind, hydro and nuclear energy. With a view to achieve the targeted generation capacity by 2012, the government has announced 7 Ultra Mega Power Projects of 4000MW each and has invited bids under a public – private configuration. In addition, there is increased thrust on encouraging captive generation with a target to bring at least 5000MW of the surplus generated into the Power Grid. Since your company is regarded as one of the premier EPC (Engineering, Procurement and Construction) contractors in the energy sector, we have witnessed a significant off-take from this segment post 2003 (as evidenced in our growth) and are confident that large contracts

will continue to be awarded to us by the Ultra Mega Power Projects and the private sector in the future.

In order to support the increase in generation and realise the vision of "power for all" by 2012 the government is targeting an increase in the inter-regional transmission capacity from 9,500-MW to 16,450 MW by 2007 and 37,150 MW by 2012. This again implies an expenditure of approximately Rs. 4,50,000 crores in the transmission & distribution segment. Incentive schemes to speed up the investments in transmission and distribution like Accelerated Power Development & Reform Programme (APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) announced by the government are already underway. Consequently, your company has already bagged large and prestigious contracts in this segment which are currently under execution. Our order book for the transmission and distribution segment will remain robust in the foreseeable future.

Further, it would be worthwhile to note that Rs1000 crores have been sanctioned as of February 2006 by Power Finance Corporation to various state utilities to upgrade and repair their existing energy infrastructure.

Your company has taken all possible steps and participated in various tenders, including tenders in the Repairs and Maintenance segment and also bagged many prestigious Orders in the face of stiff competition.

### DIRECTORS

Shri K. Vasudevan was appointed as an Additional Director (Independent) of the Company with effect from 1st February, 2006 and his appointment will be regularised in the ensuing Annual General Meeting.

Shri K. M. Poddar, Director who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm

- i) that in the preparation of accounts for the period ended March 31, 2006, the applicable Accounting Standards had been followed and there are no 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 detecting fraud and other irregularities;

**DIRECTORS' REPORT (Contd.)**

iv) that the accounts for the period ended March 31, 2006 are on a going-concern basis.

**AUDITORS**

The Auditors M/s S S Kothari & Company, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**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.

**SHARE CAPITAL**

During the year, the Company has issued and allotted fully paid up Bonus Shares in the ratio of 4:5 resulting in increase in the Issued, Subscribed and Paid up Capital to Rs. 9,49,82,400 comprising 94,98,240 Equity Shares of Rs.10/- each. Further, at the Extra Ordinary General Meeting held on 18th March, 2006, the Shareholders have approved increase in the Authorized Share Capital of the Company from Rs. 10 crores to Rs. 15 crores and sub division of each Equity Share of Rs. 10/- into 5 Equity Shares of Rs. 2/- each. Consequently, the number of Equity Shares in the Issued, Subscribed and Paid up Capital stand increased to 4,74,91,200 Equity Shares of Rs. 2/- each.

**CORPORATE GOVERNANCE**

The Company has implemented the Code of Corporate Governance. A separate report on Corporate Governance along with the Auditors' Certificate on its compliance is 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. 600.07 lacs
Foreign Exchange Outgo	—	Rs. 936.43 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.

Place : Kolkata  
Dated : The 5th day of July, 2006

For and on behalf of the Board of Directors  
P. P. GUPTA : *Managing Director*  
V. D. MOHILE : *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 31st March, 2006.

**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 : Does not arise
3. Future Plan of Action : None
4. Expenditure on R & D : N.A.
5. Technology absorption, adaptation and innovation : The Company being a Project 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 5th day of July, 2006

For and on behalf of the Board of Directors

P. P. GUPTA : *Managing Director*  
V.D. MOHILE : *Director*

**REPORT ON CORPORATE GOVERNANCE**

**Company’s Philosophy on Corporate Governance**

The Company’s philosophy of Corporate Governance is to achieve excellence and growth through efficient management, transparency, trust and accountability. The Company’s management believes in better governance and implemented the same in true spirit with an objective to ensure that the available resources are fully utilized to meet the aspirations of the stakeholders and social obligations. The Corporate Governance practice within the organization is working towards the value creation of the employees, shareholders and other stakeholders and the society at large.

Your company 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 four members, out of which three members are Non-Executive Independent Directors, which constitute three-fourth of the total strength. The Company has an Executive Chairman (Managing Director).

16 meetings of the Board have been held during the year on 14.4.2005, 29.4.2005, 30.5.2005, 8.7.2005, 29.7.2005, 10.8.2005, 12.9.2005, 5.10.2005, 22.10.2005, 4.11.2005, 15.11.2005, 8.12.2005, 13.1.2006, 16.2.2006, 10.3.2006 and 21.3.2006.

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 herein 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	—	—	16	Yes
Mr. K.M.Poddar Director	Independent Non-Executive	1	—	—	13	Yes
Mr. V.D. Mohile Director	Independent Non-Executive	1	—	—	3	No
Mr. K. Vasudevan # Director	Independent Non-Executive	1	2	—	1	No

# Appointed as an Additional Director (Independent) w.e.f. 1st February, 2006.

**Details of Directors seeking appointment/reappointment**

Mr. K. Vasudevan (Non-Executive Independent Director) aged about 66 years is a Bachelor of Engineering (Electrical) and a Fellow member of the Institute of Engineers and Institute of Standard Engineers and is associated with as Chairman of Green Business Centre for the Southern Region. He is a member of the National Committee on Power of Confederation of Indian Industry (CII) and was the past President of Indian Electrical and Electronics Manufacturers Association. Mr. Vasudevan also holds directorships in Alstom Projects India Limited, a public limited company. He does not hold any shares of the Company. He was appointed as an additional director by the Board and seeking confirmation of his appointment at the ensuing Annual General Meeting.

Mr. K. M. Poddar (Non-Executive Independent Director) aged about 60 years, is a Commerce Graduate. He is a renowned Industrialist and has 41 years of vast experience and associated with the Company since last 7 years. He is the Managing Director of Ceeta Industries Limited. He does not hold any shares of the Company. Mr. Poddar is retiring by rotation and seeking reappointment at the ensuing Annual General Meeting.





### 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. Presently, the Company does not have a Stock Option Scheme.

### Code of Conduct

The Company has laid a Code of Conduct, which is applicable to all Board Members and Senior Management. All Board Members and Senior Management personnel of the Company shall affirm compliance with the Code on an annual basis and the declaration to this effect by the CEO shall appear in the next Annual Report.

### Audit Committee

The Audit Committee has been set up comprising three Non-Executive Independent Directors having sound financial and accounting knowledge :

Mr. K. Vasudevan	-	Independent	-	Chairman
Mr. K. M. Poddar	-	Independent	-	Member
Mr. V. D. Mohile	-	Independent	-	Member

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

The first meeting of the committee was held on 28.4.2006, which was attended by Mr. K. Vasudevan and Mr. K. M. Poddar. Also, Mr. P. P. Gupta, Managing Director, Mr. P. K. Lohia, Vice President (Finance) and Mr. N. M. Bachhawat, Sr. Dy. General Manager (Accounts) were present as invitees.

The Audit Committee was 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 does not have a Remuneration Committee. The Board of Directors determines the remuneration of Directors, subject to the approval of shareholders, if necessary.

### Shareholders'/ Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee has been set up comprising three Non-Executive Independent Directors as under :

Mr. K. M. Poddar	-	Independent	-	Chairman
Mr. K. Vasudevan	-	Independent	-	Member
Mr. V. D. Mohile	-	Independent	-	Member

To expedite the process of share transfers, Mr. N. Brahma, Company Secretary has been delegated the power by the Board of Directors, to approve the share transfers/transmissions and redressal of grievances of shareholders. If, any of the complaints cannot be redressed by Mr. N. Brahma, the same shall be placed before the Committee and resolved.

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

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### General Body Meetings

Particulars of AGM/EGM for the last three years :

Financial Year Ended	Day & Date	Venue	Time	No. of Special Resolutions Passed
31st March, 2003	Saturday, 27th September, 2003	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10 a.m.	1
31st March, 2004	Saturday, 25th September, 2004	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11 a.m.	3
31st March, 2005	Saturday, 17th September, 2005	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11 a.m.	1

No special resolutions were passed in the last year through postal ballot.

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

### 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, preferential issues etc. during the year.
6. 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 - Kolkata & Mumbai  
Aajkaal (Regional) - Kolkata

The Quarterly Results have also been sent to the Stock Exchanges pursuant to the listing agreement.

No official news releases have been displayed and no presentations have been made to Institutional Investors or to the Analysts during the year.

### General Shareholder Information

1. The 43rd Annual General Meeting is scheduled to be held on Saturday, the 23rd day of September, 2006 at 11.00 a.m. at "The Calcutta School of Music", 6B, Sunny Park, Kolkata-700019.
2. Financial Year : April to March
3. Financial Calendar (Reporting of Financial Results) : By last week of the month subsequent to the ending month of the quarter.
4. Date of Book Closure : From 16th September, 2006 to 23rd September, 2006 (both days inclusive)



## REPORT ON CORPORATE GOVERNANCE (Contd.)



5. Dividend Payment Date : Within thirty days of declaration
6. Listing on Stock Exchanges : Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001.  
The Calcutta Stock Exchange Association Limited  
7, Lyons Range, Kolkata - 700001.
7. Stock Code  
- Bombay Stock Exchange Limited : 505397  
- The Calcutta Stock Exchange  
Association Limited : 030122
8. Market Price Data :

Stock Exchange	BSE	
Month	High	Low
2005 April	16.10	12.67
May	15.33	13.11
June	16.11	12.90
July	15.17	12.78
August	32.22	12.22
September	29.54	24.91
October	30.90	23.96
November	34.33	25.00
December	35.60	25.40
2006 January	44.33	25.62
February	57.59	37.30
March	72.45	48.00

The shares of the Company have not been traded in The Calcutta Stock Exchange Association Limited during the financial year ended 31st March, 2006.

The market price data given above is the adjusted price of shares consequent upon the Bonus Issue in the ratio of 4 : 5 and Sub-Division of shares from Rs. 10/- to Rs. 2/- taken place during the financial year.

9. Comparison of Stock Performance with BSE Sensex :

Month	Price at BSE			BSE Sensex		
	Opening	Closing	Change (%)	Opening	Closing	Change (%)
2005 April	13.17	15.31	16.25	6605.04	6154.44	-6.82
May	14.54	14.33	-1.44	6195.15	6715.11	8.39
June	14.43	13.11	-9.15	6729.90	7119.88	5.79
July	13.75	13.33	-3.05	7210.77	7635.42	5.89
August	13.56	27.36	101.77	7669.45	7805.43	1.77
September	27.06	25.56	-5.54	7876.15	8634.48	9.63
October	25.19	27.61	9.61	8697.65	7892.32	-9.26
November	26.24	32.35	23.29	8072.75	8788.81	8.87
December	32.50	27.55	-15.23	8944.78	9397.93	5.07
2006 January	28.00	42.16	50.57	9390.14	9919.89	5.64
February	40.90	47.60	16.38	9859.26	10370.24	5.18
March	49.32	72.45	46.90	10565.47	11279.96	6.76

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

10. Registrar and Transfer Agents : Niche Technologies Pvt. Limited  
D-511, Bagree Market, 5th Floor  
71, B.R.B.B. Road  
Kolkata – 700001.  
Tel : (033) 2234-2318 / 3576, 2235-7270 / 7271  
Fax : (033) 2215-6823

11. Share Transfer System :

The share transfers in physical form are processed within 15 days from the date of receipt of the valid documents and the Company Secretary is authorized and empowered to approve the transfers subject to the supervision of Board of Directors and the Shareholders / Investors Grievance Committee.

12. (i) Distribution of Shareholding as on 31st March, 2006 :

Slab	No. of Shareholders		No. of Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 500	862	79.082	129694	1.365
501 - 1000	116	10.642	83504	0.879
1001 - 5000	91	8.349	177285	1.867
5001 - 10000	5	0.459	39896	0.420
10001 - 100000	7	0.642	176399	1.857
100001 & Above	9	0.826	8891462	93.612
<b>Total</b>	<b>1090</b>	<b>100.000</b>	<b>9498240</b>	<b>100.000</b>

(ii) Shareholding Pattern as on 31st March, 2006 :

Shareholders (Category)	No. of Shares held	% of Total Shares
Promoters	5720284	60.225
Private Corporate Bodies	3291590	34.655
Indian Public	482922	5.084
Non-Resident Indians (NRIs)	2033	0.021
Others (Clearing Members)	1411	0.015
<b>Total</b>	<b>9498240</b>	<b>100.000</b>

The distribution of shareholding and the shareholding pattern as above, has been stated on the basis of Rs.10/- per share, because the confirmation for sub-division was received after 31st March, 2006.

13. 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 are given below :-

Name of the Depository	No. of Shares	% of Total Share Capital
National Securities Depository Limited	8988119	94.63
Central Depository Services (India) Limited	28558	0.30



## REPORT ON CORPORATE GOVERNANCE (Contd.)

14. The Company has not issued any GDRs / ADRs / Warrants or any Convertible Instruments.
15. Plant Locations : Not Applicable.
16. Address for Correspondence : Techno Electric & Engineering Company Limited  
P-46A, Radha Bazar Lane  
Kolkata – 700001.  
Tel : (033) 2225-4671, 2225-4472, 2225-3276  
Fax : (033) 2225-4478  
E-Mail : techno@cal.vsnl.net.in

### Compliance with Non-Mandatory Requirements

- (1) **The Board :** The Company does not have a Non-Executive Chairman. No tenure has been specified for the Independent Directors. At present, one Director on the Board has tenure in aggregate exceeding nine years.
- (2) **Remuneration Committee :** The Company does not have a Remuneration Committee. The Board of Directors determines the remuneration of Directors, subject to the approval of shareholders, if necessary.
- (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 :** There was no audit qualifications in the Company's financial statements during the year.
- (5) **Training of Board Members :** Presently the Company does not have such training programme.
- (6) **Mechanism for evaluating Non-executive Board Members :** Non-Executive Directors were being evaluated by their own peer in the Board Meeting.
- (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 31st March, 2006, 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 31st March, 2006, there are no investor grievance matters against the Company remaining unattended/pending for more than 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 5th day of July, 2006

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



### **i) Industry Structure and Developments :-**

Electricity assumes a critical role in the overall economic growth of the nation. The Indian Power Sector has come a long way and is currently undergoing a transition due to various legislative and policy measures taken by Ministry of Power, like the Electricity Act, 2003, National Power Policy, 2005, National Tariff Policy, 2006 etc. and the sector has become investor friendly and viable. Major changes have taken place in the Power Industry by the reforms process initiated by the Government. Central level and State level regulators have been established for tariff-setting and licensing of Central and State utilities under the Electricity Act, 2003. To encourage competition in the sector, power generation has been delicensed and Captive Power Plants have been freely permitted. The demand for power is expected to grow by more than 5% annually in comparison to targeted 8% growth in Gross Domestic Product (GDP). To support the targeted growth in GDP, the power supply should be increased by more than 10% annually.

### **ii) Opportunities and Threats :-**

Post enactment of the Electricity Act, 2003 and recent regulatory and policy measures announced by Ministry of Power and the growth in demand for power has created vast opportunities in the sector. The objective of the National Power Policy is to provide electricity to all households in the next 5 years and address issues relating to generation, transmission, distribution, rural electrification, energy conservation and environment. To encourage more private investment, the power sector has been liberalized and have been made investor friendly. Foreign Direct Investments (FDIs) have been allowed in the Power Sector by the automatic approval route of RBI. Under the guidelines of Electricity Act, 2003 all future generation projects are developed under the competitive bidding route. The environment is conducive for growth and investors have shown keen interest in the sector thereby creating new opportunities for the Company. But, there is a threat of adverse changes in policies and regulations, which may affect the operations 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.

### **iv) Outlook :-**

The Government is fast moving in achieving the target of “Electricity for All” by 2012 by liberalizing the power sector through various regulatory and policy initiatives. The committed approach of the Government to bring the supply of power at par with demand by 2012 has created opportunities for your Company. To achieve the per capita consumption of 1000 units by 2012 as envisaged in the National Electricity Plan, it is estimated that a capacity addition of over 1,00,000 MW is required to bridge the supply deficit. The Government has announced 7 Ultra Mega Power Projects of 4000MW each and has invited bids under a public-private configuration. Your Company has successfully participated in various programmes and is taking all possible steps to move further in the growth path.

### **v) Risks and Concerns :-**

Your Company is involved in execution of projects associated with Power Generation and Transmission on a turnkey basis, which is working capital intensive. Therefore, longer execution period, delay in completion of projects and cost overrun etc. are the main areas of risks and concerns for the Company.

### **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 substantially increased to Rs. 250.64 crores from Rs. 115.21 crores during the previous year. The other income has also been increased to Rs. 4.11 crores from Rs. 3.48 crores. The profit after tax has also increased substantially from Rs. 4.90 crores in the previous year to Rs. 12.22 crores during the year.

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

The Company has employed maximum number of employees in all departments to meet the growing business needs in the year under review. There are 300 employees as on 31st March, 2006 and is expected to grow further during the current year. Harmonious relationships have been maintained between the employees and the management at all levels and 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.

## 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 31st March, 2006, the Profit & 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 statement. 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 & 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 from the Directors of the Company, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2006 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, Note No.9 of above Schedule regarding non-provision of accrued liability for leave encashment, to the extent indicated therein and Note No 8 of Part B of Schedule 13 regarding non-provision for diminutions in the value of Long Term Investments to the extent indicated therein being considered temporary in nature by the management, in our opinion and to the best of our information and according to explanations given to us, the Profit & 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 31st March, 2006 and the Profit & 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 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 1st 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. However, Physical verification of Furniture and Fixtures and Office Equipment has not been completed.
- 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 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 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 thereunder are not applicable.
7. In our opinion, the Company has an Internal Audit system commensurate with the size and nature of its 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 31st March, 2006 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 31st March, 2006 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 institutions or banks 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 shares, debentures and other securities.
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 banks 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. According to the information and explanations given to us, on an overall basis, funds raised on short term basis prima facie, have not been used during the year 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 issue 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 5th day of July, 2006

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, 2006**

	<u>Schedule</u> No.	<u>31st March, 2006</u>		<u>31st March, 2005</u>	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	9,49,82,400		5,27,68,000	
Reserves & Surplus	2	<u>26,28,45,853</u>		<u>20,44,96,059</u>	
			35,78,28,253		25,72,64,059
<b>Loan Funds</b>	3		<u>17,23,462</u>		<u>55,43,640</u>
			<u>35,95,51,715</u>		<u>26,28,07,699</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	7,77,91,621		6,87,02,802	
Less: Depreciation		<u>3,90,97,958</u>		<u>3,53,23,078</u>	
<b>Net Block</b>			3,86,93,663		3,33,79,724
<b>Investments</b>	5		12,24,02,604		34,87,50,680
<b>Current Assets, Loans &amp; Advances</b>					
A. Current Assets		67,19,91,880		28,41,42,679	
B. Loans & Advances		<u>5,14,17,474</u>		<u>4,13,36,129</u>	
		<u>72,34,09,354</u>		<u>32,54,78,808</u>	
<b>Less: Current Liabilities &amp; Provisions</b>					
A. Current Liabilities	7	49,45,51,148		42,68,28,912	
B. Provisions		<u>2,49,20,271</u>		<u>1,20,33,743</u>	
		<u>51,94,71,419</u>		<u>43,88,62,655</u>	
<b>Net Current Assets</b>			20,39,37,935		(11,33,83,847)
<b>Deferred Tax Assets/(Liabilities)</b>	8		(54,82,487)		(59,85,322)
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)					
Share Issue Expenses			—		46,464
			<u>35,95,51,715</u>		<u>26,28,07,699</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 5th day of July, 2006		For S. S. KOTHARI & CO. Chartered Accountants (R. N. BARDHAN) Partner Membership No.17270		N. BRAHMA Company Secretary	P. P. GUPTA Managing Director V. D. MOHILE Director

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2006**



	<u>Schedule</u>	<u>2005-2006</u>	<u>2004-2005</u>
	No.	Rs.	Rs.
<b>INCOME</b>			
Operating Income	9	2,50,63,72,711	1,15,20,99,861
Other Income	10	4,11,27,679	3,44,70,382
		<u>2,54,75,00,390</u>	<u>1,18,65,70,243</u>
<b>EXPENDITURE</b>			
(Increase)/Decrease in Inventories	11	8,59,252	24,19,283
Operative, Administrative & Other Expenses	12	2,36,12,76,049	1,10,96,38,030
Interest		21,79,600	4,95,193
Insurance On Keymen Policy		50,55,285	50,55,285
Depreciation		46,04,266	37,62,476
		<u>2,37,39,74,452</u>	<u>1,12,13,70,267</u>
<b>PROFIT</b>			
Profit before Taxation		17,35,25,938	6,51,99,976
Provision for Taxation		4,91,49,025	1,26,13,522
Current Tax including provision for earlier year Rs. 89,025 (Previous year Rs. 13,522)			
Deferred Income Tax		(5,02,835)	34,49,520
Fringe Benefit Tax		26,00,000	—
Security Transaction Tax		54,818	89,670
Profit after Taxation		<u>12,22,24,930</u>	<u>4,90,47,264</u>
Balance brought forward		17,094	3,573
		<u>12,22,42,024</u>	<u>4,90,50,837</u>
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		10,05,00,000	3,70,00,000
Proposed Dividend		1,89,96,480	1,05,53,600
Provision for Tax on Proposed Dividend		26,64,256	14,80,143
Surplus carried to Balance Sheet		81,288	17,094
		<u>12,22,42,024</u>	<u>4,90,50,837</u>
Earning Per Share (Basic & Diluted )		2.57	1.86
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	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 5th day of July, 2006	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> V.D. MOHILE <i>Director</i>

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## SCHEDULES TO THE ACCOUNTS

		<u>31st March, 2006</u>		<u>31st March, 2005</u>	
		Rs.	Rs.	Rs.	Rs.
<b>1. SHARE CAPITAL</b>					
<b>Authorised</b>					
7,49,00,000	Equity Shares of Rs. 2 each (Previous Year -99,80,000 Equity Shares of Rs.10 each)	14,98,00,000		9,98,00,000	
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>10,00,00,000</u>
<b>Issued and Subscribed</b>					
4,74,91,200	Equity Shares of Rs. 2 each Fully Paid up (Previous year -52,76,800 Equity Shares of Rs 10 each)		9,49,82,400		5,27,68,000
			<u>9,49,82,400</u>		<u>5,27,68,000</u>
<b>Of the above</b>					
2,95,000	Equity Shares of Rs. 2 each were allotted as fully paid up pursuant to a contract without payment being received in cash (Previous year 59,000 Equity Shares of Rs.10 each)				
1,31,92,000	Equity Shares of Rs. 2 each were allotted as fully paid up Bonus Shares on 21.12.2004 by capitalisation of Share Premium Account (Previous year 26,38,400 Equity Shares of Rs. 10 each)				
2,11,07,200	Equity Shares of Rs. 2 each were allotted as fully paid up Bonus Shares on 04.11.2005 by capitalisation of Share Premium Account and Free Reserves				
<b>2. RESERVES AND SURPLUS</b>					
<b>Capital Reserve :</b>					
	Profit on re-issue of Forfeited Shares :				
	As per last Account	6,000			6,000
<b>Share Premium Account :</b>					
	As per last Account	3,30,16,000		5,94,00,000	
	Less : Adjusted against Issue of Bonus Shares	<u>3,30,16,000</u>	—	<u>2,63,84,000</u>	3,30,16,000
<b>General Reserve :</b>					
	As per Last Account	17,14,56,965		13,44,56,965	
	Less : Adjustment against issue of Bonus Shares	<u>91,98,400</u>		<u>—</u>	
		16,22,58,565		13,44,56,965	
	Add : Transferred from Profit & Loss Account	<u>10,05,00,000</u>	<u>26,27,58,565</u>	<u>26,27,64,565</u>	<u>3,70,00,000</u>
<b>Profit &amp; Loss Account :</b>					
	Balance as per annexed Account		81,288		17,094
			<u>26,28,45,853</u>		<u>20,44,96,059</u>
<b>3. LOAN FUNDS</b>					
<b>Secured Loans :</b>					
i)	From Banks		17,23,462		55,37,036
ii)	From Others		—		6,604
			<u>17,23,462</u>		<u>55,43,640</u>

## SCHEDULES TO THE ACCOUNTS

### 4. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 31st March 2005	Additions during the year	Sales/Adjustment during the year	Total upto 31st March 2006	Upto 31st March 2005	For the year	On Sales/Adjustment during the year	Total upto 31st March 2006	As at 31st March 2005	As at 31st March 2006
	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	5,09,368	24,059	—	5,33,427	1,86,901	2,10,960
Non-Factory Building	77,81,235	—	—	77,81,235	6,49,155	1,26,834	—	7,75,989	70,05,246	71,320,80
Plant & Machinery	2,92,81,798	22,75,193	—	3,15,56,991	1,57,28,974	13,06,248	—	1,70,35,222	1,45,21,769	1,35,52,824
Office Equipment	1,48,86,518	48,89,142	—	1,97,75,660	1,01,32,614	18,76,538	—	1,20,09,152	77,66,508	47,53,904
Furniture & Fixture	38,16,804	1,66,353	—	39,83,157	33,60,172	1,46,548	—	35,06,720	4,76,437	4,56,632
Construction Vehicle	54,49,327	13,99,132	6,53,100	61,95,359	24,65,131	5,11,176	3,59,317	26,16,990	35,78,369	29,84,196
Vehicle	66,44,040	18,11,278	7,99,179	76,56,139	24,77,664	6,12,863	4,70,069	26,20,458	50,35,681	41,66,376
<b>Total</b>	<b>6,87,02,802</b>	<b>1,05,41,098</b>	<b>14,52,279</b>	<b>7,77,91,621</b>	<b>3,53,23,078</b>	<b>46,04,266</b>	<b>8,29,386</b>	<b>3,90,97,958</b>	<b>3,86,93,663</b>	<b>3,33,79,724</b>
Figures for the Previous year	6,02,42,474	89,40,078	4,79,750	6,87,02,802	3,19,20,566	37,62,476	3,59,964	3,53,23,078	3,33,79,724	

**Notes:**

1. Gross Block includes Rs. 3,04,214 (Previous year Rs. 3,04,214 ) on revaluation of Plant & Machinery & Construction Vehicles as per Valuer's Report dated 15th June,1977.
2. Conveyance Deeds in respect of Non-Factory Buildings amounting to Rs. 71,96,669 (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	2006		2005	
	Rs.	Nos.	Rs.	Nos.	Rs.
<b>5. INVESTMENTS</b>					
<b>Unquoted</b>					
Fully Paid-Equity Shares:					
Tega India Ltd.	10	7	70	7	70
Techno Leasing & Finance Co.Pvt.Ltd.	10	10	100	10	100
Techno International Ltd.	10	1,70,060	17,00,600	1,70,060	17,00,600
Fully Paid Units with Mutual Funds: *					
Franklin Templeton Mutual Fund	10	—	—	15,62,783	1,56,52,204
J.M.Financial Mutual Fund	10	—	—	2,01,83,976	20,36,35,393
Sundaram Mutual Fund	10	—	—	10,79,561	1,07,95,997
Reliance Mutual Fund	10	—	—	19,62,709	2,00,67,131
Kotak Mahindra Mutual Fund	10	—	—	10,09,622	1,01,09,546
HSBC Mutual Fund	10	51,26,385	5,12,63,850	79,14,371	7,92,48,178
Fully Paid Bonds:					
9.5 % NTC Tax Free Bonds, 2006	1,00,000	100	1,03,59,071	—	—
12 % GEB Bonds, 2009	10,00,000	51	5,66,42,137	—	—
			<u>11,99,65,828</u>		<u>34,12,09,219</u>
<b>Quoted</b>					
Fully Paid-Equity Shares:					
Chambal Fertilizer & Chemicals Ltd.	10	—	—	14,000	4,17,025
Rajinder Steels Ltd	10	—	—	3,900	23,202
GIC Housing Finance Ltd	10	35,000	13,84,532	35,000	13,84,532
Saurashtra Chemicals Ltd **	10	—	—	2,500	—
Punjab Woolcombers Ltd	10	2,350	39,904	2,350	39,904
Mukerian Papers Ltd	10	—	—	3,800	30,941
Ascu Arch Timber Protection Ltd.	10	50,617	10,12,340	50,617	10,12,340
Industrial Development Bank of India	10	—	—	1,25,316	20,20,630
National Aluminium Co.Ltd	10	—	—	10,100	17,29,567
Varun Shipping Co. Ltd.	10	—	—	27,000	8,83,320
			<u>24,36,776</u>		<u>75,41,461</u>
			<u>12,24,02,604</u>		<u>34,87,50,680</u>
Aggregate Value of Unquoted Investments			11,99,65,828		34,12,09,219
Aggregate Value of Quoted Investments					
Book Value			24,36,776		75,41,461
Market Value			23,21,314		1,67,27,368
* Represents Short term Investment					
** Received pursuant to Scheme of arrangement with Birla VXL Ltd.					



## SCHEDULES TO THE ACCOUNTS



	<u>31st March, 2006</u>		<u>31st March, 2005</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. 3 of Part B of Schedule 13 )		6,79,149		15,38,401
<b>Sundry Debtors</b>				
(Unsecured & Considered Good)				
Debts outstanding for a period exceeding six months	34,14,652		81,18,563	
Others	<u>16,75,24,656</u>	17,09,39,308	<u>7,63,40,167</u>	8,44,58,730
Retention Money Receivable (Unsecured & Considered Good)				
Outstanding for a period exceeding six months	3,15,03,954		40,17,971	
Others	<u>7,41,14,174</u>	10,56,18,128	<u>4,07,94,361</u>	4,48,12,332
<b>Cash and Bank Balances</b>				
Cash in hand (As certified)		36,29,397		23,19,247
<b>Balance with Scheduled Banks</b>				
On Current Account	19,67,80,486		6,56,78,492	
On Fixed Deposits	19,40,56,472		8,53,06,537	
On Margin Deposit	<u>2,88,940</u>	<u>39,11,25,898</u>	<u>28,940</u>	<u>15,10,13,969</u>
		<u>67,19,91,880</u>		<u>28,41,42,679</u>
<b>B. Loans and Advances</b>				
(Unsecured & Considered Good)				
Advances recoverable in cash or in kind or for value to be received		4,78,79,291		3,49,27,682
Income Tax paid in Advance and Tax deducted at source (Net of provision of Rs. 3,12,50,000)		—		37,29,841
Deposits		<u>35,38,183</u>		<u>26,78,606</u>
		<u>5,14,17,474</u>		<u>4,13,36,129</u>

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## SCHEDULES TO THE ACCOUNTS

	<u>31st March, 2006</u>	<u>31st March, 2005</u>
	Rs.	Rs.
<b>7. CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. Current Liabilities :</b>		
Offered to Deities Shree Ganeshji	149	144
Sundry Creditors	16,07,96,011	15,40,74,090
Advance Received from Customers	33,35,15,906	27,25,76,012
Unpaid Dividend	2,39,082	1,78,666
	<u>49,45,51,148</u>	<u>42,68,28,912</u>
<b>B. Provisions :</b>		
Taxation		
Income Tax ( Net of Advance Tax & Tax Deducted at Source Rs. 5,99,91,645)	16,68,355	—
Fringe Benefit Tax ( Net of Advance Tax Rs. 10,08,820)	15,91,180	—
Proposed Dividend	1,89,96,480	1,05,53,600
Tax on Proposed Dividend	26,64,256	14,80,143
	<u>2,49,20,271</u>	<u>1,20,33,743</u>
<b>8. DEFERRED TAX ASSETS/(LIABILITIES)</b>		
Deferred Tax Liabilities :		
Depreciation on Fixed Assets	(54,82,487)	(59,85,322)
	<u>(54,82,487)</u>	<u>(59,85,322)</u>
	<u>2005-2006</u>	<u>2004-2005</u>
	Rs.	Rs.
<b>9. OPERATING INCOME</b>		
Sales	2,50,63,72,711	1,15,20,99,861
	<u>2,50,63,72,711</u>	<u>1,15,20,99,861</u>
<b>10. OTHER INCOME</b>		
Dividend	1,03,81,565	36,25,307
Interest:		
On Loans and Advances	58,80,874	1,79,877
On Investments	76,918	58,20,978
Profit on Sale of Investments (Net)	2,46,54,964	2,47,11,749
Miscellaneous Receipts	1,33,358	1,24,554
Exchange Rate Difference (Net)	—	7,917
	<u>4,11,27,679</u>	<u>3,44,70,382</u>

## SCHEDULES TO THE ACCOUNTS



	<u>2005-2006</u>		<u>2004-2005</u>	
	Rs.	Rs.	Rs.	Rs.
<b>11. (INCREASE) /DECREASE IN INVENTORIES</b>				
Opening Stock :				
Contract Work-in-Progress	15,38,401		39,57,684	
Less: Closing Stock :				
Contract Work-in-Progress	<u>6,79,149</u>	<u>8,59,252</u>	<u>15,38,401</u>	<u>24,19,283</u>
		<u>8,59,252</u>		<u>24,19,283</u>
<b>12. OPERATIVE, ADMINISTRATIVE AND OTHER EXPENSES</b>				
Materials, Stores and Services		2,09,35,58,389		93,58,91,321
Salaries, Wages, Gratuity & Bonus		5,07,53,361		3,89,98,644
Contributions to Provident & Other Funds		28,95,219		30,84,885
Staff Welfare		1,21,20,255		52,73,251
ESI Contribution		1,06,624		1,31,273
Freight & Handling Charges		4,55,94,182		2,52,62,117
Travelling & Conveyance		2,68,29,477		1,56,51,450
Rent		63,72,315		46,63,295
Rates & Taxes		1,21,482		1,65,317
Insurance		1,18,46,078		70,28,049
Sales Tax (Net)		2,44,34,074		82,15,967
Service Tax (Net)		58,13,154		10,32,334
Marketing Commission		5,51,000		7,75,000
Power & Fuel		25,45,836		31,24,036
Hire Charges		37,63,786		30,78,030
Repairs to Plant & Machinery		6,97,656		15,03,303
Managing Director's Remuneration		7,95,000		7,35,000
Directors' Fee		4,000		3,500
Auditors' Remuneration		76,987		81,395
Bank Charges		1,31,05,328		1,31,34,152
Loss on Sale of Fixed Assets (Net)		3,88,893		43,786
Share Issue Expenses Written Off		46,464		46,464
Exchange Rate Difference		2,26,697		—
Miscellaneous		5,86,29,792		4,17,15,461
		<u>2,36,12,76,049</u>		<u>1,10,96,38,030</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 Liquidated Damages, Work Contract Tax, Insurance Claim, Marketing Commission, Export Benefits, Bill Discounting Charges, Interest on Fixed Deposit and on Investment, 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.
- (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 Equipment, 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.

**9. Retirement Benefits**

Liability in respect of Gratuity is provided for in the Accounts, based on actuarial valuation. Leave encashment benefits to employees is accounted for on Cash basis. Accrued liability for leave encashment based on actuarial valuation as on 31st March, 2006 is Rs. 18,06,549 (Previous year Rs. 15,95,000).

**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. Miscellaneous Expenditure**

Share Issue Expenses are written off over a period of ten years.

**13. 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. 8,85,58,163 ( Previous Year Rs. 9,43,46,848)
2. The Company has an approved Gratuity Fund for the Officers and Employees of the Company. The estimated amount of Gratuity payable to Employees based on actuarial valuation as on 31st March, 2006 amounting to Rs. 69,63,175 (Previous Year Rs. 56,73,175) has been provided for in the accounts and paid to the Trustee of Gratuity Fund.
3. Materials and Stores purchased during the year include Stores Rs. 4,47,46,577 (Previous year Rs. 4,22,74,813). The consumption of such materials included in outlay and contract work- in - progress have been taken by the Auditors as certified.
4. Interest paid includes Rs. 60,092 on Term Loans (Previous year Rs. 36,300)
5. Bank Charges are reported net of income by way of interest earned from the banks on fixed deposits amounting to Rs. 1,01,94,727 (Previous year Rs. 12,21,357)
6. The Deferred Tax Asset of Rs. 5,02,835 for the year has been recognised in the profit and Loss Account.
7. Secured Loans :-

	<u>2005-2006</u>	<u>2004-2005</u>
	Rs.	Rs.
(a) From Bank		
(i) Secured against Hypothecation of Components, Raw -Materials, Work-in-Progress, Plant & Machinery, Book Debts & Personal Guarantee of a Director	—	50,00,000
(ii) Secured against Hypothecation of specified Vehicles	17,23,462	5,37,036
(b) From Others		
Secured against Hypothecation of specified Vehicles & Equipments	—	6,604
(c) The Company has created a first charge on the fixed assets except specified Vehicle & Equipments hypothecated against loan and floating charges on book debts in favour of Bankers of the Company for issuing Bank Guarantees and also Fixed Deposit Receipts of Rs. 9,12,81,472 are lodged with the Bankers of the Company as Margin.		

## TECHNO ELECTRIC & ENGINEERING CO. LTD.

### SCHEDULES TO THE ACCOUNTS

- 8 In the opinion of the management, diminutions in the value of certain Long Term Investments Rs. 1,69,430 ( Previous year Rs. 3,30,543 ) are not permanent in nature and hence no provision has been made for the same.
9. Fixed Deposits amounting to Rs. 25,75,000 are lodged with clients as Security Deposits.
10. To the extent identified from available information, there is no amount due to SSI units as on 31st March, 2006.

11. Investments :

Investments purchased & sold during the year

	Units	Nos.	Face Value Rs.
HSBC Mutual Fund	”	32611198.401	10
J. M. Financial Mutual Fund	”	66438784.164	10
Birla Sun Life Mutual Fund	”	969621.620	10
Reliance Mutual Fund	”	3021442.213	10
HDFC Mutual Fund	”	1994051.294	10
Franklin Templeton Mutual Fund	”	16492.645	10
Sundaram Mutual Fund	”	9390.138	10
Kotak Mahindra Mutual Fund	”	8610.387	10
UTI Mutual Fund	”	995551.644	10
12 % GEB Bonds, 2009	Bonds	50	1000000
7.8 % Apgenco Bonds, 2014	”	50	1000000
7.5 % Bank of India Bonds, 2015	”	50	1000000
7.5 % ICICI Bank Bonds, 2015	”	50	1000000
National Aluminium Company Ltd	Shares	69100	10
Gujarat Heavy Chemicals Ltd	”	36000	10
Hindustan Motors Ltd	”	12000	10
National Steel & Agro Industries Ltd	”	1000	10

	<u>2005-2006</u>	<u>2004-2005</u>
12. Remuneration to Managing Director :	Rs.	Rs.
Salary	7,95,000	7,35,000
Contribution to Provident Fund	95,400	88,200
Perquisites	71,236	60,105
	<u>9,61,636</u>	<u>8,83,305</u>
13. Remuneration to Auditors :		
Audit Fees	61,732	60,610
Tax Audit Fees	5,612	5,510
Certification Work & Other	9,643	15,275
	<u>76,987</u>	<u>81,395</u>



## SCHEDULES TO THE ACCOUNTS



### 14. Additional Information :

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

	Unit	2005-2006		2004-2005	
		Qty.	Value Rs.	Qty.	Value Rs.
Steel	M.T.	11,545	31,01,93,178	6,695	18,81,19,580
Cement	M.T.	17,677	5,91,87,335	8,853	2,60,84,773
Pipes & Tubes	MTR.	1,30,845	11,24,52,702	22,828	1,74,15,179
Sub-Station Structures	M.T.	1,900	6,40,63,982	2,169	6,37,64,058
Valves	Nos.	1,378	66,47,278	589	80,30,092
Insulators & Fittings	Nos.	1,18,239	3,07,12,968	18,083	3,62,30,024
Power & Control Cables	MTR.	62,57,394	26,61,02,532	3,85,822	2,97,00,333
Transformer	Nos.	1,691	29,03,73,752	345	4,66,89,499
Surge Arrestor	Nos.	4,816	76,82,182	314	58,49,371
Control & Relay Panel	Nos.	3,662	18,45,49,614	78	1,80,31,524
Isolators	Nos.	4,593	3,53,21,858	297	2,28,89,909
Circuit Breaker	Nos.	270	6,36,65,405	55	5,73,49,377
PLCC Equipment	Nos.	37	50,49,125	102	1,98,40,554
Cable Tray and Flexible Support	Nos.	4,60,612	10,06,59,621	1,21,781	3,71,82,115
Distribution Board	Nos.	49	56,64,493	20	55,31,510
Motor & Pumps	Nos.	115	99,04,400	67	71,14,503
Steam Turbine	Nos.	1	6,14,19,853	1	5,24,86,875
Damper	Nos.	—	—	6	61,09,908
DG Set	Nos.	5	1,67,47,059	—	—
Others			29,74,65,094		15,15,73,536
			<u>1,92,78,62,431</u>		<u>79,99,92,720</u>

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

B. Detail of Sales :	Unit	2005-2006		2004-2005	
		Qty.	Value Rs.	Qty.	Value Rs.
Fuel Oil Handling Plant	Nos.	6	14,50,46,602	2	2,33,69,195
Comprehensive Electrical System	Nos.	5	35,45,73,007	2	9,36,82,942
Sub-Station/Switchyard (EHT)	Nos.	9	35,46,84,841	10	55,25,74,674
Captive Power Plant & Balance of Plant	Nos.	2	43,21,99,891	3	24,13,90,328
Power Distribution Net Work (HT)	Nos.	8	1,01,69,43,833	2	5,16,36,501
Others			20,29,24,537		18,94,46,221
			<u>2,50,63,72,711</u>		<u>1,15,20,99,861</u>

#### C. Consumption of Imported and Indigenous Raw-Materials & Stores and the percentage thereof :

	2005-2006		2004-2005	
	%	Value Rs.	%	Value Rs.
Indigenous	95	1,83,30,34,111	89	70,83,51,200
Imported	5	9,48,28,320	11	9,16,41,520
		<u>1,92,78,62,431</u>		<u>79,99,92,720</u>

# TECHNO ELECTRIC & ENGINEERING CO. LTD.

## SCHEDULES TO THE ACCOUNTS

	<u>2005-2006</u>	<u>2004-2005</u>
	Rs.	Rs.
D. CIF Value of Imports :		
Materials	9,01,60,043	8,30,12,884
Capital Goods	—	1,38,600
	<u>9,01,60,043</u>	<u>8,31,51,484</u>
E. Earnings in Foreign Exchange :		
Export of Goods		
Deemed Export Under		
Global Tender at Ex-works value.	6,00,07,044	7,78,38,753
	<u>6,00,07,044</u>	<u>7,78,38,753</u>
F. Expenditure in Foreign Currency :		
i) Travelling	1,86,008	81,483
ii) Technical Services	32,90,222	—
ii) Others	6,361	4,011
	<u>34,82,591</u>	<u>85,494</u>
15. Earnings Per Share :		
Profit/(Loss) after taxation as per Profit and Loss Account	12,22,24,930	4,90,47,264
Weighted average number of Equity Shares outstanding	4,74,91,200	2,63,84,000
Basic and diluted Earning Per Share in Rupees (Face Value Rs. 2 per Share)	2.57	1.86

### 16. Segment Reporting :

- a) 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 table given below :

	For the year ended 31st March, 2006			For the year ended 31st March, 2005		
	Construction Rs.	Corporate Rs.	Total Rs.	Construction Rs.	Corporate Rs.	Total Rs.
A. REVENUE						
1. Sales	2,50,63,72,711	—	2,50,63,72,711	1,15,20,99,861	—	1,15,20,99,861
2. Others	1,33,358	4,09,94,321	4,11,27,679	1,32,471	3,43,37,911	3,44,70,382
3. Total Revenue	2,50,65,06,069	4,09,94,321	2,54,75,00,390	1,15,22,32,332	3,43,37,911	1,18,65,70,243
B. RESULT						
1. Segment result/Operating Profit before tax and interest	13,47,57,681	4,09,47,857	17,57,05,538	3,14,03,722	3,42,91,447	6,56,95,169
2. Interest expenses	—	—	21,79,600	—	—	4,95,193
3. Provision for Income tax	—	—	5,13,01,008	—	—	1,61,52,712
4. Net Profit	—	—	12,22,24,930	—	—	4,90,47,264
C. OTHER INFORMATION						
1. Segment assets	76,21,03,017	12,24,02,604	88,45,05,621	35,51,28,691	35,25,26,985	70,76,55,676
2. Segment liabilities	49,60,35,528	38,84,70,093	88,45,05,621	43,21,93,886	27,54,61,790	70,76,55,676
3. Capital expenditure	1,05,41,098	—	1,05,41,098	89,40,078	—	89,40,078
4. Depreciation	46,04,266	—	46,04,266	37,62,476	—	37,62,476
5. Non cash expenses other than depreciation	—	46,464	46,464	—	46,464	46,464

## SCHEDULES TO THE ACCOUNTS



17. Related Party disclosures under Accounting Standard 18 :

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

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

b) Transactions during the year :

<u>Name</u>	<u>Relationship</u>	<u>Services Received</u>	<u>Remuneration</u>	<u>Outstanding as at 31st March, 2006</u>	<u>Amount written off/written back</u>
		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Techno International Ltd.	Associates	1,72,245 (5,38,750)	— (—)	— (—)	— (—)
Mr. P. P. Gupta (Managing Director)	Key Management Personnel	— (—)	9,61,636 (8,83,305)	— (—)	— (—)

Figures in Brackets relates 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 Registration No.**     2 5 8 9 8  
**Balance Sheet Date**     3 1 0 3 2 0 0 6

State Code   2 1

**II Capital raised during the year (Amount in Rs. Thousand)**

Public Issue  
      N I L  
 Bonus Issue  
    4 2 2 1 4

Right Issue  
      N I L  
 Private Placement (Rs.)  
      N I L

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

Total Liabilities  
    8 8 4 5 0 6

Total Assets  
    8 8 4 5 0 6

**Sources of Funds :**

Paid-up Capital  
    9 4 9 8 2  
 Secured Loans  
    1 7 2 3

Reserve & Surplus  
    2 6 2 8 4 6  
 Unsecured Loans  
    N I L

**Application of Funds :**

Net Fixed Assets  
    3 8 6 9 4  
 Net Current Assets  
    1 9 8 4 5 5

Investments  
    1 2 2 4 0 2  
 Misc. Expenditure  
    N I L

Including Deferred Tax Liabilities 5482

+ -  
  +

Accumulated Loss  
    N I L

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

Turnover  
    2 5 4 7 5 0 0  
 Profit Before Tax  
    1 7 3 5 2 6

Total Expenditure  
    2 3 7 3 9 7 4  
 Profit After Tax  
    1 2 2 2 2 5

Earning Per Share (Rs.)  
    2 . 5 7  
 (Basic & diluted)

Dividend Rate (%)  
    2 0

**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 5th day of July, 2006

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

N. BRAHMA  
*Company Secretary*

P. P. GUPTA  
*Managing Director*  
 V. D. MOHILE  
*Director*

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006



	<i>2005-2006</i>	<i>2004-2005</i>
	Rs.	Rs.
<b>A. Cash Flow from Operating Activities :</b>		
<b>Net Profit before Tax and Extraordinary Items</b>	17,35,25,938	6,51,99,976
Adjustments for :		
Depreciation	46,04,266	37,62,476
(Profit)/Loss on Sale of Fixed Assets	3,88,893	43,786
Share Issue Expenses Written off	46,464	46,464
Interest/Dividend Income	(1,63,39,357)	(96,26,162)
(Profit) /Loss on Sale of Investments (Net)	(2,46,54,964)	(2,47,11,749)
Interest Paid	21,79,600	4,95,193
 <b>Operating Profit before Working Capital Changes</b>	 <b>13,97,50,840</b>	 <b>3,52,09,984</b>
Adjustments for :		
Trade and other receivables	(16,10,97,560)	(4,24,79,596)
Inventories	8,59,252	1,05,27,111
Trade Payables	6,77,22,236	25,23,31,303
 <b>Cash generated from operations</b>	 <b>4,72,34,768</b>	 <b>25,55,88,802</b>
Interest Paid	(21,79,600)	(4,95,193)
Direct taxes Paid (Net of refunds)	(4,48,14,467)	(1,35,21,271)
 <b>Cash Flow before Extraordinary Items</b>	 <b>2,40,701</b>	 <b>24,15,72,338</b>
Extraordinary Items	—	—
 <b>Net Cash Flow from Operating Activities</b>	 <b>2,40,701</b>	 <b>24,15,72,338</b>
 <b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(1,05,41,098)	(89,40,078)
Sale of Fixed Assets	2,34,000	76,000
(Increase)/Decrease in Investments	25,10,03,040	(17,11,73,293)
Interest Income	59,57,792	60,00,855
Dividend Income	1,03,81,565	36,25,307
 <b>Net Cash used in Investing Activities</b>	 <b>25,70,35,299</b>	 <b>(17,04,11,209)</b>

**TECHNO ELECTRIC & ENGINEERING CO. LTD.****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**

	<u>2005-2006</u>	<u>2004-2005</u>
	Rs.	Rs.
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	(38,20,178)	(27,14,535)
Dividend paid	(1,20,33,743)	(59,52,890)
<b>Net Cash used in Financing Activities</b>	<u>(1,58,53,921)</u>	<u>(86,67,425)</u>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A + B + C)</b>	24,14,22,079	6,24,93,704
Opening Balance of Cash & Cash Equivalents	15,33,33,216	9,08,39,512
Closing Balance of Cash & Cash Equivalents	39,47,55,295	15,33,33,216

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 5th day of July, 2006

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

N. BRAHMA  
*Company Secretary*

P. P. GUPTA  
*Managing Director*  
V. D. MOHILE  
*Director*