
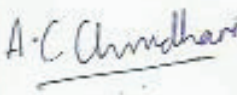



### Form B

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGE

1	NAME OF THE COMPANY	ECO RECYCLING LIMITED
2	ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED	31 <sup>st</sup> March, 2014
3	TYPE OF AUDIT OBSERVATION	<p>There are No Qualification except as provided herein below:</p> <p>The Company has not written off the "Miscellaneous Expenditure" amounting to INR 64,98,617/- fully in Statement of profit and loss account, which is not in conformity with AS - 26 - Intangible Assets which had arise at the time of amalgamation. However, in the opinion of the management it will not create any discrepancy has the treatment taken is as per the provisions of The Income Tax Act, 1961.</p>
4	FREQUENCY OF OBSERVATION	Second time
	DRAW ATTENTION TO RELEVANT NOTES IN THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT RESPONSE TO THE QUALIFICATION IN THE DIRECTORS REPORT:	<p>On page 18 of the Annual Report in the Independent Auditor's Report states as under:- In our opinion and to the best of our information and according to the explanations given to us, except miscellaneous expenditure which are in our opinion is not in accordance with the Accounting Standard 26 "Intangible Assets" aggregating to Rs.64,98,617/-, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;</p> <p>(b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and</p> <p>(c) In the case of the Cash Flow Statement, of</p>



		<p>the cash flows for the year ended on that date.</p> <p>Management response to the said qualification in the Directors' report is as under (Point 13 of the Directors' Report and Page No. 3 of the Annual Report):-</p> <p>The Company responds that it is a call taken by the Management to amortize the said Miscellaneous Expenditure.</p>
	ADDITIONAL COMMENTS FROM THE BOARD/AUDIT COMMITTEE CHAIR:	The Management is of the Opinion that it will not create any discrepancy as the treatment taken is as per the provisions of The Income Tax Act, 1961.
5	TO BE SIGNED BY-	
	MANAGING DIRECTOR	
	CFO	
	AUDITORS OF THE COMPANY	





LIVE UP TO  
THE PROMISE OF  
GOING GREEN.



**ECO RECYCLING LIMITED**  
**ANNUAL REPORT 2013-2014**



First e-waste recycling company registered by CPCB and the only registered recycling company in Maharashtra

## **BOARD OF DIRECTORS**

### **DIRECTORS**

B. K. Soni – CMD  
T. Raghavendra Rao  
Srikrishna B.  
Shashank Soni  
Aruna Soni

### **AUDITORS**

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

### **BANKERS**

The Catholic Syrian Bank  
Kotak Mahindra Bank

## **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

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 20th Annual General Meeting of Eco Recycling Limited will be held at All India Plastic Manufacturer Association, Street No. 1, MIDC, Andheri East, Mumbai – 400 059 on Tuesday, September 30, 2014 at 10:00 A. M. to transact the following business:

### Ordinary Business:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2014, Statement of Profit and Loss Account for the Financial Year ended on that date and the Reports of the Auditor's and the Directors' thereon.
2. To appoint a Director in place of Mr. B. K. Soni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s. GMJ & Co., Chartered Accountants bearing Registration No. 1034292W being retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors".

4. To appoint Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution with or without modification(s) as Ordinary Resolution:

"RESOLVED THAT Pursuant to provision of Section 149, 152 read along with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5(five) consecutive years for the term up to 31st March, 2019, not liable to retire by rotation."

5. To appoint Mr. Srikrishna Bhamidipati (DIN 02083384) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution with or without modification(s) as Ordinary Resolution:

"RESOLVED THAT Pursuant to provision of Section 149, 152 read along with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Srikrishna Bhamidipati (DIN 02083384), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5(five) consecutive years for the term up to 31st March, 2019, not liable to retire by rotation."

Mumbai  
02/09/2014

By order of the Board  
B. K. Soni  
Chairman & Managing Director

**Registered Office:**  
205, Centre Point,  
Next to Hotel Kohinoor,  
Andheri Kurla Road,  
Andheri East,  
Mumbai - 400059.

**Notes:**

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the Meeting and vote thereat instead of himself/herself and such proxy need not be a member of the company. A person appointed as proxy shall act on behalf of such member or number of members not exceeding fifty. However, a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A proxy shall not vote except on a poll.

The proxy forms should be lodged with the company at the registered office at least 48 hours before the time of the meeting.

Under section 107 of Companies Act, 2013, voting is by show of hands unless a poll is demanded by the members present in person or by proxy, where allowed. The person demanding poll shall have not less than one-tenth of the voting power or shall have shares on which an aggregate sum of not less than five lakh rupees has been paid-up.

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 September 23, 2014 to September 30, 2014 (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 2B to the Registrar & Transfer Agents of the Company.
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 or clarifications on the Annual Report 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. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorship and memberships / chairmanships of Board committees, shareholding and relationships

between directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

11. A Statement pursuant to section 102 (1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
12. Members are requested to bring their copy of Annual Report to the Meeting
13. 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.
14. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of savings bank account to their respective Depository Participants.
15. 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 (E), Mumbai – 400 072 Tel No: +91 22 28470652/53, Fax No.: +91 22 28475207, Email: investor@bigshareonline.com
16. As per the provisions of the Companies Act, 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
17. 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;
18. Information under clause 49 of the listing agreement relating to directors retiring by rotation and seeking re-appointment is given at **Annexure 1**;

**19. E- voting :**

In compliance with section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Shareholders with facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The Company has signed an agreement with CDSL for facilitating e-voting to enable the shareholders to cast their vote electronically.

**Process for E –Voting –**

**The instructions for members for voting electronically are as under:-**

In case of members receiving e-mail:

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com);



- ii. Click on "Shareholders" tab;
- iii. Now, select the Electronic Voting Sequence Number "EVSN" along with ECO RECYCLING LIMITED from the drop down menu and click on "SUBMIT";
- iv. Now Enter your User ID ;
  - a) For CDSL: 16 digits beneficiary ID;
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login;
- vi. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used;
- vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</p> <p>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</p>

- viii. After entering these details appropriately, click on "SUBMIT" tab;
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the

demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;

- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice;
- xi. Click on the EVSN on which you choose to vote;
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution;
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details;
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote;
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system:
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates;
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com);
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on;
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote;
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote;

- 1) The voting period begins from 9.00 a.m. on Wednesday, 24th September, 2014 and ends at 9.00 a.m. on Thursday 25th September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in

- dematerialized form, as on the cut-off date (record date) of 29th, August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter;
- 2) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - 3) M/s. Pramod S. Shah & Associates, Practising Company Secretaries, has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witness not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company;
  - 4) The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's report shall be placed on the Company's website [www.ecoreco.com](http://www.ecoreco.com) and on the website of CDSL within 2 (two) working days of the passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

Mumbai  
02/09/2014

By order of the Board  
B. K. Soni  
Chairman & Managing Director

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

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **Item No.4:**

It is proposed to appoint Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) as Independent Director under section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5(five) consecutive years for a term up to 31st March, 2019, not liable to retire by rotation.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Director by a Listed Company.

Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given their consent to act as Director.

The Company has received notices in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) for the office of Director of the Company.

The Company has also received declarations from Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) that he meets with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) fulfills the conditions for appointment as Independent Directors as specified in the Act and the listing Agreement Mr. Raghavendra Rao Satya Veera Venkata Turlapati (DIN 00288601) is independent of the Management.

Mr. Raghavendra Rao Satya Veera Venkata Turlapati is a Senior Management Executive with around three decades of extensive experience in marketing and sales, operations, R&D, and the financial management of medium and high-tech businesses. His expertise spans in Oil Well Drilling, Completion Operations, Refinery Process Techniques, Environmental Engineering, Waste Management And Water Management Techniques, Energy, industrial products etc. He is been awarded the prestigious Lockheed Martin- University of Texas- IC2 Institute- FICCI, Gold Medal for the Best Innovation for 3 years in a row. He is also been nominated for the Tech Museum Awards, 2007 and Marico Awards, 2009. His technical knowhow is widely recognized not only in National but International market.

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

It is proposed to appoint Mr. Srikrishna Bhamidipati (DIN 02083384) as Independent Director under section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5(five) consecutive years for a term up to 31st March, 2019, not liable to retire by rotation.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Director by a Listed Company.

Mr. Srikrishna Bhamidipati (DIN 02083384) is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given their consent to act as Director.

The Company has received notices in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Srikrishna Bhamidipati (DIN 02083384) for the office of Director of the Company.



The Company has also received declarations from Mr. Srikrishna Bhamidipati (DIN 02083384) that he meets with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Srikrishna Bhamidipati (DIN 02083384) fulfills the conditions for appointment as Independent Directors as specified in the Act and the listing Agreement. Mr. Srikrishna Bhamidipati (DIN 02083384) is independent of the Management.

Mr. Srikrishna Bhamidipati is a B. Tech from IIT Mumbai and MMM from JBIMS, Mumbai. Mr. Srikrishna Bhamidipati is a techno-commercial entrepreneur with 17 years of experience in Software development, Telecom solutions, real-time currency and commodity exchanges. His experience spans across multinational companies like CNN, Downzones-Telerate, CERC, BSEL Information Systems Ltd, before joining as a director in start-up Microcity India Limited. Presently He is on the board of 3 companies including Eco Recycling Limited, Avance Technologies Ltd and Optusium Sfx Studios Private Limited, besides being a co-promoter of a company SS Systems LLC, Nevada USA. He is also on the Technical Committee of Software Technology Parks of India. At Eco Recycling Limited, Mr. Srikrishna Bhamidipati is involved in setting up and running the refurbishment cell.

Mumbai  
02/09/2014

By order of the Board  
B. K. Soni  
Chairman & Managing Director

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

## **Annexure 1**

Information under clause 49 of the listing agreement relating to Directors retiring by rotation and seeking re-appointment

Mr. B. K. Soni, Chairman and Managing Director, a Cost Accountant by qualification, who is a first generation entrepreneur and is the pioneer to introduce organised recycling of electronic and electrical waste. Driven by a long term vision, today, Mr. B. K. Soni is widely recognised as an authority in India in the field of e-waste management & recycling. He was inducted in the Expert Group on E-Waste Management constituted by the Maharashtra Pollution Control Board and is a regular invitee of Government agencies & other organisations for evolving strategies for e-waste management. At Eco Recycling Limited, Mr. B. K. Soni is actively involved in looking after strategic initiatives, as well as the overall working of business. Under his Leadership, Eco Recycling Limited has won the Business Plan Competition 2008 organized jointly by CII / NVI / WRI / USAID & British Consulate followed by certificate of "Most Innovative Technology" by Good Governance India Foundation during Municipalika 2009, Award during Sankalp 2009 under the High Impact Category Enterprise, Gold Medal from the Department of Science & Technology, June '09, Lockheed Martin & FICCI followed by "Niche Market Player Award" from Frost & Sullivan in Dec, 2009. Mr. B. K. Soni is a well-known personality in media for his regular presence in renowned newspaper like Economic Times. Many of his articles on e-waste management are published in the print media.

**ATTENDANCE SLIP  
ECO RECYCLING LIMITED**

**Registered Office:** 205, Centre Point, 2nd Floor, Next to Hotel Kohinoor, Andheri Kurla Road,  
Andheri (E), Mumbai – 400 059

20th Annual General Meeting, Tuesday September 30th, 2014

I hereby record my presence at the 20th Annual General Meeting of the Company (including adjournment thereof) at All India Plastic Manufacturer Association, Street No. 1, MIDC, Andheri East, Mumbai – 400 059 on Tuesday, September 30, 2014 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.

**Form No. MGT-11  
PROXY FORM  
ECO RECYCLING LIMITED**

**Registered Office:** 205, Centre Point, 2nd Floor, Next to Hotel Kohinoor, Andheri Kurla Road,  
Andheri (E), Mumbai – 400 059

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**CIN: L74120MH1994PLCO79971**

**Name of the company: ECO RECYCLING LIMITED**

**Registered office:** 205, Centre Point, 2nd Floor, Next to Hotel Kohinoor, Andheri Kurla Road, Andheri (E), Mumbai – 400 059

**Name of the member (s):** \_\_\_\_\_

**Registered address:** \_\_\_\_\_

\_\_\_\_\_ **E-mail Id:** \_\_\_\_\_

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

I/We being the member (s) of \_\_\_\_\_ shares  
of the above named company, hereby appoint.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual general meeting/ Extraordinary general meeting of the company, to be held on Tuesday, September 30, 2014 at 10.00 a.m. at All India Plastic Manufacturer Association, Street No. 1, MIDC, Andheri East, Mumbai – 400 059 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix a  
revenue  
of ₹1/-

**Note :** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## DIRECTORS' REPORT

### The Members of ECO RECYCLING LIMITED

Your Directors present with pleasure the 20<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2014.

#### 1. FINANCIAL RESULTS (₹ in Lacs)

	2013-2014	2012-2013
Total Income	2545.52	2231.40
Profit before Interest, Depreciation & Tax	166.68	166.13
Less: Depreciation	28.58	18.12
Profit before Interest and Tax	138.10	148.01
Interest	86.61	59.18
Profit before Tax	51.49	88.83
Less: Provision for Income Tax	21.63	24.78
Profit after Tax	29.86	64.05
Add: Balance brought forward	112.95	148.89
<b>Balance carried to Balance Sheet</b>	<b>42.80</b>	<b>112.95</b>

#### 2. OPERATIONS

As compared to the last year, we are now seeing the impact of the e-waste (Management & Handling) Rules 2011 which became applicable in India w.e.f. 1st May, 2012. The Producers and Bulk Users prefer to dispose of their e-waste with the Registered Recyclers like Ecoreco. Your company is the only authorized recycler in the State of Maharashtra and the first company granted permission by the Central Pollution Control Board.

We are pleased to inform that the Mobile Data Destruction Services, started by Ecoreco in 2008 and Lamp Recycling on Wheels in 2010 are doing well and

company plans to introduce more such facilities in the coming years. Your Board is of the view that all these put together will add substantial top line in the coming years and will benefit all the stakeholders.

During the year ended 31<sup>st</sup> March 2014, your Company achieved turnover of INR 2545.52 Lacs and net profit of INR 29.86 Lacs.

#### 3. DIVIDEND

In order to conserve resources, no dividend has been declared for the year 2013-2014.

#### 4. TRANSFERS TO RESERVES

During the year, the Company proposes to transfer INR 100 Lacs to General Reserve as per the Profit and Loss Account of the Company.

#### 5. FUTURE PLANS

In continuation to your company's nature of introducing innovative ideas in the market, your Board is pleased to inform that your company is now working on a very large plan of Reverse Logistic for the benefit of Original Equipment Manufacturer (OEM) to meet their obligation under E-waste (Management & Handling) Rules, 2011, more precisely defined as Extended Producers' Responsibility (EPR).

The Company is already a Shareholder/Promoter in Weee India Private Limited and Mr. B. K. Soni, Chairman and Managing Director of Eco Recycling Limited is already a major Shareholder/Promoter in Reverse Logistics and Warehousing Private Limited and thus due to common management and for better business facilitation in interest of all the Companies, the Management of Eco Recycling Limited intends to exercise major control in Weee India

Private Limited and Reverse Logistics and Warehousing Private Limited by holding Shares more than or equal to 51% in its paid-up capital including the shares already held by them in Compliance with law prevailing as may be discussed by Management of all the Companies.

#### 6. DIRECTORS

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 2013 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, 2013 and Articles of Association of the Company, Mr. B. K. Soni, Chairman & Managing Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

#### 7. AUDITORS

M/s. GMJ & Co, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has also received a certificate from them under section 139 of the Companies Act, 2013. 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.



## ECO RECYCLING LIMITED

### 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, 2014; 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, 2014 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, 2014, 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. QUALIFICATION IN THE AUDITOR'S REPORT:

There are no qualifications in the Auditors Report regarding audited Accounts for the year ended March 31, 2014 except as follow:

The statutory Auditors have qualified that the Miscellaneous Expenditure lying in the Books of the Company as on 31/03/2014 ought to have been written off in the Financial Year ended 31/03/2010. In this regard, the Company here responds that it is a call taken by the Management to amortize the said Miscellaneous Expenditure.

### 14. NOMINATION AND REMUNERATION COMMITTEE –COMPANIES ACT 2013:

Pursuant to Section 178 of Companies Act, 2013 the Board of Directors of the Company has consented the change in nomenclature of existing Remuneration Committee to 'Nomination and

Remuneration Committee' as provided under Companies Act, 2013 and has also approved the revised terms of reference of the Nomination and Remuneration Committee as per the provisions of the Companies Act, 2013 (effective from 01/04/2014).

As per the said terms of reference approved by the Board the Nomination and Remuneration Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy , relating to the remuneration for the Director , KMP and other employees. The Company's policy on Directors appointment and remuneration and other specifications as mentioned above will be disclosed in the Boards' Report as provided under Section 134 (3) (e) once the same is formulated by the Committee.

### 15. ACKNOWLEDGMENT:

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from all the shareholders, customers, suppliers, bankers, Government authorities and all other business associates and their confidence in the management. Your Directors also wish to place on record their appreciation for the contribution made by the employees.

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

B. K. Soni  
CMD

Mumbai  
September 02, 2014  
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 endeavour 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:

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

Your Board of Directors presents the Corporate Governance Report for the year 2013-2014.

### **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  
Mr. Shashank Soni, Executive Director, son of Mr. B.K. Soni, CMD is appointed on the Board w.e.f. 01/10/2013 and hence to comply with clause 49 in relation to the Composition of Board of Directors, the Company is in the process of appointing an Independent Director and the appointment will be made at the earliest. The Board consists of 5 Directors, out of which 2

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	Mr. Brij Kishore Soni (CMD) Mrs. Aruna Soni Mr. Shashank Soni	60%
Independent and Non-Executive Director	Mr. Srikrishna Bhamidipati Mr. Raghavendra Rao Satya Veera Venkata Turlapati	40%

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 is a Director. All the Directors have made the requisite disclosures 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.

## ECO RECYCLING LIMITED



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, 2014.

Name of Directors	Category	No. of Directorship in other Company.		No. of Membership / Chairmanship of other Board Committees*	
		Public	Private	Member	Chairman
Mr. Brij Kishore Soni	Chairman & Managing Director	-	4	-	-
Ms. Aruna Soni	Executive Director	-	4	-	-
Mr. Shashank Soni	Executive –Director	-	1	-	-
Mr. Srikrishna Bhamidipati	Non Executive – Independent Director	-	2	-	-
Mr. T. R. Rao	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 2013 – 2014, Board Meetings were held on 30<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013, and 14<sup>th</sup> February 2014.  
The details of Directors attendance at Board Meeting held during the year commencing 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 and the last Annual General Meeting.

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Brij Kishore Soni	4	PRESENT
Ms. Aruna Soni	4	PRESENT
Mr. Shashank Soni	2	NOT APPLICABLE
Mr. Srikrishna B	4	PRESENT
Mr.T. R. Rao	4	PRESENT

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 two non-executive and independent directors.

Name of Members	Designation	Category of Director	Nos. of meetings Held	Nos. of meetings attended
Mr. Srikrishna Bhamidipati	Chairman	Non-Executive Independent	4	4
Ms. Aruna Soni	Member	Executive Director	4	4
Mr. T. R. Rao	Member	Non Executive – Independent Director	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 2013- 14, four Audit Committee Meetings were held on 30/05/2013, 14/08/2013, 14/11/2013 and 14/02/2014.

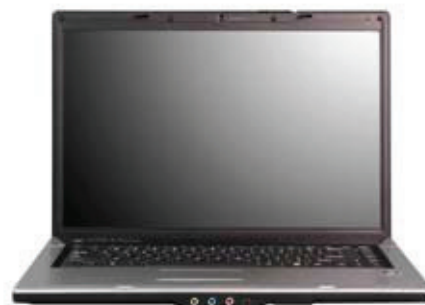
#### c) The functions of the Audit Committee include the following:

- Reviewing the Company's financial reporting process and the disclosure of its

### ECO RECYCLING LIMITED

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.
- 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



## ECO RECYCLING LIMITED

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. Srikrishna Bhamidipati was present in last Annual General Meeting of the Company.

## 4 REMUNERATION COMMITTEE/ NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee/Nomination and 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.

- a) Composition of the Committee  
The Remuneration Committee/Nomination and Remuneration Committee comprises of Mr. Srikrishna Bhamidipati, Non-Executive and Independent Director as Chairman, Mr. Raghavendra Rao Satya Veera Venkata Turlapati, Non- Executive and Independent Director and Mrs. Aruna Soni, Executive Director.  
As per Section 178 (1) of the Companies Act, 2013, the Board of Directors of every listed company shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration

Committee but shall not chair such Committee

As the existing composition of the Remuneration Committee is not in accordance with Section 178 (1) of the Companies Act, 2013, and the listing agreement. The constitution of the Nomination and Remuneration Committee in order to comply with the provision of Section 178 (1) of the Companies Act, 2013 will be done in due course.

- b) The functions of the Remuneration Committee/Nomination and 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/ Nomination and Remuneration Committee to examine and recommend/approve.
- c) Disclosure of Remuneration paid:  
At present Non-executive and Independent Directors are not paid any remuneration except sitting fees for attending Board Meetings

Name of Directors	Remuneration including Salary, Perquisite Amount (₹)	Sitting Fees ₹	Total ₹
Mr. B. K. Soni	30,00,000	-	30,00,000
Mr. Srikrishna B	-	20,000	20,000
Ms Aruna Soni	6,00,000	30,000	6,30,000
Mr. Shashank Soni	6,00,000	10,000	6,10,000

Mr. B.K. Soni, Managing Director was appointed w.e.f. 01<sup>st</sup> September, 2010 and the details of his remuneration during the accounting year ended March 31, 2014 are given as under:

Name of Directors	Fixed Salary	Perquisite	Performance linked Incentive	Sitting Fees	Total	Service Contract / Notice Period	Stock Option granted, if any
Mr. B.K. Soni	250000	50000	NIL	NIL	300000	The appointment is for five years. The appointment is terminable by giving three months' notice of either party.	NIL

**5. INVESTORS GRIEVANCE COMMITTEE/ STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

- a) Constitution and Composition of Committee  
The Investors Grievance Committee/ Stakeholders Relationship 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 investors' grievances are resolved at the earliest.

Name of Members	Designation	Category of Director	Nos. of meetings held	Nos. of meetings attended
Mr. Srikrishna B	Chairman	Non-Executive Independent	1	1
Mr. Raghavendra Rao Satya Veera Venkata Turlapati	Member	Non-Executive Independent	1	1
Mrs. Aruna Soni	Member	Executive Director	1	1





## ECO RECYCLING LIMITED

- b) Meeting of the Shareholders' grievance Committee/Stakeholders Relationship Committee Meetings During the accounting year 2013 – 2014, One time Shareholders' Grievance Committee/Stakeholders Relationship Committee Meetings was held on 25/03/2014, 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 31 <sup>st</sup> March, 2014.
Non- receipt of exchange share certificates and SEBI	0	1	1	0

During the accounting year ended March 31, 2014, one complaint was received from shareholder and the same was withdrawn. All valid Share Transfers received during the accounting year ended March 31, 2014 have been acted upon.

The Shareholders Grievance Committee/Stakeholders Relationship Committee continued to function effectively and held One meeting 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/Stakeholders Relationship 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 AM	Time
2012-2013	Monday 30 <sup>th</sup> September, 2013	All India Plastic Manufacturer Association, Street No. 1, MIDC, Andheri (East), Mumbai:- 400 059	10:00 A. M.
2011-2012	Thursday 30 <sup>th</sup> August, 2012	Tunga International, Next to Udyog Sarathi, MIDC, Andheri (East), Mumbai - 400093	10:00 A. M.
2010 - 2011	Saturday 30 <sup>th</sup> July, 2011	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 July 30, 2011, the following resolution was passed:

- 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.

At the Annual General Meeting of the shareholders held on August 30, 2012 the following resolution was passed:

- 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 ₹10/- (Rupees Ten) each at a price of not less than ₹40/- per share which includes a premium of ₹30/- per share.

At the Annual General Meeting of the shareholders held on September 30, 2013 the following resolution was passed:

- To approve the appointment and remuneration of Mr. Shashank Soni, Director of the Company w.e.f. October 01, 2013
- To approve Remuneration of Mr. B. K. Soni for a period of 2 years commencing from October 01, 2013

## 7. DISCLOSURES:

### a. Related Party Transactions

- Related Parties and transactions as required under Accounting Standard (AS-18) are furnished under paragraph number 45 of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2014.
- 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/ Nomination and Remuneration Committee, details of which have

## ECO RECYCLING LIMITED

been given earlier in this Report.

- The statutory financial statements of the Company are unqualified except as follows:
- The statutory Auditors have qualified that the Miscellaneous Expenditure lying in the Books of the Company as on 31/03/2014 ought to have been written off in the Financial Year ended 31/03/2010. In this regard, the Company here responds that it is a call taken by the Management to amortize the said Miscellaneous Expenditure.
- The Company has adopted a Whistle Blower Policy/ vigil mechanism 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 December 27, 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

## ECO RECYCLING LIMITED

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 and 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 : September 30, 2014
- Time : 10:00 A.M.
- Venue : All India Plastic Manufacturer Association

Street No. 1, MIDC, Andheri (East), Mumbai:- 400 059

Financial Year

The financial year of the Company is from April 1, 2013 to March 31, 2014

#### b) Financial Calendar

- Quarterly Financial Reporting for

Quarter ending June 30, 2013	On August 14, 2013
Quarter/Half year ending September 30, 2013	On November 14, 2013
Quarter ending December 31, 2013	On February 14, 2014
Quarter/Year ending March 31, 2014	On May 30, 2014

- Date of Book Closure: 23/09/2014 to 30/09/2014 (both days inclusive)

#### c) Dividend Payment Date:

- No dividend has been declared for the financial year 2013-2014.
- In compliance with the SEBI

(Prevention of Insider Trading) Regulations, 1992, our company has appointed 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.

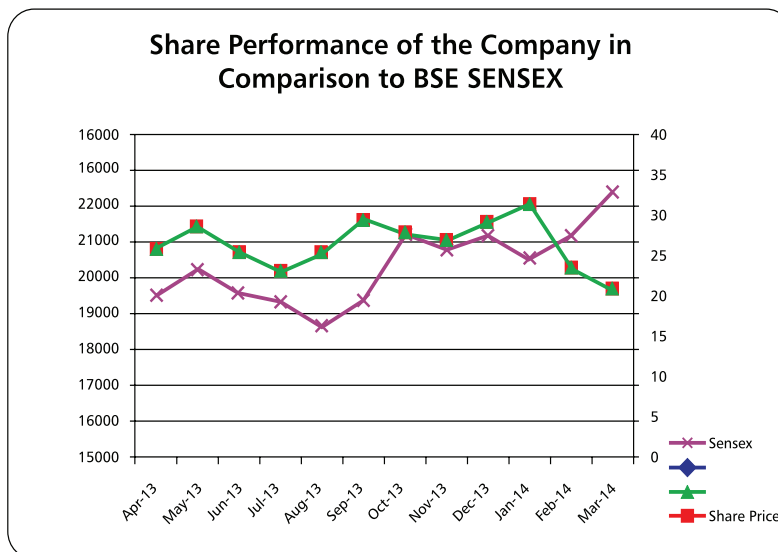
#### d) Market information

- Listing on Stock Exchange: The Bombay Stock Exchange Limited
- Listing fee for the year 2013 – 2014 has been paid in full to both the Stock Exchanges.
- Stock Code: 530643 Bombay Stock Exchange Limited ISIN in 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	High	Low	Close	No. of Shares	No. of Trades	Total Turnover	High (Rs)	Low (Rs)	Close (Rs)
Apr 13	24.10	25.85	20.80	25.85	5,310	34	1,21,084	19622.68	18144.22	19504.18
May 13	28.25	32.50	28.00	28.00	5,583	36	1,70,697	20443.62	19451.26	19760.30
Jun 13	28.00	28.00	25.35	25.40	2,410	8	64,114	19860.19	18467.16	19395.81
Jul 13	24.25	25.00	20.25	23.00	3,911	28	86,913	20351.06	19126.82	19345.70
Aug 13	24.00	25.20	24.00	25.20	42	3	1,056	19569.20	17448.71	18619.72
Sep 13	26.45	29.50	24.45	29.50	3,872	22	1,03,828	20739.69	18166.17	19379.77
Oct 13	28.05	28.05	24.30	27.65	1,720	17	45,783	21205.44	19264.72	21164.52
Nov 13	26.30	26.90	26.30	26.90	285	2	7,516	21321.53	20137.62	20791.93
Dec 13	25.60	29.40	25.20	29.10	27,385	20	7,29,008	21483.74	20568.70	21170.68
Jan 14	30.00	31.35	27.20	31.35	858	12	24,912	21409.66	20343.78	20513.85
Feb 14	29.80	29.80	23.50	23.50	23,941	37	6,77,627	21140.51	19963.12	21120.12
Mar 14	22.40	23.35	16.75	20.70	47,640	117	9,27,414	22467.21	20920.98	22386.27





**Performance in comparison to BSE sensex:**

	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sept 13	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14
Share Price	25.85	28.60	25.40	23.00	25.20	29.50	27.65	26.90	29.10	31.35	23.50	20.70
SENSEX	19504.18	20215.40	19577.39	19345.70	18619.72	19379.77	21164.52	20791.93	21170.68	20513.85	21120.20	22386.37

**d) Share Transfer System & 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 - 400072  
Tel. No. : +91 22 28470652/53  
Fax No.: +91 22 28475207  
Email: investor@bigshareonline.com

Web: www.bigshareonline.com  
**• Nomination Facility for Shareholding:** 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 print the bank

## ECO RECYCLING LIMITED

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, Saki Naka Andheri (E), Mumbai – 400072  
Email: investor@bigshareonline.com

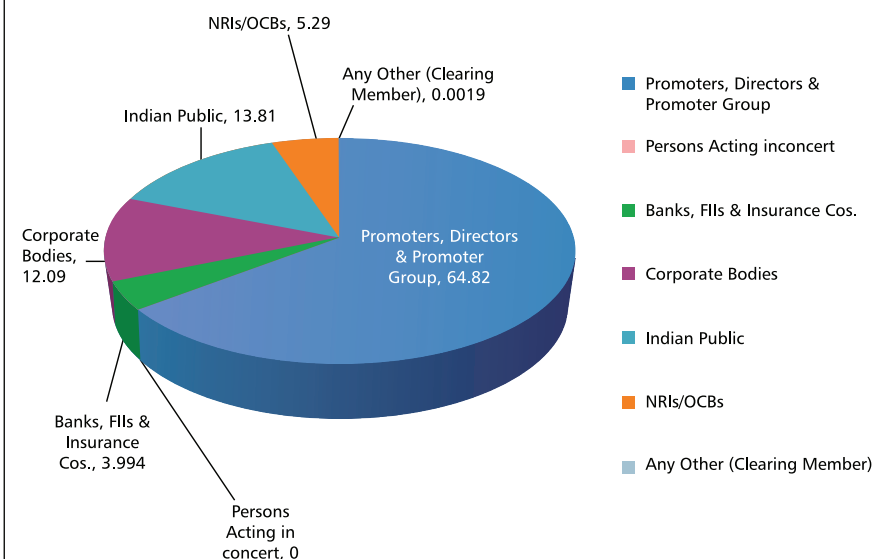
### Distribution of Share Holding as on 31.03.2014

NO. OF EQUITY SHARES HELD	NO. OF SHARE HOLDERS	% OF TOTAL SHARE HOLDERS	SHARES	% OF TOTAL NUMBER OF SHARES
1 - 5000	2987	89.1642	4693750	2.6756
5001 - 10000	181	5.4030	1496290	0.8530
10001 - 20000	73	2.1791	1100260	0.6272
20001 - 30000	32	0.9552	823970	0.4697
30001 - 40000	11	0.3284	371210	0.2116
40001 - 50000	15	0.4478	717220	0.4088
50001 - 100000	19	0.5672	1426640	0.8132
100001 - 999999999	32	0.9552	164795660	93.9408
<b>TOTAL</b>	<b>3350</b>		<b>175425000</b>	<b>100</b>

CATEGORY	NO. OF SHARES HELD	(%) TO TOTAL NUMBER OF SHARES
a. Promoters, Directors & Promoter Group	11370821	64.82
b. Persons Acting in concert	-	-
c. Banks, FIs & Insurance Cos.	700800	3.994
d. Corporate Bodies	2120159	12.09
e. Indian Public	2422956	13.81
f. NRIs/OCBs	927424	5.29
g. Any Other (Clearing Member)	340	0.0019
<b>TOTAL</b>	<b>17542500</b>	<b>100</b>



### Shareholding pattern as on 31st March, 2014



#### Dematerialisation of Shares

The Shares of the Company can be held and traded in electronic form. As on March 31, 2014, 15768978 of total shares of the Company were held in demat form.

Break up of shares in physical and demat form as of March 31, 2014:

No. of Share	Percentage of Shares
Physical Segment	10.11
<b>Demat Segment :</b>	
NSDL	34.98
CDSL	54.91
<b>Total</b>	<b>100.00</b>

- Outstanding GDRs/ ADRs: NIL / Warrants or any convertible Instrument, conversion date and likely impact on equity

- 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 : info@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

#### ECO RECYCLING LIMITED

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 Company Secretary'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, 2014 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.

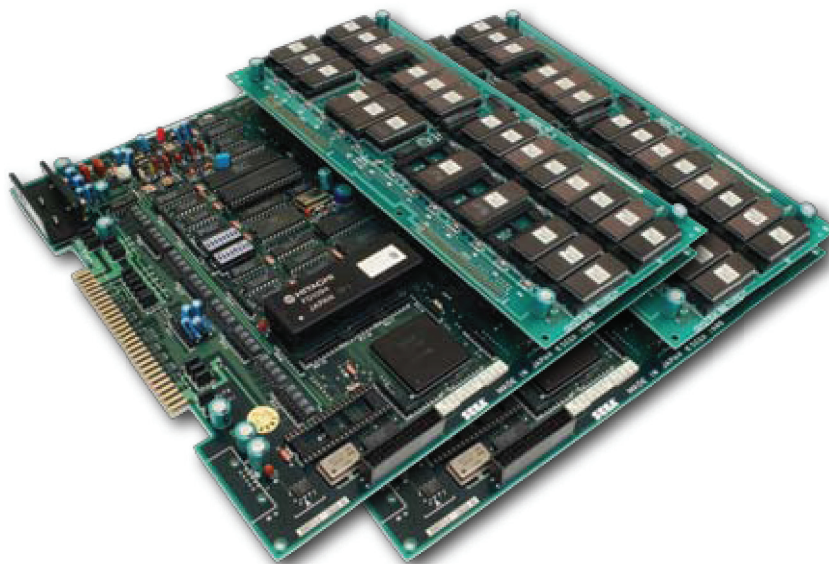
In our opinion and to the best of our information and according to the explanations given to us, we certify that

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**  
**September 02, 2014**





## MANAGEMENT DISCUSSION AND ANALYSIS

E-waste (Management & Handling) Rules, 2011 became effective from May 01, 2012. Nationwide, number of workshops and meetings are being held to understand and implement new Rules and to create greater awareness of the responsibilities of the different stakeholders.

It is good that India has joined the developed world and implementing environment friendly practices for disposal of e-waste. But in contrast to the developed world, India has some unique features; a few of them are as under:

1. India has a very strong network of Kabadies.
2. These Kabadies collect smallest e-waste from every nook & corner.
3. They pay cash to buy all types of electrical & electronic equipment.
4. They have least investment in their dismantling facilities.
5. Mostly family run and make shift facilities, located within major cities.
6. They burn & recover metals and in turn pollute the environment.
7. These facilities hardly comply with any regulations.

### In contrast:

1. E-waste Recycling industry started by Eco Recycling Ltd in 2005.
2. Very capital intensive.
3. Recycling facilities have to invest in pollution abating systems in contrast to its competitors, so called Kabadies.
4. Onus is on Producers & Recyclers to take back & recycle.
5. Cost of logistic & recycling is very high and therefore recyclers can't offer similar value like Kabadies can that discourages the generators to opt for environment friendly disposal.

6. India generates close to 1 million MT/PA of e-waste.
7. Present installed capacity to process e-waste in India is about 300,000 MT/PA of which almost 75% is with dismantlers.
8. There is a tremendous increase in number of dismantlers in the country. Barring a few, others hardly have even basic infrastructure in place.
9. The new Rules have not defined any targets for recycling.
10. There is no technological benchmarking for the dismantlers / recyclers.

It may not be out of place to mention that, consumption of electronic equipment is going up rapidly and as per a latest study, the present market of 43 billion USD is expected to touch 400 billion USD by 2018, practically 9 times growth in 6 years.

Since, it is in the best interest of everyone to get such hazardous waste recycled in an environment friendly manner but at the same time it should be realised that the new system can't replace decades' old system so easily and so fast. Therefore, it is essential for Government, Producers and Recyclers to come together and form a consortium to implement such facilities with their respective contribution viz. Financial Support, Material Support and Knowledge Support respectively.

### 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 ₹2231.40 lacs for the year ended March 31, 2013 to ₹2545.52 lacs for the year ended March 31, 2014.

### 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 behaviour 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.

## 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 March 31, 2014.

For Eco Recycling Limited  
Mumbai, September 02, 2014

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  
September 02, 2014

## INDEPENDENT AUDITORS' REPORT

To The Members of,  
Eco Recycling Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of "Eco Recycling Limited" (the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in under section (3c) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 152013/ dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform

the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified audit opinion.

### Basis of Qualified Opinion:

We draw attention to Note 37 of the Notes forming part of financial statements regarding method of accounting of miscellaneous expenditure which are in our opinion is not in accordance with the Accounting Standard 26 "Intangible Assets" aggregating to ₹64,98,617/-.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except in the**

**basis for Qualified – opinion paragraph,** the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter:

We draw attention to Note 33 of the Notes forming part of financial statements regarding holding of equity shares which are currently not being reflected in the company's de-mat account due to a dispute with "Keynote Capital Limited", and hence company has not accounted the loss of ₹213.39/- lacs which is considered as fully recoverable by the management. The Company has assessed the recoverability of these claims based on legal advice. Considering the contractual tenability and legal advice from Company's counsel in the matter, the management is confident of recovery of the same. In view of significant uncertainty, the amount of loss for eventual non-recovery of claim made by the company, if any is presently not ascertainable.

Our opinion is not qualified in respect of this matter.

## ECO RECYCLING LIMITED

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 purpose 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) Except for the matter described in the "**Basis of Qualified Opinion**" paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in under section (3c) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate

Affairs in respect of Section 133 of the Companies Act, 2013.

- (d) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Act.

Mumbai  
May 30, 2014

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



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- |   |   |   |
|---|---|---|
| <p>i. In respect of its fixed assets :</p> <p>(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>between the physical stocks and the book records were not material.</p>  | <p>to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness has been noticed or reported.</p>   |
| <p>ii. In respect of its inventory :</p> <p>(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 and 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 and 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</p>                           | <p>iii. (a) The company has granted Interest free unsecured loans to one party amounting to ₹5,24,000/- (Maximum balance outstanding ₹78,84,000/-) during the year covered in the register maintained under Section 301 of the Companies Act 1956. The year end balance outstanding is NIL.</p> <p>(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans granted by the company to the parties (referred to in (a) above) are prima facie not prejudicial to the interest of the company.</p> <p>(c) In respect of the loans granted by the company (referred to in (a) above) there are no stipulations as regards receipt of loan amount.</p> <p>(d) In respect of the above said loans and interest thereon granted by the company (referred to in (a) above), there are no overdue amounts.</p> <p>(e) The company has not taken loans, secured or unsecured to/from firms, companies or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the provisions of clause (iii) (e) to (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.</p> <p>iv. In our opinion and according to the information and explanations given</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>vi. In our opinion and according to the information and 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 and Rules framed there under.</p> <p>vii. The company does not have a formal internal audit system commensurate with its size and nature of the business but its financial and other checks ensure proper recording of</p> |



## ECO RECYCLING LIMITED

financial transactions.

- viii. According to the information and explanations given to us, the Central Government has not prescribed 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 March 31, 2014 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, wherever applicable as at March 31, 2014.
- 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 and contracts of the investments dealt in by the company and timely entries have been made therein. All shares have been held by the company in its own name, except the matters described in the Note 35 of the Notes forming part of financial statements.
- 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 raised during the year from banks and financial institution 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 debentures.
- xx. The company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**Mumbai**  
**May 30, 2014**

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

**BALANCE SHEET AS AT 31ST MARCH, 2014**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>31.03.2014 (Amount in ₹)</b>	<b>31.03.2013 (Amount in ₹)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1) Shareholders' Funds</b>			
a) Share Capital	2	175,425,000	175,425,000
b) Reserves and Surplus	3	138,064,095	148,689,319
		<u>313,489,095</u>	<u>324,114,319</u>
<b>2) Non-Current Liabilities</b>			
a) Long-Term Borrowing	4	97,270,290	99,051,267
b) Deferred Tax Liability (Net)	5	3,027,509	1,885,855
c) Other Long-Term Liabilities	6	759,753	1,356,435
		<u>101,057,551</u>	<u>102,293,557</u>
<b>3) Current Liabilities</b>			
a) Short-Term Borrowing	7	60,190,135	34,656,097
b) Trade Payables	8	101,986,811	59,803,877
c) Other Current Liabilities	9	15,721,816	67,282,779
		<u>177,898,762</u>	<u>161,742,754</u>
<b>Total</b>		<u><b>592,445,409</b></u>	<u><b>588,150,630</b></u>
<b>ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) Fixed Assets	10		
i) Tangible Assets		78,758,108	52,566,968
ii) Intangible Assets		70,616,177	82,718,559
iii) Capital work in progress		77,313,572	96,713,572
		<u>226,687,857</u>	<u>231,999,099</u>
b) Non-Current Investments	11	57,283,775	55,434,703
c) Long-Term Loans and Advances	12	28,498,946	87,836,093
d) Other Non-Current Assets	13	6,830,122	6,656,596
		<u>319,300,700</u>	<u>381,926,491</u>
<b>2) Current Assets</b>			
a) Inventories	14	78,096,498	79,194,264
b) Trade Receivables	15	124,389,429	73,760,629
c) Cash and Bank Balances	16	442,763	4,364,109
d) Short-Term Loans and Advances	17	67,636,911	46,634,407
e) Other Current Assets	18	2,579,108	2,270,730
		<u>273,144,709</u>	<u>206,224,139</u>
<b>Total</b>		<u><b>592,445,409</b></u>	<u><b>588,150,630</b></u>

**Notes forming part of the financial statements** No. 1-44

As per our report of even date

For GMJ & Co

Chartered Accountants

FRN No. 103429W

**CA. P. Somani** (Partner)

M No.40637

Place: Mumbai | Date: May 30, 2014

**For and on behalf of the Board**

**B K Soni** (Chairman & Managing Director)

**Srikrishna B.** (Director)

**Shashank Soni** (Executive Director)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	2013-14 (Amount in ₹)	2012-13 (Amount in ₹)
<b>INCOME</b>			
a) Revenue from Operations	19	254,552,482	223,140,357
b) Other Income	20	33,751,976	2,143,053
<b>Total</b>		<b>288,304,458</b>	<b>225,283,410</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade	21	235,774,911	200,023,881
b) Changes in inventories of Stock-in-Trade	22	(1,064,731)	(29,132,068)
c) Employee Benefits Expense	23	13,329,602	11,259,212
d) Finance Costs	24	8,661,051	5,917,645
e) Other Expenses	25	23,596,327	26,519,038
f) Depreciation and Amortization Expense	10	2,858,331	1,811,922
<b>Total</b>		<b>283,155,491</b>	<b>216,399,630</b>
<b>Profit Before Tax</b>		<b>5,148,967</b>	<b>8,883,780</b>
<b>Tax expense:</b>			
-Current tax		1,010,000	1,670,000
-Earlier Year tax		11,540	-
-Deffered tax		1,141,653	807,763
<b>Profit for the year</b>		<b>2,985,774</b>	<b>6,406,017</b>
Earnings per equity share: (face value of ₹10/-)	43		
Basic and Diluted		0.17	0.23

Notes forming part of the financial statements No. 1-44

As per our report of even date

For GMJ &amp; Co

Chartered Accountants

FRN No. 103429W

CA. P. Somani (Partner)

M No.40637

Place: Mumbai | Date: May 30, 2014

For and on behalf of the Board

B K Soni (Chairman &amp; Managing Director)

Srikrishna B. (Director)

Shashank Soni (Executive Director)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31.03.2014 (Amount in ₹)	Year ended 31.03.2013 (Amount in ₹)
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	5,148,967	8,883,780
Depreciation	2,858,331	1,811,922
Interest Expenses	8,436,331	5,917,645
Interest Income	(363,749)	(566,235)
Dividend Income	(57,726)	(118,957)
(Profit)/Loss on sale of Investment	(630,749)	842,648
Miscellaneous balance Written Back	(197,975)	-
Deferred Revenue Expenditure	2,227,832	2,789,676
<b>Operating Profit before Working Capital Changes</b>		
<b>Adjusted For:</b>		
(Increase)/Decrease in Trade receivable	(50,628,800)	(14,510,171)
(Increase)/Decrease in Inventories	1,097,766	(29,132,068)
(Decrease)/Increase in Trade Payable	42,182,934	2,494,478
(Decrease)/Increase in Other Current Liabilities	(51,560,963)	(17,922,282)
(Decrease)/Increase in Other Long-Term Liabilities	(596,682)	56,364,910
(Increase)/ Decrease in Short term Loans & Advance	(21,002,505)	(17,545,755)
(Increase)/ Decrease in Long term Loans & Advance	59,317,736	(13,246,711)
(Increase)/ Decrease in Other Non-Current Assets	(173,526)	(107,951)
(Increase)/ Decrease in Other Current Assets	(308,378)	(42,898)
<b>Net Cash generated from Operations</b>	<b>(4,251,156)</b>	<b>(14,087,968)</b>
Taxes	-	(1,304,071)
<b>Net Cash generated from Operating Activities</b>	<b>(4,251,156)</b>	<b>(15,392,039)</b>
<b>B Cash Flow from Investing Activities</b>		
(Increase)/Decrease in Fixed Assets, Capital WIP & Intangible Assets	(11,158,089)	(35,683,860)
(Increase)/Decrease in Non-Current Investments	(1,849,072)	(13,556,156)
Deposits Account (with maturity more than 3 months but less than 12 months)	-	(3,031,981)
Netreceipt from sale proceeds of Investments	630,749	(842,648)
Interest Income	363,749	566,235
Dividend Income	57,726	118,957
<b>Net Cash from Investing Activities</b>	<b>(11,954,937)</b>	<b>(52,429,454)</b>
<b>C Cash Flow from Financing Activities</b>		
(Decrease)/Increase in Long Term Borrowings	(1,780,977)	19,051,267
(Decrease)/Increase in Short Term Borrowings	25,534,038	(5,549,585)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	Year ended 31.03.2014 (Amount in ₹)	Year ended 31.03.2013 (Amount in ₹)
Proceeds From Issue of Equity Shares on Preferential Basis	-	66,400,000
Proceeds/(Allotment) From/to Share Application Money	-	(8,600,000)
Interest Expenses	(8,436,331)	(5,917,645)
<b>Net Cash Flow from Financing Activities</b>	<b>15,316,730</b>	<b>65,384,037</b>
<b>Net Increase in Cash and Cash Equivalent during the Year (A+B+C)</b>	<b>(889,364)</b>	<b>(2,437,456)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>1,332,128</b>	<b>3,769,585</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>442,763</b>	<b>1,332,128</b>
<b>Cash and Cash Equivalents include:</b>		
Cash in Hand	203,177	1,202,309
Balance with Scheduled Banks:		
- Current Account	239,586	129,819
Fixed deposit with original maturity period less than 3 months		
As margin money	-	-
	<b>442,763</b>	<b>1,332,128</b>
Fixed deposit with original maturity period more than 3 months but less than 12 months		
As margin money not taken in cash flow statement	-	3,031,981
(Refer Note No."16")		
	<b>442,763</b>	<b>4,364,109</b>

## NOTES:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on "Cash Flow Statements", and presents cash flows by operating, investing and financing activities.

**Notes forming part of the financial statements** No. 1-44

As per our report of even date  
 For GMJ & Co  
 Chartered Accountants  
 FRN No. 103429W  
**CA. P. Somani** (Partner)  
 M No.40637  
 Place: Mumbai | Date: May 30, 2014

**For and on behalf of the Board**

**B K Soni** (Chairman & Managing Director)  
**Srikrishna B.** (Director)

**Shashank Soni** (Executive Director)



## **NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

### **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 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.

#### **1.4 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

write off will commence from the year in which the branding exercise is completed.

#### **1.5 Goodwill on Merger:**

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

#### **1.6 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 proportionate 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.

#### **1.7 Inventories:**

Stock-in-Trade are valued at cost or net realizable value, whichever is lower.

#### **1.8 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. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **1.9 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.

#### **1.10 Retirement and Other Employee Benefits:**

Retirement benefits in the form of provident fund and employee state insurance scheme are a defined contribution scheme. The contribution to the provident fund are charged to the statement of profit and loss for the

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

year when the contributions are due. The company has no obligation, other than the contribution payable towards provident fund and employee state insurance scheme.

The company has paid the liability towards leave encashment at the year end as an when accrued to the company and does not provide any liability. The amount paid is charged to the Statement of profit and loss account.

### 1.11 Borrowing Costs:

Borrowing Costs include interest, incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

### 1.12 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 th statement of profit and loss account.

### 1.13 Operating Leases:

- a) Where the company is lessee Leases where significant portion of risk and reward of ownership are retained by the lesser are classified as operating leases and lease rental thereon are charged to statement of profit and loss.
- b) Where the company is the lessor Leases in which the company does not transfer substantially all the

risks and benefits of ownership of the asset are classified as operating leases. Assest subject to operating lease are included in fixed assets (Facility Land). Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term.

### 1.14 Finance Lease:

Finance Lease or similar arrangements, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized and disclosed under Tangible Assets. Finance Expenses to the extent of Borrowing cost are capitalized and remaining are charged to statement of profit and loss account.

### 1.15 Research and Development Expenditure:

Research costs are expensed as incurred. Development expenditure incurred on a project is recognized as an intangible asset where the company can demonstrate the criteria laid down in AS-26 for recognition of an Intangible Asset.

### 1.16 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 The 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.

### 1.17 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.

### 1.18 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.

### 1.19 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.

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

**31.03.2014**      **31.03.2013**  
**(Amount in ₹)**   **(Amount in ₹)**

**2 Share Capital**

**Authorized**

30,000,000 Equity Shares of ₹10/- each 300,000,000      300,000,000

**Issued, Subscribed and Paid up**

17,542,500 (Previous Year 17,542,500) Equity Shares of ₹10/- each fully paid up 175,425,000      175,425,000

**Total** **175,425,000**      **175,425,000**

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**

	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	Amount	Number of Shares	Amount
At the beginning of the year	17,542,500	175,425,000	15,942,500	159,425,000
Shares Issued during the year	-	-	1,600,000	16,000,000
<b>Outstanding at the end of the year</b>	<u><b>17,542,500</b></u>	<u><b>175,425,000</b></u>	<u><b>17,542,500</b></u>	<u><b>175,425,000</b></u>

**c) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹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**

**Ecoreco Ventures Private Limited, the holding company**

91,39,250 (P.Y. 91,39,250) Equity Shares of ₹10/- each fully paid up 91,392,500      91,392,500

**e) Details of Shareholders holding more than 5 % shares in the Company**

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 (Amount in ₹)		31.03.2013 (Amount in ₹)	
Name of Shareholder	31.03.2014		31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity shares of ₹10/- each fully paid up</b>				
Ecoreco Ventures Private Limited	9,139,250	52%	9,139,250	52%
Brijkishor Soni (Refer Note "4 (a)")	2,135,320	12%	2,135,320	12%
Bennett, Coleman and Company Limited	1,400,000	8%	1,400,000	8%
<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			98,400,000	48,000,000
Add : Premium on issue of shares on preferential basis			-	50,400,000
Balance as at the end of the year			98,400,000	98,400,000
<b>c) General Reserve</b>				
Balance as per last financial statements			3,879,130	7,490,130
Add: Transferred from surplus balance in the statement of profit and loss			10,000,000	10,000,000
Less : Goodwill on merger			(13,611,000)	(13,611,000)
Balance as at the end of the year			268,130	3,879,130
<b>d) Surplus/(Deficit) in the Statement of profit and loss</b>				
Balance as per last financial statements			11,294,694	14,888,677
Add : Profit for the year			2,985,774	6,406,017
<b>Less: Appropriation</b>				
Transferred to General Reserve			(10,000,000)	(10,000,000)
<b>Net Surplus in the Statement of profit and loss</b>			4,280,470	11,294,694
<b>Total</b>			<b>138,064,095</b>	<b>148,689,319</b>
			(Amount)	
<b>4 Long-Term Borrowings</b>	<b>Non - Current</b>		<b>Current Maturities</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<b>Secured, Term loan</b>				
Indian Rupee loan from Bank	7,270,290	9,051,267	2,270,000	2,262,817
<b>Unsecured, Term loan</b>				
From Government	90,000,000	90,000,000	-	-
<b>Total</b>	<b>97,270,290</b>	<b>99,051,267</b>	<b>2,270,000</b>	<b>2,262,817</b>

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

**31.03.2014      31.03.2013**  
**(Amount in ₹)   (Amount in ₹)**

**Secured Long-Term Borrowings:**

- a) Indian Rupee term loan from bank is repayable in equated periodic installments upto a 5 year period each along with interest, after the repayment holiday of 1 year viz., June, 2013. The loan is secured by hypothecation of inventory and trade receivables of the company. Further, the loan has been guaranteed by personal guarantee of the chairman and managing director of the company, Ecoreco Ventures Private Limited, the holding company and by collateral security of the registered office in the name of B.K.Soni (HUF) and Pledge of 3.40 lakhs equity shares of the company by the chairman and managing director of the company Mr. B. K. Soni.

**Unsecured Long-Term Borrowings:**

- b) Repayment to start after 1 year from the date of completion of the project in 5 annual instalments.

**5 Deferred Tax Liability (Net)**

Major components of deferred tax balances consist of the following:

**Deferred Tax Liability**

Related to fixed assets

3,027,509      1,885,855

**Total**

**3,027,509      1,885,855**

**6 Other Long-Term Liabilities**

Provision for Income Tax (Net)

759,753      1,356,435

**Total**

**759,753      1,356,435**

**7 Short-Term Borrowings**

**Secured**

**Working Capital Loans**

From Banks\*

48,495,135      34,656,097

**Unsecured Loan Repayable on Demand**

From Director's

11,695,000      -

**Total**

**60,190,135      34,656,097**



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 (Amount in ₹)	31.03.2013 (Amount in ₹)
<p>*Working Capital Loans from banks are secured by way of hypothecation of Stock, Book-Debts and Personal Gurantee of the Chairman and Managing Director of the company Mr. B.K. Soni.</p>		
<b>8 Trade Payables</b>		
<i>(Unsecured, Considered Good)</i>		
Trade Payables*	101,986,811	59,803,877
<b>Total</b>	<b>101,986,811</b>	<b>59,803,877</b>
<p>*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.</p>		
<b>9 Other Current Liabilities</b>		
Current Maturity of Indian rupee term loan from Bank (Refer Note "4")	2,270,000	2,262,817
Interest accrued & due on borrowings	665,801	1,319,521
Book Overdraft on a Scheduled Bank	-	1,193,601
Creditors for Expenses	2,065,939	1,535,596
Creditors for Capex	8,452,356	56,364,910
Advance from customers	100,000	2,490,275
Statutory Dues*	524,094	472,433
Other Payable	1,643,626	1,643,626
<b>Total</b>	<b>15,721,816</b>	<b>67,282,779</b>

\*Includes Tax deducted at source, Provident Fund and Profession Tax.

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

### 10. Fixed Assets

#### A. Tangible Assets

(Amount in ₹)

Particulars	Facility Land	Plant and Machinery	Furniture and Fixtures	Computers	Vehicles	Office Equipment	Total
<u>Gross Block</u>							
As At 1st April, 2013	5,500,000	42,913,697	456,823	2,727,943	6,905,975	782,595	59,287,033
Additions During the Year	28,147,167	690,164	188,875	-	15,965	7,300	29,049,471
Disposals During the Year	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
As At 31st March, 2014	33,647,167	43,603,861	645,698	2,727,943	6,921,940	789,895	88,336,504
<u>Depreciation/Amortization</u>							
As At 1st April, 2013	-	2,126,156	99,769	2,559,407	1,508,040	426,693	6,720,065
Depreciation During the Year	-	2,049,021	39,595	33,255	701,673	34,787	2,858,331
Deduction During the Year	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
As At 31st March, 2014	-	4,175,177	139,364	2,592,662	2,209,713	461,480	9,578,396
<u>Net Block</u>							
As At 31st March, 2013	5,500,000	40,787,541	357,054	168,536	5,397,935	355,902	52,566,968
As At 31st March, 2014	33,647,167	39,428,684	506,334	135,281	4,712,227	328,415	78,758,108

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

### B. Intangible Assets

(Amount in ₹)

Particulars	Goodwill*	Branding	Total
<b>Gross Block</b>			
As At 31st March, 2013	68,055,000	55,496,559	123,551,559
Additions During the Year	-	1,508,618	1,508,618
Disposals During the Year	-	-	-
Other Adjustments	-	-	-
As At 31st March, 2014	68,055,000	57,005,177	125,060,177
<b>Depreciation/Amortization</b>			
As At 31st March, 2013	40,833,000	-	40,833,000
Depreciation During the Year	13,611,000	-	13,611,000
Deduction During the Year	-	-	-
Other Adjustments	-	-	-
As At 31st March, 2014	54,444,000	-	54,444,000
<b>Net Block</b>			
As At 31st March, 2013	27,222,000	55,496,559	82,718,559
As At 31st March, 2014	13,611,000	57,005,177	70,616,177

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

### C. Capital Work-in-Progress

	As at 31st March, 2014	As at 31st March, 2013
Plant and Machinery	73,000,000	92,400,000
Development "Precious Metal Recovery Plant"*	4,313,572	4,313,572
Computer Software	-	-
<b>Total</b>	<b>77,313,572</b>	<b>96,713,572</b>

Note : \* 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, 2014**

	31.03.2014		31.03.2013	
	No. of shares (Amount in ₹)		No. of shares (Amount in ₹)	
<b>11 Non-Current Investments</b>				
<b>a) Quoted Equity Shares</b>				
Anant Raj Ind Ltd (Face Value ₹2/-)	500	57,849	500	57,849
National Peroxide Ltd (Face Value ₹10/-)	1,000	231,275	2,000	462,550
G.V. Films Ltd (Face Value ₹10/-)	-	-	10,000	82,150
Hindustan Motors Ltd (Face Value ₹5/-)	42,000	775,572	42,000	775,572
Malu Paper Mills Ltd (Face Value ₹10/-)	9,997	375,336	9,997	375,336
Prism Cement Ltd (Face Value ₹10/-)	2,000	120,070	2,000	120,070
Ruchi Infrastructure Ltd (Face Value ₹1/-)	425,000	18,807,258	424,500	18,798,798
Anik Industries Ltd (Face Value ₹10/-)	50,000	2,473,150	50,000	2,473,150
NOCIL Ltd (Face Value ₹10/-)	49,000	1,539,872	63,989	1,193,473
BSEL Infrastructure Realty Ltd (Face Value ₹10/-)	13,000	138,056	10,000	100,346
Harrison Malayalam Ltd (Face Value ₹10/-)	3,000	241,752	3,000	241,752
Hindustan Organic Chemicals Ltd (Face Value ₹10/-)	10,000	302,060	10,000	302,060
Indian Card Clothing Company Ltd (Face Value ₹10/-)	3,459	563,019	1,298	178,296
KPR Mills Ltd (Face Value ₹10/-)	1,997	292,227	1,721	250,000
Murli Industries Ltd (Face Value ₹2/-)	3,500	119,008	3,500	119,008
Financial Analysis Credential Ltd (Face Value ₹10/-)	56	7,527	56	7,527
India Bull Securities Ltd (Face Value ₹10)	160,000	1,672,640	160,000	1,672,640
Tata Tele Services (Maharashtra) Ltd (Face Value ₹10/-)	1,413,543	16,929,700	1,413,543	16,929,700
Jubilant Food Works Ltd (Face Value ₹10/-)	5	6,449	5	6,449
Kingfisher Airlines Ltd (Face Value ₹10/-)	45,000	434,749	45,000	434,749
Srei Infra Ltd (Face Value ₹10/-)	5,000	136,919	5,000	136,919
JSW Energy Ltd (Face Value ₹10/-)	500	61,683	500	61,683
Himachal Futuristic Communications Ltd (Face Value ₹1/-)	3,000	108,000	3,000	54,000
Aditya Birla Chemicals (India) Limited (Face Value ₹10/-)	400	222	-	-
Brigade Enterprises Limited (Face Value ₹10/-)	800	320,960	-	-
Electrosteel Castings Limited (Face Value ₹10/-)	2,000	189,249	-	-
GTL Infrastructure Limited (Face Value ₹10/-)	3,000	130,710	-	-
IFCI Ltd (Face Value ₹10/-)	800	26,264	-	-
Jensen & Nicolsan Ltd (Face Value ₹10/-)	5,000	35,500	-	-
Lok Housing Ltd (Face Value ₹10/-)	1,000	149,322	-	-
Moschip Semiconductor Technology Ltd (Face Value ₹10/-)	2,000	31,320	-	-
NRC Ltd (Face Value ₹10/-)	3,999	109,693	-	-
Shipping Corporation Ltd (Face Value ₹10/-)	500	12,310	-	-
Shree Digvijay Cement Ltd (Face Value ₹10/-)	3,000	70,110	-	-
Videocon Appliances Ltd (Face Value ₹10/-)	5,000	213,319	-	-

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014		31.03.2013	
	No. of shares (Amount in ₹)		No. of shares (Amount in ₹)	
<b>b) Unquoted Equity Shares</b>				
Saujanya Trading Pvt Ltd (Face Value ₹10/-)	200,000	5,000,000	200,000	5,000,000
Dombivali Sahkari Bank Ltd (Face Value ₹10/-)	10,000	100,000	10,000	100,000
The Shamrao Vithal Coop Bank Ltd (Face Value ₹10/-)	25	625	25	625
Sanjay Chemical Pvt Ltd (Face Value ₹10/-)	3,000	3,000,000	3,000	3,000,000
MGI India Consulting Pvt Ltd	10,000	2,500,000	10,000	2,500,000
<b>Total</b>		<b>57,283,775</b>		<b>55,434,703</b>
Aggregated Value of Quoted Investments		46,683,150		44,834,078
Aggregated Market Value of Quoted Investments		22,325,935		27,224,433
Aggregated Value of Unquoted Investments		10,600,625		10,600,625
			<b>31.03.2014</b>	<b>31.03.2013</b>
			<b>(Amount in ₹)</b>	<b>(Amount in ₹)</b>
<b>12 Long-Term Loans and Advances</b>				
<i>(unsecured, considered good)</i>				
Lease Rent Deposits			12,550,000	13,495,000
Other Security Deposits			20,750	332,055
<b>Other Loans and Advances</b>				
Capital Advance			11,011,224	58,819,030
Advances Recoverable in Cash or in Kind or value to be received			4,750,000	11,072,566
Balances with Statutory/Government Authorities			166,972	4,117,442
<b>Total</b>			<b>28,498,946</b>	<b>87,836,093</b>
<b>Loans and Advances above includes :-</b>				
<b>Lease Rent Deposit includes:</b>				
Aruna Soni			5,000,000	5,000,000
B.K. Soni HUF			6,050,000	6,050,000
<b>13 Other Non-Current Assets</b>				
<b>Deposits with Bank (with maturity more than 12 months)</b>				
Held as margin money			1,625,405	1,800,000
Interest Accrued			1,285,208	815,339
Miscellaneous Expenditure (To the extent not w/off)			3,919,509	4,041,257
<b>Total</b>			<b>6,830,122</b>	<b>6,656,596</b>



**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	31.03.2014 (Amount in ₹)	31.03.2013 (Amount in ₹)
<b>14 Inventories</b> (Refer Note 1.7)		
Stock of Electrical and Electronic Equipment	78,096,498	75,523,168
Stock of Shares and Securities	-	3,671,096
<b>Total</b>	<b>78,096,498</b>	<b>79,194,264</b>
<b>15 Trade Receivables</b> (unsecured, considered good)		
More than six months from the date they are due for payment	23,409,121	3,008,171
Other Debts	100,980,308	70,752,458
<b>Total</b>	<b>124,389,429</b>	<b>73,760,629</b>
<b>Trade Receivable above includes:</b> Nippon Magnetic Dressing Co. Ltd.	18,667,008	8,674,814
<b>16 Cash and Bank Balances</b>		
<b>Cash and cash equivalents:</b>		
Cash on hand	203,177	1,202,309
Balances with banks -		
On current accounts	239,586	129,819
Deposits Account (with less than 3 month maturity)		
As margin money	-	-
<b>Other Bank Balances:</b>		
Deposits Account (with maturity more than 3 months but less than 12 months)		
As margin money	-	3,031,981
<b>Total</b>	<b>442,763</b>	<b>4,364,109</b>
Deposits with banks having maturity more than 12 months of ₹1,625,405/- (P.Y. : ₹18,00,000/-) is classified as Other Non-current Assets (Refer Note "13")		

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 (Amount in ₹)	31.03.2013 (Amount in ₹)
<b>17 Short-Term Loans and Advances</b> <i>(unsecured, considered good)</i>		
Earnest Money Deposit	964,000	611,750
Other Deposits	131,888	-
<b>Other Loans and Advances</b>		
Advances Recoverable in Cash or in Kind	32,474,542	42,889,210
Advance for expenses	33,270,222	2,739,877
Prepaid Expenses	444,658	323,570
Advance to Employees	115,264	70,000
Balances with Statutory/Government Authorities	236,337	-
<b>Total</b>	<b>67,636,911</b>	<b>46,634,407</b>
<b>18 Other Current Assets</b>		
Interest Accrued on fixed deposit with bank <i>(Refer Note "16")</i>	-	42,898
Miscellaneous Expenditure <i>(To the extent not w/off)</i>	2,579,108	2,227,832
<b>Total</b>	<b>2,579,108</b>	<b>2,270,730</b>
<b>19 Revenue from Operations</b>		
<b>a) Sale of Stock in Trade</b>		
Electrical and Electronic Equipment	247,119,614	219,007,774
Sale of Shares	1,516,384	-
<b>b) Sale of Services</b>		
Data Destruction Charges	5,916,484	4,132,583
<b>Total</b>	<b>254,552,482</b>	<b>223,140,357</b>
<b>20 Other Income</b>		
Interest Income on		
- Bank Deposits	363,749	554,235
- Others	-	12,000
Dividend	57,726	118,957
Profit/(Loss) on sale of Shares held as Investments	630,749	(842,648)
Speculative Profit on sale of Shares	38,597	21,512
Derivative Loss	-	(3,533,071)

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	<b>31.03.2014</b> <b>(Amount in ₹)</b>	<b>31.03.2013</b> <b>(Amount in ₹)</b>
Rent Income	31,519,763	5,730,866
Reimbursement of Expenses	815,000	-
Sundry Balances Written Back	197,975	-
Miscellaneous Income	128,418	81,203
<b>Total</b>	<b>33,751,976</b>	<b>2,143,053</b>
<b>21 Purchases of Stock-in-Trade</b>		
Purchases of Electrical and Electronic Equipment	235,774,911	200,023,881
<b>Total</b>	<b>235,774,911</b>	<b>200,023,881</b>
<b>22 Changes in Inventories of Stock-in-Trade</b>		
Inventories at the end of the year		
Stock of Electrical and Electronic Equipment	78,096,498	75,523,168
Stock of Shares	-	3,671,096
	<b>78,096,498</b>	<b>79,194,264</b>
Inventories at the beginning of the year		
Stock of Electrical and Electronic Equipment	75,523,168	46,391,100
Stock of Shares*	1,508,599	3,671,096
	<b>77,031,767</b>	<b>50,062,196</b>
<b>Total</b>	<b>(1,064,731)</b>	<b>(29,132,068)</b>
* During the year , Company has converted Stock of Shares into Investments of ₹21,62,497/-		
<b>23 Employee Benefits Expense</b>		
Salaries, Bonus and Other Allowances	12,305,802	9,806,617
Contribution to Provident & Other Funds	314,415	210,087
Employee Welfare Expenses	709,385	1,242,508
<b>Total</b>	<b>13,329,602</b>	<b>11,259,212</b>
<b>24 Finance Costs</b>		
Interest Expense		
On Term Loan	1,516,321	441,111
On Working Capital Loan	6,095,536	5,476,534
Other Borrowing Costs	824,474	-
Processing Fees	224,720	-
<b>Total</b>	<b>8,661,051</b>	<b>5,917,645</b>

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 (Amount in ₹)	31.03.2013 (Amount in ₹)
<b>25 Other Expenses</b>		
Lease Rent	9,884,221	7,046,089
Freight and Transportation	2,415,385	2,704,502
Duties & Taxes	641,499	561,341
Travelling and Conveyance	801,447	1,273,891
Legal and Professional Fees	1,167,254	768,648
Labour Charges	1,053,546	626,825
Advertisement Expenses	1,030,619	838,996
Insurance Expense	503,761	169,464
Printing and Stationery	147,763	259,517
Repairs and Maintenance	341,692	444,952
Electricity Charges	252,662	210,997
Security Charges	191,519	200,880
Auditors' Remuneration (Refer Note "29")	110,000	175,372
Directors' Sitting Fees	60,000	60,000
Annual Listing, Registrar and Transfer Agent Expense	78,652	241,346
Bank Charges	114,752	184,654
Other Expenses	2,534,315	4,718,086
Research & Development Expense (Refer Note "37")	39,408	3,243,802
Miscellaneous Expenditure w/off (Refer Note "35")	2,227,832	2,789,676
<b>Total</b>	<b>23,596,327</b>	<b>26,519,038</b>

**26 Disclosure in Respect of Leases:****I Operating Lease: Company as Lessee**

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:

<b>Particulars</b>		
i) Not later than one year	9,704,058	9,884,221
ii) Later than one year and not later than five years	31,687,023	21,934,081
iii) Later than five years	-	-
b) Lease payments recognized in the Statement of Profit and Loss for the period.	9,884,221	7,046,089

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	31.03.2014 (Amount in ₹)	31.03.2013 (Amount in ₹)
<b>II Operating Lease: Company as Lessor</b>		
a) The total of future minimum rental receivable during lock in period of operating leases are as follows:		
<b>Particulars</b>		
i) Not later than one year	-	31,519,763
ii) Later than one year and not later than five years	10,560,000	10,560,000
iii) Later than five years	-	-
b) Lease rental recognized in the Statement of Profit and Loss for the period.	31,519,763	5,730,866
<b>27 Capital and Other Commitments</b>		
<b>Capital Commitments:</b>		
Estimated value of contracts in capital account remaining to be executed		
From others	-	27,500,000
<b>28 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	-	-
Custom Duty on Imported Machineries cannot be sold or transferred to any person or other organisation for a period of 5 years from the date of its import	12,400,000	12,400,000
<b>29 Payment to Auditors</b>		
<b>Particulars</b>		
Audit Fees	75,000	75,000
Tax Audit Fees	25,000	25,000
Other Services	10,000	75,372
<b>Total</b>	<b>110,000</b>	<b>175,372</b>
<b>30 CIF Value of Imports:</b>		
<b>Particulars</b>		
Capital Goods	-	12,990,362
<b>Total</b>	<b>-</b>	<b>12,990,362</b>



## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	31.03.2014 (Amount in ₹)	31.03.2013 (Amount in ₹)
<b>31 Expenditure in Foreign Currency</b>		
<b>Particulars</b>		
Travelling	-	252,534
<b>Total</b>	<u>-</u>	<u>252,534</u>

**32 Earnings in Foreign Currency**

<b>Particulars</b>		
Rent - Facility Land	31,519,763	5,730,866
Goods Sold Locally	-	2,628,572
FOB Value of Goods Export	-	2,935,996
Reimbursement of Modification & Construction Cost of facility	2,554,712	24,900,535
Training Cost Reimbursement	-	101,631
Service Charges	606,197	75,797
<b>Total</b>	<u>34,680,672</u>	<u>36,373,397</u>

**33** The Company was availing of broking services of M/s. Keynote Capitals Limited (Keynote), a BSE & NSE Broker. In the month of March, 2013 Keynote misappropriated the entire portfolio of the company lying in the demat account and transferred in its favor. The company immediately filed a complaint with the SEBI. SEBI then forwarded our complaint to the Arbitration Committee of NSE which decided the matter in favor of the company, against which Keynote went into an appeal but here too the Appellate Tribunal of NSE upheld the award passed by the Arbitration Committee. Keynote has now filed an application with Mumbai High Court for setting aside the award passed by the Appellate Tribunal of NSE. Since the matter is sub-judice and therefore no accounting treatment has been given to such misappropriated investments.

**34** The Company has not provided provision for gratuity on employees on accrual basis, which is not in conformity with AS-15 - Employee Benefits as required under The Gratuity Act, 1972. However in the opinion of the management the amount involved is negligible and has no impact on Statement of profit and loss account.

**35** The Company has not written off the "Miscellaneous Expenditure" amounting to ₹64,98,617/- fully in Statement of profit and loss account, which is not in conformity with AS - 26 - Intangible Assets which had arise at the time of amalgamation. However in the opinion of the management it will not create any discrepancy as the treatment taken is as per the provisions of The Income Tax Act, 1961.

**36** The office of the Whole Time Company Secretary has been vacant and the Company is in process of appointing a full time company secretary as amended by The Companies Act, 1956.

## **NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

**37** The Company is engaging in research & development activity on Electronic Waste. The expenses incurred during the year other than capital expenditure is charged off in the Statement of profit and loss. The expenses included legal & professional fees, employee benefits expenses & other expenses incurred during the year.

**38** The company is in the business of E-waste Management and Recycling.

**39** The Company in 2012-13 has entered into agency arrangements with "Nippon Magnetic Dressing Co. Ltd.(NMD)" - Japan for technology agreements. Under this arrangements the company has issued equity shares on preferential basis to NMD and is setting up a facility for research and development in E-waste Management and recycling and increasing awareness in the society.

The NMD has reimbursed full Construction and modification cost of facility of which the Company has retained all risk and reward of ownership of assets. The reimbursement cost is in Japanese YEN; the difference arising on exchange amount is dealt to statement of profit and loss account as per AS - 11.

Under the arrangements NMD has exported to India two Machineries amounting to ₹112,944,791/- under technological arrangements with the company. These machines have been provided free of cost to be installed in facility where the company has paid only custom duty on the same amounting to ₹60,48,202/- in which the company has retained all risks and rewards of ownership of assets.

**40** Balances of some of the trade receivable, trade payable and creditor of expenses, loans and advances are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management, however is of the view that there will be no material adjustments in this regards.

### **41 Related Party Transactions**

Related party disclosures as required by AS - 18, "Related Party Disclosures", are given below "

i) Relationships:

(a) **Holding Company:-**

Ecoreco Ventures Private Limited

(b) **Associates:-**

Reverse Logistics & Warehousing Private Limited

Bennett Coleman & Company Limited (BCCL).

Nippon Magnetic Dressing Co., Ltd (NMD) - Japan

Ecoreco Park Private Limited

(c) **Key Management Personnel:-**

Mr. Brijkishor Soni - C.M.D.

Mrs. Aruna Soni - Director

Mr. Srikrishna B. - Director

Mr. T R Rao - Director

Mr. Shashank Soni - Director

Mr. Mahendra Thanai - CEO

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

### ii) Transaction With Related Parties:-

(Amount in ₹)

Particulars	Key management personnel	Holding	Associates
Issue of Shares on Preferential Basis	-	-	-
(P.Y.)	-	-	(66,400,000)
Rent Income - Facility Land	-	-	31,519,763
(P.Y.)	-	-	(5,730,866)
Sales of EEE	-	-	-
(P.Y.)	-	-	(9,564,568)
Modification Cost & Reimbursement of expenses - Facility Building	-	-	2,554,712
(P.Y.)	-	-	(25,002,166)
Remuneration	3,600,000	-	-
(P.Y.)	(3,150,000)	-	-
Salary	4,587,500	-	-
(P.Y.)	(887,503)	-	-
Sitting Fees	60,000	-	-
(P.Y.)	(60,000)	-	-
Rent	5,400,000	-	-
(P.Y.)	(2,700,000)	-	-
Advertisement and Branding Expenses	-	-	1,009,295
(P.Y.)	-	-	(1,561,378)
Deposit Repaid	-	-	200,000
(P.Y.)	-	-	(200,000)
Loan Given	-	-	324,000
(P.Y.)	(9,549)	140,000	(5,450,000)
Loan Repaid	-	-	7,884,000
(P.Y.)	(150,000)	-	(1,100,000)
Loan Taken	16,350,000	-	-
(P.Y.)	-	-	-
Loan Repaid	4,655,000	-	-
(P.Y.)	-	-	-
Reimbursement of Expenses	-	-	-
(P.Y.)	(25,636)	-	-
Deposit For Advertisement Expenses	-	-	-
(P.Y.)	-	-	(25,800,000)
Purchase of e-waste	-	-	57,724
(P.Y.)	-	-	-
Sale of Shares	-	1,829,809	-
(P.Y.)	-	-	-
<b>Closing Balance at the Year End</b>			
Loan Taken	11,695,000	-	-
(P.Y.)	-	-	-
Receivable	-	-	18,667,008
(P.Y.)	(12,550,000)	(140,000)	(49,710,540)

**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, 2014

### 42 Derivative Instruments

Foreign Currency Exposures that have not been hedged by a derivative instrument or otherwise as at year end:

Particulars	Year	Currency	Amount
Export Receivable (Trade Receivable)	2013-14	USD	-
		INR	-
	2012-13	USD	55,428
		INR	3,008,909
Export Receivable (Trade Receivable)	2013-14	JPY	-
		INR	-
	2012-13	JPY	9,966,001
		INR	5,742,230
Advance recoverable in cash or in kind or value to be received	2013-14	USD	310,806
(Reimbursement of Expenses)		INR	18,667,008
	2012-13	JPY	635,891
		INR	366,389

### 43 Earnings Per Share

	Units	2013-14	2012-13
i) Profit after tax and exceptional item	₹	2,985,774	6,406,017
ii) Weighted average number of equity shares outstanding	Nos.	17,542,500	16,786,336
iii) Basic Earnings Per Share	₹	0.17	0.38
iv) Diluted Earning Per Share	₹	0.17	0.38
v) Face Value of Shares	₹	10.00	10.00

44 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

#### Notes forming part of the financial statements No. 1-44

As per our report of even date

For GMJ & Co

Chartered Accountants

FRN No. 103429W

CA. P. Somani (Partner)

M No.40637

Place: Mumbai | Date: May 30, 2014

**For and on behalf of the Board**

**B K Soni** (Chairman & Managing Director)

**Srikrishna B.** (Director)

**Shashank Soni** (Executive Director)



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