

# Ecoreco

## KARWAYA KYA?

Safe Disposal of e-waste with  
secured data destruction



**ECO RECYCLING LIMITED**  
**ANNUAL REPORT 2011-2012**

India's first CPCB & MPCB approved & only E-waste Recycling Company listed on BSE

Done your bit for a  
greener tomorrow.

It's time for

## Ecorecognition

Ecoreco has always been at the forefront in laying the path for a greener tomorrow, by recycling e-waste. This wouldn't have been possible without our customers' proactive approach.

"Green Enterprise" our annual event honors these corporates for taking a proactive approach, by disposing their e-waste in an environment friendly manner.

To know more about Green Enterprise and participate in the endeavour, please email to: [greenenterprise@ecoreco.com](mailto:greenenterprise@ecoreco.com)

**Hand us your e-waste today**

 **022 4005-2951/2/3**

[www.ecoreco.com](http://www.ecoreco.com)

[ewaste@ecoreco.com](mailto:ewaste@ecoreco.com)



India's first CPCB & MPCB approved & only E-waste Recycling Company listed on BSE



**Ecoreco®**  
Eco Recycling Limited

Give your e-waste to the best

## **BOARD OF DIRECTORS**

### **DIRECTORS**

B. K.Soni – CMD  
T Raghavendra Rao  
Srikrishna B.  
Deepak Nanda  
Aruna Soni

### **AUDITORS**

GMJ & Co.  
Chartered Accountants  
Vastu Darshan,  
Andheri (East), Mumbai – 400 059.

### **BANKERS**

Catholic Syrian Bank  
Kotak Mahindra Bank Ltd

### **REGISTRARS & TRANSFER AGENTS**

Bigshare Services Private Limited  
E/2, Ansa Industrial Estate,  
Saki Vihar Road,  
Saki Naka, Andheri (East),  
Mumbai – 400 072

### **REGISTERED OFFICE**

205, Centre Point,  
Next to Hotel Kohinoor,  
Andheri Kurla Road, Andheri (E),  
Mumbai–400 059

### **E-MAIL ADDRESS**

info@ecoreco.com  
shareholders@ecoreco.com

### **WEBSITE**

www.ecoreco.com  
www.de-end.com

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Eco Recycling Limited will be held at Tunga International, Next to Udyog Sarathi, MIDC, Andheri East, Mumbai – 400 093 on Thursday, August 30, 2012 at 10.00 a.m. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, Profit and Loss Account for the Financial Year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mrs Aruna Soni who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s. GMJ & Co. Chartered Accountants as Statutory Auditors of the Company for the period commencing from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

### Special Business

4. **ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS TO NIPPON MAGNETIC DRESSING CO., LTD (NMD)**  
To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provision of Section 81 (1A) and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), and subject to the relevant provisions of the Memorandum

and Articles of Association of the Company and the rules/ regulations/ guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India. (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or any other relevant authority from time to time and in terms of the provisions of and the conditions as prescribed under the listing Agreement entered into by the Company with the Stock Exchanges on which the Company's Shares are listed and the applicable guidelines, and subjects to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as might be prescribed while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company thinks fit, the consent of the Company be and is hereby accorded to offer and allot on preferential basis to Nippon Magnetic Dressing Co., Ltd (NMD), 8,00,000 Equity Shares in one or more tranches of nominal value Rs. 10/- (Rupees Ten) each at a price of not less than Rs. 40/- per share which includes a premium of Rs. 30/- per share as calculated in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or such other higher price which the Board in its absolute discretion may deem fit and appropriate at such time as may be permitted under the applicable SEBI regulations as amended from time to time and as agreed between the Company and the allottee (Nippon Magnetic Dressing Co.).

RESOLVED FURTHER THAT the relevant date for the preferential issue shall be

as per the Regulation 71(a) of SEBI (ICDR) Regulations, 2009 and other applicable regulation of SEBI (ICDR) Regulation 2009 as amended from time to time.

RESOLVED FURTHER THAT all the Equity Shares referred hereinabove to NMD shall rank pari passu in all respects including entitlement for dividend with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorized to decide and approve terms and conditions of the issue and also to vary, modify or alter any terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations, to the extent applicable, as SEBI/GOI/RBI or such other appropriate authorities, within or outside India, may prescribe from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any Director of the Company be and is hereby authorized to settle and decide on all questions, queries or any other matters that may arise in regard to the allotment of Equity Shares and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary and desirable in this regard.

RESOLVED FURTHER THAT any Director of the Company be and is hereby

authorized at its discretion, to further delegate by way of authorization in favour of any of the members of the Board or a Committee thereof, to do all the necessary acts and take necessary steps that may be deemed expedient to give effect to this resolution."

5. PAYMENT OF REMUNERATION TO MRS. ARUNA SONI, DIRECTOR OF THE COMPANY

To approve, the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with and in accordance with the conditions specified in Schedule XIII to the said Act, the payment of Remuneration of Rs 50,000 (Rupees Fifty thousand Only) per Month to Mrs. Aruna Soni, Director of the Company for the services rendered by her for a period with effect from 01/04/2011 to 30<sup>th</sup> August, 2012 as approved by the Board pursuant to Board Resolution dated 31/03/2011 be and is hereby approved and further the consent of the Company be and is hereby accorded to pay a remuneration of Rs 50,000 (Rupees Fifty thousand Only) per Month with effect from 31/08/2012 to 31/03/2014."

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to revise the remuneration payable to the Director from time to time, such that the aggregate of the salary

(inclusive of annual increments, if any) in any financial year shall not exceed the ceiling laid down in Sections 198, 269, & 309 read with the Schedule XIII to the Companies Act, 1956, including any statutory modification(s), re-enactment thereof or any amendment thereto.

FURTHER RESOLVED THAT notwithstanding the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mrs. Aruna Soni as Director of the Company, the remuneration payable to her shall be in accordance with the limits prescribed in Section II Part II of Schedule XIII to the Companies Act, 1956, as amended from time to time, subject to the compliance of provisions thereof but in any event shall nor exceed the remuneration payable as provided above when the profits of the Company are adequate.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution or otherwise considered by it in the best interest of the Company."

Mumbai  
July 30, 2012  
Registered Office:  
205, Centre Point, Next to Hotel  
Kohinoor, Andheri Kurla Road,  
Andheri East, Mumbai-400 059

**By order of the Board**  
**CMD**



**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Members / Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company will remain closed from August 23rd,

2012 to August 30th, 2012 (both days inclusive) for the purpose of Annual General Meeting.

6. Members holding shares in physical form and desirous of making / changing nomination in respect of their shareholding in the Company, may send their request in the prescribed form to the Registrar & Transfer Agents of the Company. In the best interest of the members, it is suggested that they should get their holding de-mated and also inform their e-mail ID for future communication.
7. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
8. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
9. Members are requested to notify changes, if any, in their registered addresses along with the pin code to the Company's Registrar and Share Transfer Agent.
10. Members are requested to bring their copy of Annual Report to the Meeting.
11. All documents referred to in the notice are open for inspection at

the registered office of the Company between 10.30 a.m. and 1.00.p.m. on all working days up to the date of the Meeting.

12. Members whose shareholding is in electronic mode are requested to direct change of address notifications and update of savings bank account to their respective Depository Participants.
13. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s. Big Share Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 Tel No: +91 22 28470652/53, Fax No.: +91 22 28475207, Email: investor@bigshareonline.com
14. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer Agents of the Company.
15. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.



## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

### Item No. 1

#### ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS TO NIPPON MAGNETIC DRESSING CO., LTD

1. **Objects of the Issue:** Eco Recycling Limited, the pioneer in India in the e-waste recycling segment in the organized and environment friendly manner provides end to end solution for the disposal of such hazardous waste. Ecoreco started journey of e-waste recycling almost 6 years before. E-waste (Management & Handling) Rules, 2011 were notified and in this duration has set several mile stones on the business & technology front. Ecoreco is now expanding its

capacity and capabilities to assist Producers & Generators to meet their responsibilities as framed in the above Rules. To part finance the plan of capacity & capability building Ecoreco proposes to allot 800,000 Equity Shares to Nippon Magnetic Dressing Co. Ltd (NMD), Japan.

2. **Proposal of the promoters, directors or key management personnel to subscribe the offer:** The preferential issue of Equity Shares with a right to subscribe to Equity Shares is being made to NMD. There is no intention of the Promoters, Directors or Key Management Personnel of the Company to subscribe in the offer.

3. **Time Frame:** The Equity Shares

shall be allotted within a period of 15 (Fifteen) days of passing of the resolution at the ensuing Annual General Meeting, provided that where the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within 15 (Fifteen) days from the date of such approval, pursuant to Regulation 74(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

4. **Shareholding pattern before and after offer:** Shareholding Pattern before and after issuing shares under preferential allotment:

Category	Existing shareholding before preferential allotment		Shareholding post allotment of shares on preferential basis			
			Before conversion of Warrant to equity shares (*Issued on April 15, 2011 yet to be converted into equity shares)		After conversion of Warrant to equity shares (*Issued in the month of April 15, 2011 yet to be converted into equity shares)	
	No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%
1. Promoter Group						
i) Directors/ Directors relatives/ HUF	24,71,968	15.5055	24,71,968	14.7646	24,71,968	14.0913
ii) Body Corporate	91,39,250	57.3263	91,39,250	54.5871	91,39,250	52.0978
2. Financial Institutions/ Banks	800	0.0050	800	0.0048	800	0.0046

3. Mutual Funds	-	-	-	-	-	-
4. Foreign Institutional Investors	3,60,000	2.2581	3,60,000	2.1502	3,60,000	2.0522
5. Non-Resident Indians	1,34,081	0.8410	1,34,081	0.8008	1,34,081	0.7643
6. Corporate Bodies	13,19,098	8.2740	21,19,098	12.6570	29,19,098 **(Warrant+ Preferential)	16.6401
7. Others (Public and Clearing Members)	25,17,303	15.7899	25,17,303	15.0354	25,17,303	14.3497
Total	1,59,42,500	100.0000	1,67,42,500	100.00	1,75,42,500	100.00

\* The Company had issued 8,00,000 Convertible Equity Warrants to Bennett Coleman & Company Limited on April 15, 2011. These warrants are yet to be converted into Equity Shares.

\*\* The Term Bodies Corporates in the above table includes 8,00,000 convertible Equity Warrants which are yet to be Converted into Equity Shares and 8,00,000 Equity Shares to be allotted to Nippon Magnetic Dressing Co. Ltd on preferential basis subject to the approval of Shareholders and regulatory authorities as requires under Companies Act, 1956 and SEBI (ICDR) guidelines 2009.

The aforesaid shareholding pattern may change from time to time depending upon the transfer of shares by the existing shareholders and further issue of capital, if any, by the Company during the said period.

The voting rights on subscription of Equity of the Company would change according to the change in the shareholding pattern of the Company, as indicated above.

#### 5. Identity of Proposed Allottees and % of Post Preferential Issue Capital held by them:

Sr. no	Name of the Proposed Allottee	No. of Equity Proposed to be Issued	No. of Equity Shares held as on the Relevant Date i.e., July 31, 2012	% of Post Preferential Issued Capital Held	
				Pre conversion of warrant	Post conversion of warrant
1	Nippon Magnetic Dressing Co.,Ltd (NMD)	8,00,000	-	4.7783	4.5604

Due to the proposed Preferential Issue of Equity Share as above, the following consequences are expected to result:

- i. There will be no change in the constitution of the Board of Directors of the Company,
  - ii. There will be no change in the Management Control over the Company consequent to the issue of Equity Share, as aforesaid.
  - iii. There will be no change in the business of the Company.
6. The Company will ensure that the provisions as to lock-in and other conditions/prohibitions/restrictions contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, if any are complied with.
  7. The Company hereby undertakes that it shall re-compute the price of the specified securities in terms of the provision of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, where it is required to do so and if the amount payable on account of the re-computation of price is not paid within the time stipulated in the said regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.
  8. A copy of the Auditors Certificate certifying that the issue of equity

share is being made in accordance with the requirements contained in the Regulations for preferential issues under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be laid before the Annual General Meeting for inspection by the Shareholders and will be available for inspection by the Members of the Company Further, under section 81(1A) of the Companies Act, 1956, approval of the members is required for allotment of securities on preferential basis.

Accordingly, the consent of the shareholders is being sought, pursuant to the applicable provisions of the Companies Act, 1956, and SEBI (ICDR) Regulation 2009 to issue and allot equity shares on preferential basis as stated in the resolutions.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Securities to the investor who may or may not be an existing shareholder of the Company.

The Directors are not in any way interested in the above Resolution. The Directors recommend the resolution for the approval of the Shareholders.

## Item No. 2

### PAYMENT OF REMUNERATION TO MRS. ARUNA SONI, DIRECTOR OF THE COMPANY

The Board of Directors of the Company at its Meeting held on March 31, 2011 has pursuant to the recommendation of the Remuneration Committee and subject to the approval of Members,

approved the remuneration to Mrs. Aruna Soni as set out in the resolution mentioned above.

You are requested to accord your consent to the aforesaid resolutions.

The Directors of the Company are concerned or interested in the aforesaid resolutions to the extent of their Shareholding.

None of the Directors of the Company other than Shri Brij Kishor Soni & Smt. Aruna Soni are in any way concerned or interested in passing of this resolution.



## DIRECTORS' REPORT

### The Members of ECO RECYCLING LIMITED

Your Directors present with pleasure the 18th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

#### 1. FINANCIAL RESULTS (Rs. in Lacs)

	2011-2012	2010-2011
Total Income	1757.34	1676.37
Profit before Interest, Depreciation & tax	108.15	113.43
Less: Depreciation	11.40	11.30
Profit before Interest and Tax	96.76	102.13
Interest	49.86	16.58
Profit before Tax	46.90	85.55
Less: Provision for Income Tax	9.89	15.26
Profit after Tax	37.01	70.29
Add: Balance brought forward	261.88	191.59
<b>Balance carried to Balance Sheet</b>	<b>298.89</b>	<b>261.88</b>

#### 2. OPERATIONS

Your Directors are pleased to inform that during the year ended 31st March, 2012, the company added lots of new services to support environment conscious individuals & organizations to avail. Your company now provides "Recycling of Lamps on Wheels" and thereby avoids phosphor & mercury going in to air, water & soil to avoid environmental damages. "Recycling of e-waste on Wheels", the service which was introduced in the yester year is also catching attention of environmentalists, corporates, Government offices, NGOs

etc. to promote better practices of recycling and spread awareness & educate in general to further promote such initiatives. Your company also carried out several initiatives of awareness through conferences, exhibitions, presentations in schools, collages, institutions, corporates, etc. for taking the message of organized recycling to the families & societies.

During the year ended 31st March 2012, your company achieved turnover of Rs. 1757.34 Lacs and net profit of Rs.46.90 Lacs.

#### 3. DIVIDEND

In order to conserve resources, no dividend has been declared for the year 2011-2012.

#### 4. TRANSFERS TO RESERVES

During the year, the Company proposes to transfer Rs. 150 lacs to General Reserve as per the Profit and Loss Account of the Company.

#### 5. FUTURE PLANS

It is really very pleasant to inform that in the previous year, the Central Government notified E-waste (Management & Handling) Rules, 2011 on 11th May, 2011 to be effective from 1st May, 2012 (already in force). With the implementation of the above Rules, we anticipate a big rise in the volume of recycling of electrical & electronic waste going for organized recycling. The Rules have proposed that the producers of the respective electrical & electronic items will be liable to implement Extended Producers' Responsibility (EPR) principle. As per the EPR principle, producers will be liable to establish reverse logistic & warehousing chain for collection of discarded (end

of life) equipment from the consumers and will also be responsible to tie up with the authorized recyclers for getting these end of life equipment recycled in an environment friendly manner.

We are pleased to inform that Eco Recycling Ltd, the first company authorized for recycling of e-waste in the country has taken several steps to avail of this growing opportunity by implementing expansion plan to enhance its capacity & capability. Eco Recycling Ltd is working on a plan of Reverse Logistic & Warehousing in collaboration with a bunch of Producers; the plan has envisaged covering the major cities of the country to facilitate individual consumers & large consumers to get rid of their end of life equipment for recycling in an environment friendly manner.

We are also pleased to inform that the project of Precious Metal recovery undertaken by Eco Recycling Ltd with the financial assistance from DSIR (Department of Scientific & Industrial Research), Government of India has shown excellent results and in all probabilities the same will be commercialized in this calendar year. We are also pleased to inform that in the previous year your company's in house R&D Facility was also recognized by the Department and by virtue of that your company is able to save on number of indirect & direct taxes.

#### 6. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 at least two-thirds of our Directors shall be subject to retirement by rotation. One-third of these retiring Directors must retire from office at each Annual General Meeting of the

Shareholders. The retiring Directors are eligible for re-election.

In accordance with the said provisions of the Companies Act, 1956 and Articles of Association of the Company, Mrs. Aruna Soni, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for re-appointment.

## **7. AUDITORS**

M/s. GMJ & Company, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

## **8. FIXED DEPOSIT**

In terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit Rules), 1975, the Company has not accepted any fixed deposits during the year and as such, no amount of Principal or Interest was outstanding as of the Balance sheet date.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2012; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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 ended March 31, 2012 and of the profit of the Company for that year.

- (iii) that the Directors have taken proper and sufficient care for the 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

- (iv) that the Directors have prepared the Annual Accounts for the year ended March 31, 2012, on a going concern basis.

## **10. CORPORATE GOVERNANCE**

As required under clause 49 of the Listing Agreement with the Stock Exchange, the report on Corporate Governance is furnished as a part of the Directors' Report and forms part of this report showing that the Company has taken appropriate steps and measures to comply with all the applicable mandatory provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges and section 292A of the companies Act 1956. Certificate from the Company's Auditors regarding compliance is annexed hereto and forms part of this report.

## **11. PARTICULARS OF EMPLOYEES**

Since none of the employees of the Company was drawing remuneration in excess of limits laid down pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies

(Particulars of Employees) Rules, 1975, details therewith are not furnished.

## **12. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) A rule, 1988 is not required as your company is not a manufacturing company

## **13. REMUNERATION TO MRS. ARUNA SONI**

Board of Director in consultation with remuneration committee of the Company had passed a resolution on March 31, 2011 for payment of Remuneration of Rs. 50,000/- to Mrs. Aruna Soni, Executive Director of the Company for the services rendered by her for a period with effect from April 01, 2011 till March 31, 2014 i.e., for a period of 3 years. At the forthcoming Annual General Meeting of the Company the members' approval is requested by the Company in this regard.

**For and on behalf of the Board of Directors**

Mumbai  
July 30, 2012

B. K. Soni  
CMD

Registered Office:  
205, Centre Point, Next to Hotel  
Kohinoor, Andheri Kurla Road,  
Andheri East, Mumbai-400 059

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance means to steer an organization in the desired direction. It deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis – a – vis its claimants – in particular, its shareholders, creditors, customers, the State and employees. There is a global consensus about the objective of 'good' corporate governance: *maximizing long – term shareholder value.*"

ECO RECYCLING LIMITED believes that Corporate Governance brings about equilibrium between the expectations of the owners, employees, customers and all other stakeholders. It builds continuing bonds with shareholders, employees, investors, depositors, borrowers, suppliers, customers and business constituents.

The Company believes that its fundamental objective is not mere fulfillment of the requirements of law but in ensuring commitment of the Board in managing the Company in a transparent manner for maximizing stakeholder value.

Securities and Exchange Board of India (SEBI) incorporated Clause 49 in the Listing Agreement in February 2000, as part of its endeavor to improve the standards of Corporate Governance in line with the needs of a dynamic market. As a Company, which believes in implementing and adopting best-in-class corporate governance policies, ECO RECYCLING LIMITED has adopted practices mandated in the revised Clause 49 and has established procedures and systems to be fully compliant with it.

Good governance is integral to the very existence of the Company. It seeks to achieve following objectives of the Company viz:

- (i) A properly structured Board capable of taking independent and objective decisions;
- (ii) Adoption of transparent procedures and practices and to arrive at decisions on the strength of adequate information.
- (iii) To keep the shareholders informed of relevant developments impacting the Company.

Your Board of Directors presents the Corporate Governance Report for the year 2011-2012.

### 2. BOARD OF DIRECTORS

The Board of Directors is the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of Corporate Governance.

- a) **Size and Composition of Board**  
The Board has an optimum combination of Executive and Non-Executive directors, and is in conformity with the Clause 49 of the Listing Agreement entered into with the Stock Exchange in which Company's Ordinary Shares are listed. The Board consists of 5 Directors, out of which 3 are Independent Non-Executive Directors. The Composition of the Board and Category of Directors are as follows:

Category	Name of the Directors	% of the composition on the Board
Executive Director	B. K. Soni (CMD) Aruna Soni	40%
Independent and Non-Executive Director	Mr. Deepak Nanda Mr. Srikrishna Bhamidipati Mr. R. T. Rao V. V. Turlapati	60%

None of the Directors on the Board is the member on more than 10 Committees and Chairman of more than 5 committees (as per clause 49(I) (C) (ii)) across all the companies in which he / she is a Director. All the Directors have made the requisite disclosure regarding Committee position held by them in other companies.

Independent Non-Executive Directors are appointed for their professional exercise in their individual capacity as Independent Professionals / Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meeting of the Board and various Committees. They do not receive any remuneration apart from the sitting fees.

- b) The following table gives the number of other Directorships and Chairmanships / Membership of Committees of each Director in various Companies as on 31st March, 2012.

Name of Directors	Category	No. of directorship in other Company	No. of Membership / Chairmanship of other Board Committees*		
		Public	Private	Member	Chairman
Mr. B. K. Soni	Chairman & Managing Director	-	3	-	-
Ms. Aruna Soni	Executive Director	-	3	-	-
Mr. Deepak Nanda	Non-Executive – Independent Director	-	1	-	-
Mr. Srikrishna Bhamidipati	Non-Executive – Independent Director	2	-	-	-
Mr. T. R. Rao Satya Veera Venkata Turlapati	Non-Executive – Independent Director	1	2	-	-

Notes \* Excludes Directorship in Eco Recycling Limited.

(c) Attendance at Board Meeting and Annual General Meeting:

During the accounting year 2011 – 2012, Board Meetings were held on 20th April, 2011, 30th May, 2011, 12th August, 2011, 14th November, 2011, 23rd January, 2012, 30th January, 2012, 6th February, 2012, 15th March, 2012 and 21st March, 2012.

The details of Directors attendance at Board Meeting held during the year commencing 1st April, 2011 to 31st March, 2012 and the last Annual General Meeting

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. B. K. Soni	9	PRESENT
Mrs. Aruna Soni	9	PRESENT
Mr. Deepak Nanda	9	PRESENT
Mr. Srikrishna B	9	PRESENT
Mr. T Raghvendra Rao	9	Not Applicable

d) Board Agenda

Meetings are governed by a structured agenda. The Board Members in consultation with the Chairman may bring up any matters for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decision.

e) Board Procedure

The Board has complete access to any information within the Company. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/ items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

The items placed at the Meeting of the Board include the following:-

- Unaudited Quarterly / Half yearly financial results and audited annual accounts of the company with relevant details for consideration and approval,
- Internal Audit Findings (through the Audit Committee)
- Status of Business Risk Exposures, its Management and related action plans.
- Minutes of meetings of other Committee Meetings.
- Abstracts of circular resolutions passed,
- General notices of interest,
- Sale and/or Purchase of investments, fixed assets.
- Review compliance of all laws applicable to the Company including

the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non-compliances, if any.

- Related party transactions
- Reviewing the company's financial and risk management policies.
- Reviewing the business plan and strategy of the Company.

### 3. AUDIT COMMITTEE :

Clause 49 of the Listing Agreement makes it mandatory to adopt an appropriate and effective audit committee. Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. The primary objective of the Audit Committee is to provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures. The Board of Directors of the Company has constituted an Audit Committee.

- a) Constitution and Composition of Committee:  
The Audit Committee for the accounting year comprises of following three non-executive and independent directors.

Name of Members	Designations	Category of Director	Nos. of meetings held	Nos. of meetings attended
Mr. Deepak Nanda	Chairman	Non-Executive	4	4
Mr. Srikrishna B	Member	Non-Executive	4	4
Mr. T. R. Rao	Member	Non-Executive	4	4

In addition to the members of the Audit Committee, these meetings are attended by the General Manager Finance & Accounts and other respective functional heads, Internal Auditors and Statutory Auditors of the Company, whenever necessary, and those executives of the Company who can provide inputs to the Committee. Members have discussions with the statutory auditors during the meetings of the Committee and the quarterly/half-yearly and annual audited financials of the Company are reviewed by the audit committee before consideration and approval by the Board of Directors. The Committee also reviews the internal control systems, IT systems and conduct of the internal audit.

- b) Meetings:  
During the accounting year 2011- 12, four Audit Committee Meetings were held on 30/05/2011, 12/08/2011, 14/11/2011 and 30/01/2012.
- c) The functions of the Audit Committee include the following:
- Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  - To recommend re-appointment of Statutory Auditors and to fix their remuneration.

## ECO RECYCLING LIMITED

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual / half-yearly / quarterly financial statements before submission to the Board.
- Reviewing with management performance of statutory and internal auditors, the adequacy of the internal control systems.
- Discussion with statutory auditors before the audit, any significant findings and follow up thereon.
- Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review Related party transactions
- To review the matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- To review the Management discussion and analysis of



financial conditions and results of operations.

- Reviewing any other areas which may be specified as a role of the audit Committee under the Listing Agreement, Companies Act and other Statutes, as amended from time to time.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Member to enable the Committee to take informed decisions. The Statutory Auditors are invitees to the Audit

Committee Meeting. The Chairman of Audit Committee Mr. Deepak Nanda was present in last Annual General Meeting of the Company.

#### **4. REMUNERATION COMMITTEE:**

The Remuneration Committee of the Board has been constituted in the year 2007, which, inter-alia recommends to the Board, the compensation terms of whole-time directors. The scope of the committee includes consideration of proposals such as stock options, performance based incentives, etc.

- Composition of the Committee  
The Remuneration Committee comprises of Mr. Deepak Nanda, Non-Executive and Independent Director as Chairman, Mr. Srikrishna

B., Non- Executive and Independent Director and Mr. Raghavendra Rao Satya Veera Venkata Turlapati, Non-Executive and Independent Director.

- The functions of the Remuneration Committee include the following:
  - To approve the Annual Remuneration Plan of the Company;
  - To review and grant annual increments to Executive/ Managing Director.
  - Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/ approve.

- Disclosure of Remuneration paid: At present Non-executive and Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings

<b>Name of Directors</b>	<b>Remuneration including Salary, Perquisite Amount (Rs.)</b>	<b>Sitting Fees Rs.</b>	<b>Total Rs.</b>
Mr. Deepak Nanda	-	-	-
Mr. Srikrishna B	-	25,000	25,000
Mr. B. K. Soni	24,00,000	-	24,00,000
Mrs. Aruna Soni	6,00,000	10,000	6,10,000
Mr. T. R. Rao Satya Veera Venkata Turlapati	-	25,000	25,000

#### **5 INVESTORS GRIEVANCE COMMITTEE**

- Constitution and Composition of Committee: The Investors Grievance Committee has delegated with the authority to approve requests for transfer of shares & redress investor complaints by the Board of Directors. The Committee also takes care of issues like non receipt

of balance sheet, non-receipt of declared dividends etc. Apart from that, the Company's Registrar and Share transfer Agents, Bigshare Services Pvt. Ltd is also dedicated in ensuring that the share transfer requests are attended to and the investor's grievances are resolved at the earliest.



Name of Members	Designation	Category of Director	Nos. of meetings held	Nos. of Meetings attended
Mr. Deepak Nanda	Chairman	Non-Executive	6	6
Mr. Srikrishna B	Member	Non-Executive	6	6
Mr. T. R. Rao Satya Veera Venkata Turlapati	Member	Non-Executive Independent	6	6

b) Meeting of the Shareholders' grievance Committee Meetings During the accounting year 2011 – 2012, six times Shareholders' Grievance Committee Meetings were held on 20/05/2011, 10/06/2011, 17/06/2011, 22/07/2011, 04/10/2011

and 04/11/2011.  
c) Ms Anita Choudhari has been designated as the Compliance Officer of the Company with effect from 12th April, 2012.  
d) Investor Grievance Redressal Number of complaints received

and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Nature of Complaints	Opening	Received	Resolved	Outstanding as at 31st March, 2012.
Non Receipt of Refund orders and /or noncredit of shares in demat account	-	2	2	-

During the accounting year ended March 31, 2012, two complaints were received from shareholders and the same were resolved. All valid Share Transfers received during the accounting year ended March 31, 2012 have been acted upon.

The Shareholders Grievance Committee continued to function effectively and held four meetings during the year under

review. It continued to attend the matters related to Share Transfers and redressal of Shareholders' complaints. The complaints and grievances of shareholders received were duly attended by the Committee and as of now no complaints are pending.

e) The functions of the Shareholders' Grievance Committee include the following:  
• Transfer /Transmission of shares,

- Issue of duplicate Share Certificates,
- Reviewing Shares dematerialized, rematerialized and all other related matters,
- Monitoring expeditious redressal of Investors' Grievances,
- Non receipt of Annual Report and declared dividend,
- All other matters related to Shares.

## 6 GENERAL BODY MEETINGS:

The particulars of last Three Annual General Meetings are as under:

Financial Year	Day and Date	Location of AGM	Time
2010 – 2011	Saturday 30th July, 2011	Tunga Paradise, Opposite Rolta Centre, Central Road, MIDC, Andheri (East), Mumbai:- 400 059	4.00 P.M
2009 – 2010	Tuesday 28th December, 2010	205, Centre Point, Next to Hotel Kohinoor, Andheri-Kurla Road, Andheri (East), Mumbai:- 400 059	5.00 P.M
2008– 2009	Tuesday 29th September, 2009	205, Centre Point, Next to Hotel Kohinoor, Andheri-Kurla Road, Andheri (East), Mumbai:- 400 059	4.00 P.M

Details of Special Resolution passed in the previous three Annual General Meetings

At the Annual General Meeting of the shareholders held on September 29, 2009, the following special resolution was passed:

- Approval for fixing the maximum borrowing limits of Rupees Fifty Crores u/s 293 (1) (d) of the Companies Act, 1956.
- Payment of Remuneration to Mr. B. K. Soni from the accounts of Eco Recycling Limited.
- Formation of subsidiaries of the Company for carrying on the business of logistics & warehousing and extraction of precious metals from the electronic waste to enhance the present business bringing in economies of scale and development both for the shareholders and the company.

At the Annual General Meeting of the shareholders held on December 28, 2010, the following special resolution was passed:

- Re-appointment of B. K. Soni as Managing Director for further period of five years
- Appointment of M/s. GMJ & Co., Chartered Accountants as Statutory Auditors in place of M/s Vedula Vijay And Ramanathan, Chartered Accountants who expressed their desire that they be not re-appointed at the Annual General Meeting.

## **7 DISCLOSURES:**

### **a) Related Party Transactions**

- Related Parties and transactions as required under Accounting Standard (AS-18) are furnished under note number 30 of the Notes to the Accounts attached with the financial statements for

the year ended March 31, 2012.

- No transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiary or relatives etc. that may have a potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.

### **b) Compliance by the Company**

- The Company has complied with the requirements of the Stock Exchange (BSE), the Securities and Exchange Board of India (SEBI) and Statutory Authorities on all matters related to capital markets and no penalties / strictures were imposed on the Company during the last three years.

### **c) Secretarial Audit**

- A qualified Practicing Company Secretary carried out secretarial audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Service (India) Limited (CDSL) and the total issued and listed Equity Capital. The secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### **d) Mandatory & Non Mandatory requirement of this clause**

- Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed

by the Board from time to time.

- The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.
- The statutory financial statements of the Company are unqualified.
- The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.

## **8 MEANS OF COMMUNICATION:**

- The Quarterly and Half Yearly results of the Company are published in one English and one Regional newspaper. The results are also displayed on the Company's website: [www.ecoreco.com](http://www.ecoreco.com)
- SEBI/CFD/DIL/LA/4/2007/27/12 dated 27th December, 2007 pertaining to the Amendments in the Listing Agreement, Clause 51 relating to EDIFAR filing has been removed and a new Clause 52, pertaining to shareholding pattern etc. through Corporate Filing and Dissemination System (CFDS) with the Stock Exchanges, has been introduced. The Company's name has not been identified by the participating Stock Exchanges for filing through CFDS. The Company currently submits the documents through



fax and E-Mail. The Company also files hard copy of the same to the Stock Exchanges by hand delivery.

- The Company informs the Stock Exchanges about all price sensitive matters or such other matters which are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters. A Management Discussion and Analysis Statement is a part of the Company's Annual Report.

## 9 CODE OF CONDUCT:

The Board of Directors has adopted the Business Ethics Policy and Code of Conduct for Directors & Senior Management. The Code is reviewed from time to time by the Board. The said Code has been communicated to the Directors and the Members of the Senior Management.

## 10 GENERAL SHAREHOLDER INFORMATION:

### a) Annual General Meeting

- Date : August 30th, 2012
- Time : 10.00 a.m.
- Venue : Tunga International, Next

to Udyog Sarathi, MIDC, Andheri East, Mumbai – 400 093

### Financial Year

The financial year of the Company is from April 1, 2011 to March 31, 2012

### b) Financial Calendar

- Quarterly Financial Reporting for Quarter ending June 30, 2012  
*By end of July 2012*
- Quarter/Half year ending September 30, 2012: *By end of October 2012*
- Quarter ending December 31, 2012: *By end of January 2013*
- Quarter/Year ending March 31, 2013: *By end of April 2013*
- Date of Book Closure: August 23rd to August 30th, 2012 (both days inclusive)

### c) Dividend Payment Date:

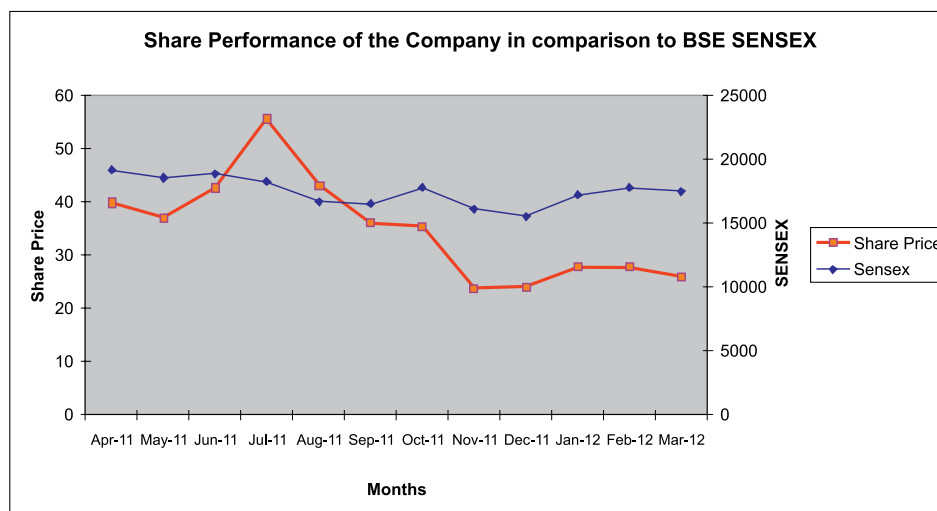
No dividend has been declared for the financial year 2011-2012.

### d) In compliance with the SEBI (Prevention

of Insider Trading) Regulations, 1992, our company has appointed Ms Anita Choudhari as Compliance Officer who is responsible for setting policies, procedures for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading.

### d) Market information

- Listing on Stock Exchange: The Bombay Stock Exchange Limited
- Listing fee for the year 2011 – 2012 has been paid in full to both the Stock Exchanges.
- Stock Code: 530643 Bombay Stock Exchange Limited
- ISIN in NSDL & CDSL for equity shares: INE316A01038
- Corporate Identification No. : L74120MH1994PLC079971



## Market Price Data: High low during each month in last financial year

ECO RECYCLING LIMITED								BSE Sensex		
Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No.of Shares	No. of Trades	Net T/O (Rs.)	High	Low	Close
Apr-11	42.30	45.15	39.00	39.80	35,251	182	15,09,682	19811.14	18976.19	19135.96
May-11	41.50	41.50	34.30	37.00	19,249	124	7,43,507	19253.87	17786.13	18503.28
Jun-11	38.70	48.95	37.05	42.60	1,61,753	651	71,17,300	18873.39	17314.38	18845.87
Jul-11	44.50	58.00	40.40	55.45	1,98,494	919	97,42,269	19131.70	18131.86	18197.20
Aug-11	54.50	55.00	40.25	43.05	78,439	477	37,75,548	18440.07	15765.53	16676.75
Sep-11	44.95	45.00	34.00	36.00	12,854	153	4,87,780	17211.80	15801.01	16453.76
Oct-11	38.95	39.95	34.10	35.20	17,243	151	6,45,611	17908.13	15745.43	17705.01
Nov-11	36.45	38.65	22.10	23.65	16,898	266	5,54,610	17702.26	15478.69	16123.46
Dec-11	22.15	33.95	21.05	24.00	79,692	339	23,11,248	17003.71	15135.86	15454.92
Jan-12	24.05	32.90	23.50	27.65	15,832	274	4,28,083	17258.97	15358.02	17193.55
Feb-12	29.95	31.90	25.00	27.85	16,818	178	4,80,454	18523.78	17061.55	17752.68
Mar-12	26.15	29.55	21.75	25.85	23,029	215	5,96,414	18040.69	16920.61	17404.20

## Performance in comparison to BSE Sensex

	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sept 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12
Share Price	39.80	37.00	42.60	55.45	43.05	36.00	35.20	23.65	24.00	27.65	27.85	25.85
SENSEX	19135.96	18503.28	18845.87	18197.20	16676.75	16453.76	17705.01	16123.46	15454.92	17193.55	17752.68	17404.20

## e) Share Transfer System &amp; Other Related Matters.

## • Share Transfer System

The Shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholders Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar and Transfer Agent and

confirmations are given to the depositories within the prescribed time limit.

- Registrar and Share Transfer Agent: Bigshare Services Pvt. Ltd.E-2, Ansa Industrial Estate Saki Vihar Road, Saki Naka Andheri (E), Mumbai-72. Tel. No. : +91 22 28470652/53 Fax No. : +91 22 28475207 Email:investor@bigshareonline.com Website: www.bigshareonline.com
- Nomination Facility for Shareholders: As per the provisions of the Companies Act, 1956, facility for

making nomination is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.

- Payment of Dividend through Electronic Clearing Service: The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will

Saki Naka Andheri (E), Mumbai  
-400072

Email:investor@bigshareonline.com

print the bank account details, if available, on the payment instrument for distribution of dividend.

- Correspondence regarding Change in Address:

Members are requested to

address all correspondences, including dividend matters, to the Registrar and Share transfer Agents:

Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate Saki Vihar Road,

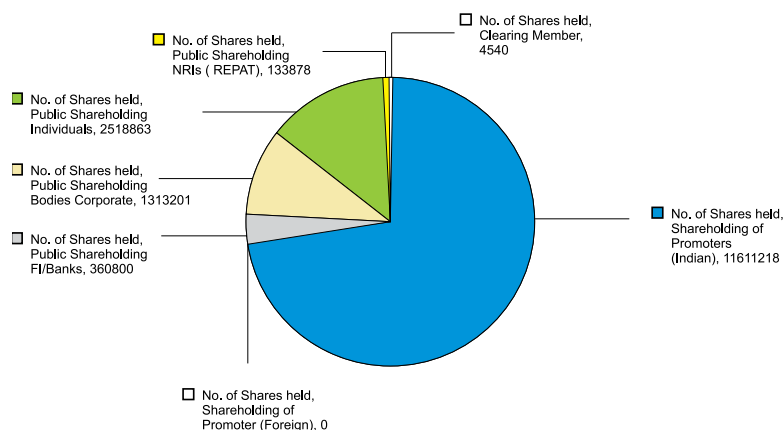
**Distribution of Share Holding as on 31.03.2012**

NO. OF EQUITY SHARES HELD	NO. OF SHARE HOLDERS	% OF TOTAL SHARE HOLDERS	TOTAL HOLDING IN RUPEES	% OF TOTAL NUMBER OF SHARES
1 - 5000	3092	88.8506	4854200	3.0448
5001 - 10000	201	5.7759	1648300	1.0339
10001 - 20000	83	2.3851	1272490	0.7982
20001 - 30000	29	0.8333	743270	0.4662
30001 - 40000	11	0.3161	387200	0.2429
40001 - 50000	12	0.3448	561210	0.3520
50001 - 100000	18	0.5172	1361660	0.8541
100001 AND ABOVE	34	0.9770	148596670	93.2079
TOTAL	3480		159425000	100.00

**Shareholding Pattern As On 31.3.2011**

CATEGORY	NO. OF SHARES HELD	PERCENTAGE TO TOTAL NUMBER OF SHARES (%)
a. Promoters, Directors & Promoter Group	11611218	72.83
b. Persons Acting in concert	-	0.00
c. Banks, FIs & Insurance Cos.	360800	2.26
d. Corporate Bodies	1313201	8.24
e. Indian Public	2518863	15.08
f. NRIs/OCBs	133878	0.84
g. Any Other (Clearing Member)	4540	0.03
TOTAL	15942500	100.00

# SHAREHOLDING PATTERN AS ON 31/03/2012



## Dematerialisation of Shares

The Shares of the Company can be held and traded in electronic form. As on March 31, 2012, 14462178 of total shares of the Company were held in demat form. Break up of shares in physical and demat form as of 31st March, 2012.

No. of Share	Percentage of Shares
Physical Segment	9.29
Demat Segment :	
NSDL	18.17
CDSL	72.54
<b>Total</b>	<b>100.00</b>

- Outstanding GDRs/ ADRs/ Warrants or any convertible Instrument, conversion date and likely impact on equity : Nil
- Plant Location: Eco House, Near Range Office, Bhoidapada, Sativali Road, Vasai (East), Dist. Thane

- Address for Correspondence:  
ECO RECYCLING LIMITED  
205, Centre Point, Next to Hotel Kohinoor, Andheri Kurla Road, Andheri (East), Mumbai: 400 059  
Fax: +91 22 40052951/52/53  
Email:shareholders@ecoreco.com  
Website:www.ecoreco.com
- E-mail Id for Investor's Grievances: The Company has designated separate Email Id for the investor grievance and to improve the quality of the services to the investor. The e-mail address for investor grievance is shareholders@ecoreco.com
- Secretarial Audit Report: As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the

report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

## 11. MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement the Management Discussion and Analysis is included as a separate section in this Annual Report.

## 12. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement the CEO/CFO Certificate is provided in the Annual Report.

## 13. COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement the Auditor's Certificate is obtained and provided in the Annual Report.



## COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Company Secretary's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

### The Members, Eco Recycling Limited

We have examined the compliance of conditions of Corporate Governance by Eco Recycling Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that

the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

**For Pramod S. Shah & Associates  
Practicing Company Secretaries  
Pramod S. Shah  
CP No. 3804**

**Mumbai  
July 30, 2012**



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry

Recycling as waste management practice in India is pushed by statutory compulsions, ecological requirements and economic considerations. The recycling activity is witnessing a shift and moving from largely unorganized approach to a more organized large scale corporate domain. The negative externalities caused from the hazardous nature of the material used in products makes it necessary to reclaim the waste and recycle components of the products to reduce the associated environmental contamination.

The recent policy amendments and proposed actions in the country have resulted in more organized efforts to recycle electronic waste (e-waste). although the technology in India is still limited and the e-waste recyclers cannot recover metals from the printed circuit boards, but their operational costs are coming down significantly as the industry prepares itself for the proposed e-waste recycling policy (draft of e-waste recycling policy is in circulation and largely in acceptable form).

### Waste & Recycling industry facts

In the United States, the recycling industry currently provides 1.1 million jobs, generates approximately \$240 billion in revenue, and spends close to \$40 billion in payroll. There are about 56,000 public and private companies of varying sizes within this industry.

In other words, there are some huge opportunities within the Waste & Recycling industry providing a unique opportunity to make money while keeping the earth green. There are still some challenges to overcome before companies can fully take advantage of these opportunities, however, the upside is huge.

### Strength, Weakness, Opportunities & Threats

#### Strengths

- Global demand for raw materials is driving the growth of the recycling industry
- Rising commodity prices result in increased profitability in recycling
- Increasing availability of new technologies for efficient and cost effective recycling

#### Weaknesses

- The waste and recycling industry is fractured in and consolidation has just begun
- Margins in the industry are currently low
- Price fluctuations for recycled materials are high

#### Opportunities

- Consolidation by Merger and Acquisitions

#### Threats

- Rising cost of wages and fuel
- Obsolete systems and software
- Tougher regulations

As you can see, the Waste and Recycling industry is in an interesting space right now. There is plenty of room for consolidation, growth and increased operational efficiency. Coupled with the growing global demand for environmentally friendly business practices, companies in this space have a lot to be excited about.

### Risk Management

Risk is an important element of corporate functioning and governance. Your Company has established the process of identifying, analyzing and treating risks, which could prevent the Company from effectively achieving its objectives. It

ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

### Internal Control System.

The Company has designed an effective Internal Control System to balance the financial, operational, compliance and other risks and explore its business opportunities at the fullest to achieve its desired objectives.

Financial performance with respect to operational performance:

The turnover of the Company has increased from Rs. 1676.37 lacs for the year ended 31<sup>st</sup> March, 2011 to Rs. 1,763.31 lacs for the year ended 31<sup>st</sup> March, 2012.

### Human Resources:

People are the most valued assets of the Company. They work individually and collectively contributing to the achievement of the objectives of the business. The relation between the employees and the Company remained cordial throughout the year. Your Company's corporate culture and the vision and values help unite the workforce and provide standards for how your Company conducts the business.

### Code of Conduct:

The Board of Directors has prescribed norms of ethical practices and code of conduct for the Directors of the Company. The code of Conduct of the Company lays down the principles, values, standards and rules of behavior that guide the decisions, procedures and systems of the Company in a way that (a) it contributes to the welfare of its stakeholders, and (B) respects the rights of all constituents affected by its operations. The Code of Conduct is reviewed from time to time by the Board.



# E-waste Recycl

Ecoreco, India's leading e-waste recycling company represents Recycling on Wheels, a customer friendly initiative to recycle e-waste at your doorstep. Ecoreco enables environment friendly disposal of e-waste for a greener future. Do your bit for the environment and the future generation. Hand us your e-waste for an environment friendly disposal.



India's first CPCB & MPCB approved & only E-waste Re

# ing on Wheels

Some of our in-house equipment for Recycling

WASTE Collection  
Facility



SAFE and Secure  
Data Destruction



PRECIOUS Metal  
Recovery

LAMP Recycling



CABLE Recycling



Shredder  
Machine



Hand us your e-waste today

 022 4005-2951/2/3

[www.ecoreco.com](http://www.ecoreco.com) | [ewaste@ecoreco.com](mailto:ewaste@ecoreco.com)

Recycling Company listed on BSE



**Ecoreco®**  
Eco Recycling Limited

Give your e-waste to the best



## DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2012.

For Eco Recycling Limited  
Mumbai, July 30, 2012

B. K. Soni  
CMD

## CHIEF EXECUTIVE OFFICER (CEO) &amp; CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Brijkishor Soni, Chairman & Managing Director and Anita Choudhari, Compliance Officer of ECO RECYCLING LIMITED, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and notes on accounts, as well as the cash flow statements and the directors' report;

2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;

3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects, the financial condition, results of the operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.

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

5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :

- a. designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities particularly during the period during which this report is being prepared; and
- b. evaluated the effectiveness of the Company's disclosure, controls and procedures.

6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):

- a. all significant deficiencies in the design or operation of internal controls , which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls;
- b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
- c. the Company's other certifying

officers and we, have indicated in this report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness; and

- d. all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.

7. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company that part of any bonus or incentive or equity –based compensation, which was inflated on account of such errors, as decided by the Audit Committee;

8. We affirm that we have not denied any personnel access to the Audit Committee of the Company;

9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

B. K. Soni  
CMD  
Mumbai

Anita Choudhari  
Compliance Officer  
July 30, 2012

## AUDITORS' REPORT

To The Members of,  
Eco Recycling Limited

1. We have audited the attached Balance Sheet of ECO RECYCLING LIMITED as at 31st March, 2012, the Statement of Profit and Loss and also the cash flow statement of the company for the year ended on that date annexed thereto. 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.

2. 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.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India

in terms sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Without qualifying our opinion we draw attention to Note no. 31 of the financial statements. The company has paid remuneration to the Executive Director of the company Mrs. Aruna Soni for which no permission has been taken by the company from members.

5. Further to our comments in the Annexure referred to in paragraph 3 above, 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 as required by law have been kept by the company so far, as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the mandatory Accounting Standards referred to in sub-section 3C of Section

- (e) 211 of the Companies Act, 1956; On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the said directors is disqualified as on 31st March, 2012 from being appointed as directors of the company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012.
  - ii) in the case of the Statement of Profit and Loss, of the Profit of the company for the year ended on that date.
  - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai  
May 30, 2012



For GMJ & Co  
Chartered Accountants  
Firm Reg. 1034292w  
CA P. Somani  
Partner  
Membership No. 40637

## ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- |   |  |   |
|---|--|---|
| <p>i. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>b) All the fixed assets have been physically verified by the company during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.</p> <p>c) The company has not disposed off any Fixed Assets during the financial year and hence the provisions of clause i (c) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.</p>  | <p>firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly, the provisions of clause 4(iii) (a), (b), (c), (d) of the Companies (Auditor's Report) Order 2003, (as amended) are not applicable to the Company and hence not commented upon.</p> <p>b) The company has taken an unsecured loan from one company &amp; three parties amounting to Rs.12,28,893/- (Maximum balance outstanding Rs.12,28,893/-) during the year covered in the register maintained under Section 301 of the Companies Act 1956. The year end balance outstanding Nil.</p> | <p>major weaknesses in internal control system.</p>   |
| <p>ii. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>b) In our opinion and according to the information &amp; explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company &amp; the nature of its business.</p> <p>c) In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.</p> | <p>c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of secured loans taken by the company from the party (referred to in (b) above) are not prima facie prejudicial to the interest of the company.</p> <p>d) In respect of the loan taken by the company (referred to in (b) above) the principal and the interest were not due for repayment in the current year.</p>  | <p>v. a) According to the information and explanation given to us, the transaction that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.</p> <p>b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time has referred to in Section 301 of the Act.</p>  |
| <p>iii. a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies,</p>   | <p>iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct</p>  | <p>vi. In our opinion &amp; according to the information &amp; explanations given to us, the company has not accepted any deposits from public within the meaning of Section 58A, 58AA or any other relevant provisions of the Acts &amp; Rules framed there under.</p> <p>vii. The company does not have a formal internal audit system commensurate with its size &amp; nature of the business but its financial &amp; other check ensure proper recording of financial transactions.</p> <p>viii. According to the information and explanations given to us, the Central Government has not prescribed</p> |



maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the company. Accordingly the provisions of clause 4(viii) of paragraphs 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

- ix. a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty, and other material statutory dues. According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid dues were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.  
b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, excise duty, customs duty and cess were in arrears, as at 31st March 2012.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current financial year or in the

immediately preceding financial year.

- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. In our opinion and 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 and hence the provisions of clause (xii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society and hence the provisions of clause (xiii) of paragraph 4 the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company has maintained proper records of the transactions & contracts of the investments dealt in by the company & timely entries have been made therein. All shares, debentures & other investments have been held by the company in its own name.
- xv. In our opinion and according to information and explanations

given to us, the company has not given any guarantees for the loan taken by others from bank or financial institutions. Hence the provision of clause (xv) of paragraph 4 of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

- xvi. In our opinion, the terms loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The company has not issued any debenture during the year.
- xx. The company has not raised any money by public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period.



Mumbai  
May 30, 2012

For GMJ & Co  
Chartered Accountants  
Firm Reg. 103429w  
CA P. Somani  
Partner  
Membership No. 40637

**BALANCE SHEET AS AT 31ST MARCH, 2012**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>31.03.2012 (Rupees)</b>	<b>31.03.2011 (Rupees)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' Funds</b>			
a) Share Capital	2	159,425,000	159,425,000
b) Reserves and Surplus	3	105,494,302	115,404,749
		<u>264,919,302</u>	<u>274,829,749</u>
<b>2) Share Application Money Pending Allotment</b>	4	8,600,000	-
<b>3) Non-Current Liabilities</b>			
a) Long-Term Borrowing	5	80,000,000	50,000,000
b) Deferred Tax Liability (Net)	6	1,078,092	1,049,142
		<u>81,078,092</u>	<u>51,049,142</u>
<b>4) Current Liabilities</b>			
a) Short-Term Borrowing	7	40,205,682	23,077,917
b) Trade Payables	8	58,953,026	65,664,479
c) Other Current Liabilities	9	24,095,732	1,166,325
d) Short-Term Provisions	10	2,800,066	1,840,066
		<u>126,054,506</u>	<u>91,748,787</u>
<b>Total</b>		<u><b>480,651,900</b></u>	<u><b>417,627,678</b></u>
<b>ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Fixed Assets	11		
i) Tangible Assets		19,501,513	11,340,050
ii) Intangible Assets		95,123,075	95,218,376
iii) Capital work in progress		<u>97,113,572</u>	<u>-</u>
		<u>211,738,160</u>	<u>106,558,426</u>
b) Non-Current Investments	12	39,378,548	45,245,153
c) Long-Term Loans and Advances	13	98,631,769	101,258,107
d) Other Non-Current Assets	14	11,566,153	13,715,595
		<u>361,314,631</u>	<u>266,777,281</u>
<b>2) Current Assets</b>			
a) Inventories	15	50,062,197	27,684,220
b) Trade Receivables	16	59,250,458	68,640,842
c) Cash and Bank Balances	17	3,769,585	10,608,150
d) Short-Term Loans and Advances	18	6,255,030	43,910,874
e) Other Current Assets	19	-	6,312
		<u>119,337,269</u>	<u>150,850,398</u>
<b>Total</b>		<u><b>480,651,900</b></u>	<u><b>417,627,678</b></u>

**Notes forming part of the financial statements** No. 1-39

As per our report of even date attached

For GMJ & Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2012

**For and on behalf of the Board**

B. K. Soni

Chairman & Managing Director

T R Rao Director

Srikrishna B Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	2011-12 (Rupees)	2010-11 (Rupees)
<b>INCOME</b>			
a) Revenue from Operations	20	175,733,737	164,303,574
b) Other Income	21	597,210	3,333,487
<b>Total</b>		<b>176,330,947</b>	<b>167,637,061</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade	22	160,215,982	153,769,199
b) Changes in inventories of Stock-in-Trade	23	(22,377,977)	(17,831,576)
c) Employee Benefits Expense	24	8,241,991	4,046,953
d) Finance Costs	25	5,448,937	2,016,509
e) Other Expenses	26	18,972,634	15,950,400
f) Depreciation and Amortization Expense	11	1,139,877	1,129,627
<b>Total</b>		<b>171,641,444</b>	<b>159,081,112</b>
<b>Profit Before Tax</b>		<b>4,689,503</b>	<b>8,555,950</b>
<b>Tax expense:</b>			
-Current tax		960,000	1,400,000
-Deffered tax		28,950	126,363
<b>Profit for the year</b>		<b>3,700,553</b>	<b>7,029,587</b>
Earnings per equity share: (face value of Rs 10/-)			
Basic and Diluted	34	0.23	0.44

## Notes forming part of the financial statements No. 1-39

As per our report of even date attached

For GMJ &amp; Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2012

## For and on behalf of the Board

B. K. Soni

Chairman &amp; Managing Director

T R Rao Director

Srikrishna B Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>A Cash Flow from Operating Activities</b>		
Net Profit/(Loss) After Tax and Extraordinary items	3,700,553	7,029,587
Deffered Taxes	28,950	126,363
Current Taxes	960,000	1,400,000
Depreciation	1,139,877	1,129,627
Interest Expenses	5,448,937	2,016,509
Interest Income	(127,405)	(203,991)
Dividend Income	(167,022)	(148,829)
Profit on sale of Investment	(265,140)	(2,925,667)
Deffered Revenue Expenditure	2,689,676	840,741
<b>Operating Profit before Working Capital Changes</b>		
<b>Adjusted For:</b>		
(Increase)/Decrease in Trade receivable	9,390,384	(39,474,011)
(Increase)/Decrease in Inventories	(22,377,977)	(17,831,576)
(Decrease)/Increase in Trade Payable	(6,711,453)	64,825,759
(Decrease)/Increase in Short Term Provision	960,000	(643,784)
(Decrease)/Increase in Other Current Liabiities	22,929,407	(1,957,107)
(Increase)/ Decrease in Short term Loans & Advance	37,655,844	(64,202,714)
(Increase)/ Decrease in Long term Loans & Advance	2,626,338	(17,435,770)
(Increase)/ Decrease in Other Non-Current Assets	(540,234)	(3,664,770)
(Increase)/ Decrease in Other Current Assets	6,312	(10,762)
<b>Net Cash generated from Operations</b>	<b>57,347,047</b>	<b>(71,130,394)</b>
Taxes	(960,000)	(1,400,000)
<b>Net Cash generated from Operating Activities</b>	<b>56,387,047</b>	<b>(72,530,394)</b>
<b>B Cash Flow from Investing Activities</b>		
(Increase)/Decrease in Fixed Assets, Capital WIP & Intangible Assets	(119,930,611)	(13,822,763)
(Increase)/Decrease in Non-Current Investments	5,866,605	22,667,298
Profit on Sale of Investment	265,140	2,925,667
Interest Income	127,405	203,991
Dividend Income	167,022	148,829
<b>Net Cash from Investing Activities</b>	<b>(113,504,439)</b>	<b>12,123,022</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	<b>31.03.2012</b> <b>(Rupees)</b>	<b>31.03.2011</b> <b>(Rupees)</b>
<b>C Cash flow From Financing Activities</b>		
(Decrease)/Increase in Long Term Borrowings	30,000,000	47,870,795
(Decrease)/Increase in Short Term Borrowings	17,127,765	17,891,687
Proceeds From Share Application Money	8,600,000	-
Interest Expenses	(5,448,937)	(2,016,509)
<b>Net Cash Flow from Financing Activities</b>	<b>50,278,828</b>	<b>63,745,973</b>
<b>Net Increase in Cash and Cash Equivalent during the Year (A+B+C)</b>	<b>(6,838,564)</b>	<b>3,338,601</b>
 <b>Cash and Cash equivalents at the beginning of the year</b>	 <b>10,608,150</b>	 <b>7,269,550</b>
 <b>Cash and Cash equivalents at the end of the year</b>	 <b>3,769,585</b>	 <b>10,608,150</b>
<b>Cash and Cash Equivalents include:</b>		
Cash in Hand	407,603	581,443
Balance with Scheduled Banks:		
- Current Account	361,982	1,026,707
Fixed deposit with original maturity period less than 3 months		
As margin money	3,000,000	9,000,000
(Refer Note No."17")		
	<b>3,769,585</b>	<b>10,608,150</b>

**Notes forming part of the financial statements** No. 1-39

As per our report of even date attached

For GMJ &amp; Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2012

**For and on behalf of the Board**

B. K. Soni

Chairman &amp; Managing Director

T R Rao Director

Srikrishna B Director

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention, on the accrual basis of accounting and accounting standards issued by The Central Government as Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

#### 1.2 Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles ('GAAP') requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 1.3 Presentation & disclosure of financial statements

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The

company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### 1.4 Fixed Assets and Depreciation:

Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and all attributable cost of bringing the asset to its working condition for its intended use. Depreciation on Fixed Assets has been provided on straight line method on pro-rata basis at the rates prescribed in Schedule XIV of the Companies Act, 1956.

#### 1.5 Revenue Recognition:

Revenue (income) is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- a) Revenue from sale of goods is recognized when all the significant risk and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects Sales Tax & Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.
- b) Revenue from service charges are recognized pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.
- c) Interest Revenue is recognized on

a time proportion basis taking into account the amount outstanding and the applicable interest rate.

- d) Dividend Income is recognized when the company's right to receive dividend is established.

#### 1.6 Inventories:

- a) Stock-in-Trade are valued at cost or net realizable value whichever is lower.
- b) Shares held as stock in trade are valued at purchase cost.

#### 1.7 Investments:

Investment that are readily realizable and intended to be held for not more than a year from the date on which such investment are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investments basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

#### 1.8 Foreign Exchange Transactions:

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in profit and loss account.

#### 1.9 Leases:

Leases where significant portion of risk & reward of ownership are retained by the lesser are classified as operating

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

leases & lease rental thereon are charged to Profit & Loss Account.

### 1.10 Taxes on Income:

"Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of Income tax Act, 1961. Deferred Tax represents the effect of ""timing differences"" between taxable income and accounting income for the reporting period that originate in one period and capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized only on reasonable certainty of realization and on unabsorbed depreciation and brought forward losses only on virtual certainty."

### 1.11 Provisions and Contingencies:

A provision is recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

### 1.12 Earning Per Share:

"Basic earnings per share are

calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares."

### 1.13 Cash and Cash Equivalents:

Cash and Cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### 1.14 Branding Expenses:

Brand building expenses have been considered as intangible fixed asset and shown at actual cost. Branding expenses will be amortized over its useful life of assets, however, not exceeding a period of 10 years. The written off will commence from the year in which the branding exercise is completed.

### 1.15 Goodwill on Merger:

Pursuant to court order on amalgamation, goodwill is written off from the General Reserve. The same is done over a period of 5 years.

### 1.16 Research and Development Expenditure:

Research cost are expensed as incurred. Development expenditure incurred on an project is recognized

as an intangible asset when the company can demonstrate the criteria laid down in AS-26 for recognition of an Intangible Asset.

### 1.17 Derivative Instruments:

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS-11, are marked to market on portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedge item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedge item, is ignored.



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)		31.03.2011 (Rupees)	
2 Share Capital				
Authorized				
30,000,000 Equity Shares of Rs 10/- each	300,000,000		300,000,000	
Issued, Subscribed and Paid up				
15,942,500 Equity Shares of Rs 10/- each fully paid up	159,425,000		159,425,000	
Total	159,425,000		159,425,000	
a) 11,342,500 (P.Y.11,342,500) Equity Shares out of the issued, subscribed and paid up share capital were allotted in the last five years pursuant to the schemes of amalgamation of Eco Recycling Limited and Infotrek Syscom Limited without payments being received in cash				
b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:				
Equity Shares	31.03.2012		31.03.2011	
	Number of Shares	Amount	Number of Shares	Amount
At the beginning of the year	15,942,500	159,425,000	15,942,500	159,425,000
Shares Issued during the year	-	-	-	-
Outstanding at the end of the year	15,942,500	159,425,000	15,942,500	159,425,000
c) Terms/ rights attached to equity shares				
The Company has only one class of equity shares having a par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the numbers of equity shares held by the shareholders.				
d) Shares held by Holding Company				
First Online Comtrades Private Limited, the holding company				
91,39,250 Equity Shares of Rs 10/- each fully paid up	91,392,500		91,392,500	
e) Details of Shareholders holding more than 5 % shares in the Company				
	31.03.2012		31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of Rs.10/- each fully paid up				
First Online Comtrades Private Limited	9,139,250	57%	9,139,250	57%
B. K. Soni	2,135,320	13%	2,135,320	13%

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>3 Reserves and Surplus</b>		
<b>a) Capital Reserve</b>		
Balance as per last financial statements	35,115,495	35,115,495
<b>b) Securities Premium Reserves</b>		
Balance as per last financial statements	48,000,000	48,000,000
<b>c) General Reserve</b>		
Balance as per last financial statements	6,101,130	19,712,130
Add: Transferred from surplus balance in the statement of profit and loss	15,000,000	-
Less : Goodwill on merger	(13,611,000 )	(13,611,000 )
Balance as at the end of the year	7,490,130	6,101,130
<b>d) Surplus/(Deficit) in the Statement of profit and loss</b>		
Balance as per last financial statements	26,188,124	19,158,537
Add : Profit for the year	3,700,553	7,029,587
Less: Appropriation	(15,000,000)	-
<b>Net Surplus in the Statement of profit &amp; loss</b>	<b>14,888,677</b>	<b>26,188,124</b>
<b>Total</b>	<b><u>105,494,302</u></b>	<b><u>115,404,749</u></b>
<b>4 Share Application Money Pending Allotment</b>		
Balance as per last financial statements	-	-
Add : Received during the year	8,600,000	-
Balance as at the end of the year	8,600,000	-
<b>Total ( Refer note 32)</b>	<b><u>8,600,000</u></b>	<b><u>-</u></b>
<b>5 Long-Term Borrowing</b>		
<b>Unsecured Term Loan</b>		
From Government*	80,000,000	50,000,000
<b>Total</b>	<b><u>80,000,000</u></b>	<b><u>50,000,000</u></b>
* Repayment to start after 1 year from the date of completion of the project in 5 yearly equal instalments.		
<b>6 Deferred Tax Liability (Net)</b>		
Major components of deferred tax balances consist of the following:		
<b>Deferred Tax Liability</b>		
Related to fixed assets	1,078,092	1,049,142
<b>Total</b>	<b><u>1,078,092</u></b>	<b><u>1,049,142</u></b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>7 Short-Term Borrowing</b>		
Secured		
Working Capital Loans		
From Banks*	40,205,682	23,077,917
<b>Total</b>	<b>40,205,682</b>	<b>23,077,917</b>
*Working Capital Loans are secured by hypothecation of Stock, Book-Debts and Personal Guarantee of a Director		
<b>8 Trade Payables</b>		
(Unsecured, Considered Good)		
M.S.M.E.	-	-
Others	58,953,026	65,664,479
<b>Total</b>	<b>58,953,026</b>	<b>65,664,479</b>
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.		
<b>9 Other Current Liabilities</b>		
Bank Overdraft on a Scheduled Bank	20,940,449	-
Creditors for expenses	620,247	744,687
Advance from customers	1,890,275	-
Statutory Dues*	644,760	421,638
<b>Total</b>	<b>24,095,732</b>	<b>1,166,325</b>
* Includes Tax deducted at source, Provident Fund and Profession Tax.		
<b>10 Short-Term Provisions</b>		
Provision for Income Tax	2,800,066	1,840,066
<b>Total</b>	<b>2,800,066</b>	<b>1,840,066</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

## 11. FIXED ASSETS:

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		As at 1.4.2011	Additions	As at 31.3.2012	As at 1.4.2011	For the Year	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
Tangible Assets									
1	Plant & Machineries	7,798,237	8,374,128	16,172,365	470,319	523,541	993,860	15,178,504	7,327,918
2	Vehicles	1,777,865	655,973	2,433,838	176,891	255,486	432,377	2,001,461	1,600,974
3	Computers	2,522,794	205,149	2,727,943	2,470,307	55,846	2,526,152	201,791	52,487
4	Motor Car	1,920,042	-	1,920,042	375,142	182,404	557,546	1,362,496	1,544,900
5	D. G. Set	57,488	-	57,488	22,557	4,064	26,621	30,867	34,931
6	Office Equipment	611,067	30,090	641,157	212,801	87,933	300,734	340,423	398,266
7	Furniture and Fixtures	420,823	36,000	456,823	40,249	30,603	70,852	385,971	380,574
	Sub-Total (a)	15,108,316	9,301,340	24,409,656	3,768,266	1,139,877	4,908,143	19,501,513	11,340,050
Intangible Assets									
1	*Goodwill	68,055,000	-	68,055,000	13,611,000	13,611,000	27,222,000	40,833,000	54,444,000
2	Branding	40,774,376	13,515,699	54,290,075	-	-	-	54,290,075	40,774,376
	Sub-Total (b)	108,829,376	13,515,699	122,345,075	13,611,000	13,611,000	27,222,000	95,123,075	95,218,376
Capital work in progress									
1	Plant & Machinery	-	92,400,000	92,400,000	-	-	-	92,400,000	-
2	Computer Software	-	400,000	400,000	-	-	-	400,000	-
3	**Development “ Precious metal recovery plant” Expenditure**	-	4,313,572	4,313,572	-	-	-	4,313,572	-
	Sub-Total (c)	-	97,113,572	97,113,572	-	-	-	97,113,572	-
	Current Year Rupees : Total	123,937,692	119,930,611	243,868,303	17,379,266	14,750,877	32,130,143	211,738,160	106,558,426
	Previous Year Rupees :-	120,053,100	13,267,073	133,320,173	2,638,654	14,740,627	17,379,267	115,940,906	49,359,446

\* Amortization of Goodwill is adjusted against General Reserve (Refer to Note 3)

\*\* It represents an expenditure for development of the project 'E-Waste recycling and Precious metal recovery' under TDDP of TDPU and DSIR.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012		31.03.2011	
	No. of shares	(Rupees)	No. of shares	(Rupees)
<b>12 Non-Current Investments</b>				
(Long-Term Investments)				
<b>Other than trade investments</b>				
(Valued at cost)				
<b>a) Quoted Equity Shares</b>				
Amar Remedies Ltd (Face Value Rs.10/-)	-	-	1,000	61,730
Anant Raj Ind Ltd (Face Value Rs.2/-)	500	57,849	500	57,849
National Peroxide Ltd (Face Value Rs. 10/-)	2,000	462,550	2,000	462,550
G.V. Films Ltd (Face Value Rs. 10/-)	10,000	82,150	10,000	82,150
Hindustan Motors Ltd (Face Value Rs. 5/-)	42,000	775,572	32,000	824,073
Malu Paper Mills Ltd (Face Value Rs 10/-)	9,997	375,336	9,997	375,336
Prism Cement Ltd (Face Value Rs 10/-)	2,000	120,070	2,000	120,070
Ruchi Infrastructure Ltd (Face Value Re 1/-)	424,500	18,798,798	424,500	18,798,798
Anik Industries Ltd (Face Value Rs 10/-)	50,000	2,473,150	50,000	2,473,150
NOCIL Ltd (Face Value Rs 10/-)	63,989	1,193,473	63,989	1,193,473
BSEL Infrastructure Realty Ltd (Face Value Rs 10/-)	10,000	100,346	10,000	100,346
Harrison Malayalam Ltd (Face Value Rs 10/-)	3,000	241,752	3,000	241,752
Hindustan Organic Chemicals Ltd (Face Value Rs 10/-)	10,000	302,060	5,000	189,700
Indian Card Clothing Company Ltd (Face Value Rs 10/-)	1,298	178,296	1,298	178,296
KPR Mills Ltd (Face Value Rs 10/-)	1,721	250,000	1,721	250,000
Murli Industries Ltd (Face Value Rs 2/-)	3,500	119,008	3,500	119,008
Opto Circuits India Ltd (Face Value Rs 10/-)	-	-	300	88,063
Shree Ashtavinayak Cinevision Ltd (Face Value Re.1)	-	-	10,000	56,610
Tata Tele Services (Maharashtra) Ltd (Face Value ₹ 10/-)	335,000	5,631,829	630,739	11,355,891
JSW Energy Ltd (Face Value Rs 10/-)	500	61,683	500	61,683
Himachal Futuristic Communications Ltd (Face Value Re 1/-)	3,000	54,000	3,000	54,000
<b>b) Unquoted Equity Shares</b>				
Saujanya Trading Pvt Ltd (Face Value Rs 10/-)	200,000	5,000,000	200,000	5,000,000
Dombivali Sahkari Bank Ltd (Face Value Rs 10/-)	10,000	100,000	10,000	100,000
The Shamrao Vithal Coop Bank Ltd (Face Value Rs 10/-)	25	625	25	625
Sanjay Chemical Pvt Ltd (Face Value Rs 10/-)	3,000	3,000,000	3,000	3,000,000
<b>Total</b>		<b>39,378,548</b>		<b>45,245,153</b>
Aggregated Value of Quoted Investments		31,277,923		37,144,528
Aggregated Market Value of Quoted Investments		16,528,398		26,333,240
Aggregated Value of Unquoted Investments		81,00,625		81,00,625

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>13 Long-Term Loans and Advances</b>		
(unsecured, considered good)		
Lease Rent Deposits*	13,495,000	15,050,000
Other Security Deposits	20,750	9,600
<b>Other Loans and Advances</b>		
Capital Advance	53,700,000	61,533,305
Advances Recoverable in Cash or in Kind	25,860,000	20,575,715
Advance Income Tax	1,809,560	1,018,403
Balances with Statutory/Government Authorities	3,746,460	3,071,085
<b>Total</b>	<b>98,631,769</b>	<b>101,258,107</b>
<b>Loans and Advances above includes :-</b>		
<b>a) Lease Rent Deposit includes:</b>		
Aruna Soni	5,000,000	5,000,000
B. K. Soni HUF	6,050,000	6,050,000
First Online Comtrades Private Limited	-	2,500,000
<b>b) Advances Recoverable in Cash or in Kind includes:</b>		
Bennett Coleman & Company Limited (BCCL).	-	475,715
<b>14 Other Non-Current Assets</b>		
Other Deposits with Banks		
Held as margin money	1,810,000	1,810,000
Interest Accrued	697,388	657,153
Miscellaneous Expenditure	9,058,765	11,248,442
(To the extent not w/off)		
<b>Total</b>	<b>11,566,153</b>	<b>13,715,595</b>
<b>15 Inventories</b>		
(Refer Note 1.6)		
Stock of Electrical and Electronic Equipment	46,391,100	23,818,054
Stock of Shares and Securities	3,671,096	3,866,166
<b>Total</b>	<b>50,062,197</b>	<b>27,684,220</b>
<b>16 Trade Receivables</b>		
(unsecured, considered good)		
More than six months from the date they are due for payment	2,698,374	2,255,914
Other Debts	56,552,084	66,384,928
<b>Total</b>	<b>59,250,458</b>	<b>68,640,842</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>17 Cash and Bank Balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	407,603	581,443
Balances with banks -		
On current accounts	361,982	1,026,707
Fixed deposit with original maturity period less than 3 months		
As margin money	3,000,000	9,000,000
<b>Total</b>	<b>3,769,585</b>	<b>10,608,150</b>
<b>18 Short-Term Loans and Advances</b>		
(unsecured, considered good)		
Earnest Money Deposit	246,574	15,070
<b>Other Loans and Advances</b>		
Advances Recoverable in Cash or in Kind	5,262,803	43,689,889
Advance to Supplier	436,589	
Prepaid Expenses	61,491	-
Advance to Employees	227,702	205,915
Balances with Statutory/Government Authorities	19,871	-
<b>Total</b>	<b>6,255,030</b>	<b>43,910,874</b>
<b>Loans and Advances above includes :-</b>		
<b>a) Advance to Employees includes:</b>		
B. K. Soni	140,450	-
<b>b) Advances Recoverable in Cash or in Kind includes:</b>		
Bennett Coleman & Company Limited (BCCL).	475,715	13,515,699
<b>19 Other Current Assets</b>		
Interest Accrued on fixed deposit with bank	-	6,312
<b>Total</b>	<b>-</b>	<b>6,312</b>
<b>20 Revenue from Operations</b>		
Revenue from operations		
Sale of Electrical and Electronic Equipment	173,692,957	158,521,148
Service Charges	1,475,716	719,154
Sale of Shares	565,064	5,063,272
<b>Total</b>	<b>175,733,737</b>	<b>164,303,574</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>21 Other Income</b>		
Interest Income on		
Bank Deposits	127,405	203,991
Dividend	167,022	148,829
Miscellaneous Income	37,643	55,000
Profit on sale of shares held as investments	265,140	2,925,667
<b>Total</b>	<b>597,210</b>	<b>3,333,487</b>
<b>22 Purchases of Stock-in-Trade</b>		
Purchases of Electrical and Electronic Equipment	160,215,982	153,702,875
Shares	-	66,324
<b>Total</b>	<b>160,215,982</b>	<b>153,769,199</b>
<b>23 Changes in Inventories of Stock-in-Trade</b>		
Inventories at the end of the year		
Stock of Electrical and Electronic Equipment	46,391,100	23,818,054
Stock of Shares	3,671,096	3,866,166
	<u>50,062,197</u>	<u>27,684,220</u>
Inventories at the beginning of the year		
Stock of Electrical and Electronic Equipment	23,818,054	4,950,146
Stock of Shares	3,866,166	4,902,498
	<u>27,684,220</u>	<u>9,852,644</u>
<b>Total</b>	<b>(22,377,977)</b>	<b>(17,831,576)</b>
<b>24 Employee Benefits Expense</b>		
Salaries, Bonus and Other Allowances	7,838,009	3,476,759
Employee Welfare Expenses	403,982	570,194
<b>Total</b>	<b>8,241,991</b>	<b>4,046,953</b>
<b>25 Finance Costs</b>		
Interest on Borrowings	4,986,062	1,657,781
Bank Charges	462,875	358,728
<b>Total</b>	<b>5,448,937</b>	<b>2,016,509</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>26 Other Expenses</b>		
Lease Rent	5,002,290	4,812,000
Freight and Transportation	1,555,228	798,129
Travelling and Conveyance	1,275,180	1,190,013
Professional Fees	1,069,435	999,666
Labour Charges	551,864	311,241
Advertisement Expenses	515,845	138,956
Insurance Expense	345,632	355,541
Printing and Stationery	231,520	195,110
Repairs and Maintenance	197,744	12,550
Electricity Charges	194,466	182,232
Security Charges	166,590	171,126
Auditors' Remuneration	122,360	180,000
Directors' Sitting Fees	60,000	10,000
Registrar and Transfer Agent Expense	57,255	51,052
Annual Listing Fees	44,220	171,685
Bad Debts	-	250,833
Other Expenses	1,371,231	2,475,434
Derivative Loss	3,522,098	2,804,091
Miscellaneous Expenditure w/off	2,689,676	840,755
<b>Total</b>	<b>18,972,634</b>	<b>15,950,414</b>

**27 Disclosure in Respect of Leases:**

The Company's leasing arrangements are in respect of operating leases for factory, office premises and guest house occupied by the Company. These leasing arrangements are cancellable except during the lock in period, and are renewable on a periodic basis by mutual consent on mutually acceptable terms.

a) The total of future minimum lease payments during lock in period of operating leases for each of the following periods.

**Particulars**

i) Not later than one year	6,145,910	5,113,200
ii) Later than one year and not later than five years	7,912,682	12,729,592
iii) Later than five years	-	-
b) Lease payments recognized in the statement of Profit and Loss for the period.	5,002,290	4,812,000

**28 Capital and Other Commitments****Capital Commitments:**

Estimated value of contracts in capital account remaining to be executed

From others	27,500,000	53,740,099
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## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>29 Contingent Liabilities</b>		
Guarantee given by Bank on behalf of the Company Secured against equal fixed deposits		
Standing Bank Guarantee in favour of The Customs, JNPT	1,810,000	1,810,000
Standing Bank Guarantee for Tender in favour of The MMRDA	20,000,000	-
<b>30 Related Party Transactions</b>		
Related party disclosures as required by AS - 18, "Related Party Disclosures", are given below "		
i) Relationships :		
(a) <b>Holding Company :-</b>		
First Online Comtrades Private Limited		
(b) <b>Associates :-</b>		
Kriscon Services Private Limited		
Reverse Logistics & Warehousing Private Limited		
Bennett Coleman & Company Limited (BCCL).		
(b) <b>Key Management And Personnel :-</b>		
Mr. B. K. Soni - Chairman & Managing Director		
Mrs. Aruna Soni - Director		
Mr. Srikrishna B. - Director		
Mr. T R Rao - Director		
Mr. Deepak Nanda - Director		
ii) Transaction With Related Parties :-		
<b>Particulars</b>		
<b>Key management personnel</b>		
Remuneration	3,000,000	600,000
Sitting Fees	60,000	10,000
Rent	1,800,000	2,043,000
Loan Received	1,228,893	950,000
Loan Repaid	1,228,893	950,000
<b>Holding Company</b>		
Deposit Refunded	2,500,000	-
Loan Received	300,000	450,000
Loan Repaid	300,000	450,000
<b>Associates</b>		
Commission & brokerage charges	54,000	-
Branding expenses	13,515,699	11,548,495
<b>Closing Balance at the Year End</b>		
<b>Key management personnel</b>		
Lease Deposit	11,050,000	11,050,000
Advance Against Salary	140,540	-
<b>Holding Company</b>		
Lease Deposit	-	2,500,000
<b>Associates</b>		
Advances Recoverable in Cash or in Kind	-	13,991,441

**NOTE:** Related party relationship is as identified by the company and relied upon by the Auditors

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 (Rupees)	31.03.2011 (Rupees)
<b>31</b> The company has paid a remuneration of Rs.50,000/- p.m. to Mrs. Aruna Soni a Executive Director of the company w.e.f. 1st April, 2011 without obtaining the consent of the members of the company. The company is in process of regularizing the same.		
<b>32</b> The Company has passed a resolution dated:05/03/2011 under section 81(1A) of The Companies Act, 1956 to issue of 8,00,000 (Eight Lakh) Convertible Equity Warrants aggregating Rs.86,00,000/- on Preferential Basis to Bennett Coleman & Company Limited (BCCL) and the same has been shown under the head share application money pending allotment.		
<b>33 Payment to Auditors:</b>		
<b>Particulars</b>		
Audit Fees	75,000	60,000
Tax Audit Fees	25,000	25,000
Other Services	22,360	174,205
<b>Total</b>	<b>122,360</b>	<b>259,205</b>
<b>34 Earnings Per Share:</b>		
i) Profit after tax and exceptional item	3,700,553	7,029,587
ii) Weighted average number of equity shares outstanding	No. of shares 15,942,500	15,942,500
iii) Basic Earnings Per Share	0.23	0.44
iv) Diluted Earning Per Share	0.23	0.44
v) Face Value of Shares	10.00	10.00
<b>35 CIF Value of Imports:</b>		
<b>Particulars</b>		
Capital Goods	7,098,958	533,204
<b>Total</b>	<b>7,098,958</b>	<b>533,204</b>
<b>36 Expenditure in Foreign Currency</b>		
<b>Particulars</b>		
Travelling	202,460	509,704
<b>Total</b>	<b>202,460</b>	<b>509,704</b>
<b>37</b> The office of the Company Secretary has been vacant and the Company is in process of appointing a full time company secretary.		
<b>38</b> The Company has not provided for gratuity, leave encashment and leave travel allowances to employees on accrual basis, which is not in conformity with AS-15 issued by ICAI. However in the opinion of the management the amount involved is negligible and has no impact on profit and loss account.		
<b>39</b> The company is into single segment of E-waste Management and Recycling. Hence segment wise reporting is not applicable.		

## Notes forming part of the financial statements No. 1-39

As per our report of even date attached

For GMJ &amp; Co

Chartered Accountants

FRN No. 103429w

CA. P. Somani Partner

Place: Mumbai | Date: May 30, 2012

## For and on behalf of the Board

B. K. Soni

Chairman &amp; Managing Director

T R Rao Director

Srikrishna B Director

**ATTENDANCE SLIP  
ECO RECYCLING LIMITED**

**Registered Office:** 205, Centre Point, Next to Hotel Kohinoor, Andheri Kurla Road, Andheri (E), Mumbai – 400 059

18th Annual General Meeting, Thursday August 30th, 2012

I hereby record my presence at the 18th Annual General Meeting of the Company (including adjournment thereof) at Tunga International, Next to Udyog Sarathi, MIDC, Andheri East, Mumbai – 400 093 on Thursday August 30th, 2012 at 10.00 a.m.

Folio No. \_\_\_\_\_ DP ID\* \_\_\_\_\_ Client ID \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\_\_\_\_\_

Full name of the Shareholder/Proxy(in block letters)

Signature

Note : Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand over at the entrance of the hall.

**PROXY FORM  
ECO RECYCLING LIMITED**

**Registered Office:** 205, Centre Point, Next to Hotel Kohinoor, Andheri Kurla Road, Andheri (E), Mumbai – 400 059

18th Annual General Meeting, Thursday, August 30th 2012

Folio No. \_\_\_\_\_ DP ID: \_\_\_\_\_ Client ID: \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ In the district of \_\_\_\_\_ being  
a member(s) of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for  
me/us on my/our behalf at the 18th Annual General Meeting of the Company (including adjournment thereof) to be held Tunga International, Next to Udyog Sarathi, MIDC, Andheri East, Mumbai – 400 093 on Thursday, August 30th, 2012 at 10.00 a. m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Affix a

- Note :
1. The proxy need not be a member
  2. The Proxy Form duly completed should be deposited at the Registered Office of the Company at Mumbai not later than 48 hours before the time of the meeting.
- \*applicable for investor holding shares in electronic form.

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