



TECPRO SYSTEMS LIMITED

ANNUAL REPORT

2010-11





Lignite Handling System at Neyveli Lignite Corporation Limited, Neyveli for its 2X250 MW Thermal Power Plant.

Disclaimer:

This Annual Report contains some forward looking statements in order to apprise the investors regarding prospects of the Company and to enable them to take well informed investment decisions. These statements which, inter-alia, speak about anticipated performance of the Company are based on certain assumptions and plans made by the management. Though the management has been prudent and cautious in making these assumptions but it does not guarantee that the forward looking statements given in this Annual Report will materialize and, hence, actual results may vary materially from the estimations or projections. This should be borne in mind while reading this Annual Report.

CONTENTS

Page No.

Chairman's Message	2
Vice Chairman's Message	3
Corporate Information	4
Manufacturing Facilities, Offices and Products	6
5 Years' Financial Highlights	7
Performance Highlights	8
Order Book Position	10
Human Resources	11
Directors' Report	12
Management Discussion & Analysis	18
Standalone Financial Statements	
Auditors' Report	30
Balance Sheet	34
Profit & Loss Account	35
Cash Flow Statement	36
Schedules forming part of the Accounts	38
Balance Sheet Abstract	75
Consolidated Financial Statements	
Auditors' Report	76
Balance Sheet	77
Profit & Loss Account	78
Cash Flow Statement	79
Schedules forming part of the Accounts	81



Chairman's Message

Dear Shareholders,

It is our first Annual General Meeting since the entry of the Company in the capital market. It is a moment of great pleasure for me and I congratulate you all on the successful listing of the Company on the Stock Exchanges. Today, I have a feeling of both satisfaction and happiness that I have so many shareholders holding my hands to take the Company forward. This is coupled with the feeling of responsibility that we, in the management, have to work harder to live upto the expectations of our shareholders, who have reposed their trust in the Company.

We have come a long way since we started our operations as equipment suppliers and have progressed to providing complete material handling solutions. We added coal and ash handling to our portfolio in which we now occupy a leadership position. We have also successfully leveraged our project management skills and technical expertise to establish ourselves in the Balance of Plant ("BoP") and Engineering Procurement and Construction ("EPC") segments for power plants. To hedge ourselves from over-dependence on any one sector, we continue to offer Material Handling solutions to various other industries such as steel, cement and ports etc. The Company's ability to establish itself quickly in the segments it enters, can also be witnessed by the growth in its revenues from about Rs. 20 crore in FY2004 to about Rs. 2000 crore in FY2011, recording a CAGR of 93 %.

In Financial Year 2010-11, the Indian economy witnessed significant improvement supported by moderate recovery in global activity and again emerged as the second fastest growing economy following China. This growth momentum is highly dependent on the commensurate growth in the country's infrastructure sector. Recognizing this, the Government has significantly increased its investment on Infrastructure projects during the Eleventh Five-Year Plan and has estimated even greater spending during the Twelfth Five Year Plan. In line with the estimated investment in infrastructure, the related industries in the power, steel and cement sectors are also projected to witness significant growth. Consequently, both private and public sector companies have planned several projects for creation of new capacity and expansion of existing plants in power, steel, cement and other related sectors. This continued emphasis on the creation of infrastructure and planned funding of projects augur well for the industry and ensures a steady stream of order inflows for companies like ours.

The size of the opportunity in the Balance of Plant segment of power plant is huge. It is expected to attract investments worth Rs. 1.6 trillion over the next five years, which translate into a CAGR of 15%. Growth in BoP segment is expected primarily from coal based capacity addition of 65.6 GW during next five years. With the tremendous growth potential in the industry to be unraveled in the coming years, we are well positioned to capitalize on this opportunity and are confident that we will be able to grab a significant portion of the pie. We will continue with our aggressive bidding strategy to book new orders and ensure continuous accretions to our order book giving the business a robust visibility, simultaneously maintaining healthy margins.

Further, in our endeavor to provide quality services to our clients besides exploring newer opportunities, the Company has entered into two new technology tie-ups this year, one with Nanjing Triumph Kaineng Environment and Energy Co. Ltd (NTK), China in the Waste Heat Recovery segment and the other with Pneuplan Oy of Finland for projects involving Dense Phase Pneumatic Conveying for Fly Ash & Allied Materials. These collaborations and alliances provide us access to advanced technologies and expertise. Our strategy of providing advanced technology through partnerships with global technological leaders along with our project management, engineering and construction capabilities has given us an edge over our peers, and we continue to strive to maintain it.

This year the Company has delivered a robust performance which can be attributed to our diversified product portfolio, strong order book and healthy margins. Our strategy of continuously expanding across the value chain has been the core reason for our success. The outstanding order book of the company as on March 31, 2011, is very strong and stands at Rs. 4,371 crore. Going forward, we expect to continue to maintain the growth momentum and are highly optimistic that in the coming years, we will be able to achieve bigger milestones to take Tecpro to the next level.

I would like to thank all our business associates, employees and stakeholders for their continued support and hope to receive the same in future.

Yours sincerely,

Sd/-

Mr. Ajay Kumar Bishnoi
Chairman & Managing Director



Vice Chairman's Message

Dear Shareholders,

I am extremely delighted to welcome you all to the Tecpro family and share my views with the large group of investors post the listing of the Company. When I look back, this Company was formed by a small group of individuals with big dreams and the enthusiasm to convert them into reality. Today I feel fortunate to be a part of the team comprising of those people, who have worked day and night to bring the Company to this stage. We are still working with an aim of making it even bigger and to create continuous value for all our stakeholders through sustained growth in operating and financial performance.

We have consistently been delivering good performance year after year, and I am delighted to report that we have delivered a robust performance again this year, with our revenues growing 35% and net profit surging by 24%. The Company continued on a high growth trajectory on account of its strong fundamentals, distinct business model and execution oriented approach. The in-house manufacturing facilities, strong design and engineering team and efficient project execution capabilities have helped the Company in achieving healthy margins. The continuous accretion in the order book position is a result of the Company's proven execution track record and the ability to successfully market services to existing and new clients. The current order book of the Company as on March 31, 2011, is very healthy and stands at Rs. 4,371 crore as against an outstanding order book of about Rs. 2,014 crore as on March 31, 2010 showing an increase of 117%. The Company has achieved total revenue of Rs. 1,986 crore for the financial year ending March 31, 2011 as against total revenue of Rs. 1,476 crore for the financial year ending March 31, 2010.

Operationally, the year 2010-11 witnessed the Company strengthening its foothold in the Balance of Plant ("BoP") segment to become one of the leading players in the BoP space. The Company won two prestigious orders from Andhra Pradesh Power Generation Corporation Limited ("APGENCO") aggregating to about Rs. 1,978 crore for Rayalaseema Thermal Power Project Stage IV (1x600 MW) and Kakatiya Thermal Power Project – Stage II (1x600 MW). In addition to these orders, our efforts of establishing ourselves as a major Engineering, Procurement, Construction ("EPC") player were further bolstered by an order from Kohinoor Power Private Limited for design, engineering, project management & supply of a 66 MW Power Plant in Jamshedpur. We will continue to focus on winning bigger orders in BoP/EPC space. In the BoP space, the Company normally bids for only those projects where Boiler, Turbine, Generator ("BTG") has already been ordered, environmental clearances obtained, land & coal linkages achieved and financial closure done. This gives us the confidence that these orders are more likely to get executed within the planned timelines.

Further, we continue to introduce new technologies to the Indian markets. Within two months of a new collaboration, with NTK of China for Waste Heat Recovery, the Company bagged two orders from UltraTech Cement Limited and one order from Shree Cement Limited aggregating to Rs. 224 crore. The Waste Heat Recovery segment is now being aggressively looked at by all the cement manufacturers. This is a high potential business as power is being generated by using waste gas thereby saving cost of power. We are confident of bagging many more orders in this space in the near future. This constant endeavor to offer better solutions to its clients has enabled the company to garner a major share of the market.

As we move into the next financial year, we are confident of maintaining the growth momentum given our strategic initiatives and the infrastructure we have created, in terms of our knowledge, skills, partnerships and project management capabilities and in which we continue to invest. I believe we have built a firm platform from which we can take Tecpro Systems to the next level of growth.

I would like to take this opportunity to thank the Board for their continued guidance and also recognize the immense contribution of all our employees. I appreciate the enthusiasm and energy of the entire management team at Tecpro who have played a pivotal role in the Company's success. I also acknowledge the consistent support of all our stakeholders and business associates without which we would not have reached at where we are today.

Yours sincerely,

Sd/-
Amul Gabrani
Vice-Chairman & Managing Director



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ajay Kumar Bishnoi, *Chairman & Managing Director*
Amul Gabrani, *Vice-Chairman & Managing Director*
Arvind Kumar Bishnoi, *Whole-time Director*
Aditya Gabrani, *Whole-time Director*
Amar Banerjee, *Whole-time Director*
Achal Ghai
Suresh Kumar Goenka
Brij Bhushan Kathuria
Satvinder Jeet Singh Sodhi
Anunay Kumar
Sakti Kumar Banerjee
Subrata Kumar Mitra

BOARD COMMITTEES

Committee of Directors

Ajay Kumar Bishnoi
Amul Gabrani
Arvind Kumar Bishnoi
Aditya Gabrani
Amar Banerjee

Audit Committee

Suresh Kumar Goenka, *Chairman*
Satvinder Jeet Singh Sodhi
Brij Bhushan Kathuria
Amul Gabrani

Shareholders' Grievance Committee

Brij Bhushan Kathuria, *Chairman*
Amul Gabrani
Aditya Gabrani

COMPANY SECRETARY & COMPLIANCE OFFICER

Pankaj Tandon

AUDITORS

B S R & Co., *Chartered Accountants*
Building No. 10
8th Floor, Tower B
DLF City, Phase-II
Gurgaon-122 002

BANKERS

- State Bank of India
- Standard Chartered Bank
- Central Bank of India
- Punjab National Bank
- IDBI Bank Limited
- Yes Bank Limited
- DBS Bank Limited
- IndusInd Bank Ltd.
- ICICI Bank Ltd.
- Bank of India
- Vijaya Bank

SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Near Batra Banquet Hall
Phase-II, Naraina Industrial Area
New Delhi-110028

SUBSIDIARY COMPANIES

- Tecpro Energy Limited
- Tecpro Trema Limited
- Ajmer Waste Processing Company Pvt. Ltd.
- Bikaner Waste Processing Company Pvt. Ltd.
- Microbase Infosolution Pvt. Ltd.
- Tecpro Systems (Singapore) Pte. Limited
- Tecpro International FZE

Technical Collaborators

- FAM Magdeburger Forderanlagen und Baumaschinen GmbH
- Hein, Lehmann, Trenn-und Fördertechnik GmbH
- PEYTEC Material Handling GmbH
- Won Duck Industrial Machinery Company Limited
- MVW Lechtenberg Projektentwicklungs und Beteiligungsgesellschaft GmbH
- Siebtechnik GmbH
- Krusnohorske Strojirny Komorany a.s.
- Nanjing Triumph Kaineng Environment and Energy Co. Limited
- GEA EGI Contracting/Engineering Company Limited
- Xiamen Longking Bulk Materials Science and Engineering Company Limited
- Pneuplan Oy

Registered Office

Tecpro Systems Limited
106, Vishwadeep Tower,
Plot No. 4, District Centre,
Janakpuri,
New Delhi -110058, India
Tel: + 91 11 45038735
Fax: + 91 11 45038734
Website: www.tecprosystems.com
Email: tecprodel@tecprosystems.com

Corporate Office

Tecpro Systems Limited
202-204, Pacific Square,
Sector-15, Part-II,
Gurgaon-122 001,
Haryana, India
Tel: +91 124 4343100
Fax: +91 124 4343243
Email: investors@tecprosystems.com

Head Office

Tecpro Towers, Plot No. 11-A17
5th Cross Road, SIPCOT IT Park
Siruseri-603103,
Chennai, India
Tel: +91 44 37474747
Fax: +91 44 37443011
Email: info@tecprosystems.com



MANUFACTURING FACILITIES, OFFICES AND PRODUCTS

Manufacturing Facilities

- Plot No. 2-4, 25-27, Sector 7,
HSIIDC Growth Centre, Bawal,
Distt. Rewari, Haryana
- SP-496-497, RIICO Industrial Area,
Bhiwadi, Distt. Alwar,
Rajasthan-301019
- Plot No. E-928,
RIICO Industrial Area,
Bhiwadi, Rajasthan
- Plot No. A-98,
RIICO Industrial Area,
Bhiwadi, Rajasthan

Design, Engineering and Marketing offices:

- Gurgaon
- Chennai
- Kolkata
- Secunderabad
- Bangalore
- Ahmedabad
- Mumbai
- Pune

Major Products

Bawal Factory

Manufactured Products:

- Crushers;
- Screens;
- Feeders;
- Fabricated Structures
- Stacker Reclaimer

Bhiwadi Factories

Plant - I

Products Manufactured :

- Pulleys;
- Idler rollers;
- Structures
- Conveyor systems

Plant – II

Castings of following materials:

- Plain Carbon Steel
- Low Alloy Steel
- Austenitic High Manganese Steel
- Grey Cast Iron
- Alloy Cast Iron

Plant – III (Ashtech Division)

Products Manufactured :

- Scrapper Conveyor
- Buffer Hopper
- Airlock Vessel
- Vent Filter
- Feed Gate
- Rotary Unloader
- Clincker Grinder
- Paddle Feeder
- Rotary Feeder

5 YEARS' FINANCIAL HIGHLIGHTS

(Rs. in Lac)

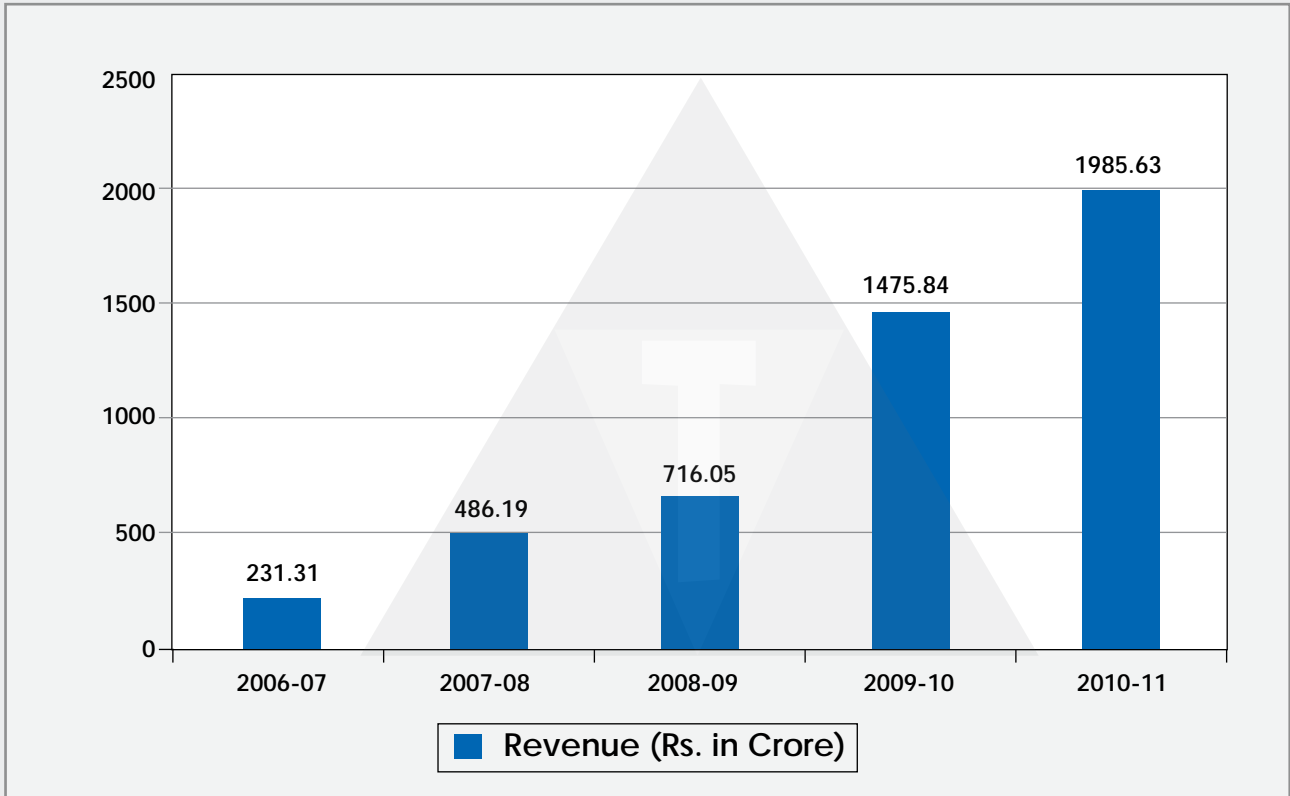
Description	2006-07	2007-08	2008-09	2009-10	2010-11
SALES & EARNINGS					
Sales & Other Income	23130.78	48618.61	71605.10	147584.44	198562.72
Profit before Tax	3391.37	6594.74	8187.96	16835.08	21002.01
Profit after Tax	2108.19	4114.59	5068.73	10964.50	13622.39
ASSETS & LIABILITIES					
Fixed Assets : Gross	2199.31	4678.13	8864.43	15068.14	18923.63
Net	1988.92	4241.97	8119.35	13183.99	16118.75
Total Assets : Net	6977.82	12721.14	24733.90	83897.32	142521.05
REPRESENTED BY					
Equity Share Capital	1259.04	2669.75	2769.75	4422.38	5047.38
Share Application Money	48.00	-	-	-	-
Reserves	3827.08	7491.52	13240.02	30795.59	62787.51
Deferred Tax Liability (net)	46.39	70.04	57.46	-	-
Borrowings	1797.31	2489.83	8666.67	48679.36	74686.16
Total Funds	6977.82	12721.14	24733.90	83897.32	142521.05
NET WORTH	5086.12	10161.27	16009.77	35217.97	67834.89
RATIOS					
EPS (Rs.)	9.12	15.98	18.86	25.22	28.85
Dividend per Equity Share (Rs.)	7.00	7.00	5.00	3.00	3.00
Net Worth per Equity Share (Rs.)	40.40	38.06	57.80	79.64	134.40



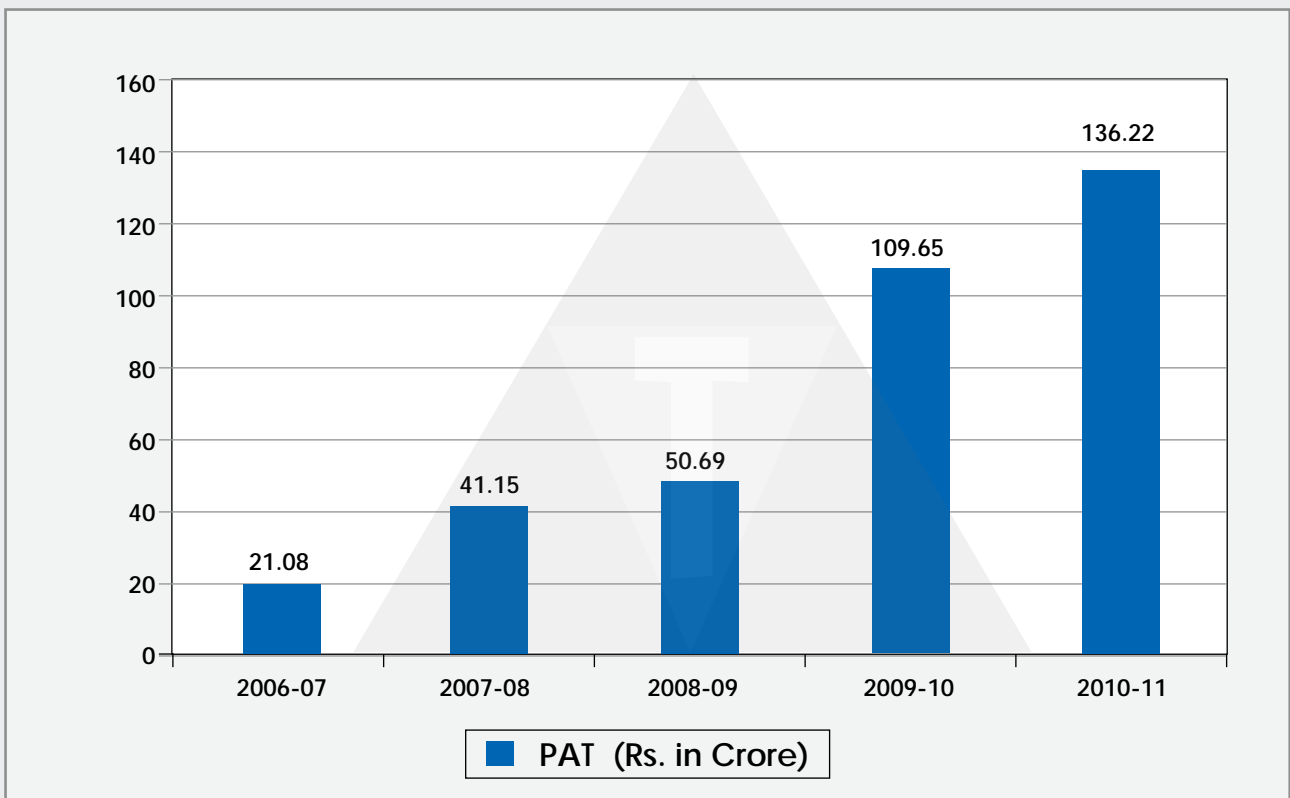
Performance Highlights

Growth Chart of the Company for the last 5 years in terms of:

Revenue

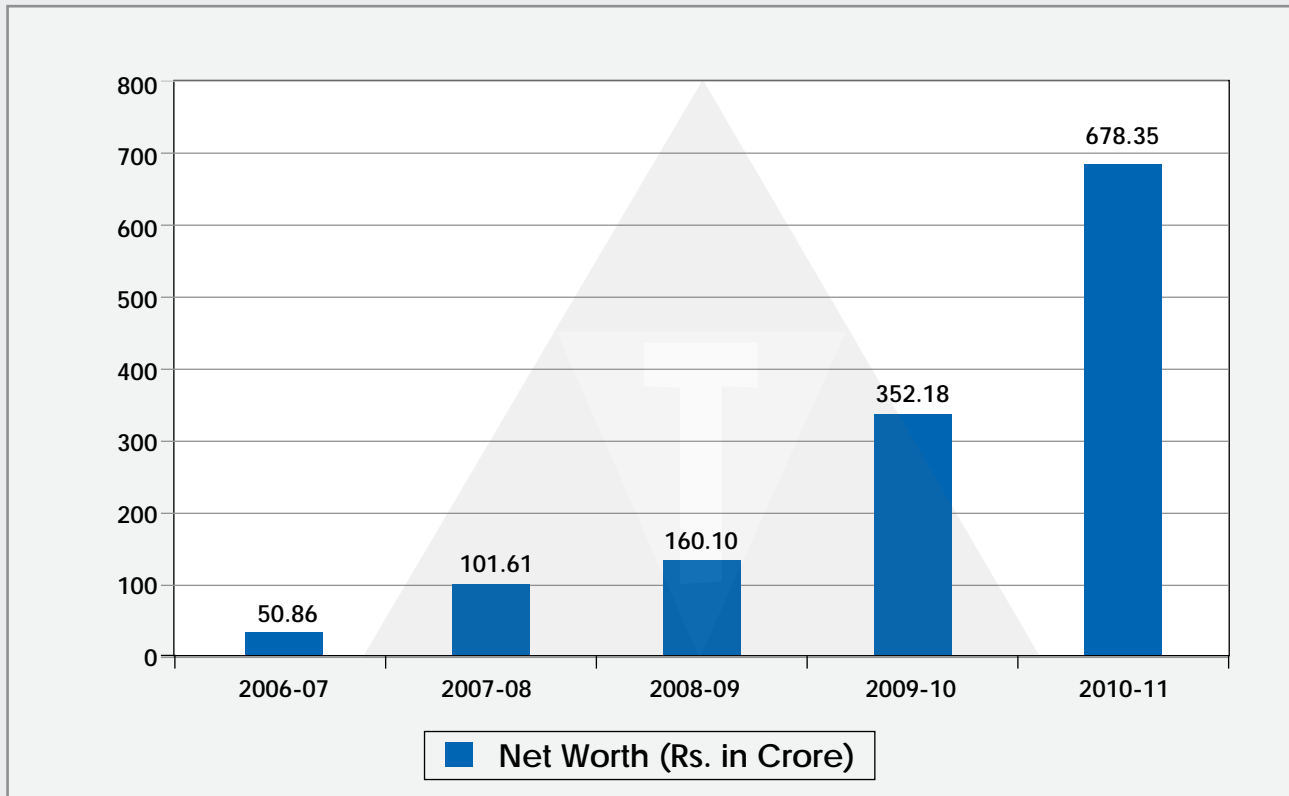


Profit after Tax (PAT)

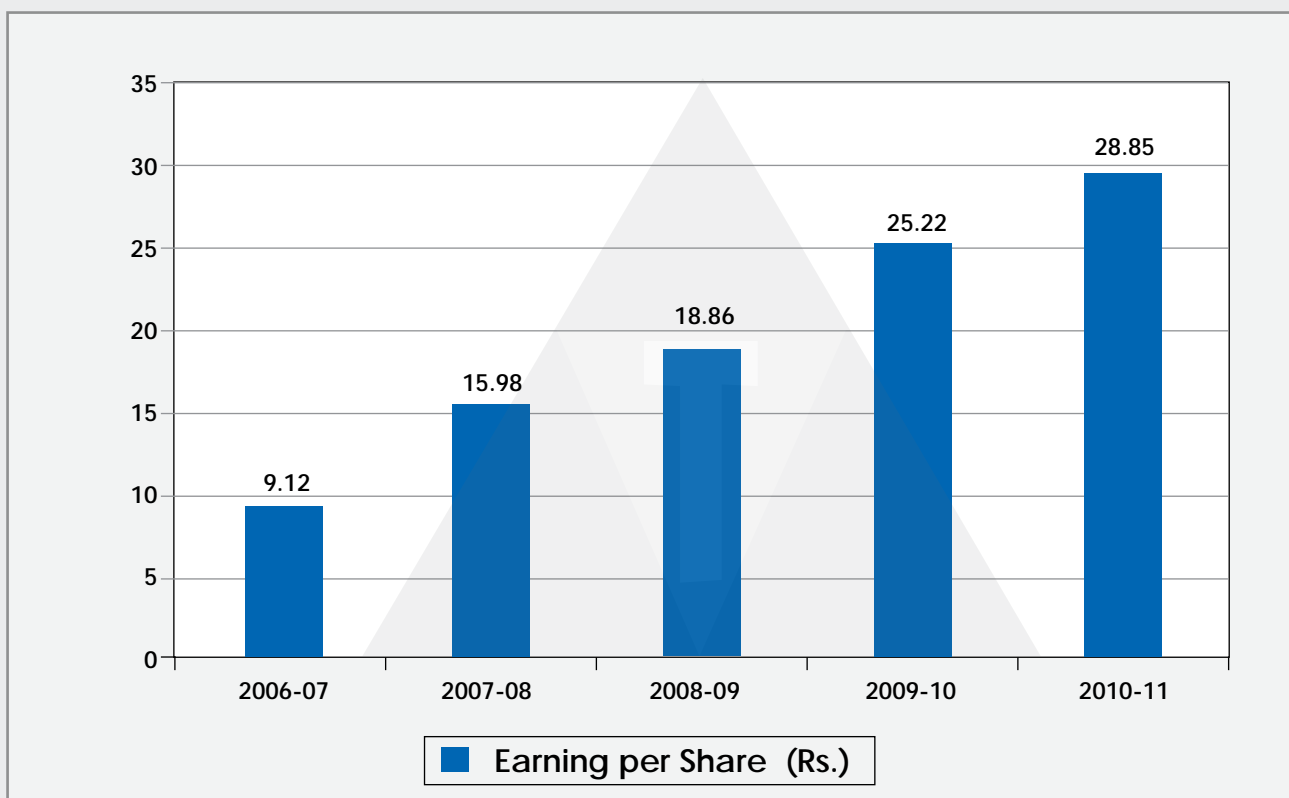


Financial Performance

Net Worth



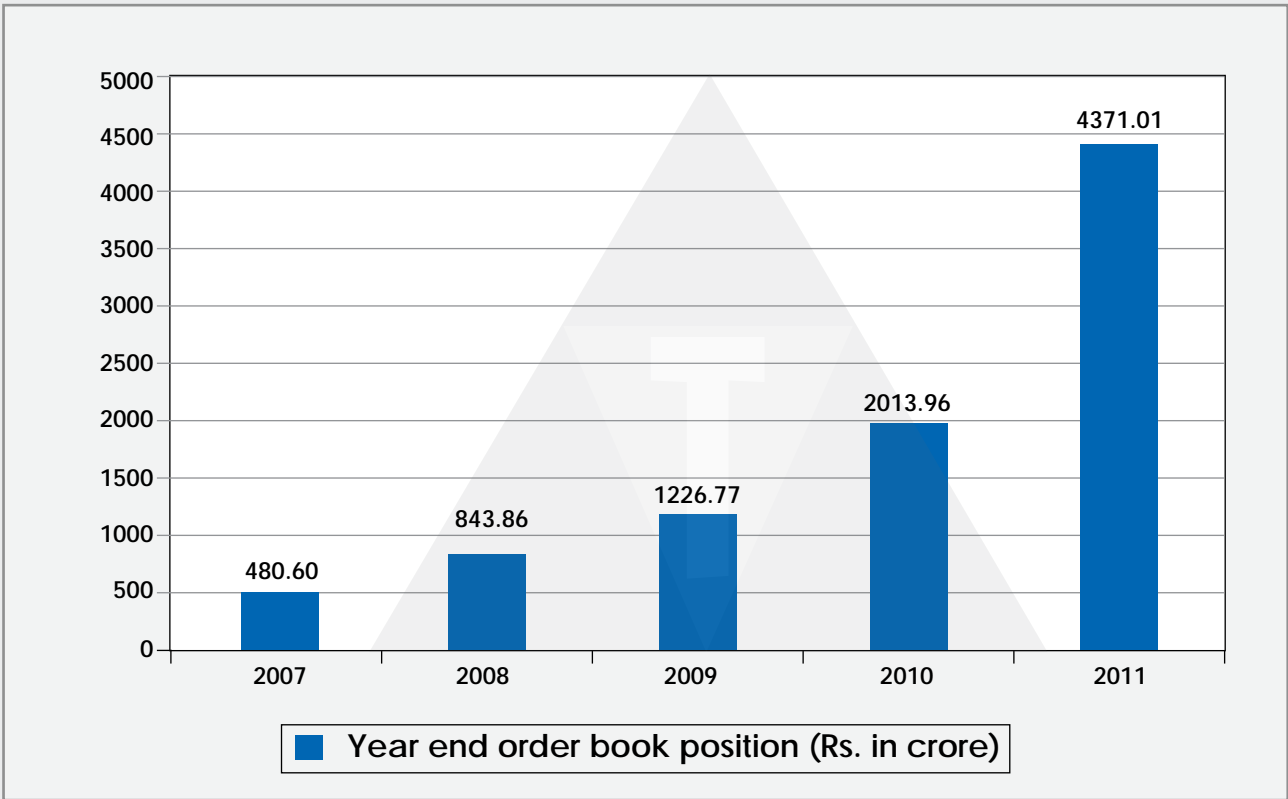
Earning per Share



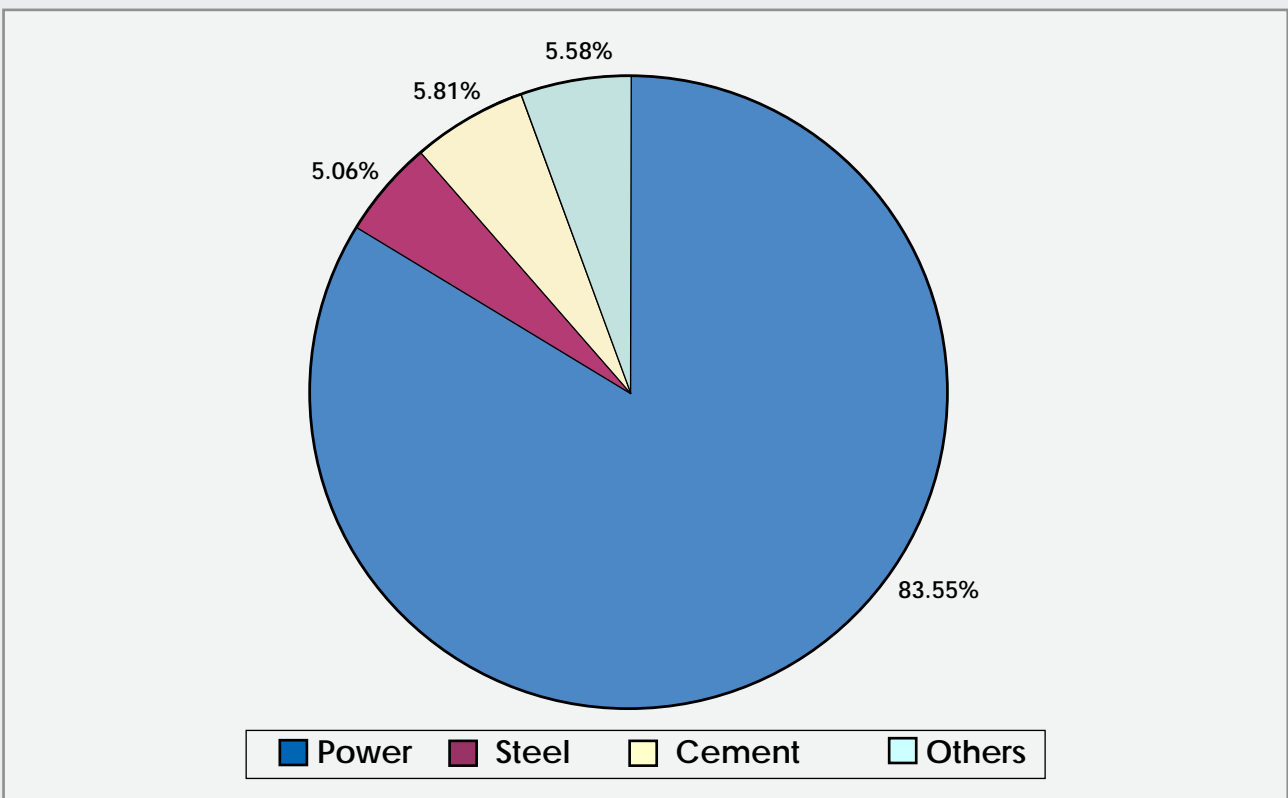


Order Book Position

Growth in Year end Order book position



Order book break-up of the Company as on March 31, 2011



Human Resources

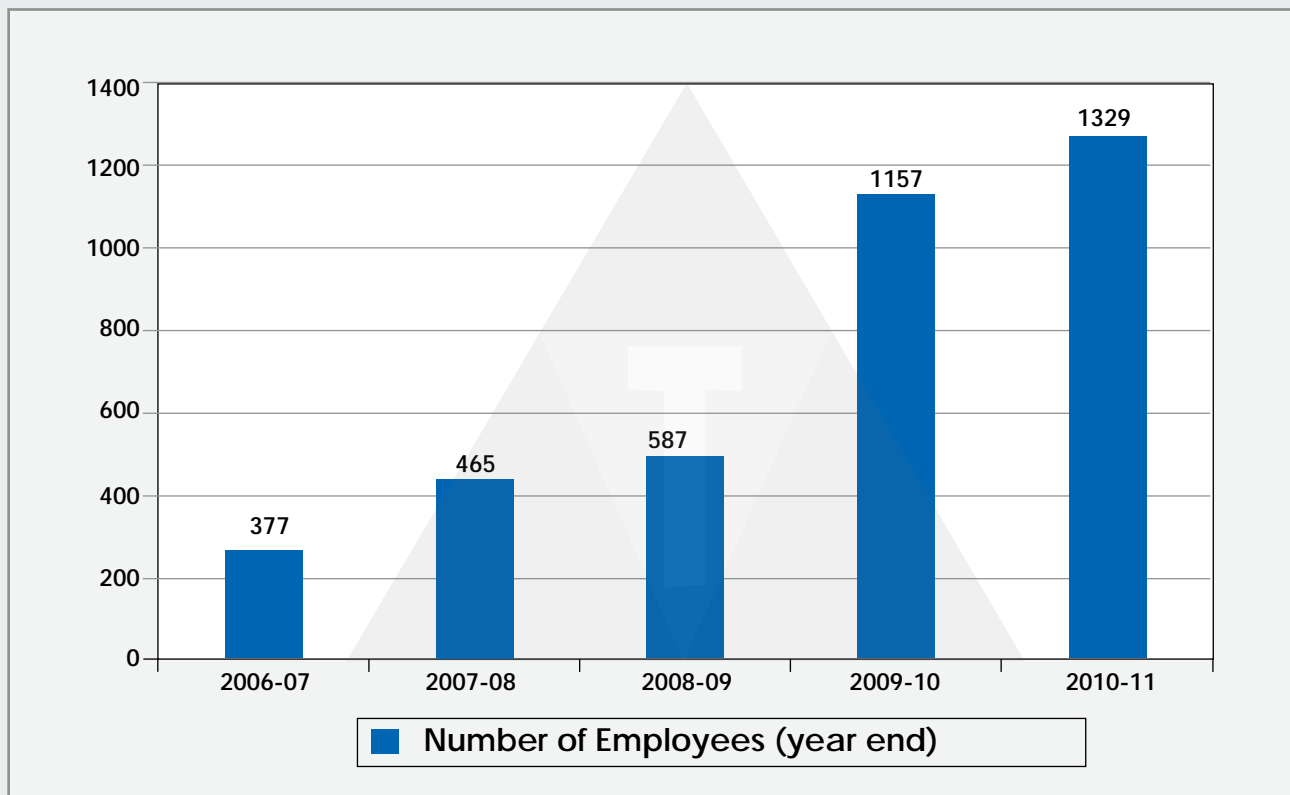
Tecpro's strength has always been its dedicated workforce developed over a period of time. Today, it can boast of the finest human capital with proven track record. It believes in empowering employees by enhancing their knowledge, developing competencies and motivating them to reach their goals and set higher standards for themselves.

Tecpro's policy of hiring fresh professionals at an entry level and grooming them as per its requirements has created a workforce with hands on experience in their respective fields. This, in addition to providing job opportunities as well as learning platform to the qualified youth, helps the Company in meeting timelines in a cost effective manner. Further it identifies the training needs of the employees at all levels and conducts training and skill development programs which helps the employees in upgrading their knowledge besides knowing each other. This exercise develops a sense of togetherness and belongingness with the Company and hence creates a capable, dedicated and performance driven team.

At Tecpro, we put our synchronized efforts towards reviewing & upgrading the human resource functions like manpower planning, recruitment, induction, training & development and performance appraisal. In addition to the quarterly in-house newsletter, Tecpro has also launched a web portal for its employees in the financial year 2010-11, where the major events of the Company are shared with them besides providing them online access to their personal records.

The Company participates in the campus recruitment of various colleges besides recruiting experienced professionals from internal database, advertisements and consulting firms. As on March 31, 2011 the total talent strength of the Company had been 1329 employees working at different levels.

Employees' growth chart





Directors' Report

Dear Members,

Your Directors have immense pleasure in presenting the **Twenty First Annual Report** together with the Audited Accounts for the financial year ended on March 31, 2011.

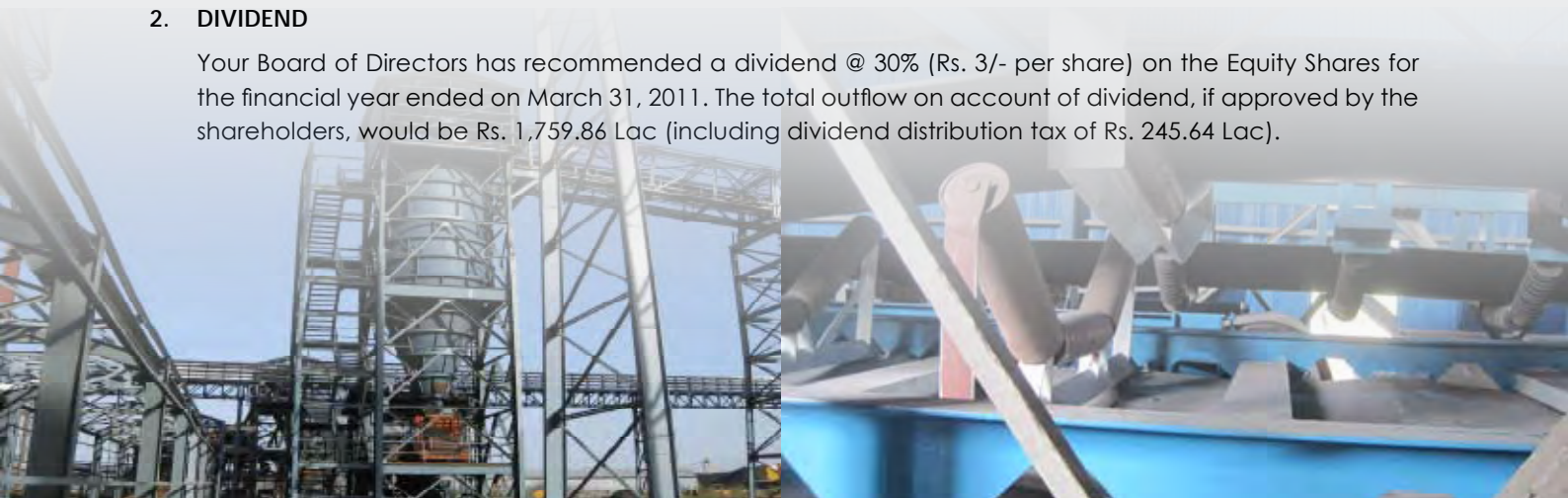
1. FINANCIAL HIGHLIGHTS

The Financial Results for the year under report are summarized as under:

FINANCIAL RESULTS	2010-11 (Rs. in Lac)	2009-10 (Rs. in Lac)
Net Sales and other income	198562.72	147584.44
Gross Operating Profit	34339.55	24710.63
Less: Interest & Bank Charges	12309.68	7142.72
Profit before Depreciation and amortization	22029.87	17567.91
Less: Depreciation and amortization	1027.86	732.83
PROFIT BEFORE TAX	21002.01	16835.08
Less: Provision for taxation		
-Income tax for current year	7445.00	6000.00
-Income tax for prior years	76.52	44.34
-Deferred Tax charge/(credit)	(138.86)	(174.42)
-Fringe Benefit Tax for prior year	(3.04)	0.67
PROFIT AFTER TAX	13622.39	10964.49
Add: Profit/(Loss) amount brought forward from the Transferor Company for the year ended March 31, 2009	-	20.99
Less: Adjustment in profit and (loss) on account of Amalgamation	-	(130.80)
Add : Amount brought forward from previous year	12525.82	4319.77
PROFIT AVAILABLE FOR APPROPRIATION	26148.22	15174.46
APPROPRIATIONS:		
Proposed Dividend	1514.21	1326.71
Proposed Dividend Tax	245.64	225.48
Transfer to General Reserve	1362.24	1096.45
Profit carried forward	23026.12	12525.82

2. DIVIDEND

Your Board of Directors has recommended a dividend @ 30% (Rs. 3/- per share) on the Equity Shares for the financial year ended on March 31, 2011. The total outflow on account of dividend, if approved by the shareholders, would be Rs. 1,759.86 Lac (including dividend distribution tax of Rs. 245.64 Lac).



3. SUCCESSFUL LISTING OF SHARES WITH BSE AND NSE

Your Company came out with an Initial Public Offer (IPO) of 75,50,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 355/- per Equity Share. The Offer comprised fresh issue of 62,50,000 Equity Shares by the Company and an Offer for Sale of 13,00,000 Equity Shares by Metmin Investments Holdings Limited being the Selling Shareholder. Out of the total offer 73,50,000 Equity Shares were offered to Public and 2,00,000 Equity Shares were reserved for subscription by eligible employees. The employees were offered a discount of Rs. 17/- per share. The Offer constituted 14.96% of the post-offer share capital of the Company. The net offer constituted 14.56% of the post-offer share capital of the Company.

The IPO received excellent response from the investors and it was oversubscribed by 24.44 times. The Equity Shares of your Company got listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited on October 12, 2010, Bombay Stock Exchange Limited being the designated Stock Exchange.

4. CHANGE IN PAID UP SHARE CAPITAL

Pursuant to the IPO, 62,50,000 Equity Shares were allotted during the period under report. After the said allotment, the paid-up Equity Share Capital of your Company was increased from Rs. 44,22,37,910 (Rupees forty four crore twenty two lakh thirty seven thousand nine hundred and ten only) to Rs. 50,47,37,910 (Rupees fifty crore forty seven lakh thirty seven thousand nine hundred and ten only).

5. DETAILS OF SUBSIDIARIES

Your Company was earlier holding 51% shares of Tecpro Trema Limited (TTL), a subsidiary, which during the period under review became 100% subsidiary of the Company on March 17, 2011 pursuant to purchase of remaining 49% shares of TTL.

At present, your Company has seven subsidiaries, namely, Tecpro Energy Limited, Tecpro Trema Limited, Ajmer Waste Processing Company Private Limited, Bikaner Waste Processing Company Private Limited, Microbase Infosolution Private Limited including two subsidiaries incorporated outside India namely, Tecpro International FZE in Dubai and Tecpro Systems (Singapore) Pte Limited in Singapore.

As per Section 212 of the Companies Act, 1956, we are required to attach the Balance Sheet, Profit and Loss



account, the Reports of the Board of Directors and Auditors of the subsidiary companies with the Balance Sheet of the Company. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the annual report. Accordingly, the annual report of financial year 2010-11 contains the consolidated financial statements of the Company instead of the separate financial statements of all our subsidiaries. The audited annual accounts and related information of our subsidiaries will be made available upon request. The annual accounts of the subsidiary companies shall be available for inspection during business hours at our head office and registered office and at the registered office of the respective subsidiary. The same will also be published on our website, www.tecprosystems.com.

6. BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

During the financial year 2010-11, your Company has bagged two more Balance of Plant orders aggregating to Rs. 1,978 Crore besides an EPC order worth Rs. 208 Crore. Further, your Company has entered into a technical collaboration with Nanjing Triumph Kaineng Environment and Energy Co. Limited of China for technology used for Waste Heat Recovery ("WHR") Power Projects. WHR is a new concept used in the Indian



cement industry where the gases produced during production of cement are used as fuel to produce power which is used for captive consumption by the cement plants. There are huge opportunities for this technology in the Cement Industry. The Company has also entered into a license agreement with Pneuplan Oy of Finland for use of Pneumatic extraction and conveying system technology used for projects involving Dense Phase Pneumatic Conveying for Fly Ash & Allied Materials. This technology would give the Company an edge over its competitors.

The total income in financial year 2010-11 has increased to Rs.1985.63 Crore as against Rs. 1,475.84 crore in the financial year 2009-10 showing an increase of 34.54% and the Profit after tax has increased to Rs. 136.47 Crore as against Rs. 109.64 Crore in the financial year 2009-10 showing an increase of 24.47%.

7. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis Statement is annexed to this Report.

8. CORPORATE GOVERNANCE REPORT

The Corporate Governance Report pursuant to clause 49 of the listing agreement is annexed to this Report.

9. AMALGAMATION OF A SUBSIDIARY

During the year under review, your Company has filed a Scheme of Amalgamation with the Hon'ble High Court of Delhi for amalgamation of Microbase Infosolution Private Limited ("MIPL"), a wholly owned subsidiary of your Company with the Company ("the Scheme"). The Scheme shall be beneficial to the interests of the stakeholders of both the companies as well as public at large, as the amalgamation would create overall synergies, enhance the asset base of your company and would result in better administration and optimal utilization of resources of both the companies.



10. DIRECTORS

During the year under report, Dr. Goldie Gabrani, Whole-time Director of the Company tendered her resignation from the directorship on November 10, 2010. In order to fill the casual vacancy created due to her resignation, Mr. Aditya Gabrani was appointed as Director in Casual Vacancy on the Board with effect from the same date to hold office till the date up to which Dr. Goldie Gabrani would have held office had she not resigned. Mr. Aditya Gabrani was simultaneously appointed as a Whole-time director of the Company for a period of three years.

Mr. Anunay Kumar, Mr. Satvinder Jeet Singh Sodhi and Mr. Suresh Kumar Goenka, Directors of the Company retiring by rotation at the forthcoming Annual General Meeting of the Company, being eligible offer themselves for re-appointment.

11. FIXED DEPOSITS

The Company has not invited/accepted any Fixed Deposits during the year, as such, no amount of principal or interest on fixed deposits was outstanding on the date of the Balance Sheet.

12. AUDITORS AND THEIR REPORT

M/s B S R & Co., Chartered Accountants, the Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

The Auditors' report and notes to the accounts are self explanatory and do not call for any further comments

except in respect of para (ix) of Annexure to the Auditors' report, explanation to which is given below:

Para (ix): Provision for the said taxation has already been made in the financial statements of the Company for the financial year 2010-11.

13. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Director's Responsibility Statement, it is hereby confirmed:-

- (i) That in the preparation of the Annual Accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2011 and of the profit or loss of the Company for that period;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) That the directors had prepared the annual accounts for the financial year ended March 31, 2011 on a going concern basis.



14. CONSERVATION OF ENERGY

Pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 particulars of energy conservation, technology absorption, foreign exchange earnings and outgo are annexed as Annexure-A and forms part of the Directors' Report.

15. HUMAN RESOURCES

During the period under review, the Company has maintained cordial and harmonious industrial relations. The efficient services rendered by the employees at all levels have helped the Company in ensuring timely execution of projects and achieving the desired targets by showing high level of performance in the production and marketing of products of the Company.

16. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 regarding employees is given in Annexure B to the Directors' Report.

ACKNOWLEDGEMENT

The Directors wish to thank the customers, dealers, bankers, financial institutions, collaborators, consultants, government authorities and shareholders for their continued support. They also wish to place on record their appreciation of the hard work put in by the employees at all levels during the period under report.

For and on behalf of the Board of
Tecpro Systems Limited

Sd/-

Ajay Kumar Bishnoi

Chairman & Managing Director

Sd/-

Amul Gabrani

Vice Chairman & Managing Director

Place : Gurgaon

Date : 25 May 2011



Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2011.

A) Conservation of Energy

A. Power and fuel consumption	2010-11	2009-10
a) Electricity Purchased		
Total Units (kWh)	27,05,206	18,58,215
Total Amount (Rs.)	1,56,14,755	94,87,313
Rate/Unit (Rs.)	5.77	5.11
b) Electricity Generated through diesel generator		
Total Units (kWh)	3,29,665	3,92,932
Unit per ltr. of diesel oil	7.43	6.15
Cost/Unit (Rs.)	5.94	9.00
B. Consumption of electricity (kWh) per unit of production		
a) Travelling Water Screens, Trash Cleaning Machines	2,013/Unit	1,744/Unit
b) Pulleys, Idler rollers and Conveyor systems	55/MT	52/MT
c) Casting	1,288/MT	1,207/MT
d) Crushers, Screens, Feeders and Fabricated structures	188/MT	260/MT

B) Technology Absorptions

Research and Development

We believe in continual improvement in our designs and products for customer satisfaction. The main focus of the research and development activity of the company is value engineering, design improvement optimization & standardization of the components with proven design calculation methods and preparation of the 3D parametric drawings to minimize the design cycle.

During the period under report, the Company started a wing of civil and structural design in its Design office at Gurgaon for executing engineering projects. It will help us in reducing the quantum of work that was being outsourced along with increasing the efficiency and better co-ordination between the various disciplines of the engineering team of the Company.

During the year under report, the Company has released the new versions of the idler calculation/selection software for improved idler selection with better optimization of the materials and uniformity in selection.

Technology Absorption

Your Company has been manufacturing products under technical collaborations with FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany for designing of crushers, Hein Lehmann Trenn und Fordertechnik GmbH, Germany and Peytec Material Handling GmbH, Siebtechnik GmbH, Germany for designing of screens, Krsnohorske Strojirny Komorany for supply of paddler feeder, stacker reclaimer & twin rotor sizers, MVW Lechtenberg und Beteiligungsgesellschaft GmbH for development of secondary fuel production & biomass handling projects, Won Duck Industrial Machinery Co. Ltd. for manufacture of single toggle jaw crushers, GEA EGI Hungary Contracting/Engineering Co. Limited for promotion of high concentration slurry disposal system and Xiamen Longking Bulk Materials Science & Engineering Co. Ltd for Dry bottom handling, pneumatic conveying, fly ash handling and coal mill reject handling systems.

During the year under review, the Company has entered into two new technical collaborations with the following:

1. With M/s Nanjing Triumph Kaineng Environment and Energy Co. Ltd., China for execution of the Waste Heat Recovery projects in India.
2. With M/s Pneuplan Oy, Finland for supply of necessary technology, know-how, drawings to manufacture special products for dense phase pneumatic extraction and conveying system for Ash handling.

Foreign Exchange Earnings & Out Go

Particulars of Foreign Exchange Earnings and outgo are given in Schedule 14- Notes to the accounts under Note No. 12, 13 and 14.

Annexure-B
Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of employees) Rules, 1975 forming part of Directors' Report for the year ended March 31, 2011

S. No.	Name	Ajay Kumar Bishnoi	Amul Gabrani	Goldie Gabrani#	Arvind Kumar Bishnoi	Aditya Gabrani*	Amar Banerjee	J V Ramana*
1	Designation	Chairman & Managing Director	Vice Chairman & Managing Director	Whole-time Director	Whole-time Director	Whole-time Director	Whole-time Director	Executive Director & CEO-EPC
2	Remuneration received (Rs.)	83,871,996	83,871,996	7,607,819	12,506,004	4,898,185	6,612,000	6,553,375
3	Nature of employment	Non Contractual	Non Contractual	Non Contractual	Non Contractual	Non Contractual	Non Contractual	Non Contractual
4	Other terms & conditions	Re-Appointed for 5 years	Re-Appointed for 5 years	Re-Appointed for 5 years	Appointed for 3 years	Appointed for 3 years	Appointed for 1 year	Appointed upto the date of superannuation unless otherwise terminated
5	Nature of duties of the Employee	Overall control over the affairs of the management of the Company	Overall control over the affairs of the management of the Company	General administrative activities of the Company	Heading the Marketing Division of the Company	Overall Business Operations of the Company	Business operations of the Ashtech division of the Company	Heading Power Sector- EPC
6	Qualification & Experience	MBA, DMM, 31 years	B.E., MBA, 29 years	Ph.D., M.E., B.E. 26 years	B.E., MBA, 2 years	B.E.	B.E., 40 years	B. Tech, 33 years
7	Date of commencement of the employment	06.04.2002	07.11.1990	16.03.2007	01.04.2009	10.11.2010	02.04.2010	12.05.2010
8	Age	54 years	51 years	48 years	26 years	23 years	64 years	56 years
9	Last employment held	Chief Executive of Material Handling Division of Fenner (India) Limited	Regional Sales Manager of Fenner (India) Limited	Professor and Head of the Department of Computer Engineering and Information Technology in Delhi College of Engineering	Not Applicable	Not Applicable	Managing Director of erstwhile Tecpro Ashtech Limited	Head Strategy & Business Development in Tata Projects Limited
10	Percentage of equity shares held	17.87	18.46	0.2	0.93	0.1	Nil	Nil

Notes:

- Mr. Ajay Kumar Bishnoi, Chairman & Managing Director is father of Mr. Arvind Kumar Bishnoi, Whole-time Director and Mr. Amul Gabrani, Vice-Chairman & Managing Director is father of Mr. Aditya Gabrani, Whole-time Director

- Remuneration includes Employers Contribution to Provident Fund and Superannuation

* Employed for part of the year

resigned during the year



MANAGEMENT DISCUSSION & ANALYSIS

1. Industry Structure & Overview

The growth of the Material Handling industry is predominantly dependent on capital investments in user industries. The main user industries for companies providing material handling solutions include power, steel, cement, mining and ports. The growth of these industries in turn relies on the growth in the economy and infrastructure investments in the country.

Power Industry

The Government of India is committed to its slogan of "Power for All". At the beginning of the XI Five-Year Plan Period (2007-12), the government had set a target for adding 78,577 MW of power which was later revised downward to 62,000 MW by the Planning Commission, citing reasons such as the slow progress in ordering of equipment, resulting in cascading delays in the supply of these items. The Government has again set an ambitious target of 1,00,000 MW of power capacity addition in the upcoming XII Plan (2012-17).

The power capacity addition would result in demand of Balance of Plant segment of a power plant in which your Company operates. A power plant is mainly divided into two parts, one is Boiler, Turbine and Generator ("BTG") and the other is Balance of Plant ("BoP"). It is estimated that BoP segment of a power plant would attract investments worth Rs. 1.6 trillion over the next five years which translates into a CAGR of 15%. BoP segment mainly comprises of five packages out of which Coal handling plant (CHP), Ash handling plant (AHP) and civil works account for 70-80% of total investments in BoP segment and the balance is water treatment, chimney, cooling towers and others.

Delays notwithstanding, this presents a huge opportunity for established players in the BoP space as infrastructure remains a vital sector for India's growth story. With the Government substantially increasing the allocation for infrastructure projects and private corporate investment displaying signs of recovery, the capital goods sector is bullish about demand prospects in the forthcoming fiscal. The Union Budget 2011-12 continued to lay stress on infrastructure development, as the allocation for the sector has been increased by 23% YoY to Rs 2,14,000 crore which is 48.5% of the planned expenditure.

Cement Industry

It was a subdued year for the cement industry as the demand growth for the year has been the lowest in the last 10 years at about 5.3%. Further, the industry has added 28 MT in FY11 in addition to 60 MT in the preceding fiscal year which has led to a surplus situation. Also the cement demand was hampered by the general slowdown in the infrastructure and real estate sectors due to rising cost of finance. Therefore, the capacity utilization is expected to remain low in FY12 also but is anticipated to improve in FY13 as the pace of capacity addition slows down and demand recovers.

In spite of the slowdown, the cement industry offers a unique, new exciting opportunity in which only a few players in the Indian market like Tecpro Systems can capitalize on. This opportunity lies in the Waste Heat Recovery (WHR) space which is a recent concept and currently being deployed by the cement industry where the exhaust gases produced during cement production are used as fuel to produce power. Considering the shortage of coal, most cement producers are looking at the WHR model as a reliable low cost solution. The market prospects of the WHR space look promising given that every cement manufacturer would like to move to this mode of energy generation where there is no cost of raw material.

Steel Industry

Given the growth of core sectors like construction & infrastructure, power automobile and oil & gas, the Steel industry is expected to witness huge demand in the next couple of years. According to CRISIL data the demand

for steel is expected to grow at CAGR of 10-12% over next 5 years. Domestic demand for steel is expected to rise to 90.7 million tonnes in FY15E, as compared to 52.8 million tonnes in FY10.

The strong demand for steel seen in the last 5 years coupled with cheap availability of domestic iron ore and strong prospects for future demand growth has incited steel majors to take on major capital expansion plans. As per the announced capital expansion plans, around 51 MT of steel making capacity is scheduled to be added over the next 5 years. With the aim of increasing and modernizing its facilities, SAIL has planned a capex of Rs. 560 billion to expand its capacity from 14.4 MT to 26.2 MT. Other players in the Steel industry have similar expansion plans. About 32 million tonnes of capacity is expected to be added in the industry and capital investments of Rs. 1.1 trillion are expected in steel industry over the next five years, of which ~Rs. 40 billion are expected to be invested in material handling equipment.



2. Economic Review

The Indian economy continued to outperform most emerging markets during 2010-11 retaining its position as the second fastest growing economy, after China, amongst the G-20 countries. China and India contributed nearly a quarter of the incremental world output. GDP growth decelerated to 7.8 per cent in Q4 of 2010-11 from 8.3 per cent in the previous quarter and 9.4 per cent in the corresponding quarter a year ago. For the year as a whole, GDP growth in 2010-11 was 8.5 per cent.

Growth had moderated in the preceding two years as the global economy slowed down as a result of global financial crisis. The YoY IIP growth moderated to 6.3 per cent in April 2011, growth in capital goods production at 14.5 per cent was buoyant. The growth was majorly driven by the inherent strength of domestic demand in the Country, stimulus packages offered by the Government and the monetary policies of the Reserve Bank of India. However, the high degree of integration with the global economy, recent global macroeconomic developments pose some risks to domestic growth.

Currently the major threat is the growing inflation from rising global commodity prices as well as domestic core inflationary pressures. In spite of certain adverse conditions at the global level, India is expected to grow at healthy levels thanks to the large investment plans of the Government of India across various sectors, rising per capita income and increase in rural and urban spending. Hardening of international crude oil prices on the back of geo-political concerns pose risks to current account balance during 2011-12. Higher growth in software exports and robust transfer receipts may provide some cushion. Financing of the current account, however, may not be a problem as capital flows are likely to improve considering India's long run growth prospects and policies supporting FDI, as also larger FII investments in debt markets.



3. Company Overview

Tecpro Systems Limited ("Tecpro") started its material handling operations in 2001 and currently occupies a leadership position in material handling, coal handling and ash handling in the country. Today, Tecpro has in-house capabilities for providing comprehensive solutions in material and ash handling systems and it designs, engineers, manufactures, sells, commissions and services a range of systems and equipment to provide turnkey projects for the core infrastructure related sectors like power, steel, cement and other industries.

Tecpro has kept adding to its skills and expanded across the value chain by entering into Balance of Plant (BoP) and Engineering, Procurement and Construction (EPC) contracts. In BoP, its scope includes design and engineering, manufacturing and sourcing of equipment and packages, project management and commissioning. The company got its first BoP contract worth Rs. 993 crore by the Chhattisgarh State Power Generation Company for a 1x500 MW thermal power plant at Korba West in August 2009 through a consortium. It has also won two bids for BoP of 600 MW each from APGENCO located at Kakatiya and Rayalseema in financial year 2010-11. This year it has also entered into WHR segment which has huge potential in the Cement Sector.

The Company has a pan-India presence with its head office in Chennai and design, engineering and marketing offices at Gurgaon, Chennai, Kolkata, Mumbai, Hyderabad, Pune, Ahmedabad and Bangalore. Through its subsidiaries Tecpro International FZE in Dubai, UAE and Tecpro Systems (Singapore) Pte in Singapore and marketing office in Johannesburg, South Africa, it caters to the needs of Middle East, South-East Asia and African markets. Tecpro has four manufacturing facilities in India, of which, three are at Bhiwadi, Rajasthan and one at Bawal, Haryana.

This year is special and memorable for the Company since it had a successful listing on the stock exchanges. Through this IPO, Tecpro raised a total of Rs. 2.2 billion and issued 6.25 million shares (12% dilution) at a price of Rs. 355 per share (at Rs. 338 per share to its employees). The Company raised the capital to meet the growing working capital requirement of the business.

The Company has recorded exponential growth over the last few years and given the strong order inflows continuously accruing, it will continue to expand at a rapid pace in the future.

4. Review of Operations

Tecpro has developed in-house manufacturing and design & engineering capabilities with an established track record of executing turnkey projects in the power, steel and cement industries. These capabilities have been the main drivers that give it an edge in executing large projects in areas of material handling solutions, ash handling solutions, BoP and EPC contracts for thermal power projects, in a timely and cost effective manner.



Strategy

The Company is focusing on the opportunities available in the material and ash handling solutions as well as undertaking BoP and EPC contracts in the power sector. The strategy for large projects in the BoP & EPC space will be based on consortium bidding where Tecpro will successfully bid for and jointly execute large projects and build a versatile track record.

The company intends to increase its product range of Material Handling equipments like stacker reclaimers of different sizes and gradually reducing its dependence on external manufacturers and suppliers. This strategy would enable the company to enhance its capability to execute projects in a timely manner and improve profitability.

Going forward, the Company intends to move towards providing more value-added engineering services and improving the manufacturing and project execution capabilities. The Company plans to foray into the supply and commissioning of water treatment plants, coal washeries, port handling operations and other projects in the infrastructure sector. In order to acquire technical expertise in manufacturing such water treatment plants, cooling towers or coal washeries, the company may enter into technical collaborations or strategic tie-ups with international companies with advanced manufacturing technologies or acquire existing companies with such technical expertise.

Order Booking for 2010-11

During the year under review the Company bagged two prestigious orders from APGENCO worth Rs. 1,978 crore for Rayalaseema Thermal Power Project Stage IV (1x600 MW) and Kakatiya Thermal Power Project – Stage II (1x600 MW). These orders have signaled its entry as one of the leading players in the BoP space. In addition to these orders, Tecpro also bagged an EPC order worth Rs. 208 crore from Kohinoor Power Private Limited for design, engineering, project management & supply of a 66 MW power plant in Jamshedpur. This order augments its efforts of establishing itself as a major EPC supplier and we will aggressively bid for bigger orders in this space. It has also recently bagged orders worth Rs. 202.97 crore from UltraTech Cement Limited (Aditya Birla Group) for engineering, supply & erection of Waste Heat Recovery based Power Plant at Chhattisgarh and Karnataka and an order worth Rs. 20.82 crore from Shree Cement Limited for engineering, supply & erection of Waste Heat Recovery Boiler for their plant at Rajasthan. The WHR space is being viewed highly optimistically and is expected to show strong traction going forward. The Company has bagged several other orders during the year which are being executed satisfactorily.

Order inflows for the year stood at Rs. 4,353 crore, the highest the Company has ever recorded. The order book position for the Company is very strong and the order backlog as on March 31, 2011 stood at Rs. 4,371 crore which provides good revenue visibility for the next few years and we are very positive of winning new orders on a timely basis. BoP contributed 48%, while Material Handling and Ash handling segments accounted for 43% and 9% respectively of the total order backlog.

New Initiatives

The Company has entered into a collaboration with Nanjing Triumph Kaineng Environment and Energy Co. Limited (NTK) of China for Waste Heat Recovery (WHR) power projects. WHR is new concept to the Indian Cement Industry, wherein the exhaust gases produced during production of cement are used as fuel to produce power. Hence, this model of alternative energy for cement plants can generate between 2-25 MW of power. Tecpro recently bagged orders worth Rs. 224 crores in WHR, including the design, engineering and supply of equipment & machines for a WHR-based power plant for Ultratech Cement. This plant is likely to have a 13.85 MW net power generation capacity.

The company also entered into a License Agreement with Pneuplan Oy of Finland to undertake projects involving Dense Phase Pneumatic Conveying for Fly Ash & Allied Materials. Pneuplan has agreed to give exclusive rights to Tecpro to use the technology for Pneumatic Extraction and Conveying Systems developed or to be developed by Pneuplan including the information required for design and selection, as well as technical know-how & drawings required to manufacture specialized products, provide information and assistance for the manufacture and testing of Dense Phase Pneumatic Conveying System.

Technology tie-ups like these provide the Company with the competitive edge and reduce R&D costs and time, to market for new technologies. Over the years Tecpro has acquired the ability to offer comprehensive solutions, and earned a reputation for accomplishing varied projects in a timely and cost effective manner through its extensive application knowledge and technology.

5. Financial Review

Tecpro has witnessed a robust revenue growth year on year over the last few years. Tecpro intends to maintain the current momentum going forward. The consistent growth in the order book position is a result of the company's performance track record and ability to successfully market services to the existing and new clients. In line with the industry trend, the revenues of Tecpro are skewed towards the last quarter as a significant portion of the revenues are recognized in the last quarter of the financial year. This is in line with the accounting practices that are set, and the apportionment of indirect overheads, which are proportionately low during last quarter, so profitability is high in the last quarter hence, it is best to monitor the Company's business on an annual basis. The financial highlights for financial year 2010-11 are as follows:

- The total revenues during the year stood at Rs. 1,985.73 crore, registering a growth of 35%
- EBITDA was at Rs. 300.70 crore, up 52%
- Profit After Tax for the year stood at Rs. 136.20 crore, up 24%

6. Outlook

The Government of India is taking steps to increase investments in the infrastructure sector which will start showing results in the near future. Once the economy overcomes the temporary hurdles of rising inflation and political instability, the private sector players are likely to come forward with their plans of investment. With the Government's focus and sustained budgetary allocation backed by increased funding by international and multilateral development financial institutions, the long term prospects for the infrastructure industry looks promising. Drivers like power projects, other infrastructure development activities, industrial growth and favorable policy regulations will drive growth in this industry. As global export markets open up, this will help India develop a strong presence in exports. Power sector is the largest contributor to our revenues. Going forward, with the Government clearing the blue print for adding 100,000 MW in the Twelfth five-year plan, there is high growth potential for companies operating in the BoP and EPC space. Emerging trends such as outsourcing of engineering services can provide new opportunities for quantum growth. Also, an improving economic scenario, continued government focus on infrastructure investment and pick-up in private capex augurs well for companies providing Material Handling solutions for the core sectors of the economy.

Tecpro has high-end engineering skills and a leading edge across all its service offerings. The Company has also forayed into the niche WHR segment in which there are only a few players present. The prospects for the sector look very encouraging and Tecpro Systems is expected to bag more business in this space.

With the industry showcasing high growth potential in the coming years, Tecpro is well poised to exploit its internal strengths, carry out its ambitious expansion plans and focus its presence in the power sector. There has been a continuous growth in the order book position over the past few years and the Company's aggressive bidding approach to book new orders, effective and timely execution of awarded orders ensure that the Company is well placed to demonstrate high growth in the years to come and strengthen its leadership position in the Indian infrastructure space.

7. Strengths, Opportunities & Threats

Strengths

- Robust order book position
- Presence across all service verticals ranging from Material Handling Systems, Coal & Ash Handling Systems, BoP as well as EPC and occupying leadership position in the Coal & Ash Handling vertical
- Experienced project management team, capable of executing large projects
- Technology tie-ups with International Players provide competitive edge

Opportunities

- Huge opportunities in BoP space
- Entry into WHR space

Threats

- Rising commodity prices
- Increase in interest rates
- Shortage of coal and decrease in merchant power prices are cause of concern for new power plants

8. Risks and concerns

The nature of our business is such that it is subject to certain risks at various stages. Some of the critical risks faced may be an increase in prices of raw material, steel, cement and other items, and delays at construction sites due to unforeseen circumstances, all resulting in an escalation of project costs. Moreover, the prevailing macroeconomic environment and position of the Indian financial markets also have a material effect on the Company's business and financial performance. Tecpro's risk identification and assessment process is dynamic and the strategies we have in place help manage and mitigate risks that can hamper our future performance.

9. Adequacy of Internal Control System

The Company has well-equipped and operative internal control systems in place. These stringent and comprehensive controls that we have put in place ensure the optimal and efficient utilization of resources making sure that the assets and interests of the Company are safeguarded, transactions are authorized, recorded and properly reported, and reliability and correctness of accounting data is ensured with checks and balances. An extensive program of internal audits and regular reviews by the Audit Committee is carried out to ensure compliance with the best practices.

10. Human resources

Human resource is one of the major and important assets of Tecpro. The combined efforts of our employees at all levels have always been the driving force in the growth of the Company. Over the years the Company has been able to build a team of qualified and dedicated professionals. The working atmosphere gives them a sense of ownership while encouraging them to shoulder greater responsibilities. As of March 31, 2011 the talent count for the company stood at 1,329 as compared to 1,157 as on March 31, 2010. The company plans to further increase the manpower during the current year realizing the importance of technical and functional expertise in keeping pace with its exponential growth in projects and operating assets. The management team comprises of industry veterans whose experience and relationships have enabled the Company to enhance its operating capabilities, improve quality of its services and facilitate & support its clients which eventually leads to business augmentation.



ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11

Company's policies on the Corporate Governance and compliance report on specific areas wherever applicable for the financial year ended March 31, 2011 are given hereunder :-

I. Company's Philosophy on Corporate Governance

The Company is committed to maintain the highest level of accountability, integrity and transparency in its operation so as to protect the interest of stakeholders of the Company. Tecpro Systems Limited believes that good corporate governance with transparency can ensure better understanding between Board, management and stakeholders resulting in the mutual growth of the Company and stakeholders.

II. Board of Directors

The Board of Directors of the Company comprises of twelve directors. The Company has Executive Chairman and number of independent directors is fifty percent of the total number of directors on the Board as per the requirement of the listing agreement. During the financial year 2010-11, four Board Meetings were held on April 2, 2010, July 14, 2010, November 10, 2010 and February 9, 2011.

(a) The Composition of Board of Directors and other details are as follows:

Name of Director	Category of Directors	No. of Board meetings attended during Financial Year 2010-11	Whether attended the last AGM held on September 18, 2010	Number of other Directorships held	Number of other Board Committee(s) in which the Director#	
					is a member	is a Chair-person
Mr. Ajay Kumar Bishnoi-CMD	Promoter-Executive	4	No	11	1	Nil
Mr. Amul Gabrani-VCMD	Promoter-Executive	4	Yes	13	1	1
Mr. Arvind Kumar Bishnoi-WTD	Promoter-Executive	1	No	5	Nil	Nil
Mr. Aditya Gabrani-WTD*	Promoter-Executive	1	No	7	Nil	Nil
Mr. Amar Banerjee-WTD**	Professional-Executive	3	No	Nil	Nil	Nil
Mr. Achal Ghai	Non-Independent-Non-Executive	2	No	6	Nil	Nil
Mr. Suresh Kumar Goenka	Independent-Non-Executive	4	Yes	2	Nil	Nil
Mr. Brij Bhushan Kathuria	Independent-Non-Executive	2	No	8	Nil	Nil
Mr. Satvinder Jeet Singh Sodhi	Independent-Non-Executive	3	No	1	Nil	Nil
Mr. Anunay Kumar	Independent-Non-Executive	4	No	2	Nil	Nil
Mr. Sakti Kumar Banerjee	Independent-Non-Executive	4	No	3	Nil	Nil
Mr. Subrata Kumar Mitra	Independent-Non-Executive	3	No	13	3	1

* Mr. Aditya Gabrani was appointed as the director in casual vacancy caused due to resignation of Dr. Goldie Gabrani, Whole-time Director w.e.f. November 10, 2010.

** Re-appointed as Whole-time Director for a period of two years with effect from April 1, 2011.

Only Audit Committee and Shareholders' Grievance Committee have been taken into consideration for this purpose and further it excludes membership/chairmanship in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

CMD: Chairman & Managing Director, VCMD: Vice Chairman & Managing Director, WTD: Whole-time Director.

Except Mr. Arvind Kumar Bishnoi, who is son of Mr. Ajay Kumar Bishnoi, Chairman & Managing Director and Mr. Aditya Gabrani, who is son of Mr. Amul Gabrani, Vice-Chairman & Managing Director of the Company, no director is related to any other Director on the Board in terms of the provisions of Companies Act, 1956.

- (b) Details of remuneration paid to Non-Executive Independent Directors during the Financial Year 2010-11 and the number of shares held as on March 31, 2011:

Name of the Directors	Sitting fees paid during the year (in Rupees)	Number of shares held as on March 31, 2011
Mr. Suresh Kumar Goenka	80,000	5,301
Mr. Brij Bhushan Kathuria	40,000	3,000
Mr. Satvinder Jeet Singh Sodhi	60,000	Nil
Mr. Anunay Kumar	80,000	Nil
Mr. Sakti Kumar Banerjee	80,000	Nil
Mr. Subrata Kumar Mitra	60,000	302

None of the non-executive Directors receive any remuneration apart from the sitting fees for meetings attended by him.

- (c) Details of remuneration of the Executive directors:

Name of the Executive Director	Designation	Remuneration* (Amount in Rs.)
Mr. Ajay Kumar Bishnoi	Chairman & Managing Director	8,38,71,996
Mr. Amul Gabrani	Vice Chairman & Managing Director	8,38,71,996
Mr. Arvind Kumar Bishnoi	Whole-time Director	1,25,06,004
Mr. Aditya Gabrani**	Whole-time Director	48,98,185
Mr. Amar Banerjee	Whole-time Director	66,12,000
Dr. Goldie Gabrani**	Whole-time Director	76,07,819

*the remuneration includes contribution to Provident fund and superannuation fund.

**Dr. Goldie Gabrani resigned on November 10, 2010 and Mr. Aditya Gabrani was appointed as director in casual vacancy caused due to her resignation.

- (d) Code of conduct:

The Board of Directors has adopted a Code of Conduct applicable to all Directors and senior management employees of the Company. The code is available on the Company's website. The Company has obtained declarations from all its directors and senior management employees affirming compliance with the Code of Conduct. The declaration by Mr. Ajay Kumar Bishnoi, Chairman & Managing Director as per clause 49(I)(d) of the Listing Agreement is attached to this Corporate Governance report.

III. Audit Committee

- (a) The Audit Committee constituted by the Board of Directors consists of the following members:

1. Mr. Suresh Kumar Goenka, Chairman;
2. Mr. Satvinder Jeet Singh Sodhi;
3. Mr. Brij Bhushan Kathuria; and
4. Mr. Amul Gabrani.

All the members of the Audit Committee except Mr. Amul Gabrani are Non-executive Directors. All the members of Audit Committee are financially literate and have expertise in accounting and related financial management matters.

During the financial year, the Audit Committee Meetings were held on April 2, 2010, July 14, 2010, November 10, 2010 and February 9, 2011. The attendance of each Audit Committee member was as under:

Name of the Audit Committee Member	Number of meetings attended
Mr. Suresh Kumar Goenka, Chairman	4
Mr. Satvinder Jeet Singh Sodhi	3
Mr. Brij Bhushan Kathuria	2
Mr. Amul Gabrani	4



- (b) At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors, Chief Financial Officer and Company Secretary who is acting as Secretary to the Audit Committee also attend the Audit Committee Meeting to respond to queries raised at the committee meetings.
- (c) The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

IV. Shareholders' Grievance Committee

The Board has formed a Shareholders' Grievance Committee in terms of Clause 49 of the Listing Agreement consisting of the following members:

1. Mr. Brij Bhushan Kathuria, Chairman;
2. Mr. Amul Gabrani; and
3. Mr. Aditya Gabrani.

The Shareholders' Grievance Committee of the Company met five times during the year on September 17, 2010, October 6, 2010, December 31, 2010, January 12, 2011 and March 1, 2011. The attendance of the members of the Shareholders' Grievance Committee was as follows:

Name of Shareholders' Grievance Committee Member	Number of meetings attended
Mr. Brij Bhushan Kathuria, Chairman	2
Mr. Amul Gabrani	5
Mr. Aditya Gabrani*	3

*Mr. Aditya Gabrani joined the Board and Shareholders' Grievance Committee w.e.f. November 10, 2010 and Dr. Goldie Gabrani who was the member of Shareholders' Grievance Committee resigned w.e.f. November 10, 2010 and attended two meetings during financial year 2010-11.

Name, designation & address of Compliance Officer:

Mr. Pankaj Tandon,
GM (Corp. Affairs) & Company Secretary
Tecpro Systems Limited
202-204, Pacific Square
Sector-15, Part-II
Gurgaon-122001, Haryana
Tel No. : 0124-4343100
Fax No. : 0124-4343243
Email ID : pankajtandon@tecprosystems.com

Investors' Grievances

The following table shows the complaints received from shareholders during 2010-11 (effective from the date of listing of the Company i.e. October 12, 2010 till March 31, 2011).

Pending as on October 12, 2010, the date of listing	Received during the year	Replied/resolved during the year	Pending as on March 31, 2011
Nil	657	657	Nil

Investors' complaints are redressed within thirty days from their lodgment. The Company confirms that there were no share transfers pending as on March 31, 2011.

V. Other Board Committees

a) Committee of Directors

The Committee of Directors consists of the following members:

1. Mr. Ajay Kumar Bishnoi;
2. Mr. Amul Gabrani;
3. Mr. Arvind Kumar Bishnoi;
4. Mr. Aditya Gabrani; and
5. Mr. Amar Banerjee.

During the year, 24 meetings of Committee of Directors were held on April 2, 2010, April 21, 2010, April 23, 2010, May 11, 2010, May 24, 2010, June 24, 2010, July 23, 2010, August 7, 2010, August 25, 2010, August 30, 2010, September 7, 2010, September 15, 2010, September 18, 2010, September 22, 2010, September 29, 2010, October 8, 2010, October 29, 2010, November 10, 2010, December 7, 2010, December 30, 2010, February 9, 2011, February 28, 2011, March 15, 2011 and March 29, 2011.

The attendance for each of the members at the Committee of Directors' Meetings during the year ended on 31 March 2011 was as under:

Name of the Directors	Number of Committee of Directors' Meetings attended
Mr. Ajay Kumar Bishnoi	15
Mr. Amul Gabrani	22
Mr. Arvind Kumar Bishnoi	11
Mr. Aditya Gabrani*	4
Mr. Amar Banerjee**	1

*Mr. Aditya Gabrani joined the Board and Committee of Directors w.e.f. November 10, 2010 and Dr. Goldie Gabrani who was earlier the member of Committee of Directors resigned w.e.f. November 10, 2010 and attended 13 meetings during her tenure.

**The Committee of Directors was re-constituted on February 09, 2011 and Mr. Amar Banerjee was inducted as member of the Committee.

VI. Subsidiary Companies

The Company has the following subsidiaries:

- Tecpro Trema Limited;
- Tecpro Energy Limited;
- Ajmer Waste Processing Company Private Limited;
- Bikaner Waste Processing Company Private Limited;
- Microbase Infosolution Private Limited;
- Tecpro Systems (Singapore) Pte. Limited; and
- Tecpro International FZE

None of the Indian Subsidiary is a material non listed Indian Subsidiary in terms of Clause 49 (III) of the Listing Agreement hence the Company does not have its representation on the Board of any of its Indian Subsidiaries.

VII. General Body Meetings

(a) The details of Annual General Meetings (AGMs) held in the last three years are as under:-

AGM	Day	Date	Time	Venue
18th	Saturday	27.09.2008	10.30 a.m.	Radisson Hotel, Mahipalpur, New Delhi 110037
19th	Wednesday	26.08.2009	11.00 a.m.	Radisson Hotel, Mahipalpur, New Delhi 110037
20th	Saturday	18.09.2010	11.00 a.m.	Radisson Hotel, Mahipalpur, New Delhi 110037

(b) The details of special resolutions passed in the previous 3 AGMs are given hereunder:

Date	Matter
27.09.2008	Make loan, investment or provide security or guarantee to Tecpro Trema Limited, subsidiary of the Company in accordance with Section 372A and all other applicable provisions, if any, of the Companies Act, 1956.

None of the resolution has been passed by Postal Ballot since the listing of securities of the Company on October 12, 2010 till the financial year ended March 31, 2011.

Following two special resolutions are proposed to be passed through postal ballot:

- Alteration of the Object Clause of the Memorandum of Association of the Company; and
- Appointment of Mr. Aditya Gabrani as a Whole-time Director.

Results of the postal ballot process will be declared on July 13, 2011.

VIII. Disclosures

- All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis.



2. There has been no documented whistle blower policy however no personnel has been denied access to the audit committee.
3. All mandatory required Accounting Standards have been followed in preparation of financial statements and no deviation has been made in following the same.
4. Risk assessment and its minimization procedures have been laid down by the Company and the same have been informed to Board Members. These procedures would be periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
5. There are no instances of non-compliance by the Company or strictures imposed by Stock Exchanges, SEBI or any other regulatory authority on any matter related to capital markets, during the last three years.
6. Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.
7. As of now, the Company is not complying with the Non-mandatory requirements mentioned in Annexure-ID of Clause 49 of the Listing Agreement.

IX. Means of Communication

The financial results of the Company pursuant to clause 41 of the Listing Agreement are generally published in Economic Times and Business Standard (in English) and Navbharat Times (in Hindi) and also displayed on the website of the Company www.tecprosystems.com shortly after its submission to the Stock Exchanges. Any press release or significant event is first intimated to the Stock Exchanges and then posted on the website of the Company. Presentations are made available to institutional investors/research analysts on their specific request(s), if any.

X. General Shareholder information

(a) Details of Directors seeking appointment or reappointment at the ensuing Annual General Meeting are given as hereunder:

Particulars	Reappointment	Reappointment	Reappointment
Name of Director	Mr. Anunay Kumar	Mr. Satvinder Jeet Singh Sodhi	Mr. Suresh Kumar Goenka
Date of initial appointment	June 20, 2007	June 20, 2007	July 26, 2006
Brief resume and expertise in specific functional area	An independent director, aged about 65 years, holds a bachelor's degree in mechanical engineering from the University of Ranchi and also holds a diploma in management from the All India Management Association, New Delhi. He has more than 43 years of work experience in the steel industry in India and abroad. In the past he has been associated with various companies such as, Mecon Limited and retired as its director (technology) in 2004.	An Independent director, aged about 57 years, holds a bachelor's degree in commerce and is a management accountant, chartered accountant, and a law graduate from University of Delhi. He has served as a civil service officer and in the past has held various senior key positions in government departments. He also served as the joint commissioner of industries, general manager - Delhi Finance Corporation and the chief executive officer of certain public sector enterprises. He earlier worked as the executive director of the Delhi Stock Exchange and has also been associated with committees of various ministries.	An Independent director, aged about 53 years, holds a bachelor's degree in commerce and is a chartered accountant. He has more than 25 years of experience in legal, financial, taxation and other commercial matters in India and abroad. In the past he has been associated with Price Waterhouse & Co. Presently, he is pursuing his own practice in Goenka Suresh & Associates.

Particulars	Reappointment	Reappointment	Reappointment
List of other Directorship held	1. JSW Aluminium Limited 2. DESCON Limited	Managing Director, HS Healthcare Private Limited	1. Midas Touch Health Care Private Limited 2. Tecpro Engineers Private Limited
Chairman or Member of the Committees of the Board of other companies in which he is a Director	Nil	Nil	Nil
Shareholding in the Company in case of Non-executive Director	Nil	Nil	5301

(b) Annual General meeting to be held:

Day : Monday

Date : August 8, 2011

Time : 10 : 00 a.m.

Venue : Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalyaya No. 2, APS Colony, Delhi Cantt., Delhi-110010.

(c) Financial Year : April to March

(d) Period of Book Closure: July 30,2011 to August 8,2011 (both days inclusive)

(e) Dividend payment date: before September 6, 2011

(f) Listing on Stock Exchanges:

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f. October 12, 2010 and listing fees for the financial year 2011-12 have been paid to the above Stock Exchanges.

Stock Codes:

Bombay Stock Exchange: 533266

National Stock Exchange: TECPRO

International Securities Identification Number (ISIN): INE904H01010

(g) Market Price Data:

The details of monthly highest and lowest closing price of the Equity Shares of the Company and its comparison to broad based indices Sensex (BSE) and Nifty (NSE) during financial year 2010-11 are as under:

Month & Year	BSE - Tecpro Systems Limited		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
October, 2010	407.85	365.10	20687.88	19872.15
November, 2010	425.50	376.95	21004.96	19136.61
December, 2010	394.50	364.25	20509.09	19242.36
January, 2011	383.10	320.20	20561.05	18327.76
February, 2011	321.10	281.25	18506.82	17463.04
March, 2011	288.90	233.95	19445.22	17839.05
Month & Year	NSE - Tecpro Systems Limited		Nifty	
	High (Rs.)	Low (Rs.)	High	Low
October, 2010	406.50	364.80	6233.90	5982.10
November, 2010	424.55	377.45	6312.45	5751.95
December, 2010	395.15	363.55	6134.50	5766.50
January, 2011	384.70	318.65	6157.60	5505.90
February, 2011	322.95	284.05	5546.45	5225.80
March, 2011	288.75	233.90	5833.75	5364.75



(h) Registrar and Share Transfer Agent:

Link Intime India Private Limited
A-40, Naraina Industrial Area
Phase-II, 2nd Floor, New Delhi-110 028
Contact Person: Mr. V. M. Joshi
Tel No.: 011-41410592/93/94
Fax No.: 011-41410591

Shareholders are requested to correspond with the Registrar and Share Transfer Agent for transfer/transmission of shares, demat, remat, change of address, all queries pertaining to their shareholding, dividend etc. at the address given above.

(i) Share Transfer System:

The transfer of shares is approved within the stipulated time subject to the receipt of all the documents required for transfer. The Board of Directors has given the authority to Shareholders' Grievance Committee to approve the registration of transfer of shares so as to expedite the transfer process.

(j) Distribution of Shareholding as on March 31, 2011:

No of Shares	No. of holders	% of total holders	No. of shares	% of total shares
Up to 500	27,129	98.37	9,74,971	1.93
501-1000	176	0.64	1,36,894	0.27
1001-2000	95	0.34	1,38,503	0.27
2001-3000	45	0.16	1,13,498	0.22
3001-4000	22	0.08	79,713	0.16
4001-5000	18	0.07	85,441	0.17
5001-10000	25	0.09	1,94,720	0.39
10001 and above	68	0.25	4,87,50,051	96.59
Total	27,578	100.00	5,04,73,791	100.00

(k) Pattern of Shareholding as on March 31, 2011:

Sl. No.	Category	No. of Holders	No. of Shares
1	Promoters	13	2,65,47,540
2	Mutual Fund/UTI	23	35,09,019
3	Financial Institutions/Banks	1	13,000
4	Venture Capital Funds	1	7,05,557
5	Foreign Institutional Investors	17	1,08,83,870
6	Foreign Venture Capital Investors	1	51,69,147
7	Bodies Corporate	333	6,65,150
8	Resident Shareholders	25,202	14,82,449
9	Trust	5	11,102
10	HUF	1,576	71,135
11	NRI	338	14,00,416
12	Clearing Member	68	15,406
Total		27,578	5,04,73,791

(l) Dematerialization of Shares:

As on 31st March, 2011, 4,65,71,181 shares of the Company's total shares representing 92.27% shares were held in dematerialized form and the balance 7.73% shares representing 39,02,610 shares were in physical form.

(m) Plant Locations:

The Company has its manufacturing units at the following locations:

1. Plot No. 2,3,4,25,26 and 27, Sector-7, HSIIDC Growth Center, Bawal, Haryana;
2. SP-496-497, RIICO, Bhiwadi, Rajasthan;
3. E-928, RIICO Industrial Area, Bhiwadi, Rajasthan;
4. A-98, RIICO Industrial Area, Bhiwadi, Rajasthan.

Besides the manufacturing activities at the above locations, the Company's project execution activities are undertaken at the location of the clients.

(n) Address of Correspondence:

The Company's Registered Office is situated at 106, Vishwadeep Tower, Plot No. 4, District Centre, Janakpuri, New Delhi-110058

XI. Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is given as Annexure to this report.

DECLARATION BY CEO UNDER CLAUSE 49(1)(D)(ii) OF THE LISTING AGREEMENT

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, as approved by the Board, for the year ended March 31, 2011.

Place : Gurgaon
Date : May 25, 2011

Sd/-
Ajay Kumar Bishnoi
Chairman & Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Tecpro Systems Limited

We have examined the compliance of conditions of Corporate Governance by Tecpro Systems Limited ("the Company") for the year ended 31 March 2011, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For B S R & Co.
Chartered Accountants
Firm Registration No. 101248W

Place : Gurgaon
Date : 25 May 2011

Sd/-
Vikram Advani
Partner
Membership No. 091765



Auditors' Report

To the Members of
Tecpro Systems Limited

We have audited the attached Balance Sheet of Tecpro Systems Limited ('the Company') as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report

are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- (e) on the basis of the written representations received from the Directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BSR & Co.**
Chartered Accountants
Registration no. 101248W

Sd/-
Vikram Advani
Partner

Place : Gurgaon
Date : 25 May, 2011

Membership No. 091765

Annexure to the Auditors' Report

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the Company has physically verified its fixed assets during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) Inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) In our opinion, the procedures for the physical verification of inventories and of seeking confirmation for stocks lying with third parties followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) The Company has during the year, taken unsecured interest free loan repayable on demand, from 3 companies and a director (other party) covered in the register maintained under Section 301 of the Companies Act, 1956. There are no firms covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum loan amount outstanding during the year from the 3 companies was Rs. 46,376,271, Rs. 20,000,000 and Rs. 5,785,134 respectively. The maximum loan amount outstanding during the year from the director was Rs. 25,000,000. The year end balances of such loans is Rs. Nil.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken by the Company from a director and 3 companies as mentioned in (iii)(a) above, are not, prima facie, prejudicial to the interest of the Company.
- (c) As mentioned in para (iii)(a) above, there are no stipulations on repayment of principal as the interest free loans are repayable on demand. Hence, we are unable to comment on the regularity of payment of principal and the over due amount, if any, due to the companies/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (d) According to the information and explanations given to us, 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.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for (i) sale of certain goods which are for the specialised requirements of the buyer and for which suitable alternative sources are not available to obtain comparable quotations and (ii) purchases of certain goods and services which are for the specialised requirements of the Company and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.



- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income tax, Provident Fund, Employees' State Insurance, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, *except, there were certain instances of delay in depositing undisputed service tax dues, professional tax dues and income tax dues during the year. As explained to us, the*

Company did not have any dues on account of Investor Education and Protection Fund.

There were no dues on account of cess payable under section 441A of the Companies Act, 1956, since the aforesaid provisions have not yet been made effective.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2011 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 Wealth tax, Excise duty, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income tax, Sales tax and Service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount* (Rs.)	Period to which amount relates	Forum where dispute is pending
Central Sales tax Act, 1956	Sales tax	12,406,839 4,951,545	1 April 2001 to 31 March 2002 1 April 2002 to 31 March 2003	Joint Commissioner of Sales tax (Appeals), Pune Joint Commissioner of Sales tax (Appeals), Pune
Central Sales tax Act, 1956	Sales tax	581,000 2,025,000	1 April 2001 to 31 March 2002 1 April 2000 to 31 March 2001	Commercial tax Officer, Lucknow Commercial tax Officer, Lucknow
West Bengal Sales Tax Act, 1994	Sales tax	1,404,585	1 April 2005 to 31 March 2006	West Bengal Commercial Taxes Appellate and Revisional board, Kolkata
Central Sales Tax Act, 1956	Sales tax	3,708,448 18,504,809	1 April 2005 to 31 March 2006 1 April 2006 to 31 March 2007	West Bengal Commercial Taxes Appellate and Revisional board, Kolkata West Bengal Commercial Taxes Appellate and Revisional board, Kolkata
West Bengal Sales Tax Act, 1994	Sales tax	1,337,178	1 April 2003 to 31 March 2004	Sales tax Officer Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Sales tax	170,121	1 April 2003 to 31 March 2004	Sales tax Officer Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Sales tax	2,721,156	1 April 2003 to 31 March 2004	Joint Commissioner, Sales tax (Appeals) II, Mumbai
Central Sales Tax Act, 1956	Sales tax	20,162,729	1 April 2009 to 31 March 2010	Rajasthan Tax Board, Ajmer
Central Sales Tax Act, 1956	Sales tax	11,980,347	1 April 2007 to 31 March 2008	Commercial Tax Department, Rajasthan
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	20,408,275	1 April 2006 to 31 March 2009	The Supreme Court of India
Income Tax Act, 1961	Income tax	346,677	1 April 2007 to 31 March 2008	Commissioner of Income Tax (Appeals), New Delhi
Chapter V of the Finance Act, 1994	Service tax	8,976,817	1 July 2003 to 31 May 2007	Additional Commissioner of Excise

*Net of taxes paid Rs. 21,767,272

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or dues to financial institutions during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to firms/parties/ companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified end use of money raised by public issues as disclosed in the notes to the financial statements.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **B S R & Co.**
Chartered Accountants
Registration no. 101248W

Sd/-
Vikram Advani
Partner
Membership No. 091765

Place : Gurgaon
Date : 25 May, 2011



Balance Sheet as at 31 March 2011

(All amounts are in Rupees)

	Schedule No.	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
<i>Shareholders' funds</i>			
Share capital	1	504,737,910	442,237,910
Reserves and surplus	2	6,278,750,720	3,079,558,758
		<u>6,783,488,630</u>	<u>3,521,796,668</u>
<i>Loan funds</i>			
Secured loans	3(a)	7,468,616,229	4,857,932,574
Unsecured loans	3(b)	-	10,003,014
		<u>7,468,616,229</u>	<u>4,867,935,588</u>
		<u>14,252,104,859</u>	<u>8,389,732,256</u>
APPLICATION OF FUNDS			
<i>Fixed assets</i>			
Gross block	5	1,608,614,467	1,396,754,413
Less: Accumulated depreciation		280,488,205	188,414,550
Net block		<u>1,328,126,262</u>	<u>1,208,339,863</u>
Capital work in progress (including capital advances)		283,748,947	110,060,334
		<u>1,611,875,209</u>	<u>1,318,400,197</u>
<i>Investments</i>	6	369,610,450	94,180,942
<i>Deferred tax assets (net)</i>	4	25,797,905	11,911,362
<i>Current assets, loans and advances</i>			
Inventories	7(a)	1,398,938,588	1,061,457,195
Sundry debtors	7(b)	14,073,387,665	9,175,852,251
Cash and bank balances	7(c)	2,991,576,486	1,820,127,762
Loans and advances	7(d)	1,363,321,675	741,097,312
Other current assets	7(e)	3,570,688,125	1,985,401,688
		<u>23,397,912,539</u>	<u>14,783,936,208</u>
<i>Less: Current liabilities and provisions</i>			
Current liabilities	8	10,623,745,702	7,374,202,681
Provisions		529,345,542	444,493,772
		<u>11,153,091,244</u>	<u>7,818,696,453</u>
Net current assets/(liabilities)		<u>12,244,821,295</u>	<u>6,965,239,755</u>
		<u>14,252,104,859</u>	<u>8,389,732,256</u>
Significant accounting policies and notes to the accounts	14		

The accompanying schedules form an integral part of the financial statements

As per our report attached

For **B S R & Co.**
Chartered Accountants
Registration no. 101248W

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Vikram Advani
Partner
Membership No.: 091765

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing Director

Sd/-
Amul Gabrani
Vice Chairman &
Managing Director

Sd/-
Pankaj Tandon
Company Secretary

Place : Gurgaon
Date : 25 May 2011

Place : Gurgaon
Date : 25 May 2011

Profit and Loss Account for the year ended 31 March 2011

(All amounts are in Rupees)

	Schedule No.	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Contract revenue		10,817,804,433	6,311,780,091
Sales		7,789,999,305	7,894,706,748
Less: Excise duty		202,073,104	181,946,017
Net sales		7,587,926,201	7,712,760,731
Service income		1,278,615,455	524,734,657
Other income	9	171,926,166	209,168,987
TOTAL INCOME		19,856,272,255	14,758,444,466
EXPENDITURE			
Cost of goods sold	10	14,486,302,976	10,876,290,606
Personnel costs	11	913,077,226	628,280,885
Administrative and selling expenses	12	1,022,936,946	782,809,876
Finance charges	13	1,230,967,991	714,272,178
Depreciation and amortisation	5	102,785,637	73,282,751
TOTAL EXPENDITURE		17,756,070,776	13,074,936,296
Profit before taxes		2,100,201,479	1,683,508,170
Provision for taxation:			
- Income tax for current year		744,500,000	600,000,000
- Income tax for prior years		7,652,328	4,434,238
- Deferred tax charge/(credit)	4	(13,886,543)	(17,442,464)
- Fringe benefit tax for prior year		(303,626)	66,795
Profit after taxes		1,362,239,320	1,096,449,601
Profit /(Loss) brought forward of the transferor company for the year ended 31 March 2009 (Refer note 2 (g) of schedule 14)		-	2,099,218
Adjustment in profit and (loss) account on amalgamation (Refer note 2 (f) of schedule 14)		-	(13,079,721)
Balance brought forward		1,252,582,379	431,977,114
Profit available for appropriation		2,614,821,699	1,517,446,212
Appropriations :			
- Proposed dividend		151,421,373	132,671,373
- Proposed dividend tax		24,564,332	22,547,500
- Transfer to general reserve		136,223,932	109,644,960
Profit and loss account balance carried forward to Schedule of Reserves and surplus		2,302,612,062	1,252,582,379
Earnings per share at face value Rs. 10 each :	14(16)		
Basic		28.85	25.22
Diluted		28.85	25.19
Significant accounting policies and notes to the accounts	14		

The accompanying schedules form an integral part of the financial statements

As per our report attached

For **B S R & Co.**
Chartered Accountants
Registration no. 101248W

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Vikram Advani
Partner
Membership No.: 091765

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing Director

Sd/-
Amul Gabrani
Vice Chairman &
Managing Director

Sd/-
Pankaj Tandon
Company Secretary

Place : Gurgaon
Date : 25 May 2011

Place : Gurgaon
Date : 25 May 2011



Cash Flow Statement for the year ended 31 March 2011

(All amounts are in Rupees)

	For the year ended 31 March 2011	For the year ended 31 March 2010
A Cash flow from operating activities		
Net profit before tax	2,100,201,479	1,683,508,170
Adjustments for:		
Depreciation and amortisation	102,785,637	73,282,751
Miscellaneous expenses written off	-	525,000
Profit on sale of fixed assets	(6,027)	-
Loss on sale of fixed assets	1,424,634	288,601
Dividend income	(776,369)	(41,141)
Interest income	(121,119,024)	(126,136,472)
Finance charges	1,230,967,991	714,272,178
Investment written off	-	6,450,000
Bad debts written off	33,703,375	35,380,865
Provisions written back	(12,086,160)	(10,853,784)
Creditor balances written back	-	(3,634,997)
Provision for estimated losses on contract in progress	-	9,642,000
Provision for estimated losses on contract in progress written back	(5,984,000)	-
Provision for bad and doubtful debts	90,000,000	8,719,054
Fixed assets written off	1,706,768	897,920
<i>Operating profit before working capital changes</i>	<u>3,420,818,305</u>	<u>2,392,300,145</u>
Decrease/ (Increase) in working capital		
(Increase)/Decrease in inventories	(337,481,393)	(226,748,610)
(Increase)/Decrease in sundry debtors	(5,021,238,790)	(3,688,600,169)
(Increase)/Decrease in loans and advances	(424,681,134)	(361,183,031)
(Increase)/Decrease in other current assets	(1,585,659,914)	(1,607,920,889)
Increase/(Decrease) in current liabilities and provisions	3,277,898,637	2,119,644,343
<i>Cash generated from operations</i>	<u>(670,344,290)</u>	<u>(1,372,508,211)</u>
Direct taxes paid	(694,060,984)	(626,295,981)
Direct taxes refund	5,780,387	651,468
Fringe benefit tax paid	303,626	(263,935)
Net cash (used in) / generated from operating activities	<u>(1,358,321,261)</u>	<u>(1,998,416,659)</u>
B Cash flow from investing activities		
Sale of fixed assets	2,292,634	493,332
Purchase of fixed and intangible assets	(402,679,792)	(433,656,488)
Investment in subsidiaries	(195,352,049)	(49,429,275)
Purchase of investments - others	(45,000,000)	-
Advance for share purchases	-	(35,000,000)
Share application money pending allotment	-	(563,210)
Dividend received	776,369	41,141
Interest received	121,492,501	135,468,643
Net cash used in investing activities	<u>(518,470,337)</u>	<u>(382,645,857)</u>

Cash Flow Statement (Contd..)

(All amounts are in Rupees)

	For the year ended 31 March 2011	For the year ended 31 March 2010
C Cash flows from financing activities		
Issue of equity share capital	62,500,000	90,272,000
Share premium received on issue of equity share capital	2,155,111,935	-
Loans/advances to subsidiaries	(148,389,277)	(4,269,522)
Loans/advances from subsidiaries	-	1,670,708
Net movement in long-term borrowings	(121,922,980)	674,592,586
Share issue expenses	(141,172,454)	(3,666,987)
Net movement in short term borrowings	2,722,603,620	3,056,391,279
Loans received from a director	31,000,000	161,828,000
Repayment of loans to directors	(31,000,000)	(211,428,000)
Loans given to other company	(84,231,411)	-
Loan received from other companies	64,000,000	(371,058,215)
Repayment of loans to other companies	(64,000,000)	369,367,000
Dividend paid	(132,671,373)	(138,487,500)
Preference dividend paid	-	(20,758)
Dividend taxes paid	(22,547,500)	(23,539,479)
Finance charges paid	(1,241,040,238)	(707,914,415)
Net cash (used in) / generating from financing activities	3,048,240,322	2,893,736,697
<i>Net increase in cash and cash equivalents (A+B+C)</i>	1,171,448,725	512,674,181
Cash and cash equivalents at the beginning of the year	1,820,127,762	955,032,500
Cash and cash equivalents acquired on amalgamation*	-	352,421,081
Cash and cash equivalents at the end of the year	2,991,576,486	1,820,127,762
Components of cash and cash equivalents:		
Cash in hand	1,264,604	1,815,847
Balances with scheduled banks:		
- On current accounts	1,643,057,992	144,112,604
- On fixed deposit accounts	1,347,253,890	1,674,199,311
	2,991,576,486	1,820,127,762

* Refer note 2 of schedule 14.

Notes:

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents include Rs. 1,339,494,681 (previous year Rs. 1,137,152,767) on account of margin money deposits which are not available for use by the Company and further include fixed deposit aggregating Rs. Nil (previous year 150,052,521) duly lien marked in favour of the bank, which also is not available for use by the Company.

As per our report attached

For **B S R & Co.**
Chartered Accountants
Registration no. 101248W

Sd/-
Vikram Advani
Partner
Membership No.: 091765

Place : Gurgaon
Date : 25 May 2011

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing Director

Place : Gurgaon
Date : 25 May 2011

Sd/-
Amul Gabrani
Vice Chairman &
Managing Director

Sd/-
Pankaj Tandon
Company Secretary



Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2011		As at 31 March 2010
Schedule 1 : Share capital			
<i>Authorised</i>			
127,900,000 (previous year 127,900,000) equity shares of Rs. 10 each	1,279,000,000		1,279,000,000
	1,279,000,000		1,279,000,000
<i>Issued, subscribed and paid up</i>			
50,473,791 (previous year 44,223,791) equity shares of Rs.10 each fully paid up #	504,737,910		442,237,910
[Of this, 140,000 shares (previous year 140,000 shares) have been allotted as fully paid up pursuant to a contract without payments being received in cash]			
[Of this, 22,437,750 shares (previous year 22,437,750 shares) have been allotted as fully paid up by way of bonus shares out of share premium account]			
[Of this, 16,526,291 shares (previous year 16,526,291 shares) have been allotted as fully paid up pursuant to the scheme of amalgamation] ##			
	504,737,910		442,237,910
# Refer to note 20 of schedule 14			
## Also refer to note 2 (c) of schedule 14			

Schedule 2 : Reserves and surplus

<i>General reserve</i>			
Balance at the beginning of the year	738,170,390		343,187,340
Adjustments on account of amalgamation *	-		285,338,090
Additions during the year	136,223,932	874,394,322	109,644,960
			738,170,390
<i>Capital Reserve</i>			
Balance at the beginning of the year	38,855,552		-
Additions on account of amalgamation *	-	38,855,552	38,855,552
<i>Share premium</i>			
Balance at the beginning of the year	977,868,781		548,837,368
Additions on account of amalgamation *	-		432,698,400
Additions during the year **	2,155,111,935		-
Share issue expenses incurred during the year **	(141,172,454)	2,991,808,262	(3,666,987)
			977,868,781
<i>Revaluation reserve</i>			
Balance at the beginning of the year	72,081,656		-
Additions on account of amalgamation *	-		74,083,924
Utilised during the year 1 April 2008 to 31 March 2009	-		(1,001,134)
Utilised during the current year	(1,001,134)	71,080,522	(1,001,134)
			72,081,656
<i>Profit and loss account</i>			
Balance at the beginning of the year	1,252,582,379		431,977,114
Adjustments on account of amalgamation *	-		(13,079,721)
Transferred from Profit and Loss Account	1,050,029,683	2,302,612,062	833,684,986
		6,278,750,720	1,252,582,379
			3,079,558,758

* Refer to note 2 of schedule 14

** Refer to note 20 of schedule 14

Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2011	As at 31 March 2010
Schedule 3 : Loan funds		
a) Secured loans		
-From banks		
Term loan	738,097,615	874,632,224
Export packing credit	226,627,897	240,795,163
Cash credit	4,624,301,838	1,750,347,487
Short term loans (repayable within one year)	1,123,018,334	250,000,000
Buyer's credit (repayable within one year)	181,938,570	117,250,785
Bills discounting	520,659,779	1,585,546,348
Car loans	8,679,216	5,318,183
-From others		
Car loan	45,292,980	34,042,384
	<u>7,468,616,229</u>	<u>4,857,932,574</u>

Notes:

- 1 Term Loans include loan taken from State Bank of India amounting to Rs. 133,223,215 (previous year Rs. 174,358,251) for office of the Company at Siruseri, Chennai is secured by way of equitable mortgage over the leasehold rights of the Company's land and building constructed thereon for office and also further secured by the current assets of the Company. Amount repayable within a year Rs. 42,372,127 (previous year Rs. 42,707,163).
 - 2 Term Loans include Corporate Loan from State Bank of India amounting to Rs. 280,928,099 (previous year Rs. 400,273,973) for part funding of escalation in cost of construction of Company's office at Siruseri, Chennai and for meeting the working capital requirements and is secured by way of charge on the entire current assets and fixed assets of the Company on a pari passu basis. Amount repayable within a year Rs. 136,688,099 (previous year Rs. 133,713,973).
 - 3 Term loan and Corporate loan from State Bank of India mentioned in note no. 1 and 2 above are also collaterally secured by:
 - a) Hypothecation of movable fixed assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company on pari passu basis.
 - b) Equitable mortgage over (i) certain factory land and buildings located at Bawal, Haryana and Bhiwadi, Rajasthan; (ii) factory land and building located at Bhiwadi, Rajasthan and certain properties located at Kasarwadi, Pune. The properties mentioned in (i) are also mortgaged in favour of other bankers on pari passu basis.
 - c) Corporate loan is further collaterally secured by equitable mortgage over land on which office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.
 - 4 The term loans and facilities from State Bank of India are also secured by corporate guarantee given by Fusion Fittings (I) Limited and pledge of certain shares by certain directors of the Company.
 - 5 Term loans also include loan taken from Yes Bank Limited amounting to Rs. 323,946,301 (previous year Rs. 300,000,000) which is secured by subservient charge on all current assets (present and future) of the Company and pledge of 30% shares held by the Company of its wholly owned subsidiary, Microbase Infosolutions Private Limited. Further, the loan is also secured by corporate guarantee given by Microbase Infosolutions Private Limited. Amount repayable within a year Rs. 163,946,301 (previous year Rs. 80,180,822).
 - 6 Cash credit amounting to Rs. 4,195,943,630 (previous year Rs. 1,234,950,473), export packing credit amounting to Rs. 226,627,897 (previous year Rs. 240,795,163), short term loans amounting to Rs. 360,781,370 (previous year Rs. 250,000,000) and buyers credit amounting to Rs. 181,938,570 (previous year Rs. 117,250,785) are secured by first charge on the current assets of the Company on pari passu basis. The charge on the current assets have further been extended to bills discounting amounting to Rs. 520,659,779 (previous year Rs. 1,585,546,348). Of the above:

Cash credit, short term loans and buyers credit from certain banks are further primarily / collaterally secured by way of hypothecation of moveable fixed assets of the Company on a pari passu basis other than those specifically funded through term loans and charged to State Bank of India and by way of equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company on pari passu basis.
 - 7 Cash credit, short term loans, export packing credit, buyers credit and bills discounting mentioned in note 6 above are further secured by first charge in favour of all the banks under multiple banking arrangement* along with State Bank of India on pari passu basis over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company and further collaterally secured by equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. The properties mentioned in note 1 and 3(b)(ii) are mortgaged exclusively in favour of State Bank of India.
 - 8 Cash credit from banks also include an amount of Rs. 428,358,208 (previous year Rs. 515,397,014) taken by erstwhile Tecpro Ashtech Limited secured by a pari-passu charge on present and future goods, books debts, all other moveable assets, outstanding monies, claims, investments etc. of erstwhile Tecpro Ashtech Limited in terms of the deed of hypothecation and further secured by corporate guarantee given by Fusion Fittings (I) Limited, holding Company of erstwhile Tecpro Ashtech Limited and collaterally secured by hypothecation of movable fixed assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company.
 - 9 Short term loans also include loans taken from IndusInd bank and DBS Bank amounting to Rs. 250,000,000 and Rs. 512,236,964 respectively secured by retention monies receivable from certain debtors of the Company.
 - 10 Car loans are secured by way of hypothecation of the respective vehicles.
 - 11 All the above loans except car loans are also guaranteed by certain directors either by themselves and / or together with a relative of a director.
- * Secured loans mentioned in note 6 and 7 above are under multiple banking arrangement alongwith State Bank of India for which equitable mortgage over the immovable properties belonging to the Company was created on 29 March 2010 by State Bank of India by way of deposit of title deeds and was confirmed by State Bank of India by issue of Memorandum of Entry dated 10 May 2010.

b) Unsecured loans

Short term loans and advances (repayable within one year)		
- From bank	-	10,003,014
	<u>-</u>	<u>10,003,014</u>



Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011

As at
31 March 2010

Schedule 4 : Deferred tax assets (net)

Balance at the beginning of the year	11,911,362		(5,746,282)	
Additions on account of amalgamation *	-		215,180	
Additions/(deletion) during the year	13,886,543	25,797,905	17,442,464	11,911,362
		25,797,905		11,911,362

* Refer to note 2 of schedule 14

Refer to note 18 of schedule 14

Schedule 5 : Fixed assets

Description	Gross block (at cost)					Accumulated depreciation					Net block	
	As at 1 April 2010	Added on Amalga- mation	Additions during the year	Deletions / adjustments during the year	As at 31 March 2011	As at 1 April 2010	Added on Amalga- mation	For the year	Deletions / adjustments during the year	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
		Note 1					Note 1					
Tangible assets												
Freehold land #	14,003,168	-	-	-	14,003,168	-	-	-	-	-	14,003,168	14,003,168
Leasehold land @	140,234,680	-	-	-	140,234,680	6,391,677	-	811,141	(1,001,134)**	8,203,952	132,030,728	133,843,003
Buildings	653,638,705	-	32,896,150	-	686,534,855	26,297,353	-	22,939,958	-	49,237,311	637,297,544	627,341,352
Leasehold Improvement	29,942,653	-	10,783,652	-	40,726,305	13,137,867	-	10,138,492	-	23,276,359	17,449,946	16,804,786
Plant and machinery	298,876,713	-	108,483,274	5,500,815	401,859,172	48,954,115	-	31,603,101	3,550,268	77,006,948	324,852,224	249,922,598
Furniture and fittings	66,462,492	-	4,962,028	1,821,298	69,603,222	23,476,217	-	12,294,791	1,396,738	34,374,270	35,228,952	42,986,275
Vehicles	112,964,188	-	60,836,048	4,707,696	169,092,540	21,466,497	-	12,055,551	1,815,926	31,706,122	137,386,418	91,497,691
Computers	38,036,405	-	7,445,900	5,101,316	40,380,989	19,218,751	-	5,623,868	4,950,184	19,892,435	20,488,554	18,817,654
Intangible assets												
Computers software	31,656,855	-	3,584,127	-	35,240,982	18,533,519	-	7,318,735	-	25,852,254	9,388,728	13,123,336
Technical know-how	10,938,554	-	-	-	10,938,554	10,938,554	-	-	-	10,938,554	-	-
	1,396,754,413	-	228,991,179	17,131,125	1,608,614,467	188,414,550	-	102,785,637	10,711,982	280,488,205	1,328,126,262	1,208,339,863
Previous year	341,753,445	189,759,993	868,285,653	3,044,678	1,396,754,413	74,508,087	40,987,402	73,282,751	2,365,959	188,414,550	1,208,339,863	-

Capital work in progress * (including capital advances)

283,748,947 110,060,334

Note :-

1. Relates to assets amounting to Rs. 118,457,152 (accumulated depreciation Rs. 5,203,470) acquired from Blossom Automotive Private Limited pursuant to amalgamation as at 1 April 2008 and Rs. 71,302,841 (accumulated depreciation Rs. 35,783,932) acquired from Tecpro Ashtech Limited and Tecpro Power Systems Limited pursuant to amalgamation as at 1 April 2009. ##

* Includes borrowing cost capitalised during the year aggregating to Rs. Nil (previous year Rs. 21,776,388).

** Depreciation aggregating to Rs. 1,001,134 (previous year 1,001,134) for the current year has been utilised through revaluation reserve.@

Refer to note 3 (vi) of schedule 14

Refer to note 2 of schedule 14

@ Refer to note 21 of schedule 14

Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011 As at
31 March 2010

Schedule 6 : Investments

[Non-trade, long - term (unless otherwise stated), at cost]

Mutual funds

a. Principal Growth Fund [14,355.55 (previous year 14,355.55) units of face value Rs. 10 each]	313,206	313,206
b. Principal Large Cap Fund [19,559.90 (previous year 19,559.90) units of face value Rs. 10 each]	200,000	200,000
c. Principal Dividend Yield Fund [5,287.68 (previous year 5,287.68) units of face value Rs. 10 each]	71,740	71,740
d. Principal Personal Tax Saver Fund [470.06 (previous year 470.06) units of face value Rs. 100 each]	70,000	70,000
e. Principal Emerging Blue Chip Fund [19,361.16 (previous year 19,361.16) units of face value Rs. 10 each]	250,000	250,000
f. Principal Monthly Income Fund [9,884.45 (previous year 9,884.45) units of face value Rs. 10 each]	100,000	100,000
g. Ultra Short Term Fund [Current] [Nil (previous year 3,000,000) units of face value Rs. 10 each]	-	30,000,000
h. SBI Premier Liquid Fund [Current] [7,478,804 (previous year Nil) units of face value Rs. 10 each]	75,000,000	-

Shares - Quoted

Vijaya Bank [600 (previous year 600) equity shares of Rs.10 each fully paid up]	14,400	14,400
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Government Securities - Unquoted

National Savings Certificate *	20,000	20,000
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Shares - Unquoted

Investment in subsidiaries - Unquoted

Tecpro International FZE [2 (previous year 2) equity share of AED 1,000,000 each fully paid up] [Nil (previous year 1) equity share of AED 1,000,000 each fully paid up acquired during the year]	25,676,105	25,676,105
Microbase Infosolution Private Limited [10,200 (previous year Nil) equity shares of Rs.10 each fully paid up] [10,200 (previous year Nil) equity shares of Rs.10 each fully paid up acquired during the year]	211,201,950	-
Tecpro Energy Limited [645,000 (previous year 645,000) equity shares of Rs.10 each fully paid up]	6,450,000	6,450,000
Tecpro Systems (Singapore) Pte. Ltd. [1,366,800 (previous year 985,000) equity shares of 1 Singapore dollar each fully paid up] [381,800 (previous year 359,000) equity shares of 1 Singapore dollar each fully paid up acquired during the year]	43,885,529	30,564,851
Ajmer Waste Processing Company Private Limited [49,000 (previous year 49,000) equity shares of Rs.10 each fully paid up]	490,000	490,000
Tecpro Trema Limited [150,000 (previous year 76,500) equity shares of Rs.10 each fully paid up] [73,500 (previous year Nil) equity shares of Rs. 10 each fully paid up acquired during the year]	12,017,520	6,110,640
Bikaner Waste Processing Company Private Limited [30,000 (previous year 30,000) equity shares of Rs.10 each fully paid up]	300,000	300,000
Less: Diminution in the value of investments	376,060,450	100,630,942
	6,450,000	6,450,000
	<u>369,610,450</u>	<u>94,180,942</u>

* Pledged as security deposit with the Sales Tax Authorities.



Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011 As at
31 March 2010

Schedule 6 : Investments (Contd..)

Aggregate book value and market value of quoted investments and book value of unquoted investments:

Mutual funds		
- Aggregate book value	76,004,946	31,004,946
- Aggregate net asset value	76,652,583	31,403,925
Quoted investments		
- Aggregate book value	14,400	14,400
- Aggregate market value	47,610	28,410
Unquoted investments		
- Aggregate book value (net of diminution in the value of investments)	293,591,104	63,161,596

Schedule 7 : Current assets, loans and advances

a) <i>Inventories #</i>		
Raw material	385,433,027	450,511,875
Contract work in progress	83,342,875	-
Work in progress	669,415,029	391,406,660
Finished goods (purchased for resale) - project supplies	159,804,000	22,885,584 ##
Goods in transit - Raw material	39,457,884	70,336,601
- Finished goods (purchased for resale) - project supplies	32,254,800	95,301,475 @
- Finished goods (manufactured)	29,230,973	31,015,000
	<u>1,398,938,588</u>	<u>1,061,457,195</u>

At cost or net realisable value, whichever is less.

Includes contract work in progress Rs. 22,885,584.

@ Includes contract work in progress Rs. 20,015,066.

b) <i>Sundry debtors (unsecured)*/**</i>		
Considered good		
- debts outstanding for a period exceeding six months	5,619,967,166	2,839,601,378
- other debts	8,453,420,499	6,336,250,873
Considered doubtful		
- debts outstanding for a period exceeding six months	158,604,421	68,713,518
- other debts	-	-
	<u>14,231,992,086</u>	<u>9,244,565,769</u>
Less: Provision for doubtful debts	158,604,421	68,713,518
	<u>14,073,387,665</u>	<u>9,175,852,251</u>

* Includes retention money amounting to Rs. 5,278,316,863 (previous year Rs. 3,228,871,180)

** Includes Rs. 19,907,405 (previous year Rs. 12,389,112) due from Hythro Power Corporation Limited, being a company under the same management as defined under section 370(1-B) of the Companies Act, 1956.

c) <i>Cash and bank</i>		
Cash in hand	1,264,604	1,815,847
Balances with scheduled banks:		
- On current accounts	1,643,057,992	144,112,604
- On fixed deposit accounts (refer note below)	1,347,253,890	1,674,199,311
	<u>2,991,576,486</u>	<u>1,820,127,762</u>

Note:

(a) Fixed deposits aggregating Rs. 1,339,494,681 (previous year Rs. 1,137,152,767) are held as margin money against guarantee issued by the bank on behalf of the Company and are not available for use by the Company.

(b) Fixed deposits aggregating Rs. Nil (previous year 150,052,521) under lien marked in favour of the bank, which are not available for use by the Company.

Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011 As at
31 March 2010

Schedule 7 : Current assets, loans and advances

d) *Loans and advances*

(Unsecured and considered good)

Advances recoverable in cash or in kind or for value to be received */###	722,572,841	529,073,345
Security deposits	55,062,992	31,482,195
Share application money pending allotment #	485,751	563,210
Loans/advances to subsidiaries **	168,351,426	19,962,149
Advance for share purchases ##	-	35,000,000
Loans to other companies	84,231,411	-
Balances with Government authorities <i>(Unsecured and considered doubtful)</i>	332,617,254	125,016,413
Security deposits	2,246,092	2,246,092
Balances with Government authorities	5,485,815	5,485,815
	1,371,053,582	748,829,219
Less: Provision for doubtful advances	7,731,907	7,731,907
	1,363,321,675	741,097,312

* Includes amount due from the directors of the Company Rs. Nil (previous year Rs. 2,420). Maximum amount due during the year Rs. 957,095 (previous year Rs. 1,304,741)

** Includes the following amounts due from the subsidiaries:

Rs. 20,916,712 (previous year Rs. 14,854,548) from Ajmer Waste Processing Company Private Limited. Maximum amount due during the year Rs. 20,916,712 (previous year Rs. 14,854,548).

Rs. 5,718,098 (previous year Rs. 5,107,601) from Bikaner Waste Processing Company Private Limited. Maximum amount due during the year Rs. 5,718,098 (previous year Rs. 5,107,601).

Rs. 261,816 (previous year Rs. 261,816) from Tecpro International FZE. Maximum amount due during the year Rs. 261,816 (previous year Rs. 261,816)

Rs. 141,454,800 (previous year Rs. Nil) from Microbase Infosolution Private Limited. Maximum amount due during the year Rs. 141,454,800 (previous year Rs. Nil)

Includes Rs. Nil (previous year Rs. 16,612,131) due from Tecpro Engineers Private Limited, being a private company in which director of the Company is a member.

Share application money aggregating to Rs. 751 (previous year Rs. 78,210) relates to application made for equity shares in Tecpro Systems (Singapore) Pte. Ltd., Rs. 485,000 (previous year Rs. 485,000) relates to application made for equity shares in Bikaner Waste Processing Company Private Limited.

Refer to note 27 of schedule 14

e) *Other current assets*

Unbilled revenue on contracts in progress	3,556,811,249	1,971,151,335
Accrued interest on fixed deposits	13,876,876	14,250,353
	3,570,688,125	1,985,401,688



Schedules forming part of the accounts

(All amounts are in Rupees)

	As at 31 March 2011	As at 31 March 2010
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Schedule 8 : Current liabilities and provisions

Current liabilities

Sundry creditors

- Total outstanding dues of micro and small enterprises	115,738,942	123,378,842
- Total outstanding dues of creditors other than micro and small enterprises */#	9,302,535,021	6,015,384,740
Other liabilities **	400,180,974	205,837,944
Book overdraft	4,607,202	36,559,777
Advances from customers	660,888,245	656,032,868
Advance billing to customers	128,943,284	230,305,948
Amount due to subsidiaries	10,566,528	95,600,810
Interest accrued but not due on loans	285,506	10,357,752
Foreign currency payable [net of foreign currency receivable amounting to Rs. Nil (previous year Rs. 11,251,000)]	-	744,000
	10,623,745,702	7,374,202,681

Provisions

Provision for taxation [net of advance tax and tax deducted at source Rs. 1,659,208,866 (previous year Rs. 1,100,693,675)]	308,447,451	244,575,721
Provision for gratuity @	9,666,951	11,501,932
Provision for leave encashment	29,831,435	21,799,246
Provision for proposed dividend	151,421,373	132,671,373
Provision for corporate dividend tax on proposed dividend	24,564,332	22,547,500
Provision for estimated losses on incomplete contracts ##	5,414,000	11,398,000
	529,345,542	444,493,772

* Includes salaries and bonus payable Rs. 101,223,530 (previous year Rs. 25,251,788)

** Includes Provident Fund and Employee State Insurance payable Rs. 6,843,321 (previous year Rs. 4,958,059)

Refer to note 4 of schedule 14

@ Refer to note 23(b) of schedule 14

Refer to note 19 of schedule 14

(All amounts are in Rupees)

	For the year ended 31 March 2011	For the year ended 31 March 2010
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Schedule 9 : Other Income

Interest income

- On fixed deposits [gross of tax deducted at source Rs. 10,017,859 (previous year Rs. 15,494,856)]	93,806,252	104,853,058
- From others [gross of tax deducted at source Rs. 2,677,846 (previous year Rs. 2,078,780)]	27,312,772	21,283,413
Sales of scrap	12,750,778	13,745,328
Dividend income from non trade investment	776,369	41,141
Creditor balances written back	-	3,634,997
Excise duty refund	1,654,109	2,594,367
Duty drawback	11,207,219	32,609,226
Provisions/liabilities no longer required, written back	18,070,160	10,853,784
Profit on sale of fixed assets	6,027	-
Exchange gain (net)	2,463,136	15,018,256
Miscellaneous income	3,879,344	4,535,417
	171,926,166	209,168,987

Schedules forming part of the accounts

(All amounts are in Rupees)

For the year ended
31 March 2011For the year ended
31 March 2010

Schedule 10 : Cost of goods sold

A. Manufacturing and other related expenses

Cost of raw material consumed

Opening stock of raw material	276,207,038		174,459,250	
Add: Additions on account of amalgamation	-		21,987,686	
Add: purchases during the year	1,921,322,990		1,398,558,440	
Less: closing stock of raw material	366,722,186	1,830,807,842	276,207,038	1,318,798,338
(Increase)/ decrease in finished goods and work in progress - manufacturing *		(276,224,342)		(44,952,581)
Excise duty expense	211,666,465		187,440,514	
Less: Excise duty recovered	202,073,104	9,593,361	181,946,017	5,494,497
Fabrication charges		68,975,480		71,645,507
Power and fuel - manufacturing		18,983,409		12,522,453
Freight and forwarding		36,907,047		26,959,820
Equipment charges		1,888,256		1,571,592
Testing charges		123,494		307,216
Other direct expenses		9,899,353		9,472,022
Repairs and maintenance - manufacturing				
-plant and machinery		3,265,574		1,998,319
-buildings		711,946		549,388
Sub total (A)		<u>1,704,931,420</u>		<u>1,404,366,571</u>

* Includes adjustment of opening work in progress of Rs. Nil (previous year Rs. 7,812,978) of a transferor Company pursuant to the scheme of amalgamation.
(Refer to note 2 of Schedule 14)

B. Cost of goods purchased for resale - project supplies, cost of goods supplied to fabricators/sites for fabrication and other related expenses

Cost of goods purchased for resale - project supplies

Opening stock of goods purchased for resale - project supplies	75,286,409		27,174,101	
Add: purchases during the year	2,882,781,408		4,474,122,405	
Less: closing stock of goods purchased for resale - project supplies	192,058,800	2,766,009,017	75,286,409	4,426,010,097
<i>Cost of goods supplied to fabricators / sites for fabrication</i>				
Opening stock of raw material lying with fabricators/sites	244,641,438		171,561,350	
Add: Additions on account of amalgamation	-		3,304,000	
Add: purchases during the year for supplies to fabricators / sites for fabrication	459,816,471		490,854,246	
Less: closing stock of raw material lying with fabricators/sites	58,168,725	646,289,184	244,641,438	421,078,158
Fabrication charges		357,471,697		187,836,831
Drawing and design charges		13,761,010		19,371,913
Professional charges		49,638,078		25,071,616
Freight and forwarding		32,193,166		33,531,146
Testing charges		-		903,505
Site development and other related expenses		16,497,275		15,435,088
Equipment charges		164,604,963		168,977,952
Sub total (B)		<u>4,046,464,390</u>		<u>5,298,216,306</u>



Schedules forming part of the accounts

(All amounts are in Rupees)

For the year ended
31 March 2011For the year ended
31 March 2010

Schedule 10 : Cost of goods sold (contd..)

C. Cost of contract

Cost of civil work and sub contract expenses		3,553,113,117		1,579,438,331
<i>Cost of raw material consumed</i>				
Opening stock of raw material	-		50,300,770	
Add: Additions on account of amalgamation	-		1,690,835	
Add: purchases during the year	1,259,672,553		1,423,684,433	
Less: closing stock of raw material	<u>-</u>	1,259,672,553	<u>-</u>	1,475,676,038
<i>Cost of goods purchased for resale - project supplies</i>				
Opening stock of goods purchased for resale - project supplies	42,900,651		-	
Add: Additions on account of amalgamation	-		6,761,515	
Add: purchases during the year	3,595,016,434		927,577,280	
Less: closing stock of goods purchased for resale - project supplies	83,342,875	3,554,574,210	42,900,650	891,438,145
Freight and forwarding		81,661,599		110,588,277
Commission		72,925,900		-
Professional charges		77,314,255		33,562,319
Equipment charges		71,942,264		63,883,803
Site expenses		62,244,532		9,289,298
Provision for estimated losses on contract in progress		-		9,642,000
Inspection charges		1,458,736		189,518
Sub total (C)		8,734,907,166		4,173,707,729
Total (A+B+C)		14,486,302,976		10,876,290,606

Schedule 11 : Personnel costs

Employee cost

- salaries, wages and bonus	838,034,028	566,898,256
- contribution to provident and other funds	47,215,990	36,512,085
- staff welfare	27,827,208	24,870,544
	913,077,226	628,280,885

Schedules forming part of the accounts

(All amounts are in Rupees)

For the year ended
31 March 2011

For the year ended
31 March 2010

Schedule 12 : Administrative and selling expenses

Travel and conveyance	108,803,564	91,719,068
Rent	45,648,154	54,491,723
Electricity	12,724,037	13,016,414
Communication	21,043,631	19,807,395
Advertising and marketing	13,297,649	11,365,354
Sales commission	203,745,042	113,980,625
Printing and stationery	14,200,794	10,840,152
Rates and taxes	44,581,802	18,714,102
Legal and professional (refer note 6 of schedule 14)	72,776,467	76,284,657
Loss on sale of fixed assets	1,424,634	288,601
Royalty	4,762,335	2,716,060
Tender fees	6,350,905	1,870,203
Freight and forwarding #	251,090,980	201,544,828
Charity and donation	2,963,106	45,744,504
Repairs and maintenance		
-buildings	18,697,215	14,247,461
-others	28,976,566	20,680,054
Diminution in value of Investment	-	6,450,000
Bad debts written off *	33,703,375	35,380,865
Provision for doubtful debts	90,000,000	8,719,054
Fixed assets written off	1,706,768	897,920
Insurance	24,663,843	21,454,120
Miscellaneous expenditure written off	-	660,320
Miscellaneous expenses	21,776,079	11,936,396
	1,022,936,946	782,809,876

Net of reimbursement for freight expenses Rs. 31,012,704 (previous year Rs. 67,364,227).

* Includes amount of Rs. 109,097 (previous year Rs. 1,011,696) utilised from opening provision for doubtful debts.

Schedule 13 : Finance charges

Interest		
- On term loans (fixed period) #	106,826,515	14,772,156
Interest (others)		
- On short term loans (fixed period) #	188,900,149	292,132,313**
- Others *	630,007,326	49,223,027
Bank charges	305,234,001	358,144,682
	1,230,967,991	714,272,178

Borrowing cost aggregating Rs. Nil (previous year Rs. 21,776,388) has been capitalised during the year.

* Includes interest on various facilities taken by the Company.

** Includes interest on various facilities taken by the Company amounting to Rs. 198,555,907.



Schedule 14: Significant Accounting Policies and Notes to the Accounts

Background

Tecpro Systems Limited is an engineering company primarily engaged in designing, engineering, manufacturing, supply, installation and erection of material handling systems, power plants including balance of plant packages in power sector.

1. Significant Accounting Policies

(a) *Basis of accounting*

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the Indian Generally Accepted Principles and accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, and the presentation requirements of the Companies Act, 1956 to the extent applicable.

(b) *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

(c) *Revenue recognition*

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

Revenue from long-term construction contracts in accordance with Accounting Standard-7 on "Construction Contracts" is recognized using the percentage of completion method. Percentage of completion method is determined as a proportion of cost incurred to date to the total estimated contract cost. Where the total cost of the contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such excess is provided during the year.

Duty drawback available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of scheme are established and these are accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization of such duty credit.

(d) *Fixed assets and capital work-in-progress*

Fixed assets, including capital work in progress are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

(e) *Borrowing Cost*

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

(f) *Impairment*

The carrying values of assets are reviewed at each reporting date to determine whether there are any indication of impairment. If such indication exists, the amount recoverable towards such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

(g) *Depreciation*

Depreciation is provided on a pro-rata basis under the straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/ remaining useful life. Rates of depreciation (where different from the rates prescribed in Schedule XIV to the Companies Act, 1956) have been derived on the basis of the following estimated useful lives:

Schedule 14 : Significant Accounting... (contd..)

	Estimated useful life (in years)
Office equipments	6
Furniture and fixtures	5
Vehicles	2-10
Temporary sheds at project sites (To coincide with the project period)*	1-5
Patterns	3
Shuttering and Scaffolding **	4
Office building *	28.44

*Included in Buildings in Schedule 5 of the financial statements

**Included in Plant and Machinery in Schedule 5 of the financial statements

Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

Depreciation on additions is being provided on a pro rata basis from the date of such additions. Similarly, depreciation on assets sold/discharged off during the year is being provided up to the date on which such assets are sold/discharged off.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

(h) *Intangible assets*

Intangible assets comprise computer software and technical know-how and are stated at cost, including taxes, less accumulated amortisation. Computer software is amortised on a straight line basis over three years. Technical know-how is amortised on a straight line basis over its estimated useful life, the period over which the Company expects to derive economic benefits from the use of the technical know-how.

(i) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.

In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Contract work in progress includes contract costs that relate to future activity on the long term construction contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance and excludes the materials which have been made specially for such contracts.

(j) *Foreign currency transactions*

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at exchange rates prevailing on that date. Gains/losses arising on account of realisation/settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognised in the Profit and Loss Account.

The premium or discount that arises on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of inception of the forward exchange contract and the forward rate specified in the contract and is amortised as expense or income over life of the contract. Exchange difference on forward exchange contract is the difference between:

- the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;
- the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

(k) *Provisions and contingencies*

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(l) *Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences



Schedule 14 : Significant Accounting... (contd..)

between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and are written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

(m) *Employee benefits*

1. All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Profit and Loss Account in the year in which the employee renders the related service.
2. Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the Profit and Loss Account.
3. Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. The Company's contribution paid/payable under the scheme is recognised as an expense in the Profit and Loss Account during the period in which the employee renders the related service.
4. Gratuity costs are defined benefits plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

5. Benefits under the Company's leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's leave encashment fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account.

(n) *Investments*

Long term investments are valued at cost. Any decline other than temporary, in the value of long-term investments, is adjusted in the carrying value of such investments. Diminution, if any, is determined individually for each long-term investment. Current investments are valued at the lower of cost and fair value of individual scrips.

(o) *Earnings per share*

Basic earnings per share are computed by dividing the net profit/(loss) for the year attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

(p) *Leases*

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

Schedule 14 : Significant Accounting... (contd..)

(q) *Events occurring after the balance sheet date*

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.

2. Amalgamation

(a) **Background and nature of business**

First Scheme

The Hon'ble High Court of Delhi and the Hon'ble High Court of Rajasthan had approved the Scheme of Amalgamation of Company's wholly owned subsidiary Blossom Automotive Private Limited (Transferor company or Blossom) with Tecpro Systems Limited ("Transferee Company or Company or TSL") on 22 May 2009 and 10 July 2009 respectively. The Orders of the Hon'ble High Courts of Delhi and Rajasthan were duly filed with the respective Registrar of Companies and the Scheme of Amalgamation became effective on 10 September 2009.

Prior to amalgamation Blossom owned the factory premises at Bhiwadi in Rajasthan which had been exclusively let out to Tecpro Systems Limited for carrying out manufacturing operations.

Second Scheme

The Hon'ble High Court of Bombay at Mumbai and the Hon'ble High Court of Delhi had approved the Scheme of Amalgamation of Tecpro Ashtech Limited (the First Transferor Company or TAL) and Tecpro Power Systems Limited (the Second Transferor Company or TPSL) with the Tecpro Systems Limited (the "Transferee Company" or "Company" or "TSL") vide their order dated 20 November 2009 and 4 March 2010 respectively. The First Transferor Company and the Second Transferor Company were hereinafter jointly referred to as "the Transferor Companies". The effective date of amalgamation being the last of the dates on which the certified copies of the orders of the High Courts had been filed with the Registrar of Companies at Mumbai and Delhi was 31 March 2010.

The First Transferor Company was engaged in the business of manufacture of ash handling equipments and undertakes turnkey projects for ash handling systems. The Second Transferor Company was engaged in the business undertaking the Erection, Procurement and Construction contracts for setting up the power plants and also undertakes design and engineering services for power sector projects.

(b) **Salient features of the Schemes**

The salient features of the first scheme of amalgamation of Blossom with the Company are as follows:

- The Appointed Date for the amalgamation was 1 April 2008.
- On and from the Appointed Date, authorised share capital of the Transferor Company has been merged with those of the Transferee Company.
- The undertaking of the Transferor Company were to vest in the Company subject to encumbrances, charges if any.
- All suits, claims, actions and proceedings by or against the transferor company pending and / or arising on or before the effective date shall be continued and be enforced by or against the transferee company as effectually as the same had been instituted by or pending against the Transferee Company.
- Upon the scheme becoming effective, any loan or other obligation due between or amongst the Transferor Company and the Transferee Company, if any, shall stand discharged and there shall be no liability in that behalf.

The salient features of the second scheme of amalgamation of TAL and TPSL with the Company are as follows:

- The Appointed Date for the amalgamation was 1 April 2009.
- On and from the Appointed Date, authorised share capital of both the Transferor Companies had been reclassified and merged with authorised share capital of the Transferee Company.
- With effect from the Appointed Date, the whole of the undertakings of both the Transferor Companies, shall pursuant to provisions of Sections 394(2) and other applicable provisions of the Act, without any further act, instrument or deed be transferred to and be vested in the Transferee Company as a going concern so as to become the undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.
- All suits, claims, actions and proceedings by or against the transferor company pending and / or arising on or before the effective date shall be continued and be enforced by or against the transferee company as effectually as the same had been instituted by or pending against the Transferee Company.

(c) **Consideration**

First Scheme

Transferor Company (Blossom Automotive Private Limited) was a wholly owned subsidiary of the Transferee



Schedule 14 : Significant Accounting... (contd..)

Company. On the appointed date, the entire equity share capital of the Transferor Company was held by the Transferee Company.

On amalgamation of the transferor company and the transferee company, the share capital of the Transferor Company was extinguished since all the shares of the transferor company are held by the transferee company. Since, the transferor company was a wholly owned subsidiary of the transferee company; no shares were to be issued by the transferee company to the shareholders of the transferor company as a result of amalgamation.

Second Scheme

Pursuant to the Scheme, the shareholders of Transferor Companies were entitled to the equity shares of the Transferee Company in the following ratio:

The shareholders of TAL:

- a. Equity shareholders - 100 Equity Shares of Rs.10 each of TSL, for every 299 equity shares of Rs.10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.
- b. Preference shareholders - 16,570 Equity Shares of Rs.10 each of TSL for every 100 0.01% compulsorily convertible preference shares of Rs.100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.

The shareholders of TPSL:

- a. Equity shareholders - 100 Equity Shares of Rs. 10 each of TSL for every 349 equity shares of Rs. 10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
- b. Investments of TSL in TPSL appearing in the books of account of TSL will stand cancelled.
- c. Preference shareholders - 100 Equity Shares of Rs. 10 each of TSL, for every 280 0.01% compulsorily convertible cumulative preference shares of Rs. 100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
- d. The equity shares of the Transferee Company issued to the members of each of the transferor companies shall be subject to the provisions of Articles of Association of the transferee company and shall rank pari-passu, in all respects with the existing equity shares of Transferee Company.

Equity shares issued pursuant to the schemes of amalgamation:

	TPSL		TAL		Total	
	Number of shares	Rupees	Number of shares	Rupees	Number of shares	Rupees
Nominal value of equity shares outstanding as on 1 April 2009 (Face value Rs. 10 each)	8,741,000	87,410,000	24,900,100	249,001,000	33,641,100	336,411,000
Issued during the year on 16 July 2009	13,700,000	137,000,000	-	-	13,700,000	137,000,000
Shareholding as on 31 March 2010	22,441,000	224,410,000	24,900,100	249,001,000	47,341,100	473,411,000
Shares held by TSL cancelled	10,200,000	102,000,000	-	-	10,200,000	102,000,000
Shares held by outsider as on 31 March 2010	12,241,000	122,410,000	24,900,100	249,001,000	37,141,100	371,411,000
Equity shares issued pursuant to the scheme of amalgamation(A)	3,507,448	35,074,480	8,327,793	83,277,930	11,835,241	118,352,410
Nominal value of compulsorily convertible preference shares outstanding as on 1 April 2009 and as on 31 March 2010 (Face value of Rs. 100 each)	1,999,900	199,990,000	24,000	2,400,000	2,023,900	202,390,000
Equity shares issued pursuant to the scheme of amalgamation(B)	714,250	7,142,500	3,976,800	39,768,000	4,691,050	46,910,500
Total equity shares issued pursuant to the scheme of amalgamation (A+B)	4,221,698	42,216,980	12,304,593	123,045,930	16,526,291	165,262,910

Schedule 14 : Significant Accounting... (contd..)

(d) Accounting treatment

The Company accounted for the amalgamation in its books as per the Pooling of Interest Method of Accounting prescribed under the Accounting Standard 14 – “Accounting for Amalgamation” in respect of both the schemes.

- All the assets and liabilities recorded in the books of the Blossom, TAL, TPSL (collectively referred to as transferor companies hereafter) had been transferred to and vested in Tecpro Systems Limited (the Company / the transferee company) pursuant to the Scheme and had been recorded by the Transferee Company at their book values as appearing in the books of the Transferor Companies.
- On and from the Appointed Date, the reserves and the balance in the Profit and Loss Account of the Transferor Companies had been merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Companies.
- In relation to the First scheme of amalgamation, the difference between the amount recorded as investments in the Transferee Company and the amount of share capital of Blossom, on amalgamation, has been adjusted in the reserves in the books of the Transferee Company.
- In relation to the Second scheme of amalgamation, the difference between the share capital to be issued pursuant to the scheme of amalgamation and the amount of share capital of the transferor companies had been adjusted in the reserves in the books of the Transferee Company
- The necessary adjustments on account of the amalgamation under both first scheme and second scheme have been recorded in the financial statements in previous year.

(e) Computation of amount adjusted in General Reserves pursuant to the schemes of amalgamation

Particulars	Amount in Rupees
Adjustments in General reserve pursuant to first scheme of amalgamation	
Shareholding of Blossom as at 1 April 2008 held by TSL	4,000,000
Investments in TSL books as at 1 April 2008	127,200,000
Adjustment in General reserves (A)	(123,200,000)
Adjustments in General reserve pursuant to second scheme of amalgamation	
Nominal value of share capital (equity and preference) outstanding in the books of the Transferor Companies:	
TAL	251,401,000
TPSL (after elimination of Rs. 102,000,000 equity share capital held by TSL)	322,400,000
Total (B)	573,801,000
Nominal value of shares to be issued by the Company to the shareholders of the Transferor Companies #	
TAL (12,304,593 equity shares of Rs. 10 each)	123,045,930
TPSL (4,221,698 equity shares of Rs. 10 each)	42,216,980
Total (C)	165,262,910
Adjustment in General reserves D= (B-C)	408,538,090
Net adjustment in General reserves pursuant to the schemes of amalgamation (D+A)	285,338,090

refer to note 2 c of Schedule 14

(f) Computation of adjustment to profit and loss account pursuant to schemes of amalgamation

Particulars	Amount in Rupees
Adjustments in Profit and (Loss) Account pursuant to first scheme of amalgamation	
Balance in Profit and Loss account of Blossom as at 1 April 2008 (E)	2,209,191
Adjustments in Profit and (Loss) pursuant to second scheme of amalgamation	
Balance in Profit and Loss account as at 1 April 2009	
TAL	(83,906,263)
TPSL	68,617,350
(F)	(15,228,912)
Net adjustment in Profit and (Loss) Account on account of amalgamation G= E+F	(13,079,721)



Schedule 14 : Significant Accounting... (contd..)

(All amounts are in Rupees)

(g) Profit and loss account of the transferor Company (Blossom Automotive Private Limited) for the year ended 31 March 2009

	For year ended 31 March 2009
Income	
Other income	3,600,000
	3,600,000
Expenditure	
Administrative and selling expenses	38,552
Finance charges	205
Depreciation and amortization	641,378
	680,135
Profit before taxes	2,919,865
Provision for taxation:	
- Income tax for current year	778,680
- Income tax of earlier year written back	(23,471)
- Deferred tax charge	65,438
Profit carried forward to the balance sheet	2,099,218

Notes to the Accounts**3. Contingent liabilities**

		As at 31 March 2011	As at 31 March 2010
(i)	Claims against the company not acknowledged as debt : Sales tax matters	83,197,573	48,707,442
(ii)	Claims against the company not acknowledged as debt : Entry tax matters	29,397,049	-
(iii)	Claims against the company not acknowledged as debt : Income tax matters	346,677	-
(iv)	Claims against the company not acknowledged as debt : Labour matters	1,200,000	1,200,000
(v)	Claims against the company not acknowledged as debt : Service tax matters	8,976,817	-
(vi)	Demand for additional price/ enhancement cost in respect of factory plots situated in Bawal *	8,528,672	7,851,378
(vii)	Sales tax liability against pending forms	1,685,549,342	1,169,181,783

* The factory plots belonging to the Company, situated at Bawal were allotted by the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.

The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs. 8,528,672 {including interest} (previous year Rs. 7,851,378 {including interest}), in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 8 January 2008 and has obtained a stay order on 9 January 2008. This matter is under adjudication. Pursuant to above, Rs. 8,528,672 (previous year Rs. 7,851,378) has been disclosed as 'Contingent liability' in the notes to the accounts.

Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

- 4 The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Based on the confirmations received till date, the disclosure as required by Section 22 of the MSMED Act are given below :-

Particulars		As at 31 March 2011	As at 31 March 2010
a)	Principal amount payable to suppliers as at year-end	115,738,942	123,378,842
b)	Interest due thereon as at year-end	-	-
c)	Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which interest relates	-	-
d)	Amount of delayed payments actually made to suppliers during the year	120,731,416	215,113,465
e)	Amount of interest due and payable for the year of delay in making payment (which has been paid, but beyond the appointed day during the year) but without adding interest specified under the MSMED Act.	-	-
f)	Interest accrued and remaining unpaid at the end of year	-	-

- 5 Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs. 44,032,465 (previous year Rs. 35,893,456)] are Rs. 192,827,193 (previous year Rs. 202,582,017).

6 Payment to auditors (excluding service tax)

	Year ended 31 March 2011	Year ended 31 March 2010
As auditor -		
Statutory audit fee	7,500,000	5,600,000
Tax audit fee *	700,000	665,000
Audit reports issued in connection with public issue#	1,837,993	1,750,000
Other matters**	360,750	-
Out of pocket expenses	422,118	142,128
	10,820,861	8,157,128

* Represents amount payable to other than Statutory auditor.

** includes Rs. 105,000 amount paid to other than Statutory auditor.

Adjusted against share premium account.

7 Net dividend remitted in foreign currency

	Year ended 31 March 2011	Year ended 31 March 2010
For the financial year 2009-10 to four shareholders on 15,064,034 equity shares of Rs. 10 each	45,192,102	-
For the financial year 2008-09 to three shareholders on 7,425,306 equity shares of Rs. 10 each	-	37,126,530
	45,192,102	37,126,530

8 Licenced capacity, installed capacity and production

Licensed capacities are not applicable to the Company as all the products manufactured are delicensed.



Schedule 14 : Notes to the Accounts (contd..)

The annual installed capacities and production are as follows:

Description	Units of Measurement	Installed capacity *		Production #@	
		For the year ended 31 March 2011	For the year ended 31 March 2010	For the year ended 31 March 2011	For the year ended 31 March 2010
Idlers	Nos.	120,000	120,000	84,008	76,783
Pulley	Nos.	3,000	2,500	2,525	1,971
Structure	Nos.	2,500	2,400	1,894	1,406
Crusher	Nos.	50	50	36	46
Crusher Component	Nos.	1,000	1,000	819	929
Conveyor Systems	Nos.	25	5	16	-
Conveyor Component	Nos.	14,300	14,300	7,134	8,858
Feeder	Nos.	150	150	79	83
Feeder Components	Nos.	450	130	377	129
Screen	Nos.	90	90	62	62
Screen Components	Nos.	4,200	4,200	2,995	3,917
Iron and steel casting	MT.	2,400	1,200	911	514
Ash Handling Plants (See Note (A) below)	Nos.	7**	7**	35,231	21,316
	Mtr.	-	-	1,240	6
	Sets	-	-	466	692
	MT.	-	-	5	196
Travelling Water Screens, Trash Cleaning Machines (mechanical cleaning rakes) allied equipment and accessories (See note (B) below)	Nos.	20***	20***	2,824	3,229
	Sets	-	-	641	402

*As certified by management and relied upon by the auditors, as this is a technical matter.

Excluding production capacities of job workers.

@ Actual production includes production for captive consumption.

** Depending on the size of the plant according to the Customers Specification.

*** Depending on the size as per Customers Specification and application.

- A) The manufacture, supply, erection and commissioning of a complete Ash handling Plant as per Customer's specification is spread over several years. The Company simultaneously manufactures individual component part and equipment for several plants. Hence it is not possible to state in which accounting year a complete plant is manufactured. Therefore the Company has given quantitative details of manufactured components and equipments only under actual production, opening stock and similar details of both manufactured and bought out components and equipment in respect of turnover/income.
- B) In respect of Travelling Water Screens, whilst the components are invoiced on delivery, and the value is reflected in the turnover of the year of delivery, for the purpose of quantitative information, a Travelling Water Screen is treated as which has been produced/sold during the year in which all the critical components required for such assembly are produced/sold respectively.

9 Details of imported and indigenous raw material and components consumed

(All amounts are in Rupees)

Description	Year ended 31 March 2011		Year ended 31 March 2010	
	Value	Percentage (%)	Value	Percentage (%)
Raw material and components				
- Imported	289,662,463	8	177,973,559	6
- Indigenous	3,447,107,116	92	3,037,578,975	94
	3,736,769,579	100	3,215,552,534	100

Schedule 14 : Notes to the Accounts (contd..)

Particulars in respect of raw materials and components consumed # (All amounts are in Rupees)

		Year ended 31 March 2011		Year ended 31 March 2010	
Description	Units	Quantity	Value	Quantity	Value
1. Iron and steel	Kg.	46,099,236	2,048,556,813	36,378,750	1,494,172,062
2. Pipes and tubes	Kg.	2,576,565	105,425,514	1,799,603	81,599,617
3. Others*		-	1,582,787,252	-	1,639,780,855
			3,736,769,579		3,215,552,534

Includes raw materials consumed by fabricators appointed by the Company.

* As the raw material grouped as 'Others' include the items that individually account for less than 10% of the total value of raw material consumption, these have not been shown as separate and distinct items with quantity thereof in the breakup.

10 Purchase of finished goods for projects supplies dealt with by the Company

		Year ended 31 March 2011		Year ended 31 March 2010	
Description	Units	Quantity	Value	Quantity	Value
Components for Ash Handling Systems	N.A.	-	1,876,794,946	-	1,484,729,641
Purchased for project supplies- others *	N.A.	-	4,601,002,896	-	3,916,970,044
			6,477,797,842		5,401,699,685

* As the goods purchased for projects supplies-others account for less than 10% of the total value of purchases, these have not been shown as separate and distinct items with quantity thereof in the breakup.

11 Particulars in respect of sales turnover, opening stock and closing stock for each class of goods dealt with by the Company (excluding excise duty recovered)

Sales Turnover - Finished goods

		Year ended 31 March 2011		Year ended 31 March 2010	
Description	Units	Quantity	Value	Quantity	Value
Idlers	Nos.	82,205	573,810,410	76,651	597,801,110
Pulley	Nos.	2,442	259,942,721	1,963	459,549,814
Structure**	Nos.	1,889	688,535,830	1,390	652,437,171
Crusher	Nos.	36	143,915,808	45	154,486,707
Crusher Component	Nos.	817	37,685,194	929	23,820,244
Conveyor Systems	Nos.	16	12,775,264	-	-
Conveyor Component	Nos.	6,956	162,227,599	8,858	69,768,344
Feeder	Nos.	82	59,778,924	68	29,686,447
Feeder Components	Nos.	375	22,702,121	126	7,005,827
Screen	Nos.	56	130,637,997	58	101,795,502
Screen Components	Nos.	2,516	44,139,369	3,894	45,996,028
Others	-	-	295,470	-	327,740
Components for Ash Handling Systems	Lots.	-	2,696,616,216	1	2,709,635,002
Other project supplies*	-	-	11,885,645,133	-	7,642,925,261
Accrual/(reversal) of turnover as per accounting on percentage of completion method	-	-	1,687,022,578	-	1,529,305,625
			18,405,730,634		14,024,540,822

* As the other project supplies account for less than 10% of the total value of sales turnover, these have not been shown as separate and distinct items with quantity thereof in the breakup.

** Structure includes structure components also.



Schedule 14 : Notes to the Accounts (contd..)

Opening stock - Finished goods

(All amounts are in Rupees)

		As at 31 March 2011		As at 31 March 2010	
Description	Units	Quantity	Value	Quantity	Value
Screens	Nos.	3	9,084,200	-	-
Feeder	Nos.	15	16,168,000	-	-
Others	Nos.	-	5,762,800	-	-
Components for Ash Handling Systems@	MT	583	22,885,584	187	6,761,515
Purchase for project supplies - others *	Nos.	-	95,301,475	-	27,174,101
			149,202,059		33,935,616

** Structure includes structure components also.

* As the purchases for project supplies-others account for less than 10% of the total value of stock, these have not been shown as separate and distinct items with quantity thereof in the breakup.

@ Opening stock added pursuant to scheme of amalgamation

Closing stock - Finished goods

		As at 31 March 2011		As at 31 March 2010	
Description	Units	Quantity	Value	Quantity	Value
Screens	Nos.	9	13,700,000	3	9,084,200
Feeder	Nos.	8	7,272,205	15	16,168,000
Others	Nos.	-	8,258,768	-	5,762,800
Components for Ash Handling Systems	MT	117	12,120,083	583	22,885,584
Purchase for project supplies- others *		-	179,938,717	-	95,301,475
			221,289,773		149,202,059

** Structure includes structure components also.

* As the purchases for project supplies-others account for less than 10% of the total value of stock, these have not been shown as separate and distinct items with quantity thereof in the breakup.

12 CIF value of imports

	Year ended 31 March 2011	Year ended 31 March 2010
Raw material	202,202,070	251,734,333
Capital goods	22,225,632	43,560,334
	224,427,702	295,294,667

13 Earnings in foreign currency

	Year ended 31 March 2011	Year ended 31 March 2010
FOB value of exports*	183,217,410	256,274,085
Drawing and designing	6,863,697	37,202,883
	190,081,107	293,476,968

* Includes Rs. Nil (previous year Rs. 140,836,333) on account of deemed exports.

Schedule 14 : Notes to the Accounts (contd..)

14 Expenditure in foreign currency

(All amounts are in Rupees)

	Year ended 31 March 2011	Year ended 31 March 2010
Travel	5,203,770	5,509,660
Royalty	4,535,339	2,586,724
Professional fees	7,716,919	1,159,465
Commission	16,715,239	10,044,364
Drawing and designing charges	-	8,699,731
Others	1,170,599	8,319,730
	35,341,866	36,319,674

15 Managerial remuneration *

	Year ended 31 March 2011	Year ended 31 March 2010
Salary	120,960,000	87,360,000
Contribution to provident and other funds	10,368,000	7,488,000
Commission	60,000,000	-
Perquisites	8,040,000	5,199,984
	199,368,000	100,047,984

Computation of Managerial remuneration as required under section 198 of Companies Act, 1956

	Year ended 31 March 2011	Year ended 31 March 2010
Profit before taxation	2,100,201,479	1,683,508,170
Add: Depreciation as per books	102,785,637	73,282,751
Managerial remuneration	199,368,000	100,047,984
	2,402,355,116	1,856,838,905
Less: Depreciation as envisaged under Section 350 of the Companies Act, 1956 **	102,785,637	73,282,751
Net Profit for Section 198 of the Companies Act, 1956	2,299,569,479	1,783,556,154
Maximum remuneration payable to Directors :		
- Managing / Wholtime Directors @ 10% of Net Profit	229,956,948	178,355,614

** The Company depreciates fixed assets based on estimated useful life that are lower / same as those implicit in Schedule XIV of Companies Act 1956. Accordingly, the rates of depreciation used by the Company are higher than / same as the minimum rates prescribed by Schedule XIV of Companies Act, 1956

* Excludes provision for gratuity and leave encashment (where applicable) determined on actuarial basis, as these are determined for the Company as a whole.

16 Earnings per share

	Year ended 31 March 2011	Year ended 31 March 2010
Net profit after tax as per Profit and Loss Account (A)	1,362,239,320	1,096,449,601
Profit attributable to equity shareholders (B)	1,362,239,320	1,096,449,601
Shares outstanding as at the beginning of the year (C)	44,223,791	27,697,500
Weighted average number of equity shares issued pursuant to scheme of amalgamation effective 1 April 2009 (D)	-	15,775,119
Weighted average number of equity shares issued during the year	2,996,575	-
Weighted average number of equity shares outstanding during the year (E= C+D)	47,220,366	43,472,619
Weighted average number of potential dilutive equity shares (F)	-	54,990
Nominal value of equity shares	10	10
Basic earnings per share (Rs.) (B)/ (E)	28.85	25.22
Diluted earnings per share (Rs.) {(B)/ (E)+(F)}	28.85	25.19



Schedule 14 : Notes to the Accounts (contd..)

17 Disclosure in respect of operating leases under Accounting Standard (AS) – 19 “Leases” prescribed by the Companies (Accounting Standards) Rules, 2006.

a) General description of the Company's operating lease arrangements:

The Company enters into operating lease arrangements for leasing area offices, factory building, equipments and residential premises for its employees.

Some of the significant terms and conditions of the arrangements are:

- agreements for most of the premises may generally be terminated by the lessee or either party by serving one to three to six month's notice or by paying the notice period rent in lieu thereof.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

b) Lease rent charged to the Profit and Loss Account on account of Minimum lease rentals Rs. 258,558,707 (previous year Rs. 269,299,905).

c) Company also enters into non- cancellable operating leases, the total of future minimum lease payments under non-cancellable operating leases is given below :

(All amounts are in Rupees)

	As at 31 March 2011	As at 31 March 2010
Payable not later than one year	12,312,873	10,051,168
Payable later than one year and not later than five years	27,332,087	32,481,415
Payable later than five years	3,665,970	3,729,450
	43,310,930	46,262,033

18 Deferred tax

The composition of deferred tax assets and liabilities is as follows:

	As at 31 March 2011	As at 31 March 2010
a) <i>Deferred tax assets</i>		
Provision for employees benefits	12,815,251	13,622,143
Provision for estimated losses on incomplete contracts	1,756,572	3,786,131
Provision for bad and doubtful debts	51,459,205	22,824,913
Others	8,461,647	4,615,603
b) <i>Deferred tax liability</i>		
Depreciation	48,694,770	32,937,428
Net deferred tax assets	25,797,905	11,911,362

19 The schedule of provisions as required to be disclosed in compliance with Accounting Standard 29, “Provisions, Contingent Liabilities and Contingent Assets” is as under:

Provision relating to	Opening balance as at 1 April 2010	Added on amalgamation	Created during the year	Write back during the year	Closing balance as at 31 March 2011
Estimated losses on incomplete contracts	11,398,000 (-)	- (1,756,000)	- (9,642,000)	5,984,000 (-)	5,414,000 (11,398,000)

Provision for estimated losses on incomplete contracts relates to provision made for expected losses wherein, the total cost of the incompleting construction contract, based on the technical and other estimates, is expected to exceed the corresponding contract value. Accordingly, such excess is provided during the year.

Figures in bracket refer to previous year 31 March 2010.

Schedule 14 : Notes to the Accounts (contd..)

- 20 Pursuant to the approval of the shareholders of the Company granted in their Extra-ordinary General Meeting held on 25 March 2010, the Company came out with an Initial Public Offer ("IPO") of 7,550,000 equity shares of Rs. 10 each at a premium of Rs. 345 per share including Offer for Sale of 1,300,000 equity shares by Metmin Investments Holdings Limited and made allotment of 6,250,000 equity shares on 8 October 2010. The allotment of 6,250,000 equity shares included allotment of 66,945 equity shares of Rs. 10 each at a premium of Rs. 328 per share to employees. The issue has been made in accordance with the terms of the Company's prospectus dated 29 September 2010 and the shares of the Company got listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited on 12 October 2010.

(All amounts are in Rupees)

	Shares offered	Amount
A Details of the proceeds raised in the IPO		
Fresh issue by the Company	6,183,055	2,194,984,525
Fresh issue to employees by Company	66,945	22,627,410
	6,250,000	2,217,611,935
Amount raised in Offer for Sale	1,300,000	461,500,000
Total	7,550,000	2,679,111,935
Share capital		62,500,000
Share premium		2,155,111,935
Total		2,217,611,935
B Net proceeds from IPO available for utilization		
Total amount raised through fresh issue		2,217,611,935
Less: Issue expenses met by the Company		141,172,454
Total		2,076,439,481
C Utilization of the net proceeds from IPO		
Working Capital		2,076,439,481
Total		2,076,439,481

Share issue expenses incurred during the financial year ended 31 March 2011 amounting to Rs. 141,172,454 (previous year Rs. 3,666,987) pertain to expenses incurred in connection with the public issue of equity shares of the Company. In accordance with the provisions of Section 78 of the Companies Act, 1956, these expenses were charged off against the available balance in the 'Share premium' account.

- 21 The gross block of leasehold land includes Rs. 76,086,192 (previous year Rs. 76,086,192) on account of revaluation of leasehold land belonging to erstwhile Blossom Automotive Private Limited which has been transferred to the Company on amalgamation with effect from 1 April 2008. Consequent to the same, there is an additional charge of depreciation of Rs. 1,001,034 (previous year Rs. 1,001,034) and an equivalent amount has been withdrawn from revaluation reserve. This has no impact on profit for the year.

22 Segment reporting

The Segment reporting policy is in conformity with Accounting Standard-17 on "Segment Reporting", prescribed by the Companies (Accounting standards) Rules, 2006.

The risk-return profile of the Company's business is determined predominantly by the nature of their products and services. Accordingly, the following primary segmentation is based on the business in which the Company operate.

Primary segment (Business segment)

A Material handling systems

This segment is primarily engaged in manufacturing, supply, erection and commissioning of material handling systems (including balance of plant) , viz;

- Supply of conveyor belt, slat conveyors, bucket elevators;
- Manufacture and / or supply of crushers, screens, conveyor components like idlers and pulleys (rollers);
- Fabricated steel structures ;
- Providing the services of design, engineering, procurement, construction and maintenance for air and gas pollution control systems attached to the industrial plants;
- Manufacture of ash handling equipments and undertakes turnkey projects for ash handling system.
- Erection and commissioning of all of above.



Schedule 14 : Notes to the Accounts (contd..)

B Setting up of complete power plant on Engineering , Procurement and Construction (EPC) basis

This segment is primarily engaged in purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems.

Secondary segment (Geographical segment)

The businesses are organized into two key geographic segments (reportable secondary segment) i.e. domestic and exports. Revenues are attributable to individual geographic segments based on the location of the customer within India (domestic) and outside India (exports).

The following specific accounting policies have been followed for segment reporting :

- 1 Segment revenue includes net sales (sale of manufactured goods and traded goods), service income and contract revenue directly identifiable to the segment. Segment results and capital employed includes amounts directly identifiable to each of the segments and which can be allocated on a reasonable basis. Unallocable income includes interest income and other income that are not identifiable to the segments. Unallocable expenditure includes corporate expenditure which is not identifiable to any of the segments.
- 2 Unallocated capital employed includes assets and liabilities which are not specifically allocable to individual segments.
- 3 Segment assets and segment liabilities include those directly identifiable with the respective segments. Unallocated assets include cash and bank, loans and advances to subsidiaries, accrued interest on fixed deposits, share application money pending allotment, deferred tax assets, advance for share purchase and investments. Unallocated liabilities include secured loans, unsecured loans, bank overdraft, interest accrued but not due, provision for proposed dividend and income tax liabilities.

For the year ended 31 March 2011

A Primary segment (Business Segments)

(All amounts are in Rupees)

	Material handling system	Setting up of complete power plant on EPC basis	Inter segment elimination	Total
	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011
Revenue				
External sales (net)	19,684,346,089	-	-	19,684,346,089
Inter segment sales	-	-	-	-
Total	19,684,346,089	-	-	19,684,346,089
Results				
Segment results profit/(loss) (before interest and taxes)	2,900,654,675	-	-	2,900,654,675
Unallocable other income (excluding interest income)				7,124,876
Interest income				121,119,024
Interest expenses				(925,733,990)
Charity and donation				(2,963,106)
Profit before taxes				2,100,201,479
Income taxes				
- Current tax				752,152,328

Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

	Material handling system	Setting up of complete power plant on EPC basis	Inter segment elimination	Total
	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011
- Deferred tax				(13,886,543)
- Fringe benefit tax				(303,626)
Profit after taxation				1,362,239,320
Other Information				
Segment assets	21,735,475,682	100,021,527	-	21,835,497,209
Unallocated assets				3,569,698,894
Total assets				25,405,196,103
Liabilities				
Segment liabilities	10,650,013,072	3,185,781	-	10,653,198,853
Unallocated liabilities				7,968,508,620
Share capital (including reserves and surplus)				6,783,488,630
Total liabilities				25,405,196,103
Other Information				
Capital expenditure	402,679,792	-	-	402,679,792
Depreciation and amortisation	102,785,637	-	-	102,785,637
Non-cash expenses other than depreciation and amortisation included in segment expenses	126,834,777	-	-	126,834,777

B Secondary segment (Geographical segment)

	Domestic	Export	Total
Revenue	19,485,926,605	198,419,484	19,684,346,089
Sundry debtors #	13,901,299,934	172,087,731	14,073,387,665
Capital expenditure	402,679,792	-	402,679,792

Other assets except sundry debtors cannot be allocated to the secondary segments.



Schedule 14 : Notes to the Accounts (contd..)

For the year ended 31 March 2010

(All amounts are in Rupees)

A Primary segment (Business Segments)

	Material handling system	Setting up of complete power plant on EPC basis	Inter segment elimination	Total
	For the year ended 31 March 2010	For the year ended 31 March 2010	For the year ended 31 March 2010	For the year ended 31 March 2010
Revenue				
External sales (net)	14,249,621,219	299,654,260	-	14,549,275,479
Inter segment sales	16,266,281	-	(16,266,281)	-
Total	14,265,887,500	299,654,260	(16,266,281)	14,549,275,479
Results				
Segment results profit/(loss) (before interest and taxes)	2,066,247,460	(139,009,224)	16,266,281	1,943,504,518
Unallocable other income (excluding interest income)				22,189,181
Interest income				126,136,471
Interest expenses				(356,127,496)
Charity and donation				(45,744,504)
Diminution in value of investment				(6,450,000)
Profit before taxes				1,683,508,170
Income taxes				
- Current tax				604,434,238
- Deferred tax				(17,442,464)
- Fringe benefit tax				66,795
Profit after taxation				1,096,449,601
Other Information				
Segment assets	13,923,745,833	288,687,096		14,212,432,929
Unallocated assets				1,995,995,780
Total assets				16,208,428,709
Liabilities				
Segment liabilities	7,304,089,549	67,894,780		7,371,984,329
Unallocated liabilities				5,314,647,712
Share capital (including reserves and surplus)				3,521,796,668
Total liabilities				16,208,428,709
Other Information				
Capital expenditure	433,150,508	505,980	-	433,656,488
Depreciation and amortisation	72,147,419	1,135,332	-	73,282,751
Non-cash expenses other than depreciation and amortisation included in segment expenses	61,903,440	-	-	161,903,440

Schedule 14 : Notes to the Accounts (contd..)

B Secondary segment (Geographical segment)

(All amounts are in Rupees)

For the year ended 31 March 2010

	Domestic	Export	Total
Revenue	14,396,261,264	153,014,215	14,549,275,479
Sundry debtors #	9,075,219,545	100,632,706	9,175,852,251
Capital expenditure	433,656,488	-	433,656,488

Other assets except sundry debtors cannot be allocated to the secondary segments.

23 Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 (Revised) "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

a) Defined Contribution Plans: Amount of Rs. 47,215,990 (previous year Rs. 36,512,085) pertaining to employers' contribution to Provident Fund, Employees State Insurance fund and superannuation fund is recognised as an expense and included in "Personnel costs" in Schedule 11.

b) The disclosures for gratuity cost is given below:

(i) The changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2011	As at 31 March 2010
1 Present value of obligation at the beginning of the year	26,445,762	12,405,254
2 Add: Present value of obligation at the beginning of year added on account of amalgamation #	-	5,306,545
3 Interest cost	2,118,034	1,284,296
4 Past service cost	-	2,254,075
4 Currents service cost	8,887,280	6,662,407
5 Benefits paid	(1,086,536)	(1,346,892)
6 Actuarial (gain)/loss on obligation	56,159	(119,923)
7 Present value of obligation at the end of the year	36,420,699	26,445,762

(ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2011	As at 31 March 2010
1 Fair value of plan assets at the beginning of the year	14,943,830	7,671,131
2 Add: Fair value of plan assets at the beginning of the year added on account of amalgamation #	-	5,763,059
3 Expected return on plan assets	1,472,671	1,085,349
4 Contributions	11,050,990	6,054,353
5 Benefits paid	(725,969)	(5,547,931)
6 Actuarial gain/(loss) on plan assets	12,226	(82,131)
7 Fair value of plan assets at the end of the year	26,753,748	14,943,830

refer to note 2 of schedule 14



Schedule 14 : Notes to the Accounts (contd..)

(iii) Actuarial gain/ loss recognised are as follows:-

(All amounts are in Rupees)

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1 Actuarial gain/(loss) for the year - obligation	(56,159)	119,923
2 Actuarial gain/(loss) for the year - plan assets	12,226	(82,131)
3 Total gain/(loss) for the year	(43,933)	37,792
4 Actuarial gain/(loss) recognised in the year	(43,933)	37,792
5 Unrecognized actuarial gains (losses) at the end of year	-	-

(iv) The amounts recognised in Balance Sheet are as follows:-

Particulars	As at 31 March 2011	As at 31 March 2010
1 Present value of obligation as at the end of the year	36,420,699	26,445,762
2 Fair value of plan assets as at the end of the year	26,753,748	14,943,830
3 Funded/(unfunded) status	(9,666,951)	(11,501,932)
4 Excess of actual over estimated	12,226	(82,131)
5 Net assets/(liability) recognized in balance sheet	(9,666,951)	(11,501,932)

(v) The amounts recognised in Profit and Loss Account are as follows

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1 Current service cost	8,887,280	6,662,407
2 Past service cost	-	2,254,075
3 Interest cost	2,118,034	1,284,296
4 Expected return on plan assets	(1,472,671)	(1,085,349)
5 Net actuarial (gain)/loss recognized in the year	43,933	(37,792)
6 Expenses recognised in the statement of profit and losses *	9,576,576	9,077,637

* Included in the "Personnel Costs" in Schedule 11

(vi) Principal actuarial assumptions at the balance sheet date are as follows:

A. Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1 Discount rate	8.00%	8.00%
2 Expected rate of return on plan assets	9.25%	9.25%
3 Salary growth rate	7.00%	7.00%

Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

B. Demographic Assumption

1	Retirement Age	60 Years	
2	Mortality table	LIC (1994-96) duly modified	
3	Withdrawal Rates	Ages	Withdrawal Rate (%)
		Upto 30 Years	3.00
		Upto 44 Years	2.00
		Above 44 Years	1.00

(vii) General description of gratuity plan:

Gratuity Plan (Defined benefit plan)

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vests after five years of continuous service. The Company has set a limit of Rs. 1,000,000 (previous year Rs.1,000,000) per employee.

(viii) Experience on actuarial gain/(loss) for Projected benefit obligation and plan assets.

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1 On plan projected benefit obligation	(56,159)	(1,745,678)
2 On plan assets	12,226	(101,308)

24 Related party disclosures

a) Related party and nature of relationship where control exists.

Subsidiary	Tecpro Energy Limited Tecpro International FZE Tecpro Trema Limited Ajmer Waste Processing Company Private Limited Tecpro Systems (Singapore) Pte. Ltd. Bikaner Waste Processing Company Private Limited Microbase Infosolution Private Limited (w.e.f. 15 April 2010)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani (upto 9 November 2010) Arvind Kumar Bishnoi Aditya Gabrani (w.e.f. 10 November 2010) Amar Banerjee (w.e.f. 2 April 2010)

Related party and nature of the related party relationship with whom transactions have taken place during the year

Subsidiaries	Tecpro Energy Limited Tecpro International FZE Tecpro Trema Limited Ajmer Waste Processing Company Private Limited Tecpro Systems (Singapore) Pte. Ltd. Bikaner Waste Processing Company Private Limited Microbase Infosolution Private Limited (w.e.f. 15 April 2010)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani (upto 9 November 2010) Arvind Kumar Bishnoi Aditya Gabrani (w.e.f. 10 November 2010) Amar Banerjee (w.e.f. 2 April 2010)



Schedule 14 : Notes to the Accounts (contd..)

Relatives of key management personnel	Bhagwanti Gabrani Amita Bishnoi Manju Bishnoi Rashmi Singh
Enterprises over which key management personnel exercise significant influence	Tecpro Energy Limited* Tecpro Trema Limited * Tecpro International FZE* Tecpro Systems (Singapore) Pte. Ltd.* Microbase Infosolution Private Limited* Vasundhra Technologies (India) Private Limited Tecpro Engineers Private Limited Tecpro Paints Private Limited Hythro Power Corporation Limited Tecpro Stones Private Limited Fusion Fittings (I) Limited Shriram Cement Limited BESL Infra-Projects Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise (including relatives of such individuals)	Achal Ghai (upto 11 October 2010) Sonia Ghai (upto 11 October 2010)
Enterprises over which such individuals exercise significant influence	Avigo Venture Investments Limited (upto 11 October 2010)

* Transactions with these enterprises have been disclosed under subsidiaries

(All amounts are in Rupees)

b) Transactions during the current year	Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprises and enterprises over which such individuals exercise significant influence. (including relatives of such individuals)
Remuneration	-	199,368,000	-	-
	(-)	(100,047,984)	(-)	(-)
Dividend paid on equity shares (on cash basis)	-	56,933,268	22,575,252	24,400,059
	(-)	(90,137,500)	(-)	(19,321,030)
Rent expenses	-	12,156,451	-	-
	(-)	(9,796,100)	(-)	(-)
Rent income	228,000	-	618,104	-
	(28,387)	(-)	(240,903)	(-)

Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

	Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence. (including relatives of such individuals)
Interest expenses on loan taken	-	-	-	-
	(-)	(-)	(7,772,330)	(-)
Sales commission expenses	-	-	-	-
	(10,044,364)	(-)	(36,627,321)	(-)
Investment in equity shares	13,320,678	-	-	-
	(25,004,696)	(-)	(-)	(-)
Share application money paid, pending allotment	751	-	-	-
	(485,000)	(-)	(-)	(-)
Equity shares issued pursuant to the scheme of amalgamation*	-	-	-	-
Amount paid on behalf of other parties	(-)	(25,902,580)	(75,250,840)	(42,691,470)
Loans/advances received and repaid	-	-	-	-
	(261,816)	(-)	(245,000)	(-)
Loans taken	-	31,000,000	64,106,297	-
	(-)	(-)	(20,000,000)	(-)
Repayment of loans taken	-	-	-	-
	(-)	(161,828,000)	(95,500,000)	(-)
Loan / advance given	-	-	-	-
	(-)	(211,428,000)	(137,091,215)	(-)
Interest income on loan	131,356,000	-	-	-
	(1,860,000)	(-)	(213,967,000)	(-)
Recovery of loan / advance given	18,634,957	-	-	-
	(2,329,821)	(-)	(16,766,837)	(-)
Amount received on behalf of other Company	-	-	-	-
	(-)	(-)	(245,000)	(-)
Purchase of goods	-	-	-	-
	25,379,860	-	87,413,202	-
Purchase of fixed assets	(139,190,541)	(-)	(44,838,356)	(-)
	(-)	(-)	63,278,954	-
Sale of goods	-	(-)	(178,500)	(-)
	16,000,000	-	31,774,450	-
Sale of fixed assets	(-)	(-)	(37,928,480)	(-)
	-	-	390,000	-
Amount paid by other party on behalf of Company	(-)	(-)	(-)	(-)
	(-)	(-)	700,000	-
	(-)	(-)	(-)	(-)



Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

	Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence. (including relatives of such individuals)
Equipments hire charges	-	-	9,360,000	-
	(-)	(-)	(4,387,734)	(-)
Sub Contract expenses	-	-	-	-
	(-)	(-)	(13,491,401)	(-)
Testing and Inspection Charges	-	-	-	-
	(-)	(-)	(37,014)	(-)
Travelling expenses	156,471	-	55,248	-
	(-)	(-)	(-)	(-)
Repair and maintenance charges	-	-	156,365	-
	(-)	(-)	(-)	(-)
Fabrication charges	-	-	13,109,145	-
	(-)	(-)	(-)	(-)
Comfort letter given by Company on behalf of other party	-	-	#	-
	(-)	(-)	(#)	(-)
Guarantees/security given by other parties on behalf of the Company	@@	##	^	-
	(-)	(##)	(-)	(-)
Shares pledged by certain directors for credit facilities taken by Company	-	@	-	-
	(-)	(@)	(-)	(-)
c) Outstanding balance as at year-end				
Share application money, pending allotment	485,751	-	-	-
	(563,210)	(-)	(-)	(-)
Loan/ Advance recoverable	147,870,400	-	-	-
	(16,514,400)	(-)	(2,350,866)	(-)
Interest recoverable on loan	20,219,210	-	-	-
	(3,447,749)	(-)	(16,612,131)	(-)
Business advances payable	-	-	-	-
	(-)	(2,420)	(-)	(-)
Expenses payable	-	-	-	-
	(-)	(-)	(4,928,148)	(-)
Interest payable	-	-	-	-
	(-)	(-)	(5,785,134)	(-)
Rent payable	-	-	-	-
	(-)	(1,615,583)	(-)	(-)
Rent receivable	-	-	-	-
	(28,387)	(-)	(226,709)	(-)

Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

	Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence. (including relatives of such individuals)
Sales commission payable	-	-	-	-
	(2,894,527)	(-)	(-)	(-)
Remuneration payable	-	46,263,000	-	-
	(-)	(-)	(-)	(-)
Debtors	16,000,000	-	19,907,405	-
	(-)	(-)	(12,389,112)	(-)
Creditors	10,566,528	-	79,468,492	-
	(92,706,283)	(-)	(-)	(-)
Amount payable by Company on account of payment made by others	-	-	700,000	-
	(-)	(-)	(-)	(-)
Amount receivable on account of payment made on behalf of other Company	261,816	-	-	-
	(261,816)	(-)	(-)	(-)
Comfort letter given by Company on behalf of other party	-	-	#	-
	(-)	(-)	(#)	(-)
Guarantees/security given by other parties on behalf of the Company	@@	##	^	-
	(-)	(##)	(-)	(-)
Shares pledged by certain directors for credit facilities taken by Company	-	@	-	-
	(-)	(@)	(-)	(-)

Company has given a letter of comfort for various facilities taken by Hythro Power Corporation Limited from a Bank with a limit of Rs. 1,070,000,000 (previous year Rs. 1,000,000,000)

Guarantees and collateral security given by Ajay Kumar Bishnoi and Amul Gabrani for various facilities taken by the Company from a bank with a limit of Rs. 41,162,300,000 (previous year Rs. 17,463,200,000) and Bhagwanti Gabrani (relative of a director) for various facilities taken by the Company from a bank with a limit of Rs. 29,765,800,000 (previous year Rs. 17,463,200,000) *

@@ Guarantees given by Microbase Infosolution Private Limited for various facilities taken by the Company from a bank with a limit of Rs. 400,000,000 (previous year Rs.Nil)

^ Guarantees given by Fusion Fittings (I) Limited for various facilities taken by the Company from a bank with a limit of Rs. 5,600,000,000 (previous year Rs.Nil)

@ Ajay Kumar Bishnoi and Amul Gabrani have pledged their shares in the Company with a bank for credit facilities taken by the Company with a limit of Rs. 19,715,800,000 (previous year Rs. 2,600,000,000)*

* Also refer to schedule 3 of the financial statements

Figures in bracket refer to previous year 31 March 2010



Schedule 14 : Notes to the Accounts (contd..)

d) Details of related parties with whom transactions exceed 10% of the class of transaction.

(All amounts are in Rupees)

Name of Related Party	Nature of Transaction	Year ended 31 March 2011	Year ended 31 March 2010
Ajay Kumar Bishnoi	Rent expenses	5,642,226	4,644,551
Amul Gabrani	Rent expenses	5,642,226	4,644,549
Amul Gabrani	Loans taken during the year	31,000,000	161,828,000
Amul Gabrani	Repayment of loan taken	31,000,000	203,828,000
Tecpro Engineers Private Limited	Loans/advances received and repaid	44,106,297	-
Hythro Power Corporation Limited	Loans taken during the year	-	95,000,000
Hythro Power Corporation Limited	Repayment of loan taken	-	95,000,000
Tecpro Engineers Private Limited	Loan / advance given	-	208,967,000
Tecpro Engineers Private Limited	Recovery of loan/advance given	-	248,867,000
Ajay Kumar Bishnoi	Remuneration	83,871,996	40,404,000
Amul Gabrani	Remuneration	83,871,996	40,404,000
Tecpro Engineers Private Limited	Sales commission expenses	-	36,627,321
Vasundhra Technologies (India) Private Limited	Repayment of loan taken	-	40,000,000
Vasundhra Technologies (India) Private Limited	Interest expenses on loan taken	-	4,000,001
Hythro Power Corporation Limited	Interest expenses on loan taken	-	3,772,329
Ajmer Waste Processing Company Private Limited	Interest income	1,917,960	-
Ajmer Waste Processing Company Private Limited	Sale of goods	16,000,000	-
Tecpro Engineers Private Limited	Rent income	480,000	141,935
Tecpro Engineers Private Limited	Sub contract expenses	-	2,316,300
Tecpro Engineers Private Limited	Interest income	-	16,612,170
Ajay Kumar Bishnoi	Dividend paid on equity shares (on cash basis)	27,059,526	42,750,000
Amul Gabrani	Dividend paid on equity shares (on cash basis)	27,958,026	44,247,500
Avigo Venture Investments Limited	Dividend paid on equity shares (on cash basis)	20,457,459	12,750,030
Tecpro Systems (Singapore) Pte. Ltd.	Investment in equity shares	13,320,678	12,023,591
Tecpro International FZE	Investment in equity shares	-	12,981,105
Ajay Kumar Bishnoi	Investment in equity shares	-	45,136,000
Amul Gabrani	Investment in equity shares	-	45,136,000
Tecpro Paints Private Limited	Loans/advances received and repaid	20,000,000	-
Tecpro Systems (Singapore) Pte. Ltd.	Sales commission expenses	-	10,044,364
Tecpro International FZE	Amount paid on behalf of other Company	-	261,816
Tecpro Systems (Singapore) Pte. Ltd.	Travelling expenses	156,471	-
Tecpro Systems (Singapore) Pte. Ltd.	Share application money pending allotment	751	-

Schedule 14 : Notes to the Accounts (contd..)

(All amounts are in Rupees)

Name of Related Party	Nature of Transaction	Year ended 31 March 2011	Year ended 31 March 2010
BESL Infra Projects Limited	Travelling expenses	55,248	-
Hythro Power Corporation Limited	Sale of goods	28,953,400	37,928,480
Tecpro Paints Private Limited	Purchase of Fixed assets	-	178,500
Tecpro Trema Limited	Rent income	228,000	28,387
Tecpro Trema Limited	Purchase of goods	25,379,860	139,190,541
Tecpro Paints Private Limited	Purchase of goods	15,412,011	44,606,332
Tecpro Stones Private Limited	Purchase of Fixed assets	6,410,512	-
Tecpro Stones Private Limited	Rent Income	96,000	28,000
Tecpro Stones Private Limited	Equipment hire charges	9,360,000	4,387,734
Shriram Cement Limited	Amount paid by other party on behalf of Company	700,000	-
Microbase Infosolution Private Limited	Loans/advance given	126,935,000	-
Microbase Infosolution Private Limited	Interest income	16,133,111	-
Tecpro Engineers Private Limited	Amount paid on behalf of other Company	-	245,000
Tecpro Engineers Private Limited	Amount received on behalf of other Company	-	245,000
Hythro Power Corporation Limited	Loans/advance received and repaid	-	20,000,000
Tecpro Infrastructures Private Limited	Rent income	-	70,968
Tecpro Infrastructures Private Limited	Sub contract expenses	-	11,175,101
Tecpro Infrastructures Private Limited	Testing and Inspection Charges	-	37,014
Hythro Power Corporation Limited	Sale of fixed assets	390,000	-
Hythro Power Corporation Limited	Purchase of goods	72,001,191	-
Hythro Power Corporation Limited	Purchase of fixed assets	56,355,722	-
Hythro Power Corporation Limited	Repair and maintenance expenses	156,365	-
Hythro Power Corporation Limited	Fabrication charges	12,162,845	-
Fusion Fittings (I) Limited	Dividend paid on equity shares (on cash basis)	22,575,252	-
Fusion Fittings (I) Limited	Equity shares issued pursuant to the scheme of amalgamation	-	75,250,840
Avigo Venture Investments Limited	Equity shares issued pursuant to the scheme of amalgamation	-	42,691,470

25 The Company's exposure in respect of foreign currency denominated assets and liabilities not hedged by derivative instruments or otherwise are as follows:-

Particulars	As at 31 March 2011	As at 31 March 2010
Assets		
US \$ 2,808,076 (previous year US \$2,385,350)	126,162,392	107,350,286
Euro 1,026,814 (previous year Euro 638,641)	65,384,428	38,665,795
Liabilities		
US \$ 7,531,950 (previous year US \$ 5,731,733)	340,250,757	257,950,912
Euro 2,788,819 (previous year Euro 4,674,609)	178,112,070	283,019,041
SEK Nil (previous year SEK 11,268,200)	-	69,838,163
ZAR 61,861 (previous year ZAR Nil)	411,907	-



Schedule 14 : Notes to the Accounts (contd..)

The Company's exposure in respect of foreign currency denominated assets and liabilities hedged by derivative instruments or otherwise are as follows :-

Particulars	As at 31 March 2011	As at 31 March 2010
Liabilities		
US \$Nil (previous year US \$ 250,000)	-	11,251,000

26 Disclosures pursuant to Accounting standard (AS) 7 "Construction Contracts" (Revised) are given below :

(All amounts are in Rupees)

Particulars	As at 31 March 2011	As at 31 March 2010
Contract revenue recognised for the year	10,817,804,433	6,311,780,092
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto the Balance sheet date for all contracts in progress as at that date	20,625,293,232	9,787,947,579
Amount of customer advances outstanding for contracts in progress as at Balance sheet date	2,990,531,697	1,317,432,159
Retention amounts due from customers for contracts in progress	2,054,480,421	924,652,016
Gross amount due from customers for contract work	3,554,317,249	1,941,401,567
Gross amount due to customers for contract work	120,481,589	255,223,717

27 Amount of Rs. 35,000,000 had been paid during the previous year as advance consideration towards acquisition of share capital of Microbase Infosolution Private Limited (MIPL). During the current year, the Company has purchased 100% shares of MIPL for Rs. 209,100,000 i.e 10,200 equity shares @ Rs. 20,500 per equity share. As a result, MIPL has become wholly owned subsidiary of the Company with effect from 15 April 2010.

29 Previous year figures in balance sheet have been regrouped / recast wherever necessary to conform to the current year's classification/presentation. Further, the current year figures are not comparable with previous year on account of amalgamation.

For **B S R & Co.**

Chartered Accountants

Registration no. 101248W

Sd/-

Vikram Advani

Partner

Membership No.: 091765

Place : Gurgaon

Date : 25 May 2011

For and on behalf of the Board of Tecpro Systems Limited

Sd/-

Ajay Kumar Bishnoi

Chairman &

Managing Director

Place : Gurgaon

Date : 25 May 2011

Sd/-

Amul Gabrani

Vice Chairman &

Managing Director

Sd/-

Pankaj Tandon

Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As per Schedule VI, Part (iv) of the Companies Act, 1956)

I. Registration details

Registration no.	41985	State code	55
Balance Sheet date	31 03 2011		
	Date Month Year		

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

Public Issue	62,500	Rights issue	-
Bonus Issue	-	Private placement	-
Share application money, pending allotment	-		

III. Position of mobilization and deployment of funds (Amount in Rs. thousands)

Total liabilities	25,405,196	Total assets	25,405,196
Sources of funds			
Paid - up capital	504,738	Reserves & surplus	6,278,751
Secured loans	7,468,616	Unsecured loans	-
Deferred tax liability (net)	-	Share application money, pending allotment	-
Application of funds			
Net fixed assets	1,611,875	Investments	369,610
Net current assets	12,244,821	Miscellaneous expenditure	-
Accumulated losses	-	Deferred tax assets (net)	25,798

IV. Performance of Company (Amount in Rs. thousands)

Turnover*	19,856,272	Total expenditure	17,756,071
Profit before tax	2,100,201	Profit after tax	1,362,239
Basic earning per share in Rs.	28.85	Dividend rate %	30
Diluted earning per share in Rs.	28.85		

* including other income

V. Generic names of three principal products / Services of Company (As per monetary terms)

Item code	84313910	Product description	Idlers and pulleys
(ITC code)	73089090		Structures
	84742010		Crusher components

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing Director

Sd/-
Amul Gabrani
Vice Chairman &
Managing Director

Sd/-
Pankaj Tandon
Company Secretary

Place : Gurgaon
Date : 25 May 2011



Auditors' Report

To the Board of Directors of

Tecpro Systems Limited

On the consolidated financial statements of Tecpro Systems Limited and its subsidiaries

- 1 We have audited the attached consolidated Balance Sheet of Tecpro Systems Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), as described in summary of significant accounting policies to the consolidated financial statements as at 31 March 2011, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement (collectively referred to as 'consolidated financial statements') for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements of Ajmer Waste Processing Company Private Limited, India, Bikaner Waste Processing Company Private Limited, India, Microbase Infosolutions Private Limited, India, Tecpro Trema Limited, India, Tecpro Systems (Singapore) Pte. Ltd., Singapore, Tecpro International FZE, Dubai. These subsidiaries account for 0.72% of total assets, 0.04% of total income and 5% of net cash flows used in operating activities, as shown in these consolidated financial statements. Of the above, the financial statements of Tecpro Systems (Singapore) Pte. Ltd., Singapore and Tecpro International FZE, Dubai which are audited as per the generally accepted accounting principles (GAAP) of the respective countries by another auditor, have been converted into Indian GAAP. The financial statements of the above mentioned subsidiaries made for this purpose have been audited by other auditors and reports of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid audit reports of those other auditors.
- 4 We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, prescribed by Companies (Accounting Standards) Rules, 2006.
- 5 On the basis of the information and explanation given to us, and on consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - (i) the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;
 - (ii) the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) the consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **BSR & Co.**
Chartered Accountants
Registration no. 101248W

Sd/-

Vikram Advani

Partner

Place : Gurgaon

Date : 25 May, 2011

Membership No. 091765

Consolidated Balance Sheet as at 31 March 2011

(All amounts are in Rupees)

	Schedule No.	As at 31 March 2011
SOURCES OF FUNDS		
<i>Shareholders' funds</i>		
Share capital	1	504,737,910
Reserves and surplus	2	6,183,000,181
		<u>6,687,738,091</u>
<i>Share application money</i>	1 (a)	10,000
<i>Loan funds</i>		
Secured loans	3(a)	7,468,616,229
Unsecured loans	3(b)	5,000
		<u>7,468,621,229</u>
<i>Minority interest</i>		17,089
		<u><u>14,156,386,409</u></u>
APPLICATION OF FUNDS		
<i>Fixed assets</i>		
Gross block	5	1,877,909,823
Less: Accumulated depreciation		282,930,214
Net block		<u>1,594,979,609</u>
Capital work in progress (including capital advances)		417,350,927
		<u>2,012,330,536</u>
<i>Investments</i>	6	76,044,346
<i>Deferred tax assets (net)</i>	4	24,782,119
<i>Current assets, loans and advances</i>		
Inventories	7(a)	1,398,938,589
Sundry debtors	7(b)	14,057,440,159
Cash and bank balances	7(c)	2,995,347,171
Loans and advances	7(d)	1,197,197,820
Other current assets	7(e)	3,570,905,995
		<u>23,219,829,734</u>
<i>Less: Current liabilities and provisions</i>	8	
Current liabilities		10,647,027,825
Provisions		529,572,501
		<u>11,176,600,326</u>
Net current assets/(liabilities)		<u>12,043,229,408</u>
		<u><u>14,156,386,409</u></u>
Significant accounting policies and notes to the accounts	14	

The accompanying schedules form an integral part of the financial statements

As per our report attached

For **B S R & Co.**

Chartered Accountants
Registration no. 101248W

Sd/-
Vikram Advani
Partner
Membership No.: 091765

Place : Gurgaon
Date : 25 May 2011

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing Director

Place : Gurgaon
Date : 25 May 2011

Sd/-
Amul Gabrani
Vice Chairman &
Managing Director

Sd/-
Pankaj Tandon
Company Secretary



Consolidated Profit & Loss Account for the year ended 31 March 2011

(All amounts are in Rupees)

	Schedule No.	For the year ended 31 March 2011
INCOME		
Contract revenue		10,817,804,433
Sales		7,776,685,608
Less: Excise duty		<u>202,073,104</u>
Net sales		7,574,612,504
Service income		1,280,581,580
Other income	9	<u>155,484,046</u>
TOTAL INCOME		<u><u>19,828,482,563</u></u>
EXPENDITURE		
Cost of goods sold	10	14,464,931,271
Personnel costs	11	928,413,597
Administrative and selling expenses	12	1,036,292,294
Finance charges	13	1,231,050,844
Depreciation and amortisation	5	<u>103,943,400</u>
TOTAL EXPENDITURE		<u><u>17,764,631,406</u></u>
Profit before taxes		2,063,851,157
Provision for taxation:		
- Income tax for current year		744,706,164
- Income tax for prior years		7,709,836
- Deferred tax charge/(credit)	4	<u>(12,932,834)</u>
- Fringe benefit tax for prior year		<u>(303,626)</u>
Profit after taxes		1,324,671,617
Share of loss/(profit) of minorities		-
Balance brought forward		<u>1,194,399,543</u>
Profit available for appropriation		2,519,071,160
Appropriations :		
- Proposed dividend		151,421,373
- Proposed dividend tax		24,564,332
- Transfer to general reserve		<u>136,223,932</u>
Profit and loss account balance carried forward to		
Schedule of Reserves and surplus		<u><u>2,206,861,523</u></u>
Earnings per share at face value Rs. 10 each :	14(8)	
Basic		28.05
Diluted		28.05
Significant accounting policies and notes to the accounts	14	

The accompanying schedules form an integral part of the financial statements

As per our report attached

For **B S R & Co.**
Chartered Accountants
Registration no. 101248W

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Vikram Advani
Partner
Membership No.: 091765

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing Director

Sd/-
Amul Gabrani
Vice Chairman &
Managing Director

Sd/-
Pankaj Tandon
Company Secretary

Place : Gurgaon
Date : 25 May 2011

Place : Gurgaon
Date : 25 May 2011

Consolidated Cash Flow Statement for the year ended 31 March 2011

(All amounts are in Rupees)

For the year ended
31 March 2011

A Cash flow from operating activities

Net profit before tax 2,063,851,157

Adjustments for:

Depreciation and amortisation 103,943,400

Miscellaneous expenses written off 6,853

Profit on sale of fixed assets (29,648)

Loss on sale of fixed assets 1,820,264

Dividend income (776,369)

Interest income (102,605,520)

Finance charges 1,231,050,844

Bad debts written off 34,004,425

Provisions written back (13,574,981)

Provision for estimated losses on contract in progress written back (5,984,000)

Provision for bad and doubtful debts 90,000,000

Fixed assets written off 1,706,768

Operating profit before working capital changes 3,403,413,193

Decrease/ (Increase) in working capital

(Increase)/Decrease in inventories (337,481,393)

(Increase)/Decrease in sundry debtors (5,005,291,291)

(Increase)/Decrease in loans and advances (434,132,176)

(Increase)/Decrease in other current assets (1,585,659,914)

Increase/(Decrease) in current liabilities and provisions 3,303,287,490

Cash generated from operations (655,864,091)

Direct taxes paid (696,377,096)

Direct taxes refund 5,813,451

Fringe benefit tax paid 303,626

Net cash (used in) / generated from operating activities (1,346,124,110)

B Cash flow from investing activities

Sale of fixed assets 3,110,788

Purchase of fixed and intangible assets (483,047,910)

Purchases of business of subsidiaries (net of cash acquired) (211,749,312)

Purchase of investments (45,000,000)

Dividend received 776,369

Interest received 102,899,941

Net cash used in investing activities (633,010,124)



Consolidated Cash Flow Statement (Contd..)

(All amounts are in Rupees)

For the year ended
31 March 2011**C Cash flows from financing activities**

Issue of equity share capital	62,500,000
Share premium received on issue of equity share capital	2,155,111,935
Net movement in long-term borrowings	(121,922,980)
Share issue expenses	(141,172,454)
Net movement in short term borrowings	2,722,603,620
Loans received from a director	31,100,000
Repayment of loans to director	(31,100,000)
Repayment of loans to others	(33,625,000)
Loans received from companies	64,000,000
Repayment of loans to companies	(77,275,000)
Loan given to company	(84,231,411)
Dividend paid	(132,671,373)
Dividend taxes paid	(22,547,500)
Finance charges paid	(1,241,123,091)
Net cash (used in) / generating from financing activities	3,149,646,746
<i>Net increase in cash and cash equivalents (A+B+C)</i>	<i>1,170,512,512</i>
Cash and cash equivalents at the beginning of the year	1,824,834,659
Cash and cash equivalents at the end of the year	2,995,347,171
Components of cash and cash equivalents:	
Cash in hand	1,343,283
Balances with scheduled banks:	
- On current accounts	1,644,608,068
- On fixed deposit accounts	1,349,395,820
	2,995,347,171

Notes:

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents include Rs. 1,349,395,820 (previous year Rs. 1,137,152,767) on account of margin money deposits which are not available for use by the Company and further include fixed deposit aggregating Rs. Nil (previous year Rs. 150,052,521) duly lien marked in favour of bank, which also is not available for use by the Company.

As per our report attached

For **B S R & Co.**
Chartered Accountants
Registration no. 101248WSd/-
Vikram Advani
Partner
Membership No.: 091765Place : Gurgaon
Date : 25 May 2011

For and on behalf of the Board of Tecpro Systems Limited

Sd/-
Ajay Kumar Bishnoi
Chairman &
Managing DirectorPlace : Gurgaon
Date : 25 May 2011Sd/-
Amul Gabrani
Vice Chairman &
Managing DirectorSd/-
Pankaj Tandon
Company Secretary

Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011

Schedule 1 : Share capital

Authorised

127,900,000 equity shares of Rs. 10 each		1,279,000,000
		<u>1,279,000,000</u>

Issued, subscribed and paid up

50,473,791 equity shares of Rs.10 each fully paid up		504,737,910
[Of this, 140,000 shares have been allotted as fully paid up pursuant to a contract without payments being received in cash]		
[Of this, 22,437,750 shares have been allotted as fully paid up by way of bonus shares out of share premium account]		
[Of this, 16,526,291 shares have been allotted as fully paid up pursuant to the scheme of amalgamation]		
		<u>504,737,910</u>

Schedule 1(a) - Share application money

Share application money		10,000
		<u>10,000</u>

Schedule 2 : Reserves and surplus

General reserve

Balance at the beginning of the year	738,170,390	
Additions during the year	<u>136,223,932</u>	874,394,322

Capital Reserve

Balance at the beginning of the year	38,855,552	
Additions during the year	<u>-</u>	38,855,552

Share premium

Balance at the beginning of the year	977,868,781	
Additions during the year	2,155,111,935	
Share issue expenses incurred during the year *	<u>(141,172,454)</u>	2,991,808,262

Revaluation reserve

Balance at the beginning of the year	72,081,656	
Utilised during the current year	<u>(1,001,134)</u>	71,080,522

Profit and loss account

Balance at the beginning of the year	1,194,399,543	
Transferred from Profit and Loss Account	<u>1,012,461,980</u>	2,206,861,523
		<u>6,183,000,181</u>

* Refer to note 16 of schedule 14



Schedules forming part of the accounts

(All amounts are in Rupees)

As at

31 March 2011

Schedule 3 : Loan funds

a) Secured loans

- From banks

Term loan	738,097,615
Export packing credit	226,627,897
Cash credit	4,624,301,838
Short term loans (repayable within one year)	1,123,018,334
Buyer's credit (repayable within one year)	181,938,570
Bills discounting	520,659,779
Car loans	8,679,216
-From others	
Car loan	45,292,980

7,468,616,229

Notes:

- Term Loans include loan taken from State Bank of India amounting to Rs. 133,223,215 for office of the Company at Siruseri, Chennai is secured by way of equitable mortgage over the leasehold rights of the Company's land and building constructed thereon for office and also further secured by the current assets of the Company. Amount repayable within a year Rs. 42,373,127.
- Term Loans include Corporate Loan from State Bank of India amounting to Rs.280,928,099 for part funding of escalation in cost of construction of Company's office at Siruseri, Chennai and for meeting the working capital requirements and is secured by way of charge on the entire current assets and fixed assets of the Company on a pari passu basis. Amount repayable within a year Rs. 136,688,099.
- Term loan and Corporate loan from State Bank of India mentioned in note no. 1 and 2 above are also collaterally secured by:
 - Hypothecation of movable fixed assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company on pari passu basis.
 - Equitable mortgage over (i) certain factory land and buildings located at Bawal, Haryana and Bhiwadi, Rajasthan; (ii) factory land and building located at Bhiwadi, Rajasthan and certain properties located at Kasarwadi, Pune. The properties mentioned in (i) are also mortgaged in favour of other bankers on pari passu basis.
 - Corporate loan is further collaterally secured by equitable mortgage over land on which office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.
- The term loans and facilities from State Bank of India are also secured by corporate guarantee given by Fusion Fittings (I) Limited and pledge of certain shares by certain directors of the Company.
- Term loans also include loan taken from Yes Bank Limited amounting to Rs.323,946,301 which is secured by subservient charge on all current assets (present and future) of the Company. Amount repayable within a year Rs. 163,946,301.
- Cash credit amounting to Rs. 4,195,943,630 , export packing credit amounting to Rs. 226,627,897, short term loans amounting to Rs. 360,781,370 and buyers credit amounting to Rs. 181,938,570 are secured by first charge on the current assets of the Company on pari passu basis. The charge on the current assets have further been extended to bills discounting amounting to Rs. 520,659,779 .
Of the above:
Cash credit, short term loans and buyers credit from certain banks are further primarily / collaterally secured by way of hypothecation of moveable fixed assets of the Company on a pari passu basis other than those specifically funded through term loans and charged to State Bank of India and by way of equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company on pari passu basis.
- Cash credit, short term loans, export packing credit, buyers credit and bills discounting mentioned in note 6 above are further secured by first charge in favour of all the banks under multiple banking arrangement* along with State Bank of India on pari passu basis over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company and further collaterally secured by equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. The properties mentioned in note 1 and 3(b)(ii) are mortgaged exclusively in favour of State Bank of India.
- Cash credit from banks also include an amount of Rs. 428,358,208 taken by erstwhile Tecpro Ashtech Limited secured by a pari-passu charge on present and future goods, books debts, all other moveable assets, outstanding monies, claims, Investments etc. of erstwhile Tecpro Ashtech Limited in terms of the deed of hypothecation and further secured by corporate guarantee given by Fusion Fittings (I) Limited, holding Company of erstwhile Tecpro Ashtech Limited and collaterally secured by hypothecation of movable fixed assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company.
- Short term loans also include loans taken from IndusInd bank and DBS Bank amounting to Rs. 250,000,000 and Rs. 512,236,964 respectively secured by retention monies receivable from certain debtors of the Company.
- Car loans are secured by way of hypothecation of the respective vehicles.
- All the above loans except car loans are also guaranteed by certain directors either by themselves and / or together with a relative of a director.

* Secured loans mentioned in note 6 and 7 above are under multiple banking arrangement alongwith State Bank of India for which equitable mortgage over the immovable properties belonging to the Company was created on 29 March 2010 by State Bank of India by way of deposit of title deeds and was confirmed by State Bank of India by issue of Memorandum of Entry dated 10 May 2010.

b) Unsecured loans

Short term loans and advances (repayable within one year)

- From others	5,000
	<u>5,000</u>

Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011

Schedule 4 : Deferred tax assets (net)

Balance at the beginning of the year	11,849,285	
Additions/(deletion) during the year	12,932,834	24,782,119
		<u>24,782,119</u>

Refer to note 10 of schedule 14

(All amounts are in Rupees)

Schedule 5 : Fixed assets

Description	Gross block (at cost)			Accumulated depreciation				Net block	
	As at 1 April 2010	Additions during the year	Deletions / adjustments during the year	As at 31 March 2011	As at 1 April 2010	For the year	Deletions / adjustments during the year	As at 31 March 2011	As at 31 March 2011
Tangible assets									
Freehold land #	34,705,270	-	-	34,705,270	-	-	-	-	34,705,270
Leasehold land @	140,234,680	-	-	140,234,680	6,391,677	811,141	(1,001,134)*	8,203,952	132,030,728
Buildings	653,638,705	32,896,150	-	686,534,855	26,297,352	22,939,958	-	49,237,310	637,297,545
Leasehold Improvement	29,942,653	10,783,652	-	40,726,305	13,137,867	10,138,492	-	23,276,359	17,449,946
Plant and machinery	298,876,713	110,883,274	5,500,815	404,259,172	48,954,116	31,680,691	3,550,268	77,084,539	327,174,633
Furniture and fittings	67,448,693	5,062,028	1,866,433	70,644,288	24,277,687	12,410,241	1,423,071	35,264,857	35,379,431
Vehicles	114,774,738	60,836,048	6,518,246	169,092,540	22,067,964	12,093,273	2,455,115	31,706,122	137,386,418
Computers	38,973,230	7,549,231	5,101,316	41,421,145	19,657,777	5,789,601	4,950,184	20,497,194	20,923,951
Intangible assets									
Goodwill **	11,493,689	217,274,231	-	228,767,920	-	161,644	-	161,644	228,606,276
Computers software	32,000,967	9,584,127	-	41,585,094	18,641,324	7,627,400	-	26,268,724	15,316,370
Technical know-how	10,938,554	9,000,000	-	19,938,554	10,938,554	290,959	-	11,229,513	8,709,041
	1,433,027,892	463,868,741	18,986,810	1,877,909,823	190,364,318	103,943,400	11,377,504	282,930,214	1,594,979,609

Capital work in progress (including capital advances)

417,350,927

* Depreciation aggregating to Rs. 1,001,134 for the current year has been utilised through revaluation reserve.@

Refer to note 3 (vi) of schedule 14

@ Refer to note 17 of schedule 14

** Includes goodwill arising on consolidation amounting to Rs. 223,767,920.



Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011

Schedule 6 : Investments

[Non-trade, long - term (unless otherwise stated), at cost]

Mutual funds

a. Principal Growth Fund [14,355.55 units of face value Rs. 10 each]	313,206
b. Principal Large Cap Fund [19,559.90 units of face value Rs. 10 each]	200,000
c. Principal Dividend Yield Fund [5,287.68 units of face value Rs. 10 each]	71,740
d. Principal Personal Tax Saver Fund [470.06 units of face value Rs. 100 each]	70,000
e. Principal Emerging Blue Chip Fund [19,361.16 units of face value Rs. 10 each]	250,000
f. Principal Monthly Income Fund [9,884.45 units of face value Rs. 10 each]	100,000
g. SBI Premier Liquid Fund [Current] [7,478,804 units of face value Rs. 10 each]	75,000,000

Shares - Quoted

Vijaya Bank [600 equity shares of Rs.10 each fully paid up]	14,400
--	--------

Government Securities - Unquoted

National Savings Certificate *	25,000
	<u>76,044,346</u>

* Pledged as security deposit with the Sales Tax Authorities

Aggregate book value and market value of quoted investments and book value of unquoted investments:

Mutual funds

- Aggregate book value	76,004,946
- Aggregate net asset value	76,652,583

Quoted investments

- Aggregate book value	14,400
- Aggregate market value	47,610

Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011

Schedule 7 : Current assets, loans and advances

a) <i>Inventories #</i>	
Raw material	385,433,027
Contract work in progress	83,342,875
Work in progress	669,415,030
Finished goods (purchased for resale) - project supplies	159,804,000
Goods in transit - Raw material	39,457,884
- Finished goods (purchased for resale) - project supplies	32,254,800
- Finished goods (manufactured)	29,230,973
	1,398,938,589
# At cost or net realisable value, whichever is less.	
b) <i>Sundry debtors (unsecured)*/#</i>	
Considered good	
- debts outstanding for a period exceeding six months	5,624,079,754
- other debts	8,433,360,405
Considered doubtful	
- debts outstanding for a period exceeding six months	158,604,421
- other debts	-
	14,216,044,580
Less: Provision for doubtful debts	158,604,421
	14,057,440,159
* Includes retention money amounting to Rs. 5,278,316,863.	
# Includes Rs. 19,907,405 due from Hythro Power Corporation Limited, company under the same management as defined under section 370(1-B) of the Companies Act,1956.	
c) <i>Cash and bank</i>	
Cash in hand	1,343,283
Balances with scheduled banks:	
- On current accounts	1,644,608,068
- On fixed deposit accounts (refer note below)	1,349,395,820
	2,995,347,171
Note:	
Fixed deposits aggregating Rs. 1,349,395,820 are held as margin money against guarantee issued by the bank on behalf of the Company and are not available for use by the Company.	
d) <i>Loans and advances</i>	
<i>(Unsecured and considered good)</i>	
Advances recoverable in cash or in kind or for value to be received	723,778,429
Security deposits	56,402,426
Loan/advances to other companies	84,231,411
Balances with Government authorities	332,785,554
<i>(Unsecured and considered doubtful)</i>	
Security deposits	2,246,092
Balances with Government authorities	5,485,815
	1,204,929,727
Less: Provision for doubtful advances	7,731,907
	1,197,197,820
e) <i>Other current assets</i>	
Unbilled revenue on contracts in progress	3,556,811,249
Accrued interest on fixed deposits	14,094,746
	3,570,905,995



Schedules forming part of the accounts

(All amounts are in Rupees)

As at
31 March 2011

Schedule 8 : Current liabilities and provisions

*Current liabilities**Sundry creditors*

- Total outstanding dues of micro and small enterprises	115,738,942
- Total outstanding dues of creditors other than micro and small enterprises */#	9,333,702,991
Other liabilities **	401,983,378
Book overdraft	5,485,479
Advances from customers	660,888,245
Advance billing to customers	128,943,284
Interest accrued but not due on loans	285,506
	<u>10,647,027,825</u>

Provisions

Provision for taxation [net of advance tax and tax deducted at source Rs. 1,659,230,307]	308,457,838
Provision for gratuity @	9,736,145
Provision for leave encashment	29,978,813
Provision for proposed dividend	151,421,373
Provision for corporate dividend tax on proposed dividend	24,564,332
Provision for estimated losses on incomplete contracts	5,414,000
	<u>529,572,501</u>

* Includes salaries and bonus payable Rs. 101,513,806.

** Includes Provident Fund and Employee State Insurance payable Rs. 6,870,424

Refer to note 4 of schedule 14

@ Refer to note 12 of schedule 14

For the year ended
31 March 2011

Schedule 9 : Other Income

Interest income	
- On fixed deposits [gross of tax deducted at source Rs. 10,023,310]	93,927,705
- From others [gross of tax deducted at source Rs. 814,350]	8,677,815
Sales of scrap	12,750,778
Dividend income from non trade investment	776,369
Excise duty refund	1,654,109
Duty drawback	11,207,219
Provisions/liabilities no longer required, written back	19,558,981
Profit on sale of fixed assets	29,648
Exchange gain (net)	3,198,584
Miscellaneous income	3,702,838
	<u>155,484,046</u>

Schedules forming part of the accounts

(All amounts are in Rupees)

For the year ended
31 March 2011

Schedule 10 : Cost of goods sold

A. <i>Manufacturing and other related expenses</i>		
<i>Cost of raw material consumed</i>		
Opening stock of raw material	276,207,038	
Add: purchases during the year	1,921,322,990	
Less: closing stock of raw material	366,722,186	1,830,807,842
(Increase)/decrease in finished goods and work in progress-manufacturing		(276,224,342)
Excise duty expense	211,666,465	
Less: Excise duty recovered	202,073,104	9,593,361
Fabrication charges		68,975,480
Power and fuel - manufacturing		18,983,409
Freight and forwarding		36,907,047
Equipment charges		1,888,256
Testing charges		123,494
Other direct expenses		9,899,353
Repairs and maintenance - manufacturing		3,265,574
-plant and machinery		711,946
-buildings		
Sub total (A)		<u>1,704,931,420</u>
B. <i>Cost of goods purchased for resale - project supplies, cost of goods supplied to fabricators/sites for fabrication and other related expenses</i>		
<i>Cost of goods purchased for resale - project supplies</i>		
Opening stock of goods purchased for resale - project supplies	75,286,409	
Add: purchases during the year	2,861,368,750	
Less: closing stock of goods purchased for resale - project supplies	192,058,800	2,744,596,359
<i>Cost of goods supplied to fabricators /sites for fabrication</i>		
Opening stock of raw material lying with fabricators/sites	244,641,438	
Add: purchases during the year for supplies to fabricators/sites for fabrication	459,816,471	
Less: closing stock of raw material lying with fabricators/sites	58,168,725	646,289,184
Fabrication charges		357,471,697
Drawing and design charges		13,761,010
Professional charges		49,638,078
Freight and forwarding		32,234,119
Site development and other related expenses		16,497,275
Equipment charges		164,604,963
Sub total (B)		<u>4,025,092,685</u>
C. <i>Cost of contract</i>		
Cost of civil work and sub contract expenses		3,553,113,117
<i>Cost of raw material consumed</i>		
Opening stock of raw material	-	
Add: purchases during the year	1,259,672,553	
Less: closing stock of raw material	-	1,259,672,553
<i>Cost of goods purchased for resale - project supplies</i>		
Opening stock of goods purchased for resale - project supplies	42,900,651	
Add: purchases during the year	3,595,016,434	
Less: closing stock of goods purchased for resale - project supplies	83,342,875	3,554,574,210
Freight and forwarding		81,661,599
Commission		72,925,900
Professional charges		77,314,255
Equipment charges		71,942,264
Site expenses		62,244,532
Inspection charges		1,458,736
Sub total (C)		<u>8,734,907,166</u>
Total (A+B+C)		<u><u>14,464,931,271</u></u>



Schedules forming part of the accounts

(All amounts are in Rupees)

For the year ended
31 March 2011

Schedule 11 : Personnel costs

Employee cost	
- salaries, wages and bonus	853,160,553
- contribution to provident and other funds	47,376,155
- staff welfare	27,876,889
	<u>928,413,597</u>

Schedule 12 : Administrative and selling expenses

Travel and conveyance	112,909,108
Rent	47,690,379
Electricity	12,870,981
Communication	21,914,622
Advertising and marketing	13,648,036
Sales commission	203,745,042
Printing and stationery	14,480,005
Rates and taxes	45,695,475
Legal and professional (refer note 6 of schedule 14)	74,414,972
Exchange loss (net)	355,996
Loss on sale of fixed assets	1,820,264
Royalty	4,762,335
Tender fees	6,350,905
Freight and forwarding #	250,624,481
Charity and donation	2,963,106
Repairs and maintenance	
-buildings	18,697,215
-others	30,232,251
Bad debts written off	34,004,425
Provision for doubtful debts	90,000,000
Fixed assets written off	1,706,768
Insurance	24,838,084
Miscellaneous expenditure written off	6,853
Miscellaneous expenses	22,560,991
	<u>1,036,292,294</u>

Net of reimbursement for freight expenses Rs. 31,012,704.

Schedule 13 : Finance charges

Interest	
- On term loans (fixed period)	106,826,515
Interest (others)	
- On short term loans (fixed period)	188,900,149
- Others *	630,007,326
Bank charges	305,316,854
	<u>1,231,050,844</u>

* Includes interest on various facilities taken by the Company.

Schedule 14 : Significant Accounting Policies and Notes to the Consolidated Accounts

1. Principles of Consolidation

The consolidated financial information is prepared in accordance with the principles and procedures prescribed by Accounting Standard 21-“Consolidated Financial Statements” ('AS-21') prescribed by the Companies (Accounting Standards) Rules, 2006, for the purposes of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions resulting in unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered in full. The amounts shown in respect of accumulated reserves comprise the amount of the relevant reserves as per the balance sheet of the Company and its share in the post acquisition reserves of its subsidiaries. Goodwill arising on consolidation represents the excess of cost of investments to the Company over the Company's portion of equity of the respective subsidiaries, at the date on which investment in the subsidiary is made. The losses applicable to minority that exceeds the minority interest in the equity of the subsidiaries have been adjusted in the majority interest.

These consolidated financial statements relate to Tecpro Systems Limited, the parent company and its subsidiaries (hereinafter collectively referred as “the Group”), which are as follows:

Name of the Company	% Shareholding	Country of incorporation
Tecpro Energy Limited	98.02	India
Tecpro International FZE	100.00	United Arab Emirates
Tecpro Trema Limited	100.00	India
Ajmer Waste Processing Company Private Limited	49.00	India
Tecpro Systems (Singapore) Pte. Limited	100.00	Singapore
Bikaner Waste Processing Company Private Limited	100.00	India
Microbase Infosolution Private Limited	100.00	India

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements are prepared and presented under the historical cost convention (except for revaluation of land situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

(b) Use of estimates

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

(c) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

Revenue from long-term construction contracts in accordance with Accounting Standard-7 on “Construction Contracts” is recognized using the percentage of completion method.

Percentage of completion method is determined as a proportion of cost incurred to date to the total estimated contract cost. Where the total cost of the contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such excess is provided during the year / period.



Schedule 14 : Significant Accounting... (contd..)

Duty drawback available under prevalent scheme is accrued in the year when the right to receive credit as per the terms of scheme are established and these are accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization of such duty credit.

(d) *Fixed assets and capital work-in-progress*

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation except for land situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019 which is stated at revalued cost less accumulated depreciation. Such revaluation has been done by an independent valuer. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

(e) *Borrowing cost*

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

(f) *Impairment*

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(g) *Depreciation*

Depreciation is provided on a pro-rata basis under the straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/ remaining useful life. Rates of depreciation (where different from the rates prescribed in Schedule XIV to the Companies Act, 1956) have been derived on the basis of the following estimated useful lives:

	Estimated useful life (in years)
Office equipments	6
Furniture and fixtures	5
Vehicles	2-10
Temporary sheds at project sites (To coincide with the project period)*	1-5
Patterns	3
Shuttering and Scaffolding **	4
Office building *	28.44

*Included in Buildings in the financial statements

**Included in Plant and Machinery in the financial statements

The revalued cost of land, revalued on the date of acquisition has been considered as the carrying cost for the purposes of computing amortization of such asset.

Computers of Tecpro Systems (Singapore) Pte. Limited, subsidiary of the Company, are depreciated at 33.33% per annum under the straight line method.

Plant and machinery of Tecpro Trema Limited, subsidiary of the Company, are depreciated at 20% per annum under the straight line method.

The rates of depreciation used reflect the useful lives of assets.

Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

Depreciation on additions is being provided on a pro rata basis from the date of such additions. Similarly,

Schedule 14 : Significant Accounting... (contd..)

depreciation on assets sold/disposed off during the year/period is being provided up to the date on which such assets are sold/disposed off.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

(h) Intangible assets

Intangible assets comprise goodwill, computer software and technical know-how and are stated at cost, including taxes less accumulated amortisation and impairment losses, if any.

These are amortised over their estimated useful lives on a straight-line basis, commencing from the date the assets is available to the entities for its use. The management estimates the useful lives for the various intangible assets as follows:

	Estimated useful life (in years)
Computer software	3-5
Technical know how	5
Goodwill (except goodwill arising on consolidation)	5

Goodwill reflects the excess of cost of acquisition over the book value of net assets acquired on the date of acquisition. Goodwill arising on consolidation is tested for impairment on an annual basis.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.

In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Contract work in progress includes contract costs that relate to future activity on the long term construction contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance and excludes the materials which have been made specifically for such contracts.

(j) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognised in the Profit and Loss Account.

The premium or discount that arises on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of inception of the forward exchange contract and the forward rate specified in the contract and is amortised as expense or income over life of the contract. Exchange difference on forward exchange contract is the difference between:

the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and;

the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

Foreign currency transactions of integral foreign operations are accounted for as per Accounting Standard -11 (AS 11) on "Effects of Changes in Foreign Exchange Rates" prescribed by the Companies (Accounting Standards) Rules, 2006.

Translation in respect of integral foreign operations:

Foreign currency monetary items are translated at the closing rates and the resulting exchange difference is reflected in the Profit and Loss Account. Monetary items include cash, bank balances, loans and advances and current liabilities.



Schedule 14 : Significant Accounting... (contd..)

Non-monetary items which are carried in terms of historical cost denominated in foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items include fixed assets and investment in equity shares and share application money.

Income and expense items in foreign currency are recorded at the rates of exchange prevailing on the date of transaction.

Exchange differences arising on settlement and translation of foreign currency assets and liabilities at the end of the financial year/period are recognised as income or expenses in the period in which they arise.

(k) Provisions and contingencies

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(l) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense in consolidated Profit and Loss Account is the aggregate of the amounts of tax expenses appearing in the separate financial statements of the Company and its subsidiaries.

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Tecpro FZE, a subsidiary of the Company has been incorporated in a tax free zone in United Arab Emirates. Hence, no tax liability to be provided in the books.

(m) Employee benefits

1. All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the period in which the employee renders the related service.
2. Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.
3. Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. The Company's contribution paid/payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.
4. Gratuity costs are defined benefits plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year.

Schedule 14 : Significant Accounting... (contd..)

The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

5. Benefits under the Company's leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's leave encashment fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation, to recognize the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account.

(n) Investments

Long term investments are valued at cost. Any decline other than temporary, in the value of long-term investments, is adjusted in the carrying value of such investments. Diminution, if any, is determined individually for each long-term investment. Current investments are valued at the lower of cost and fair value of individual scrip's.

(o) Earnings per share

Basic earnings per share are computed by dividing the net profit/(loss) for the year/period attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year/period, except where the results would be anti-dilutive.

(p) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

(q) Events occurring after the balance sheet date

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.

Notes to the Consolidated Accounts

(All amounts are in Rupees)

As at

31 March 2011

3 Contingent liabilities

(i) Claims against the company not acknowledged as debt : Sales tax matters	83,197,573
(ii) Claims against the company not acknowledged as debt : Entry tax matters	29,397,049
(iii) Claims against the company not acknowledged as debt : Income tax matters	346,677
(iv) Claims against the company not acknowledged as debt : Labour matters	1,200,000
(v) Claims against the company not acknowledged as debt : Service tax matters	8,976,817
(vi) Demand for additional price/enhancement cost in respect of factory plots situated in Bawal *	8,528,672
(vii) Sales tax liability against pending forms	1,685,549,342

*The factory plots belonging to the Company, situated at Bawal were allotted by the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.



Schedule 14 : Notes to the Consolidated Accounts (contd..)

The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs.8,528,672 {including interest} (previous year Rs. 7,851,378 {including interest}) , in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 8 January 2008 and has obtained a stay order on 9 January 2008. This matter is under adjudication. Pursuant to above, Rs. 8,528,672 (previous year Rs. 7,851,378) has been disclosed as 'Contingent Liability' in the notes to the accounts.

- 4 The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Based on the confirmations received till date, the disclosure as required by section 22 of the MSMED Act are given below :-

(All Amounts are in Rupees)

As at

31 March 2011

a) Principal amount payable to suppliers as at year-end	115,738,942
b) Interest due thereon as at year-end	-
c) Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which interest relates	-
d) Amount of delayed payments actually made to suppliers during the year	120,731,416
e) Amount of interest due and payable for the year of delay in making payment (which has been paid, but beyond the appointed day during the year) but without adding interest specified under the MSMED Act.	-
f) Interest accrued and remaining unpaid at the end of year	-

- 5 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 44,032,465) are Rs.199,970,803.

- 6 Payment to auditors (excluding service tax)

Year ended
31 March 2011

As auditor -

Statutory audit fee (included in legal and professional)	7,832,599
Tax audit fee *	740,000
Audit reports issued in connection with public issue#	1,837,993
Other matters**	360,750
Out of pocket expenses	422,118
	<u>11,193,460</u>

* Represents amount payable to other than Statutory auditor.

** includes Rs.105,000 amount paid to other than Statutory auditor.

Adjusted against share premium account

- 7 Managerial remuneration *

Year ended
31 March 2011

Salary	120,960,000
Contribution to provident and other funds	10,368,000
Commission	60,000,000
Perquisites	8,040,000
	<u>199,368,000</u>

*Excludes provision for gratuity and leave encashment (where applicable) determined on actuarial basis, as these are determined for the Company as a whole.

Schedule 14 : Notes to the Consolidated Accounts (contd..)

(All Amounts are in Rupees)

8	Earnings per share	Year ended 31 March 2011
	Net profit after tax as per Profit and Loss Account (A)	1,324,671,617
	Profit attributable to equity shareholders (B)	1,324,671,617
	Shares outstanding as at the beginning of the year (C)	44,223,791
	Weighted average number of equity shares issued pursuant to scheme of amalgamation effective 1 April 2009 (D)	-
	Weighted average number of equity shares issued during the year	2,996,575
	Weighted average number of equity shares outstanding during the year (E= C+D)	47,220,366
	Weighted average number of potential dilutive equity shares (F)	-
	Nominal value of equity shares	10
	Basic earnings per share (Rs.) (B)/ (E)	28.05
	Diluted earnings per share (Rs.) {(B)/ (E)+(F)}	28.05
9	Disclosure in respect of operating leases under Accounting Standard (AS) – 19 "Leases" prescribed by the Companies (Accounting Standards) Rules, 2006.	
	a) General description of the Company's operating lease arrangements:	
	The Company enters into operating lease arrangements for leasing area offices, factory building, equipments and residential premises for its employees.	
	Some of the significant terms and conditions of the arrangements are:	
	- agreements for most of the premises may generally be terminated by the lessee or either party by serving one to three to six month's notice or by paying the notice period rent in lieu thereof.	
	- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.	
	- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.	
	b) Lease rent charged to the Profit and Loss Account on account of Minimum lease rentals Rs. 259,413,115	
	c) Company also enters into non- cancellable operating leases, the total of future minimum lease payments under non-cancellable operating leases is given below :	
		As at 31 March 2011
	Payable not later than one year	12,312,873
	Payable later than one year and not later than five years	27,332,087
	Payable later than five years	3,665,970
	Total	<u>43,310,930</u>
10	Deferred tax	As at 31 March 2011
	The composition of deferred tax assets and liabilities is as follows:	
	a) Deferred tax assets	
	Provision for employees benefits	12,885,518
	Provision for estimated losses on incomplete contracts	1,756,572
	Provision for bad and doubtful debts	51,459,205
	Others	8,461,647
	b) Deferred tax liability	
	Depreciation	49,780,823
	Net deferred tax assets	<u>24,782,119</u>



Schedule 14 : Notes to the Consolidated Accounts (contd..)

11 Segment reporting

The Segment reporting policy is in conformity with Accounting Standard-17 on "Segment Reporting", prescribed by the Companies (Accounting standards) Rules, 2006.

The risk-return profile of the Company's (including its subsidiaries) business is determined predominantly by the nature of their products and services. Accordingly, the primary segmentation is based on the business segments (reportable primary segment) in which the Company and its subsidiaries operate.

The businesses are organized into two key geographic segments (reportable secondary segment) i.e. domestic and exports. Revenues are attributable to individual geographic segments based on the location of the customer within India (domestic) and outside India (exports).

The following specific accounting policies have been followed for segment reporting:-

- 1 Segment revenue includes net sales (sale of manufactured goods and traded goods), service income and contract revenue directly identifiable to the segment. Segment results includes amounts directly identifiable to each of the segments and which can be allocated on a reasonable basis. Unallocable income includes interest income and other income that are not identifiable to the segments. Unallocable expenditure includes corporate expenditure which is not identifiable to any of the segments.
- 2 Segment assets and segment liabilities include those directly identifiable with the respective segments. Unallocated assets include cash and bank, loans and advances to subsidiaries, accrued interest on fixed deposits, share application money pending allotment, deferred tax assets, advance for share purchase and investments. Unallocated liabilities include secured loans, unsecured loans, bank overdraft, interest accrued but not due, provision for proposed dividend and income tax liabilities.

Composition of Primary reportable segments

The Company and its subsidiaries operate in 4 primary business segments:-

A Material handling systems

This segment is primarily engaged in manufacturing, supply, erection and commissioning of material handling systems (including balance of plant), viz;

- a. Supply of conveyor belt, slat conveyors, bucket elevators;
- b. Manufacture and / or supply of crushers, screens, conveyor components like idlers and pulleys (rollers);
- c. Fabricated steel structures ;
- d. Providing the services of design, engineering, procurement, construction and maintenance for air and gas pollution control systems attached to the industrial plants;
- e. Manufacture of ash handling equipments and undertakes turnkey projects for ash handling system;
- f. Erection and commissioning of all of the above.

B Setting up of complete power plant on Engineering, Procurement and Construction (EPC) basis

This segment is primarily engaged in purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems.

C Power generation and distribution

This segment is primarily engaged in generation, production, manufacturing, transmission, supply and distribution of electric power to different categories of consumers. This segment has not yet commenced its commercial operations.

D Waste Processing

This segment is primarily engaged in manufacturing Refused Derived Fuel (RDF) from municipal solid waste supplied by Ajmer Municipal Council and Bikaner Municipal Council. This segment has not yet commenced its commercial operations.

Secondary segment (Geographical segment)

The businesses are organized into two key geographic segments (reportable secondary segment) i.e. domestic and exports. Revenues are attributable to individual geographic segments based on the location of the customer within India (domestic) and outside India (exports).

Schedule 14 : Notes to the Consolidated Accounts (contd..)

(All amounts are in Rupees)

For the year ended 31 March 2011

A. Primary segment (Business Segments)

	Material handling system	Setting up of complete power plant on EPC basis	Waste Processing	Power generation and distribution	Inter segment elimination	Total
	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011	For the year ended 31 March 2011
Revenue						
External sales (net)	19,672,998,517	-	-	-	-	19,672,998,517
Inter segment sales	-	-	-	-	-	-
Total Revenue	19,672,998,517	-	-	-	-	19,672,998,517
Results						
Segment results profit/(loss) (before interest and taxes)	2,882,608,111	-	(161,448)	(211,368)	-	2,882,235,295
Unallocable other income (excluding interest income)						7,707,438
Interest income						102,605,520
Interest expenses						(925,733,990)
Charity and donation						(2,963,106)
Profit before taxes						2,063,851,157
Income taxes						
- Current tax						752,416,000
- Deferred tax						(12,932,834)
- Fringe benefit tax						(303,626)
Profit after taxation and before minority interest						1,324,671,617
Share of loss/(Profit) of minorities						-
Profit after taxation and minority interest						1,324,671,617
Other Information						
Segment assets	21,883,170,418	100,021,527	26,879,426	40,708	(16,000,000)	21,994,112,079
Unallocated assets						3,338,874,656
Total assets						25,332,986,735
Liabilities						
Segment liabilities	10,679,677,394	3,185,781	19,447,630	75,000	(16,000,000)	10,686,385,805
Unallocated liabilities						7,958,862,842
Share capital (including reserves and surplus)						6,687,738,088
Total liabilities						25,332,986,735
Other Information						
Capital expenditure	460,024,910	-	23,023,000	-	-	483,047,910
Depreciation and amortisation	103,943,400	-	-	-	-	103,943,400
Non-cash expenses other than depreciation and amortisation included in segment expenses	127,538,310	-	-	-	-	127,538,310

B. Secondary segment (Geographical segment)

	Domestic	Export	Total
Revenue	19,469,076,489	203,922,028	19,672,998,517
Sundry debtors #	13,885,352,423	172,087,731	14,057,440,154
Capital expenditure	483,047,910	-	483,047,910

other assets except sundry debtors cannot be allocated to the secondary segments.



Schedule 14 : Notes to the Consolidated Accounts (contd..)

12 Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 (Revised) "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006.

a) Defined Contribution Plans: Amount of Rs. 47,376,155 pertaining to employers' contribution to Provident Fund, Employees State Insurance fund and superannuation fund is recognised as an expense and included in "Personnel costs" in Schedule 11.

b) The disclosures for gratuity cost is given below:

(i) The changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows: (All amounts are in Rupees)

Particulars	As at 31 March 2011
1 Present value of obligation at the beginning of the year	26,499,031
2 Interest cost	2,122,296
3 Past service cost	-
4 Current service cost	8,935,608
5 Benefits paid	(1,086,536)
6 Actuarial (gain)/loss on obligation	19,494
7 Present value of obligation at the end of the year	36,489,893

(ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2011
1 Fair value of plan assets at the beginning of the year	14,943,830
2 Expected return on plan assets	1,472,671
3 Contributions	11,050,990
4 Benefits paid	(725,969)
5 Actuarial gain/(loss) on plan assets	12,226
6 Fair value of plan assets at the end of the year	26,753,748

(iii) Actuarial gain/ loss recognised are as follows:-

Particulars	For the year ended 31 March 2011
1 Actuarial gain/(loss) for the year - obligation	(19,494)
2 Actuarial gain/(loss) for the year - plan assets	12,226
3 Total gain/(loss) for the year	(7,268)
4 Actuarial gain/(loss) recognised in the year	(7,268)
5 Unrecognized actuarial gains (losses) at the end of year	-

(iv) The amounts recognised in Balance Sheet are as follows:-

Particulars	As at 31 March 2011
1 Present value of obligation as at the end of the year	36,489,893
2 Fair value of plan assets as at the end of the year	26,753,748
3 Funded/(unfunded) status	(9,736,145)
4 Excess of actual over estimated	12,226
5 Net assets/(liability) recognized in balance sheet	(9,736,145)

Schedule 14 : Notes to the Consolidated Accounts (contd..)

(All amounts are in Rupees)

(v) The amounts recognised in Profit and Loss Account are as follows:

Particulars	For the year ended 31 March 2011
1 Current service cost	8,935,608
2 Past service cost	-
3 Interest cost	2,122,296
4 Expected return on plan assets	(1,472,671)
5 Net actuarial (gain)/loss recognized in the year	7,268
6 Expenses recognised in the statement of profit and losses *	9,592,501

* Included in the "Personnel Costs" in Schedule 11

(vi) Principal actuarial assumptions at the balance sheet date are as follows:

A. Economic Assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Particulars	For the year ended 31 March 2011
1 Discount rate	8.00%
2 Expected rate of return on plan assets	9.25%
3 Salary growth rate	7.00%

B. Demographic Assumption

1 Retirement Age	60 Years	
2 Mortality table	LIC (1994-96) duly modified	
3 Withdrawal Rates	Ages	Withdrawal Rate (%)
	Upto 30 Years	3.00
	Upto 44 Years	2.00
	Above 44 Years	1.00

(vii) General description of gratuity plan:

Gratuity Plan (Defined benefit plan)

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary (includes dearness allowance) last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death whichever is earlier. The benefits vest after five years of continuous service. The Company has set a limit of Rs. 1,000,000 (previous year Rs.1,000,000) per employee.

(viii) Experience on actuarial gain/(loss) for Projected benefit obligation and plan assets.

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
1 On plan projected benefit obligation	(122,590)	(1,813,086)
2 On plan assets	12,226	(101,308)



Schedule 14 : Notes to the Consolidated Accounts (contd..)

13 Related party disclosures

a) Related party and nature of relationship where control exists.

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani (upto 9 November 2010) Arvind Kumar Bishnoi Aditya Gabrani (w.e.f. 10 November 2010) Amar Banerjee (w.e.f. 2 April 2010)
--------------------------	--

Related party and nature of the related party relationship with whom transactions have taken place during the year

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani (upto 9 November 2010) Arvind Kumar Bishnoi Aditya Gabrani (w.e.f. 10 November 2010) Amar Banerjee (w.e.f. 2 April 2010)
Relatives of key management personnel	Bhagwanti Gabrani Amita Bishnoi Manju Bishnoi Rashmi Singh
Enterprises over which key management personnel exercise significant influence	Vasundhra Technologies (India) Private Limited Tecpro Engineers Private Limited Tecpro Paints Private Limited Hythro Power Corporation Limited Tecpro Stones Private Limited Fusion Fittings (I) Limited Shriram Cement Limited BESL Infra-Projects Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise (including relatives of such individuals)	Achal Ghai (upto 11 October 2010) Sonia Ghai (upto 11 October 2010)
Enterprises over which such individuals exercise significant influence	Avigo Venture Investments Limited (upto 11 October 2010)

Schedule 14 : Notes to the Consolidated Accounts (contd..) (All amounts are in Rupees)

	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)
b) Transactions during the current year			
Remuneration	199,368,000	-	-
Dividend paid on equity shares (on cash basis)	56,933,268	22,575,252	24,400,059
Rent expenses	12,156,451	-	-
Rent income	-	618,104	-
Loans/advances received and repaid	31,100,000	64,106,297	-
Purchase of goods	-	87,413,202	-
Purchase of fixed assets	-	63,278,954	-
Sale of goods	-	31,774,450	-
Sale of fixed assets	-	390,000	-
Amount paid by other party on behalf of Company	-	700,000	-
Equipments hire charges	-	9,360,000	-
Travelling expenses	-	55,248	-
Repair and maintenance charges	-	156,365	-
Fabrication charges	-	13,109,145	-
Comfort letter given by Company on behalf of other party	-	#	-
Guarantees/security given by other parties on behalf of the Company	##	^	-
Shares pledged by certain directors for credit facilities taken by Company	@	-	-
c) Outstanding balance as at year-end			
Remuneration payable	46,263,000	-	-
Debtors	-	19,907,405	-
Creditors	-	79,468,492	-
Amount payable by Company on account of paymnet made by others	-	700,000	-
Comfort letter given by Company on behalf of other party	-	#	-
Guarantees/security given by other parties on behalf of the Company	##	^	-
Shares pledged by certain directors for credit facilities taken by Company	@	-	-
#	Company has given a letter of comfort for various facilities taken by Hythro Power Corporation Limited from a Bank with a limit of Rs. 1,070,000,000.		
##	Guarantees and collateral security given by Ajay Kumar Bishnoi and Amul Gabrani for various facilities taken by the Company from a bank with a limit of Rs.41,162,300,000 and Bhagwanti Gabrani (relative of a director) for various facilities taken by the Company from a bank with a limit of Rs. 29,765,800,000.*		
^	Guarantees given by Fusion Fittings (I) Limited for various facilities taken by the Company from a bank with a limit of Rs. 5,600,000,000.		
@	Ajay Kumar Bishnoi and Amul Gabrani have pledged their shares in the Company with a bank for credit facilities taken by the Company with a limit of Rs. 19,715,800,000*		
*	Also refer to schedule 3 of the financial statements		



Schedule 14 : Notes to the Consolidated Accounts (contd..)

(All amounts are in Rupees)

d) Details of related parties with whom transactions exceed 10% of the class of transaction.

Name of Related Party	Nature of Transaction	Year ended 31 March 2011
Ajay Kumar Bishnoi	Rent expenses	5,642,226
Amul Gabrani	Rent expenses	5,642,226
Amul Gabrani	Loans taken during the year	31,100,000
Amul Gabrani	Repayment of loan taken	31,100,000
Tecpro Engineers Private Limited	Loans/advances received and repaid	44,106,297
Ajay Kumar Bishnoi	Remuneration	83,871,996
Amul Gabrani	Remuneration	83,871,996
Tecpro Engineers Private Limited	Rent income	480,000
Ajay Kumar Bishnoi	Dividend paid on equity shares (on cash basis)	27,059,526
Amul Gabrani	Dividend paid on equity shares (on cash basis)	27,958,026
Avigo Venture Investments Limited	Dividend paid on equity shares (on cash basis)	20,457,459
Tecpro Paints Private Limited	Loans/advances received and repaid	20,000,000
BESL Infra-Projects Limited	Travelling expenses	55,248
Hythro Power Corporation Limited	Sale of goods	28,953,400
Tecpro Paints Private Limited	Purchase of goods	15,412,011
Tecpro Stones Private Limited	Purchase of Fixed assets	6,410,512
Tecpro Stones Private Limited	Rent Income	96,000
Tecpro Stones Private Limited	Equipment hire charges	9,360,000
Shriram Cement Limited	Amount paid by other party on behalf of Company	700,000
Hythro Power Corporation Limited	Sale of fixed assets	390,000
Hythro Power Corporation Limited	Purchase of goods	72,001,191
Hythro Power Corporation Limited	Purchase of fixed assets	56,355,722
Hythro Power Corporation Limited	Repair and maintenance expenses	156,365
Hythro Power Corporation Limited	Fabrication charges	12,162,845
Fusion Fittings (I) Limited	Dividend paid on equity shares (on cash basis)	22,575,252

14 The Company's exposure in respect of foreign currency denominated assets and liabilities not hedged by derivative instruments or otherwise are as follows :

Particulars	As at 31 March 2011
Assets	
US \$ 2,808,076 (previous year US \$2,385,350)	126,162,392
Euro 1,026,814 (previous year Euro 638,641)	65,384,428
Liabilities	
US \$7,531,950 (previous year US \$ 5,731,733)	340,250,757
Euro 2,788,819 (previous year Euro 4,674,609)	178,112,070
SEK Nil (previous year SEK 11,268,200)	-
ZAR 61,861 (previous year ZAR Nil)	411,907

15 Disclosures pursuant to Accounting standard (AS) 7 "Construction Contracts" (Revised) are as follows:

Particulars	As at 31 March 2011
Contract revenue recognised for the year	10,817,804,433
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto the Balance sheet date for all contracts	20,625,293,232
Amount of customer advances outstanding for contracts in progress as at Balance sheet date	2,990,531,697
Retention amounts due from customers for contracts in progress	2,054,480,421
Gross amount due from customers for contract work	3,554,317,249
Gross amount due to customers for contract work	120,481,589

Schedule 14 : Notes to the Consolidated Accounts (contd..)

(All amounts are in Rupees)

- 16 Share issue expenses incurred during the financial year ended 31 March 2011 amounting to Rs.141,172,454 pertain to expenses incurred in connection with the public issue of equity shares of the Company. In accordance with the provisions of Section 78 of the Companies Act, 1956, these expenses were charged off against the available balance in the 'Share premium' account.
- 17 The gross block of leasehold land includes Rs. 76,086,192 on account of revaluation of leasehold land belonging to erstwhile Blossom Automotive Private Limited which has been transferred to the Company on amalgamation with effect from 1 April 2008. Consequent to the same, there is an additional charge of depreciation of Rs. 1,001,034 and an equivalent amount has been withdrawn from revaluation reserve. This has no impact on profit for the year.
- 18 The Ministry of Corporate Affairs, Government of India, vide General Circular No.2 and 3 dated 8 February 2011 and 21 February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

Particulars	Ajmer Waste Processing Company Pvt. Ltd.	Bikaner Waste Processing Company Pvt. Ltd.	Tecpro International FZE	Tecpro Trema Limited	Tecpro Systems (Singapore) Pte. Ltd.	Microbase Infosolution Pvt. Ltd.	Tecpro Energy Ltd.
a) Capital	1,000,000	300,000	25,676,105	1,500,000	43,885,529	102,000	6,580,000
b) Reserves	(12,052,874)	(6,616,169)	(24,360,419)	6,247,466	(44,756,621)	7,997	(5,715,042)
c) Total Assets	29,116,666	101,731	1,640,751	35,031,220	903,760	144,072,749	955,109
d) Total Liabilities	40,169,540	6,417,900	325,065	27,288,754	1,774,852	143,962,752	90,151
e) Details of Investment (Except in Case of Investment in Subsidiaries)	-	-	-	5,000	-	-	-
f) Turnover	-	-	1,913,625	25,379,860	2,686,303	52,500	-
g) Profit before tax	(1,196,281)	(689,646)	(467,091)	944,142	(17,068,789)	3,504	(148,847)
h) Provision for taxation	-	-	-	1,196,217	-	1,164	20,000
i) Profit after taxation	(1,196,281)	(689,646)	(467,091)	(252,075)	(17,068,789)	2,340	(168,847)
j) Proposed dividend	-	-	-	-	-	-	-
Cash Inflows	(19,597)	8,370	20,678	56,703	(858,475)	(110,050)	(214,289)

Note: The above figures are as per audited financials.

- 19 In accordance with the 'Transitional Provisions' as per Accounting Standard-21 on "Consolidated Financial Statements", prescribed by the Companies (Accounting standards) Rules, 2006, comparative figures for the previous year have not been presented.

 For **B S R & Co.**
 Chartered Accountants
 Registration no. 101248W

For and on behalf of the Board of Tecpro Systems Limited

 Sd/-
Vikram Advani
 Partner
 Membership No.: 091765

 Sd/-
Ajay Kumar Bishnoi
 Chairman &
 Managing Director

 Sd/-
Amul Gabrani
 Vice Chairman &
 Managing Director

 Sd/-
Pankaj Tandon
 Company Secretary

 Place : Gurgaon
 Date : 25 May 2011

 Place : Gurgaon
 Date : 25 May 2011



TECPRO SYSTEMS LIMITED

202-204, Pacific Square, Sector - 15, Part - II
Gurgaon - 122001 (Haryana)
Ph: +91 124 434 3100
Fax: +91 124 434 3243
Email: tecprodel@tecprosystems.com
www.tecprosystems.com



Tecpro Systems Limited

Regd. Office: 106, Vishwadeep Tower, Plot No. 4, District Centre, Janakpuri, New Delhi-110058

PROXY FORM

I/Wer/o
.....being a member/members of M/s Tecpro Systems Limited, hereby
appoint.....r/o.....
or failing him.....r/o.....as my/our
Proxy to vote for me/us on my/our behalf at the **Twenty First Annual General Meeting** of the Company to
be held on **Monday, 8 August 2011 at 10.00 A M** at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya
Vidyalaya No. 2, APS Colony, Delhi Cantt., Delhi 110010, and at any adjournment thereof.

Signed this day of 2011

Signatures.....

Folio/DP Id & Client Id No.....

Affix Re 1/-
Revenue
Stamp
here

Note :

1. The form should be signed across the revenue stamp as per specimen signatures registered with the Company.
2. If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.



Tecpro Systems Limited

Regd. Office: 106, Vishwadeep Tower, Plot No. 4, District Centre, Janakpuri, New Delhi-110058

ATTENDANCE SLIP

Registered Folio/DP Id & Client Id No.:No. of shares held:.....

Name(s) of the Member(s)/Proxy :

I hereby record my presence at the **Twenty First Annual General Meeting** of Tecpro Systems Limited held
on **Monday, 8 August 2011 at 10.00 A M** at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya
No. 2, APS Colony, Delhi Cantt., Delhi 110010

Signature of Member/Proxy

Notes :

1. Members/ Proxies are requested to produce the attendance slip duly signed for admission to the meeting hall.
2. Members are requested to bring their copy of the Annual Report.
3. Eatables, Briefcase and Hand Bags will not be allowed to be carried inside the meeting hall.



Tepro Systems Limited

Regd. Office: 106, Vishwadeep Tower, Plot No. 4, District Centre,
Janakpuri, New Delhi-110058

NOTICE

Notice is hereby given that Twenty First Annual General Meeting of the Members of Tecpro Systems Limited will be held on Monday, the 8th day of August, 2011, at Dr. Sarvepalli Radhakrishnan Auditorium, Kendriya Vidyalaya No. 2, APS Colony, Delhi Cantt., Delhi 110010 at 10:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2010-11.
3. To appoint a director in place of Mr. Anunay Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Satvinder Jeet Singh Sodhi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Suresh Kumar Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint M/s B S R & Co., Chartered Accountants, as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors
For Tecpro Systems Limited

Sd/-

Pankaj Tandon

GM (Corp. Affairs) & Company Secretary

Date : May 25, 2011

Place : Gurgaon

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Share Transfer Books and Register of Members of the Company will remain closed from Saturday, July 30, 2011 to Monday, August 8, 2011 (both days inclusive). Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors of the Company, if declared at the meeting, will be payable on or before September 6, 2011, to those members whose name appear in the Company's Register of Members as at the close of the business hours on Friday, July 29, 2011. In respect of the dematerialized shares, the dividend will be payable to the "Beneficial Owners" of the shares, whose names appear in the Statement of Beneficial Ownership, as at the close of business hours on July 29, 2011 furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.
3. Members holding shares in physical form are requested to notify/ send the following to the Registrar & Transfer Agent of the Company, Link Intime India Private Limited, A-40, Naraina Industrial Area, Phase-II, 2nd Floor, New Delhi - 110 028:-
 - i) Particulars of their bank account and e-mail id, in case the same have not been sent earlier;
 - ii) Any change in their address/e-mail id/ECS mandate/ bank details;
 - iii) Share certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholding into one account;
 - iv) Certified copy of Income Tax Permanent Account Number (PAN) card

4. The shares of the company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form.

5. Members holding shares in the dematerialized form are requested to notify to their Depository Participant:

i) Their e-mail id;

ii) All changes with respect to their address, e-mail id, ECS mandate and bank details.

6. **Service of documents through E-mail: Ministry of Corporate Affairs ("MCA") has vide Circular No.17/2011 dt. 21.4.2011 allowed the service of documents on its members by a company through electronic mode.**

Accordingly the company proposes to send documents like Shareholders Meeting Notice, audited financial statements, directors' report, auditors' report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their Depositories.

Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated either with their Depositories or by writing to the company.

7. In case a member has any query relating to the enclosed Annual Accounts he/she/it is requested to send the same to the Company Secretary at the Registered Office of the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.

8. As a measure of economy, copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.

9. All the documents referred to in the accompanying notice and Register of Directors' Shareholding are open for inspection at the registered office of the Company on all working days between 11:00 A.M. to 1:00 P.M. up to the date of Annual General Meeting. Register of Directors' Shareholding shall be open for inspection upto 3 days after the Annual General Meeting.

10. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General Meeting.

11. In terms of Section 109A of the Companies Act, 1956, individual shareholders holding shares in the Company singly or jointly may nominate an individual to whom all the rights in the shares of the Company vest in the event of death of the sole/ all joint shareholders, if any.

12. The information in respect of Directors in terms of Clause 49 of the Listing Agreement, proposed for reappointment are as under:

i) **Mr. Anunay Kumar**, aged about 65 years, is an independent Director of the Company. He holds a bachelor's degree in mechanical engineering from the University of Ranchi and also holds a diploma in management from the All India Management Association, New Delhi. He has more than 43 years of work experience in the steel industry in India and abroad. In the past he has been associated with various companies such as, Mecon Limited and retired as its Director (Technology) in 2004. He joined our Board on June 20, 2007. He is also on the Board of JSW Aluminium Limited and DESCON Limited. He does not hold any shares of the Company.

ii) **Mr. Satvinder Jeet Singh Sodhi**, aged about 57 years, is an independent Director of the Company. He is a management accountant, chartered accountant, holds a bachelor's degree in commerce from Government College, Chandigarh and is also a law graduate from University of Delhi. He has served as a civil service officer and in the past has held various senior key positions in government departments. He also served as the joint commissioner of industries, general manager - Delhi Finance Corporation and the chief executive officer of certain public sector enterprises. He earlier worked as the executive director of the Delhi Stock Exchange and has also been associated with committees of various ministries. He joined the Board of the Company on June 20, 2007. Presently, he is the Managing Director of HS Healthcare Private Limited. He does not hold any shares of the Company.

iii) **Mr. Suresh Kumar Goenka**, aged about 53 years, is an independent Director of the Company. He is a chartered accountant and holds a bachelor's degree in commerce from St. Xavier's College, Kolkata. He has more than 25 years of experience in legal, financial, taxation and other commercial matters in India and abroad. In the past he has been associated with Price Waterhouse & Co. He joined our Board on July 26, 2006. Presently, he is pursuing his own practice in Goenka Suresh & Associates. He holds 5,301 shares of the Company.