



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>
Ajay Relan	— <i>Non-Executive Director</i>

Company Secretary

N. Brahma

Bankers

Vijaya Bank
State Bank of India
IDBI Bank
ICICI Bank
ABNAMRO Bank
Standard Chartered Bank
Allahabad Bank
YES Bank
Citibank N.A.

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

3F, Park Plaza
71, Park Street
Kolkata - 700 016

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 45th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	Year ended 31st March, 2008 (Rs. in lacs)	Year ended 31st March, 2007 (Rs. in lacs)
Profit before Interest & Depreciation	6222.26	4219.98
Less : Interest	29.87	18.46
Depreciation	60.24	54.52
Profit before Tax	6132.15	4147.00
Provision for Taxation (including Deferred Income Tax, Fringe Benefit Tax and Security Transaction Tax)	1226.36	1344.96
Profit after Taxation	4905.79	2802.04
Balance brought forward from previous year	3.24	0.81
	<u>4909.03</u>	<u>2802.85</u>

APPROPRIATIONS

Transfer to General Reserve	4240.00	2475.00
Proposed Dividend	570.91	277.46
Provision for tax on Proposed Dividend	97.03	47.15
Surplus carried to Balance Sheet	1.09	3.24
	<u>4909.03</u>	<u>2802.85</u>

DIVIDEND

Your Directors have recommended a dividend of 50% (previous year 25%) on Paid-up Equity Share Capital, i.e. Re. 1/- per equity share of Rs. 2/- each.

REVIEW OF THE OPERATIONS

The Company has achieved a turnover of Rs. 42955.84 lacs as compared to Rs. 35264.82 lacs and profit after tax of Rs. 4905.79 lacs as compared to Rs. 2802.04 lacs during the previous year. The Company has registered an impressive growth in the face of stiff competition, increase in equipment and material costs etc., because of efficient planning and management and completion of projects as per schedule.

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

- 40% Fixed Series Compensation Package for 400 KV D/C Khandwa-Seoni Transmission Line at Khandwa Sub-Station in partnership with M/s. Nokian Capacitors, Finland for Power Grid Corporation of India Ltd.
- Transmission system improvement project for 400/220/132 KV Sub-Stations at Dichpally and at Gajwel of APTRANSCO.
- 132/33 KV Sub-Station in the Districts of Bankura, Hooghly and Bardhaman on turnkey basis for WBSEB.
- 220/33 KV Sub-Station at Durgapur and 132/33 KV Sub-Station at Jamuria for Damodar Valley Corporation.
- 2 x 100 MVA, 220/132 KV Sub-Station at Bhadrak of Orissa Power Transmission Corporation Ltd.
- Strengthening and improvement of Sub-transmission and Distribution Network in Lakhimpur Electrical Circle of ASEB.
- Cabling, Earthing and Lightning Protection Systems for 2 x 250 MW Mejia TPS, Units 5 & 6 of DVC, 1 x 500 MW Birsinghpur STPP, Unit 5 of MPSEB through BHEL.
- Fuel Oil Handling System Package for 2 x 250 MW Mejia TPS Units 5 & 6 of DVC and for Amarkandak TPS of MPSEB from BHEL and Condensate Storage System/Tank Package for Units 4 & 5 at Bhakreswar TPS from BHEL.
- Construction Power Package (Part-A) for Bina Refinery Project at Bina, MP for Bharat Oman Refinery Ltd.

The works for Fuel Oil Unloading and Storage System and Station Piping package for Barh STPP (3 x 660 MW) of NTPC Ltd; Cabling, Earthing and Lightning Protection Package for 2 x 250 MW Chandrapura TPS, Units 7 & 8 from BHEL; Yard Piping for NALCO Captive Power Plant, Phase-II; Sub-Station Package (Package A & D) 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.; Aluminium Busbar fabrication and installation package (Part-A, C & D) at Aluminium Smelter Plant at Angul, Phase-II expansion of NALCO; Rural Electrification work in the Districts of Saran & Siwan and Gopalganj under 'RGGVY' from PGCIL are progressing satisfactorily and are expected to be completed during the year as per schedule.

During the year the Company has bagged many prestigious orders, the major amongst them, are for Setting up of 2 x 40 MW Waste Heat Recovery based Power Plant for Bengal Energy Limited; Fuel Oil Handling System for 2 x 600 MW Hisar TPP at Hisar, Haryana through Reliance Energy Limited; Ash Water



DIRECTORS' REPORT (Contd.)

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; Water Intake system for 2 x 500 MW Simhadri TPS of NTPC Limited; Fabrication and Installation of Aluminium Bus Bar System at Jharsuguda Smelter Complex of Vedanta Aluminium Ltd; Turnkey execution of 400 KV GSS at Hindaun, Jaisalmer and Barmer (Extension) Sub-Stations of Rajasthan Rajya Vidut Prasaran Nigam Ltd; EPC construction of 2 Nos. 400 KV Line Bays for Vijayawada TPS, Stage-IV, Unit-7 of APGENCO; EPC Construction of 132/33 KV Sub-Station at Kurseong of West Bengal State Electricity Transmission Co. Ltd; 132 KV Receiving Station at Bina Refinery Project of Bharat Oman Refinery Ltd at Bina (M.P); Power Distribution Package at Bhatinda Refinery Project of HPCL-Mittal Energy Ltd; Power Distribution Package in setting up of Coach Factory of East Central Railway at Harnaut, Bihar; Electrical Installation work for New Parli TPS, Unit-2 (250 MW) and for Paras TPS, Unit-2 of MSPGCL and Sub-Station Package (Package-C) for Sub-Transmission System associated with BSTS, Phase-II, Part-II of BSEB from PGCIL.

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

Your Company has ambitious programme to be a major power producer in the field of Non-conventional Energy through setting up of Bio-Mass Power Generating Units all over the country and has already obtained licenses for 2 Nos Units and obtained permission 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. These projects are programmed to be completed during the year 2009-10. These projects are being taken up through a special purpose vehicle and are fully owned by your Company.

Your Company has also been selected as a 'Franchisee' for power distribution for Barwala & Narnaund Sub-Divisions of Hisar Circle by Dakshin Haryana Bijli Vitran Nigam, Haryana. The agreement is under negotiation and is scheduled to be signed shortly. The total load involved is 85 MVA with a consumer base of +55000.

FUTURE OUTLOOK

The key concern in the power sector is that the capacity addition has not been in commensurate with the increase in demand for power. After dismal performance in the 10th plan the government set another ambitious target for the 11th plan of 78577 MW. In the first year of the plan i.e., 2007-08 an addition of 9263 MW was made which is again 57% of the target of 16336 MW. Although the annual rate of capacity addition has improved

significantly over last 2 years, it has to double to meet the ambitious target set for the 11th plan period. However the silver lining is the projects over 53300 MW are under construction comprising 68% of the total 11th plan target.

Taking note of the various constraints like fuel availability, equipment crunch both for main equipment and Balance of Plant, the Government has revived the system of allotting coal blocks to Power Generating companies and also expressed the need of setting up of more equipment manufacturing companies like BHEL. The competitive bidding route for setting up/developing Ultra Mega Power Project in Private Sector with all clearances in place is a step in right direction. With efforts being made on almost all the fronts to address these bottlenecks, it is likely that performance during the 11th Plan will be much better than the 10th Plan.

To achieve the inter-regional power transmission capacity of 37150 MW by 2012 through creation of transmission super highways, the Government plans to set up a number of 765 KV Sub-Stations interconnected with matching transmission lines. In addition, the state Grids are also being up-graded to 400 KV from the present network of 220/132 KV. The focus is to utilize the unevenly distributed generation resources in the country to their optimal use by creating stable and reliable National Grid.

In the power distribution segment the emphasis is to reduce the huge technical and commercial losses through Accelerated Power Development and Reform Programme (APDRP) schemes for Urban/semi-Urban areas and through Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for rural areas as recommended by the task force constituted by the Ministry of Power. Now the RGGVY Scheme has come under the ambit of Bharat Nirman.

Your Company has active participation in all the above mentioned schemes and has already bagged certain prestigious orders. Further, the Company has availed new opportunities in the Power Sector through diversification like setting up of Bio-Mass based Power Generation projects under Non-conventional Energy scheme, to be a Power Distributor as 'Franchisee' and your Company will continue to explore all possibilities to reap the benefits of the same.

DIRECTORS

Mr. K. Vasudevan, 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 Vasudevan 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;

DIRECTORS' REPORT (Contd.)

- 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, 2008 are on a going-concern basis.

AUDITORS

The Auditors M/s S S Kothari & Co., 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 made allotment of 16,00,000 Equity Shares of Rs. 2/- each at a premium of Rs. 78/- per share to Citigroup Venture Capital International Growth Partnership Mauritius Limited, its associated Trustees and a Promoter Group Company on conversion of 16,00,000 convertible warrants resulting in increase in the Issued, Subscribed and Paid up Capital from Rs. 11,09,82,400/- comprising 5,54,91,200 Equity Shares of Rs. 2/- each to Rs. 11,42,82,400/- comprising 5,70,91,200 Equity Shares of Rs.2/- each.

CORPORATE GOVERNANCE

The Company strongly believes in better Corporate Governance and all efforts have been made to adhere to the same. 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.

Place : Kolkata
Dated : The 27th day of June, 2008

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	—	Rs. 2547.31 lacs
(under deemed export)		
Foreign Exchange Outgo	—	Rs. 57.76 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*
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, 2008.

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 27th day of June, 2008

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 continues with its commitment to good Corporate Governance. To attain its corporate objectives, the Company is committed to maintain high standards of ethical behavior and to serve the shareholders and other stakeholders with honesty, fairness and integrity and to provide professional environment for the employees and to encourage accountability at all levels of management. All efforts are being taken to implement the essence of Corporate Governance i.e. transparency, accountability, investor protection and compliance with statutory laws, rules and regulations and value creation for shareholders and other stakeholders.

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 six members, out of which Four members are Non-Executive Independent and One member is Non- Executive. The Company has an Executive Chairman (Managing Director).

Five meetings of the Board have been held during the year on 28.04.2007, 12.06.2007, 28.07.2007, 29.10.2007, 28.01.2008.

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	—	—	4	Yes
Mr. K.M.Poddar Director	Independent Non-Executive	2	—	—	4	No
Mr. V.D. Mohile Director	Independent Non-Executive	1	—	—	5	Yes
Mr. K. Vasudevan Director	Independent Non-Executive	1	2	—	5	Yes
Mr. K. K. Rai Director	Independent Non-Executive	4	—	2	5	Yes
Mr. Ajay Relan Nominee Director	Non-Executive	11	—	—	—	No

Details of Directors seeking appointment/reappointment

Mr. K. Vasudevan (Non-Executive Independent Director) aged about 68 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 and also 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.

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.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Directors' Shareholding

As on 31st March, 2008, Mr. P.P. Gupta, Mr. V.D. Mohile and Mr. K. K. Rai hold 153000, 9000 and 1000 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 31st March, 2008.

Audit Committee

The Audit Committee comprises four Non-Executive Independent Directors and One Non-Executive Director 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. Ajay Relan	-	Non-Executive	-	Member

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

Five meetings of the Audit Committee were held on 28.04.2007, 12.06.2007, 28.07.2007, 29.10.2007, 28.01.2008. 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. Ajay Relan, Member	Nil

Also, Mr. P.P. Gupta, Managing Director, Mr. P. K. Lohia, Vice President (Finance), Mr. N. M. Bachhawat, Sr. Dy. General Manager (Accounts) and representatives of the Statutory Auditors of the Company were present at the meetings.

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 comprises three Non-Executive Independent Directors. The Chairman is Mr. K. M. Poddar and the other members are Mr. K. Vasudevan and Mr. V. D. Mohile.

During the year no complaint has been received by the Company.

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

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
31st March, 2005 AGM	Saturday, 17th September, 2005	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11 a.m.	1
31st March, 2006 AGM	Saturday, 23rd September, 2006	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11 a.m.	1
31st March, 2007 AGM	Saturday, 25th August, 2007	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 a.m.	Nil
EGM	Saturday, 18th March, 2006	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 a.m.	3
EGM	Saturday, 19th October, 2006	Bharatiya Bhasa Parishad 36A, Shakespeare Sarani, Kol-17	3.00 p.m..	1
EGM	Saturday, 13th January, 2007	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	10.30 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, etc. during the year. However, the Company has received money amounting to Rs. 11,52,00,000/- being the outstanding amount on 16,00,000 convertible Equity Warrants and has allotted 16,00,000 equity shares on conversion of those Warrants and proper disclosure has been made in the Annual Report.
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	-	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 EDIFAR system of SEBI. Further, the financial and other information(s) are also available at the Company's website www.techno.co.in.

General Shareholder Information

1. The 45th Annual General Meeting is scheduled to be held on 26th day of July, 2008 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 22nd July, 2008 to 26th July, 2008 (both days inclusive)
5. Dividend Payment Date : Within 30 days of declaration

REPORT ON CORPORATE GOVERNANCE (Contd.)



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 2008-09 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	
2007	April	105.00	92.15	76667	110.00	92.70	8749	
	May	113.00	100.25	71437	112.05	100.30	17078	
	June	107.95	94.05	51919	108.00	92.50	14620	
	July	137.20	93.50	290654	136.10	92.50	143459	
	August	118.20	88.60	155759	119.50	91.00	66438	
	September	129.85	102.00	185419	122.00	105.00	49708	
	October	175.00	104.55	491778	187.20	105.00	384141	
	November	220.00	152.70	480856	220.00	153.25	310107	
	December	324.40	197.05	515753	320.65	195.65	304032	
	2008	January	369.90	230.00	3824237	369.90	226.50	2719548
		February	278.10	225.55	92353	277.00	230.35	243784
		March	268.90	173.00	520500	264.50	170.00	848842

The shares of the Company have not been traded in The Calcutta Stock Exchange Association Limited during the Financial Year ended 31st March, 2008.

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

Month	Price at BSE			BSE Sensex				
	Opening	Closing	Change (%)	Opening	Closing	Change (%)		
2007	April	98.00	100.95	3.01	12812	13872	8.28	
	May	105.95	107.00	0.99	13988	14544	3.98	
	June	105.05	98.50	-6.24	14610	14651	0.28	
	July	100.00	109.55	9.55	14685	15551	5.90	
	August	105.05	113.75	8.28	15344	15319	-0.17	
	September	123.40	111.30	-9.81	15402	17291	12.27	
	October	104.60	169.80	62.33	17357	19838	14.29	
	November	174.50	199.85	14.53	20130	19363	-3.81	
	December	204.65	293.90	43.61	19547	20287	3.79	
	2008	January	298.30	262.95	-11.85	20325	17649	-13.17
		February	242.05	275.15	12.28	17821	17579	-1.36
		March	268.90	222.55	-17.24	17228	15644	-9.19

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 (%)
2007 April	103.65	101.60	-1.98	3820	4088	7.01
May	106.70	107.05	0.99	4089	4296	5.05
June	107.00	98.95	-7.52	4296	4318	0.52
July	100.00	105.15	5.15	4318	4529	4.87
August	108.00	112.40	4.07	4529	4464	-1.43
September	111.00	109.80	-1.08	4467	5021	12.42
October	109.00	172.05	57.84	5022	5901	17.51
November	173.00	194.25	12.28	5904	5763	-2.39
December	199.40	292.15	46.51	5765	6139	6.47
2008 January	296.00	264.65	-10.59	6137	5137	-16.28
February	264.40	275.65	4.25	5141	5224	1.61
March	263.00	228.35	-13.17	5223	4735	-9.35

9. Registrar and Transfer Agents : Niche Technologies Pvt. Limited
D-511, Bagree Market, 5th Floor
71, B.R.B.B. Road
Kolkata – 700001.
Tel : (033) 22357270 / 22357271
Fax : (033) 22156823
E-mail: nichetechpl@nichtechpl.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 31st March, 2008 :

Slab	No. of Shareholders		No. of Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 500	3565	82.83	409597	0.72
501 - 1000	285	6.62	240248	0.42
1001 - 5000	337	7.83	828649	1.45
5001 - 10000	53	1.23	385715	0.68
10001 - 50000	37	0.86	708914	1.24
50001 - 100000	1	0.02	56195	0.10
100001 & Above	26	0.61	54461882	95.39
Total	4304	100.00	57091200	100.00

(ii) Shareholding Pattern as on 31st March, 2008 :

Shareholders (Category)	No. of Shares held	% of Total Shares
Promoters	29383420	51.47
Private Corporate Bodies	15317820	26.83
Indian Public	2715430	4.76
Foreign Institutional Investors (FIIs)	7100700	12.44
Mutual Funds	2532300	4.43
Non-Resident Indians (NRIs)	12760	0.02
Others (Clearing Members)	28770	0.05
Total	57091200	100.00



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 are given below :-

Name of the Depository	No. of Shares	% of Total Share Capital
National Securities Depository Limited	45400216	79.52
Central Depository Services (India) Limited	542697	0.95

13. The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments during the financial year.
14. Plant Locations : Not Applicable.
15. 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
investors@techno.co.in
Website : <http://www.techno.co.in>

Compliance with Non-Mandatory Requirements

- (1) **The Board** : The Company does not have a Non-Executive Chairman. All the Independent Directors on the Board have expertise and experience in their respective fields (i.e. Technical, Engineering, Finance & Accounts etc.). No tenure has been specified for the Independent Directors. At present one Director on the Board have 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 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 31st March, 2008, 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, 2008, 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 27th day of June, 2008

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, Vice 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 yearended 31st March, 2008 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 : 27th day of June, 2008

P. P. Gupta
Managing Director

P. K. Lohia
Vice 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 31st March, 2008.

Place : Kolkata
Date : 27th day of June, 2008

P. P. Gupta
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

i) Industry Structure and Developments :-

Power is a critical infrastructure for economic development and for improving quality of life. The additional capacity in generation in this sector is executed both in Central Sector as well as State and Private Sectors. The distribution is still a monopoly of State Sector. The investment through APDRP funded by Central Government along with associated measures has substantially brought down the T&D losses resulting in higher cash flows available with State Governments. This has enabled various State Governments for capacity augmentation in generation. The annual rate of capacity addition has improved significantly over last 2 years (mainly through State Sector projects). It has to double the capacity to meet the ambitious target set for the 11th Plan period. Projects over 53300 MW are under construction and with efforts being made on almost all the fronts to address the bottlenecks for timely completion, it is definite that the 11th Plan target achievement will be much better than that of 10th Plan. Similarly, the matching Power Transmission Systems and Power Distribution Systems will have to be augmented. The National Grid is being upgraded to 765 KV and the State Grids are being upgraded to 400 KV which will further result in reduction in T&D losses.

ii) Opportunities and Threats :-

The economic growth has resulted in increased demand for power and despite various challenges confronting the Power Sector, it is expected that the momentum will continue for next 10 years resulting in a steady growth to the Company by around 30-40% as experienced during the last 3 years. As the Company is present in all the three segments of Power Sector i.e., Generation, Transmission and Distribution, it captures better opportunities in all the segments of business in this sector. In addition, with the growth in energy needs the Company also finds business opportunities in Refinery and Metallurgy (ferrous/non-ferrous) Sectors. There is always a threat of delayed implementation or adverse changes in policies and programmes, which may affect operations of the Company.

iii) Segment-wise Performance :-

The Company operates in a single business segment i.e. execution of power projects and relatively performing better.

iv) Outlook :-

The outlook in the Power Generation, Transmission and Distribution Sectors continues to be strong and the company is out-performing among the Companies involved in these sectors. Apart from setting up of Power Plants on conventional fuels like coal etc., the Government is also stressing on non-conventional energy segments i.e., Biomass, Wind, Solar etc. and is expected to constitute more than 10% of the installed capacity by end of 11th Plan. The Company has availed new opportunities through diversification in setting up of Biomass based Power Generation units in the States of West Bengal and Madhya Pradesh.

v) Risks and Concerns :-

The main activity of the Company is execution of projects associated with Power Generation and Transmission on a turnkey basis, which is working capital intensive. The risks like longer execution period, delay in completion of projects and cost overrun due to delay in project completion and rise in material and equipment price rise 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 :-

There is an all round growth in performance of the Company and this trend is likely to continue. During the year, Net Sales / Income from operation have been increased to Rs. 42955.84 lacs from Rs. 35264.82 lacs during the previous year. The other income has also been substantially increased to Rs. 1176.30 lacs from Rs. 534.15 lacs. The profit after tax has also increased substantially from Rs. 2802.04 lacs in the previous year to Rs.4905.79 lacs during the year.

viii) Human Resource Development and Industrial Relations :-

The Company has employed adequate number of employees in all departments to meet the growing business needs in the year under review. There are more than 381 employees as on 31st March, 2008 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.

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, 2008, 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 31st March, 2008 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 6 (a) of part B of schedule 13 regarding change in the method of accounting for leave encashment benefit to the employees and resultant effects indicated therein, Note No 7 of part B of Schedule 13 regarding change in method of accounting for interest on fixed deposit and the resultant effects indicated therein, 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 31st March, 2008 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 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.
- 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 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 31st March, 2008 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, 2008 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 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 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 a 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 27th day of June, 2008

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, 2008

	<u>Schedule</u>	<u>31st March, 2008</u>		<u>31st March, 2007</u>	
	No.	Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	11,41,82,400		11,09,82,400	
Reserves & Surplus	2	<u>1,60,02,17,193</u>		<u>1,05,45,89,051</u>	
			1,71,43,99,593		1,16,55,71,451
Loan Funds	3		8,46,611		13,00,679
			<u>1,71,52,46,204</u>		<u>1,16,68,72,130</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	9,53,98,008		8,23,17,377	
Less: Depreciation		<u>4,69,69,746</u>		<u>4,12,56,709</u>	
Net Block			4,84,28,262		4,10,60,668
Investments	5		1,54,45,05,506		69,73,15,425
Current Assets, Loans & Advances	6				
A. Current Assets		84,50,02,964		83,62,75,930	
B. Loans & Advances		<u>12,84,43,742</u>		<u>10,06,66,548</u>	
		<u>97,34,46,706</u>		<u>93,69,42,478</u>	
Less: Current Liabilities & Provisions	7				
A. Current Liabilities		76,76,71,895		46,83,84,503	
B. Provisions		<u>7,71,75,560</u>		<u>3,42,03,797</u>	
		<u>84,48,47,455</u>		<u>50,25,88,300</u>	
Net Current Assets			12,85,99,251		43,43,54,178
Deferred Tax Assets/(Liabilities)	8		(62,86,815)		(58,58,141)
			<u>1,71,52,46,204</u>		<u>1,16,68,72,130</u>
Significant Accounting Policies & Notes on Accounts	13				
<p>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.</p>					
Centre Point 21, Old Court House Street Kolkata - 700 001 The 27th day of June, 2008		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, 2008**



	<i>Schedule</i>	<i>2007-2008</i>	<i>2006-2007</i>
	No.	Rs.	Rs.
INCOME			
Operating Income	9	4,29,55,84,374	3,52,64,81,944
Other Income	10	11,76,30,268	5,34,14,526
		<u>4,41,32,14,642</u>	<u>3,57,98,96,470</u>
EXPENDITURE			
(Increase)/Decrease in Inventories	11	(74,12,521)	(14,19,311)
Operative, Administrative & Other Expenses	12	3,79,33,45,799	3,15,42,62,512
Interest		29,87,615	18,46,278
Insurance On Keymen Policy		50,55,285	50,55,285
Depreciation		60,23,843	54,51,601
		<u>3,80,00,00,021</u>	<u>3,16,51,96,365</u>
PROFIT			
Profit before Taxation		61,32,14,621	41,47,00,105
Provision for Income Tax			
Current Tax		11,68,00,000	13,07,50,000
For earlier years		14,40,492	(34,655)
Provision for Fringe Benefit Tax			
Current Tax		38,00,000	32,50,000
For earlier years		1,38,964	—
Deferred Income Tax		4,28,674	3,75,654
Security Transaction Tax		27,965	1,54,943
Profit after Taxation		<u>49,05,78,526</u>	<u>28,02,04,163</u>
Balance brought forward		3,24,486	81,288
		<u>49,09,03,012</u>	<u>28,02,85,451</u>
APPROPRIATIONS			
Transfer to General Reserve		42,40,00,000	24,75,00,000
Proposed Dividend		5,70,91,200	2,77,45,600
Provision for Tax on Proposed Dividend		97,02,650	47,15,365
Surplus carried to Balance Sheet		1,09,162	3,24,486
		<u>49,09,03,012</u>	<u>28,02,85,451</u>
Earning Per Share (Basic & Diluted)		8.80	5.57
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 27th day of June, 2008	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, 2008</u>		<u>31st March, 2007</u>	
		Rs.	Rs.	Rs.	Rs.
1. SHARE CAPITAL					
Authorised					
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>
Issued, Subscribed and Paid up					
5,70,91,200	Equity Shares of Rs. 2 each Fully Paid up (Previous year : 5,54,91,200 Equity Shares of Rs 2 each)		<u>11,41,82,400</u>		<u>11,09,82,400</u>
			<u>11,41,82,400</u>		<u>11,09,82,400</u>
NOTES :					
(i) Issued Subscribed and Paid up Capital includes :					
(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) 80,00,000 Equity Shares of Rs. 2 each, allotted as fully paid up at a premium of Rs. 68 per share on Preferential allotment basis to Citigroup Venture Capital International Growth Partnership Mauritius Ltd. and its associated trustees on 22.11.2006.					
(e) 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.					
2. RESERVES AND SURPLUS					
Capital Reserve :					
Profit on re-issue of Forfeited Shares :					
	As per last Account		6,000		6,000
Share Premium Account :					
	As per last Account	54,40,00,000		—	
	Add : Addition during the year	<u>12,48,00,000</u>	66,88,00,000	<u>54,40,00,000</u>	54,40,00,000
General Reserve :					
	As per Last Account	51,02,58,565		26,27,58,565	
	Less : Adjustment for Transitional Obligation of Leave Encashment	<u>29,56,534</u>		—	
		50,73,02,031		<u>26,27,58,565</u>	
	Add : Transferred from Profit & Loss Account	<u>42,40,00,000</u>	<u>93,13,02,031</u>	<u>1,60,01,08,031</u>	24,75,00,000
					51,02,58,565
Profit & Loss Account :					
	Balance as per annexed Account		1,09,162		3,24,486
			<u>1,60,02,17,193</u>		<u>1,05,45,89,051</u>
3. LOAN FUNDS					
Secured Loans :					
	From Banks		8,46,611		13,00,679
			<u>8,46,611</u>		<u>13,00,679</u>

SCHEDULES TO THE ACCOUNTS

4. FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31st March 2007	Additions during the year	Sales/Adjustment during the year	Total upto 31st March 2008	Upto 31st March 2007	For the year	On Sales/Adjustment during the year	Total upto 31st March 2008	As at 31st March 2007
	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	5,57,486	24,059	—	5,81,545	1,62,842
Non-Factory Building	77,81,235	—	—	77,81,235	9,02,823	1,26,834	—	10,29,657	68,78,412
Plant & Machinery	2,99,08,299	85,26,474	—	3,84,34,773	1,53,57,495	12,79,227	—	1,66,36,722	2,17,98,051
Office Equipment	2,41,18,190	28,00,995	—	2,69,19,185	1,48,35,503	31,98,563	—	1,80,34,066	88,85,119
Furniture & Fixture	41,75,244	1,00,496	—	42,75,740	36,57,716	1,05,340	—	37,63,056	5,12,684
Construction Vehicle	63,89,899	—	—	63,89,899	28,42,155	4,97,558	—	33,39,713	30,50,186
Vehicle	91,01,430	21,99,875	5,47,209	1,07,54,096	31,03,531	7,92,262	3,10,806	35,84,987	71,69,109
Total	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
Figures for the Previous year	7,77,91,621	82,49,877	37,24,121	8,23,17,377	3,90,97,958	54,51,601	32,92,850	4,12,56,709	4,10,60,668

Notes:

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



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	Face Value	31st March,		31st March,	
	Per Share/Unit	2008		2007	
	Rs.	Nos.	Rs.	Nos.	Rs.
5. INVESTMENTS					
Unquoted					
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	170060	17,00,600	170060	17,00,600
Fully Paid Units with Mutual Funds: *					
ING Fixed Maturity Fund-Series XXII-Growth Option (Formerly ING Vysya Mutual Fund)	10	1000000	10,00,00,000	1000000	10,00,00,000
ING Fixed Maturity Fund-Series XXXII-Inst.-Growth	10	500000	5,00,00,000	—	—
ING Income Fund - Inst Plan - Dividend	10	979332.460	1,03,14,046	—	—
Reliance Income Fund-Retail Plan-Dividend	10	1850317.884	2,03,14,097	—	—
Lotus India Liquid Plus Fund-Inst-Dividend	10	11703143.131	11,75,46,813	—	—
Lotus India Qrtly Inst. 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	500000	5,00,00,000	—	—
J.M. Income Fund - Dividend	10	920173.12	1,00,67,705	—	—
J.M. Interval Fund-Qrtly Plan 5-Inst - Dividend	10	9062000.029	9,06,20,007	—	—
ABN AMRO FTP - Series 10-Plan F-Inst-Growth	10	1000000	10,00,00,000	—	—
Fully Paid Bonds: *					
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	241	24,12,37,600
8.75% Indian Railway Finance Corpn. Bonds	10,00,000	—	—	216	21,70,80,000
11.50% Rajasthan State Finance Corpn. SLR Bonds	10,00,000	—	—	5	52,36,000
0% IIBI Deep Discount Bonds	1,000	—	—	645	8,38,500
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 Corpn. SLR Bonds	1,92,50,000	1	2,04,08,850	—	—
9.32% Punjab State Financial Corpn. SLR Bonds	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% Uttar Pradesh State Financial Corp SLR Bonds	100	15000	1,53,97,500	—	—
9.35% Punjab National Bank Tier II Bonds	10,00,000	116	11,60,00,000	—	—
8% Uttar Pradesh State Financial Corp SLR Bonds	100	60000	6,15,90,000	—	—
			<u>1,53,75,36,956</u>		<u>67,23,36,670</u>
Quoted					
Fully Paid-Equity Shares:					
Spentex Industries Ltd.	10	30954	18,51,678	30954	18,51,678
GIC Housing Finance Ltd.	10	103000	41,04,532	103000	41,04,532
Punjab Woolcombers Ltd.	10	—	—	2350	39,904
Ascu Arch Timber Protection Ltd.	10	50617	10,12,340	50617	10,12,340
IDBI Bank Ltd.	10	—	—	23000	20,14,073
National Aluminium Co.Ltd.	10	—	—	45000	1,14,89,293
Jaiprakash Associates Ltd.	10	—	—	10500	44,66,935
			<u>69,68,550</u>		<u>2,49,78,755</u>
			<u>1,54,45,05,506</u>		<u>69,73,15,425</u>
Aggregate Value of Unquoted Investments			1,53,75,36,956		67,23,36,670
Aggregate Value of Quoted Investments					
Book Value			69,68,550		2,49,78,755
Market Value			76,82,143		2,48,57,259
* Represents Short term Investment					

SCHEDULES TO THE ACCOUNTS



	<u>31st March, 2008</u>		<u>31st March, 2007</u>	
	Rs.	Rs.	Rs.	Rs.
6. CURRENT ASSETS, LOANS AND ADVANCES				
A. Current Assets :				
Inventories				
(As per Inventories taken, valued and certified by Management)				
Contract Work-in-Progress (Refer Note No. 2 of Part B of Schedule 13)		95,10,981		20,98,460
Sundry Debtors				
(Unsecured & Considered Good)				
Debts outstanding for a period exceeding Six months	32,00,000		31,15,031	
Others	<u>14,03,53,711</u>	14,35,53,711	<u>28,88,44,349</u>	29,19,59,380
Retention Money Receivable (Unsecured & Considered Good)				
Outstanding for a period exceeding Six months	29,03,96,448		4,73,89,721	
Others	<u>15,86,69,951</u>	44,90,66,399	<u>14,79,88,593</u>	19,53,78,314
Cash and Bank Balances				
Cash in hand (As certified)		27,21,898		37,06,008
Balance with Scheduled Banks				
On Current Account	14,80,24,018		15,66,77,018	
On Fixed Deposits	9,20,97,017		18,64,27,810	
On Margin Deposit	<u>28,940</u>	<u>24,01,49,975</u>	<u>28,940</u>	<u>34,31,33,768</u>
		<u>84,50,02,964</u>		<u>83,62,75,930</u>
B. Loans and Advances				
(Unsecured & Considered Good)				
Advances recoverable in cash or in kind or for value to be received		10,83,10,730		9,22,31,157
Deposits		<u>2,01,33,012</u>		<u>84,35,391</u>
		<u>12,84,43,742</u>		<u>10,06,66,548</u>

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	<u>31st March, 2008</u>	<u>31st March, 2007</u>
	Rs.	Rs.
7. CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities :		
Offered to Deities Shree Ganeshji	171	160
Sundry Creditors	47,34,56,740	29,75,12,596
Advance Received from Customers	29,37,34,229	15,77,48,198
Advance against Options & Warrants Granted	—	1,28,00,000
Unpaid Dividend	4,80,755	3,23,549
	<u>76,76,71,895</u>	<u>46,83,84,503</u>
B. Provisions :		
Income Tax (Net of Advance Tax & Tax Deducted at Source Rs. 24,22,02,363; Previous Year Rs. 17,83,53,768)	53,60,797	14,56,232
Fringe Benefit Tax (Net of Advance Tax Rs. 64,84,761; Previous Year Rs. 55,63,400)	5,65,239	2,86,600
Leave Encashment	44,55,674	—
Proposed Dividend	5,70,91,200	2,77,45,600
Tax on Proposed Dividend	97,02,650	47,15,365
	<u>7,71,75,560</u>	<u>3,42,03,797</u>
8. DEFERRED TAX ASSETS/(LIABILITIES)		
Deferred Tax Liabilities :		
Depreciation on Fixed Assets	(62,86,815)	(58,58,141)
	<u>(62,86,815)</u>	<u>(58,58,141)</u>
	<u>2007-2008</u>	<u>2006-2007</u>
	Rs.	Rs.
9. OPERATING INCOME		
Sales	4,29,55,84,374	3,52,64,81,944
	<u>4,29,55,84,374</u>	<u>3,52,64,81,944</u>
10. OTHER INCOME		
Dividend	2,52,04,708	1,27,29,371
Interest:		
On Investments	4,95,71,560	2,48,58,862
On FDR	2,27,03,631	84,53,590
On Others	1,18,055	30,32,384
Profit on Sale of Fixed Assets (Net)	—	2,74,230
Profit on Sale of Investments (Net)	1,95,78,350	39,95,138
Miscellaneous Receipts	4,53,964	70,951
	<u>11,76,30,268</u>	<u>5,34,14,526</u>

SCHEDULES TO THE ACCOUNTS



	<u>2007-2008</u>		<u>2006-2007</u>	
	Rs.	Rs.	Rs.	Rs.
11. (INCREASE) /DECREASE IN INVENTORIES				
Opening Stock :				
Contract Work-in-Progress	20,98,460		6,79,149	
Less: Closing Stock :				
Contract Work-in-Progress	95,10,981	(74,12,521)	20,98,460	(14,19,311)
		<u>(74,12,521)</u>		<u>(14,19,311)</u>
12. OPERATIVE, ADMINISTRATIVE AND OTHER EXPENSES				
Materials, Stores and Services		3,36,44,26,299		2,77,27,37,333
Salaries, Wages, Gratuity & Bonus		11,71,40,152		8,50,64,666
Contributions to Provident & Other Funds		60,99,786		42,63,325
Staff Welfare		1,79,82,699		1,43,75,814
ESI Contribution		2,74,614		84,306
Freight & Handling Charges		4,73,18,338		5,61,39,249
Travelling & Conveyance		3,82,31,247		3,33,49,049
Rent		96,51,500		90,53,283
Rates & Taxes		3,21,238		1,00,761
Insurance		1,40,78,425		1,50,86,500
Sales Tax (Net)		4,52,75,606		2,23,34,022
Service Tax (Net)		1,46,81,610		90,30,834
Marketing Commission		12,00,000		11,00,000
Power & Fuel		56,33,185		43,48,179
Hire Charges		31,01,541		17,76,458
Repairs to Plant & Machinery		5,20,352		2,47,265
Managing Director's Remuneration		9,15,000		8,55,000
Directors' Fee		1,90,000		1,75,000
Auditors' Remuneration		1,69,660		1,95,699
Bank Charges		1,55,23,370		3,90,02,101
Loss on Sale of Fixed Assets (Net)		1,99,403		—
Exchange Rate Difference		4,013		1,408
Miscellaneous		9,04,07,761		8,49,42,260
		<u>3,79,33,45,799</u>		<u>3,15,42,62,512</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 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

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 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 Funds 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. 35,08,88,291 (Previous Year Rs.14,04,20,913)
2. Materials and Stores purchased during the year include Stores Rs. 7,67,94,960 (Previous year Rs. 4,95,54,175). 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. 80,052 on Term Loans (Previous year Rs. 1,11,338)
4. The Deferred Tax Liabilities of Rs. 4,28,674 for the year has been recognised in the Profit and Loss Account.
5. Secured Loans :-

	<u>2007-2008</u>	<u>2006-2007</u>
	Rs.	Rs.
(a) From Bank		
Secured against hypothecation of specified vehicles	8,46,611	13,00,679

- (b) The company enjoys an overdraft facility with a Scheduled Bank against hypothecation of Components, Raw-Materials, Work-in-Progress, Plant & Machinery, Book Debts and Personal Guarantee of a Director.
- (c) The Company has created a first charge on the fixed assets, except specified vehicle hypothecated against loan, and floating charges on book debts in favour of Bankers of the Company and also Fixed Deposit Receipts of Rs. 7,08,30,915 are lodged with the Bankers of the Company as Margin.
6. Disclosers in accordance with revised Accounting Standard AS-15 on “Employee Benefits”-
 - a) Upto previous year, leave encashment benefits to employees had been accounted for on cash basis. During the year the company has adopted Accounting Standard, AS-15 (revised) on employee benefits and accordingly Rs.14,99,140 representing incremental liability for the year has been provided for in the Profit and Loss Account. As a result of this change, profit for the year stands decreased by Rs.14,99,140 and the current liabilities and provisions as on 31.03.2008 stand increased by the like amount.

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- b) Pursuant to the adoption of the Accounting Standard AS-15 (revised) on employee benefits during the year, the transitional obligations in respect of leave encashment Rs.29,56,534 has been appropriated out of General Reserve.

Particulars Amount (in Rs.)

- c) **Defined Contribution Plans :-**
The Company has recognized the following amount in the Profit & Loss Account for the year :
Employers' contribution to Provident & Other Funds 54,94,784

- d) **Defined Benefit Plans:-**
The following figures are as per actuarial valuation as at the Balance Sheet date carried out by an independent actuary:

i) <u>Present value of defined benefit obligations :</u>	Gratuity (Rs.)
Present value of obligations as at 1st April, 2007	85,28,175
Service Cost	12,05,652
Interest Cost	6,94,560
Benefits Settled	(7,13,739)
Actuarial (Gain)/Loss	23,60,617
Present value of obligations as at 31st March, 2008	<u>1,20,75,265</u>
ii) <u>Change in fair value of plan assets :</u>	
Fair value of plan assets as at 1st April, 2007	1,63,58,343
Acquisition adjustments	12,48,000
Expected return on plan assets	13,08,667
Actuarial Gain/(Loss)	(5,94,928)
Contribution	33,38,000
Benefits settled	(7,13,739)
Fair value of plan assets as at 31st March, 2008	<u>2,09,44,343</u>
iii) <u>Reconciliation of present value of the defined obligations plan and the fair value of the plan assets:</u>	
Fair value of plan assets at the end of the year	2,09,44,343
Present value of the defined benefit obligations at the end of the year	<u>1,20,75,265</u>
*Asset/(Liability)	<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>Total expenses recognized in the Profit & Loss Account :</u>	
Service Cost	12,05,652
Interest Cost	6,94,560
Expected return on plan assets	(13,08,667)
Actuarial (Gain)/Loss	29,55,545
Net Gratuity Cost	<u>35,47,090</u>
v) <u>Actuarial Assumptions :</u>	
Discount Rate	8.50%
Inflation Rate (Salary escalation rate)	6.00%
Return on Assets	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	22.70%
State Government Securities	14.80%
PSU Bonds	32.10%
Investment with Banks in Special Deposit Scheme	13.04%
Administered by Birla Sunlife Insurance Company Limited	17.36%
	<u>100.00%</u>

This being the first year of implementation of AS-15 (Revised), Previous year figures have not been given.



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7. Income from interest on Fixed Deposits, which was hitherto being accounted for on cash basis, has been accounted for during the year on mercantile basis. As a result of this change in accounting, Other Income and Profit for the year as also Current Assets, Loans & Advances as on 31.03.2008 stand increased by Rs.37,60,752.
8. In the opinion of the management, diminutions in the value of certain long term Investments Rs 14,33,976 (Previous year Rs 15,37,628) are not permanent in nature and hence no provision has been made for the same.
9. Fixed deposits amounting to Rs 47,66,103 are lodged with clients as Security Deposits.
10. To the extent identified from available information, there is no amount due to Micra, small and medium size enterprises as on 31st March, 2008
11. Investments:

Investments purchased & sold during the year :	Units	Nos.	Face Value (Rs.)
HDFC Mutual Fund	“	19940654.294	10
HSBC Mutual Fund	“	8081847.476	10
Birla Sun Life	“	12827433.424	10
J.M. Financial Mutual Fund	“	18184791.947	10
ICICI Prudential Institutional	“	11890937.448	10
Lotus India Mutual Fund	“	37547306.823	10
Reliance Mutual Fund Liquid Plus	“	193633.838	1,000
Reliance Mutual Fund Series II	“	6755109.563	10
ING Liquid Fund	“	33261077.309	10
UTI Liquid Cash Inst. Growth	“	23437.350	1,000
ABN Amro MITG Money Plus	“	8388276.545	10
Franklin Templeton Mutual Fund	“	7996622.008	10
9.30% WBIDFC Bonds 2017	Bonds	230	10,00,000
8.75% IRFC Bonds 29/11/2026	“	128	10,00,000
11.30% HPIDB Bonds 07/07/2015	“	60	1,00,000
13.50% APPFCL Bonds 2013	“	140	1,00,000
10.25% HDFC Ltd Bonds 30/03/2017	“	27	10,00,000
10.25% SBI Upper Tier -II Bonds 2022	“	49	10,00,000
10.25% SBP Upper Tier -II Bonds 31/03/2022	“	1	10,00,000
9.25 % Vijaya Bank Bonds 01/08/2016	“	2	10,00,000
9.25% HDFC Ltd Bonds 24/11/2016	“	70	10,00,000
9.35% UTI Bank Upper Tier II 24/11/2021	“	14	10,00,000
10.35% HDFC Ltd bonds 16/05/2017	“	50	10,00,000
10.25% LIC Housing Finance Ltd. 14/05/2017	“	42	10,00,000
10.35% HDFC Ltd bonds 06/06/2017	“	30	10,00,000
10.20% SBI Upper Tier II Bonds 2022	“	29	10,00,000
10.04% IRFC 07/06/2027	“	95	10,00,000
9.95% MSEB Bonds 2017	“	281	10,00,000
10.90% APPFC Bonds 2013	“	30	1,00,000
7.45% ICICI Bank Bonds 29/06/2015	“	3	10,00,000
9.75% PNB -Tier I Perpetual Bonds Series II 11/12/2017	“	345	10,00,000

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11. Investments (Contd.):

Investments purchased & sold during the year :	Bonds	Nos.	Face Value (Rs.)
9.75% PNB Tier I Perpetual Bonds 11/12/2017	“	938	10,00,000
8.75% IRFC 29/11/2026	“	299	10,00,000
8.82% IIFCL Bonds 19/12/2022	“	607	10,00,000
9.30% PNB HSG Fin. Ltd Bonds 29/12/2012	“	99	10,00,000
9.90% SBOP Bonds Upper Tier 2022	“	50	10,00,000
9.98% ICICI Bank Perpetual Bonds	“	98	10,00,000
9.30% SBOP Upper Tier II 20/12/2022	“	30	10,00,000
0% NABARD Bhavishya Nirman Bond 01/08/2017	“	552	10,000
10.10% SBI Upper Tier II 12/09/2022	“	5	10,00,000
9.08% HDFC Ltd Bonds 18/01/2013	“	103	10,00,000
9.08% SBM Upper Tier II Bonds 16/01/2023	“	184	10,00,000
9.20% PNB HSG Fin Ltd Bonds 16/01/2021	“	9	10,00,000
9.90% Syndicate Bank Perpetual Bond 25/03/2018	“	70	10,00,000
9.20% PNB HSG Fin Ltd Bonds 16/01/2019	“	20	10,00,000
9.20% PNB HSG Fin Ltd Bonds 16/01/2020	“	21	10,00,000
9.20% PNB HSG Fin Ltd Bonds 16/01/2023	“	7	10,00,000
7.25% IDBI Bonds 31/03/2015	“	6	10,00,000
7.20% REC Bonds 17/09/2014	“	5	10,00,000
7.45% ICICI Bank Bonds 26/09/2015	“	2	10,00,000
8.40% APGENCO Bonds 2014	“	1	10,00,000
10.65% APPFC Bonds 29/06/2013	“	60	1,00,000
14.50% GSEG Bonds 2010	“	308	1,00,000
9.00% Canara Bank Bonds 2018	“	39	10,00,000
9.32% Punjab SFC SLR Bonds 17/02/2009	“	1	5,00,00,000
8.95% IDFC Bonds 17/01/2018	“	440	10,00,000
9.45% PNB Tier-I Perpetual Bonds Series III 18/01/2018	“	991	10,00,000
9.32% Punjab SFC SLR Bonds 04/09/2011	“	1	1,00,00,000
9.32% Punjab SFC SLR Bonds 27/06/2009	“	1	1,00,00,000
9.30% WBIDFC Bonds 2017	“	45	10,00,000
11.50 % MKDVC Bomds 30/06/2013	“	63	1,00,000
9.50 % NABARD Bonds 15/10/2012	“	7	10,00,000
9.35% PNB Upper Tier Bonds 05/03/2023	“	10	10,00,000
9.85 % SBBJ Prepetual Bonds 20/03/2018	“	60	10,00,000

SCHEDULES TO THE ACCOUNTS



	<u>2007-2008</u>		<u>2006-2007</u>		
12. Remuneration to Managing Director :	Rs.		Rs.		
Salary	9,15,000		8,55,000		
Contribution to Provident Fund	1,09,800		1,02,600		
Perquisites	36,853		42,030		
	<u>10,61,653</u>		<u>9,99,630</u>		
13. Remuneration to Auditors :					
Audit Fees	1,01,124		1,01,124		
Tax Audit Fees	11,236		11,236		
Certification Work	57,300		38,443		
Consultation Charges	—		44,896		
	<u>1,69,660</u>		<u>1,95,699</u>		
14. Additional Information :					
A. Materials bought & consumed for Job Work/Production excluding cost of services :					
		<u>2007-2008</u>		<u>2006-2007</u>	
	Unit	Qty.	Value	Qty.	Value
			Rs.		Rs.
Steel	M.T.	11,865	37,99,40,407	13,692	38,11,64,579
Cement	M.T.	17,958	7,88,21,949	15,597	6,30,49,857
Pipes & Tubes	MTR.	91,887	15,99,40,111	64,469	5,07,02,039
Sub-Station Structures	M.T.	5,518	28,25,08,144	4,982	24,12,63,658
Valves	Nos.	5,691	6,89,72,172	2,966	2,21,26,467
Insulators & Fittings	Nos.	4,24,814	12,73,95,636	10,23,029	17,30,19,581
Power & Control Cables and AAAC/ACSR Conductor	MTR.	57,85,203	31,79,27,966	1,45,10,647	45,55,06,885
Transformer	Nos.	1,962	61,35,08,830	4,346	38,78,15,495
Surge Arrestor	Nos.	633	83,51,021	19,970	2,82,21,376
Control, communication, metering and dataloging system	Nos.	80,505	15,49,59,211	77,995	14,32,71,455
Isolators	Nos.	4,944	8,24,49,058	11,135	6,46,19,671
Circuit Breaker	Nos.	384	18,99,19,665	396	15,33,52,275
PLCC Equipment	Nos.	3,672	4,94,03,581	44	1,18,87,141
Cable Tray and Flexible Support	Nos.	41,771	3,37,55,207	2,64,487	12,60,30,010
Distribution Board	Nos.	2,972	5,44,68,732	2,445	1,90,77,361
Motor & Pumps	Nos.	95	76,37,171	91	83,13,962
PSC Poles	Nos.	70,638	13,42,13,857	26,031	8,85,06,792
DG Set	Nos.	—	—	3	45,70,306
Battery and Charger	Nos.	136	3,14,60,794	119	1,18,49,516
Others			29,77,47,901		15,72,68,764
			<u>3,07,33,81,413</u>		<u>2,59,16,17,190</u>

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

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 table given below :

	For the year ended 31st March, 2008			For the year ended 31st March, 2007		
	Construction Rs.	Corporate Rs.	Total Rs.	Construction Rs.	Corporate Rs.	Total Rs.
A. REVENUE						
1. Sales	4,29,55,84,374	—	4,29,55,84,374	3,52,64,81,944	—	3,52,64,81,944
2. Others	4,53,964	11,71,76,304	11,76,30,268	70,951	5,33,43,575	5,34,14,526
3. Total Revenue	4,29,60,38,338	11,71,76,304	4,41,32,14,642	3,52,65,52,895	5,33,43,575	3,57,98,96,470
B. RESULT						
1. Segment result/Operating Profit before tax and interest	49,90,25,932	11,71,76,304	61,62,02,236	36,32,02,808	5,33,43,575	41,65,46,383
2. Interest expenses	—	—	29,87,615	—	—	18,46,278
3. Provision for Taxation	—	—	12,26,36,095	—	—	13,44,95,942
4. Net Profit	—	—	49,05,78,526	—	—	28,02,04,163
C. OTHER INFORMATION						
1. Segment assets	1,02,18,74,968	1,54,45,05,506	2,56,63,80,474	97,80,03,146	69,73,15,425	1,67,53,18,571
2. Segment liabilities	77,24,93,425	1,79,38,87,049	2,56,63,80,474	45,65,61,633	1,21,87,56,938	1,67,53,18,571
3. Capital expenditure	1,36,27,840	—	1,36,27,840	82,49,877	—	82,49,877
4. Depreciation	60,23,843	—	60,23,843	54,51,601	—	54,51,601

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 :

<u>Name</u>	<u>Relationship</u>	<u>Services Received</u>	<u>Remuneration</u>	<u>Outstanding as at 31st March, 2008</u>	<u>Amount written off/written back</u>
		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Mr. P. P. Gupta (Managing Director)	Key Management Personnel	— (—)	10,61,653 (9,99,630)	— (—)	— (—)

Figures in Brackets relates to previous year

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008



	2007-2008	2006-2007
	Rs.	Rs.
A. Cash Flow from Operating Activities :		
Net Profit before Tax and Extraordinary Items	61,32,14,621	41,47,00,105
Adjustments for :		
Depreciation	60,23,843	54,51,601
(Profit)/Loss on Sale of Fixed Assets	1,99,403	(2,74,230)
Interest/Dividend Income	(9,75,97,954)	(4,90,74,207)
(Profit) /Loss on Sale of Investments (Net)	(1,95,78,350)	(39,95,138)
Interest Paid	29,87,615	18,46,278
 Operating Profit before Working Capital Changes	50,52,49,178	36,86,54,409
Adjustments for :		
Trade and other receivables	(13,30,59,610)	(26,00,29,332)
Inventories	(74,12,521)	(14,19,311)
Trade Payables	30,07,86,532	(3,89,66,645)
 Cash generated from operations	66,55,63,579	6,82,39,121
Interest Paid	(29,87,615)	(18,46,278)
Direct taxes Paid (Net of refunds)	(11,80,24,217)	(13,56,36,990)
 Cash Flow before Extraordinary Items	54,45,51,747	(6,92,44,147)
Extraordinary Items	—	—
 Net Cash Flow from Operating Activities	54,45,51,747	(6,92,44,147)
 B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(1,36,27,840)	(82,49,877)
Sale of Fixed Assets	37,000	7,05,500
(Increase)/Decrease in Investments	(82,76,11,731)	(57,09,17,683)
Interest Income	7,23,93,246	3,63,44,836
Dividend Income	2,52,04,708	1,27,29,371
 Net Cash used in Investing Activities	(74,36,04,617)	(52,93,87,853)

TECHNO ELECTRIC & ENGINEERING CO. LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007**

	<u>2007-2008</u>	<u>2006-2007</u>
	Rs.	Rs.
C. Cash Flow from Financing Activities :		
Proceeds from New Equity Issue	12,80,00,000	56,00,00,000
Proceeds from issue of Warrant	—	1,28,00,000
Proceeds from Borrowings	(4,54,068)	(4,22,783)
Dividend paid	(3,24,60,965)	(2,16,60,736)
Net Cash used in Financing Activities	<u>9,50,84,967</u>	<u>55,07,16,481</u>
Net Increase / (Decrease) in Cash & Cash Equivalents (A + B + C)	(10,39,67,903)	(4,79,15,519)
Opening Balance of Cash & Cash Equivalents	34,68,39,776	39,47,55,295
Closing Balance of Cash & Cash Equivalents	24,28,71,873	34,68,39,776

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 27th day of June, 2008

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