



TECHNO ELECTRIC & ENGINEERING COMPANY LIMITED

# Positively charged!

A N N U A L   R E P O R T   2 0 1 3 - 1 4

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

P. P. Gupta	MANAGING DIRECTOR
V. D. Mohile	INDEPENDENT DIRECTOR
K. M. Poddar	INDEPENDENT DIRECTOR
K. Vasudevan	INDEPENDENT DIRECTOR
K. K. Rai	INDEPENDENT DIRECTOR
S. N. Roy	INDEPENDENT DIRECTOR
A. Saraiya	NON-EXECUTIVE DIRECTOR

### COMPANY SECRETARY

N. Brahma

### BANKERS

Vijaya Bank  
State Bank of India  
IDBI Bank  
ICICI Bank  
Standard Chartered Bank  
YES Bank  
Citibank N.A.  
IndusInd Bank  
DBS Bank  
HSBC

### AUDITORS

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

### REGISTERED OFFICE

P-46A, Radha Bazar Lane,  
Kolkata- 700001

### CORPORATE OFFICE

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

### REGISTRAR AND

### SHARE TRANSFER AGENT

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

## CONTENTS

2	Corporate identity	4	Performance highlights	6	Chairman's message
9	Our strengths	14	Our business model	15	Business segments
20	Management discussion and analysis	26	Risk management		
28	Directors' Report	36	Corporate Governance Report		
45	Financial section				

## If this annual report could be summarised in five sentences ...

The capital expenditure cycle in India's power transmission sector has become positive.

India's power transmission sector intends to double its capex during the Twelfth Five Year Plan.

This positivity has already begun to reflect in Techno Electric's order book which has jumped to ₹1,200 crore in 2013-14.

The Company's timely project completion and consistent value-addition strengthened its margins in a challenging year.

The Company expects to reach a topline of ₹2,000 crore within the next five years.

## CORPORATE SNAPSHOT

# OUR OPTIMISM FOR THE FUTURE IS A RESULT OF OUR PAST TRACK RECORD AND PRESENT COMPETITIVE POSITION.

### WIDE SECTORAL PRESENCE

Techno Electric & Engineering Company Limited was incorporated in 1963, entered the power transmission and distribution segment in 1980 and the power generation sector in 2009. Today, the Company is an amalgamation of three different businesses:

**EPC:** It provides engineering, procurement and construction services to all three industry segments of India's power industry (generation, transmission and distribution) and to the steel, fertiliser, metallurgical and petrochemical sectors, among others. The Company provides solutions to projects extending from complete power generation plants to plant packages tailored to complement larger systems supplied by other companies. The Company provides complete solutions for captive power plants, balance of plant (BOP) for thermal and hydro power projects and utilities for power projects.

**Generator:** The Company is an independent renewable energy producer (207.35 MW wind energy capacity as on March 31, 2014). The Company also intends to enter into biomass, solar and hydro-based power generation.

**Linkages:** The Company is engaged in building transmission linkages. The business comprised

a 25-year (extendable by 10 years) concession in consortium with Kalpataru Power for a transmission link at Jhajjar (Haryana). The Company has bagged a concession from PFC Consulting Ltd for building a transmission network at Patran, Punjab, on Build, Own, Operate and Maintain (BOOM) basis for a period of 35 years. The ₹200 crore project is expected to be completed within 30 months from the date of award.

### RICH INDUSTRY EXPERIENCE

The Company possessed a rich experience in the execution of more than 280 projects pan-India leading upto 2013-14. The Company employs 400 professionals (engineering, commercial, graduates and post graduates); the core engineering team possessed an average experience of more than 25 years as on March 31, 2014.

### VALUE CREATION

The Company ended 2013-14 with a market capitalisation of ₹640 crore. The Company's equity shares are traded on the Bombay Stock Exchange and National Stock Exchange. The promoters held 59.28% of the Company's equity as on March 31, 2014.



### BRAND-ENHANCING CLIENTELE

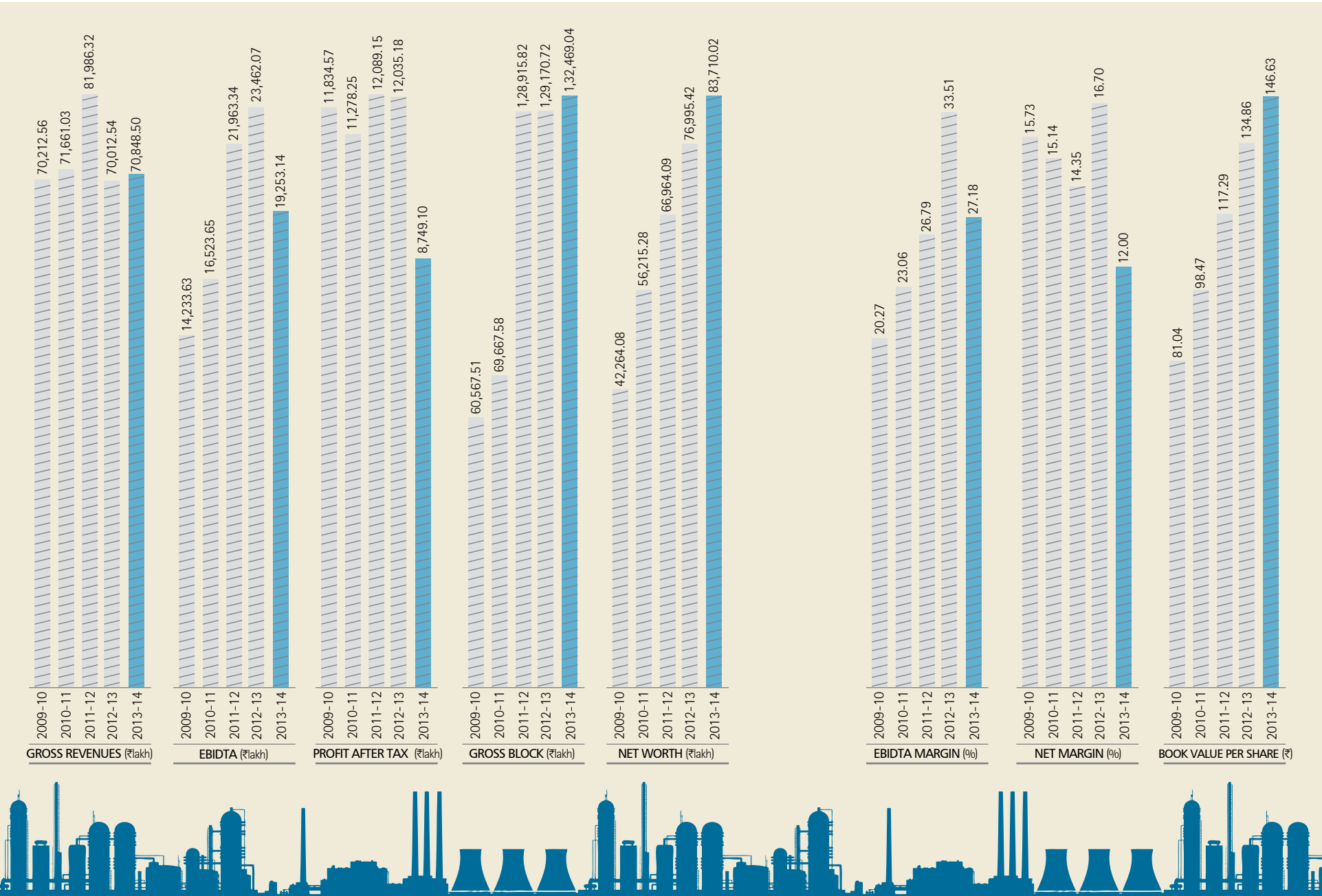
ABB Limited | Alstom Limited | APTransco Limited | Assam State Electricity Board | Bengal Energy Limited | Bharat Aluminium Company Limited | Bharat Heavy Electricals Limited | Bharat Oman Refineries Limited | Calcutta Electricity Supply Corporation | Damodar Valley Corporation | Delhi Vidyut Board | Electrosteel Castings Limited | General Electric Technical Services, USA | Haldia Petrochemicals Limited | Haryana Power Generation Corporation Limited | Hindalco Industries Limited | Indian Oil Corporation Limited | Indian Petrochemicals Limited | Lanco Industries Limited | Maharashtra State Electricity Board | National Aluminium Company Limited | National Hydro Electric Power Corporation Limited | National Thermal Power Corporation | National Thermal Power Corporation Limited | North Eastern Electric Power Corporation Limited | Orissa Power Generation Corporation | Power Grid Corporation of India Limited | Reliance Energy Limited | Tamil Nadu Electricity Board | Tata Chemicals Limited | Thermax Limited | Uttar Pradesh Power Corporation Limited | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Vedanta Aluminium Limited

## OUR VISION AND MISSION

TECHNO ELECTRIC & ENGINEERING COMPANY LIMITED WAS ESTABLISHED WITH A MISSION TO PROVIDE COMPREHENSIVE ENGINEERING PROCUREMENT AND CONSTRUCTION SERVICES TO CORE SECTOR INDUSTRIES IN INDIA.

THE COMPANY HAS BEEN A LEADER IN ITS AREAS OF ACTIVITIES, HAVING ADOPTED STATE-OF-THE-ART TECHNOLOGY (IN THE FORM OF COMPUTERISED ENGINEERING SERVICES), MECHANISED ITS FIELD OPERATIONS, MAINTAINED HIGH STANDARDS OF QUALITY MANAGEMENT BACKED BY STRONG HUMAN RESOURCES AND RESOURCEFUL FINANCING.

# SLUGGISH YEAR FOR THE ECONOMY. CHALLENGING YEAR FOR THE SECTOR. ENCOURAGING YEAR FOR TECHNO.



## OUR ACHIEVEMENTS

1963

Incorporated to provide EPC services to India's core sector

1980

Announced IPO of ₹20 lakh.  
Commissioned India's first commercial LSHS handling system for the Durgapur Steel Plant

1990

Extended into the transmission and distribution segments

2009

Acquired a 95.45 MW capacity wind power company (with Tamil Nadu and Karnataka installations)

2010

Entered the transmission network management space via a PPP contract for a 400/220 kV 2,400 MVA (105 km long) transmission link at Jhajjar for the Haryana Vidyut Prasaran Nigam Limited

2011

Completed installation of a 111.9 MW wind power farm (Tamil Nadu).  
Private Equity Investment by IFC, Washington, in Simran Wind Project Ltd.

2012

Bagged first overseas EPC job.  
Entered the 765 kV substation segment

2013

Bagged a concession from PFC Consulting Ltd for a 400 kV, 1,000 MVA GIS transmission network at Patran, Punjab, on BOOM basis for 35 years



## CHAIRMAN'S MESSAGE



THERE ARE TWO PRINCIPAL MESSAGES THAT I WISH TO CONVEY.

**FIRSTLY, THE WORST IS OVER FOR INDIA'S POWER TRANSMISSION SECTOR, REFLECTED BY THE INCREASED FREQUENCY OF ORDERS ON THE ONE HAND AND GROWTH IN RESPECTIVE PROJECT SIZES ON THE OTHER.**

**SECONDLY, TECHNO ELECTRIC IS ATTRACTIVELY PLACED TO CAPITALISE ON THIS IMPROVEMENT THROUGH LARGER PROJECT THROUGHPUT, ENHANCED MARGINS AND MULTIPLE REVENUE STREAMS.**



### PERFORMANCE REVIEW

The performance of the Company during the financial year under review may be seen as an index/representative of this turnaround. Permit me to highlight the improvement through a relevant instance.

In 2011-12, Techno Electric reported peak revenues of ₹819.86 crore with a corresponding post-tax bottomline of ₹120.89 crore. During the year under review, even as the Company was way short of peak revenues and eventually reported a turnover of ₹708.49 crore, it delivered a post-tax profit of ₹87.49 (after factoring a revenue loss of ₹50 crore from its high margin renewable energy business). So while the Company's revenues were non-peak, its profits crept back to peak levels. This comparison indicates that even as the country's transmission sector is only gradually emerging from one of its most prolonged downtrends, Techno Electric is already on its feet to capitalise on the projected sectoral rebound.

### SECTORAL OVERVIEW

The Indian power generation sector showed a mixed picture. On the one hand, the country has added 54,964 MW during the Eleventh Five Year Plan period; the result being that India now possesses a consolidated generation capacity of nearly 250,000 MW. The upshot of this capacity accretion is that the peak gap between power supply and demand has begun to trend downwards; with the Indian non-peak power shortage of around 3 per cent being one of the lowest seen thus far. However, South India is the only exception where there is still a

significant power shortage.

Even as there are aspects to be pleased about, there are reasons to be disappointed. For instance, 22,000 MW of fresh generation capacity was fully installed but could not generate power due to non-operational reasons. Besides, the country's plant load factor declined from an erstwhile level of 70 to 60 per cent. The result is that it became increasingly evident that while the country invested precious resources in fresh power generation, there has been a corresponding need to enhance efficient asset utilisation.

India's transmission sector was worse off. This segment of the country's power sector did not enjoy the same priority as the generation segment. There is a growing feeling that the country's transmission sector is not being treated as an independent pillar of the country's power sector but only as an enabling ancillary. The result is that for years, India's transmission sector has been extensively under-funded, does not enjoy any redundancy and it is still trying to fulfill its rich potential. The impact is reflected in private sector power generators who largely market their additional power proximate to the regions of generation, as a result of which in one part of the country, power is sold down at ₹3 per unit with few takers while in another part of the country, there is a growing body of buyers willing to pay ₹8 per unit without access. As a result of a dearth in investment in inter-regional power transfer facility on the transmission side, the country has been unable to optimally utilise its rich mineral resources for the widest and largest benefit to all.

### NEED FOR POLICY REFORM

What India needs is a broadening of its transmission sector that could potentially attract more entrepreneurs, funds and projects. This broadening would need to reconcile Power Grid Corporation's organic growth with providing space and opportunities for new entrants. This broadening is urgently required; even as private sector power generators account for 30 per cent of the country's power generation capacity, the corresponding transmission figure is not more than 5 per cent and no more than 2 per cent when it comes to successfully implemented projects.

In order for reform to take place, a policy is required which enables and incentivises the entry of new players. One way to encourage entrepreneurs would be through a prudent segregation of spaces, making it possible for private sector players to operate in spaces without Power Grid competing for those projects. What this country needs is new entrants to successfully implement projects, hold them as a showcase of their competence and build on this track record.

We believe that by permitting Power Grid Corporation to operate in the nominated 70 per cent of the country's transmission sector, there is significant room for the public sector giant to take the country's transmission interests ahead by acting as a bid process coordinator in place of PFC/ REC. By making it possible for private sector players to compete across the remaining space without the towering presence of Power Grid it will help create a number of dedicated

transmission players and right-balance the country's power sector.

### CHALLENGES AND OPPORTUNITIES

The recent challenges in the Indian transmission sector have been considerable; a number of players have been working with stretched Balance Sheets, there has been weak implementation of BOOT policy, ineffective dispute resolution mechanism and a growing apprehension among lenders which has translated into both sectoral under-penetration and an extensive under-investment.

What India's transmission sector needs is a simple and comprehensive policy. With the new government in office, there is a growing hope that a new regime at the Centre will remove bottlenecks, create an investor-friendly environment and catalyse performance.

However, keeping all challenges aside there is fair optimism that the country's transmission sector has turned around. The Twelfth Five Year Plan is expected to belong to power transmission companies just the way the Eleventh Plan belonged to power generation companies. This optimism is based on credible evidence: the country intends to double its transmission sector investment to ₹2,00,000 crore during the Twelfth Five Year Plan; the country's largest transmission sector player Power Grid is expected to scale its spending from ₹80,000 crore in the Eleventh Plan upto ₹110,000 crore in the Twelfth Five Year Plan. There is a reason behind Power Grid's urgency to spend its way to growth; the Company is nursing a capital work-in-progress



The Indian power generation sector showed a mixed picture. On the one hand, the country has added 54,964 MW during the Eleventh Five Year Plan period; the result being that India now possesses a consolidated generation capacity of nearly 250,000 MW.

estimated at a whopping ₹50,000 crore which it intends to liquidate through expansion and de-bottlenecking programmes; the Company invested a sizeable ₹22,000 crore in 2013-14 in growing its transmission network, probably the highest spending by the Company in any single year.

Techno Electric has enjoyed the first flush of this turnaround. The Company increased its order intake of ₹500-600 crore as seen in each of the last two years to ₹1,200 crore in 2013-14; substation project sizes almost doubled to ₹150 crore; there has been a growing proportion of technology intensity in the substation projects warranting the engagement of technology-intensive vendors; what was once price-based competition has evolved into capability-based appraisal.

### COMPETITIVE POSITION

Techno Electric is competitively placed to capitalise on any upturn in the country's transmission sector because of some pertinent reasons.

The Company finished the year under review with a formidable mix of businesses: the EPC business addressed project-based revenues, the renewable and grid BOOT businesses represented high-margin annuity revenues and the proposed captive power plants business (based on waste heat recovery) that the Company expects to enter into with other companies as a joint venture is expected to generate EPC revenues, exit reward and annuity income. Over the foreseeable future, the Company expects to stagger investments in renewable energy projects in expectation of enhanced clarity in consistent power evacuation

and receivables. Until clarity emerges, the Company expects to grow its EPC and BOOT businesses and extend into the captive energy vertical.

Secondly, in the short span of four years, the Company has established leadership in the 500-plus kV space; with a formidable 60 per cent share in the value-added 765 kV segment.

Thirdly, the Company has demonstrated a capacity to address progressively larger projects corresponding to growing project scale (from 1,200-2,000 MVA a few years ago to 8,000-10,000 MVA); over the years, this has translated into an increase in average project size from ₹75 crore (400 kV) to ₹150-200 crore (765 kV).

Fourthly, the Company has demonstrated its capability in addressing projects in the sunrise segment BOOT transmission. The Company successfully bid for and implemented a BOOT transmission project for Haryana Vidyut Prasaran Nigam Limited (HVPNL) in just 14 months against nearly 30 months that it would have taken any other company; the state-of-the-art project delivered 99.5 per cent availability. The Company built on this formidable track record through the successful bidding for a similar project for PFC Consulting Ltd at Patran (Punjab); the 35-year concession is expected to translate into aggregate revenues of ₹1,000 crore.

Fifthly, the Company successfully responded to the increasing urgency of its principal customers to turn projects around faster. During the year under review, the Company reported EPC revenues worth ₹570 crore derived out of completed projects, emphasising the

point that the Company possesses the intellectual and managerial capital to address challenging projects speedily and competently.

Sixthly, the Company protected the integrity of its Balance Sheet during the challenging industry trough; the Company delivered an EBITDA margin of 27.18 per cent during the year under review; there was no debt on the Company's books for its EPC business, receivables were just 90 days of turnover equivalent, working capital outlay was largely negative and the Company finished the year with a cash balance of ₹200 crore.

### PROSPECTS

At Techno Electric, we foresee that 20 per cent of the country's spending in the transmission sector will filter down to substation projects. The Company expects to conservatively account for 10 per cent of the country's substation investments across the Twelfth Five Year Plan, an area in which it enjoys considerable competence. While the Company expects to enhance revenues by about 15 per cent in 2014-15, it perceives that the big jump in revenues will transpire in 2015-16 when it expects to report a 30 per cent increase in revenues at improved profitability.

As a result, your management is optimistic that the year under review was an inflection point for Techno, following which the performance will only get better, enhancing value in the hands of all our shareholders.

**With warm regards**  
*P. P. Gupta, Chairman*

## TECHNO ELECTRIC IS MORE THAN JUST A COMPANY. IT IS A BRAND.

**TRUST:** Techno Electric has developed a brand for timely project execution of complex and comprehensive engineering and construction services. This makes it possible for the Company's customers to commission their assets on schedule and generate a quicker return on their investments. Over the years, the Company delivered projects across shrinking timelines, which have now emerged as industry benchmarks.

**INTELLECTUAL CAPITAL:** The Company was engaged in setting up sub-stations for 50 per cent of India's power generating capacity (more than 50,000 MW) and 50 per cent of the National Electricity Grid. The Company provides products and services for BoP of a power project; the Company was the first to develop, install and commission 360 KA busbar systems for aluminium smelters in 2013.

**EXPERIENCE:** The Company's promoters possess more than 30 years of experience in engineering, procurement and construction (EPC) services. This experience has helped the Company progressively develop its competence mix across regions, customers and market cycles. An index of our ability: the profits of the Company grew in seven years out of last ten years.

**STRONG VENDOR ECOSYSTEM:** The Company enjoys enduring relationships with 1,250 trusted vendors who facilitate timely project completion. We have enjoyed a healthy relationship with many vendors over the last few years, resulting in a strong bond of trust.

**TEAM:** The core of the Company's success lies in its intellectual capital (175 member engineering team with an average experience of 25 years). Besides, the Company's competence comprises diverse capabilities (design, construction and project management, procurement, quality assurance, business development and marketing and financial management).

**BALANCE SHEET:** The Company possesses a robust Balance Sheet marked by free cash of ₹200 crore, networth of ₹837 crore, gearing of 0.57, receivables of 90-day of turnover equivalent and working capital outlay of around 17 per cent of the total employed capital in 2013-14. The Company selects to work with only those clients who have achieved 100% financial closure.

**EXECUTION COMPETENCE:** More than 50 per cent projects undertaken by the Company were closed successfully in 2013-14, resulting in faster realisation of retention payments. The Company is respected for the implementation of zero-defect solutions delivered well within project schedules, facilitated by a competent management team. The Company is certified for ISO 9001:2008.

**PRODUCT OFFERING:** The Company combines competencies in light construction and heavy engineering related to the power sector. It not only provides turnkey solutions for entire power plants across all segments, but is both an independent transmission asset owner (through a leased arrangement) and an independent power producer (through its foray into wind energy generation).

# graduation

**Challenge:** Declining industry-wide orders.

**Response:** Graduation to the 765 kV segment.

FOR ALL THOSE COMPANIES ENGAGED IN offering solutions to India's power sector, the principal challenges were eroding in realisations, dwindling margins and threatened project viability.

At Techno Electric, we reduced our quotations in line with the industry trends to remain competitive or graduate into another segment having relatively low competition, thereby protecting our viability.

The Company selected to bid for a larger number of 765 kV projects even as competitors focused on the 400 kV segment. Some of the advantages that emerged from this strategic response are as follows:

- As industry orders declined, a number of companies became uncompetitive and exited the business, thereby reducing competition.
- Embraced challenging projects marked by project complexity and tight deadlines as well as a number of extension projects with multiple locations in a given package.
- Widened the vendor profile with the objective of creating a stronger ecosystem and generating attractive economies-of-purchase.

**The result:** Techno Electric strengthened its EPC order book to ₹1,200 crore, generating two years worth of revenue predictability from this business segment.

# Strengthening

**Challenge:** Declining industry-wide cash flows.

**Response:** Strengthening working capital management.

FOR ALL THOSE CORPORATES ENGAGED IN servicing the needs of India's power sector, the principal challenge was a progressive decline in orders, profits and cash flows.

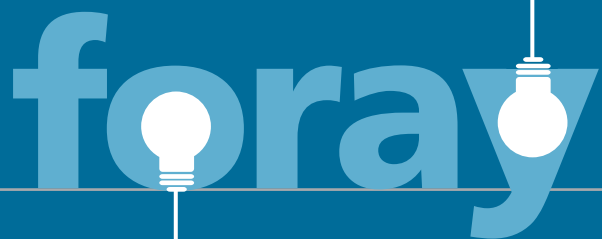
At Techno Electric, we strengthened our cash flow by selecting to look within and enhanced our operational efficiency. Here's how:

- The Company focused on the aggressive recovery of its project retention money lying

with clients following the completion of various projects. As a result, the Company enhanced the collection of its outstandings from ₹60 crore in 2012-13 to ₹120 crore in 2013-14.

- The Company focused on the reduction of overheads and enhanced employee productivity.

The result: Techno Electric reported an increase in cash inflows and finished the year under review with ₹200 crore in cash as its books.



**Challenge:** Excessive dependence on India.

**Response:** Foray into Africa, M. East and Bangladesh.

FOR ALL THOSE COMPANIES DEDICATED TO growing their presence in India, the last few years proved challenging as fresh capital spending in India's power sector declined.

At Techno Electric, we reinforced our business model by widening our geographic presence across global pockets that enjoyed similar demographics to India and are marked by growing sectoral potential.

The widening international presence was reflected in the following initiatives:

- The Company focused on entering Africa, a continent with considerable under-penetration

in the power sector on the one hand, and a large prospective investment in the sector, on the other. The Company generated ₹85 crore in orders from Africa in the two years leading to 2013-14.

- The Company plans to focus on projects in the Middle East, South East Asia and other developing countries.

**The result:** This growing multi-country presence enhanced the proportion of non-Indian revenues in the income mix from nil in 2012-13 to ₹3.67% in 2013-14.

**Challenge:** Industry dependent on lumpy orders.

**Response:** Entry into annuity-based revenue niches.

FOR ALL THOSE COMPANIES FOCUSED ON EPC projects coming out of India's power sector, there was a visible business risk in being excessively dependent on lumpy project-led revenues.

At Techno Electric, we widened our business mix and in doing so, reduced our dependence on this segment, marked by erratic orders and lumpy cash flows.

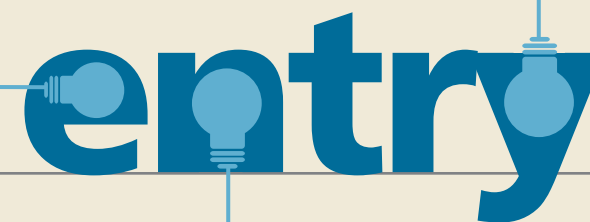
Our widening business mix was reflected in the following initiatives:

- The Company entered the business of creating power transmission infrastructure through PPP arrangement with the Haryana Government. This engagement proved attractive as it provided the Company with revenues to commission infrastructure in exchange for predictable annual revenues, opportunity to generate operations and maintenance income, liberation from revenue collection from retail customers, insulation

from feedstock volatility, inflation-linked tariff and the overall freedom to divest and generate revenues from project sale. The project was commissioned in March, 2012 and generated ₹57.03 crore worth of revenues in 2013-14.

- The Company leveraged its experience from this nationally pioneering project (the Company was the first in India to enter into such a PPP agreement with a State Government) and went on to bag a similar project in Patran hooked to the Power Grid Corporation's Patiala-Kaithal 400 kV line. Besides, the Company based on its rich sub-station experience through the PPP route, created multiple revenue opportunities – EPC, asset ownership, operations and maintenance income and probable dividends. The project will be commissioned by May, 2016.

**The result:** The Company expects to enhance the proportion of annuity revenues to an aggregate ₹200 crore in 2014-15, accounting for 25 per cent of its total income.





## OUR BUSINESS MODEL

### VALUE-ORIENTATION:

Techno Electric is a focused service provider that recognises the need to enhance corporate value through a presence in profitable niches and timely project completion thereby ensuring a larger share of the customer's wallet and relationship-based revenue growth. This priority is reflected in margins which have been higher than the sectoral average and attractive cash accretion (₹200 crore in cash and equivalents with the Company towards the close of 2013-14).

### DUAL BUSINESS STREAMS:

The core of Techno Electric's competitive advantage lies in its EPC business. Since this business is cash-accretive, the Company has selected to invest its aggregate cash pool in building properties that not only increase/add on to its EPC competence but also generate annuity earnings. As a result, the Company has broadly two revenue streams – lumpy EPC revenues and predictable non-EPC revenues. The non-EPC proportion of revenues accounted for 19.48 per cent of the Company's revenues in 2013-14, which also provides the Company with revenue visibility and stability. The Company has therefore selected to widen its portfolio of non-EPC revenues (wind energy assets, BOOT assets and waste heat energy joint ventures).

### LIFE CYCLE ENGAGEMENT:

Techno Electric selected making a conscious effort to enhance its presence in non-EPC businesses where it leverages its EPC competence in asset maintenance which leads to high uptime and superior IRR. As a result, the non-EPC segment of the business is synergic with its established competence.

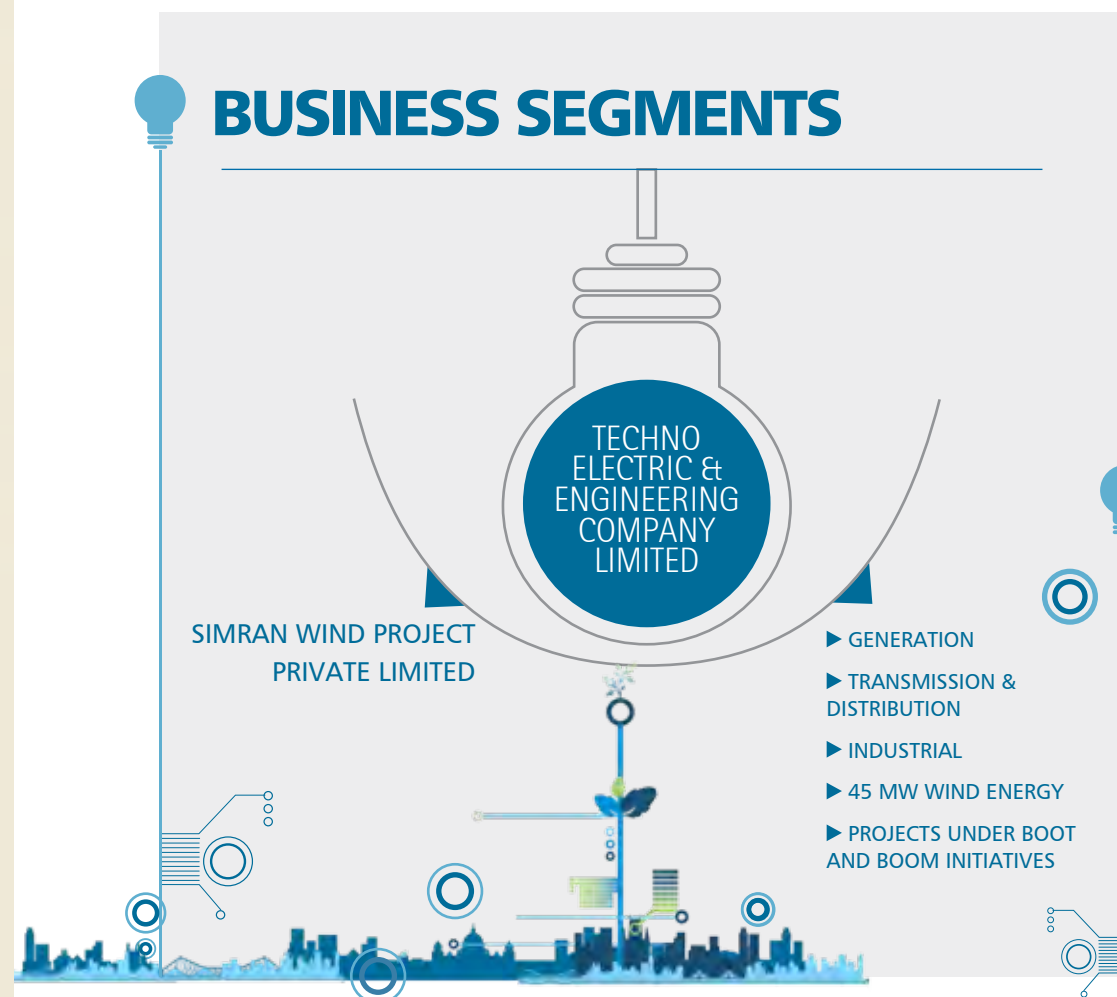
### SPACE SELECTION:

Techno Electric has consciously selected to graduate from the commoditised sub-station segment of its EPC business towards more higher-end work (400 kV and above). As a result, this graduation has helped the Company in enhancing market share, realisations and margins.

### FINANCIAL INTEGRITY:

Techno Electric recognises that the most credible foundation is its robust Balance Sheet. The Company's debt of ₹600 crore at the consolidated level was assumed to fund the wind energy business; the annual interest outflow on this count was comfortably hedged by annuity revenues from this business and existing cash pool.

## BUSINESS SEGMENTS



### BUSINESS SEGMENT 1

## HOW OUR EPC BUSINESS REGAINED ITS MOMENTUM

The Company's forte is the engineering, procurement and construction (EPC) business having provided solutions to nearly half of India's installed thermal and inter-regional transmission capacity and catered to customers like

NHPC, NTPC, the Power Grid Corporation and BHEL. The cash-accretive business has made it possible for the Company to generate surpluses that have been progressively deployed in building capital assets with attractive annuity revenue.

Revenue in 2013-14

₹570.50 crore

Revenue contribution

80.52%

Order book as on March 31, 2014

₹1,200 crore

## TECHNO ELECTRIC & ENGINEERING LIMITED – EPC BUSINESS

POWER GENERATION	TRANSMISSION AND DISTRIBUTION	INDUSTRIAL SECTOR
<b>Captive power plants</b> <ul style="list-style-type: none"> <li>■ Offers turnkey solutions</li> <li>■ Balance of Plant</li> </ul>	<b>EHV substations</b> EHV substations up to 765 kV  <b>Distribution</b> <ul style="list-style-type: none"> <li>■ Distribution systems management (APDRP)</li> <li>■ (Rajiv Gandhi Gramin Vidyutikaran Yojna)</li> </ul>	<ul style="list-style-type: none"> <li>■ Firefighting systems</li> <li>■ Fuel oil systems</li> <li>■ Offsite piping systems</li> <li>■ AC/DC substation for aluminum plants</li> <li>■ Power distribution systems</li> <li>■ Plant electrical</li> <li>■ Illumination systems</li> <li>■ High intensity power system for Aluminum smelter pots (360 KA)</li> </ul>

In the last few years, this business has become increasingly competitive, marked by the entry of new players and thereafter the subsequent inability to compete for a number of projects. A prudent focus on substation projects of 400 kV and above: a complex space marked by relatively low competition, resulted in a moderate improvement in realisations. As the Power Grid Corporation, the country's largest transmission segment player, began to invest in substations of larger sizes, the Company reported a larger number of projects win on the one hand and higher average project sizes on the other. By the close of the year under review, the Company had accounted for more than 60 per cent of the higher-denomination substation market in the country.

Result: The Company ended the financial year under review with an order book of ₹1,200 crore; the Company's international order book

was derived from countries like Uganda categorised by demographics and national priorities similar to that of India. The Company plans to widen its international footprint to the Middle East, Africa, South East Asian and other developing countries.

### POWER GENERATION

The Company provides complete solutions for captive power plants, balance of plant (BOP) for thermal and hydro power projects and utilities for power projects. The Company provides services related to basic engineering, design, detailed engineering, civil and structural works, commissioning and stabilisation, among others. The Company has established a formidable track record in the execution of upto 100 MW projects.

### STRENGTHS

- The Company possesses a rich experience in the execution of power plant projects (including supply of

various BOP packages)

- The Company's experienced team comprises of 175 engineering personnel and 225 staff
- The Company is an integrated solutions provider
- The Company has invested in state-of-the-art technologies
- The Company has delivered projects in challenging terrains without compromising on deadlines

### CAPTIVE WASTE HEAT RECOVERY

Techno Electric extended into this business segment in 2006 through the delivery of integrated turnkey solutions in 2006. The Company executed four projects in this segment for single units up to 40 MW. The Company has established a reputation in providing packages for BOP power plants and the installation of transmission substations as well as O&M services with the

facility of turnkey project execution.

Techno undertakes turnkey projects in setting up captive/waste heat recovery power plants for industries like sponge iron, steel, chemicals and aluminium, among others. It enjoys an enviable position by virtue of providing electrical systems in evacuation, transmission and distribution systems up to 765 kV.

### STRENGTHS

- The Company possesses a great experience in the execution of power plant projects including supply of various BOP packages. The Company is an integrated solutions provider catering to needs across diverse industrial sectors.

### TRANSMISSION AND DISTRIBUTION

In the transmission and distribution segment, the Company has executed more than 250 projects.

### STRENGTHS

- The Company possesses an experience of over 30 years in the execution of power transmission substation projects
- The Company has created a robust vendor eco-system to ensure timely material availability
- The Company provides integrated solutions from design to production and supply (integral and support equipment)
- The Company possesses a rich understanding of terrain management

- The Company recruits local manpower wherever possible thereby catalysing project progress

**EHV substations:** In this segment, the Company's services comprised the construction of air-insulated substations on EPC basis. In the air-insulated segment, the Company built substations ranging from 132 kV to 765 kV. In the gas-insulated segment, the Company built substations up to 400 kV. The Company installed overhead lines for transmission projects of captive power plant projects, thereby covering entire electrical packages of very high magnitude and complexity.

### Distribution and rural electrification:

In this segment, the Company entered into the distribution and rural electrification sector in 2004 and has executed large rural and urban distribution packages across three districts in Assam and six districts Bihar and Maharashtra. Apart from providing distribution services under the APDRP scheme, the Company has also executed rural electrification projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

### INDUSTRIAL SECTOR

The Company extended into the industrial sector for the execution of various EPC projects. Over the years, the Company has executed a number of projects in segments comprising plant electrical and illumination, cabling, water and allied systems, fire protection system and oil handling plants, among others.



The Company ended the financial year under review with an order book of ₹1,200 crore; the Company's international order book was derived from countries like Uganda categorised by demographics and national priorities similar to that of India.

## BUSINESS SEGMENT 2

# GREEN POWER



Revenue in 2013-14 ₹ 137.98 crore

Revenue contribution 19.48%

In 2009, the Company diversified into the generation of green power (renewable energy). This was a decisive extension for the Company – allowing it transcend from merely commissioning projects for customers to commissioning a project for itself.

The extension to green power generation was made with the objective to extend from services provided for customers to one where the Company would be able to create an asset on its books concurrent to generating an annuity income. Besides, this business was accompanied by the option to exit through asset sale.

The Company expanded into the

renewable energy generation sphere through the acquisition of two wind mill companies in 2009 namely Simran Wind Project Private Limited (Simran) and Super Wind Project Limited (Techno Electric presently). Through its IFC-funded subsidiary Simran Wind Project Pvt. Ltd., the Company further set up a 111.9 MW wind farm in Tamil Nadu.

The Company leveraged its knowledge of engineering and project management in conducting detailed asset inspection following acquisition; it improved asset utilisation and demonstrated a capability of almost matching capital-cum-operating cost of wind energy with that of thermal power generation.

During the year under review, the Company encountered evacuation issues. The Tamil Nadu State Electricity Board refused to accept exports by the Company aggregating to an evacuation loss leading to a revenue loss of ₹50 crore.

The Company believes that the worst is over for the sector, reflected in assurances of enhanced evacuation within Tamil Nadu and permission to 'export' power outside Tamil Nadu in the event of non-evacuation. However, in the absence of adequate clarity on the respective roles of the Centre and State Governments, the Company has decided to stagger future investments in this sector.

## BUSINESS SEGMENT 3

# BOOT AND BOOM PROJECTS



The project, a PPP initiative of the Haryana Government, became the first transmission project to receive viability gap funding support from the Central Government.

**Project two:** The Company bagged a concession from PFC Consulting Ltd for building a transmission network at Patran, Punjab on Build, Own, Operate and Maintain (BOOM) basis for a period of 35 years. The project is being developed through Patran Transmission Company Limited, a SPV 100%-acquired by Techno Electric from PFC Consulting Limited. The ₹200 crore project will be completed within 30 months from the date of award and will ensure a sustainable income flow of around ₹1,000 crore as transmission charges to the SPV over the concession period. The 400 kV transmission system comprises LIL of both circuits of Patiala-Kaithal 400 kV double circuit triple snow bird Line at Patran (5 KM) and 400/220 kV substation with 14 bays in Patran, Punjab. The inter-state network will have a system capacity to evacuate 1,200 MW of power.

Going forward, the Company expects to bid for similar projects having annuity O&M revenues which can if required be securitised while utilising its EPC competence while being engaged as the maintenance partner. The Company expects to add a transmission line annually to its portfolio in Rajasthan, Uttar Pradesh, Maharashtra and Tamil Nadu with the objective to have a portfolio of five projects by the end of the Twelfth Five Year Plan (FY17).

In 2010, the Company leveraged its rich transmission knowledge to maintain a transmission asset on its books and expanded into BOOT (Build, Own, Operate and Transfer) and BOOM (Build, Own, Operate and Maintain) projects with the objective to generate one-off EPC revenues during project commissioning while also deriving annuity income from project maintenance.

The BOOT and BOOM projects in the country's transmission sector were proposed only in the last few years when it became increasingly evident that specialised vendors were required

to own, create and maintain modern transmission networks across a concession period with the objective to deliver a first rate network for the benefit of the state and consumers.

**Project one:** The Company was the first successful bidder for this network when it was launched in Haryana a few years ago. Jhajjar KT Transco Pvt Ltd., a joint venture between Kalpataru Power Transmission Ltd. and Techno Electric and Engineering Co. Ltd., commissioned a 400 kV intra-state power transmission project in Haryana in March 2012. The project was commissioned in a record 15 months from financial closure.



# MANAGEMENT DISCUSSION AND ANALYSIS



## INDIAN ECONOMY

The Indian economy experienced one of the most challenging slowdowns as seen in a decade. This resulted from global contractionary headwinds, domestic macroeconomic imbalances and fiscal policy reversals. The result is that GDP growth in 2013-14 was estimated at 4.7 per cent as compared to 4.5 per cent in 2012-13 (Source: CSO).

## POWER SECTOR OVERVIEW

With a production of 1,006 terawatt hours (TWh), India is the fifth largest producer and consumer of electricity in the world. Over FY07-13, power generation expanded at a compound annual growth rate of 5.5 per cent. There are multiple drivers such as industrial expansion, and growing per-capita incomes which are leading to an increase in power demand, a reality that is expected to sustain. For instance, power consumption is estimated to

increase from 821.2 TWh in 2013 to 1,433.2 TWh by 2022.

India's power sector attracted sizeable FDI inflows into India touching US\$ 7.8 billion during April 2000-March 2013. This inflow accounted for 4 per cent of the total FDI inflow into India. The Government of India chalked out an encouraging blueprint; it targeted capacity addition of 89 GW in the Twelfth Five Year Plan (2012-17) corresponding to US\$ 223.9 billion investment, followed by around 100 GW proposed to be commissioned in the Thirteenth Five Year Plan (2017-22).

**Market size:** Electricity production in India stood at 911.6 terawatt hours (TWh) in FY13, a 4 per cent growth over the previous fiscal. Over FY07-13, electricity production expanded at a CAGR of 5.5 per cent. The Planning Commission's Twelfth Five Year Plan projects that total domestic energy production could reach 669.6 million tonnes of oil equivalent (MTOE) by 2016-17 and 844 MTOE by 2021-22.

## ELEVENTH FIVE YEAR PLAN REVIEW

During the Eleventh Five Year Plan period, the Electricity Act of 2003 was operationalised. Even as the Eleventh Five Year Plan aimed at capacity addition of 78,700 MW, the actual achievement of 54,964 MW was still twice more than the addition in the Tenth Five Year Plan. More importantly, about 90,000 MW of generation capacity was under construction which has started commercial production in the Twelfth Five Year Plan. If these projects proceed to completion as scheduled, and a strong effort is made to initiate new projects in the first year of the Twelfth Five Year Plan, India could well add 80,000-100,000 MW in the Twelfth Five Year Plan.

■ Capacity addition during the Eleventh Five Year Plan period has been at 54,964 MW which is 69.8 per cent of the original target and 88.1 per cent of the reduced target of 62,374 MW set in the mid-term appraisal. It is more than 2.5 times that of any of the earlier Five Year Plans.

■ Total installed capacity as on 31 March 2012, including renewable energy sources, was 1,99,877 MW. The

share of renewable energy capacity was about 12.2 per cent

■ Approximately 69,926 circuit km (ckm) of transmission line, 1,50,362 MVA capacity of alternating current substations and 1,750 MW capacity of high-voltage, direct current (HVDC) substations were added.

■ The number of villages electrified till March 2012 was about 5.6 lakh, indicating that more than 93 per cent village electrification had been achieved.

■ Works relating to 18 units for life extension aggregating to 1,931 MW and 69 units for repair and maintenance (R&M) aggregating 17,435 MW were completed during the Eleventh Plan.

## TWELFTH FIVE YEAR PLAN OUTLOOK

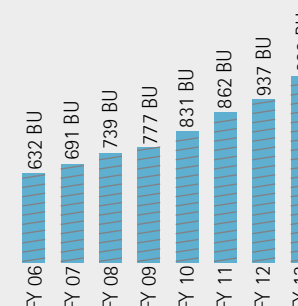
**Addition to generation capacity:** The Working Group on Power estimated a capacity addition requirement of 75,785 MW corresponding to 9 per cent GDP growth during the Twelfth Five Year Plan period. However, in order to bridge the gap between peak demand and peak deficit, and provide for faster retirement of old energy-

inefficient plants, the target for the Twelfth Five Year Plan has been fixed at 88,537 MW. The share of the private sector in the additional capacity is expected to be 53 per cent (as compared to only 19 per cent in the Eleventh Five Year Plan). The Working Group for the Twelfth Five Year Plan after taking into account energy conservation measures and demand-supply management has estimated a requirement of 1,403 BU by the year 2016-17. Without such measures, the generation requirement is projected at 1,463 BU. Even if the moderate level of 1,403 BU is taken as the Twelfth Five Year Plan target, the projected growth rate in power generation requirements is placed at 9.8 per cent.

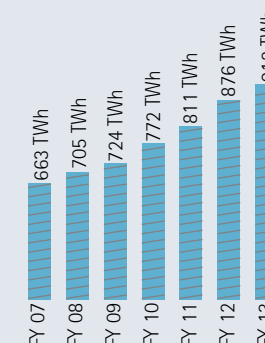
**Captive power plants:** Capacity addition of around 13,000 MW of captive power is likely to be commissioned during the Twelfth Five Year Plan. The installed capacity of CPPs increased from 22,335 MW at the beginning of the Eleventh Five Year Plan to 36,511 MW (provisional) in March 2012.

**Renewable energy:** Renewable energy is emerging as a major power source. Within the area of renewable power, wind energy is the largest source of

**Demand:** India's energy requirement expanded at a compound annual growth rate (CAGR) of 6.8 per cent over FY06-13 to 998.1 billion units (BU).



**Production:** Electricity production in India (excluding captive generation) stood at 911.6 TWh in FY13, a 4 per cent growth over the previous fiscal. The fact that demand has been more than supply indicates that the country suffers from a peak power deficit.



renewable energy in India; it accounts for an estimated 87 per cent of total installed capacity in the area of renewable energy. The country intends to increase the importance of wind power; there are plans to double wind power generation capacity to 20 GW by 2022. In 2013, India moved from the	ninth to seventh position among the most attractive countries for the development of renewable energy as per the Renewable Energy Country Attractive Index. The National Wind Energy Mission targets 100 GW of wind power by 2022, a third of India's estimated wind energy potential. Recent government	plans for a 5 GW solar project in the Ladakh region emphasize the scale of India's renewable ambitions. Techno Electric intends to capitalise on this sectoral outlook through an ongoing presence in renewable energy hubs like Tamil Nadu.	50 cents need to be invested in power transmission (in India, the ratio is 30%). To make up for this investment deficit, India needs to invest more than 0.5 times of prospective investments in generation in the area of transmission. Also, as per the Twelfth Five Year Plan, the investment required in the power transmission sector is about USD 35 billion, out of which about USD 19 billion is expected to come from the Power Grid Corporation of India Limited while the remaining USD 16	billion (~46% of the total investments) will have to be secured from private players. In order to ensure true open access, the investment required may increase manifold over the planned numbers for the Twelfth Five Year Plan. This makes PPP projects imperative though the response in this area has been weak.	last few Five Year Plans resulting in insufficient transmission capacity. The country has been marked by power surplus and deficit regions. More than 46% of the total investment required (in excess of ₹200,000 crore) in the Twelfth Five Year Plan needs to be sourced from the private sector, which makes successful PPPs in the transmission arena vital.
<div>TRANSMISSION AND DISTRIBUTION</div> <div> <p>Growth in industrialisation, increasing per-capita income and rapid urbanisation has led to a ~50% growth in the installed power generation capacity over the last five years even as transmission capacity has only grown by ~30%.</p> <p>Power Grid is the Central Transmission Utility (CTU) responsible for the wheeling of power generated by the Central Generating Utilities (CGUs) and inter-state Mega Independent Power Producers (MIPP). The country has been demarcated into five transmission regions (Northern, Eastern, Western, Southern and North-Eastern).</p> <p>EVOLUTION OF THE TRANSMISSION SECTOR</p> <p>India's power generation sector was opened to private participation in 1991. The Electricity (Amendment) Act, 1998, defined transmission as a separate activity and led to the creation of the CTU (currently PGCIL) and STUs. The Regulatory Commission Act 1998 mandated the setting up of an independent regulatory mechanism at the Central and State Government levels. The Electricity Act 2003 rationalised the approach for privatisation of the power sector. For the transmission sector, some projects were to be earmarked for tariff-based competitive bidding.</p> <p>The National Tariff Policy 2006 introduced mandatory tariff-based competitive bidding for all transmission projects with the objective of promoting competitive procurement of transmission services, encouraging greater investment from private players in the transmission sector and</p> </div>					
<div>OUTLOOK</div> <p>Transmission investments have not kept pace with generation in the</p>					

<div>RURAL ELECTRIFICATION</div> <div> <p>India's rural electricity has lagged in terms of service (hours of supply) and penetration. Not only do merely 31% of India's rural households have access to electricity; this supply suffers from frequent power cuts and fluctuations in voltage and frequency.</p> <p>The Rural Electrification Corporation Limited (REC), a Navratna Central Public Sector Enterprise under Ministry of Power, was incorporated on July 25, 1969 under the Companies Act</p> </div>					
<div>OUTLOOK</div> <p>1956. Its main objective is to finance and promote rural electrification projects all over the country. It provides financial assistance to the State Electricity Boards, the State Government Departments and the Rural Electric Cooperatives for rural electrification projects as are sponsored by them.</p> <p>The REC provides loan assistance to SEBs/SPUs for investments in rural electrification schemes through its</p>					
<div>corporate office located at New Delhi and 20 field units, which are located in most of the states.</div> <div> <p>Rural Electrification Corporation had targeted to raise ₹30,000 crore in the last fiscal, 2013-14. Of that, it raised close to ₹27,000 crore till December, 2013 including via ₹4,500 crore tax-free bond issue. Rural Electrification Corporation had issued tax free bonds worth ₹2,648.41 crore in the financial year 2012-13.</p> </div>					

<div>WIND POWER</div> <div> <p>Global investment in renewable energy declined to USD 80.3 bn in 2013 from USD 80.9 bn in 2012. According to GWEC's 2012 market statistics, the global wind power sector installed 47 GW of new wind power capacity in 2014 as compared to 44.7 GW installed in the previous year (Source: Global Wind Energy Council).</p> <p>Wind power has emerged as one of the key renewable energy sources of power generation in India, contributing a sizeable share of 3-4 per cent to the country's electricity generation mix. The total installed capacity of wind power in India by end-February 2013 was 18,634.90 MW. Worldwide the country stands fifth in terms of total wind power capacity installed. The total wind power capacity addition during 2013-14 has come up to 2,126 MW as against 1,700 MW in 2012-13.</p> </div>																																			
<div>OUTLOOK</div> <p>India has an ambitious target of acquiring 15% of its power needs (80,000 MW) from renewable sources by 2020 with an investment of ₹1.5 lakh crore. The sector targets at</p>																																			
<div>building 15,000 MW of new capacity in five years. India has a total installed renewable energy capacity of 26,000 MW, of which wind power is a substantial proportion (18,275 MW).</div>																																			
<div>Planned Generation Capacity Additions</div> <table border="1"> <thead> <tr> <th>Year</th> <th>Thermal</th> <th>Hydro</th> <th>Renewable Energy Source</th> <th>Nuclear</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>66%</td> <td>22%</td> <td>9%</td> <td>3%</td> <td>167</td> </tr> <tr> <td>2012</td> <td>68%</td> <td>20%</td> <td>9%</td> <td>2%</td> <td>201</td> </tr> <tr> <td>2017</td> <td>69%</td> <td>18%</td> <td>11%</td> <td>3%</td> <td>288</td> </tr> <tr> <td>2022</td> <td>66%</td> <td>17%</td> <td>12%</td> <td>5%</td> <td>388</td> </tr> </tbody> </table>						Year	Thermal	Hydro	Renewable Energy Source	Nuclear	Total	2011	66%	22%	9%	3%	167	2012	68%	20%	9%	2%	201	2017	69%	18%	11%	3%	288	2022	66%	17%	12%	5%	388
Year	Thermal	Hydro	Renewable Energy Source	Nuclear	Total																														
2011	66%	22%	9%	3%	167																														
2012	68%	20%	9%	2%	201																														
2017	69%	18%	11%	3%	288																														
2022	66%	17%	12%	5%	388																														



# POWER SECTOR

Growth of installed capacity since 10th Five Year Plan (IN MW)

Plan/year	Thermal				Nu-clear	Hydro	RES (MNRE)	Total
	Coal	Gas	Diesel	Total				
End of 10th Five Year plan	71121.38	13691.71	1201.75	86014.84	3900	34,653.77	7,760.60	132,329.21
End of 11th Five Year plan	112022.40	18381.05	1199.75	131603.13	4780	38990.40	24503.45	199877.03
End of Dec. 13	138213.40	20380.85	1199.75	159793.99	4780	39893.40	29462.55	233929.94

All India annual per capita consumption of electricity since 2009-10

YEAR	PER CAPITA CONSUMPTION (KWH)
2009-10	778.6
2010-11	818.80
2011-12	883.63
2012-13	917.18*

\*Provisional

Electricity generation (MU) Targets and achievements

Sector	Target (2013-14)	March'14			April'13-March'14		
		Programme	Achieve- ment*	% Achieve- ment	Programme	Achieve- ment*	% Achieve- ment
Thermal							
Central Sector	307,048.00	27,789.00	27,093.79	97.50	307,048.00	299,203.63	97.45
State Sector	311,211.00	29,186.00	24,768.00	84.86	311,211.00	276,888.66	88.97
Pvt. Ipp Sector	169,396.00	16,092.00	18,053.71	112.19	169,396.00	192,907.00	113.88
Pvt. Utl Sector	25,082.00	2,152.00	1,831.55	85.11	25,082.00	22,839.39	91.06
Total	812,737.00	75,219.00	71,747.05	95.38	812,737.00	791,838.68	97.43

\* Provisional based on actual-cum-Assessment

Generating capacity addition (MW)

	April'12 – March'13	April'13 – March'14
All India	20,622.80	17,825.01

Transmission lines added (ckms)

Voltage level	April'12 – March'13	April'13 – March'14
+/- 500 kV HVDC	0	0
765 kV	1,209	4,637
400 kV	11,361	7,777
220 kV	4,537	4,334
All India	17,107	16,748

All India installed capacity (MW) as on 30-03-2014 Region -wise

Region	Thermal				Nuclear	Hydro	RES	Total
	Coal	Gas	Diesel	Total				
Northern	35,283.50	5,281.26	12.99	40,577.75	1,620.00	16,330.76	5,729.62	64,258.13
Western	58,019.51	10,139.31	17.48	68,176.30	1,840.00	7,447.50	9,925.19	87,388.99
Southern	26,582.50	4,962.78	939.32	32,484.60	1,320.00	11,398.03	13,127.33	58,329.99
Eastern	25,327.88	190.00	17.20	25,535.08	0.00	4,113.12	417.41	30,065.61
North-east	60.00	1,208.50	142.74	1,411.24	0.00	1,242.00	252.65	2,905.89
Islands	0.00	0.00	70.02	70.02	0.00	0.00	10.35	80.37
ALL INDIA	1,45,273.39	21,781.85	1,199.75	1,68,254.99	4,780.00	40,531.41	29,462.55	2,43,028.95

All India Plant Load Factor\* Sector-wise for March'13 and March'14

Sector	% PLF	
	March'13	March'14
Central	83.12	79.91
State	66.07	60.01
Private	74.45	63.65
All India	71.96	66.58

Capacity addition targets and achievements in the 12th plan

Targets <span>(MW)</span>				
Type/Sector	Central	State	Private	Total
Thermal	14,878.00	13,922.00	43,540.00	72,340.00

Achievements upto March 2014 during 12th plan <span>(MW)</span>				
Type/Sector	Central	State	Private	Total
Thermal	6,683.30	7,233.00	22,972.50	36,888.80
Achievement (%)	30.45	47.23	49.42	43.43

25

The projected annual percentage growth of the country's transmission sector according to R. N. Nayak, Power Grid Chairman and Managing Director

20,000

Quantum of spending (₹ / crore) by the Power Grid 2013-14

110,000

Quantum of spending (₹ / crore) by the Power Grid during the Twelfth Five Year Plan

22,000

Projected spending (₹ / crore) by the Power Grid in 2014-15

"At Power Grid, the emphasis has shifted to commissioning. Normally, government companies work on budgets. Up to the Eleventh Five Year Plan (before I joined) Power Grid spent ₹50,000 crore. In the last two-and-a-half years, we have invested ₹39,000 crore. So about 77 per cent of what

was done in 21 years has been done in the last 30 months." - R. N. Nayak, Power Grid Chairman and Managing Director


"Power Grid Corporation and the transmission sector in general have not at all been impacted due to a slowdown in the economy. During

2010-11 it was ₹12,000 crore which rose to ₹17,000 crore in 2011-12 and ₹20,000 crore in 2012-13 and a projected ₹22,150 crore in 2013-14. We will be able to achieve our target of ₹1,10,000 crore by end 2016-17." - R. N. Nayak, Power Grid Chairman and Managing Director.

# MANAGING RISKS AT TECHNO

Risks lie at the core of every business. Their mitigation translates into success. At Techno Electric, we have instituted relevant processes and controls to manage our risks effectively.

<b>Demand risk:</b> A slowdown in the industry demand could impact the Company's business sustainability.	<b>Mitigation:</b> The Power Ministry has set a target for adding 76,000 MW of electricity capacity during the Twelfth Five Year Plan (2012-17) and 93,000 MW the Thirteenth Five Year Plan (2017-2022).  The International Energy Agency (IEA) estimates USD 6.1 trillion of investments in T&D sectors during 2005-2030. The Ministry for Renewable Energy (MNRE) in the Twelfth Five Year Plan period 2012-17 has fixed a capacity addition of 15,000 MW for wind power alone.
<b>Project completion risk:</b> Any delay in the completion of project could hamper the Company's profitability.	<b>Mitigation:</b> The Company has completed more than 250 projects on time and has completed every single one of them in time. Based on our track record and experience we expect to deliver future projects as per deadlines.
<b>Price-based competition risk:</b> An inability to remain cost-competitive could mean the Company losing out on contracts to its sectoral peers.	<b>Mitigation:</b> The Company has a competitive bidding strategy in place that ensures that the Company is given preference by its clients over and above its sectoral peers.
<b>Segment risk:</b> Presence in a single business segment may hamper the growth of the Company.	<b>Mitigation:</b> The Company widened its presence across three spaces - EPC contracting services, green energy generation and development, operations and maintenance of transmission network to de-risk from an excessive dependence on one business segment. The Company emerged as an owner of green power generation assets; revenues from this segment stood at 19.48 per cent in 2013-14.
<b>Liquidity risk:</b> Any delay in receivables could affect the Company's viability.	<b>Mitigation:</b> Techno Electric works with financially robust clients with comfortable liquidity. Some of the Company's clients include of large Indian companies. It generally works with clients on projects that have achieved financial closure. It also selects to work with clients that have been favourably appraised by rating agencies. Besides, Techno Electric enjoys an attractive gearing of 0.57, has been consistently cash-positive, and employs a modest working capital of 17% of its employed capital.



<b>Internal control systems and their adequacy</b>	Techno Electric has an adequate internal control system, commensurate with the size and nature of business, with regard to purchases of inventory and fixed assets and for sale of goods and services. The system is being upgraded continuously in order to meet and adapt to statutory requirements and changing business conditions.
<b>Financial performance</b>	During the year, Techno Electric's consolidated gross revenues stood at ₹708.49 crore as compared to ₹700.12 crore in 2012-13. The Company's consolidated net profit stood at ₹87.49 crore in 2013-14 as compared to ₹120.35 crore in 2012-13.
<b>Human resource development and industrial relations</b>	Over the years, Techno Electric invested in competencies through recruitment, training and retention. The Company had an employee base of 400 as on March 31, 2014.
<b>Cautionary statement</b>	Statements in the management discussion and analysis describing the Company's objectives, projections, estimates, expectations may be forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Factors that could make a difference to the Company's operations, inter alia, include the economic conditions, government policies and their related/incidental factors.



# DIRECTORS' REPORT

To,  
The Members of  
**Techno Electric & Engineering Company Limited**

Your Directors take pleasure in presenting the 9th Annual Report, along with the audited accounts of the Company, for the year ended March 31, 2014.

## FINANCIAL RESULTS

Your Company's operations during the financial year ended March 31, 2014 which comprises the EPC business and Power Generation business resulting in:

	(₹ In lakhs)	
	Year ended March 31, 2014	Year ended March 31, 2013
Profit before finance cost and depreciation	10,443.79	11,218.17
Less : Finance cost	1,559.16	2,145.06
Depreciation	1,513.84	1,502.52
Profit before tax	7,370.79	7,570.59
Provision for taxation	376.22	1,510.10
(Including deferred income tax, fringe benefit tax and security transaction tax)		
Profit after taxation	6,994.57	6,060.49
Balance brought forward from previous year	31.77	75.10
	<b>7,026.34</b>	<b>6,135.59</b>
<b>Appropriations</b>		
Transfer to general reserve	5,200.00	1,600.00
Transfer to Debenture Redemption Reserve	-	2,500.00
Interim dividend paid during the year	1,427.28	-
Proposed final dividend	285.46	1,712.74
Provision for tax on proposed dividend	48.51	291.08
Surplus carried to balance sheet	65.09	31.77
	<b>7,026.34</b>	<b>6,135.59</b>

## DIVIDEND

Your Directors recommended a final dividend of ₹0.50 per equity share of nominal value of ₹2 each for the financial year ended March 31, 2014 in addition to the interim dividend of ₹2.50 paid for the year on February 20, 2014.

## REVIEW OF OPERATIONS

During the year, the Company has registered a turnover of ₹ 59,412.00 lakhs and profit after tax of ₹ 6,994.57 lakhs from EPC Business. In spite of stiff competition and adverse economic and business conditions, the Company could register marginal increase in turnover and profit. During the year, the Company adopted a very cautious and conservative approach to the market conditions and was selective in bidding for the projects without compromising with the margin. Better cash management has also played an important role for this stable performance. The EPC Business was stagnant in the first half of the year under review, but there was remarkable improvement in the second half of the year in which the Company has succeeded in bagging many prestigious Orders. Energy Sale (Power) business has suffered during the year. The main reason for this is non-availability of Grid for evacuation of power generated by the wind mills. The policy paralysis and passive attitude of the Government towards wind energy sector has added to the poor performance. We are confident that the new Government will push forward the renewable energy sector in days to come and we expect positive growth in future.

## ENERGY SALE (POWER)

The Company is engaged in power-generation through wind turbine generators (WTGs) at various locations in Tamil Nadu and Karnataka with a total aggregate-rated generating capacity of 45 MW. The Company sold 69.93 million units of energy (power) during 2013-14, earning a revenue of ₹ 2361.37 lakhs.

## EPC BUSINESS

During the year 2013-14, the following projects were completed successfully:

1. Fuel oil unloading and storage system, station piping package for Barh Super Thermal Power project (3x660 MW) for NTPC Ltd.
2. EPC of 765 kV switchyard for 6x660 MW Sasan Ultra Mega Power Plant at Singrauli of Reliance Infrastructure Ltd.
3. Engineering, procurement of materials, proto making, fabrication, erection, alignment, orientation, inspection, testing etc of 360KA busbar system meeting Aluminium Pachiney's specifications and norms for Mahan Smelter Project of Hindalco Industries Ltd in Madhya Pradesh in technical collaboration with CANMAC, Canada.
4. Turnkey contract for 765 kV Raigarh pooling station ( Near

Kotra), extension of 765 kV (Near Kotra) and extension of 400 kV Raigarh (existing) sub-station associated with establishing pooling stations at Raigarh (Near Kotra) and Raipur for IPP Generation Projects in Chhattisgarh for PGCIL.

5. Turnkey execution of 220/66/11 kV, 1x100 MVA sub-station at mandhala in Solan Dist. (H.P.) on Turnkey basis for Himachal Pradesh State Electricity Board Ltd, Simla.
6. Turnkey execution of 400 kV Extension Bays at Bina and Jabalpur (Pooling) sub-station under Transmission System for MB Power (M.P.) for PGCIL.
7. Supply, fabrication and erection of Busbar System at Hindalco Industries Ltd., Hirakud for BEROA-UNISEVEN Refractory Services Pvt. Ltd., Kolkata.
8. Construction of new 132 kV sub-station under Assam Power Sector Enhancement Investment Programme of Assam Electricity Grid Corporation Ltd. funded by ADB.
9. Turnkey execution of 765/400 kV Extension Bays at Indore Sub-Station and Pirana Sub-Station under Transmission System of IPP Generation Projects in MP & Gujarat for PGCIL.
10. Turnkey contract for sub-station Package P325 SS001 for construction of 765/400 kV Kurnool (New) sub-station under Transmission System Associated with Krishnapatnam UMPP from MJS PGCIL.
11. Turnkey contract for construction of 132/11/0.415 kV pooling sub-station with 2x50 MVA, 132/11 kV power transformers at Rajgarh Solar Power Project of NTPC Ltd in the state of Madhya Pradesh.
12. Contract for extension of 400 kV Jabalpur (Pooling) sub-station under Transmission System for MB Power (M.P.).

The following projects are on-going and are in advance stage of completion and are expected to be completed as per schedule:

1. Turnkey execution of 400/132 kV switchyard for Kameng Hydroelectric Project (Package-VI), Arunachal Pradesh for NEEPCO Ltd, Shillong.
2. Turnkey contract for Extension of 765 kV Bays at 765/400 kV Gwalior Sub-Station, Extension of 765 kV Bina Sub-Station, Extension of 765 kV Jabalpur pooling Sub-Station & Extension of 765/400 kV Indore Sub-Station associated with Transmission System for Phase - I generation project in Odisha Part-C for PGCIL.



3. Supply, erection, testing and commissioning of Fuel Oil Handling System Package for Prayagraj Thermal Power Project (3x660 MW) at Tehsil-Bara Dist. Allahabad, Uttar Pradesh.
4. Fuel Oil Handling System for 1 x 500 MW Unit at Bokaro-A TPS, Jharkhand for BHEL.
5. Turnkey contract for Procurement and Construction of 132/33 kV sub-station at Dhanaha & Gangwara, Construction of 132 kV Bays One each at Bettia, Sasaram, Mohania, Dinara, Lakhisarai and Sheikpura and Construction of four 33 kV bays at Remote end 33/11 kV PSS for downlinking of 132/33 kV GSS at Dhanaha & Gangwara ICB No 5/Package-G-BSEB/ADB/2010 from BSEB. (ADB funded).
6. Turnkey contract for Supply & Erection of 400/220 kV GIS sub-station at Magarwada in of Daman & Diu in Association with M/S Xian XD Switchgear Electric Co. Ltd. China from M/S PGCIL. (ADB funded).
7. Turnkey contract for Construction of 160 km 132 kV Double Circuit Mbarara-Nkenda Transmission And Associated sub-station UETCL/WORKS/2011/00003 from Uganda Electricity Transmission Company Limited, Uganda in Joint Venture with M/S Kalpataru Power Transmission Limited.
8. Turnkey contract for construction of 400 kV S/S at Julwania from M/S MP Power Transmission Co. Ltd.
9. Turnkey contract for establishment of 400 kV & 220 kV Transformer Bay at existing 400 kV GSS Akal (Jaisalmer).
10. Turnkey contract for Construction of 400/220/66 kV Switchyard at 2x660 MW Kudgi TPS in Bijapur District of Karnataka from NTPC.
11. Turnkey contract for supply, erection, testing, commissioning works of 400/220/132 kV Sub station at Jammalamadugu (Kondapuram) with two 400 kV Bay extension at Narnoor (Kurnool) from APTRANSCO.
12. Turnkey contract for supply, civil, erection, testing and commissioning of 400/220 kV S/Stn at Urvakonda in Ananthpur District of Andharapadesh from APTRANSCO.
13. Turnkey contract for Construction of 400 kV Switchyard at Vindhyachal Super Thermal Power Project, Stage-V (1x500MW) from NTPC.

During the year, the Company was successful in bagging

many prestigious Orders, the major amongst them are:

1. Contract for Supply, Inland transportation, Insurance, Installation, testing, commissioning of Switchyard Package for Meja TPP (2x660 MW) of Meja Urga Nigam Pvt. Ltd.
2. Turnkey contract for sub-station Package for - i) Extension of 765 kV Angul Substation, 765 kV Jharsuguda sub-station and 765 kV Dharamjaigarh sub-station under Transmission System associated with East Coast and NCC Power Projects in Srikakulam Area, Andhra Pradesh - Part-B (Under Project ID 159), ii) Construction of 400 kV Srikakulam (New) S/S and extension of 765 kV Angul sub-station under Transmission System associated with East Coast and NCC Power Projects in Srikakulam Area, Andhra Pradesh - Part-C (under Project ID 160), iii) Extension of 400 kV Srikakulam Pooling station under consultancy to East Coast Energy Pvt. Ltd. (Under project ID 353), iv) Extension of 400/220 kV (AIS) Melakottaiyur sub-station under SRSS-XVIII (under Project ID278), v) Extension of Kota sub-station under RAPP 7&8, Part A (under Project ID 295) for PGCIL.
3. Turnkey contract for establishing of 400 kV & 220 kV transformer bays to commission 4th 400/220 kV auto transformer capacity 500 MVA at existing 400 kV GSS-Akal (Jaisalmer) of Rajasthan Rajya Vidyut Prasaran Nigam Ltd.
4. Turnkey contract for supply, erection, testing and commissioning of 400/220 kV sub-station at Asupaka and Extension of 400 kV & 220 kV Power supply to Indira Sagar Rudramkota Lift Irrigation Project at Asupaka, Khammam District for Transmission Corporation of Andhra Pradesh Ltd.
5. Turnkey contract for construction of (2x160+2x50) MVA, 220/132/33 kV Grid sub-station Sonenagar (new) with 2 nos. 132 kV bays extension at remote end with SAS under BRGF Phase-III of Bihar State Power Transmission Co. Ltd.
6. Turnkey contract for construction of (2x160+2x50) MVA, 220/132/33 kV Grid sub-station Samastipur (new) with 2 nos. 132 kV bays extension at remote end with SAS under BRGF Phase-III of Bihar State Power Transmission Co. Ltd.
7. Contract for sub-station Package for S3 for extension of 400 kV Sagardighi s/s and 400 kV Behrampur sub-station under Eastern Region Strengthening Scheme-X for PGCIL.

## SUBSIDIARY

Simran Wind Project Limited (Simran), a subsidiary of the Company is a green power generator with a capacity of 162.35 MW spreading across Tamil Nadu and Karnataka. During 2013-14, it has generated 274.85 million units. International Finance Corporation, Washington continues with its 3.38% stake in Simran and the balance 96.62% stake is held by the Company.

Pursuant to general circular by Ministry of Corporate Affairs, the Company is not required to annex the Annual Reports of the subsidiary company, however, the same shall be made available to any member for inspection at the Registered Office / Corporate Office of the Company and of its Subsidiary, during working hours. Relevant financial information of the Subsidiary/s have been disclosed in this Annual Report in compliance with the said circular.

## FUTURE OUTLOOK

Even though India ranks 5th in the world in electricity generation and is placed at 6th when it comes to net electricity consumption, the per capita annual consumption of electricity in India is one of the lowest in the world at approximately 818.9 KWh when compared to the world average of 2600 KWh, which can majorly be attributed to the population growth and the inability of the sector to achieve its target capacity addition.

For a country considered to be a rising economic power, more than 300 million people still have no access to electricity. There is a worrying demand supply mismatch. The crippling hindrances for this are delays in target capacity addition, distribution losses, raw material shortages, excessive dependence on domestic equipment manufacturers and non-conducive Government policies. The stakes involved and the severity of these issues may be disastrous for the industry at large and all other stakeholders if ignored for long and may affect India's economic growth prospects adversely.

In spite of the hurdles plaguing the Power sector certain developments have been inspiring confidence in the sector as Coal India Ltd has agreed on ensuring a minimum supply of 80% of contracted quantity of the coal to thermal power plants. The shale gas exploration in the Gangetic plain has also been encouraging which will enhance the prospects of domestic sourcing for gas based plants. Government is also aiming at enlarging public sectors involvement in mega hydro projects and multipurpose projects involving inter-state issues and those with rehabilitation and resettlement issues. Ministry of renewable energy is providing financial incentives to private players for setting up of small hydro projects. International civil nuclear co-operation agreement with major developed

countries on supply of nuclear fuel can make significant contribution to capacity addition.

The power transmission and distribution sector is now receiving its due attention with investments from the Government in the form of higher share of allocated expenditure in the 12th plan. With the proposed initiatives like Restructured Accelerated Power Development and Reforms Program, opportunities for transmission equipment players appear to be significantly improving. Power Grid Corporation is on the threshold of taking a giant stride forward in its quest to set up a 1,200 kV transmission test station through collaborative efforts with 35 leading Indian manufacturers under the public-private partnership model. Additional transmission capacity is also required to evacuate power from surplus region to deficit region and to enable electricity trading.

Wind energy is the largest renewable energy source in India, is facing the Power evacuation problem due to non-availability of Grid to evacuate power which is a major bottle-neck in wind energy segment.

The country offers unlimited growth potential for solar photovoltaic (PV) industry as well. India is endowed with vast potential of solar energy and is quickly developing itself as a major manufacturing hub for solar power plants.

With proactive Government involvement in undertaking favorable policy amendments and increasing participation of private players the future of the Indian power sector looks slightly more assured. These developments though are not enough but can definitely help bridge the demand-supply gap, which is a daunting task going forward.

Techno has put itself in a much better position in the industry and intended to tap the opportunities in other segments in the power sector for a sustained future. The recent change of Government at Center has also given rise to new hopes for the Industry and for the Company.

## BOARD MEETING

During the financial year 2013-14 the directors were met four times to review the operation of the company and discuss the financial results as well as the future business strategy of the company in the board meetings held on May 18, 2013; August 03, 2013; October 28, 2013 and February 08, 2014.

## DIRECTORS

At present, the Board has Five Non-Executive (Independent) Directors, One Managing Director and One Non-Executive Director.



As per the requirement of the Companies Act, 2013 all the independent directors on the board as on 1st April, 2014 shall be re-appointed for a tenure of 5 years.

In view of the said provision all the Non-Executive (Independent) Directors on the board as on 1st April, 2014, namely Mr. K Vasudevan, Mr. K. K. Rai, Mr. V. D. Mohile, Mr. K. M. Poddar and Mr. S. N. Roy shall be re-appointed for a tenure of 5 years and the same shall be confirmed in the ensuing Annual General Meeting.

Mr. Ankit Saraiya, who was appointed as additional director by the board on 08th February, 2014 seeking confirmation at the ensuing Annual General Meeting. He is a Non-Executive Director.

Mr. Ankit Saraiya aged about 28 years residing at Flat - D, Block - C, 2B, Hastings Park Road, Kolkata - 700027 is a Bachelor of Science (Corporate Finance & Accounting) with Minor in Computer Information Systems from Bentley University in Waltham, Massachusetts, U.S.A with sound financial and commercial knowledge and experience of more than 4 years in the related field.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- That in the preparation of the annual accounts, the applicable Accounting Standards were followed, along with proper explanation relating to material departures;
- That the selected accounting policies are reasonable and prudent so as to give a true and fair view of the Company's state of affairs and profit at the end of the financial year, and applied them consistently;
- That proper and sufficient care was taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;
- That the accounts for the period ended March 31, 2014 are on a going-concern basis.

## STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

A Statement on Declaration by Independent Directors under sub-section (6) of section 149 of the Companies Act, 2013 is attached with the report as a separate annexure.

## COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

A Remuneration Committee of the Board was already in place comprising three independent directors which recommends the appointment and remuneration of Directors and the same shall be renamed as Nomination & Remuneration Committee which shall formulate the policy for appointment of Directors and Remuneration including criteria for determining qualification, positive attributes independence of a director and other matters as provided under sub-section (3) of section 178 of the Companies Act, 2013 and necessary disclosure to this effect shall be made in the next Report of the Directors.

## AUDITORS REPORT

The Directors believe that there is no qualification, reservation or adverse remarks or disclaimer made by the Statutory Auditors.

The Company shall carry out the Secretarial Audit in the Current Financial year in compliance with the Companies Act, 2013 and the qualification, reservation, adverse remark or disclaimer, if any made by the Secretarial Auditor and the explanation or comments by the Board thereon shall appear in the next Directors Report.

## RISK MANAGEMENT

The Company manages its risks by instituting processes and controls and provides the details in the Management Discussion & Analysis Report in the Annual Report every year. The Board will formulate a Risk Management Policy as per the requirement of the Companies Act, 2013.

## CORPORATE SOCIAL RESPONSIBILITY

The Company is engaged in social activities and contributes for the cause of the society on various areas. However, a Corporate Social Responsibility Committee of the Board is being constituted for formulating and implementing Corporate Social Responsibility Policy as per the requirement of the Companies Act, 2013 and necessary disclosure in this regard shall be made in the next Directors Report.

## EVALUATION OF BOARD MEMBERS

The Board comprises Members having expertise in Technical, Banking and Finance. The formal annual evaluation by the Board of its own performance and of its committees and individual directors be done at the end of the year ending March 31, 2015.

## STAKEHOLDERS RELATION

A committee of the Board was already in place to look after the grievances of Stakeholders. As per the requirement of the Companies Act, 2013 a Stakeholders Relationship Committee is being constituted comprising three Non-executive Directors with majority of them Independent. Necessary disclosure in this regard shall be made in the next Directors Report.

## LISTING OF SHARES

The equity shares of the Company continue to be listed with BSE Ltd., and the National Stock Exchange of India Ltd (NSE).

## AUDITORS

The Auditors, M/s. S. S. Kothari & Co., Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness for re-appointment. As per the provisions of the Companies Act, 2013, the Auditor can hold office till the conclusion of the 6th Annual General Meeting from the conclusion of the ensuing Annual General Meeting subject to ratification at every Annual General Meeting.

## COST AUDITORS

The Board of Directors has reappointed Mr. Saibal Sekhar Kundu, Cost Accountant, of E7/7 Karunamoyee Housing Estate, Salt Lake City, Kolkata - 700 091 bearing Membership No. 9379, as the cost auditors of the Company under section 148 of the Companies Act, 2013 for 2014-15.

The Cost Audit Report for the year ended March 31, 2014 will be forwarded to the Central Government within the statutory time limit.

## PARTICULARS OF EMPLOYEES

The relation between the employees and the management continued to be cordial and stable at all levels. Your Directors wish to place on record their appreciation for the devoted services of all the Company's executives and staff.

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

## CORPORATE GOVERNANCE

As stipulated under Clause 49 of the Listing Agreement a report on Corporate Governance and a Certificate from M/s S.S.Kothari & Co., Practicing Chartered Accountants, confirming compliance with the requirements of the Corporate Governance are attached to this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

A management discussion and analysis report is annexed and forms an integral part of the annual report.

## ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude to the shareholders, various customers and their consultants, different government departments and the Company's bankers for their continued support to the Company. The Directors look forward to their support in future.

For and on behalf of the Board of Directors

Place : Kolkata,  
Date: May 24, 2014

**P. P. Gupta**  
Chairman





## ANNEXURES TO THE DIRECTORS' REPORT

### Annexure I

Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

#### A. CONSERVATION OF ENERGY

As the Company's activities do not involve, by and large, any significant level of energy consumption, no comments are necessary in respect of energy conservation and reduction of energy consumption. In any event, continuous efforts are made to conserve energy to the extent possible.

#### B. TECHNOLOGY ABSORPTION

As per Form B given as hereafter

### FORM – B

Disclosure of particulars with respect to technology absorption forming part of the Directors' Report for the year ended March 31, 2014

Technologies absorbed:

#### Research & development (R & D)

1.	Specific areas in which R&D was carried out by the Company	NIL
2.	Benefit derived as a result of the above R&D	N.A.
3.	Future plan of action	None
4.	Expenditure on R & D	N.A.
5.	Technology absorption, adaptation	Constant efforts are made by the Company to develop costeffective newproduct/systems.

#### C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange earning	Nil
Foreign exchange outgo	₹107.45 lakhs

For and on behalf of the Board of Directors

Place : Kolkata,  
Date: May 24, 2014

**P. P. Gupta**  
Chairman

### Annexure II

Statement on declaration given by the independent director under sub-section (6) of section 149 of the Companies Act, 2013

The Board comprises five Independent Directors who have submitted declaration in individual capacity as follows:

- He is an Independent Director and a person of integrity and possesses relevant expertise and experience;
- He is or was not a promoter of the company or its holding, subsidiary or associate company;
  - He is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- He has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- None of his relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- He neither himself nor any of his relatives—
  - holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the current financial year;
  - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the current financial year of—
    - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - holds together with his relatives two per cent or more of the total voting power of the company; or
  - is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company.



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company's philosophy on Corporate Governance includes right and equitable treatment of shareholders, protecting the interest of stakeholders, appropriate mix of skilled executive and non-executive directors on the Board, integrity and ethical behavior within the organization with an objective to achieve excellence and growth through efficient management, transparency, trust and accountability. Techno believes in proper implementation of the same, in true spirit, with an objective to ensure that available resources are fully utilised to meet the aspirations of all stakeholders. Also, Techno believes in proper disclosure, transparency and accountability, investor protection and compliance with laws, rules & regulations for the benefit of all stakeholders.

The Company is in full compliance with the provisions regarding Corporate Governance as entailed in Clause 49 of

the Listing Agreement and regulated by the Securities and Exchange Board of India (SEBI). The disclosures are as follows:

### BOARD OF DIRECTORS :

The Board of Directors is constituted in compliance with Clause 49 of the Listing Agreement. The Board functions either as a full Board or through various Committees constituted to oversee specific operational areas. There are six members, out of which five members are Non-Executive Independent. The Company has an Executive Chairman (Managing Director).

As of March 31, 2014, there were four meetings of the Board during the year on May 18, 2013; August 03, 2013; October 28, 2013 and February 08, 2014. The names of the Directors, their attendance at Board Meetings during the year, attendance at last AGM and the number of other directorships and Board Committee memberships held by them at March 31, 2014 are listed in the following table:

Name of the Director	Director Identification Number	Category	No. of other Directorships*	No. of other Committee Positions held		No. of Board Meetings attended	Attendance at the last Annual General Meeting
				Member	Chairman		
Mr. P.P. Gupta Managing Director	00055954	Executive	2	-	-	4	Yes
Mr. K.M.Poddar Director	00028012	Independent Non-Executive	2	1	1	4	Yes
Mr. V.D. Mohile Director	00060785	Independent Non-Executive	1	-	-	3	Yes
Mr. K.Vasudevan Director	00018023	Independent Non-Executive	1	-	1	4	Yes
Mr. K. K. Rai Director	00629937	Independent Non-Executive	2	2	2	4	Yes
Mr. S. N. Roy Director	00408742	Independent Non-Executive	6	1	-	3	Yes
Mr. Ankit Saraiya#	02771647	Promoter Non-Executive	4	-	-	1	No

\* This does not include Directorship in Private Companies.

# Appointed as additional director w.e.f. 08th February, 2014.

The number of Committees (Audit Committee, Remuneration Committee and Share Transfer and Shareholders'/Investors' Grievance Committee) of public limited companies in which a Director is a member/chairman were within the limits provided under Clause 49 of the Listing Agreement, for all the Directors of the Company.

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT:

As per the requirement of the Companies Act, 2013 all the independent directors on the board as on 1st April, 2014 shall be re-appointed for a tenure of 5 years.

In view of the said provision all the Non-Executive (independent) directors on the board as on 1st April, 2014, namely Mr. K. Vasudevan, Mr. K. K. Rai, Mr. V. D. Mohile, Mr. K. M. Poddar and Mr. S. N. Roy be appointed for a tenure of 5 years in the ensuing Annual General Meeting.

During the year, Mr. Ankit Saraiya was appointed as an additional director which shall be confirmed at the ensuing Annual General Meeting. A brief profile of Mr. Ankit Saraiya is given below:

Mr. Ankit Saraiya aged about 28 years residing at Flat - D, Block - C, 2B, Hastings Park Road, Kolkata - 700027 is a Bachelor of Science (Corporate Finance & Accounting) with Minor in Computer Information Systems from Bentley University in Waltham, Massachusetts, U.S.A with sound financial and commercial knowledge and experience of more than 4 years in the related field. He holds 1,08,000 shares in the Company.

### DISCLOSURE ON RELATIONSHIP BETWEEN DIRECTORS:

The Directors have no relationship between themselves except as Board colleagues. However, Mr. Ankit Saraiya who is a Non-Executive Director is a relative of Mr. P. P. Gupta, Managing Director.

### REMUNERATION OF DIRECTORS:

The Board has fixed the remuneration by way of sitting fees payable to the Non-executive Directors including Independent

Directors, which is within the limits prescribed by the Companies Act. There is no other remuneration paid/payable to the Non-executive Directors except the sitting fees.

### DIRECTORS' SHAREHOLDING:

As on March 31, 2014, Mr. P. P. Gupta, Mr. Ankit Saraiya, Mr. V. D. Mohile and Mr. K. K. Rai hold 1,53,000, 1,08,000, 9,302, and 1,000 equity shares of the Company respectively.

### CODE OF CONDUCT:

All Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2014. The Code of Conduct is available at the official website of the Company at [www.techno.co.in](http://www.techno.co.in).

### AUDIT COMMITTEE:

The Audit Committee is entrusted with the following powers:

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

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

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

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

Mr. K. Vasudevan	Chairman
Mr. S. N. Roy	Member
Mr. V. D. Mohile	Member
Mr. K. K. Rai	Member

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



As on March 31, 2014 four meetings of the Audit Committee were held on May 18, 2013; August 03, 2013; October 28, 2013 and February 08, 2014. The attendance by members are as follows:

Name	Number of Attendance
Mr. K. Vasudevan, Chairman	4 (Four)
Mr. S.N. Roy, Member	3 (Three)
Mr. V. D. Mohile, Member	3 (Three)
Mr. K. K. Rai, Member	4 (Four)

Mr. P. P. Gupta, Managing Director, Mr. P. K. Lohia, President (Finance), Mr. Deepak Bafna, General Manager (Accounts & Finance), representatives of the Statutory Auditors and Internal Auditors of the Company also attended the meetings.

#### NOMINATION AND REMUNE ON COMMITTEE:

The Company had constituted a Remuneration Committee which shall be reconstituted and be named as Nomination and Remuneration Committee comprising of three Independent Directors as per the provisions of the Companies Act, 2013, which shall formulate the policy for appointment of Directors and Remuneration including criteria for determining qualification, positive attributes and independence of a director and other matters as provided under sub-section (3) of section 178 of the Companies Act, 2013.

The Company had constituted a Shareholders / Investors Grievance Committee to address the grievance of Shareholders, Debenture holders etc. The Committee shall be reconstituted and be named as Stakeholders Relationship Committee comprising of three Non-Executive Directors. The Committee shall address the grievances of all stakeholders. During the year, the Company has not received any complaints.

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

#### SHARE TRANSFER COMMITTEE:

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

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE:

#### GENERAL BODY MEETINGS:

Particulars of general body meetings for the last three years:

Financial year ended	Day and date	Venue	Time	No. of special resolutions passed
March 31, 2011 AGM	Friday, September 02, 2011	The Calcutta School of Music, 6B, Sunny Park, Kolkata-19	11.30 a.m.	-
March 31, 2012 AGM	Saturday, August 11, 2012	"Rotary Sadan", 94/2, Chowringhee Road, Kolkata -20	10.00 a.m.	1
March 31, 2013 AGM	Saturday, August 03, 2013	Bhartiya Bhasha Parisad, 36, Shakespeare Sarani, Kolkata-17	10.30 a.m.	1

#### POSTAL BALLOT:

No special resolution requiring a postal ballot was passed last year. No special resolution requiring a postal ballot is being proposed for the ensuing Annual General Meeting.

#### SUBSIDIARY COMPANIES:

The Company has a material non-listed Indian subsidiary company, and an Independent Director of the Company is also

a Director of the subsidiary. The financial statement of the subsidiary was reviewed by the Audit Committee on a quarterly basis. The minutes of the subsidiary was placed before the Board of Directors and perused on regular basis. Further a statement of all significant transactions entered into by the unlisted subsidiary company is placed before the Company's Board as and when applicable.

#### DISCLOSURES:

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

#### MEANS OF COMMUNICATION:

The Company has established systems and procedures to enable its stakeholders to have access to the complete information about the company. Maximum information are available at the website of the Company ([www.techno.co.in](http://www.techno.co.in)). The investors can send their complaints through "SCORES", a platform provided by SEBI or may send through email to [desk.investors@techno.co.in](mailto:desk.investors@techno.co.in).

All information which could have a material bearing on the Company's share price is disseminated to the National Stock Exchange of India Limited (NSE), the BSE Limited (BSE). All official news releases and presentations are posted on the Company's website [www.techno.co.in](http://www.techno.co.in).

Quarterly and annual results of the Company are published in widely circulated national newspapers - "The Hindu Business Line" and "Business Standard" and the local vernacular daily "Arthik Lipi". The quarterly compliance report on Corporate Governance as prescribed under Clause 49 of the Listing Agreement, the shareholding pattern of the Company as prescribed under Clause 35 of the Listing Agreement and Financial Results are also filed through NSE Electronic Application Processing (NEAP) System and BSE Listing Center.

#### GENERAL SHAREHOLDER INFORMATION:

- The 9th Annual General Meeting is scheduled to be held on 26th July, 2014 and the notice convening the same shall be sent to the shareholders within the time prescribed by the Companies Act.

2. **Financial year** : April to March

3. **Financial calendar**

Financial Year 2014-2015		
1	First quarter results	Within 45 days from June 30
2	Second quarter and half-yearly results	Within 45 days from September 30
3	Third quarter results	Within 45 days from December 31
4	Fourth quarter results	Within 60 days from financial year ending.

4. **Date of book closure** : The date of Book closure be intimated through stock exchanges, newspaper and with the notice convening the Annual General Meeting.

5. **Dividend payment date** : Within 15 days from the date of declaration at the AGM.



## 6. Listing on Stock Exchanges

Stock Exchange	Stock Code / Symbol
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.	533281
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	TECHNO

**Note:** Annual Listing Fees for the year 2013-14 have been paid to all the Stock Exchanges as mentioned above.

## 7. Market Price Data

Stock Exchange	BSE			NSE		
Month	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April, 2013	154.95	121.10	150,278	153.85	121.10	477,877
May, 2013	148.75	123.00	120,257	145.95	123.55	197,528
June, 2013	132.40	116.15	36,365	132.00	115.00	91,938
July, 2013	125.70	77.10	116,115	126.00	80.10	191,589
August, 2013	105.00	69.00	88,326	103.35	69.00	123,155
September, 2013	89.00	74.75	50,009	88.40	74.65	94,806
October, 2013	85.00	76.60	90,440	84.75	76.05	151,034
November, 2013	96.00	79.50	223,378	94.00	79.10	433,407
December, 2013	126.80	92.50	287,785	126.90	90.00	522,656
January, 2014	138.90	113.85	141,584	135.00	113.15	378,235
February, 2014	126.45	113.00	119,196	126.60	112.25	217,771
March, 2014	142.80	96.00	632,035	141.90	106.15	901,498

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

Month	Price at BSE			BSE Sensex		
	Opening	Closing	Change (%)	Opening	Closing	Change (%)
April, 2013	152.00	129.60	-14.74	18891	19504	3.25
May, 2013	130.00	127.65	-1.81	19459	19760	1.55
June, 2013	126.05	121.95	-3.25	19859	19396	-2.33
July, 2013	120.05	82.10	-31.61	19352	19346	-0.04
August, 2013	81.25	82.25	1.23	19443	18620	-4.24
September, 2013	82.45	82.20	-0.30	18692	19380	3.68
October, 2013	83.95	80.55	-4.05	19452	21165	8.80
November, 2013	82.05	93.15	13.53	21159	20792	-1.73
December, 2013	94.15	115.95	23.15	20771	21171	1.92
January, 2014	113.85	119.05	4.57	21222	20514	-3.34
February, 2014	118.45	117.15	-1.10	20479	21120	3.13
March, 2014	117.00	111.45	-4.74	21079	22386	6.20

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

Month	Price at NSE			Nifty		
	Opening	Closing	Change (%)	Opening	Closing	Change (%)
April, 2013	153.85	130.05	-15.47	5697	5930	4.09
May, 2013	131.60	126.15	-4.14	5911	5986	1.26
June, 2013	125.10	121.85	-2.60	5997	5842	-2.59
July, 2013	120.70	83.80	-30.57	5834	5742	-1.58
August, 2013	84.00	81.25	-3.27	5777	5472	-5.28
September, 2013	81.25	81.00	-0.31	5480	5735	4.65
October, 2013	83.90	81.00	-3.46	5756	6299	9.43
November, 2013	81.80	90.30	10.39	6290	6176	-1.81
December, 2013	95.00	114.95	21.00	6171	6304	2.15
January, 2014	114.95	117.90	2.57	6324	6090	-3.71
February, 2014	121.50	116.00	-4.53	6059	6277	3.60
March, 2014	117.50	112.25	-4.47	6264	6704	7.02

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

**10. Share Transfer System :** The share transfers in physical form are processed within 15 days from the date of receipt of the valid documents complete in all respect.

## 11 (i). Distribution of Shareholding as on March 31, 2014:

Slab	No. of Shareholders		No. of Shares	
	Number	Percentage (%)	Number	Percentage (%)
1 - 500	3984	80.82	470845	0.82
501 - 1000	322	6.60	265575	0.47
1001 - 5000	430	8.80	990096	1.73
5001 - 10000	91	1.86	716283	1.25
10001 - 50000	59	1.21	1346716	2.36
50001 - 100000	10	0.20	563414	0.99
100001 & Above	25	0.51	52738271	92.38
	<b>4885</b>	<b>100.00</b>	<b>57091200</b>	<b>100.00</b>

## 11 (ii). Shareholding Pattern as on March 31, 2014:

Shareholders (Category)	No. of Shares held	% of Total Shares
Promoters	33843216	59.28
Bodies Corporate	17995996	31.52
Indian Public	3054126	5.35
Foreign Institutional Investors (FIIs)	1158507	2.03
Mutual Funds	749592	1.31
Non-Resident Indians (NRIs)	31602	0.06
Other (Clearing Member)	258161	0.45
	<b>57091200</b>	<b>100.00</b>



## CERTIFICATE

12. The Shares of the Company are compulsorily traded in dematerialized form and tradable with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN of the Company's Shares is INE286K01024.

Details of dematerialization of shares as on March 31, 2014 are given below:

Name of the Depository	No. of Shares held	% of Total Shares
National Securities Depository Limited	47747795	83.63
Central Depository Services (India) Limited	1553917	2.72

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

14. **Plant Locations** : The Company has 22 wind turbine generator in Tamil Nadu and 8 wind turbine generator in Karnataka with aggregating generating capacity of 45 MW.

### 15. Company Details:

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

Corporate Identity Number (CIN) : L40108WB2005PLC139595

To the Members of

**Techno Electric & Engineering Company Limited**

We have examined the compliance of conditions of code of Corporate Governance by Techno Electric & Engineering Company Limited, for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement with the BSE Ltd. and the National Stock Exchange of India Limited.

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

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

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar of the Company and placed before the Investors' Grievance Committee, as on March 31, 2014 there are no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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

Centre Point  
21, Old Court House Street  
Kolkata – 700001.

For **S.S. KOTHARI & CO.**  
*Chartered Accountants*  
Firm Registration No. 302034E

Place: Kolkata  
Date: May 24, 2014

**R. N. Bardhan**  
*Partner*  
Membership No. 017270





## CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ON FINANCIAL STATEMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

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

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended March 31, 2014 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that:
  - i. there have been no significant changes in internal control over financial reporting during the year;
  - ii. there have been no significant changes in accounting policies during the year; and
  - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata  
Date: May 24, 2014

**P. P. Gupta**  
Managing Director

**P. K. Lohia**  
President (Finance)

## DECLARATION UNDER CLAUSE 49(I) (D) OF THE LISTING AGREEMENT

Pursuant to Clause 49 of the Listing Agreement, it is hereby declared that all the Board Members and senior management personnel of Techno Electric & Engineering Company Limited have affirmed compliance with the Code of Conduct for the year ended March 31, 2014.

Place: Kolkata  
Date: May 24, 2014

**P. P. Gupta**  
Managing Director

## INDEPENDENT AUDITORS' REPORT

To The Members of  
**Techno Electric & Engineering Company Limited**

### Report on the Financial Statements

We have audited the accompanying Financial Statements of Techno Electric & Engineering Company 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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 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.

### Auditor's 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 misstatement. 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 judgment, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 audit.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Cash Flow Statement, of the cash flows for the year ended on that date.

### 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 sub-section (4A) of section 227 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e) on the basis of written representations received from the directors as on March 31, 2014, and 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 Companies Act, 1956.

For **S. S. KOTHARI & CO.,**  
Chartered Accountants  
Firm's Registration No: 302034E

Centre Point  
21, Old Court House Street,  
Kolkata - 700 001  
The 24th day of May, 2014

**(R.N. Bardhan)**  
Partner  
Membership No: 017270



## Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

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

1. a) The Company has maintained proper records of Fixed Assets showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
- c) Substantial part of fixed assets have not been disposed off during the year.
2. a) The Inventories included under contract work-in-progress have been physically verified by the management during the year at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and the discrepancies noticed on the physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Hence, clauses 4(iii) (f) and 4(iii) (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register required to be maintained under Section 301 of the companies Act, 1956. Accordingly, clause 4(v) (b) of the Order is not applicable to the Company.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of Energy (Power) division of the Company and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. However, we have not made any detailed examination of cost records, to ascertain the accuracy and completeness thereof.
9. a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, custom duty, investor education and protection fund, wealth tax, service tax and any other material statutory dues applicable to it and there is no outstanding as on 31st March, 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, there are no dues in respect of income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has neither accumulated losses as at 31st March, 2014 nor incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institution or bank or debenture holders as may be ascertained from the examination of the books of account and other records of the Company.
12. According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. We have broadly reviewed the books of account and records maintained by the Company and state that prima -facie, proper records have been maintained of the transactions and contracts relating to purchase and sale of shares, securities, debentures and other investments and timely entries have been made therein. All the investments have been held by the Company in its own name.
15. According to information and explanations given to us the Company has not given any guarantee to banks and financial institutions for loans taken by others.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were applied for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, no funds raised on a short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **S. S. KOTHARI & CO.,**  
Chartered Accountants  
Firm's Registration No: 302034E

Centre Point  
21, Old Court House Street,  
Kolkata – 700 001  
The 24th day of May, 2014

(**R.N.Bardhan**)  
Partner  
Membership No: 017270

**Balance Sheet** as at 31st March, 2014

(₹ in lakhs)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	1,141.82	1,141.82
(b) Reserves and Surplus	3	61,197.27	55,963.95
<b>2. Non-Current Liabilities</b>			
(a) Long term Borrowings	4	10,000.00	10,000.00
(b) Deferred Tax Liabilities	5	91.92	70.23
(c) Other Long term Liabilities	6	6,749.08	8,316.07
(d) Long term Provisions	7	130.68	113.88
<b>3. Current Liabilities</b>			
(a) Short term Borrowings	8	6,136.05	11,046.85
(b) Trade Payables	9	8,849.28	8,890.48
(c) Other Current Liabilities	10	1,159.76	1,073.50
(d) Short term Provisions	11	401.06	2,079.43
<b>TOTAL</b>		<b>95,856.92</b>	<b>98,696.21</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
Tangible Assets	12	20,655.22	22,033.77
Intangible Assets	12	75.32	-
Capital Work-in-Progress		-	66.95
(b) Non-Current Investments	13	41,392.00	39,242.00
(c) Long term Loans and Advances	14	172.39	161.20
<b>2. Current Assets</b>			
(a) Current Investments	15	2,500.00	-
(b) Inventories	16	1,183.69	167.34
(c) Trade Receivables	17	19,120.85	20,603.71
(d) Cash and Cash Equivalents	18	4,220.69	6,183.91
(e) Short term Loans and Advances	19	6,433.80	10,237.33
(f) Other Current Assets	20	102.96	-
<b>TOTAL</b>		<b>95,856.92</b>	<b>98,696.21</b>
Significant Accounting Policies	1		
Other Explanatory Informations	29 to 38	-	-

The notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our Report of even date

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270  
N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742

**Statement of Profit and Loss** for the Year ended 31st March, 2014

(₹ in lakhs)

Particulars	Note No.	Year ended 31st March, 2014	Year ended 31st March, 2013
I. Revenue from Operations	21	59,412.00	55,147.17
II. Other Income	22	2,089.22	1,971.87
<b>III. Total Revenue (I + II)</b>		<b>61,501.22</b>	<b>57,119.04</b>
IV. Expenses:			
Materials and Stores	23	43,615.74	37,405.17
(Increase)/Decrease in Inventories	24	(1,016.35)	60.26
Employee Benefits Expense	25	2,779.70	3,097.19
Finance Costs	26	1,559.16	2,145.06
Depreciation and Amortization Expense	12	1,513.84	1,502.52
Other Expenses	27	5,678.34	5,338.25
<b>Total Expenses</b>		<b>54,130.43</b>	<b>49,548.45</b>
<b>V. Profit Before Tax (III - IV)</b>		<b>7,370.79</b>	<b>7,570.59</b>
VI Tax Expense:			
Current Tax		1,184.06	1,514.09
Deferred Tax		21.69	(3.62)
Excess Provision for Income Tax Written Back		(829.53)	(0.37)
		<b>376.22</b>	<b>1,510.10</b>
<b>VII Profit for the Period (V - VI)</b>		<b>6,994.57</b>	<b>6,060.49</b>
Earnings per Equity Share:			
Basic and Diluted	28	12.25	10.62
Significant Accounting Policies	1		
Other Explanatory Information	29 to 38		

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

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270  
N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742



## Cash Flow Statement for the Year ended 31st March, 2014

(₹ in lakhs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Tax and Extraordinary items	7,370.79	7,570.57
Adjustments for:		
Depreciation	1,513.85	1,502.51
(Profit)/Loss on Sale of Fixed Assets	-	5.11
Interest/Dividend Income	(1,994.60)	(1,676.30)
(Profit) /Loss on Sale of Investments (Net)	(80.55)	(82.91)
Wealth Tax	0.48	-
Interest Paid	1,559.16	2,145.06
<b>Operating Profit before Working Capital Changes</b>	<b>8,369.13</b>	<b>9,464.04</b>
Adjustments for:		
Trade and Other Receivables	4,888.19	(1,156.10)
Inventories	(1,016.35)	60.26
Trade Payables	(1,506.15)	(3,017.38)
<b>Cash generated from Operations</b>	<b>10,734.82</b>	<b>5,350.82</b>
Direct Taxes Paid (net of refunds)	(331.70)	(1,528.84)
<b>Cash Flow before Extraordinary Items</b>	<b>10,403.12</b>	<b>3,821.98</b>
Extraordinary Items	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>10,403.12</b>	<b>3,821.98</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(143.67)	(83.77)
Sale of Fixed Assets	-	12.37
(Increase)/Decrease in Investments	(4,569.45)	97.36
Refund of Loan	264.48	662.08
Interest Income	268.46	1,646.39
Dividend Income	1,722.25	3.66
<b>Net Cash used in Investing Activities</b>	<b>(2,457.93)</b>	<b>2,338.09</b>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Debentures	-	10,000.00
Redemption of Debentures	-	(1,363.64)
Proceeds from Borrowings	(4,910.80)	(6,081.60)
Interest Paid	(1,563.48)	(1,988.41)
Dividend paid	(3,434.13)	(1,987.84)
<b>Net Cash used in Financing Activities</b>	<b>(9,908.41)</b>	<b>(1,421.49)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,963.20)</b>	<b>4,738.59</b>
Opening Balance of Cash & Cash Equivalents	6,183.90	1,445.31
Closing Balance of Cash & Cash Equivalents	4,220.70	6,183.90

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

This Cash Flow Statement has been prepared under the indirect method prescribed under Accounting Standard 3 notified under the Companies (Accounting Standard) Rules, 2006.

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270

N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742

## Notes on Financial Statements for the Year ended 31st March, 2014

### Note 1 Significant Accounting Policies

#### a) Accounting Concept:

The Financial Statements are prepared under the historical cost convention. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles and comply with the applicable Accounting Standards, prescribed by the Companies (Accounting Standard) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs.

#### b) Recognition of Income & Expenditure:

The Company follows Mercantile System of Accounting and recognises Income and Expenditure on accrual basis. However, since it is not possible to ascertain with reasonable accuracy, the quantum to be provided in respect of Warranty and Liquidated Damages, Insurance Claims and Export benefits, being indeterminate / insignificant, the same are accounted for on cash basis.

#### c) Sales:

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

Revenue from Sale of Energy (Power) is recognised on the basis of electrical units generated, net of wheeling and transmission loss as applicable, as stated in the Power Purchase Agreement entered into between the Company and the respective State Utilities.

#### d) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### e) Earning Per Share:

Basic earning per share is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

#### f) Fixed Assets:

Tangible and Intangible Fixed Assets are stated at their original cost, less accumulated depreciation. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

Capital Work-in-progress comprises of cost of fixed assets that are not yet ready for their intended use as at the Balance Sheet date.

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

(ii) Depreciation on assets of overseas projects is provided at the rates as per the requirement of laws of respective foreign Countries. Such rates of depreciation in each overseas project are higher than the depreciation at prescribed rates under Schedule XIV of the Companies Act, 1956.

(iii) Leasehold Land is amortised over the period of lease and the amortisation amount included under Depreciation.

#### g) Impairment of Assets:

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



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 1 Significant Accounting Policies (contd.)

#### h) Investments:

Long Term Investments are carried at cost less provision for diminution other than temporary, in value of such investments determined individually. Current investments are carried at cost or fair market value, whichever is lower, determined individually.

#### i) Inventories:

Contract Work-in-Progress is stated at cost or market value whichever is lower. However, materials purchased are charged to Statement of Profit and Loss as and when purchased.

#### j) Foreign Currency Transactions:

Foreign Currency transactions are accounted at the exchange rates prevailing on the date of the transactions.

Foreign currency monetary items remaining unsettled at the reporting date are translated at the rates prevailing on the reporting date. Exchange difference arising on translation of unsettled foreign currency monetary items, which were initially recorded at different rates, are recognized in the Statement of Profit and Loss, except in respect of long term foreign currency monetary items relating to borrowings for acquisition of fixed assets, for which the company has availed the option to adjust such difference to the cost of the depreciable asset and depreciating the same over the balance life of asset.

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purpose, premium or discount are amortised as expense or income over the life of the contract.

Any profit or loss arising on settlement or cancellation of foreign currency forward contracts or options are recognised in the Statement of Profit and Loss for the year in which settlement or cancellation takes place.

Translation of overseas jobs/ projects are done as under-

- Assets and liabilities at the rates prevailing at the reporting date;
- Income and expenses at the exchange rate prevailing for the month of transaction.

#### k) Employee Benefits:

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

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

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

#### l) Taxation:

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

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 1 Significant Accounting Policies (contd.)

carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company's business units, engaged in generation of electricity from Wind Mills at various locations, are eligible for 100% tax holiday for a period of 10 consecutive years out of 15 years, from the year in which the generation of power is started. Timing difference between the tax basis and the carrying values of assets and liabilities of the Units, which originate during the year but reverse during the tax holiday period are not recognised in the year in accordance with the requirements of Accounting Standard - 22: Accounting for Taxes of Income.

#### m) Segment Reporting

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

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

#### n) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to the Financial Statements.

Contingent assets are not recognised.

### Note 2 Share Capital

Particulars	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Authorised Share Capital</b>		
5,50,20,000 Preference Shares of ₹10 each	5,502.00	5,502.00
42,49,00,000 Equity Shares of ₹2 each	8,498.00	8,498.00
	14,000.00	14,000.00
<b>Issued, Subscribed &amp; Paid up</b>		
5,70,91,200 Equity Shares of ₹2 each fully paid up	1,141.82	1,141.82
<b>Total</b>	<b>1,141.82</b>	<b>1,141.82</b>





## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 2a The reconciliation of the number of shares outstanding is set out below

Particulars	Equity Shares	
	As at 31st March, 2014 No.	As at 31st March, 2013 No.
Shares at the beginning of the year	5,70,91,200	5,70,91,200
Shares Issued during the year	NIL	NIL
Shares at the end of the year	5,70,91,200	5,70,91,200

### Note 2b List of Shareholders in excess of 5%

Particulars	(₹ in lakhs)			
	Equity Shares			
	As at 31st March, 2014		As at 31st March, 2013	
	Nos	% of Holding	Nos	% of Holding
Varanasi Commercial Ltd.	1,21,94,900	21.36	1,21,94,900	21.36
Kusum Industrial Gases Ltd.	70,83,000	12.41	70,83,000	12.41
Techno Leasing & Finance Co. Pvt. Ltd.	68,94,000	12.08	68,94,000	12.08
Noble Communication Pvt. Ltd.	50,74,427	8.89	50,77,321	8.89
J.P.Financial Services Pvt. Ltd.	49,89,531	8.74	49,89,531	8.74
Aarkay Investments Pvt. Ltd.	43,35,215	7.59	43,35,215	7.59
Techno Power Project Ltd.	32,04,000	5.61	32,04,000	5.61

### Note 2c Details of shares allotted otherwise than cash during the previous 5 years

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares:</b>	
Fully paid up pursuant to contract(s) without payment being received in cash *	5,70,91,200
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

\* The shares were allotted without any consideration pursuant to Scheme of Amalgamation.

### Note 2d Rights, Preferences and Restrictions attached to the Shares

The equity shares of the Company of nominal value of ₹2 per share rank pari passu in all respects including voting rights and entitlement to dividend and repayment of share capital.



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 3 Reserve & Surplus

Particulars	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>a. Capital Reserves</b>		
As per last Balance Sheet	1,572.66	1,572.66
<b>b. Securities Premium Account</b>		
As per last Balance Sheet	9,642.50	9,642.50
<b>c. Debenture Redemption Reserve</b>		
As per last Balance Sheet	2,500.00	1,363.64
Add: Transfer from Surplus	-	2,500.00
Less: Transfer to General Reserve	-	1,363.64
Closing Balance	2,500.00	2,500.00
<b>d. General Reserves</b>		
As per last Balance Sheet	42,217.02	39,253.38
Add: Transfer from Surplus	5,200.00	1,600.00
Add: Transfer from Debenture Redemption Reserve	-	1,363.64
Closing Balance	47,417.02	42,217.02
<b>e. Surplus</b>		
As per last Balance Sheet	31.77	75.10
Net Profit for the current year	6,994.57	6,060.49
Less: Interim Dividend	1,427.28	-
Less: Proposed Dividend	285.46	1,712.74
Less: Tax on Dividends	48.51	291.08
Less: Transfer to Debenture Redemption Reserve	-	2,500.00
Less: Transfer to General Reserve	5,200.00	1,600.00
Closing Balance	65.09	31.77
<b>Total</b>	<b>61,197.27</b>	<b>55,963.95</b>

### Note 4 Long Term Borrowings

Particulars	(₹ in lakhs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
<b>Debentures</b>	10,000.00	10,000.00
1000, 10.24% Non-Convertible Debentures of ₹10,00,000 each (Secured by way of exclusive mortgage and creation of charge in favour of the trustees (IDBI Trusteeship Services Ltd) on the immovable properties and hypothecation of movable properties of 33 MW of operational Wind Power Plant at Tamil Nadu ) The Debentures as mentioned above presently carries interest rate of 10.49% p.a. The Debentures are redeemable in three annual instalments as under:		
On 28/01/2016	30%	
On 28/01/2017	40%	
On 28/01/2018	30%	
<b>Total</b>	<b>10,000.00</b>	<b>10,000.00</b>



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 5 Deferred Tax Liabilities

(₹ in lakhs)			
Particulars	As at 31st March, 2013	Charge/ (Reversal) during the period	As at 31st March, 2014
Deferred Tax Liabilities			
In respect of Fixed Assets	70.23	21.69	91.92
<b>Deferred Tax Liabilities</b>	<b>70.23</b>	<b>21.69</b>	<b>91.92</b>

### Note 6 Other Long Term Liabilities

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Advance received from customers	6,749.08	8,316.07
<b>Total</b>	<b>6,749.08</b>	<b>8,316.07</b>

### Note 7 Long term Provisions

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits		
Leave Encashment (Unfunded)	116.20	110.35
Gratuity	14.48	3.53
<b>Total</b>	<b>130.68</b>	<b>113.88</b>

### Note 8 Short term Borrowings

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
<b>Working Capital facilities from Banks</b>		
a) In Foreign Currency	3,605.99	5,846.85
b) In Indian Rupees	2,530.06	5,200.00
Above loans are secured against hypothecation of Components, Raw-Materials, Work-in-Progress, Plant & Machinery, Book Debts of EPC division, ranking pari-pasu.		
The Company also enjoys financing facilities with certain other Banks against hypothecation of Components, Raw-Materials, Work-in-Progress, Plant & Machinery, Book Debts of EPC division, equitable mortgage of Land at Rajpur, West Bengal.		
	6,136.05	11,046.85
	<b>6,136.05</b>	<b>11,046.85</b>

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 9 Trade Payables

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Sundry Creditors	8,649.08	8,747.00
Expenses Payable	200.20	143.48
<b>Total</b>	<b>8,849.28</b>	<b>8,890.48</b>

Note: To the extent identified from available information, there is no amount due to micro, small and medium size enterprises as on 31st March, 2014

### Note 10 Other Current Liabilities

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Advance from Customers against Contract Work in Progress	546.53	-
Interest accrued but not due on Borrowings	200.89	205.21
Unpaid Dividend	17.08	20.12
Statutory Dues	392.16	832.13
Employee Benefits Payable	3.10	16.04
<b>Total</b>	<b>1,159.76</b>	<b>1,073.50</b>

### Note 11 Short Term Provisions

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits	66.61	74.99
Provision for Dividend	285.46	1,712.74
Tax on Dividend	48.51	291.08
Provision for Wealth Tax	0.48	0.62
<b>Total</b>	<b>401.06</b>	<b>2,079.43</b>



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 12 Fixed Assets

(₹ in lakhs)										
Particulars	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at 1st April, 2013	Additions	Deductions/ Adjustments	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	On disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
<b>Tangible Assets</b>										
Freehold Land	1.23	-	-	1.23	-	-	-	-	1.23	1.23
Freehold Land - Wind Mills	562.00	-	-	562.00	-	-	-	-	562.00	562.00
Leasehold Land	112.17	4.38	-	116.55	10.63	3.87	-	14.50	102.05	101.54
Buildings	85.59	-	-	85.59	23.65	1.28	-	24.93	60.66	61.94
Plant and Machinery	623.32	46.59	-	669.91	241.86	24.89	-	266.75	403.16	381.46
Plant and Machinery - Wind Mills	26,925.16	35.37	-	26,960.53	6,249.22	1,423.31	-	7,672.53	19,288.00	20,675.94
Furniture and Fixtures	70.77	4.79	-	75.56	60.20	4.13	-	64.33	11.23	10.57
Vehicles	280.31	10.13	-	290.44	116.29	25.18	-	141.47	148.97	164.02
Office equipment	401.14	23.90	-	425.04	326.07	21.05	-	347.12	77.92	75.07
<b>Intangible Assets</b>										
Software		85.45	-	85.45	-	10.13	-	10.13	75.32	-
<b>Total (I)</b>	<b>29,061.69</b>	<b>210.61</b>	<b>-</b>	<b>29,272.30</b>	<b>7,027.92</b>	<b>1,513.84</b>	<b>-</b>	<b>8,541.76</b>	<b>20,730.54</b>	<b>22,033.77</b>
Previous Year	29,023.81	83.77	45.89	29,061.69	5,553.81	1,502.52	28.41	7,027.92	22,033.77	

### Note 13 Non Current Investments

(₹ in lakhs)				
Particulars	No. of Shares		Amount	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Other than Trade Investments</b>				
Investment in Equity Instruments				
a. (i) Unquoted in Subsidiary Companies:				
Simran Wind Project Limited	80,38,77,000	16,07,75,400	35,401.55	35,401.55
(Face value of ₹ 2/- each, previous year ₹ 10/- each)				
Patran Power Transmission Company Limited	2,15,00,000	-	2,150.00	-
(Face value of ₹10/- each)				
			37,551.55	35,401.55
(ii) Unquoted (Fully paid up of ₹10/- each) other than Subsidiary Companies				
Tega India Limited	7	7	-	-
(₹70/-, Previous Year ₹70/-)				
Techno Leasing & Finance Co Pvt Ltd	10	10	-	-
(₹100/-, Previous Year ₹100/-)				
Techno International Limited	1,70,060	1,70,060	17.01	17.01
North Dinajpur Power Limited	20,000	20,000	2.00	2.00
Rajgarh Bio Power Limited	20,000	20,000	2.00	2.00

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 13 Non Current Investments (contd.)

(₹ in lakhs)				
Particulars	No. of Shares		Amount	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Techno Ganga Nagar Green Power Generating Co. Limited	20,994	20,994	2.10	2.10
Techno Birbhum Green Power Generating Co. Limited	20,994	20,994	2.10	2.10
Jhajjar KT Transco Pvt Limited	1,10,92,857	1,10,92,857	3,760.00	3,760.00
Bargarh Green Power Generating Co. Limited	19,994	19,994	2.00	2.00
			3,787.21	3,787.21
b. (i) Quoted (Fully paid up of ₹10/- each) other than Subsidiary Companies				
Spentex Industries Limited	30,954	30,954	18.52	18.52
GIC Housing Finance Limited	61,500	61,500	24.60	24.60
Ascu Arch Timber Protection Limited	50,617	50,617	10.12	10.12
			53.24	53.24
<b>Total</b>			<b>41,392.00</b>	<b>39,242.00</b>
Aggregate market value of quoted investments			76.59	74.37

In the opinion of the management, diminutions in the value of certain Investments of ₹18.99 lakhs ( Previous Year ₹18.94 lakhs) are temporary in nature and hence no provision has been made for the same.

### Note 14 Long term Loans & Advances

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, considered good</b>		
Security Deposit	172.39	161.20
<b>Total</b>	<b>172.39</b>	<b>161.20</b>

### Note 15 Current Investments

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Investments in Mutual Funds</b>		
Unquoted (Fully paid up): At Cost		
Reliance Liquid Fund (80034.11 Units)	2,500.00	-
<b>Total</b>	<b>2,500.00</b>	<b>-</b>



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 16 Inventories

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Contract Work-in-Progress	1,183.69	167.34
<b>Total</b>	<b>1,183.69</b>	<b>167.34</b>

### Note 17 Trade Receivables

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period upto six months	4,995.82	5,712.79
Outstanding for a period exceeding six months	3,082.72	3,409.28
	8,078.54	9,122.07
<b>Retention Money Receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period upto six months	2,783.24	2,597.40
Outstanding for a period exceeding six months	8,259.07	8,884.24
(Receivable on fulfillment of certain conditions as per terms of the contracts)		
	11,042.31	11,481.64
<b>Total</b>	<b>19,120.85</b>	<b>20,603.71</b>

### Note 18 Cash and Cash Equivalents

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>a. Balances with Banks</b>		
Unpaid Dividend Accounts	17.08	20.12
Margin Money	0.29	0.29
<b>b. Bank Fixed Deposits</b>		
Having maturity of more than twelve months	833.61	482.22
Having maturity between three months and twelve months	77.32	233.22
Having maturity of less than three months	-	120.83
<b>c. Balance with Bank on Current Account</b>	3,259.75	5,271.94
<b>d. Cash in Hand</b>	32.64	55.29
<b>Total</b>	<b>4,220.69</b>	<b>6,183.91</b>

- a) Fixed Deposit receipts of ₹833.84 lakhs (Previous Year ₹761.47 lakhs) are lodged with the Bankers of the Company as Margin against Bank Guarantees issued /to be issued in favour of the company.
- b) Fixed Deposit receipts of ₹1.22 lakhs (Previous Year ₹1.15 lakhs) are lodged with a client/sales tax authorities as Security/Registration Deposits.

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 19 Short term Loans and Advances

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Loans and advances to Others</b>		
<b>Unsecured, considered good</b>		
Loans	734.75	999.23
Other Advances	5,225.42	8,620.38
Prepaid Expenses	330.50	378.40
Interest Receivables	92.05	88.17
Security Deposit	42.97	119.58
Advance Tax and Tax Deducted at Source, Net of Provision for Taxation of ₹7331.36 lakhs (Previous Year ₹13210.14 lakhs)	8.11	31.57
<b>Total</b>	<b>6,433.80</b>	<b>10,237.33</b>

### Note 20 Other Current Assets

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Income Receivable	102.96	-
<b>Total</b>	<b>102.96</b>	<b>-</b>

### Note 21 Revenue from Operation

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Sales</b>		
EPC ( Construction )	57,050.63	51,589.15
Energy (Power)	2,361.37	3,479.87
<b>Other Operating Revenue</b>		
Certified Emission Reduction Receipts	-	78.15
<b>Total</b>	<b>59,412.00</b>	<b>55,147.17</b>

### Note 22 Other Income

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Income on Short term Investment	-	0.49
Other Interest Income	272.35	1,672.15
Dividend from Long term Investment #	1,722.25	3.66
Net gain on sale of Current Investments	80.55	79.82
Net gain on sale of Non Current Investments	-	3.09
Miscellaneous Receipts *	14.07	212.66
<b>Total</b>	<b>2,089.22</b>	<b>1,971.87</b>

\* Miscellaneous Receipts include ₹ NIL (Previous year ₹200 lakhs) being the surrender value of Keyman Insurance Policy

# Dividend include Dividend received from Subsidiary Company amounting to ₹1607.75 lakhs (Previous Year ₹ NIL)



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 23 Material and Stores

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Materials and Stores	43,615.74	37,405.17
<b>Total</b>	<b>43,615.74</b>	<b>37,405.17</b>

Materials and Stores purchased during the year include Stores ₹2194.08 (Previous Year ₹2592.25 lakhs). The consumption of such materials included in outlay and contract work-in-progress have been taken by the Auditors as certified.

### Note 24 (Increase) /Decrease in Inventories

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening Contract Work-in-Progress	167.34	227.60
Closing Contract Work-in-Progress	1,183.69	167.34
(Increase) /Decrease in Inventories	(1,016.35)	60.26

### Note 25 Employees Benefit Expenses

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Employee Costs	2,283.30	2,494.46
Contributions to Provident and other Funds	186.66	207.21
Staff Welfare Expenses	309.74	395.52
<b>Total</b>	<b>2,779.70</b>	<b>3,097.19</b>

### Note 26 Finance Cost

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Expenses		
- Debenture	1,035.31	216.53
- Banks and Others	515.85	1,917.11
Other Borrowing Costs	8.00	11.42
<b>Total</b>	<b>1,559.16</b>	<b>2,145.06</b>

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 27 Other Expenses

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Travelling & Conveyance	718.77	863.06
Rent	311.18	289.03
Rates & Taxes	4.48	3.54
Insurance	192.30	171.02
Sales Tax (Net)	646.49	810.72
Service Tax (Net)	703.44	923.93
Power & Fuel	265.83	188.70
Repairs to Plant & Machinery	1.27	7.06
Remuneration to Managing Director	112.77	102.50
Directors' Fee	2.05	1.75
Auditors' Remuneration:		
- Audit Fees	1.97	1.97
- Tax Audit	0.28	0.28
- Cost Audit Fees	0.10	0.10
- Other Services ( Certification )	1.45	2.59
Loss on Sale of Fixed Assets	-	5.11
Bank Charges	509.63	393.25
Exchange Rate difference	632.59	228.91
Miscellaneous Expenses	1,573.74	1,344.73
<b>Total</b>	<b>5,678.34</b>	<b>5,338.25</b>

### Details of Remuneration to Managing Director

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salary	35.10	22.95
Contribution to Provident Fund	2.81	2.75
Commission	74.86	76.80
<b>Total</b>	<b>112.77</b>	<b>102.50</b>

### Note 28 Earnings per Share

(Amount in ₹ Except No. of Shares)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Net Profit / (Loss) after tax (a)	6,994.57	6,060.49
Weighted average number of equity shares of face value of ₹2/- each (b)	5,70,91,200	5,70,91,200
Basic and diluted earnings per share in ₹ (a) / (b)	12.25	10.62

### Note 29

Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances ₹ NIL (Previous Year ₹64.72 lakhs).





## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 30 Disclosures in accordance with revised AS-15 on "Employees Benefits":

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>a) Defined Contribution Plans:</b>		
The company has recognised the following amount in the Statement of Profit & Loss for the year:		
Employer's contribution to Provident & Other Funds	177.22	197.61
<b>b) Defined Benefit Plans:</b>		
The following figures are as per actuarial valuation as at the Balance Sheet date carried out by an independent actuary:		
<b>i) Present Value of defined benefit obligation:</b>		
Present Value of obligations at beginning of the year	258.81	240.79
Service Cost	22.93	23.52
Interest Cost	20.85	17.96
Benefit Settled	(41.12)	(32.54)
Actuarial(gain)/loss	1.73	9.08
Present Value of obligations at the end of the year	263.20	258.81
<b>ii) Change in Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at beginning of the year	255.28	271.85
Contribution	3.53	-
Expected return on Plan Assets	22.34	21.75
Actuarial(gain)/loss	8.69	(5.78)
Benefit Settled	(41.12)	(32.54)
Fair Value of Plan assets at the end of the year	248.72	255.28
<b>iii) Reconciliation of Present Value of the defined obligation plan and the Fair Value of the Plan Assets:</b>		
Fair Value of Plan Assets at the end of the year	248.72	255.28
Present Value of the defined benefit obligations at the end of the year	263.20	258.81
Assets/(Liability)	(14.48)	(3.53)
<b>iv) Net Gratuity and Other Cost:</b>		
Service Cost	22.93	23.52
Interest Cost	20.85	17.96
Expected return on Plan Assets	(22.34)	(21.75)
Actuarial(gain)/loss	(6.96)	14.86
Net Gratuity Cost	14.48	34.59
<b>v) Actuarial Assumptions:</b>		
Discount Rate	8.75%	8.00%
Inflation Rate(Salary Escalation Rate)	6.00%	5.00%
Return on Assets	8.75%	8.00%
<b>vi) For each major category of Plan Assets following is the percentage that each major category constitute of the Fair Value of the Plan Assets:</b>		
Central Government Securities	24.88%	23.99%
State Government Securities	3.32%	4.01%
PSU Bonds	26.19%	25.25%
Investment with Bank in Special Deposit Scheme	11.35%	10.95%
Administered by Birla Sun Life Insurance Company Limited	34.26%	35.80%
	100.00%	100.00%

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 31 Segment Reporting:

- a) Based on the guiding principles given in Accounting Standards on "Segment Reporting" (AS-17) notified under the Companies (Accounting Standard) Rules, 2006, the Company's primary business segments are EPC (Construction) and Energy (Power). Financial information about the primary business segments are presented in table given below:

(₹ in lakhs)								
	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	EPC (Construc- tion)	Energy (Power)	Corporate	Total	EPC (Construc- tion)	Energy (Power)	Corporate	Total
<b>A. REVENUE</b>								
1. Sales	57,050.63	2,361.37	-	59,412.00	51,589.15	3,558.02	-	55,147.17
2. Others	-	-	2,089.22	2,089.22	-	-	1,971.87	1,971.87
3. Total Revenue	57,050.63	2,361.37	2,089.22	61,501.22	51,589.15	3,558.02	1,971.87	57,119.04
<b>B. RESULT</b>								
1. Segment Result/ Operating Profit before Tax and Interest	5,926.34	914.39	2,089.22	8,929.95	5,648.22	2,095.56	1,971.87	9,715.65
2. Interest Expenses	515.85	1,043.31	-	1,559.16	1,993.20	151.86	-	2,145.06
3. Provision for Taxation	-	-	376.22	376.22	-	-	1,510.10	1,510.10
4. Net Profit	5,410.48	(128.91)	1,713.00	6,994.57	3,655.02	1,943.70	461.77	6,060.49
<b>C. OTHER INFORMATION</b>								
1. Segment Assets	31,739.97	20,199.77	43,917.19	95,856.93	35,494.19	23,908.32	39,293.70	98,696.21
2. Segment Liabilities	23,074.27	10,000.10	62,782.56	95,856.93	28,243.55	0.03	70,452.63	98,696.21
3. Capital Expenditure	175.24	35.37	-	210.61	83.77	-	-	83.77
4. Depreciation	90.53	1,423.31	-	1,513.84	80.87	1,421.65	-	1,502.52

- b) As the revenues from overseas sites does not exceed the minimum threshold limit for such disclosure, no separate disclosure for Geographical segment (Secondary Segment) is applicable.



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 32 Related Party Transactions

#### A. List of related parties and nature of relationships, where control exists:

Sl. No.	Name of the Related Party	Nature of Relationship
1	Simran Wind Project Limited	Subsidiary Company
2	Patran Transmission Company Limited (w.e.f. 13/11/2013)	Subsidiary Company
3	Shri Padam Prakash Gupta	Key Management Person
4	Shri Ankit Saraiya	Relative of Key Management Person

#### B. Disclosure of significant transactions with related parties and the status of outstanding balances as on March 31, 2014.

Transactions during the year (₹ in lakhs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Simran Wind Project Limited (Subsidiary Company )</b>		
Loan Given	-	1,542.00
Loan Recovered	-	2,412.00
Reimbursement claimed against Expenses	2.15	15.62
<b>Patran Transmission Company Limited (Subsidiary Company)</b>		
Investment in Shares	2,150.00	-
Advance received against Contract	1,750.00	-
<b>Shri Padam Prakash Gupta (Key Management Person)</b>		
Remuneration Paid to Managing Director	112.77	102.50
<b>Shri Ankit Saraiya (Relative of Key Management Person)</b>		
Remuneration Paid	-	0.48

Outstanding Balances (₹ in lakhs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Simran Wind Project Limited (Subsidiary Company)</b>		
Investment in Shares	35,401.55	35,401.55
<b>Patran Transmission Company Limited (Subsidiary Company)</b>		
Investment in Shares	2,150.00	-
Advance received against contract	1,750.00	-
<b>Shri Padam Prakash Gupta (Key Management Person)</b>		
Remuneration payable to Managing Director	74.86	76.80

## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 33 Details of Materials Consumed

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Indigenous	29,762.51	27,656.74
Imported	4,789.31	-
<b>Total</b>	<b>34,551.82</b>	<b>27,656.74</b>

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Indigenous	86.14%	100.00%
Imported	13.86%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Note 34 CIF Value of Imports

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Materials	4,789.31	-

### Note 35 Expenditure in Foreign Currency:

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Travelling	29.70	71.52
Repairs & Maintenance	0.24	3.93
Employee Benefit Expenses	43.13	8.02
Professional & Consultancy Charges	8.66	1.91
Rent	2.99	2.17
Others	22.73	0.69
<b>Total</b>	<b>107.45</b>	<b>88.24</b>

### Note 36 Earning in Foreign Exchange

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Export of Goods (FOB Value)	2,095.05	-
<b>Total</b>	<b>2,095.05</b>	<b>-</b>



## Notes on Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 37 Deemed Export

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Deemed Export under Global Tender at Ex- works value	8,340.98	2,796.86
<b>Total</b>	<b>8,340.98</b>	<b>2,796.86</b>

### Note 38

The previous year's figures have been regrouped, rearranged and re-classified to confirm to the current year's classification.

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270

N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742

## INDEPENDENT AUDITORS' REPORT

To The Board of Directors of  
**Techno Electric & Engineering Company Limited**

### Report on the Consolidated Financial Statement

We have audited the accompanying financial statements of Techno Electric & Engineering Company Limited ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 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 consolidated 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 consolidated 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view 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 group's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹1,06,862.20 lakhs as on March 31, 2014, total revenue of ₹12,154.21 lakhs and net cash outflow of ₹409.45 lakhs for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, in so far as it relate to the amounts included in respect of the subsidiary, is based solely on the report of such other auditors.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements prescribed in the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the report on the financial statements of the subsidiary company, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **S. S. KOTHARI & CO.,**  
Chartered Accountants  
Firm's Registration No: 302034E

Centre Point  
21, Old Court House Street,  
Kolkata - 700 001  
The 24th day of May, 2014

(**R.N. Bardhan**)  
Partner  
Membership No: 017270



## Consolidated Balance Sheet as at 31st March, 2014

(₹ in lakhs)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	1,141.82	1,141.82
(b) Reserves and Surplus	3	82,568.20	75,853.60
<b>2. Minority Interest</b>		1,931.30	1,879.47
<b>3. Non-Current Liabilities</b>			
(a) Long term Borrowings	4	47,854.24	51,718.67
(b) Deferred Tax Liabilities	5	91.92	70.23
(c) Other Long term Liabilities	6	4,999.08	8,316.07
(d) Long term Provisions	7	137.26	121.34
<b>4. Current Liabilities</b>			
(a) Short term Borrowings	8	6,136.05	11,046.85
(b) Trade Payables	9	10,665.31	10,717.41
(c) Other Current Liabilities	10	8,977.33	6,195.46
(d) Short term Provisions	11	478.45	2,282.22
<b>TOTAL</b>		<b>1,64,980.96</b>	<b>1,69,343.14</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
Goodwill on Consolidation		1,571.51	1,571.51
Tangible Assets	12	1,05,282.96	1,08,725.40
Intangible Assets	12	75.32	-
Capital Work-in-Progress		359.11	66.95
(b) Non-Current Investments	13	3,840.45	3,840.45
(c) Long term Loans and Advances	14	2,974.40	2,328.78
<b>2. Current Assets</b>			
(a) Current Investments	15	14,856.65	2,616.09
(b) Inventories	16	1,183.69	167.34
(c) Trade Receivables	17	20,603.02	30,601.74
(d) Cash and Cash Equivalents	18	4,808.15	7,180.83
(e) Short Term Loans and Advances	19	6,516.66	10,229.82
(f) Other Current Assets	20	2,909.04	2,014.23
<b>TOTAL</b>		<b>1,64,980.96</b>	<b>1,69,343.14</b>
Significant Accounting Policies	1		
Other Explanatory Informations	29 to 39	-	-

The notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our Report of even date

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270  
N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742

## Statement of Consolidated Profit and Loss for the Year ended 31st March, 2014 (₹ in lakhs)

Particulars	Note No.	Year ended 31st March, 2014	Year ended 31st March, 2013
I. Revenue from Operations	21	70,848.50	70,012.54
II. Other Income	22	1,199.17	2,058.72
<b>III. Total Revenue (I + II)</b>		<b>72,047.67</b>	<b>72,071.26</b>
IV. Expenses:			
Materials and Stores	23	43,615.73	37,405.17
(Increase)/Decrease in Inventories	24	(1,016.35)	60.26
Employee Benefits Expense	25	2,902.33	3,244.85
Finance Costs	26	4,543.92	5,217.22
Depreciation and Amortization Expense	12	6,665.43	6,549.26
Other Expenses	27	6,093.65	5,840.19
<b>Total Expenses</b>		<b>62,804.71</b>	<b>58,316.95</b>
<b>V. Profit Before Tax (III - IV)</b>		<b>9,242.96</b>	<b>13,754.31</b>
VI. Tax Expense:			
Current Tax		1,818.56	2,751.32
Mat Credit Entitlement		(634.49)	(1,237.23)
Deferred Tax		21.69	(3.62)
Excess provision for FBT Written Back		(829.53)	(0.37)
		<b>376.23</b>	<b>1,510.10</b>
<b>VII. Profit for the Period (V - VI)</b>		<b>8,866.73</b>	<b>12,244.21</b>
VIII. Less: Share of Profit transferred to Minority Interest		117.63	209.03
<b>IX. Profit for the year after adjustment for Minority Interest (VII - VIII)</b>		<b>8,749.10</b>	<b>12,035.18</b>
Earnings per Equity Share:			
Basic and Diluted	28	15.32	21.08
Significant Accounting Policies	1		
Other Explanatory Information	29 to 39		

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

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270  
N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742



## Consolidated Cash Flow Statement for the Year ended 31st March, 2014 (₹ in lakhs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Tax and Extraordinary Items	10,850.68	13,754.31
Adjustments for:		
Depreciation	6,665.43	6,549.26
(Profit)/Loss on Sale of Fixed Assets	-	5.11
Interest/Dividend Income	(554.96)	(1,705.13)
(Profit) /Loss on Sale of Investments (Net)	(630.15)	(140.93)
Wealth Tax	0.48	
Interest Paid	4,543.93	5,217.22
<b>Operating Profit before Working Capital Changes</b>	<b>20,875.41</b>	<b>23,679.84</b>
Adjustments for:		
Trade and Other Receivables	12,553.06	(7,868.71)
Inventories	(1,016.35)	60.26
Trade Payables	(5,220.69)	(3,024.64)
<b>Cash generated from Operations</b>	<b>27,191.43</b>	<b>12,846.75</b>
Direct Taxes Paid (net of refunds)	(1,114.99)	(2,535.18)
<b>Cash Flow before Extraordinary Items</b>	<b>26,076.44</b>	<b>10,311.57</b>
Extraordinary Items	-	-
<b>Net Cash flow from Operating Activities</b>	<b>26,076.44</b>	<b>10,311.57</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(542.36)	(1,996.48)
Sale of Fixed Assets	-	12.37
(Increase)/Decrease in Investments	(11,610.43)	(976.68)
Refund of Loan	264.48	662.08
Interest Income	428.79	1,669.68
Dividend Income	114.50	3.66
<b>Net Cash used in Investing Activities</b>	<b>(11,345.02)</b>	<b>(625.37)</b>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Debentures	-	10,000.00
Redemption of Debentures	(9,043.15)	(1,363.64)
Proceeds from Borrowings	(4,626.81)	(5,963.42)
Interest Paid	(3,434.13)	(4,948.25)
Dividend Paid	-	(1,987.84)
<b>Net Cash used in Financing Activities</b>	<b>(17,104.09)</b>	<b>(4,263.15)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2,372.67)</b>	<b>5,423.05</b>
Opening Balance of Cash & Cash Equivalents	7,180.83	1,757.78
Closing Balance of Cash & Cash Equivalents	4,808.15	7,180.83
Previous Year's figures have been re-grouped and re-arranged wherever considered necessary.		
This Cash Flow Statement has been prepared under the indirect method prescribed under Accounting Standard 3 notified under the Companies (Accounting Standard) Rules, 2006		

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270

N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742

## Notes on Consolidated Financial Statements for the Year ended 31st March, 2014

### Note 1 Significant Accounting Policies

#### A Principles of Consolidation

The Consolidated Financial Statements relate to the Company ( Techno Electric & Engineering Company Limited) and its subsidiaries, Simran Wind Project Limited and Patran Transimssion Company Limited. The consolidated financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its Subsidiary Companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS)21; ' Consolidated Financial Statements'.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions except in cases stated in Accounting Policies and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise stated in Notes to the Accounts.

The difference between the cost of investment in the Subsidiary Companies, over the net assets at the time of acquisition of shares in the Subsidiary Companies are recognized in the Financial Statements as Goodwill.

Minority Interest's share of net assets of consolidated subsidiaries are identified and presented in the consolidated balance sheet separate from liabilities and equity of the Company's shareholders.

#### B Other Accounting Policies

##### a) Accounting Concept:

The Financial Statements are prepared under the historical cost convention. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles and comply with the applicable Accounting Standards, prescribed by the Companies ( Accounting Standard ) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Company Affairs.

##### b) Recognition of Income & Expenditure:

The Company follows Mercantile System of Accounting and recognises Income and Expenditure on accrual basis. However, since it is not possible to ascertain with reasonable accuracy, the quantum to be provided in respect of Warranty and Liquidated Damages, Insurance Claims and Export benefits, being indeterminate / insignificant, the same are accounted for on cash basis.

##### c) Sales:

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

Revenue from Sale of Energy (Power) is recognised on the basis of electrical units generated, net of wheeling and transmission loss as applicable, as stated in the Power Purchase Agreement entered into between the Company and the respective State Utilities.

REC Income is accounted on accrual basis at the rate sold at the Power Exchanges. At the period end REC Income is recognised at the minimum floor price specified by CERC.

Generation based incentive is recognized on accrual basis i.e. on the basis of units of power generated, as referred above for which necessary claims have been lodged / is in the process of being lodged with the concerned authorities.

##### d) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

##### e) Earning Per Share:

Basic earning per share is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders





## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

## Note 1 Significant Accounting Policies (contd.)

by the weighted average number of equity shares outstanding during the period.

**f) Fixed Assets:**

Fixed Assets are stated at their original cost, less accumulated depreciation. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

Capital Work-in-progress comprises of cost of fixed assets that are not yet ready for their intended use as at the Balance Sheet date.

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

(ii) Depreciation on assets of overseas projects is provided at the rates as per the requirement of laws of respective foreign Countries. Such rates of depreciation in each overseas project are higher than the depreciation at prescribed rates under Schedule XIV of the Companies Act, 1956

(iii) In respect of subsidiary company depreciation on office equipments including computers is provided on straight line method

(iv) Leasehold Land is amortised over the period of lease and the amortisation amount included under Depreciation

**g) Impairment of Assets:**

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

**h) Investments:**

Long Term Investments are carried at cost less provision for diminution other than temporary, in value of such investments determined individually. Current investments are carried at lower of cost or fair value determined individually.

**i) Inventories:**

Contract Work-in-Progress is stated at cost or market value whichever is lower. However, materials purchased are charged to Statement of Profit and Loss as and when purchased.

**j) Foreign Currency Transactions:**

Foreign Currency transactions are accounted at the exchange rates prevailing on the date of the transactions.

Foreign currency monetary items remaining unsettled at the reporting date are translated at the rates prevailing on the reporting date. Exchange difference arising on translation of unsettled foreign currency monetary items, which were initially recorded at different rates, are recognized in the Statement of Profit and Loss, except in respect of long term foreign currency monetary items relating to borrowings for acquisition of fixed assets, for which the company has availed the option to adjust such difference to the cost of the depreciable asset and depreciating the same over the balance life of asset.

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purpose, premium or discount are amortised as expense or income over the life of the contract

Any profit or loss arising on settlement or cancellation of foreign currency forward contracts or options are recognised in the Statement of Profit and Loss for the year in which settlement or cancellation takes place

Translation of overseas jobs/ projects are done as under-

- Assets and liabilities at the rates prevailing at the reporting date;
- Income and expenses at the exchange rate prevailing for the month of transaction.

**k) Employee Benefits:**

Contributions to defined contribution scheme in the form of provident and other funds are charged to the Statement of Profit and Loss. In respect of certain employees, Provident Fund contributions are made to Trust administered by the trustees. The interest rate payable to the members of the Trust shall not be lower than the

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

## Note 1 Significant Accounting Policies (contd.)

statutory rate of interest declared by the Central Government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and short fall, if any, shall be made good by the Company. The remaining contributions are made to a Government-administered Provident Fund towards which the Company has no further obligations beyond its monthly contribution.

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

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

**l) Taxation:**

Current tax is determined on the basis of the amount payable for the year under Income Tax Act. Deferred tax is calculated at current/ substantively enacted Income Tax rate and is recognised on timing differences between taxable income and accounting income. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The Company's business units, engaged in generation of electricity from Wind Mills at various locations, are eligible for 100% tax holiday for a period of 10 consecutive years out of 15 years, from the year in which the generation of power is started. Timing difference between the tax basis and the carrying values of assets and liabilities of the Units, which originate during the year but reverse during the tax holiday period are not recognised in the year in accordance with the requirements of Accounting Standard - 22: Accounting for Taxes of Income.

**m) MAT Credit Entitlement:**

In respect of the Subsidiary Company, the Minimum Alternate Tax (MAT) paid in accordance with the tax laws give rise to future economic benefits in the form of adjustment of future income tax liability is considered and recognised as an asset in the Balance Sheet when it is probable that such benefits will flow to the Company in future years and the same can be measured reliably.

**n) Segment Reporting**

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

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

**o) Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed by way of notes to the Financial Statements.

Contingent assets are not recognised.



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 2 Share Capital

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Authorised Share Capital</b>		
5,50,20,000 Preference Shares of ₹10 each	5,502.00	5,502.00
42,49,00,000 Equity Shares of ₹2 each	8,498.00	8,498.00
	14,000.00	14,000.00
<b>Issued, Subscribed &amp; Paid up</b>		
5,70,91,200 Equity Shares of ₹2 each fully paid up	1,141.82	1,141.82
<b>Total</b>	<b>1,141.82</b>	<b>1,141.82</b>

### Note 2a The reconciliation of the number of shares outstanding is set out below

Particulars	Equity Shares	
	As at 31st March, 2014 No.	As at 31st March, 2013 No.
Shares at the beginning of the year	5,70,91,200	5,70,91,200
Shares issued during the year	NIL	NIL
Shares at the end of the year	5,70,91,200	5,70,91,200

### Note 2b List of shareholders in excess of 5%

Particulars	Equity Shares			
	As at 31st March, 2014		As at 31st March, 2013	
	Nos	% of Holding	Nos	% of Holding
Varanasi Commercial Ltd.	1,21,94,900	21.36	1,21,94,900	21.36
Kusum Industrial Gases Ltd.	70,83,000	12.41	70,83,000	12.41
Techno Leasing & Finance Co. Pvt. Ltd.	68,94,000	12.08	68,94,000	12.08
Noble Communication Pvt. Ltd.	50,74,427	8.89	50,77,321	8.89
J.P.Financial Services Pvt. Ltd.	49,89,531	8.74	49,59,531	8.69
Aarkay Investments Pvt. Ltd.	43,35,215	7.59	43,35,215	7.59
Techno Power Project Ltd.	32,04,000	5.61	32,04,000	5.61

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 2c Details of shares allotted otherwise than cash during the previous 5 years

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares:</b>	
Fully paid up pursuant to contract(s) without payment being received in cash *	5,70,91,200
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

\* The shares were allotted without any consideration pursuant to Scheme of Amalgamation.

### Note 2d Rights, Preferences and Restrictions attached to the Shares

The equity shares of the Company of nominal value of ₹2 per share rank pari passu in all respects including voting rights and entitlement to dividend and repayment of share capital.

### Note 3 Reserve & Surplus

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>a. Capital Reserves</b>		
As per last Balance Sheet	2,222.90	2,222.91
<b>b. Securities Premium Account</b>		
As per last Balance Sheet	18,758.19	18,758.19
<b>c. Debenture Redemption Reserve</b>		
As per last Balance Sheet	2,500.00	1,363.64
Add: transfer from Surplus	-	2,500.00
Less: Transfer to General Reserve	-	1,363.64
Closing Balance	2,500.00	2,500.00
<b>d. General Reserves</b>		
As per last Balance Sheet	46,217.02	43,253.38
Add Transfer from Surplus	5,200.00	1,600.00
Add Transfer from Debenture Redemption Reserve	-	1,363.64
Closing Balance	51,417.02	46,217.02
<b>e. Surplus</b>		
As per last Balance Sheet	6,155.48	224.15
Net Profit for the current year	8,749.10	12,035.15
Less: Interim Dividend	1,427.28	-
Less: Proposed Dividends	285.46	1,712.74
Less: Tax on Dividends	321.75	291.08
Less: Transfer to Debenture Redemption Reserve	-	2,500.00
Less: Transfer to General Reserve	5,200.00	1,600.00
Closing Balance	7,670.09	6,155.48
<b>Total</b>	<b>82,568.20</b>	<b>75,853.60</b>



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 4 Long term Borrowings

(₹ in lakhs)					
Particulars				As at 31st March, 2014	As at 31st March, 2013
Secured					
Debentures				10,000.00	10,000.00
1000 10.24% Non-Convertible Debentures of ₹10,00,000/- each					
(Secured by way of exclusive mortgage and creation of charge in favour of the trustees (IDBI Trusteeship Services Ltd) on the immovable properties and hypothecation of movable properties of 33 MW of operational Wind Power Plant at Tamil Nadu)					
The Debentures as mentioned above presently carries interest rate of 10.49% p.a.					
The Debentures are redeemable in three annual instalments as under:					
On 28/01/2016 30%					
On 28/01/2017 40%					
On 28/01/2018 30%					
External Commercial Borrowings					
In Indian Rupee					
From International Finance Corporation				12,113.50	13,991.00
Repayment Schedule/ Rate of interest	8.38%	8.51%	9.40%		
2015-16	607.50	607.50	212.75		
2016-17	438.75	438.75	201.25		
2017-18	411.75	411.75	345.00		
2018-19	776.25	776.25	333.50		
2019-20	1,113.75	1,113.75	299.00		
2020-21	1,181.25	1,181.25	241.50		
2021-22	607.50	607.50	207.00		
In Foreign Currency					
DBS Bank Ltd (US \$ 25 million)				12,019.96	13,597.33
Repayment Schedule/ Rate of interest	4.55%	4.60%	Repayment Schedule in INR		
2015-16	US \$ 4.00 Million	US \$ 1.00 Million	3,004.99		
2016-17	US \$ 4.80 Million	US \$ 1.20 Million	3,605.99		
2017-18	US \$ 4.80 Million	US \$ 1.20 Million	3,605.99		
2018-19	US \$ 2.40 Million	US \$ 0.60 Million	1,802.99		
Standard Chartered Bank ( US\$ 25.98 million)				13,720.78	14,130.34
Repayment Schedule/ Rate of interest	5.05%	Repayment Schedule in INR			
2015-16	US \$ 2.70 Million	1,622.69			
2016-17	US \$ 1.95 Million	1,171.95			
2017-18	US \$ 1.83 Million	1,099.83			
2018-19	US \$ 3.45 Million	2,073.44			
2019-20	US \$ 4.95 Million	2,974.94			
2020-21	US \$ 5.25 Million	3,155.24			
2021-22	US \$ 2.70 Million	1,622.69			
The above referred External Commercial Borrowings are secured by first ranking pari passu charge / mortgage inter-se all lenders and hedge counterparties on the assets of the Company in relation to the construction and operation of 111.9 MW of wind assets, located in the State of Tamil Nadu, India and spread across three locations in Mutthianpatti, Amudhapuram and Rasta.					
Total				47,854.24	51,718.67

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 5 Deferred Tax Liabilities

(₹ in lakhs)			
Particulars	As at 31st March, 2013	Charge/ (Reversal) during the period	As at 31st March, 2014
Deferred Tax Liabilities			
In respect of Fixed Assets	70.23	21.69	91.92
<b>Deferred Tax Liabilities</b>	<b>70.23</b>	<b>21.69</b>	<b>91.92</b>

### Note 6 Other Long term Liabilities

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Advance received from customers	4,999.08	8,316.07
<b>Total</b>	<b>4,999.08</b>	<b>8,316.07</b>

### Note 7 Long term Provisions

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Provision for Employee Benefits</b>		
Leave Encashment (Unfunded)	118.49	113.39
Gratuity	18.77	7.95
<b>Total</b>	<b>137.26</b>	<b>121.34</b>

### Note 8 Short term Borrowings

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
<b>Working Capital facilities from Banks</b>		
a) In Foreign Currency	3,605.99	5,846.85
b) In Indian Rupees	2,530.06	5,200.00
Above loans are secured against hypothecation of Components, Raw-Materials, Work-in-Progress, Plant & Machinery, Book Debts of EPC division, ranking pari-pasu.		
The Company also enjoys financing facilities with certain other Banks against hypothecation of Components, Raw-Materials, Work-in-Progress, Plant & Machinery, Book Debts of EPC division, equitable mortgage of Land at Rajpur, West Bengal and personal guarantee of the Managing Director of the Company		
	6,136.05	11,046.85
<b>Total</b>	<b>6,136.05</b>	<b>11,046.85</b>



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 9 Trade Payables

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Sundry Creditors	10,462.75	10,572.93
Expenses Payable	202.56	144.48
<b>Total</b>	<b>10,665.31</b>	<b>10,717.41</b>

Note: To the extent identified from available information, there is no amount due to micro, small and medium size enterprises as on 31st March, 2014

### Note 10 Other Current Liabilities

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Advance received from Customers against Contract Work in Progress	546.53	-
Current maturities of Long term Debt	6,775.63	3,995.45
Interest accrued but not due on Borrowings	1,237.85	1,320.74
Unpaid Dividend	17.08	20.12
Statutory Dues	393.60	838.63
Employee Benefits Payable	6.64	20.52
<b>Total</b>	<b>8,977.33</b>	<b>6,195.46</b>

### Note 11 Short term Provisions

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Employee Benefits	66.61	74.99
Provision for Dividend	285.46	1,712.74
Tax on Dividend	48.51	291.08
Provision for Income Tax ( Net of Advance Tax & TDS ₹7888.42 lakhs, Previous Year ₹14244.59 lakhs)	77.39	202.79
Provision for Wealth Tax	0.48	0.62
<b>Total</b>	<b>478.45</b>	<b>2,282.22</b>

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 12 Fixed Assets

(₹ in lakhs)										
Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1st April, 2013	Additions/ Adjustments	Deductions/ Adjustments	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation charge for the year	On disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
<b>Tangible Assets</b>										
Freehold Land	1.23	-	-	1.23	-	-	-	-	1.23	1.23
Freehold Land - Wind Mills	3,317.56	-	-	3,317.56	-	-	-	-	3,317.56	3,317.56
Leasehold Land	112.17	4.38	-	116.55	10.63	3.87	-	14.51	102.04	101.54
Buildings	85.59	-	-	85.59	23.65	1.28	-	24.93	60.66	61.94
Plant and Machinery	623.32	46.59	-	669.90	241.86	24.89	-	266.74	403.16	381.46
Plant and Machinery - Wind Mills	1,24,274.33	3,121.92	-	1,27,396.27	19,664.87	6,574.51	-	26,239.38	1,01,156.90	1,04,609.46
Furniture and Fixtures	71.63	4.79	-	76.43	60.20	4.19	-	64.40	12.03	11.43
Vehicles	281.12	10.13	-	291.25	116.71	25.26	-	141.96	149.29	164.41
Office Equipment	403.77	25.05	-	428.81	327.40	21.30	-	348.72	80.09	76.37
<b>Intangible Assets</b>										
Software	-	85.45	-	85.45	-	10.13	-	10.13	75.32	-
<b>Total</b>	<b>129,170.72</b>	<b>3,298.31</b>	<b>-</b>	<b>1,32,469.04</b>	<b>20,445.32</b>	<b>6,665.43</b>	<b>-</b>	<b>27,110.77</b>	<b>1,05,358.28</b>	<b>1,08,725.40</b>
Previous Year	1,27,344.33	1,872.30	45.89	1,29,170.72	13,924.47	6,549.26	28.41	20,445.32	1,08,725.40	

Additions in Plant and Machinery-Wind Mills includes ₹3,086.54 lakhs (Previous year ₹1,778.04 lakhs) on account of exchange difference during the year.

### Note 13 Non Current Investments

(₹ in lakhs)				
Particulars	No. of Shares		Amount	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
<b>Other than Trade Investments</b>				
<b>a. Unquoted (Fully paid up of ₹10/- each) other than Subsidiary Companies:</b>				
Tega India Limited	7	7	-	-
(₹70/-, Previous Year ₹70/-)				
Techno Leasing & Finance Co. Pvt. Ltd.	10	10	-	-
(₹100/-, Previous Year ₹100/-)				
Techno International Limited	1,70,060	1,70,060	17.01	17.01
North Dinajpur Power Limited	20,000	20,000	2.00	2.00
Rajgarh Bio Power Limited	20,000	20,000	2.00	2.00
Techno Ganga Nagar Green Power Generating Co. Limited	20,994	20,994	2.10	2.10
Techno Birbhum Green Power Generating Co. Limited	20,994	20,994	2.10	2.10
Jhajjar KT Transco Pvt Limited	1,10,92,857	1,10,92,857	3,760.00	3,760.00
Bargarh Green Power Generating Co. Limited	19,994	19,994	2.00	2.00
			<b>3,787.21</b>	<b>3,787.21</b>



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 13 Non Current Investments (contd.)

Particulars	No. of Shares		Amount	
	As at	As at	As at	As at
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
<b>b. Quoted (Fully paid up of ₹10/- each) other than Subsidiary Companies</b>				
Spentex Industries Limited	30,954	30,954	18.52	18.52
GIC Housing Finance Limited	61,500	61,500	24.60	24.60
Ascu Arch Timber Protection Limited	50,617	50,617	10.12	10.12
			53.24	53.24
<b>Total (a+b)</b>			<b>3,840.45</b>	<b>3,840.45</b>
Aggregate market value of quoted investments			76.59	74.37

In the opinion of the management, diminutions in the value of certain Investments of ₹18.99 lakhs (Previous Year ₹18.94 lakhs) are temporary in nature and hence no provision has been made for the same.

### Note 14 Long term Loans & Advances

Particulars	Amount	
	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, considered good</b>		
Security Deposit	172.39	161.20
MAT Credit Entitlement	2,802.01	2,167.58
<b>Total</b>	<b>2,974.40</b>	<b>2,328.78</b>

### Note 15 Details of Current Investments

Particulars	No of Units		Amount	
	As at	As at	As at	As at
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
<b>Investments in Mutual Funds</b>				
<b>Unquoted (Fully paid up): At Cost</b>				
Reliance Liquid Fund	94,121.673	24,052.639	2,937.55	684.08
Birla Sunlife Cash Plus	11,670.322	5,172.665	23.02	9.52
BSL Floating Rate Fund	2,66,740.120	-	381.18	-
Reliance Liquidity Fund	1,65,709.741	-	3,198.03	-
ICICI Prudential Int Fund II Qtr Int Plan B - Direct - Growth	43,73,677.000	-	515.21	-
ICICI Prudential Liquid Fund	6,10,164.910	-	1,155.35	-
ICICI Prudential Money Market Plan	14,72,291.497	-	2,597.00	-
India Bulls Liquid Fund	32,977.633	-	402.38	-
JM Money Manager Fund	22,44,986.238	-	393.99	-

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 15 Details of Current Investments (contd.)

Particulars	No of Units		Amount	
	As at	As at	As at	As at
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Principal Liquid Fund	46202.263		563.16	-
DSP Back Rock Liquidity Fund	-	21,402.269	-	356.53
IDFC Cash Fund (Growth)	1,48,128.673	5,166.757	2,213.90	73.50
Religare Liquid Fund	6,924.108	6,403.516	119.51	101.84
Religare Ultra Short term Fund	-	6,495.128	-	105.26
JM High Liquidity Fund	10,48,450.037	1,39,544.039	356.37	441.64
Birla Sunlife Cash Plus - Growth Direct	-	4,53,786.746	-	843.72
<b>Aggregate amount of unquoted Investments</b>			<b>14,856.65</b>	<b>2,616.09</b>

### Note 16 Inventories

Particulars	Amount	
	As at 31st March, 2014	As at 31st March, 2013
Contract Work-in-Progress	1,183.69	167.34
<b>Total</b>	<b>1,183.69</b>	<b>167.34</b>

### Note 17 Trade Receivables

Particulars	Amount	
	As at 31st March, 2014	As at 31st March, 2013
<b>Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period upto six months	6,313.62	10,031.85
Outstanding for a period exceeding six months	3,247.09	9,088.25
	9,560.71	19,120.10
<b>Retention Money Receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period upto six months	2,783.24	2,597.40
Outstanding for a period exceeding six months	8,259.07	8,884.24
(Receivable on fulfillment of certain conditions as per terms of the contracts)		
	11,042.31	11,481.64
<b>Total</b>	<b>20,603.02</b>	<b>30,601.74</b>





## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 18 Cash and Cash Equivalents

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>a. Balances with Banks</b>		
Unpaid Dividend Accounts	17.08	20.12
Margin Money	0.29	0.29
<b>b. Bank Fixed Deposits</b>		
Having maturity of more than twelve months	833.61	482.22
Having maturity between three months and twelve months	77.32	233.22
Having maturity of less than three months	497.00	617.83
<b>c. Balance with Bank on Current Account</b>	3,343.54	5,771.61
<b>d. Cash in Hand</b>	39.31	55.54
<b>Total</b>	<b>4,808.15</b>	<b>7,180.83</b>

- a) Fixed Deposit receipts of ₹833.84 lakhs (Previous Year ₹761.47 lakhs) are lodged with the Bankers of the Company as Margin against Bank Guarantees issued /to be issued in favour of the Company.
- b) Fixed Deposit receipts of ₹1.22 lakhs (Previous Year ₹1.15 lakhs) are lodged with a client/sales tax authorities as Security/Registration Deposits.

### Note 19 Short term Loans and Advances

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Loans and Advances to Other than Related Parties</b>		
<b>Unsecured considered good</b>		
Loans	734.75	999.23
Other Advances	5,299.90	8,625.95
Prepaid Expenses	343.96	393.17
Interest Receivables	92.05	88.17
Security Deposit	46.00	123.30
<b>Total</b>	<b>6,516.66</b>	<b>10,229.82</b>

### Note 20 Other Current Assets

(₹ in lakhs)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
Income Receivable	2,909.04	2,014.23
<b>Total</b>	<b>2,909.04</b>	<b>2,014.23</b>

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 21 Revenue from Operation

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Sales</b>		
EPC ( Construction )	57,050.63	51,589.15
Energy (Power)	12,700.40	17,000.89
	69,751.03	68,590.04
<b>Other Operating Revenue</b>		
GBI - Incentive	1,006.53	1,344.35
Certified Emission Reduction Receipts	90.94	78.15
	1,097.47	1,422.50
<b>Total</b>	<b>70,848.50</b>	<b>70,012.54</b>

### Note 22 Other Income

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Income on Short term Investment	39.44	0.49
Other Interest Income	401.02	1,700.98
Dividend from Long term Investment	589.86	3.66
Net gain on sale of Current Investments	154.78	137.84
Net gain on sale of Non Current Investments	-	3.09
Miscellaneous Receipts *	14.07	212.66
<b>Total</b>	<b>1,199.17</b>	<b>2,058.72</b>

\* Miscellaneous Receipts include ₹ NIL (Previous year ₹200 lakhs) being the surrender value of Keymen Insurance Policy.

### Note 23 Material and Stores

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Materials and Stores	43,615.74	37,405.17
<b>Total</b>	<b>43,615.74</b>	<b>37,405.17</b>

Materials and Stores purchased during the year include Stores ₹2,194.08 lakhs (Previous Year ₹2,592.25 lakhs). The consumption of such materials included in outlay and contract work-in-progress have been taken by the Auditors as certified.

### Note 24 (Increase) /Decrease in Inventories

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening Contract Work-in-Progress	167.34	227.60
Closing Contract Work-in-Progress	1,183.69	167.34
(Increase) /Decrease in Inventories	(1,016.35)	60.26



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 25 Employees Benefit Expenses

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salary & Reimbursements	2,401.21	2,634.34
Contributions to Provident and other Funds	189.33	210.22
Staff Welfare Expenses	311.79	400.29
<b>Total</b>	<b>2,902.33</b>	<b>3,244.85</b>

### Note 26 Finance Cost

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Expense		
- Debenture	1,035.30	279.75
- Banks and Others	3,470.73	4,869.36
Other Borrowing Costs	37.89	68.11
<b>Total</b>	<b>4,543.92</b>	<b>5,217.22</b>

### Note 27 Other Expenses

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Travelling & Conveyance	755.55	900.62
Rent	317.85	295.34
Rates & Taxes	4.61	3.69
Insurance	227.04	207.84
Sales Tax (Net)	646.49	810.72
Service Tax (Net)	703.44	923.93
Power & Fuel	265.83	188.70
Repairs to Plant & Machinery	1.27	7.06
Remuneration to Managing Director	112.77	102.50
Directors' Fee	2.05	1.75
Auditors' Remuneration:		
- Audit Fees	2.81	2.81
- Tax Audit	0.45	0.45
- Cost Audit Fees	0.20	0.20
- Other Services ( Certification )	2.27	3.50
Loss on Sale of Fixed Assets	-	5.11
Bank Charges	510.19	393.74
Exchange Rate difference	632.59	228.91
Miscellaneous Expenses	1,908.24	1,763.32
<b>Total</b>	<b>6,093.65</b>	<b>5,840.19</b>

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 27 Other Expenses (contd.)

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salary	35.10	22.95
Contribution to Provident Fund	2.81	2.75
Commission	74.86	76.80
<b>Total</b>	<b>112.77</b>	<b>102.50</b>

### Note 28 Earnings per Share

(Amount in ₹ Except No. of Shares)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Net Profit / (Loss) after Tax (a)	8,749.10	12,035.18
Weighted average number of equity shares of face value of ₹2/- each (b)	5,70,91,200	5,70,91,200
Basic and diluted earnings per share in ₹ (a) / (b)	15.32	21.08

### Note 29

Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances ₹ NIL (Previous Year ₹64.72 lakhs).

### Note 30 Disclosures in accordance with revised AS-15 on "Employees Benefits"

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>a) Defined Contribution Plans:</b>		
The company has recognised the following amount in the Statement of Profit & Loss for the year:		
Employer's contribution to Provident & Other Funds	179.90	200.63
<b>b) Defined Benefit Plans:</b>		
The following figures are as per actuarial valuation as at the Balance Sheet date carried out by an independent Actuary:		
i) Present Value of defined benefit obligation:		
Present Value of obligations at beginning of the year	263.23	240.79
Service Cost	23.70	25.11
Interest Cost	21.24	17.96
Benefit Settled	(41.12)	(32.54)
Actuarial(gain)/loss	0.44	11.91
Present Value of obligations at the end of the year	267.49	263.23
ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at beginning of the year	255.28	271.85
Contribution	3.53	-
Expected return on Plan Assets	22.34	21.75
Actuarial(gain)/loss	8.69	(5.78)
Benefit Settled	(41.12)	(32.54)



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 30 Disclosures in accordance with revised AS-15 on "Employees Benefits"

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Fair Value of Plan Assets at the end of the year	248.71	255.28
iii) Reconciliation of Present Value of the defined obligation plan and the fair value of the Plan Assets:		
Fair Value of Plan Assets at the end of the year	248.71	255.28
Present Value of the defined benefit obligations at the end of the year	267.49	263.23
Assets/(Liability)	(18.77)	(7.95)
iv) Net Gratuity and Other Cost:		
Service Cost	23.70	25.11
Interest Cost	21.24	17.96
Expected return on Plan Assets	(22.34)	(21.75)
Actuarial(gain)/loss	(8.25)	17.69
Net Gratuity Cost	14.35	39.02
v) Actuarial Assumptions:		
Discount Rate	8.75%	8.00%
Inflation Rate(Salary Escalation Rate)	6.00%	5.00%
Return on Assets	8.75%	8.00%
vi) For each major category of Plan Assets following is the percentage that each major category constitute of the fair value of the plan assets:		
Central Government Securities	24.88%	23.99%
State Government Securities	3.32%	4.01%
PSU Bonds	26.19%	25.25%
Investment with Bank in Special Deposit Scheme	11.35%	10.95%
Administered by Birla Sun Life Insurance Company Limited	34.26%	35.80%
	100.00%	100.00%

### Note 31 Segment Reporting

- a) Based on the guiding principles given in Accounting Standards on "Segment Reporting" (AS-17) notified under the Companies (Accounting Standard) Rules, 2006, the Company's primary business segments are EPC (Construction) and Energy (Power). Financial information about the primary business segments are presented in table given below:

(₹ in lakhs)								
	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	EPC (Construc- tion)	Energy (Power)	Corporate	Total	EPC (Construc- tion)	Energy (Power)	Corporate	Total
<b>A. REVENUE</b>								
1 Sales	57,050.63	13,797.87	-	70,848.50	51,589.15	18,423.39	-	70,012.54
2 Others	-	-	1,199.17	1,199.17	-	-	2,058.72	2,058.72
3 Total Revenue	57,050.63	13,797.87	1,199.17	72,047.67	51,589.15	18,423.39	2,058.72	72,071.26
<b>B. RESULT</b>								
1. Segment Result/ Operating Profit before Tax and Interest	5,926.34	6,661.35	1,199.17	13,786.86	5,648.22	11,264.59	2,058.72	18,971.53



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 31 Segment Reporting: (contd.)

(₹ in lakhs)								
	For the year ended 31st March, 2014				For the year ended 31st March, 2013			
	EPC (Construc- tion)	Energy (Power)	Corporate	Total	EPC (Construc- tion)	Energy (Power)	Corporate	Total
2. Interest Expenses	515.85	4,028.07	-	4,543.92	1,993.20	3,224.02	-	5,217.22
3. Provision for Taxation	-	-	1,010.72	1,010.72	-	-	2,747.33	2,747.33
4. MAT Credit Entitlement	-	-	(634.49)	(634.49)	-	-	(1,237.23)	(1,237.23)
5. Net Profit ( before adjustment for minority interest)	5,410.49	2,633.28	822.94	8,866.71	3,655.02	8,040.57	548.62	12,244.21
6. Share of Profit transferred to Minority	-	-	117.63	117.63	-	-	209.03	209.03
7. Profit after Tax ( after adjustment for Minority Interest)	5,410.49	2,633.28	705.31	8,749.08	3,655.02	8,040.57	339.59	12,035.18
<b>C. OTHER INFORMATION</b>								
1. Segment Assets	32,140.82	1,22,109.09	10,731.05	1,64,980.96	35,494.19	1,26,249.25	7,599.70	1,69,343.14
2. Segment Liabilities	21,325.13	57,493.69	86,162.14	1,64,980.96	28,243.55	59,721.86	81,377.73	1,69,343.14
3. Capital Expenditure	175.25	3,123.07	-	3,298.32	83.77	1,788.53	-	1,872.30
4. Depreciation	90.53	6,574.89	-	6,665.42	80.86	6,468.40	-	6,549.26

- b) As the revenues from overseas sites does not exceed the minimum threshold limit for such disclosure, no separate disclosure for Geographical segment (Secondary Segment) is applicable.

### Note 32 Related Party Transactions

#### A. List of related parties and nature of relationships, where control exists:

Sl. No.	Name of the Related Party	Nature of Relationship
3	Shri Padam Prakash Gupta	Key Management Person
4	Shri Ankit Saraiya	Relative of Key Management Person

#### B. Disclosure of significant transactions with related parties and the status of outstanding balances as on March 31, 2014.

Transactions during the year			(₹ in lakhs)	
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013		
<b>Shri Padam Prakash Gupta (Key Management Person)</b>				
Remuneration Paid to Managing Director	112.76	102.50		
<b>Shri Ankit Saraiya (Relative of Key Management Person)</b>				
Remuneration Paid	16.62	15.98		
<b>Outstanding Balances</b>			(₹ in lakhs)	
Particulars	As at 31st March, 2014	As at 31st March, 2013		
<b>Shri Padam Prakash Gupta (Key Management Person)</b>				
Remuneration Payable to Managing Director	74.86	76.80		



## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 33 Details of Materials Consumed

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Indigenous	29,762.51	27,656.74
Imported	4,789.31	-
<b>Total</b>	<b>34,551.82</b>	<b>27,656.74</b>

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Indigenous	86.14%	100.00%
Imported	13.86%	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Note 34 CIF Value of Imports

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Materials	4,789.31	-

### Note 35 Expenditure in Foreign Currency:

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Travelling	29.70	71.52
Interest	1,588.98	1,419.95
Repairs & Maintenance	0.24	3.93
Employee Benefit Expenses	43.13	8.02
Professional & Consultancy Charges	11.74	26.55
Rent	2.99	2.17
Loan Payment	2,323.35	-
Others	22.73	22.46
<b>Total</b>	<b>4,022.86</b>	<b>1,554.60</b>

### Note 36 Earning in Foreign Exchange

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Export of Goods (FOB Value)	2,095.05	-
<b>Total</b>	<b>2,095.05</b>	<b>-</b>

## Notes on Consolidated Financial Statements (contd.) for the Year ended 31st March, 2014

### Note 37 Deemed Export

(₹ in lakhs)		
Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Deemed Export under Global Tender at Ex- works value	8,340.98	2,796.86
<b>Total</b>	<b>8,340.98</b>	<b>2,796.86</b>

### Note 38

As a result of the deviation in Accounting Policy followed by the Subsidiary Company as compared to that of the Holding Company in relation to depreciation on office equipments including computers, the charge for depreciation in the Statement of Consolidated Profit and Loss stands higher by ₹0.08 lakhs (Previous Year ₹0.17 lakhs), the Reserves as per Consolidated Balance Sheet stands higher by ₹0.23 lakhs (Previous Year ₹0.15 lakhs) and the Net Block as on 31st March, 2014 as per Consolidated Balance Sheet stands higher by ₹0.23 lakhs (Previous year ₹0.15 lakhs).

As a result of the deviation in Accounting policy followed by the Subsidiary Company as compared to that of the Holding Company in relation to MAT Credit, the net tax expense in the Statement of Consolidated Profit and Loss stands lower by ₹634.43 lakhs (Previous Year ₹1237.23 lakhs), the amount transferred to Minority Interest stands higher by ₹21.45 lakhs (Previous Year ₹41.82 lakhs).

### Note 39

The previous year's figures have been regrouped, rearranged and re-classified to confirm to the current year's classification.

For S. S. Kothari & Co.  
Chartered Accountants  
Firm's Registration No. 302034E

P. P. Gupta  
Managing Director  
DIN - 00055954

Centre Point  
21, Old Court House Street  
Kolkata - 700 001  
The 24th day of May, 2014

R.N. Bardhan  
Partner  
Membership No. 17270

N. Brahma  
Company Secretary

S.N. Roy  
Director  
DIN - 00408742



## Additional Disclosure of Subsidiary Company pursuant to Section 212(8) of the Companies Act, 1956

Name of the Subsidiary Company: Simran Wind Project Limited

Particulars	(₹ in lakhs)	
	2013-14	2012-13
a) Capital	16,640.04	16,640.04
b) Reserves	40,492.21	38,959.12
c) Total Assets	1,04,711.34	1,04,508.51
d) Total Liabilities	1,04,711.34	1,04,508.51
e) Details of Investment	12,356.66	2,616.08
f) Turnover	11,436.50	14,865.37
g) Profit before Taxation	3,479.89	6,183.71
h) Provision for Taxation	-	-
i) Profit after Taxation	3,479.89	6,183.71
j) Interim Dividend Paid	1,664.00	-
k) Tax on Interim Dividend Paid	282.80	-



Mr. P. P. Gupta receiving the best performance award, 2013



National award for meritorious performance, 2014

### OUR RESPECT

National award for meritorious performance in the power sector from the Ministry of Power, 2014

Best performance award 2013 from Power Grid Corporation

Business Standard, 2013 (Top 1,000 Companies of India)

Named the 'Best Vendor in Eastern India' by Bharat Heavy Electricals Limited in 2011

Business Standard, 2013 (Top 1,000 Companies of India)





**TECHNO ELECTRIC &  
ENGINEERING COMPANY LIMITED**

Corporate Office  
3F Park Plaza, 71 Park Street, Kolkata 700016  
Visit us at: [www.techno.co.in](http://www.techno.co.in)